

TAFE DIRECTORS AUSTRALIA

Response to the

Review of the Governance and Administration

of the Tuition Protection Service

Responses to the Terms of Reference

1. Assess the effectiveness and efficiency of the current legislative and governance arrangements

TAFE Directors Australia (TDA) is not satisfied with the current structure of the Tuition Protection Service (TPS) Advisory Board.

During the development of legislation and regulations to establish the TPS by 1 July 2012, an Implementation Consultative Committee was established in early 2012 with representation from all major education peak bodies. This Committee met four times.

As noted on 9 March 2012 by the then Minister responsible, Senator Chris Evans, “The central reform from 1 July 2012 is the new Tuition Protection Service (TPS), a universal, single-layer tuition protection model. It will strengthen tuition protection by:

- offering more placement options for students
- streamlining the placement or the refund process and giving students more control through an efficient, single point of contact online facility
- improving governance with broad sector, government and expert representation
- providing greater accountability to Government and one set of risk based fees for providers.

The TPS Director was appointed in June 2012 and the TPS Administrator, PwC, on 6 July 2012. A twelve member TPS Advisory Board was established in October 2012, with TDA represented by the Chair of the TDA Board of Directors, Mr Stephen Conway. As noted in the Ministerial press release on 21 November 2012;

"The members represent all areas of the sector - higher education, VET, schools, English language intensive courses and government - and will be able to consider the needs and concerns of each sector in developing the risk criteria. They have been selected on the basis of their qualifications and extensive experience."

In February 2015, with minimal publicity, all seven education sector representatives on the Advisory Board were replaced as their terms expired and three new members were appointed. The TPS Advisory Board now has no education sector representation.

Recommendation:

TDA strongly recommends the TPS Advisory Board include at least one representative from each of the higher education, vocational education and training, schools, and English language sectors.

2. Cost benefit analysis of current governance and administration arrangement of the TPS ...

Based on the annual reports from TPS, the following analysis has been carried out:

Period	Calls on Fund	Placements	% placed	Average payment per call	Average TPS administrator cost per call
2012 – 2013	498	64	12%	\$2,023	\$769
2013 – 2014	82	0	0%	\$1,992	\$1,795

There is no detailed information on the amount of funds paid to providers in 2012-13 for those students placed in alternative courses. There is an indication in 2013-14 accounts that five payments were paid to providers, although the accounts indicate no students were placed by the TPS during this period. There is a discrepancy in the 2013-14 accounts: total calls on the Fund are noted as 82 (Table 27) but the total number of refunds to students totals 89 plus a further 5 payments to providers (Table 29).

TDA's major concern is the failure of the TPS to place students in alternative courses, and the high administrator costs associated with providing refunds, particularly in 2013-14 where the average administrator cost more than doubled from the previous year.

Recommendation:

TDA recommends the TPS adopt similar wording contained in Schedule 6 of the RTO Provider Standards (Australian Skills Quality Authority) which is included as an Appendix in this submission. A re-wording for the purposes of the TPS could be as follows:

“If the CRICOS registered provider is unable to provide services for which the learner has prepaid, the TPS must ensure:

a) the learner will be placed into an equivalent course such that:

- the new location is geographically close to where the learner had been enrolled; and
- the learner receives the full services for which they have prepaid at no additional cost to the learner; or

b) **if an equivalent course cannot be found**, the learner is paid a refund of any prepaid fees for services yet to be delivered above the threshold prepaid fee amount.

3. Assess whether the experience of the TPS can inform the provision of tuition protection for domestic students in Australia

Given the TPS’ 2012 – 2014 track record in placing so few students in alternative courses, the high cost to providers in funding the Service, and the high costs of administration to both providers and the TPS itself, TDA considers there is much to gain from learning from the current domestic tuition protection arrangements.

Currently there are two industry-led tuition assurance schemes which protect domestic students; one led by TDA and the other by the private provider’s peak body ACPET.

The focus on both schemes is on tuition **assurance** and both have successfully operated for over five years.

Recommendation:

TDA recommends the Commonwealth conduct a feasibility study into the creation of an industry-led tuition protection service, with an emphasis on reducing red tape.

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Schedule 6

Requirements for protecting fees prepaid by individual learners, or prospective learners, for services

These requirements do not override obligations and requirements of the *Education Services for Overseas Students Act 2000* (Cth).

Type of RTO	Requirement
Government Entity or an Australian university	<p>The RTO implements a policy addressing learner fee protection arrangements. This policy details how, if the RTO is unable to provide services for which the learner has prepaid, the learner will:</p> <ul style="list-style-type: none"> • be placed into an equivalent course such that: <ul style="list-style-type: none"> – the new location is suitable to the learner; and – the learner receives the full services for which they have prepaid at no additional cost to the learner; or • be paid a refund of any prepaid fees for services yet to be delivered above the threshold prepaid fee amount.
All other RTOs	<p>The RTO addresses learner fee protection by implementing one or more of the following arrangements:</p> <ol style="list-style-type: none"> 1. The RTO holds an unconditional financial guarantee from a bank operating in Australia where: <ol style="list-style-type: none"> a) the guarantee is for an amount no less than the total amount of prepaid fees held by the RTO in excess of the threshold prepaid fee amount for each learner for services to be provided by the RTO to those learners; and b) all establishment and ongoing maintenance costs for the bank guarantee are met by the RTO. 2. The RTO holds current membership of a Tuition Assurance Scheme approved by its VET Regulator which, if the RTO is unable to provide services for which the learner has prepaid, must ensure: <ol style="list-style-type: none"> a) the learner will be placed into an equivalent course such that: <ul style="list-style-type: none"> – the new location is geographically close to where the learner had been enrolled; and – the learner receives the full services for which they have prepaid at no additional cost to the learner; or b) if an equivalent course cannot be found, the learner is paid a refund of any prepaid fees for services yet to be delivered above the threshold prepaid fee amount. 3. Any other fee protection measure approved by the VET Regulator.