



The Tuition Protection Service Policy

PURPOSE:

The Management School Sydney (TMSS) as a CRICOS Provider delivering educational services to overseas students ensures that the conditions for fees collection, refunding fees and financial management comply with the conditions outlined in the Tuition Protection Service (TPS) for Education Providers made effective 1st July 2012 and will replace all prior Tuition Assurance arrangements that had been adhered to prior to the introduction of Tuition Protection Service.

In addition to the newly introduced TPS, a range of associated reporting requirements on PRISMS are now integrated to protect the integrity of international education services being provided in Australia to international students.

TUITION PROTECTION SERVICE OVERVIEW:

- The Tuition Protection Service (TPS) is a placement and refund service for international students
- TPS replaces the Tuition Assurance Scheme (TAS) and the ESOS Assurance Fund arrangements that were in place prior to 1st July 2012
- The TPS is like insurance cover with premiums based on risk and aims to place students in an alternative course in the case of provider default and pay refunds as a last resort
- The TPS includes strengthened governance arrangements for greater accountability to Government

TUITION PROTECTION SERVICE (TPS)

The fairer benefit to student and provider from new TPS

Under the previous system, students had their placement activity managed for them by the Tuition Assistance Scheme (TAS) or failing that, by the Fund Manager, with limited say in their alternative enrolment.

The TPS gives students greater control and responsibility within the placement process by allowing students to make a choice from available alternative placement options. A more direct relationship in placements between affected students and prospective providers should lead to a more efficient and effective outcome for students and the sector as a whole. Students should also benefit from more timely placements, or refunds where necessary, and a smoother transition to new providers.

In a situation where a student cannot find an alternative course during the placement period or their provider closes, the student is eligible to request a refund of the unexpended portion of pre-paid tuition fees. That means refund arrangements have changed from full refunds to PARTIAL REFUNDS, and cover only that portion of tuition for which the student has paid. These changes recognize that the existing full refund burden on providers has been unreasonable and a disincentive to meeting their refund obligations under ESOS.



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PARTIAL REFUNDS:

Should a situation arise where TMSS defaults and is no longer able to deliver a registered course, TMSS will not be required to pay a full refund to all affected students. Instead, if TMSS is unable to place an affected student in an alternative course, TMSS will refund the difference between what the student has paid and the value of the tuition already delivered before the default. The method for calculating the partial refund has been developed in consultation with sector peak bodies and is being given effect through legislative instrument. This method will also be used by the TPS Director to determine payments to be made to alternative providers when placing students. Limited refund amount to unspent prepaid tuition is fairer for providers and helps meet obligations to students.

TMSS IMPLEMENTATION:

As TMSS delivers to international students, the TPS reforms impact on TMSS regarding adherence to the following:

- TMSS must meet all default obligations under the Education Services for Overseas Students (ESOS) Act 2000
- TMSS will contribute to TPS annually for all international and fee for service students
- Any exemptions will cease as no provider will be refused tuition protection cover
- TPS has one set of fees
- TMSS will have the opportunity to place students and will be paid an incentive for doing so. Students will have to pay any additional tuition fees.
- TMSS will not be obliged to accept a student
- TMSS as a stakeholder in the international education sector as a whole will reap the reputational benefits to Australia from having a robust tuition protection framework in place and backed by TMSS

Calculating Contributions to TPS:

The Tuition Protection Service (TPS) is a universal system and TMSS as well as public providers previously exempt will contribute according to the risk presented to students and the sector. TMSS is required to pay TPS levy each year calculated as per three main components and disclose information related to determining the amount of the levy.

THE THREE (3) MAIN COMPONENTS TO THE ANNUAL TPS CONTRIBUTION LEVY ARE:

Administration Fee and Base Fee

TMSS must pay per provider and per enrolment and cover the basic costs of running the service. These fees are payable by TMSS for all international students. TMSS students that are funded under various federal or state government funds will not be calculated in the annual fee.



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Risk Based Fee

TMSS as a private provider must pay the risk-based fee as only public providers are exempt as they are perceived as low risk.

The TPS Director will set TMSS's risk-based component of the levy which will most likely be drawn from information about TMSS from the system. In setting the fees the TPS Director will seek the advice of the TPS Advisory Board which includes broad representation across educational sectors, actuarial experts and government. The risk factors used in the calculation of the levy will be reviewed and published annually.

Special Levy

The special levy will initially be set at zero. The TPS Director may charge TMSS a special levy during periods of market buoyancy to build a 'nest egg' in the overseas Students Tuition Fund for any periods of market instability.

The TPS Director will set the TPS levy annually and provide a written notice to TMSS with the amount of the TPS levy to be paid.

The TPS Director will notify the Secretary if TMSS has not paid by the end of seven (7) days after the reminder notice. In this case, TMSS's registration is automatically suspended for failure to comply with the reminder notice. Under Section 110A & 110B in TPS Enforceable Undertakings, the Secretary may accept and enforce written undertaking by TMSS that TMSS will take a specified action in order to comply with a provision of the ESOS Act, National Code of Practice or condition of registration.

The TPS Director may recover from TMSS as a debt, the amount equal to the amount paid for a student under TPS.

TMSS Requirements for implementation:

TMSS establish a designated account for the prepaid tuition fees for no commenced students. This will be a normal TMSS bank account that allows deposits and withdrawals and is separate to TMSS day to day operating account. Therefore, it does not need to be a trust account.

TMSS written agreement with international students amended to include details on study periods and prepayments in line with the new limitations including but not limited to the actual start date and default start date (5 business days after the actual start date)

TMSS to amend established processes to comply with new reporting requirements:

- TMSS to notify the Secretary and TPS Director via PRISMS of PROVIDER DEFAULT within three (3) business days and the student in writing
- TMSS to notify the Secretary and TPS Director via PRISMS of STUDENT DEFAULT within five (5) business days and the student in writing
- TMSS to notify the Secretary and TPS Director via PRISMS of the DEFAULT OUTCOME within seven (7) days of provider obligated period



Obligations in case of PROVIDER DEFAULT:

TMSS has an obligation in case of provider default that within 14 days TMSS will:

- Either offer the student an alternative place at TMSS's expense, that is accepted by the student in writing, or
- Refund the student the unused portion of the prepaid fees

TPS Student Placement:

If TMSS, as a registered provider of an alternative course offers the student a place in the course, the student may accept the offer in writing within 30 days after the end of the provider obligation period unless the period is varied by the TPS Director.

Notifying PRISMS of STUDENT DEFAULT:

TMSS to notify through PRISMS within five (5) business days student default(s) as follows:

- Student voluntarily withdraws from the course including details of last day of attendance, attendance percentage and academic results
- Certain limited circumstances where a student is not permitted to undertake the course
- Student has not commenced their course on the agreed starting day as entered on their confirmation of enrolment. However, if TMSS is able to contact them within the five (5) business days renegotiate a new starting date then no student default is required.
- Where the student is on shore then the renegotiated date will be the default start date, five (5) business days after the start date
- For other student defaults such as non-payment of fees, the five (5) business days for notification do not start until the student has had the opportunity to access complaints and appeals and these processes have been finalised confirming the default

Giving information about accepted students:

Under this amendment, TMSS will report particulars of a breach by an accepted student of a prescribed condition of a student visa on PRISMS even if the student has ceased to be an accepted student at TMSS. A TMSS student cannot avoid being reported to DoHA for non-attendance or failure to progress by cancelling their CoE with TMSS.

Notifying the OUTCOME OF STUDENT DEFAULT:

TMSS to notify the Secretary (or delegate) and TPS Director of outcome of discharge of obligations in cases of student default within seven (7) days of the end of the default period.

REPORTING TIMEFRAME

PROVIDER DEFAULT

Reporting requirements in case of Provider default:



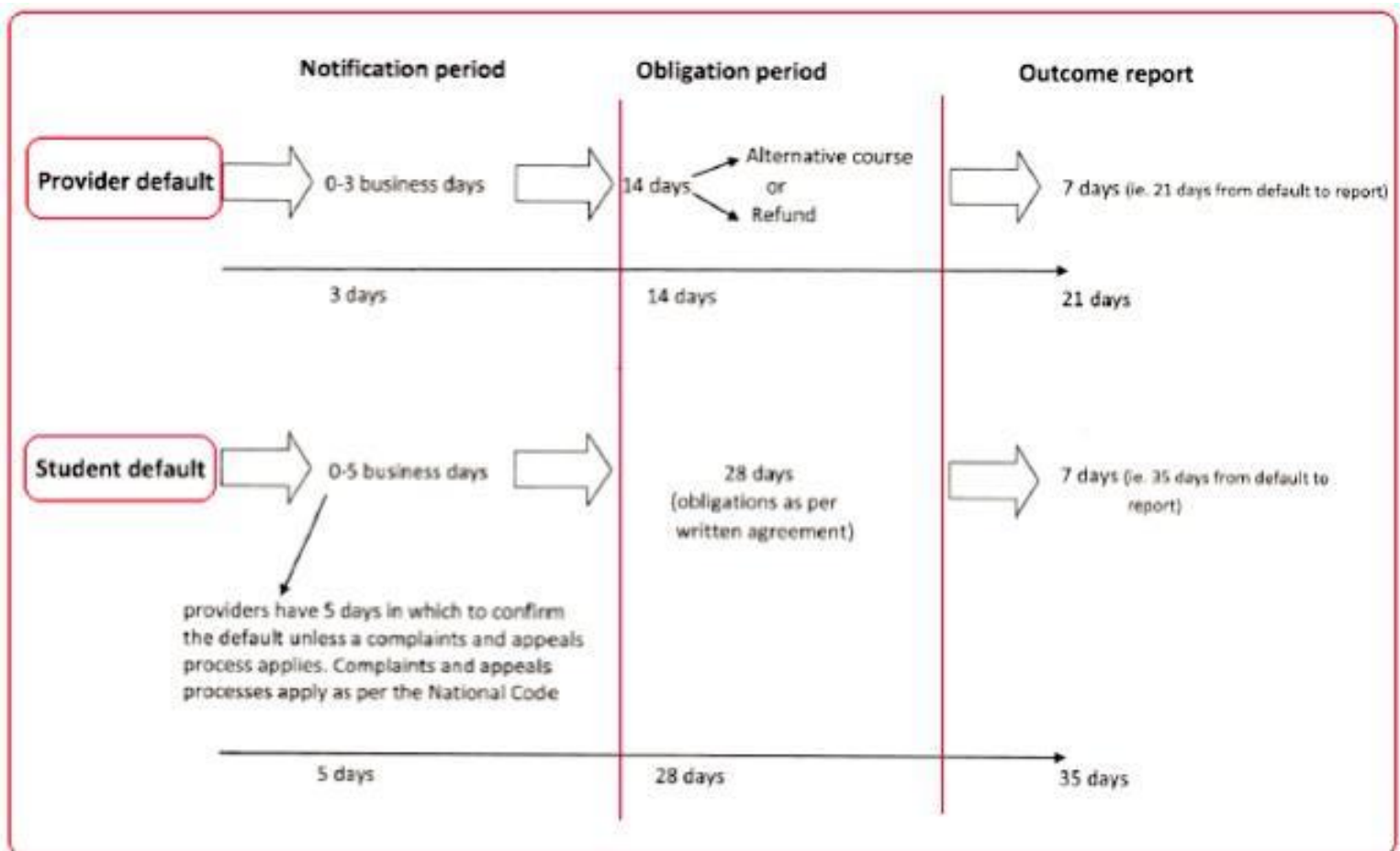
- TMSS will notify in writing the Secretary and the TPS Director (via PRISM) of its default within 3 business days of the default occurring
- TMSS will discharge its obligations by providing options to students within 14 days after the default date and
- A further 7 days to report the outcome of the provider default (via PRISM)

STUDENT DEFAULT

Reporting requirements in case of non-payment of fees, breach of a condition of their student visa or misbehaviour:

- 5 business days to notify the Secretary and the TPS Director (via PRISM) of the student default
- 14 days to report cancellation of the student’s enrolment to DoHA (via PRISMS) (i.e. a section 19 report)
- 28 days to finalise the student default obligations as set out in the written agreement with the student and
- A further 7 days to report the outcome of the student default (via PRISM).

REPORTING TIMEFRAME OF PROVIDER DEFAULT & STUDENT DEFAULT





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RECORD KEEPING PURPOSE

The legislative amendments strengthen obligations on providers to keep up to date student records related to academic progress and contact details. The purpose of this measure is to:

- Make it easier to contact students affected by a provider closure and to facilitate timely and accurate placement in an alternative course
- Ensure students are kept informed of course progress and to support the timely identification of and intervention by the provider where a student is not making good course progress, and
- Improve provider business practice through effective student information systems.

TMSS to amend established systems and processes to comply with new record keeping requirements as following;

1. TMSS to systematically ensure that students update their contact details at least every six months to include address, mobile phone, home phone, email, etc
2. TMSS to keep and maintain up to date academic records for every unit of competence completed and assessed

PREPAID FEES:

TMSS complies with the limits on prepaid tuition fees as follows:

- TMSS will not receive more than 50% of the student's total tuition fee for a course before the student has begun the course unless the course has only one study period which is 24 weeks or less
- TMSS will not require any remaining fees earlier than two (2) weeks before the start of the student's second study period
- A student may voluntarily pay earlier than two weeks but must not be required to do so
- An exception to this two (2) week rule is if the fees are in relation to the first study period, or if it is a debt
- After the second study period there are no restrictions on when or how much tuition fees TMSS collects
- Tuition fees are any fees that are directly related to the provision of a course
- Only tuition fees are protected under the TPS
- TMSS Letter of Offer must be amended to comply with the new limits on prepaid fees

TMSS Obligations related to designated account:

TMSS must maintain a designated account as follows:

- Identified as "TMSS – Client Account" (for initial prepaid tuition fees until a student commences studies)
- Can be a normal bank account that allows deposits and withdrawals (Not necessarily a trust account)
- With an Australian deposit taking institution.
- Must be separate from the day to day business operating account



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- Designated as the initial prepaid fees account
- Ensure at all times sufficient amount in the account to repay all tuition fees of non-commenced students
- Not available for the payment of other debts
- Strict penalties apply for non-compliance against both TMSS and the PEO

TMSS Written Agreement with Students:

TMSS must have a written agreement with students that includes:

- Agreed start date
- Default day (5 business days after agreed start date)
- Prepaid fee information (as above)
- Length of study period
- Tuition fee for each study period
- Refund requirements in case of student default
- Requirement to refund a student in accordance with the written agreement within 4 weeks after receiving the written claim except for visa refusal

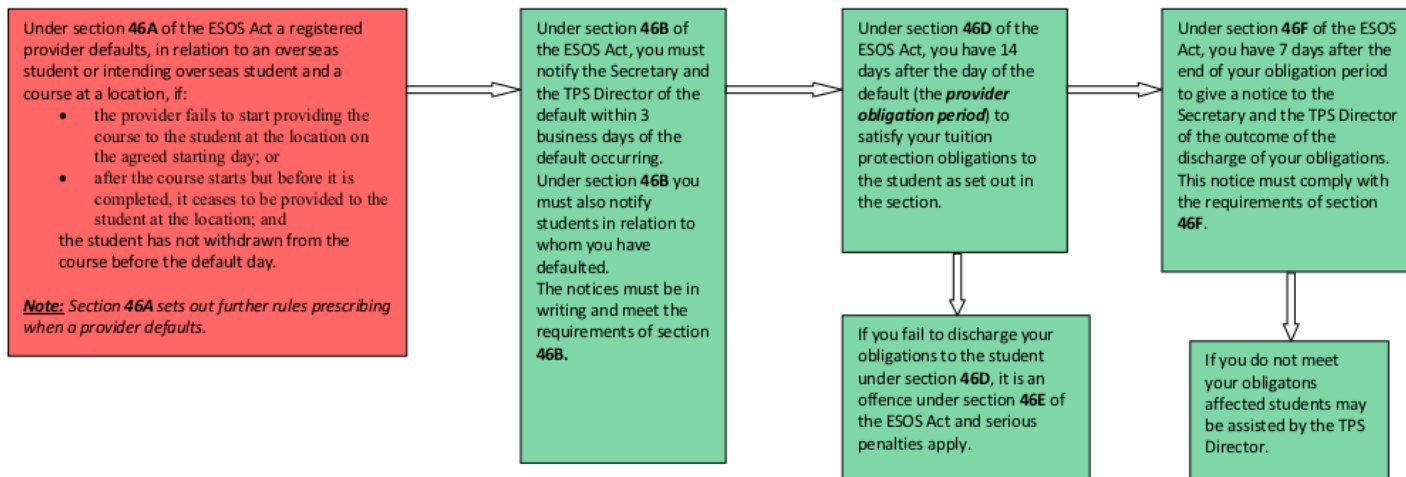
REFUND in other cases:

Where TMSS has not entered into a written agreement that complies with Section 47B or where a student has been refused a visa, TMSS must pay the student a refund worked out in accordance with the legislative instrument under subsection 47E(4)



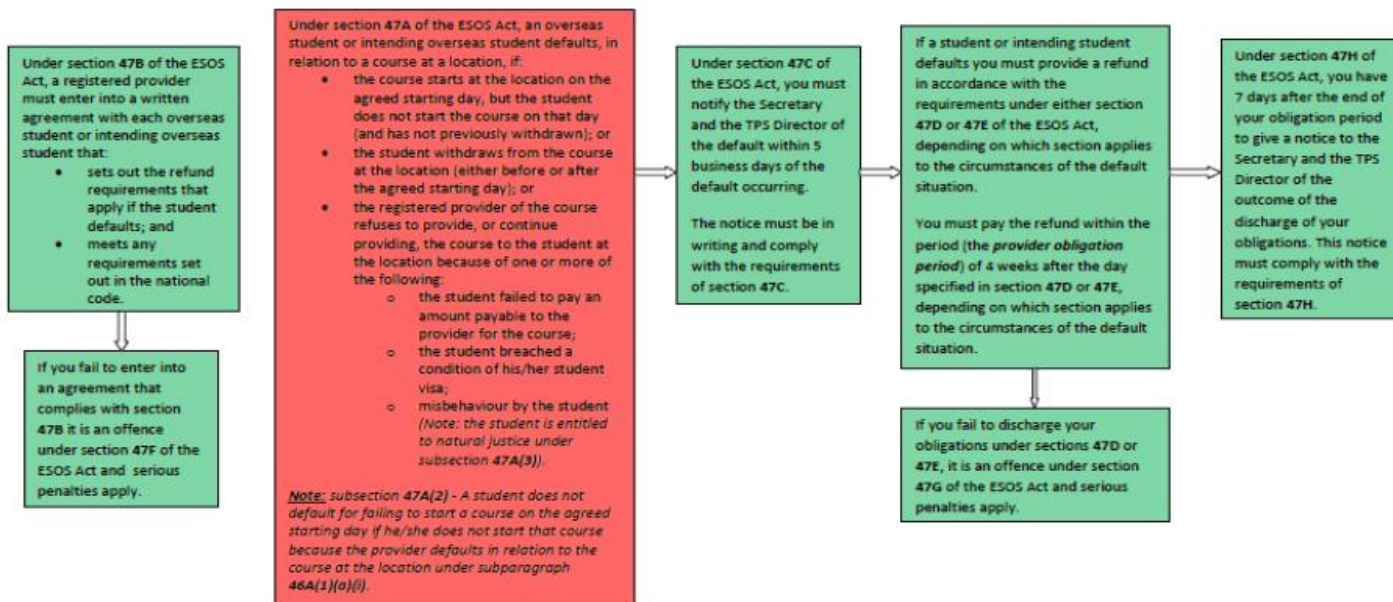
APPENDIX

Provider Default – Part 5, Division 1, Subdivision A of the ESOS Act



Note: The above flow diagram is for guidance purposes only. To the extent that the diagram is inconsistent with the *Education Services for Overseas Students Act (the ESOS Act) 2000* the ESOS Act prevails. Providers should not rely on this diagram alone and must read the requirements in the ESOS Act.

*Student Default – Part 5, Division 2 Subdivision B of the ESOS Act **



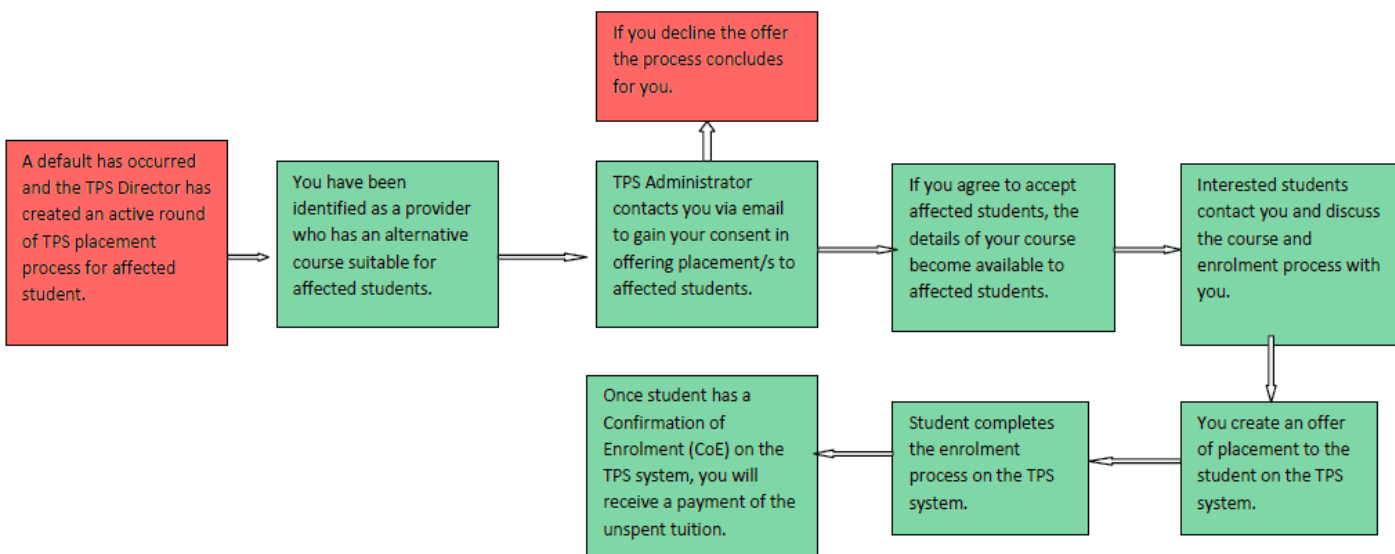
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Providers' Role in the TPS Placement Processes *



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