



**DEPARTMENT OF EDUCATION,  
TRAINING AND YOUTH AFFAIRS**

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Julie Toth  
Locked Bag 2  
Collins Street East  
Melbourne VIC 8003

Dear Ms Toth,

Please find enclosed the responses from the Department to the Commissions cost recovery survey.

Responses have only been provided for the 1999/00 financial year, as the Department was formed in October 1998. Detailed financial information for the period preceding the formation of the Department is generally unavailable.

The Department would also like to provide the following comments on the submission from English Australia to the Commission.

The submission by English Australia indicates (item 2.5) that DETYA fails to advise providers of the method of calculation for the Annual Registration Charge (ARC). When the ARC was introduced in 1997, all providers then registered on CRICOS were furnished with an information package which included information about the ARC payment schedule and method of counting enrolments as prescribed in the Education Services for Overseas Students (Registration Charges) Act 1997. This included reference to Section 5(4), the relevant section for the calculation of 0.5 or 1 enrolment for the purposes of the ARC.

At the time of notification that ARC payments were due, at the beginning of 1998, 1999 and 2000, all providers registered on CRICOS were reminded of the requirements of Section 5(4) for the self-assessment of total enrolments. All new providers who have registered on CRICOS since 1997 receive an information sheet about the Initial Registration Charge (IRC) and the ARC, which includes information about the calculation of 0.5 or 1 enrolment.



The submission by English Australia gives the impression that both item 2.7 “Notified Trust Account (NTA) Requirements” and item 2.9 “Fidelity Fund” are costs incurred by industry in meeting regulatory requirements. These items are mutually exclusive – the requirement to operate a notified trust account is a requirement of the current Commonwealth regulatory framework under the Education Services For Overseas Students (Registration of Providers and Financial Regulation) Act 1991; the “fidelity fund” or, more correctly, Assurance Fund is a measure proposed under the proposed Education Services for Overseas Students Bill 1999 currently before Parliament. Should the Bill be passed, the requirement to maintain notified trust accounts will be abolished.

The Commonwealth’s contribution of \$1 million seed funding for the Assurance Fund has been confirmed in writing to industry. This money is not intended to provide the reserve for the Fund- it is a Commonwealth contribution to what will essentially be an industry-funded Fund. The method of setting an individual provider’s level of subscriptions to the Fund is detailed in the Bill. The Contributions Review Panel, which will have industry representation, will be responsible for determining the contributions criteria developed by the Fund Manager, and approving the imposition of special levies. (The latter point is included in a set of Government amendments to the ESOS Bill 2000, which were only tabled on 9 November: after the EA submission to the Productivity Commission.) The Fund Manager will apply the approved criteria to individual providers.

English Australia (2.9) comments that the TAS members will be required to subscribe to the fidelity fund for the purpose of “providing financial support to the government scheme and to other non-TAS member providers”. This comment ignores the fact that the contributions will cover the possibility of the TAS not being able to place all students in the case of a member-provider collapse, as if this occurs, the Fund will provide refunds to the students. In addition it will protect the whole industry’s reputation by providing assurance that overseas students will not be left without the tuition for which they have paid.

Should you require further information or clarification on this matter, please contact me on telephone (02) 6240 7484

Yours sincerely

Bernard Page  
Assistant Director  
Finance Branch

25 January 2001