



Principles for alternative fee protection measures for protecting student fees in advance

1. Background

Condition 5 of the *Australian Quality Training Framework (AQTF) Essential Conditions and Standards for Registration* sets out the financial management requirements that an RTO or an applicant must meet for registration. It includes, amongst other things, the requirement that RTOs (at both initial and continuing registration) must comply with one of five options if it intends to or does collect student fees in advance. The five options are designed to protect individual students in the event that the RTO is unable to deliver the training, assessment and support services agreed with the student.

The relevant section of AQTF Condition 5 that describes the options available for RTOs/applicants that intend to collect student fees in advance is presented in the box below¹

Where the RTO collects student fees in advance it must ensure it complies with one of the following acceptable options:

- (Option 1) the RTO is administered by a state, territory or commonwealth government agency, or
- (Option 2) the RTO holds current membership of an approved Tuition Assurance Scheme, or
- (Option 3) the RTO may accept payment of no more than \$1000 from each individual student prior to the commencement of the course. Following course commencement, the RTO may require payment of additional fees in advance from the student but only such that at any given time, the total amount required to be paid which is attributable to tuition or other services yet to be delivered to the student does not exceed \$1,500, or
- (Option 4) the RTO holds an unconditional financial guarantee from a bank operating in Australia for no less than the full amount of funds held by the RTO which are prepayments from students (or future students) for tuition to be provided by the RTO to those students, or
- (Option 5) the RTO has alternative fee protection measures of equal rigour approved by the registering body.

The intention is that this guidance will form part of the AQTF National Guidelines for a Registering Body, at which time this document will be withdrawn.

2. Principles underpinning the approval of an alternative fee protection measure of equal rigour (Option 5)

Option 5 provides Registering Bodies with the power to approve alternative fee protection measures for protection of student fees paid in advance. This ensures the Registering Body has the flexibility under Condition 5 to consider and endorse alternative fee protection measures based on their individual merits.

The National Quality Council (NQC) approved principles underpinning alternative fee protection measures of equal rigour (Option 5), in the spirit of national consistency and transparency.

The principles outlined below will be applied by the Training Accreditation Council in considering applications for an alternative fee protection measure of equal rigour.

¹ Please note that the information provided is taken from the *AQTF Essential Conditions and Standards for Continuing Registration*. Similar options apply to applicants for registration as an RTO, as per the *AQTF Essential Conditions and Standards for Initial Registration*. Refer to www.training.com.au for more information.

An alternative fee protection measure:

- Must have a primary purpose of protecting student fees paid in advance;
- Must apply when the agreed training and assessment for which the student has paid for in advance is not provided² and the RTO is unable to refund the student the fees paid in advance for the agreed training and assessment that the RTO is unable to provide, no matter the reason;
- Is of equal rigour with at least one of Option 3 or Option 4 (i.e. the two Options specific to fee protection), such that students are no worse off than if they received training and assessment from an RTO covered under either Option 3 or Option 4;
- Is unable to be changed without the prior approval of the Registering Body;
- Is accompanied by appropriate communication to students that are undertaking courses / qualifications covered by the alternative fee protection measure;
- Is independent from RTO policies that dilute, or that can be changed to dilute, the level of fee protection offered to students;
- Must apply in the case of external administration or similar arrangements of either the RTO or the body to which the risk applies (i.e. parent companies);
- Must be willing to provide information and data to the Registering Body upon request;
- Ensures funds are available / held in such a way that they can refund individual students the fees paid in advance for agreed training and assessment services not provided, at short notice and when required; and
- Is underpinned by appropriate legal arrangements, which are expressed formally and have the force of a contract.

The approval of an alternative fee protection measure can be revoked by the Registering Body at any time. In doing so the Registering Body is to have regard to any transitional arrangements that may be required for RTOs to transition to an alternative measure to protect student fees in advance.

² The definition of 'not provided' is to be based on pre-determined benchmarks described in the alternative fee protection measures application to the Registering Body, and agreed to by RTOs that are covered under the protection measure