

18 December 2012

First name Surname

Address

Address

Address

City Postcode

Dear Mr/Mrs/Ms/Miss Surname

Important information on changes to student fee protection requirements

Tertiary education organisations have been operating under a new legislative framework for quality assurance since the passing of the Education Amendment Act in August 2011. As part of the 2011 amendments, the government made a number of changes to Part 18 (private training establishments) of the Education Act to enhance requirements for protecting student fees.

The New Zealand Qualifications Authority (NZQA) has been engaged in work to develop rules to supplement the new legislative provisions. Consultation on the draft rules for student fee protection with the PTE sector took place in October and November 2011. NZQA continued to test the rules further throughout 2012 with individual PTEs as development work continued. The rules have now been finalised and will take effect from 1 January 2013.

The rules have been aligned to the changes to the Act. Some of these changes will directly impact on how your organisation draws down and protects student fees, and when it submits independent audits.

This letter provides important information on how your organisation is affected and what your organisation must do to be compliant with the Act and the rules for protecting student fees.

Drawing down student fees

Prior to the rule changes, PTEs would draw down on Day 1 the lesser of 10 per cent or \$500 of fees paid by a student. PTEs would then be entitled to draw down up to 15 per cent of the remaining fees at the end of the statutory refund period.

The Education Act now stipulates that all fees must be paid in to trust and held in trust until the end of the refund period. This means that PTEs are no longer able to draw down the initial 10 per cent or \$500 on Day 1.

To compensate for this change, the rules now specify that PTEs can draw down a higher percentage of the fees at the end of the refund period. The rules state that PTEs are entitled to draw down the lesser of 20 per cent or \$3,000 at the end of the statutory refund period (rather than 15 per cent).

Student fee attestation and independent audit

In the rules for student fee protection, NZQA has made two changes to the reporting requirements for quarterly attestation and the annual independent audit of student fee protection arrangements, which will affect your organisation.

Your organisation uses a standard trust to protect fees and NZQA has changed the rules so that PTEs using a standard trust to protect student fees will no longer be required to provide their trustee with a quarterly attestation. Trustees for standard trust arrangements are still required to advise NZQA if it appears that a provider may not be compliant with the rules as soon as practicable. Furthermore, all PTEs will now have five months following their financial year end to submit their independent audit, rather than the current requirement of 90 working days.

Much time has been spent developing rules that align with the legislation, and in a way that provides workable and practicable solutions for PTEs.

More detail on the rules for student fee protection is provided in the attached fact sheet. If you require further information or would like to discuss this letter further, in the first instance, please contact your Sector Relationship Manager.

Yours sincerely

Karen Poutasi (Dr)
Chief Executive