STANDARD INTERPRETATION GUIDELINE 2024-16

TERTIARY SCHOLARSHIP AND LOANS SERVICE ACT 2014

This Standard Interpretation Guideline ("SIG") sets out Fiji Revenue and Customs Services' ("FRCS") operational practice in relation to policy changes announced in the 2023/2024 National Budget Address in respect of Tertiary Education Loan Scheme ("TELS").

It is issued with the authority of the Chief Executive Officer ("CEO") of FRCS.

Legislative references in this SIG are to the Tertiary Scholarship and Loans Service (TSLS) Act 2014, unless otherwise stated.

This SIG is in effect from 1st August 2023 and may need to be reviewed in the event of any relevant legislative amendments.

CONTENT

PURPOSE

1. The purpose of this SIG is to provide practical guidance on CEO's interpretation regarding the changes in loan repayments under the Tertiary Education Loans Scheme (TELS).

2. This SIG will also discuss the conversion of loan agreements to bond agreements and its implications on students and formers students who were TELS recipients prior to 1 August 2023.

INTRODUCTION

3. All loan repayments that have not been fulfilled by students or former students other than those who were employed in the private or public sector while studying under TELS prior to 1st August 2023 is deemed cancelled, subject to certain conditions.

4. As a result, loan agreements will be converted into bond agreements where the terms and conditions are to be determined by Fiji Revenue and Customs Service.

5. The examples used throughout this SIG are merely illustrative. They do not cover the infinite number of factual scenarios that may arise. The relevant legislative provisions must be considered and applied to each case on its particular facts. That is, conclusions should not be drawn by determining whether the facts of a particulars case may be analogous with particular examples, but rather on the basis of applying the correct tests established by the law.

6. The full text of the legislative provisions is contained in the Appendix.

LEGISLATIVE ANALYSIS

Cancellation of debt under TELS

7. Loan repayments of students or former students that have not been fully paid are deemed to have been cancelled.[1]

8. Students or former students that have yet to fulfill their loan repayment and are working in either private or public sector will automatically have their loan agreement converted into bonding conditions and will need to serve their term in Fiji.

Bond Agreements

9. As of 31 July 2023, the loan agreement for all the students who have studied under various schemes of TELS excluding In-Service Scheme, will be converted to bond agreements.[2]
10. Students or former students who were under TELS prior to 1 August 2023 and have already made partial repayments have the option of continuing loan repayments or fulfilling the bond conditions set out in the bond agreement.[3]

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[1] Section 16B (1) of Tertiary Scholarships and Loans Service Act 2014
[2] Section 16B (2) of Tertiary Scholarships and Loans Service Act 2014
[3] Section 16B (5) of Tertiary Scholarships and Loans Service Act 2014

11. The conditions for the Bond Agreements are as follows:
    - Bond agreements will require that graduates serve their bond according to the years of study under TELS multiplied by one point five (1.5).
    - Graduates must demonstrate their service to the country through paid employment which is not limited to just the field of study sponsored under TELS.
    - Any employment before graduation or completion of study whichever is earlier, will not be included in the years of bond service.
    - Students or former students who were under TELS prior to 1 August 2023 and have made partial repayments, have the option of continuing their loan repayment or serving their bond period.
    - Serving of bond period will commence from the time of graduation or completion of study whichever is earlier.
    - Graduates who have served their bond term or fully paid their loan may obtain clearance letter from FRCS.
    - Tertiary Scholarship & Loans Service (TSLS) and FRCS will work together to resolve issues arising out of the enforcement of the schemes, loan repayments or bond conditions.

12. Students or former students who were under TELS prior to 1 August 2023 and have fully or partially paid their loan will not be reimbursed.[4]

13. For those that have partially paid their loans, the remaining amount will be converted into bond service. If for any reason, they disengage from this arrangement, the pending debts will be recovered from their respective approved guarantors.

Example 1
John was awarded TELS of $35,000 in 2018. It took John 4 years to complete his studies and he graduated in March 2022. In May 2022, John started working. He worked for one year and paid $10,000 for his loan.

How many years does John need to serve his bond and can he be refunded the $10,000 repayment?

CEO's position: Effective 1st August 2023, John is not required to repay his TELS loan but will have to serve his bond for the remaining years. According to the bond agreement, John will have to serve his bond for 6 years (4 years of study x 1.5 = 6 years). Since John has already served 1 year, this will be subtracted from the required 6 years. So John needs to serve 5 years.

On the other hand, John will not be refunded the loan repayment of $10,000 however, it can be converted into its equivalent bond period

Example 2
Annie has been working for 2 years prior to being awarded TELS to complete her Degree in USP. Upon graduation after 3 years of study, Annie is required to serve her bond period.

Will the 2 years of service prior to being awarded TELS also count as her bond period?

CEO's position: Any employment before completion of study or graduation under TELS is not counted as a serving period for the bond. Bond agreement requires that Annie serve her bond for 4.5 years (3 years of study under TELS x 1.5 = 4.5 years).

[4] Section 16B (11) of Tertiary Scholarships and Loans Service Act 2014

Travel Release

14. A student or former student who has not served the bond and intends to travel overseas for medical, vacation or temporary work purposes is required to apply for temporary release with FRCS, provide two guarantors and make payment arrangements prior to their travel.[5]

15. A student or former student who has not served the bond and intends to pursue further studies overseas must apply for temporary release and provide two guarantors.

16. A student or former student who has not served the bond, works in Fiji and has to travel overseas for work purposes must apply for travel release. The student or former student is not required to provide two guarantors as the employer will act as guarantor.

Migration	Employment	Education	Vacation/Medical/Sports
•Continue to pay if you reside abroad •Clear debt before you migrate	•Travel Release with 2 Guarantors •Organise payment arrangement	•Travel Release with 2 Guarantors •Voluntary payment arrangement	•Travel Release with 2 Guarantors •Medical Report •Sports - Letter from relevant authority

17. A guarantor for a student or former student who was under TELS prior to 1 August 2023 is obliged to make loan repayments if the student or former student, has left the country prior to 1 August 2023 and defaults on loan repayment or fails to fulfil the bond agreement.[6]

18. Guarantors who intend to travel abroad are required to obtain temporary release from FRCS. The guarantor is not required to provide guarantors for travel clearance. However, if the guarantor travels for a duration of 3 months or more, the TELS recipient associated with the guarantor must provide an alternative guarantor.

Example 3

Samantha and Jacob are employed as seasonal workers in Australia and have never served in Fiji. They have been repaying their loans for almost 1 year now and are wondering if they still have to make repayments or if it has been cancelled.

CEO's position: Since both Samantha and Jacob have never served in Fiji, they will continue making their loan repayments until it is cleared. If they default on their loan repayments, then the nominated guarantors are obliged to make the loan repayment. Repayment of loan applies regardless of completion of studies or graduation.

Blanket Exemption

19. A student or former student who frequently travels for work purposes can apply for Blanket exemption for up to a period of 6 months or 12 months. A confirmation letter from the employer will need to be provided.

Migration

20. A student or former student who has not served the bond and has migrated overseas must continue to make loan repayments (through existing arrangements with FRCS) if they have not fulfilled their loan agreements.

[5] Section 16B (8) of Tertiary Scholarships and Loans Service Act 2014

[6] Section 16B (7) of Tertiary Scholarships and Loans Service Act 2014

21. For TELS funded graduates who intend to migrate before the end of their bond service period, will be required to pay the amount owed to the Government for the remaining period of bond service.

Refunds

22. A student or a former student who was under TELS prior to 1 August 2023 and has fully or partially paid his or her loan repayment prior to 1 August 2023 will not be reimbursed or refunded.

Clearance from FRCS

23. A student or former student who has fully paid loan or fulfilled bond conditions will be issued a clearance letter once all the requirements listed below are submitted to FRCS office[7]:
    - Graduation Certificate;
    - Employment Contract or Employment reference;
    - Confirmed account statement from TSLS stating total costing and total years of service; and
    - Valid Passport bio data page/ Original or Certified Birth certificate.

Loan Repayment under Accelerated Repayment Incentive (ARI)

24. The Accelerated Repayment Incentives (ARI) is still available to those who had already started repayment prior to 1st August 2023 and wish to clear/pay their TELS loan instead of serving the bond.

25. TELS ARI is a three-step incentive scheme as below –

Total Debt Level (Upon Graduation)	**Discount applicable at various repayment periods**		
	50%	**25%**	**10%**
1: Less than $20,000	<2 years	2-4 years	4-6 years
2: $20,000 - $49,999	<3 years	3-6 years	6-8 years
3: $50,000 - $99,999	< 4 years	4-8 years	8-10 years
4: $100,000+	<5 years	5-10 years	10-12 years

**The day-count convention that will be used for computing a year is 365 days*

As illustrated in the Table above, ARI provides three levels of discount – 50%, 25% and 10% on the amount of the loan. The three levels are based on total amount of debt and how quickly the discounted portion of the loan will be settled by Students and former students upon completion of graduation.

26. Rules to consider eligibility of a person to avail discounts under ARI scheme are as below –
    a. Loan refers to total sum of money disbursed to a Student and/or former student for pursuing any one or more tertiary education program;

    b. Total debt level referred to in Table under Para 19 above shall mean the total loan amount consisting of principal amount of loan together with any interest accrued thereon;

[7] Section 16B (10) of Tertiary Scholarships and Loans Service Act 2014

c. Graduation shall mean completion of final graduation. If a Students and former students pursues a diploma course and immediately thereafter a degree course, graduation shall mean graduation under the degree course;

d. If a TELS loan involves two or more loans in respect of two or more programs and the subsequent program gets terminated, a student and/or former student can avail ARI benefits for loans in respect of programs where he or she has completed and graduated from;

e. TELS loan becomes a debt repayable to FRCS upon completion of graduation;

f. ARI discount under Para 19 above applies from the first date of employment of Student and former student and all discount calculations for the purpose of ARI shall be computed from date of employment;

However, if a Student and/or former student is not employed and he or she wishes to make early repayment of loan for a specific reason (e.g. migration), ARI discount shall apply from the date of graduation;

g. Whether employed or not, Students and former students can opt to early settle the total loan amount upon completion of graduation and ARI discount shall apply in accordance with para 19 hereinabove;

h. ARI discount shall apply only to those TELS loans where the total loan amount is outstanding as at 1st August 2018. It will also apply to new loans sanctioned on or after 1st August 2018;

i. ARI shall not apply to loans fully repaid before 1st August, 2018. Students and former students cannot claim retrospective discounts for loans repaid before 1st August 2018; and

j. Those who avail loan on or after 1st August 2018 shall be eligible for ARI discounts on the total loan amount depending on the periods within which the repayment has been made.

Example 4

Mary's student loan of $25,000 was approved in January 2019 to pursue a Bachelor of Commerce with USP. She graduated from USP in April 2022 and started working in October 2022. Mary intends to migrate and would like to repay her loan at the earliest.

Will Mary be eligible for discounts under ARI for early repayment of loan?

CEO's position: Loan amount disbursed to Mary becomes a debt from the date of completion of graduation, that is from April 2022 however, discounts under ARI apply from the date of employment which is from October 2022.

There are three levels of discounts under the ARI scheme which is available to Mary. Depending upon the amount of loan and number of years within which the loan is repaid, the discount rate is applied.

Total Debt Level (Upon Graduation)	**Discount applicable at various repayment periods**		
	50%	**25%**	**10%**

1: Less than $20,000	<2 years	2-4 years	4-6 years
2: $20,000 - $49,999	**<3 years**	**3-6 years**	**6-8 years**
3: $50,000 - $99,999	< 4 years	4-8 years	8-10 years
4: $100,000+	<5 years	5-10 years	10-12 years

Mary falls in level 2 of Total Debt Level [$20,000 - $49,999] as her total loan amount is $40,000. The rate of discount shall depend on number of years within which Mary repays her total debt. The 3 different discount rates are explained as below -

50% Discount: If Mary makes payment of 50% before October 2026 (within 3 years from October 2023) she can enjoy a discount of 50%, resulting in overall repayment of only 20,000 (50% of outstanding debt of $40,000).

25% Discount: If Mary repays her loan after October 2026 but before October 2029 (between 3-6 years), she can enjoy a discount of 25% on her total debt. It means discounted amount of $10,000 (25% of $40,000) will be waived off and Mary will pay only $30,000.

10% Discount: If Mary repays her loans after October 2029 but before October 2032 (between 6 -8 years), she can avail discount of 10% i.e., $4,000 on her total debt resulting in overall loan settlement of $36,000 ($40,000 - $4,000).

27. Additional information relating to the requirements for overseas travel is provided in Appendix 2.

28. For further information and clarification in regard to this SIG, please email us at tipu@frcs.org.fj

APPENDIX 1: LEGISLATION

ACT NO. 14 OF 2023

I assent.

W. KATONIVERE
President

[14 July 2023]

AN ACT

TO AMEND THE TERTIARY SCHOLARSHIPS AND LOANS SERVICE ACT 2014

ENACTED by the Parliament of the Republic of Fiji—

Short title and commencement

1.—(1) This Act may be cited as the Tertiary Scholarships and Loans Service (Budget Amendment) Act 2023.

(2) This Act comes into force on 1 August 2023.

(3) In this Act, the Tertiary Scholarships and Loans Service Act 2014 is referred to as the "Principal Act".

Section 16B inserted

2. The Principal Act is amended after section 16A by inserting the following new section—

"*Cancellation of debt under loan agreement*

16B.—(1) Notwithstanding section 16, loan repayments under a loan agreement by a student or a former student prior to 1 August 2023, except for loan repayments under a loan agreement by a student or a former student who was under a loan scheme prior to 1 August 2023 while working in the private or public sector and is yet to fulfil his or her loan repayment, are deemed to have been cancelled.

(2) Subject to subsection (1), all loan agreements entered into by a student or former student prior to 1 August 2023 are deemed to have been converted into bond agreements.

(3) The terms and conditions of the bond agreements under subsection (2) will be determined by the Fiji Revenue and Customs Service.

(4) A student or a former student who was under a loan scheme prior to 1 August 2023 must fulfil the bond conditions as set out in the bond agreement under subsection (3).

(5) A student or a former student who was under a loan scheme prior to 1 August 2023 and has made partial repayments, must have the option of continuing the loan repayment or fulfilling the bond conditions set out in the bond agreement under subsection (3).

(6) A student or a former student who was under a loan scheme prior to 1 August 2023 and is residing abroad, must continue to make loan repayments under his or her obligations under the loan agreement.

(7) A guarantor for a student or former student who was under a loan scheme prior to 1 August 2023 is obliged to make loan repayments if the student or former student, as the case may be, has left the country prior to 1 August 2023 and defaults on loan repayment or fails to fulfil the bond agreement.

(8) A student or a former student who was under a loan scheme prior to 1 August 2023 and intends to travel abroad for medical, vacation or temporary work purposes is required to provide nominated guarantors for travel clearance.

(9) For the purposes of this section, the Service and the Fiji Revenue and Customs Service must act in good faith in accordance with the Act to resolve issues arising out of the enforcement of the schemes, loan repayments or bond conditions.

(10) A student or former student who has paid his or her loan repayment or fulfilled his or her bond conditions must be issued a clearance letter from the Fiji Revenue and Customs Service.

(11) A student or a former student who was under a loan scheme prior to 1 August 2023 and has fully or partially paid his or her loan repayment prior to 1 August 2023 will not be reimbursed.”.

Schedule 1 amended

3\. The Principal Act is amended by deleting Schedule 1 and substituting the following—

"SCHEDULE 1

(Section 2)

ELIGIBLE INSTITUTION

1. Advance Aviation Training (PTE) Limited
2. Auckland University of Technology
3. Centre for Applied Technology Development
4. Corpus Christi Teachers College
5. Fiji National University
6. Fulton Adventists University College
7. Keshals Business Education Institute
8. Massey University
9. Monash University
10. Montfort Boys Town
11. Navuso Agricultural Technical Institute
12. Pacific Flying School
13. Pacific Polytechnics
14. Pivot Point
15. Queensland University of Technology
16. Sangam Institute of Technology
17. Service Pro
18. SPA Academy Fiji
19. Swinburne University of Technology
20. The University of Auckland
21. The University of the South Pacific
22. University of Fiji
23. University of New South Wales
24. University of Newcastle
25. University of Sydney

26. Vishan Infotech

27. Western Sydney University".

Schedule 2 amended

4. The Principal Act is amended by deleting Schedule 2 and substituting the following—

"SCHEDULE 2

(Section 2)

TERTIARY SCHOLARSHIP AND LOANS SCHEMES

Tertiary Scholarship Schemes

1. Masters and PhD by Research Scheme
Full scholarships for students intending to undertake a Masters or PhD qualifications by research. For the scheme assistance, a student must have his or her candidature confirmation at the time of application.

2. Merit Based Overseas Scheme
Full scholarships for national priority areas of studies not offered at a local university. The eligible students will be top ranked from Year 13 examination results or such equivalent studies as determined by the Service in the preceding year of the award.

3. Merit Based Higher Education – Level 7 Local Scheme
Full scholarships for national priority areas of studies offered at a local university. The eligible students will be top ranked from Year 13 examination results or such equivalent studies as determined by the Service in the preceding year of the award.

4. Merit Based Skills Qualification Scheme
Full scholarships for national priority areas under skills qualification for Year 12 and Year 13 or such equivalent as determined by the Service for students completing their studies in the preceding year of the award.

5. Scholarship for Students with Special Needs Scheme
Full scholarship for students with an impairment or disability for studies at a local university.

6. Scholarship for In-Service Scheme
Full scholarship for public sector employees to upgrade or attain a new qualification at a local university.

7. Scholarship for Higher Education – Level 7 with Minimum Cut off Mark Scheme
   Scholarship for studies based on national priority areas with qualifying cut-off mark. The student must have completed Year 13 in 2011 or foundation studies thereafter.

8. Scholarship for Skills Qualification Based on Offer Scheme
   Scholarship for studies at a local institution in a skills qualification programme.

9. Tuition Only-Hardship Assistance Scheme
   Scholarship for higher education level 7 degree programmes for privately funded students to support their studies from Year 2 onwards. The student must have a cumulative GPA equivalent to 65% to be eligible.

Loan Schemes

1. Scheme for In-Service Students
   Tuition only support scheme for private sector employees to upgrade or attain a new qualification at a local university.".

Passed by the Parliament of the Republic of Fiji this 14th day of July 2023.

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