



Tuition Protection Service Advisory Board

1 June 2022

Ms Melinda Hatton
Higher Education Tuition Protection Director
c/o Department of Education, Skills and Employment
GPO Box 9880
CANBERRA ACT 2601

Dear Ms Hatton

Re: 2022 HELP Tuition Protection Levy Advice

I am writing to you in accordance with subsections 167-35(1)(a) and (b) of the *Higher Education Support Act 2003* to provide advice and make recommendations to you in relation to you making the legislative instruments for the risk rated premium and special tuition protection components of the HELP Tuition Protection Levy for 2022.

In formulating its advice, the Higher Education Tuition Protection Fund Advisory Board (the Board) has considered a number of issues including the advice of the Australian Government Actuary (AGA) and the quantum of funds required for the long-term sustainability of the Higher Education Tuition Protection Fund (the Fund).

The Board has been assisted in its deliberations by the Board's agreed 'guiding principles', namely:

1. Advice provided to the TPS Director should reflect the overall risk environment and ensure that revenue matches what is needed to sustain the relevant fund, while also being sustainable for the industry.
2. The model for each levy should, as far as possible, reflect gradual change and assist the industry with business planning by providing a stable regulatory environment.
3. The model should be as simple and transparent as possible, preferably based on a small number of risk factors.

4. Risk premiums imposed should provide incentives for providers to adopt positive behaviours.
5. Additional imposts on industry, such as data collection, should be minimised as far as possible, consistent with the ability to set sound risk-based levies.

In formulating its advice for 2022, the Board has considered the domestic education sector for HELP providers and considered the history of previous tuition assurance arrangements.

The Board notes the Minister's waiver of the 2021 HELP levy and the Australian Government providing additional seed funding (repayable) of \$1 million for the Fund in lieu. The Board has also been cognisant of the ongoing impact of the COVID-19 pandemic and its associated restrictions on the sector.

The report from the AGA is a key document on which the Board has relied while preparing its advice. The AGA's report to the Board for the 2022 HELP levy, provided in February 2022, recommended maintaining the settings determined for 2021. This includes applying the Special Tuition Protection component at the rate of 0.10 per cent.

The Board agrees with the AGA's recommendation of retaining the risk factors of:

- financial strength;
- completion rate; and
- compliance history.

The Board is satisfied with the correlation of those factors with the risk of provider failure and, therefore, a call on the Funds. The Board accepts the AGA's recommended weightings for the risk factors, which are outlined at the end of this letter for the purposes of section 13(1)(c) of the Levy Act.

The Risk Rated Premium component formula also includes a per student charge and a percentage rate multiple of the loan amounts paid to the provider. The Board accepts the AGA's recommendations that these remain as they were in 2021.

Accordingly, the Board recommends that:

- the specified percentage rate for the Risk Rated Premium component of the levy be 0.06% – section 13(1)(b), the Levy Act;
- the specified per student amount for the Risk Rated Premium component of the levy be \$6.00 – section 13(1)(a), the Levy Act; and
- the Special Tuition Protection component continue to apply in 2022 at the reduced rate of 0.10% for the HELP levy.

Yours sincerely

Helen Zimmerman
Chair
Higher Education Tuition Protection Fund Advisory Board

**Risk Factors and Weightings for the Risk Rated Premium Component
for the *HELP Tuition Protection Levy* in 2021**

Risk Factor	Category	Risk Factor Weight
Financial Strength score of:	8 or 9	0.0
	6 or 7	1.0
	1 to 5	2.0
	Provider did not submit data	2.5
Completion rate	85% or higher	0.0
	60% to <85%	0.0
	35% to <60%	1.7
	0% to <35%	2.7
Non-compliance history	A weighted late payment measure of 30 days or more and/or the provider has been sanctioned under the relevant (specified) section of the relevant Act.	2.0
	There is a weighted late payment measure of less than 30 days but at least 15 days	0.9
	There is a weighted late payment measure of less than 15 days but at least 1 day	0.7
	There is no weighted late payment measure (payment made on time).	0.0
	Plus For Higher Education registration periods* less than the maximum allowable	1.0
	For Higher Education registration periods* equal to the maximum allowable	0.0

* Where Higher Education registration period is the length of a provider's current registration period rounded to the nearest whole number of years.