

# Draft 2023 TPS Levy - International

September/October 2022  
Melinda Hatton, TPS Director



# Agenda

- Purpose of the Tuition Protection Service (TPS)
- TPS Director and the TPS Advisory Board
- Levy settings – legislation and guiding principles
- Levy components
- Key changes for 2023
- Levy collection process and timeframe
- Quick recap – income declaration



# Purpose of the Tuition Protection Service (TPS)

- Australian Government initiative, supported by federal Department of Education
- Student tuition fee protection scheme
- Developed for international student fee protection in 2012 and expanded to specified domestic students since 2020
- Safeguards Australia's reputation as an education destination
- Supports registered education providers to understand and meet student obligations
- Supports students with refunds/loan re-credits or facilitates new education course placements.
- Manages levy collections from registered education providers and maintains special accounts



# Legislative Authority for the collection of the TPS Levy – The Tuition Protection International levy

*Education Services for Overseas Students (ESOS) Act 2000*

<https://www.legislation.gov.au/Details/C2022C00066>



# TPS Director role and function

- **Statutory Office Holder** appointed by the Australian Government
- **Operational oversight** - The TPS Director oversees the operation of the TPS. This includes the operation of the student placement system, payments to alternative education providers for accepting students affected by an education provider default, and refunds to students where appropriate.
- **TPS Levies** - The TPS Director is responsible for the TPS annual levy collections from eligible International and Domestic VET and Higher Education providers.
- **TPS Levy Special Accounts** - the TPS Director is responsible under the law to manage collected TPS Levies in Special accounts. The TPS Director needs to ensure that these accounts are able to meet any drawdowns required as a result of an education provider default.



# TPS Operations team



We are a small team of about 14 dedicated professionals located in Canberra in the DESE building– most are camera shy but all are always ready to assist!



# TPS Advisory Board

Chair – Ms **Helen Zimmerman** (international education consultant)

Deputy Chair – Dr **Kevin Donnelly** AM (education academic)

Ms **Jenny Lambert** (education industry policy specialist and advocate)

Mr **Phil Honeywood** CEO, International Education Association of Australia

Dr **Elizabeth Deane** (academic and higher education consultant)

Prof **Warren Bebbington** AM (academic)

Mr **Stephen Moir** Group CEO, Motor Trade Association of Western Australia

Mr **Guy Thorburn** Australian Government Actuary

Mr **Peter Kohlhagen** General Manager, Australian Prudential Regulation Authority

Mr **Libor Pelecky** First Assistant Secretary, Commonwealth Department of Finance

Ms **Anne Vickers** Commonwealth Department of Home Affairs

Ms **Karen Sandercock** First Assistant Secretary, Commonwealth Department of Education

View board  
member profiles at  
**[www.tps.gov.au](http://www.tps.gov.au)**



# TPS [International] Levy Drafting and Instruments

- **Education Providers pay annual levies commensurate with their size and risk.**
- **TPS Levy Instruments** - The TPS Levy is determined in legislative instruments which are made under the power delegated by the Parliament. The levy instruments state the methodology used to calculate the levy component amounts that education providers will be required to pay and also describes any changes in the methodology.
- **Levy drafting** - Following advice from the TPS Advisory Board the **TPS Director will set the risk rated premium and special tuition protection components** of the levy. The responsible **Minister sets the administrative and base fee component** of each levy.
- **Authorising the TPS Levy Instruments** – The TPS Director and Department of Education manages the drafting of the TPS Levy instruments and ensures that they are made into law in accordance with the relevant TPS Levy legislation.
- Links to the TPS Levy Instruments are available on [www.TPS.gov.au](http://www.TPS.gov.au).





## Draft 2023 TPS International Levy

- The TPS Advisory Board offered its draft advice to the TPS Director on the 2023 TPS International Levy on 24 August 2022.
- The draft advice can be viewed under *Resources* on the TPS website.
- Now open for sector feedback on 2023 TPS [International] Levy settings until 7 October.
- The TPS Advisory Board will consider the sector feedback before offering its final advice to the TPS Director at its 26 October meeting.



# TPS Advisory Board Levy Setting Guiding Principles

- **Advice should reflect the overall risk environment** and ensure that revenue sustains the relevant fund, while also being sustainable for the industry.
- The model for each levy should **reflect gradual change** and assist the industry with business planning by providing a stable regulatory environment.
- The model should be as **simple and transparent** as possible, preferably based on a small number of risk factors.
- Risk premiums should **provide incentives for providers to adopt positive behaviours**.
- **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.



# The TPS Levy Framework

- The **Australian Government Actuary (AGA)** developed the **levy framework**.
- The AGA provides advice on the **levy methodology** to ensure the arrangements are financially sound.
- The **TPS levies for each year have several components** which are set in separate legislative instruments - the **administration and base**, the **risk rated premium** and the **special** component.
- Providers operating across the Higher Education, VSL and international education sectors **pay separate levies for each sector**. Independent levy amounts will be **calculated based on data for each sector**, and levies may be **collected at different times** during the year.
- The levies collected are **held in sector-specific quarantined accounts** and used to fund ongoing tuition protections for students and providers of each specific sector only.



# Risk Rated Premium Component

## 5 risk factors:

- Risk Factor 1 – Base risk factor
- Risk Factor 2 – Length of operation
- Risk Factor 3 – Volatility in overseas student enrolments
- Risk Factor 4 – Maximum overseas source country concentration
- Risk Factor 5 – Non-compliance and registration renewal



# Risk Rated Premium Component

draft setting  
recommended for  
2023 Risk Rated  
Premium  
component  
**0.04%**

*Specified percentage  
for the year* × *Increase factor for the  
risk factor for the year* × *Provider's overseas student  
tuition fees for the previous year*



# Special Tuition Protection Component

- The TPS Advisory Board recommended that the specified percentage for the Special Tuition Protection Component of the 2023 TPS International Levy be set at **zero**.
- This component is to be charged where the funds are below their target size - builds the funds reserve and contributes to TPS operational costs.
- The funds are currently at the lower end of the target range advised by the Australian Government Actuary so this component does not need to be charged at this point in time.



# Special Tuition Protection Component

draft setting  
recommended for  
2023 Special Tuition  
Protection  
component  
**0%**

*Specified percentage  
for the year*

/

*Provider's overseas student  
tuition fees for the previous year*



# Setting the 2023 TPS International Levy

The TPS Advisory Board considers a number of issues when formulating its advice, including:

- The strategic risk environment
- Advice from the Australian Government Actuary (AGA)
- Views of the sector regulators and industry peak bodies
- Continuing impacts of the COVID-19 pandemic
- **The waiver of 2022 TPS International Levy**
- The quantum of funds required for the long-term sustainability of the Overseas Students Tuition Fund (OSTF).





# TPS Advisory Board recommendations for 2023 TPS International Levy

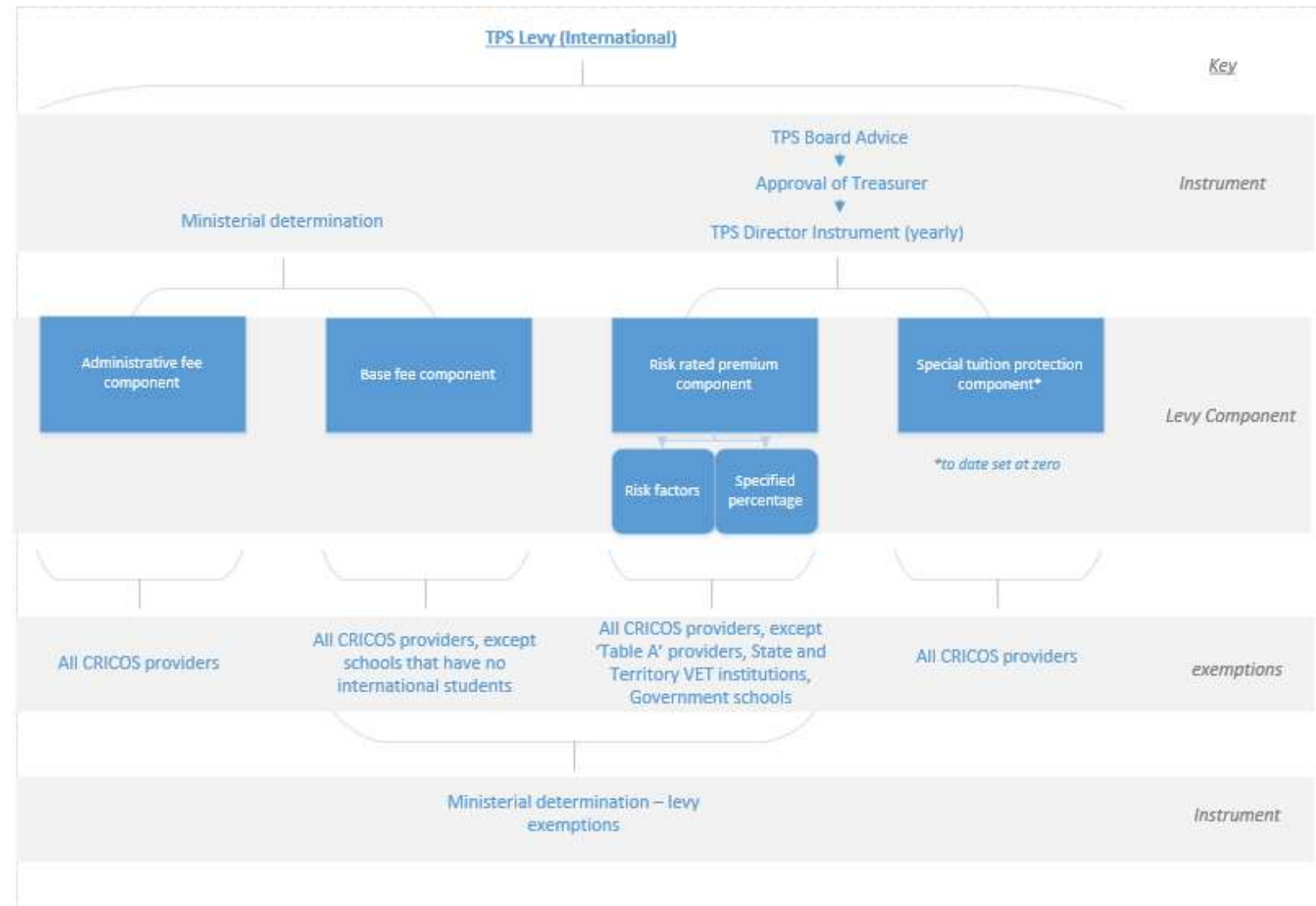
The TPS Advisory Board has recommended **changes to Risk Factor 3 – Volatility** in overseas student enrolments

1. to reinstate the risk factor for negative student volatility and set the risk scores higher than they were prior to the pandemic
2. waive the loading for positive student volatility by setting the factor for positive volatility to zero.



# TPS International Levy

## Components & Authorities



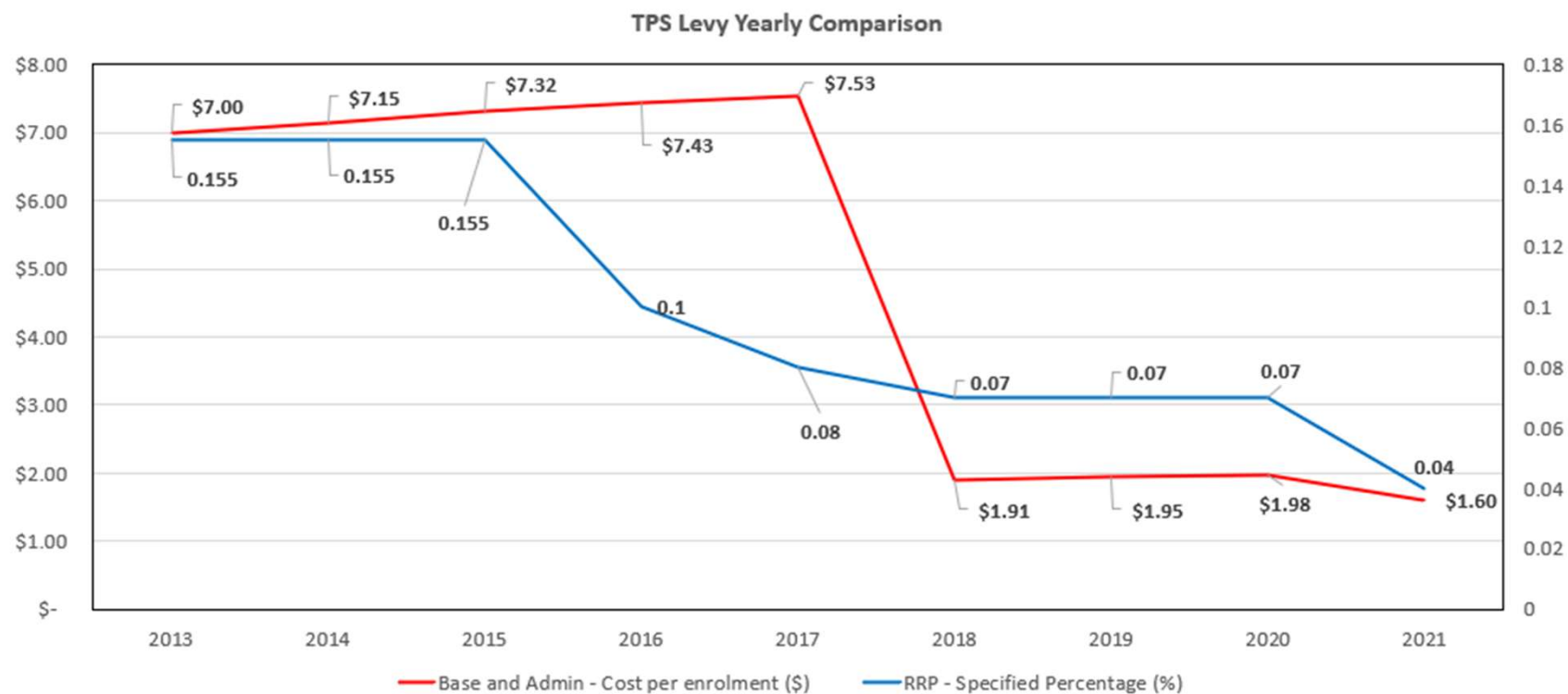
# TPS International Levy Components

## Settings as recommended by the TPS Advisory Board

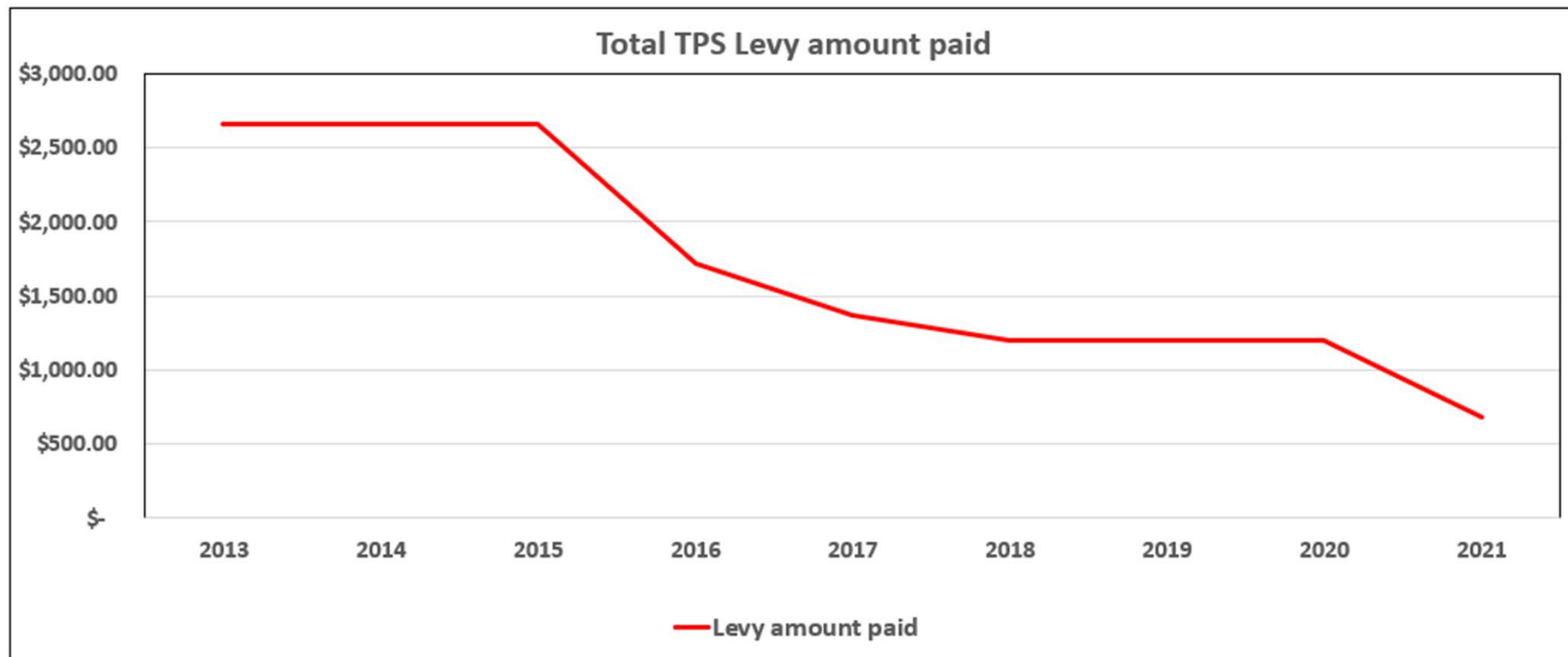
| Four components                                                                                                                     | Draft settings                                                    | Notes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Administrative fee</b><br>Source: Australian Government Actuary Report on International Levy to the TPS Advisory Board, Aug 2022 | \$92.74 per provider plus; and \$0.48 per 2022 student enrolments | <ul style="list-style-type: none"><li>Rates are <b>set by the Minister</b> under the TPS Levy Act, indexed in line with the CPI.</li><li><b>2021 TPS Levy Determination Explanatory Statement:</b><br/><i>The Minister is making a determination to set the fixed fee and per enrolment components of the administrative and base fee components to zero. It is anticipated that this reduction will be a one-off reduction to the Fund and the Minister will reconsider the fee settings for the 2023 TPS levy collection next year.</i></li></ul> |
| <b>Base fee</b><br>Source: Australian Government Actuary Report on International Levy to the TPS Advisory Board, Aug 2022           | \$186.30 per provider plus \$1.18 per 2022 student enrolments     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Risk rated premium</b>                                                                                                           | <b>0.04%</b>                                                      | <ul style="list-style-type: none"><li>Determined annually by the TPS Director</li><li>Paid by non-government (private) providers</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Special tuition protection</b>                                                                                                   | <b>0%</b>                                                         | <ul style="list-style-type: none"><li>Imposed at the discretion of the TPS Director. Intended to be applied countercyclically to build up a buffer in the OSTF.</li></ul>                                                                                                                                                                                                                                                                                                                                                                           |



# TPS International Levy Rates (up to 2021)



# Risk Rated Premium – Provider Average Payment



# 2023 International TPS Levy – Key Dates

2022

August

- **24 Aug:** Draft advice on International Levy confirmed at TPS Advisory Board meeting

September

- **Early Sept:** draft advice posted on TPS website **and feedback opens**
- **Info sessions** in Sydney Perth, Melbourne, Brisbane, and Adelaide
- **Meetings with peaks and industry reps** in each state around info sessions.

October

- **5 Oct:** Online information session for providers
- **7 Oct:** Feedback on TPS International Levy closes
- **26 Oct:** Advisory Board finalises TPS International Levy settings
- **Late Oct:** **PRISMS reporting and data update request**

November

- **11 Nov:** Final levy advice published on TPS website
- **30 Nov:** Legislative instrument drafted and sent to Treasurer

2023

Dec/Jan

- **Dec:** **Reminder to finalise PRISMS data**
- **31 Dec:** Legislative instrument must be made
- **Early Jan:** Published on TPS website

Feb/Mar/Apr

- **Feb:** **Providers supply Income declaration**
- **April:** **Invoices sent**
- **May:** **Levy collected**



# Overseas Student Tuition Fee Income Declaration

- Must be declared by the Principal Executive Officer (PEO) or their nominated representative.
- Income declaration **due date: March 2023**



# Overseas Student Tuition Fee Income Declaration

- **Overseas student tuition fees** for a registered provider for a year is the amount of tuition fees received by the provider during the year in respect of an overseas student or intending overseas student (section 4 - *Education Services for Overseas Students (TPS Levies) Act 2012*).
- **Only declare overseas student tuition fee income** received from overseas or intending overseas students on a **student visa** for the 2022 calendar year.
- **Ensure your PEO and E-Business contacts and student enrolment data in PRISMS are up-to-date**





# Overseas Student Tuition Fee Income Declaration

- Please **do not** include income from:
  - Students on other visa types
  - Books or equipment sold to the student
  - Health insurance
  - Administration fees
  - Accommodation
  - Assisting the student to apply for a hold or a student visa.
- All refunds paid to students during the 2022 calendar year should be deducted from the **overseas student tuition fees** prior to declaration.
- A detailed description of what should and should not be included in tuition fees can be found in section 7 of the *Education Services For Overseas Students Regulations 2019*.



# Income Declaration Screens – 1 (2021 example)

General Info
Income Declaration
TPS Levy Components
View Payment

## Declaration of Overseas Student Tuition Fee Income for

### Income

Please provide details of the **Actual** income of overseas student tuition fee earned during the period from 1 January 2020 to 31 December 2020. Please note that where a variation in income and enrolment of  $\pm 20\%$  occurs, an explanation will be required.

|                  | 2019             | 2020             | Variation from 2019 |
|------------------|------------------|------------------|---------------------|
| Enrolments:      | 2,142.00         | 1,958.00         | -8.59%              |
| Declared Income: | \$150,000,000.00 | \$100,000,000.00 | -33.33%             |

We have identified an inconsistency between your enrolments and declared income for 2019 and 2020. Your enrolments have decreased by 8.59%, but your income has decreased by 33.33%.

Please provide an explanation of the variation in your income in the text box below:

Enter the amount of overseas students tuition fee income here

We have identified an inconsistency between your enrolments and declared income for 2019 and 2020. Your enrolments have decreased by 8.59%, and your income has also decreased by 33.33% - hence  $\pm 20\%$

### Provider's Contact Details

Name of person completing form:

Phone number of person completing form:

Name of appropriate financial contact person:

Phone number of appropriate financial contact person:

Name of Principal Executive Officer:

Phone number of Principal Executive Officer:

Note: the registered provider must advise the Authority in writing about any change of Principal Executive Officer within 14 days of the change being made.



**General Info** | **Income Declaration** | TPS Levy Components | View Payment

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**Annotations:**

- Entering an amount, the system will calculate a variation
- Explanation only required if provider has either – income of \$400,000 or more or enrolments of 20 or more
- Providers with an income variation of  $\pm 20\%$  Will be required to provide an explanation
- The TPS Director may also request documentation to verify any claims

# Resources

- ***Education Services for Overseas Students Act 2000 (ESOS Act) Section 26***  
outlines the disclosure obligations requirement on providers regarding the TPS Levy.
- ***Education Services for Overseas Students (TPS Levies) Act 2012 & Education Services for Overseas Students (TPS Levies) (Administrative and Base Fees) Determination 2021***  
outlines how the base and administrative fees are calculated.
- ***Education Services for Overseas Students (TPS Levies) (Risk Rated Premium and Special Tuition Protection Components) Instrument 2021***  
sets out the method of calculating the risk rated premium component of the TPS Levy.





## Contact Information

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