

# 2025 VSL, HELP and Up-front Payments Tuition Protection Levies

## Sector Consultation Feedback on Draft Levy Settings

30 April 2025

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TPS Program Management



# Outline

Tuition Protection Service (TPS) and levies

Levy components and draft 2025 settings

Summary of 2025 domestic sector consultation

2025 levy timeline and takeaways

# Tuition Protection Service (TPS)

Australian Government initiative

Student tuition protection scheme

Developed for international student fee protection and expanded to specified domestic students

Supports students with tuition fee refunds and loan re-credits, and facilitates alternative course placements following provider closures

Supports education providers to understand and meet obligations to students

Manages tuition protection levy collections



# TPS Team



# TPS Advisory Board

1. **Ms Sharon Robertson** (Chair)
2. **The Hon. Phil Honeywood** (Deputy Chair)
3. **Ms Karen Sandercock**, Australian Government Department of Education
4. **Ms Jane Hayden** (a/g), Australian Government Department of Employment and Workplace Relations
5. **Mr Guy Thorburn**, Australian Government Actuary
6. **Ms Gloria Yu**, Australian Prudential Regulation Authority
7. **Ms Rebecca Mok**, Australian Government Department of Finance
8. **Ms Victoria Miller**, Australian Government Department of Home Affairs

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# Domestic Tuition Protection Levies

**Three annual sector-based tuition protection levies** collected from **domestic** education providers

Paid into quarantined accounts managed by the TPS Director

1. VSL Levy → VSL Tuition Protection Fund
2. HELP Levy → Higher Education Tuition Protection Fund
3. Up-front Payments Levy → Higher Education Tuition Protection Fund

**Fund the student placement, loan re-credit and refund activities** of the TPS following an education provider closure and **TPS operational costs**

Levy calculation based on an education provider's size and risk of closure



# Domestic Tuition Protection Levy Setting Process

**5 Feb 2025**

**TPS Advisory Board provided draft advice to the TPS Director on the 2025 domestic levy settings**

**Mar-Apr 2025**

**TPS Director consults the sector on the draft Levy settings**

**21 May 2025**

**TPS Advisory Board considers the sector's feedback on the draft levy settings then provides final advice to the TPS Director**

**By 1 August 2025**

**2025 levy settings finalised in legislative instruments**



# VSL and Higher Education Tuition Protection Funds

Two tuition protection Funds for domestic schemes:

- VSL Tuition Protection Fund
- Higher Education Tuition Protection Fund

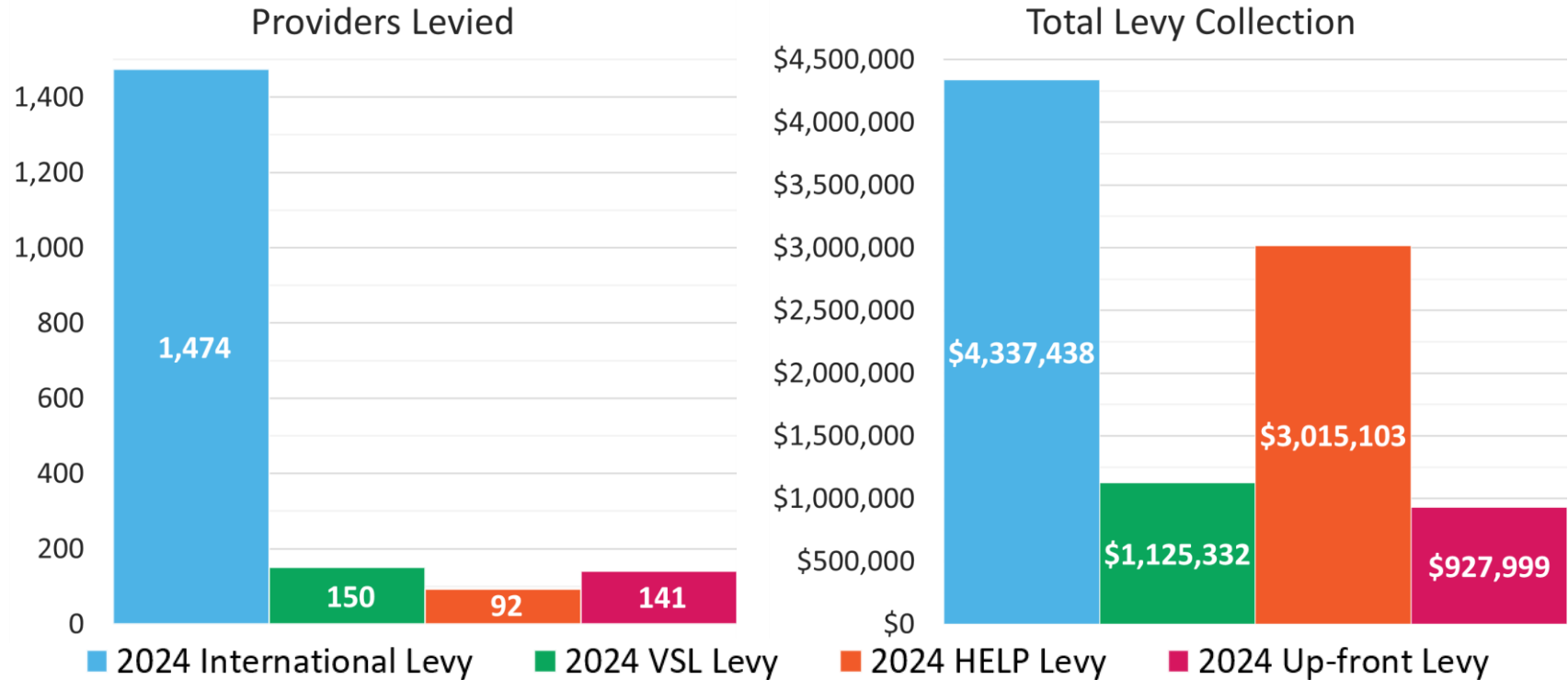
AGA recommends target range for Funds to ensure sufficient funds are available for a large provider closure or multiple provider closures

Fund	Target range	Balance	Seed funding
VSL Fund	\$6.75-9.5 million	\$12.27 million (as at 31 Dec 2024)	\$7.73 million (as at 31 Dec 2024)
Higher Education Fund	\$21-25 million	\$18.03 million (as at 31 Dec 2024)	\$8.62 million (as at 31 Dec 2024)





# 2024 Levy Collection Overview



# Domestic Levy Components and Draft 2025 Settings



# Domestic Tuition Protection Levy Components

Component	Key elements	Purpose and authority
<b>Administrative fee</b>	Sum of a 'per provider' and 'per student' charge	Designed to cover administrative costs Set by <b>relevant Minister</b>
<b>Risk rated premium</b>	Considers <b>3 risk factors</b> : <ol style="list-style-type: none"><li>1. Financial strength</li><li>2. Completion rate</li><li>3. Non-compliance history and registration renewal</li></ol>	Intended to reflect risk of provider default Set by <b>TPS Director</b> with Board advice
<b>Special tuition protection</b>	Percentage multiplied by total loan amounts or up-front payments received	Builds Fund balances when below target range and facilitates repayment of seed funding Set by <b>TPS Director</b> with Board advice



# Draft 2025 Domestic Tuition Protection Levy Settings

Component	VSL Levy	HELP Levy	Up-front Levy
<b>Administrative fee</b>	<b>\$125</b> per provider + <b>\$10.55</b> per VSL student	<b>\$125</b> per provider + <b>\$10.55</b> per HELP student	<b>\$125</b> per provider + <b>\$10.55</b> per up-front student
<b>Risk rated premium</b>	<b>\$6</b> per VSL student + <b>0.13%</b> x total 2024 loan amounts	<b>\$6</b> per HELP student + <b>0.06%</b> x total 2024 loan amounts	<b>\$2</b> per up-front fee-paying student + <b>0.04%</b> x total 2024 up-front payments
<b>Special tuition protection</b>	<b>0.10%</b> x total 2024 VSL loan amounts	<b>0.10%</b> x total 2024 HELP loan amounts	<b>0.10%</b> x total 2024 up-front payments

\*Administrative fee figures quoted were applied for the 2024 levies and may be indexed to CPI for 2025

**Note:** 2025 levies will be calculated using student enrolment numbers and revenue for the 2024 calendar year



## Risk rated premium component

Considers 3 risk factors designed to reflect the risk of provider closure

Providers receive a risk value against each risk factor

The sum of a provider's risk values give a **total risk factor value**

Providers with a high total risk factor value present a higher risk of closure and will pay a higher levy amount



# Risk Rated Premium Component: Risk Factors

## Risk Factor 1 Financial Strength

Based on 2 ratios: return on assets and debt to equity  
Calculations use providers' most recent financial data

## Risk Factor 2 Unit Completion Rate

Based on the unit completion rate of students  
**Note:** One change to the 2025 completion rate calculation

## Risk Factor 3 Non-Compliance History and Registration Renewal

Late payment history of the relevant tuition protection levy and annual registration provider charges; and  
If a provider's registration was renewed for a period less than the maximum allowable for risk management reasons





# Financial Strength

Assessed using two ratios:

Ratio	Formula
<b>Return on Assets:</b> Measures the profitability of a provider relative to its total assets	NPBT / total assets
<b>Debt to Equity:</b> Measures the degree to which a provider is financing its operations through debt	Total liabilities / total equity

NPBT: Net profit before tax

‘Net profit ratio’ was also used to calculate financial strength in previous years but was first removed from the 2024 levy calculations in response to concerns raised by some not-for-profit providers at the 2024 consultation sessions





# Financial Strength

Proposed 2025 risk factor values unchanged from 2024 (and since 2022)

Financial strength score	Risk factor value (2022-24)	Proposed risk factor value (2025)
8 or 9	0.0	0.0
6 or 7	1.0	1.0
1 to 5	2.0	2.0
<b>Provider does not submit financial statements</b>	2.5	2.5

Providers receive a score of 1.5, 3.0 or 4.5 for each ratio, which are summed together to give an overall financial strength score

Financial strength scores determine providers' financial strength risk factor values







# Completion Rate: Change to calculation

Consultation feedback in 2024 included concerns raised by some providers about the use of 'withdrawn EFTSL' and 'ongoing EFTSL' in the unit completion rate calculation

In response to this feedback, the AGA tested alternative calculation methods

**AGA recommendations supported by the TPS Advisory Board for 2025:**

- **Remove 'withdrawn EFTSL'** from the calculation, as withdrawn students no longer qualify for TPS assistance following a closure
- **Maintain 'ongoing EFTSL'** in the calculation. In the event of a closure, providers with a higher number of ongoing students pose a greater cost to the levy funds as it is students with incomplete units that are eligible for TPS assistance





# Completion Rate

Low student unit completion rates are correlated with an increased likelihood of closure

Unit completion rate percentage calculation:

$$\left[ \frac{\text{Passed EFTSL}}{(\text{Passed} + \text{Failed} + \text{Ongoing} + \text{Data missing EFTSL})} \right] \times 100$$

**EFTSL:** Equivalent full-time student load for a year

‘Withdrawn EFTSL’ was included in the calculation denominator in previous years, but is recommended for removal in accordance with AGA and Board advice for 2025





# Completion Rate

Proposed 2025 risk factor values unchanged from 2024 (and since 2023)

Completion rate percentage	Risk factor value (2020)	Risk factor value (2022)	Risk factor value (2023-24)	Proposed risk factor value (2025)
85% or higher	0.0	0.0	0.0	0.0
60% to <85%	0.0	0.0	1.0	1.0
35% to <60%	3.5	1.7	2.5	2.5
0% to <35%	5.5	2.7	3.5	3.5





# Non-Compliance History and Registration Renewal

Assesses the risk of a provider based on their **history of non-compliance and lack of risk management practices**

## Non-compliance history

- Penalises providers for a late payment history of the relevant levy and annual registration provider charges over the previous 3 years (i.e. 2022-2024)

## Registration renewal

- Penalises providers that applied for renewal of its registration and, **for risk management reasons**, had its registration renewed for a period less than the maximum allowable





# Non-Compliance History and Registration Renewal

Proposed 2025 risk factor values unchanged from 2024 (and since 2022)

Non-compliance history and registration renewal	Risk factor value (2022-24)	Proposed risk factor value (2025)
Weighted late payment measure of <b>30 days or more</b>	2.0	2.0
Weighted late payment measure of <b>15 to &gt;30 days</b>	0.9	0.9
Weighted late payment measure of <b>1 to &gt;15 days</b>	0.7	0.7
Weighted late payment measure of <b>&gt;1 day</b>	0.0	0.0
<b>PLUS</b>		
Applied to have its registration renewed and, <b>for risk management reasons</b> , had its registration renewed for a period <b>less than the maximum allowable</b>	1.0	1.0



# Risk Rated Premium Component

Risk rated premium component formula:

$$\left[ \left( \frac{\text{total students for 2024}}{\text{specified amount}} \right) + \left( \frac{\text{total tuition fee income received in 2024}}{\text{specified percentage}} \right) \right] \times (\text{sum of risk factor values} + 1)$$

The sum of a provider's risk factor values is a multiplier for the risk rated premium component calculation



# Risk Rated Premium Component: VSL Example

$$\left[ \left( \begin{array}{c} 75 \text{ VSL students} \\ \text{for 2024} \\ \times \\ \$6 \end{array} \right) + \left( \begin{array}{c} \$250,000 \text{ VSL Loans} \\ \text{received in 2024} \\ \times \\ 0.13\% \end{array} \right) \right] \times (\text{total risk factor value of } 4.7 + 1)$$

**= \$450**

**= \$325**

**= 5.7**

$$= (\$450 + \$325) \times 5.7$$

**= \$4,417.50**



# Risk Rated Premium Component: HELP Example

$$\left[ \left( \begin{array}{c} 650 \text{ HELP students} \\ \text{for 2024} \\ \times \\ \$6 \end{array} \right) + \left( \begin{array}{c} \$10\text{m HELP Loans} \\ \text{received in 2024} \\ \times \\ 0.06\% \end{array} \right) \right] \times (\text{total risk factor value of } 1.0 + 1)$$

**= \$3,900**

**= \$6,000**

**= 2.0**

$$= (\$3,900 + \$6,000) \times 2.0$$

**= \$19,800**





# Risk Rated Premium Component: Up-front Example

$$\left[ \left( \frac{350 \text{ up-front students for 2024}}{\times \$2} \right) + \left( \frac{\$400,000 \text{ payments received in 2024}}{\times 0.04\%} \right) \right] \times (\text{total risk factor value of } 6.4 + 1)$$

**= \$700**

**= \$160**

**= 7.4**

$$= (\$700 + \$160) \times 7.4$$

**= \$6,364**



# Special tuition protection component

Helps to build the balance of the Funds when below their target range

Facilitates repayment of seed funding

**Proposed percentage for 2025 levies: 0.10%**



# Summary of 2025 Domestic Sector Consultation



# 2025 Domestic Sector Consultation

A national webinar, in-person consultation sessions in NSW and VIC, and an online session for QLD-based providers were held throughout March 2025 to:

- Present the draft settings of the 2025 domestic levies to providers
- Collect providers' feedback on the draft levy settings before they are finalised

Representatives from peak bodies were also consulted

Feedback received from the sector will be presented to the TPS Advisory Board ahead of its May 2025 meeting

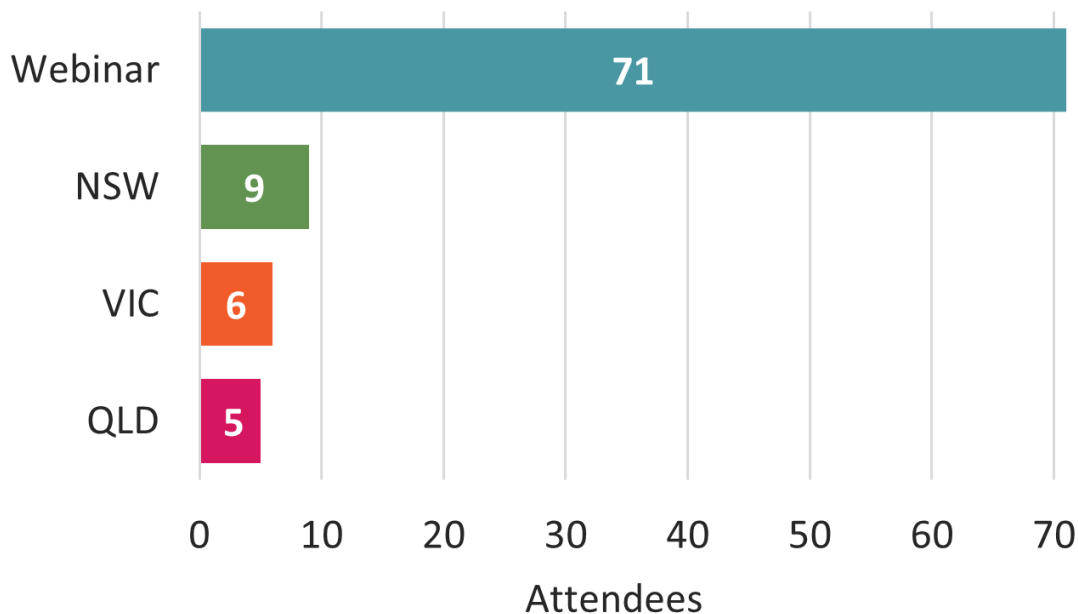


# Consultation Session Attendance

Contacts in HITS for leviabile providers invited to the consultation sessions

91 individuals attended

- 78% at the national webinar
- 22% at the in-person sessions



# Summary of Sector Consultation Feedback

We had robust discussions with providers, particularly regarding the risk factor calculations

Each levy model is designed to be a 'best fit' for all providers across the sector

We recognise diversity of providers across the sector

We take all feedback into account and work with the TPS Advisory Board and AGA to trial different levy settings that address providers' concerns and are suitable for all providers in the sector



# Summary of Sector Consultation Feedback

Overall, providers are supportive of the draft 2025 domestic levy settings

Providers supportive of removing 'withdrawn EFTSL' from the Unit Completion Rate risk factor calculation

Providers appreciate being involved in the decision-making process and learning about how the levies are calculated



# Takeaways

**One proposed change** for the 2025 levy settings: Withdrawn students to be removed from the Unit Completion Rate risk factor calculation

**Seed funding repayments for VSL Fund to commence in the 2024-25 financial year** subject to balance of the Fund

2025 domestic levies collected November/December 2025





# 2025 Domestic Levies Timeline and Key Messages



# 2025 Domestic Tuition Protection Levies Timeline

**Feb 25**

## **5 February**

- Draft advice on 2025 Levy settings confirmed at TPS Advisory Board meeting

## **Mid-February**

- Draft advice letters published on TPS website

**Mar-Apr 25**

## **March**

- Online consultation session for all providers
- Consultation sessions in Sydney, Melbourne and Brisbane
- Meetings with stakeholders

## **30 April**

- Online feedback session for all providers

**May-Jul 25**

## **21 May**

- TPS Advisory Board considers sector feedback
- Final advice on 2025 Levy settings confirmed at TPS Advisory Board meeting

## **June-July**

- Legislative Instruments prepared

**Aug 25**

## **1 August**

- Legislative Instruments must be made by 1 August and published online

**Oct-Dec 25**

## **October**

- Request for Information (RFI) sent to up-front providers
- Early advice notices sent
- Return of RFI forms and results compiled

## **November**

- Domestic levy invoices issued

## **December**

- Domestic levy payments due



# Key messages

Ensure **contact information in HITS** and **enrolment data in TCSI** are **up to date**

**Check account details before making a payment**

**Pay the full and correct amount on time** to avoid receiving a late payment penalty for the following three years

Ensure all financial statements:

- are signed by an auditor
- contain financial information from previous year (2024)
- display the **ABN of the entity** the TPS is levying

**Do not** use Parent company's financial statements





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