Ms Melinda Hatton

TPS Director

Tuition Protection Service

c/o Department of Education

GPO Box 9880

Canberra ACT 2601

Dear Ms Hatton,

TPS Advisory Board’s draft advice on 2026 International TPS Levy

I am writing to you in my capacity as Chair of the Tuition Protection Service (TPS) Advisory Board (the Board), in accordance with section 55B of the *Education Services for Overseas Students Act 2000*, to provide the Board’s draft advice on the 2026 International TPS Levy. This is for the purpose of your drafting of the annual legislative instrument to enact the Risk Rated Premium and Special Tuition Protection components of the Levy.

In formulating its advice, the Board has considered several factors including the advice of the Australian Government Actuary (AGA), the strategic risk environment, the views of relevant sector regulators and industry peak bodies, and the quantum of funds required for the long-term sustainability of the Overseas Students Tuition Fund (the Fund).

The Board has been assisted in its deliberations by the following guiding principles:

1. Advice provided to the TPS Director should reflect the overall risk environment and ensure that revenue matches what is needed to sustain the 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.

The AGA’s report to the Board on the health of the Fund, and actuarial modelling of risk factors and values, is a key document on which the Board relies on when considering its advice to the TPS Director.

**The Fund**

The Board agrees with the AGA’s recommendation for the target size of the Fund to increase to the range of $50 to $70 million, up from the previous range of $40 to $60 million. The Fund balance at
30 June 2025 was $50.45 million.

**Risk Rated Premium component**

The Board agrees with the AGA’s recommendation that the following risk factors should remain unchanged from their 2025 settings in 2026:

* base risk factor,
* length of operation,
* volatility in overseas student enrolments, and
* maximum overseas source country concentration.

The AGA acknowledged the increased prevalence of student defaults, in particular as a result of visa refusal, requiring the TPS’ assistance in 2024. The AGA’s analysis has found this to be a strong indication of provider closure. The AGA recommends introducing an additional loading within the non-compliance risk factor, applied when the TPS has paid a refund amount from a student default in the previous calendar year. The Board supports this recommendation to enhance the non-compliance risk factor and encourage timely refunds from providers.

The Board also supports the AGA’s recommendation to retain the specified percentage for the
Risk Rated Premium component at 0.05% as it was in 2025. Further details on the Board’s draft advice on the risk factors and values for the Risk Rated Premium component can be found at the end of this letter.

**Special Tuition Protection component**

The Board agrees with the AGA’s recommendation that the specified percentage for the Special Tuition Protection component be retained at 0%.

**In summary, the Board hereby recommends to you for the 2026 International TPS Levy:**

* Introduce an additional loading of 1.0 within the non-compliance risk factor that is applied to providers that incurred at least one student default where the refund amount was paid out by the TPS in the previous calendar year.
* All other settings are retained from 2025.

These positions are consistent with the AGA’s recommendations.

Yours sincerely,

**Sharon Robertson**
Chair

Tuition Protection Service Advisory Board

 August 2025

**Proposed risk factors and values for the Risk Rated Premium component of the 2026 International TPS Levy**

| **Risk factor** | **Category** | **2025 values** | **Proposed 2026 values** |
| --- | --- | --- | --- |
| Base  | All non-exempt providers | 1.0 | 1.0 |
| Length of operation | Less than 1 year | 1.0 | 1.0 |
| 1 year to less than 2 years | 0.5 | 0.5 |
| 2 years or more | 0.0 | 0.0 |
| Volatility in overseas student enrolments[[1]](#footnote-2)1,[[2]](#footnote-3)2Volatility in overseas student enrolments(continued) | 120% or more | 3.5 | 3.5 |
| 105% to less than 120% | 3.0 | 3.0 |
| 90% to less than 105% | 2.5 | 2.5 |
| 75% to less than 90% | 1.8 | 1.8 |
| 60% to less than 75% | 1.2 | 1.2 |
| 45% to less than 60% | 0.6 | 0.6 |
| 30% to less than 45% | 0.4 | 0.4 |
| -15% to less than 30% | 0.0 | 0.0 |
| -30% to less than -15% | 1.5 | 1.5 |
| -45% to less than -30% | 2.0 | 2.0 |
| -60% to less than -45% | 3.0 | 3.0 |
| Less than -60% | 3.5 | 3.5 |
| Maximum overseas source country concentration[[3]](#footnote-4)3 | 80% or more | 3.1 | 3.1 |
| 50% to less than 80% | 0.7 | 0.7 |
| 25% to less than 50% | 0.3 | 0.3 |
| Less than 25% | 0.0 | 0.0 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk factor** | **Category** | **2025 values** | **Proposed 2026 values** |
| Non-compliance andregistration renewal | Late payment history[[4]](#footnote-5)4 | Weighted late payment measure of 30 days or more | 2.0 | 2.0 |
| Weighted late payment measure of 15 days or more but less than 30 days | 0.9 | 0.9 |
| Weighted late payment measure of 1 day or more but less than 15 days | 0.7 | 0.7 |
| Weighted late payment measure of less than 1 day | 0.0 | 0.0 |
| Non-compliance history | Provider has had action mentioned in section 83 of the *Education Services for Overseas Students Act 2000* taken against it in the past year | 1.0 | 1.0 |
| Provider’s registration was renewed by regulator for shorter than maximum period due to risk management | 1.0 | 1.0 |
| Provider has had at least one student default occur where the refund amount was paid out by the TPS in the previous calendar year (i.e. the payment by the TPS is in the previous calendar year, not necessarily the student default). | N/A | 1.0 |

1. 1 Risk factor only applies to providers that in the previous year had either: at least 20 overseas students enrolled, or $400,000 or more in tuition fee income. Risk factor will not apply where a provider’s proportion of overseas student enrolments is less than 20% of its total student population. [↑](#footnote-ref-2)
2. 2 The risk factor value is discounted as follows:

100% for providers with a length of operation of 0 years to less than 2 years (i.e. the risk factor does not apply).

75% for providers with a length of operation of 2 years to less than 3 years

50% for providers with a length of operation of 3 years to less than 4 years

25% for providers with a length of operation of 4 years to less than 5 years. [↑](#footnote-ref-3)
3. 3 Risk factor only applies to providers that in the previous year had either: at least 20 overseas students enrolled, or $400,000 or more in tuition fee income. Risk factor will not apply where provider’s proportion of overseas student enrolments is less than 20% of its total student population. [↑](#footnote-ref-4)
4. 4 A provider’s weighted late payment measure calculation considers the number of days after the due date the payment was received for the following applicable payments over the past three years: the International TPS Levy and the CRICOS Annual Registration Charge (CARC). [↑](#footnote-ref-5)