2025 VET Student Loans (VSL) Tuition Protection Levy

Calculation Guidelines

The VSL Levy is comprised of three parts:

$$\text{VSL Levy} = A + R + S$$

where:

A = the Administrative Fee component;
R = the Risk Rated Premium component; and
S = the Special Tuition Protection component.

All non-exempt VET Student Loans (VSL) providers are required to pay the annual VSL Tuition Protection Levy (VSL Levy). The VSL Levy funds the student placement and loan re-credit activities of the TPS in the event of a VSL provider default, as well as TPS operational costs. The VSL Levy is paid into the VSL Tuition Protection Fund (VSL Fund), which is managed by the TPS Director.

Legislative authority to collect the **VSL Levy** is outlined in the *VET Student Loans (VSL Tuition Protection Levy) Act 2020*.[1]

Administrative Fee component

The Administrative Fee component is intended to contribute to the ongoing administration costs of the VSL tuition protection arrangements. The two amounts for the Administrative Fee component are determined by the Minister for Skills and Training through a legislative instrument (or indexed annually if the Minister chooses not to make a new legislative instrument for a particular year).

The two amounts for the Administrative Fee component for 2025 are $129 (per provider charge) and $10.85 (per student charge).

The Administrative Fee component (A) is calculated as:

$$A = \$129 + (\$10.85 \times \text{VSL students})$$

where:

VSL students = headcount of VSL students for 2024 (calendar year).
Source: Tertiary Collection of Student Information (TCSI) - submitted by each provider as a requirement under the *VET Student Loans Act 2016.*

Risk Rated Premium component

The Risk Rated Premium component is determined by the TPS Director through a legislative instrument each year. The TPS Director determines the annual Risk Rated Premium component

[1] www.legislation.gov.au/C2020A00005/latest/text

settings in collaboration with the Australian Government Actuary (AGA), the TPS Advisory Board and feedback from stakeholders.

The Risk Rated Premium component (R) is calculated as:

$$R = \left[\left(\$6 \times \text{VSL students} \right) + \left(0.13\% \times \text{VSL loan amounts} \right) \right] \times \left(\text{sum of risk factor values} + 1 \right)$$

where:

VSL students = headcount of VSL students for 2024 (calendar year)
Source: TCSI
VSL loan amounts = total VSL loan amounts received for 2024 (calendar year)
Source: TCSI

There are three risk factors in the VSL Levy which comprise the 'sum of risk factor values' they are:

1. Financial Strength
2. Completion Rate
3. Non-compliance history and registration renewal

Sum of risk factor values

$$\text{sum of risk factor values} = \left(\text{Financial strength} \right) + \left(\text{Completion rate} \right) + \left(\text{Non-compliance history \& registration renewal} \right)$$

Financial strength

To calculate the financial strength risk factor value, follow these steps:

1. Calculate ratios as seen in Table 1
2. Determine the associated score according to the calculation (Table 1).
3. Add scores, then identify the risk factor value in Table 2.

Table 1: Financial strength calculations and scores

Ratio	Formula	Low	Medium	High
Return on assets	$\left[\frac{\text{NPBT}}{\text{Total assets}}\right]$	≤ 0.0	> 0.0 to ≤ 0.1	> 0.1
Score		**1.5**	**3.0**	**4.5**
Debt to equity	$\left[\frac{\text{Total liabilities}}{\text{Total equity}}\right]$	≥ 2.5 or total equity ≤ 0.0	≥ 1.5 to < 2.5	≥ 0.0 to < 1.5
Score		**1.5**	**3.0**	**4.5**

NPBT = Net profit before tax
Source: Financial statements provided in HITS.

Table 2: Financial strength risk factor value

Financial strength score	2025 risk factor value
9	0.0
6 or 7.5	1.0
3 or 4.5	2.0
Financial statements not provided	2.5

Completion rate

To calculate the completion rate risk factor value, follow these steps:

1. Calculate completion rate percentage:

$$\text{Completion rate percentage} = \left(\frac{\text{Passed EFTSL}}{(\text{Passed + Failed + Ongoing + Data Missing EFTSLs})}\right) \times 100$$

   Source: TCSI, with completion rate using EFTSL counts for all categories for 2024
   For more detail, see the accompanying fact sheet 'Unit Completion Rate Risk Factor Calculation'[2]

2. Identify the completion rate risk factor value using Table 3 below.

Table 3: Completion rate risk factor value

Completion rate value	2025 risk factor value
85% or higher	0.0
60% to < 85%	1.0
35% to < 60%	2.5
0% to < 35%	3.5

Non-compliance history and registration renewal

$$\text{Non-compliance history and registration renewal} = \left(\begin{matrix}\text{Non-compliance} \\ \text{history risk factor value}\end{matrix}\right) + \left(\begin{matrix}\text{Registration renewal} \\ \text{risk factor value}\end{matrix}\right)$$

Non-compliance history is a penalty for late payment of the VSL Levy and the VSL annual charge over the previous three years. To calculate the non-compliance history risk factor value, follow these steps:

1. Establish the number of days a payment was late for the 2022, 2023 and 2024 VSL Levy. Repeat for days late for the VSL annual charge. Apply these values to the formulas below.
   Source: VSL annual sector charge (DEWR) and VSL Levy payment receipt date.

Weighted late payment measure formula

2024 VSL annual charge days late + VSL levy days late × 0.7 = X

2023 VSL annual charge days late + VSL levy days late × 0.2 = Y

2022 VSL annual charge days late + VSL levy days late × 0.1 = Z

[2] www.education.gov.au/tps/resources/faqs-unit-completion-rate-risk-factor-calculation

2. Add amounts together to calculate weighted late payment measure.
3. Identify non-compliance risk factor value in Table 4.

Table 4: Non-compliance history risk factor value

Non-compliance history category	2025 risk factor value
A weighted late payment measure of 30 days or more	2.0
A weighted late payment measure of 15 days to < 30 days	0.9
A weighted late payment measure of 1 day to < 15 days	0.7
A weighted late payment measure of less than 1 day (including having a weighted late payment measure of 0)	0.0

Registration renewal risk factor value is as per the table below.

Table 5: Registration renewal risk factor value

Registration renewal category	2025 risk factor value
For registration periods less than the maximum allowable	1.0
For registration periods equal to the maximum allowable	0.0

Source: Provider's registration renewal length.

Special Tuition Protection component

The Special Tuition Protection component percentage is determined by the TPS Director through a legislative instrument each year. The Special Tuition Protection Component contributes to building the balance of the VSL Fund to ensure there are sufficient funds available in the event of a large provider default, or multiple provider defaults.

The percentage for 2025 is 0.10%.

The Special Tuition Protection component (S) is calculated as:

$$S = 0.10\% \times \text{VSL loan amount}$$

where:

VSL loan amount = total loan amounts received for 2024 (calendar year).
Source: TCSI

VSL Levy calculation example

The following 2025 VSL Levy calculation example is based on a VSL provider that had:

- VSL students = 75
- amount received in VSL loan amounts in 2024 = $250,000
- financial strength score = 6, therefore risk factor value = 1.0
- completion rate percentage = 65%, therefore risk factor value = 1.0
- non-compliance history calculation = 18 days, therefore risk factor value = 0.9
- registration renewal period = the maximum allowable, therefore risk factor value = 0.0

Levy component	Levy calculation
(A) Administrative Fee	$129 + ($10.85 x 75 VSL students) = **$942.75**
(R) Risk Rated Premium	$R = \left[\left(\begin{array}{c}\$6\\ \times \\ 75\\ \text{students}\end{array}\right) + \left(\begin{array}{c}0.13\%\\ \times \\ \$250{,}000\\ \text{VSL loan}\\ \text{amounts}\end{array}\right)\right] \times \left(\begin{array}{c}\text{Financial Strength value = 1.0}\\ \text{Completion Rate value = 1.0}\\ \text{Non-compliance history value=0.9}\\ \text{Registration renewal value=0.0}\\ +1\end{array}\right)$ Therefore R = ($450 + $325) x 3.9 R = **$3,022.50**
(S) Special Tuition Protection	0.10% x $250,000 (VSL loan amounts in 2024) = **$250.00**
Total 2025 VSL Levy **A + R + S**	$942.75 + $3,022.50 + $250 = **$4,215.25**