

2026 VET Student Loans (VSL) Tuition Protection Levy

Calculation Guidelines

VSL Tuition Protection Levy components

The VSL Tuition Protection Levy (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

S = the Special Tuition Protection component.

All non-exempt VSL providers are required to pay the annual VSL Levy. The VSL Levy funds the student placement and loan re-credit activities of the Tuition Protection Service (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 2026 are \$133 (per provider charge) and \$11.20 (per student charge).

The 2026 Administrative Fee component (A) is calculated as:

$$A = \$133 + (\$11.20 \times \text{VSL students})$$

where:

VSL students = headcount of VSL students for 2025 (calendar year).

Source: Tertiary Collection of Student Information (TCSI) – data is submitted by each provider as a requirement under the *VET Student Loans Act 2016*.

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

Risk Rated Premium component

The Risk Rated Premium component is intended to capture differences in provider risk, including indicators that may be associated with a higher likelihood of financial distress or future default, rather than applying the same premium to all providers.

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

The 2026 Risk Rated Premium component (R) is calculated as:

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

where:

VSL students = headcount of VSL students for 2025 (calendar year).

Source: TCSI

VSL loan amounts = total VSL loan amounts received for 2025 (calendar year).

Source: TCSI

Sum of risk factor values

The 'sum of risk factor values' is based on the following three risk factors:

1. Financial strength
2. Completion rate
3. Non-compliance history and registration renewal.

Each provider receives a value for each risk factor. These values are added together to calculate the provider's sum of risk factor values.

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

Financial strength

$$\text{Financial strength} = (\text{Return on assets}) + (\text{Debt to equity})$$

The financial strength risk factor measures a provider's financial viability and financial risk using return on assets and debt-to-equity ratios. Higher scores indicate stronger financial performance and lower financial risk.

The financial ratios are calculated as follows:

$$\text{Return on assets} = \frac{\text{Net profit before tax}}{\text{Total assets}}$$

$$\text{Debt to equity} = \frac{\text{Total liabilities}}{\text{Total equity}}$$

Source: Financial statements provided in HITS.

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

1. Calculate the return on assets ratio using the formula above and identify the score in Table 1a.
2. Calculate the debt to equity ratio using the formula above and identify the score in Table 1b.
3. Add the return on assets score and debt to equity score to determine the financial strength score.
4. Identify the financial strength risk factor value using Table 2.

Table 1a: Return on assets

Rating	Range	Score
Low	≤ 0.0	1.5
Medium	> 0.0 to ≤ 0.1	3.0
High	> 0.1	4.5

Table 1b: Debt to equity

Rating	Range	Score
Low	≥ 2.5 or total equity ≤ 0.0	1.5
Medium	≥ 1.5 to < 2.5	3.0
High	≥ 0.0 to < 1.5	4.5

Table 2: Financial strength risk factor value

Financial strength score	2026 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:

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

Source: TCSI, with completion rate using EFTSL counts for all categories for 2025.

For more detail, see the accompanying [Unit Completion Rate Risk Factor Calculation fact sheet](#).²

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

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

Table 3: Completion rate risk factor value

Completion rate value	2026 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

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

The non-compliance history risk factor measures late payment of the VSL Levy and the VSL annual sector charge over the previous three years. The registration renewal risk factor applies where the regulator has determined that a shorter registration renewal period is warranted for risk management reasons.

To calculate the non-compliance history risk factor value, follow these steps:

1. Establish the number of days after the due date a payment was received for the 2023, 2024 and 2025 VSL Levy. Repeat this process for the VSL annual sector charge. Apply these values to the formulas below.

Source: VSL Levy payment receipt date and VSL annual sector charge (DEWR).

Weighted late payment measure formula

$$(\text{2025 VSL Levy days late} + \text{VSL annual sector charge days late}) \times 0.7 = X$$

$$(\text{2024 VSL Levy days late} + \text{VSL annual sector charge days late}) \times 0.2 = Y$$

$$(\text{2023 VSL Levy days late} + \text{VSL annual sector charge days late}) \times 0.1 = Z$$

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

Table 4: Non-compliance history risk factor value

Non-compliance history category	2026 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

To calculate the registration renewal risk factor value, follow these steps:

1. Identify the registration renewal risk factor value in Table 5.
2. Add the risk factor values from Table 4 and Table 5 to determine the combined non-compliance history and registration renewal risk factor value.

Table 5: Registration renewal risk factor value

Registration renewal category	2026 risk factor value
For registration periods less than the maximum allowable due to risk management reasons	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 2026 Special Tuition Protection component (S) is calculated as:

$$S = 0\% \times \text{VSL loan amounts}$$

where:

VSL loan amounts = total loan amounts received for 2025 (calendar year).

Source: TCSI

2026 VSL Levy calculation example

The following 2026 VSL Levy calculation example is based on a VSL provider that had:

- VSL students = 75
- amount received in VSL loan amounts in 2025 = \$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 weighted late payment measure = 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	$\$133 + (\$11.20 \times 75 \text{ VSL students}) = \mathbf{\$973.00}$
(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) \times 3.9$ $R = \mathbf{\\$3,022.50}$
(S) Special Tuition Protection	$0\% \times \$250,000 \text{ (VSL loan amounts in 2025)} = \mathbf{\$0.00}$
Total 2026 VSL Levy A + R + S	$\$973.00 + \$3,022.50 + \$0.00 = \mathbf{\$3,995.50}$