

Draft 2024 International TPS Levy Consultation

Sector Consultation Feedback and FAQs

9 October 2023

Melinda Hatton
Tuition Protection Service Director



Outline

- Tuition Protection Service – purpose, function and TPS Operations team
- International TPS Levy – guiding principles and levy fund
- Draft 2024 International TPS Levy settings
- Summary of International Sector Consultation
- Frequently Asked Questions
- 2024 International Levy Timeline and Information

Tuition Protection Service

Purpose, function and TPS Operations team



Purpose of the Tuition Protection Service (TPS)

- Australian Government initiative supported by federal Department of Education
- Student tuition protection scheme that safeguards Australia's reputation as an education destination
- Developed for international student tuition fee protection and expanded to specified domestic student cohorts
- Manages levy collections from registered education providers
- Supports registered education providers to understand and meet obligations to students
- Supports students with refunds and Government loan re-credits, and facilitates alternative course placements



TPS Operations Team



- Led by TPS Director
- Small team of around 16
- Located in Canberra



International TPS Levy

Guiding principles and levy fund



International TPS Levy

- **An annual tuition protection levy** collected from **international** education providers
- Funds the student placement and refund activities of the TPS following an international education provider closure as well as TPS operational costs
- Levy calculation based on an education provider's size and risk of closure
- Paid into the Overseas Students Tuition Fund (OSTF) – a quarantined account managed by the TPS Director
- 2022 International levy waived as a COVID-19 pandemic relief measure
- TPS Advisory Board provides advice and makes recommendations to the TPS Director on the levy settings



Guiding Principles for Levy Settings

- 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 education 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

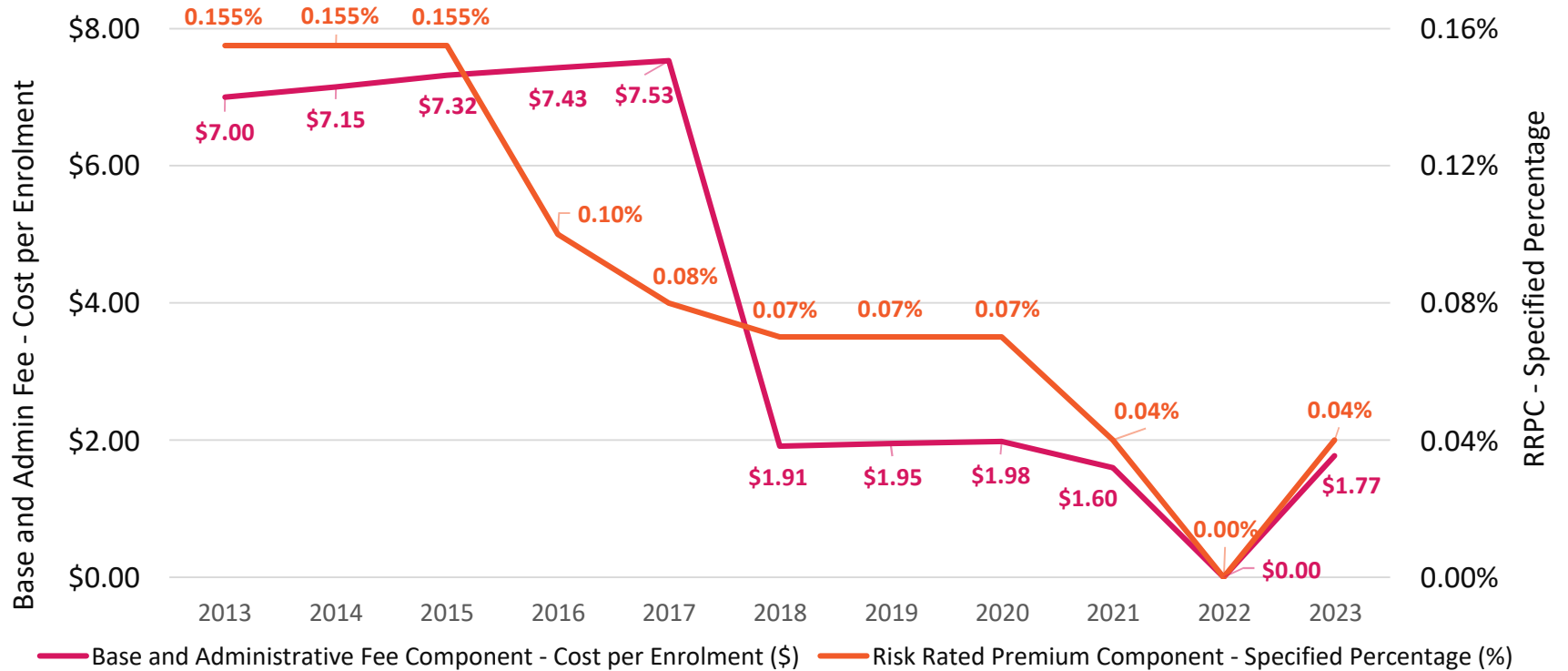


Overseas Students Tuition Fund (OSTF)

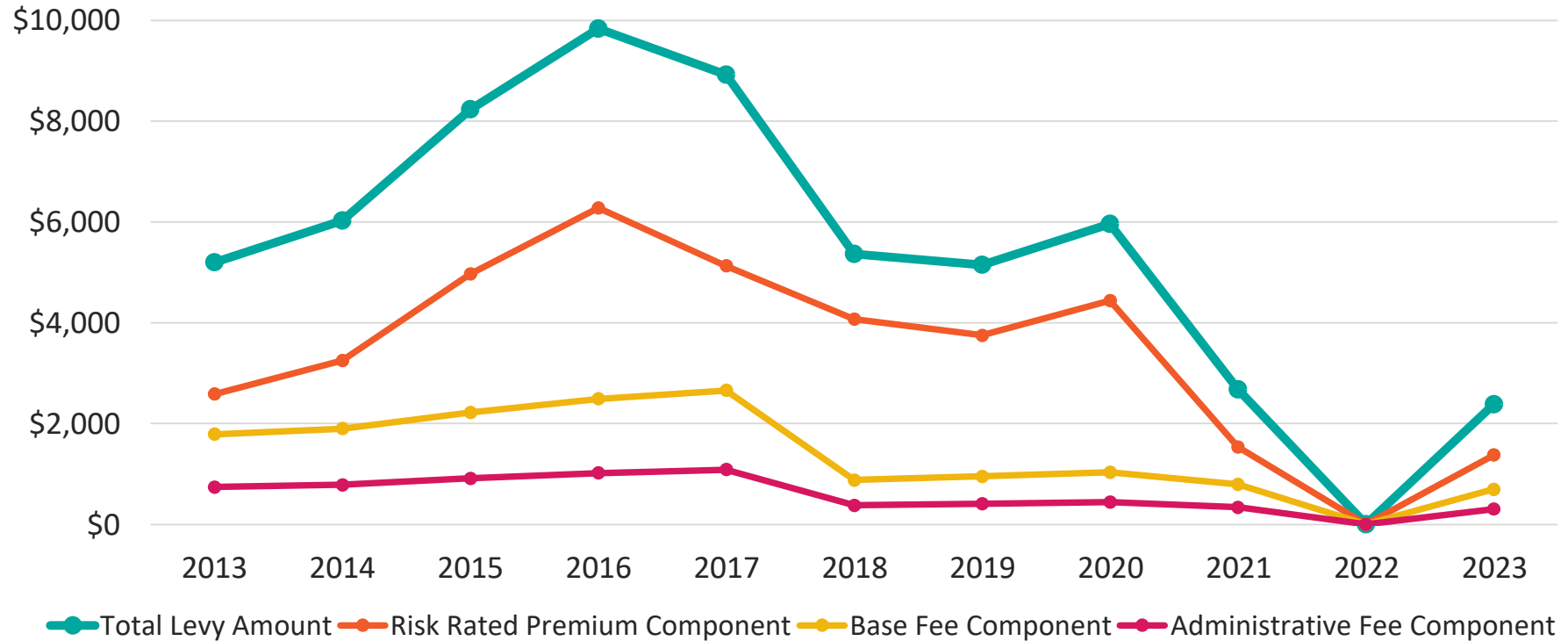
- International TPS Levy paid into the OSTF
- Australian Government Actuary (AGA) recommends a target Fund range
 - **Target range:** \$35-60 million
 - **OSTF Mid-point:** \$47.5 million
- **Balance** as at 30 June 2023: \$45.8 million



International Levy – Comparison of Components 2013-2023



International Levy – Average Payment per Provider 2013-2023



Draft 2024 International TPS Levy Settings



International TPS Levy Components

Component	Key elements	Purpose and authority
Administrative fee	Sum of a 'per provider' and 'per student' charge	Covers ongoing administrative costs Set by Minister for Education
Base fee	Sum of a 'per provider' and 'per student' charge	Maintains the Fund at a sustainable level Set by Minister for Education
Risk rated premium	Considers 5 risk factors and overseas student tuition fees for previous year	Reflects risk of provider closure Set by TPS Director with Board advice
Special tuition protection	Percentage multiplied by overseas student tuition fees for previous year	Charged when the Fund is below its target size Set by TPS Director with Board advice



Draft 2024 International Levy Settings

Administrative fee*	Base fee*	Risk rated premium	Special tuition protection
\$99.00 per provider + \$0.51 per 2023 international student enrolment	\$199.00 per provider + \$1.26 per 2023 international student enrolment	[0.05% x increase factor for each risk factor] x total 2023 overseas student tuition fees	0% x total 2023 overseas student tuition fees

*Administrative and Base fee figures quoted were applied for the 2023 levy and will be indexed to CPI for the 2024 levy if the Minister decides not to make a legislative instrument



Risk Rated Premium Component: Risk Factors

Risk Factor 1 – Base risk factor

- Base risk factor of 1 applied for all providers

Risk Factor 2 – Length of operation

- Providers with a shorter length of operation present a higher risk of closure

Risk Factor 3 – Volatility in overseas student enrolments

- Providers with extreme volatility in overseas student enrolments present a higher risk of closure

Risk Factor 4 – Maximum overseas source country concentration

- Providers with diversified source countries of overseas students present a lesser risk of closure

Risk Factor 5 – Non-compliance and registration renewal

- Penalises providers for late payment of the levy and/or CRICOS Annual Registration Charge, having sanctions imposed for non-compliance, and having registration renewed for a period less than the maximum allowable



Risk Rated Premium Component: Formula

- The following formula is calculated for each of the risk factors, then added together to form the risk rated premium component:

$$\left(\begin{array}{l} \text{Specified percentage} \\ \text{for the year} \end{array} \times \begin{array}{l} \text{Increase factor for the} \\ \text{risk factor for the year} \end{array} \right) \times \begin{array}{l} \text{Provider's overseas student tuition} \\ \text{fees for the previous year} \end{array}$$

- Example:

$$\begin{aligned} & (0.05\% \times 3.0) \times \$100,000 \\ & = 0.0015 \times \$100,000 \\ & = \$150 \end{aligned}$$



Risk Rated Premium Component: Key Changes

1. **Specified percentage increased** from 0.04% to 0.05%
2. **Maintaining the positive volatility increase factor waiver** for the *volatility in overseas student enrolments* risk factor
 - First applied for 2023 levy
 - Recognition of the continued return of international students post-COVID-19
 - The Board will decide whether to reinstate the positive volatility increase factor for the 2025 levy



Risk Rated Premium Component: Key Changes

- 3. Considering new filter** for providers whose ratio of international students constitute less than 20% of its total student population
 - To be applied to the *volatility in overseas student enrolments* and *maximum overseas source country concentration* risk factors
 - Eligible providers' increase factors will be set to 0% for these risk factors
 - Already have filters for these risk factors, which only apply to providers that had either or both of the following apply in the previous year:
 - Had at least 20 overseas student enrolments
 - Received \$400,000 or more in overseas student tuition fees
 - Providers with small proportions of international students are at less risk of closure and requiring support from TPS



Risk Rated Premium Component: Key Changes

3. Considering new filter continued...

- Due to a data lag, it is proposed that domestic enrolment numbers for the previous year will be added to the RFI and verified later

2023 TPS Levy for [REDACTED]

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

Declaration of Enrolments and Overseas Student Tuition Fee Income for [REDACTED]

Enrolments & Income

Please provide domestic enrolment numbers. International enrolment data is pre-populated from PRISMS data.
Provide details of the **Actual** income of overseas student tuition fee earned during the period from 1 January 2022 to 31 December 2022.
Please note that where a variation in income and enrolment of $\pm 20\%$ occurs, an explanation will be required.

[Income Declaration](#)
[CARC Enrolment Export](#)

	2021	2022	Variation from 2021
International Enrolments:	163.00	259.75	59.36%
Domestic Enrolments:	1902.00		
* International Declared Income:	\$430,340.00	\$	



Special Tuition Protection Component

- Charged when the Fund is below its target size
- Calculated as follows:

$$\begin{array}{l} \text{Specified percentage} \\ \text{for the year} \end{array} \times \begin{array}{l} \text{Provider's overseas student tuition} \\ \text{fees for the previous year} \end{array}$$

- Specified percentage for 2024: **0%**



Summary of International Sector Consultation



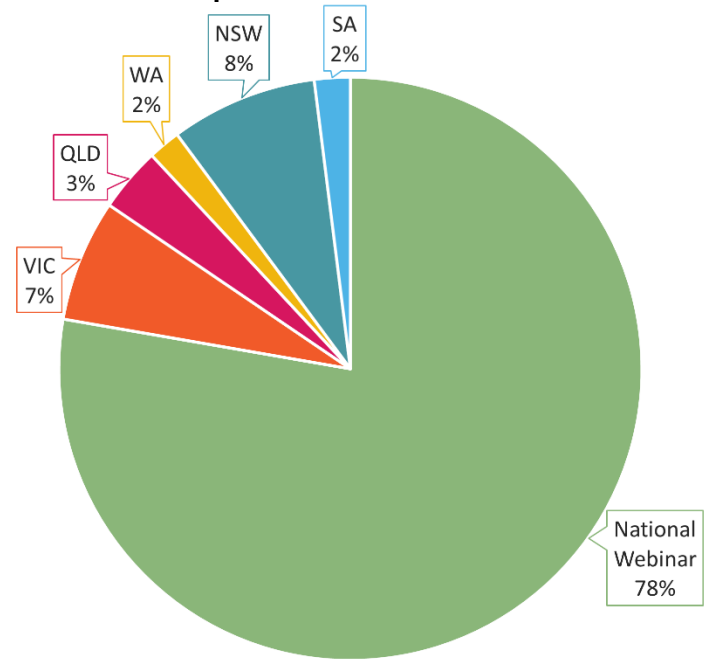
International Sector Consultation

- Consultation sessions held for CRICOS registered education providers from late August to late September to present the draft settings for the 2024 International TPS Levy
- Feedback received from the consultations will be provided to the TPS Advisory Board ahead of its October 2023 meeting
- A national webinar and 10 in-person consultation sessions were held in Melbourne, Brisbane, Perth, Sydney and Adelaide
- Representatives from peak bodies and industry regulators were also consulted



Consultation Session Attendance

- Contacts listed in PRISMS for 1,391 leviable international providers were invited to the consultation sessions
- 503 individuals attended
 - 78% attended the national webinar
 - 22% attended the in-person sessions



Summary of Sector Consultation Feedback

- Mixed feedback on return to pre-covid19 student enrolment levels
- Providers were supportive of the new proportionality filter on risk factors:
 - **volatility in overseas student enrolments, and**
 - **maximum overseas source country concentration**

applied for providers whose proportion of international students constitute less than 20% of its total student population.

- All supportive of extra data field request in RFI
- Providers were understanding of the need to increase the specified percentage for the risk rated premium component of the levy from 0.04% to 0.05% and agreed that it was a measured response to ensuring the levy account balance was appropriate.
- Providers appreciate being involved in the decision-making process and learning about how the levy is calculated



Frequently Asked Questions



Is the levy calculation consistent across all sectors of international education?

- Yes
- Levy setting Guiding Principle #3: *The model should be as **simple and transparent** as possible*
- Developing separate levy calculations for CRICOS providers operating in different industries and/or sectors would result in a complex model



Why has the specified percentage for the risk rated premium component of the levy been increased?

- The Board has recommended increasing the specified percentage from 0.04% to 0.05% for the 2024 International TPS Levy
- Maintaining the specified percentage at 0.04% would have resulted in a carried deficit (based on expected 2024 levy collection amount and returning to pre-COVID-19 claims levels)
- An increase is necessary to ensure a robust fund, given the fund balance at 30 June 2023 was below the mid-point of the target fund range



**Are the levy
calculation formulas
publicly available?
Where can I access
them?**

- Levy calculation formulas are in the legislative instrument, which are made by 1 January each year
- **Name of instrument:** Education Services for Overseas Students (TPS Levies) (Risk Rated Premium and Special Tuition Protection Components) Instrument
- The legislative instrument and explanatory statement are published on the Federal Register of Legislation
- Information is also provided on the TPS website



2024 International Levy Timeline and Information



2024 International Levy Timeline

August 2023

4 August

- Draft advice on 2024 international levy confirmed at TPS Advisory Board meeting

Mid-August

- Draft advice letter published on TPS website
- Meetings with peak bodies
- Online information session for all providers

Late August

- Information sessions in Melbourne

September 2023

September

- Information sessions in Brisbane, Perth, Sydney and Adelaide
- Meetings with stakeholders in each state around information sessions

Late September

- Meetings with providers and other stakeholders in NT

October 2023

Early October

- Online sector consultation feedback and FAQs session for all providers

18 October

- Final advice on 2024 international levy confirmed at TPS Advisory Board meeting

November 2023

Early November

- Final advice letter published on TPS website

Mid-November

- Legislative instrument drafted and sent to Treasurer with a noting brief sent to Minister for Education
- Department of Education briefing for Administrative and Base Fee Components sent to Minister for Education

December 2023

31 December

- Legislative instrument must be signed off by Treasurer

Feb – May 2024

February

- Non-exempt providers receive a Request for Information to declare their 2023 overseas students tuition fee income

March

- International providers receive levy estimate

April

- International levy invoices sent to providers

May

- International levy collected



Further Information

- Information and resources relating to international sector consultation are available on the TPS website: www.education.gov.au/tps/2024-international-tps-levy-consultation

Australian Government | **Tuition Protection Service**

Tuition Protection Service (TPS) Listen

International Students
VSL Students
Higher Education Students
International Providers
VSL Providers
Higher Education Providers
About Us
Tuition Protection Service Advisory Board
2024 International TPS Levy Consultation

The Tuition Protection Service (TPS) may assist students to either continue their studies through another course or different provider, or by being provided a refund or loan re-credit for education and training they paid for but did not receive.

TPS Online is now live →





www.tps.gov.au



operations@tps.gov.au

