

# 2025 International TPS Levy

## Sector Consultation on Draft Levy Settings

Aug-Oct 2024

Melinda Hatton  
TPS Director



# Outline

Tuition Protection Service (TPS)

International TPS Levy setting process, guiding principles and legislation

Levy collection overview

Levy components and draft 2025 settings

2025 levy timeline and takeaways

# Tuition Protection Service (TPS)

## TPS Director, team and Advisory Board



[www.tps.gov.au](http://www.tps.gov.au)



# Purpose of the 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 facilitates alternative course placements following provider closures

Supports education providers to understand and meet obligations to students

Manages tuition protection levy collections



# Tuition Protection Service Director

Melinda Hatton, TPS Director

**Statutory office holder** appointed by the federal Minister for Education

**Operational oversight** of the daily activities of the TPS

Responsible for the **annual collection of TPS levies** from CRICOS and eligible domestic education providers

Responsible for **managing the levy funds**



# TPS Team



# TPS Advisory Board

1. **Ms Sharon Robertson** (Chair)
2. **The Hon. Phil Honeywood** (Deputy Chair)
3. **Ms Yeganeh Soltanpour**, Council of International Students Australia
4. **Ms Karen Sandercock**, Australian Government Department of Education
5. **Mr George Thiveos**, Australian Government Department of Employment and Workplace Relations
6. **Mr Guy Thorburn**, Australian Government Actuary
7. **Ms Gloria Yu**, Australian Prudential Regulation Authority
8. **Ms Rebecca Mok**, Australian Government Department of Finance
9. **Ms Victoria Miller**, Australian Government Department of Home Affairs

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# International TPS Levy

Levy setting process, guiding principles and legislation





# International TPS Levy

**An annual tuition protection levy** collected from **international** education providers

Paid into the Overseas Students Tuition Fund (OSTF) – a quarantined account managed by the TPS Director

**Funds the student placement and refund activities** of the TPS following an international education provider closure and **TPS operational costs**

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



# International TPS Levy Setting Process

7 August 2024

TPS Advisory Board provided draft advice to the TPS Director on the 2025 International Levy settings

Aug-Oct 2024

TPS Director consults the sector on the draft levy settings

16 October 2024

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

By 1 January 2025

2025 levy settings finalised in legislative instruments



# TPS Advisory Board's Advice on Levy Settings

When formulating its advice, the Board considers a range of factors including:

- The strategic risk environment
- Advice from the Australian Government Actuary (AGA)
- Views of the sector regulators, industry peak bodies and education providers
- The post-COVID operating environment
- The balance of the OSTF and the quantum of funds required for its long-term sustainability



# Guiding Principles for Board's Levy Setting Advice

Advice should **reflect the overall risk environment**

The model for each levy should **reflect gradual change**

The model should be as **simple and transparent** as possible

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



# TPS Levy Framework

Developed by the Australian Government Actuary (AGA)

Annual international levy settings are set through two legislative instruments:

1. one for the administrative fee component and base fee component (made by the Minister for Education)
2. one for the risk rated premium component and special tuition protection component (made by the TPS Director)

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

AGA provides advice on levy settings to ensure the arrangements are financially sound



# Legislative Authority

Education Services for Overseas Students (TPS Levies) Act 2012

[www.legislation.gov.au/C2012A00011](http://www.legislation.gov.au/C2012A00011)



# International TPS Levy Collection Overview



[www.tps.gov.au](http://www.tps.gov.au)



# Overseas Students Tuition Fund (OSTF)

International TPS Levy paid into OSTF

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

AGA recommends increasing 2025 target range due to increased international student population and higher forecasted closures than previous few years

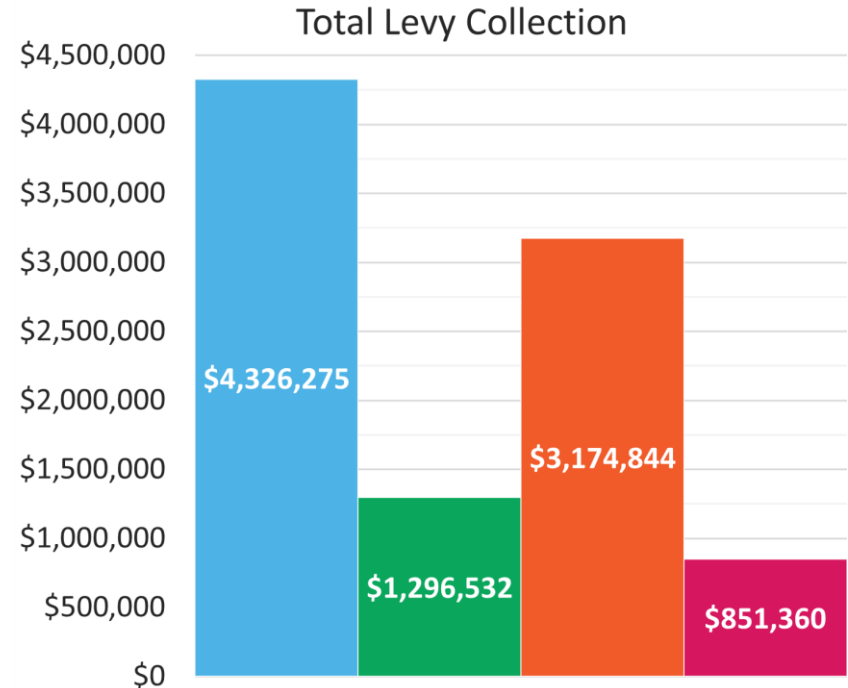
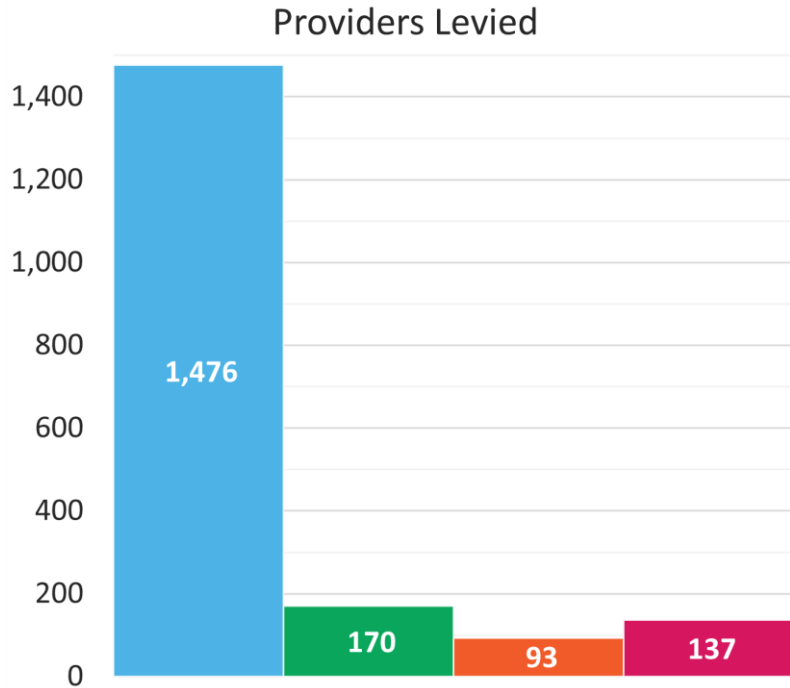
**Balance:** \$47.8 million (30 June 2024)

Target range	Mid-point of target range
<b>Current:</b> \$35-60 million	<b>Current:</b> \$47.5 million
<b>2025 recommendation:</b> \$40-60 million	<b>2025 recommendation:</b> \$50 million

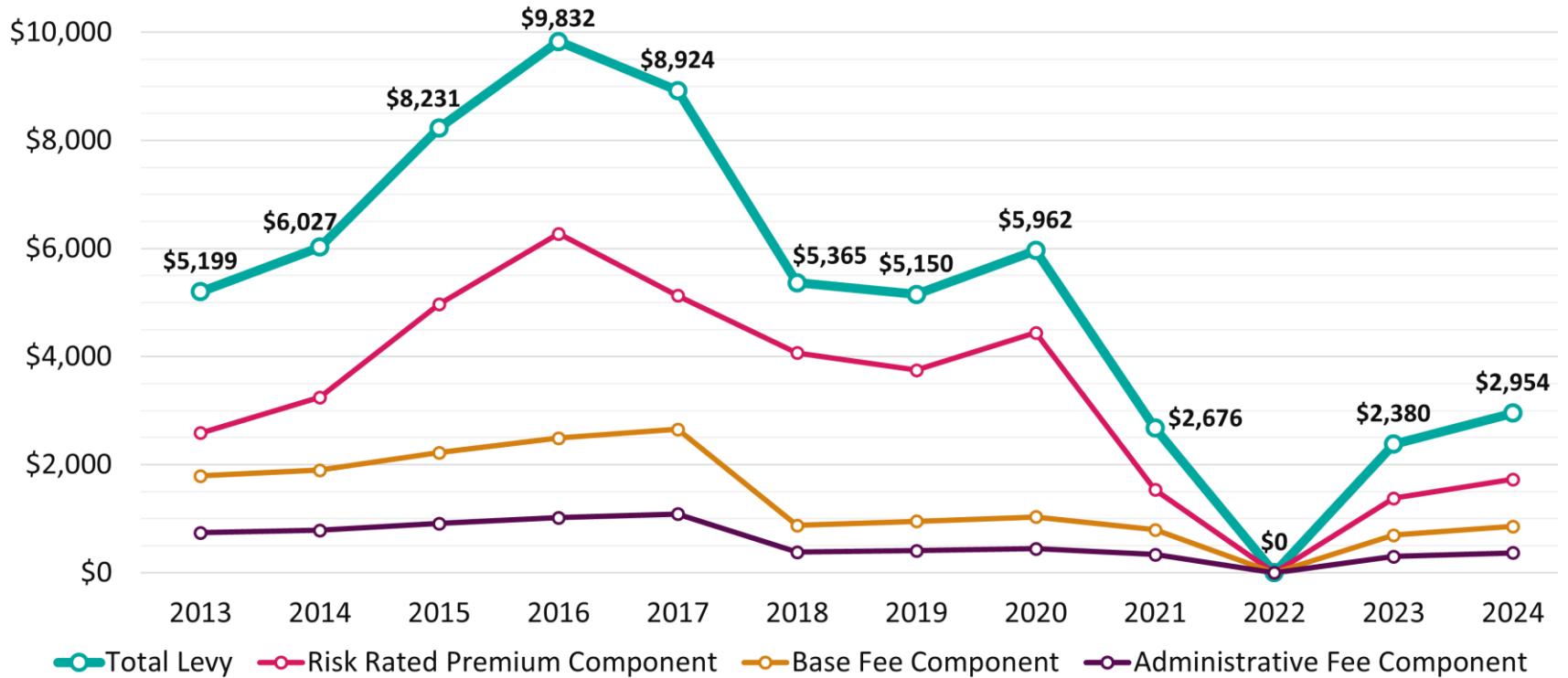




# TPS Levy Collection Overview 2023-24



# Average International Levy Amount per Provider 2013-24



# 2024 International TPS Levy: Late Payments

**1,476** providers invoiced

**179** providers did not pay by the due date

Several notices were sent to providers acting as a reminder to pay the 2024 levy

As of 5 August 2024, **36** providers still had outstanding payments, totalling **\$37,538.84**



# Late or Non-Payment of International TPS Levy

The TPS is obligated to send **one reminder notice** to providers who have not paid their levy close to the due date. Providers have **seven days** to pay their levy after the reminder notice is given.

**A provider's registration will be automatically suspended if they fail to comply with the reminder notice (s90 ESOS Act)**

Providers that pay their levies after the due date will receive a **late payment penalty for the next three years' levy risk rating calculation**

Levy invoices are sent to PEO contacts in PRISMS. **Keep your contact information in PRISMS up to date. To update your PEO details, please contact your regulator.**



# 2025 International TPS Levy Notices

You will receive the following notices about your 2025 levy:

- Early advice
- Request for Information (RFI)
- Invoice (with 28 days to pay)
- Reminder notice (if your payment has not been received on the due date)



# International TPS Levy

## Levy components and draft 2025 settings



# International TPS 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>Minister for Education</b>
<b>Base fee</b>	Sum of a 'per provider' and 'per student' charge	Maintains OSTF balance at a sustainable level Set by <b>Minister for Education</b>
<b>Risk rated premium</b>	Considers <b>5 risk factors</b> and overseas student tuition fees for previous year	Intended to reflect risk of provider closure Set by <b>TPS Director</b> with Board advice
<b>Special tuition protection</b>	Percentage multiplied by overseas student tuition fees for previous year	Charged when OSTF is below target range Set by <b>TPS Director</b> with Board advice



# Draft 2025 International TPS Levy Settings

Component	Draft 2025 Settings
Administrative fee*	\$104.00 per provider + \$0.54 per 2024 overseas student enrolment
Base fee*	\$210.00 per provider + \$1.33 per 2024 overseas student enrolment
Risk rated premium	[0.05% x total risk factor value] x total 2024 overseas student tuition fees
Special tuition protection	0% x total 2024 overseas student tuition fees

\*Administrative and base fee figures reflect 2024 values and may be indexed to CPI for 2025

**Note:** 2025 levy calculated using student enrolment numbers and revenue for 2024 calendar year





## Risk rated premium component

Considers 5 risk factors designed to reflect the risk of provider closure

Providers receive a risk factor value for each risk factor

Higher risk factor values indicate higher risk of closure



# Risk Rated Premium Component: Risk Factors

<b>Base Risk Factor</b>	Risk factor value of 1.0 applied for all providers
<b>Length of Operation</b>	Higher risk of closure associated with shorter length of operation
<b>Volatility in Overseas Student Enrolments</b>	Higher risk of closure associated with extreme volatility in overseas student enrolments
<b>Maximum Overseas Source Country Concentration</b>	Higher risk of closure associated with heavy reliance on a single source country of overseas students
<b>Non-Compliance and Registration Renewal</b>	Penalty for late payment of the levy or CARC, having sanctions imposed for non-compliance, and/or shorter registration periods due to risk management concerns



# Volatility in Overseas Student Enrolments

Risk factor values for positive volatility (growth) in overseas student enrolments were temporarily waived in 2023 and 2024 to avoid penalising providers experiencing growth in student enrolments post-COVID

Board proposes the **positive volatility risk factor values** be **reinstated for 2025** to pre-pandemic levels

AGA analysis shows correlation between positive volatility and provider closures

Historically, periods of rapid growth can be followed by increased closures

4 closures in 2024 so far vs. 2 closures in 2023



# Risk Rated Premium Component Formula

$$\left[ \begin{array}{l} \text{specified percentage} \\ \text{for 2025} \end{array} \times \text{total risk factor value} \right] \times \text{provider's overseas student} \\ \text{tuition fees for 2024}$$

Specified percentage for 2025: **0.05%**



# Risk Rated Premium Component: **High risk** example

$$\left[ 0.05\% \quad \times \quad 4.5 \right] \times \$2,000,000$$

$$= 0.00225 \times \$2,000,000$$

$$= \mathbf{\$4,500}$$



# Risk Rated Premium Component: **Low risk** example

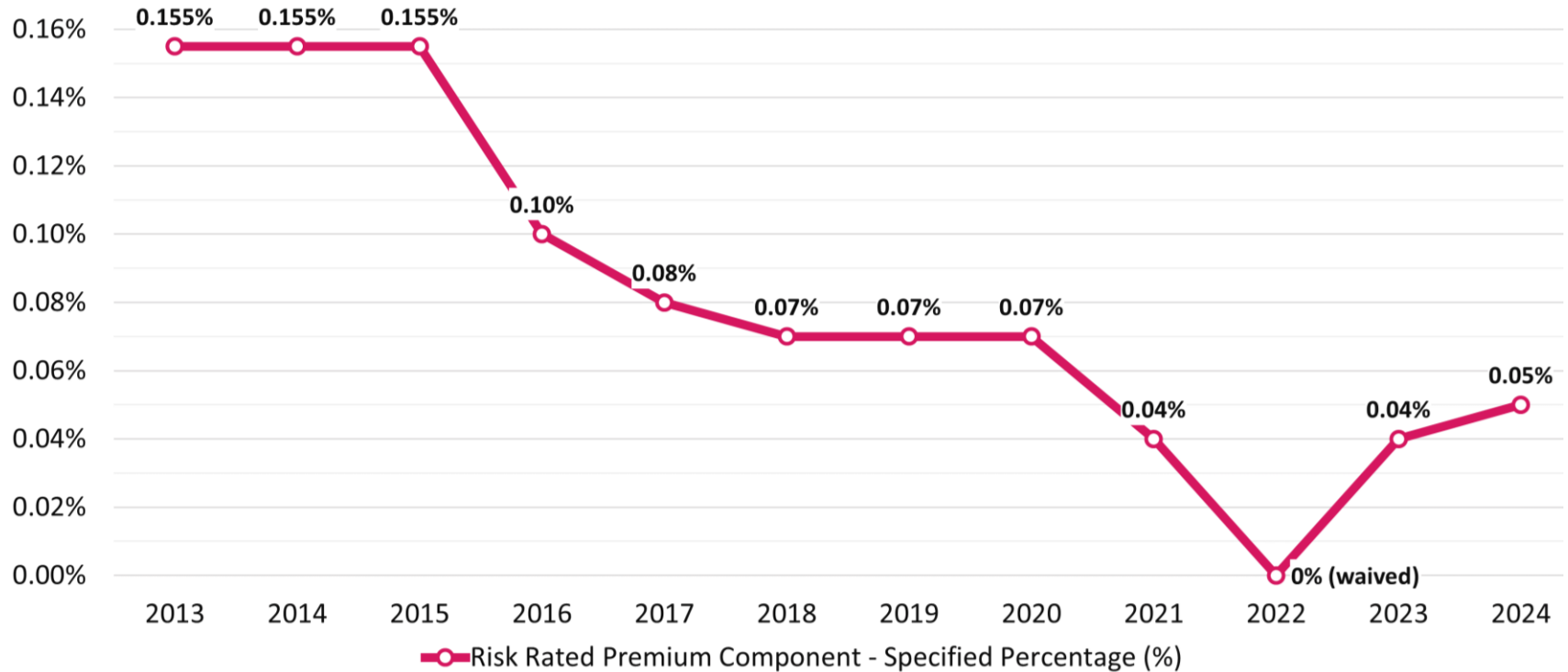
$$\left[ 0.05\% \quad \times \quad 1.0 \right] \times \$2,000,000$$

$$= 0.0005 \times \$2,000,000$$

$$= \$1,000$$



# Risk Rated Premium Component Specified Percentage 2013-24



# Special tuition protection component

Charged when the OSTF is below its target size

## Formula:

specified percentage  
for 2025  $\times$  provider's overseas student  
tuition fees for 2024

Specified percentage for 2025: **0%**





# 2025 International Levy Timeline and Takeaways



# 2025 International TPS Levy Timeline

## August 2024

### 7 August

- Draft advice on 2025 international levy confirmed at TPS Advisory Board meeting

### Mid-August

- Draft advice letter published on TPS website
- Online consultation session for all providers

### Mid-Late August

- Consultation sessions in Adelaide and Brisbane
- Meetings with stakeholders

## September 2024

### September

- Consultation sessions in Melbourne and Sydney
- Meetings with providers in Perth
- Meetings with stakeholders

## October 2024

### Early October

- Online feedback session for all providers

### 16 October

- TPS Advisory Board considers sector feedback
- Final advice on 2025 international levy confirmed at TPS Advisory Board meeting

### Late October

- Final advice letter published on TPS website

## November 2024

### 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 2024

### 31 December

- Legislative instrument must be approved by Treasurer and signed off by TPS Director

## Feb – May 2025

### February

- Non-exempt providers receive a Request for Information to declare 2024 overseas students tuition fee income and domestic student enrolment figures

### March-April

- 2025 levy invoices sent to providers

### April-May

- International levy collected



# Request for Information (RFI)

**New filter** applied to the *volatility in overseas student enrolments* and *maximum overseas source country concentration* risk factors in 2024 for providers whose proportion of international students was less than 20% of its total student population in the previous year

Eligible providers' risk factor values set to 0 for these risk factors

Providers will receive an RFI in early 2025 to declare their 2024:

- overseas student tuition fee income, and
- domestic student enrolment numbers



# Takeaways

Key features of the Board's draft advice on 2025 levy settings:

1. Positive volatility risk factor values to be reinstated for the *volatility in overseas student enrolments* risk factor after 2-year temporary waiver
2. Target range of OSTF to be increased from \$35-60 million to \$40-60 million

Timeline estimates levy will be collected in May 2025



# Key messages

Ensure **all contact information** and **student enrolment data in PRISMS** is **up to date**

**Pay the full and correct levy amount on time** to avoid receiving a late payment penalty for the next three levies

**Check account details and reference number are correct before making a payment**





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