

# 2025 International TPS Levy

## Sector Consultation Feedback on Draft Levy Settings

8 Oct 2024

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# Outline

2025 International TPS Levy consultation summary

Levy collection overview

Levy components and draft 2025 settings

2025 levy takeaways



# 2025 International TPS Levy Consultation Summary



# 2025 International TPS Levy Consultation

An online session and nine in-person consultation sessions were held for leviable providers from mid-August to mid-September 2024 to:

- Present the draft settings of the 2025 International TPS Levy
- Collect providers' feedback on the draft levy settings

Representatives from peak bodies were also consulted

Consultation feedback will be presented to the TPS Advisory Board ahead of its October 2024 meeting

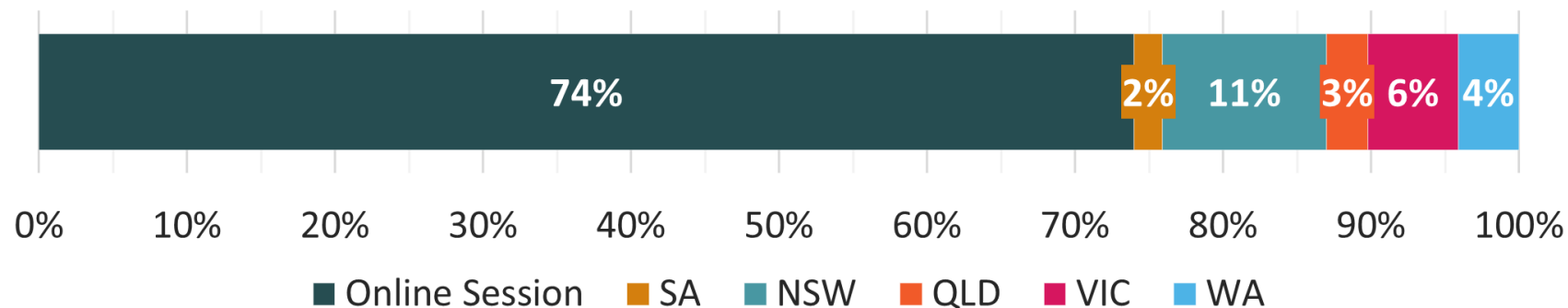


# Consultation Session Attendance

Contacts in PRISMS for leviable providers were invited to the consultation sessions

461 individuals attended

- 74% at the online session
- 26% at the in-person sessions



# Summary of Consultation Feedback

Overall, providers were supportive of the draft 2025 International TPS Levy settings

Providers were understanding of the need to reintroduce risk factor values for positive volatility in the 'volatility in overseas student enrolments' risk factor

Providers acknowledged that the ESOS policy changes currently under consultation in the sector are likely to have significant impacts in the sector, particularly as they may contribute to increased provider closures



# Consultation Feedback: National Planning Level

**27 August 2024:** Australian Government announced that, subject to the passage of legislation, it would set a National Planning Level (NPL) for new overseas student commencements (NOSC) of 270,000 for the 2025 calendar year

While the consultation sessions were intended for the draft 2025 International TPS Levy settings, we had robust discussions with providers about the NPL at all sessions **(detailed in following slides)**



# Consultation Feedback: National Planning Level

**Q: Does the TPS expect to see an increase in provider closures in 2025?**

- We will be preparing for more closures to occur in 2025 regardless of whether that situation eventuates
- We expected and prepared for a large volume of closures when COVID lockdowns and border closures began, but less providers closed than in pre-COVID years
- **If you believe you are at risk of closing**, please familiarise yourself with your Provider Default Obligations under sections 46A to 46F of the ESOS Act, and notify the TPS as soon as possible





# Consultation Feedback: National Planning Level

**Q: Following a provider closure, are students enrolling with a new provider exempted from their new provider's enrolment limit?**

- A student sometimes moves providers where their provider can no longer deliver their course. This might occur because the provider closes, or loses approval required to deliver the course. This may require activation of the Tuition Protection Service.
- In these circumstances, students are excluded from the National Planning Level and are not counted against their new provider's limit.



# Consultation Feedback: National Planning Level

Concerns were raised about providers that have already issued confirmation of enrolments (CoEs) for more international students than their 2025 NOSC limit allows

- Non-exempt providers are obligated to maintain an account containing the '**protected amount**' (ss 28-29 ESOS Act), which includes all tuition fees received by a provider for international students who have not yet commenced their course
- The **protected amount** should be used to provide tuition fee refunds to students who will not be able to start their course in 2025
- Please familiarise yourself with your **Provider Default Obligations** and **Student Default Obligations** under **sections 46A-46F** and **sections 47A-47H** of the **ESOS Act**



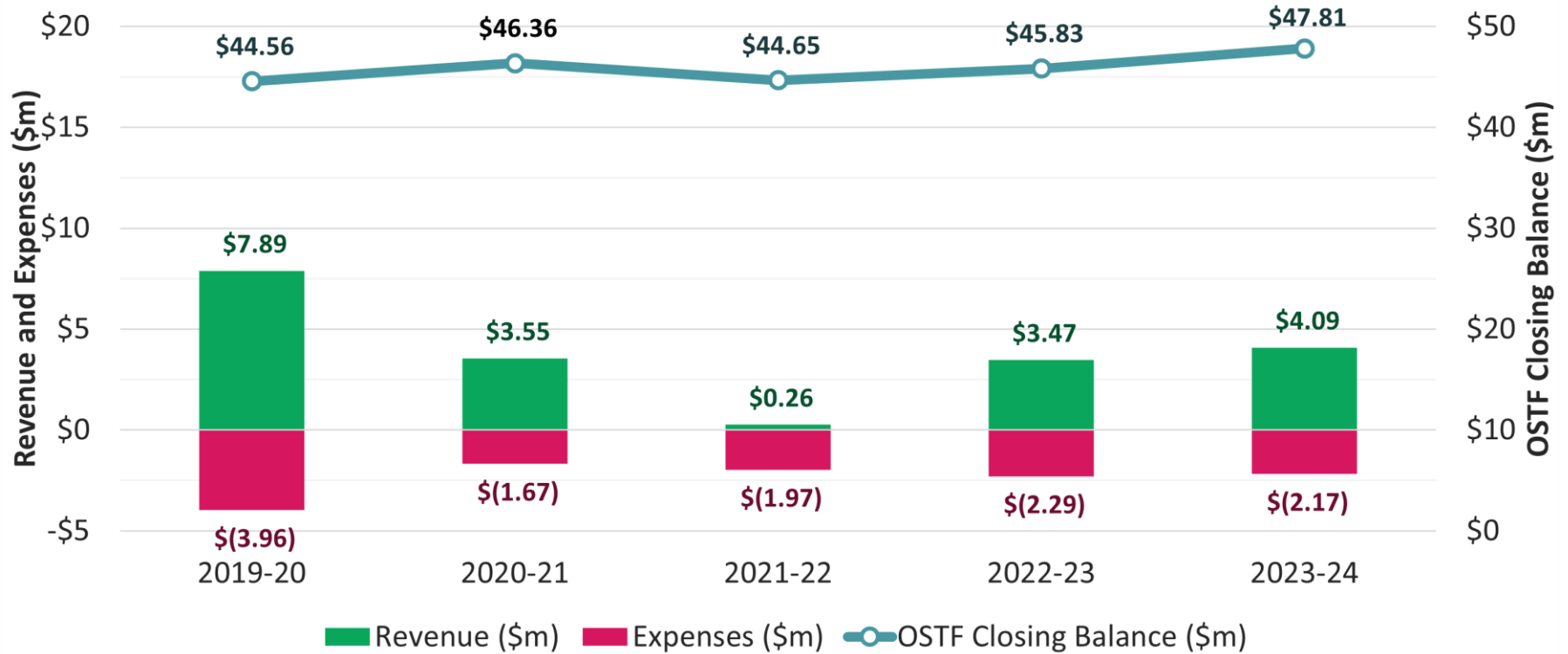
# Consultation Feedback: National Planning Level

**Q: Will the ESOS policy changes affect how the International TPS Levy is calculated?**

- As the 2025 levy will be calculated using 2024 data, any **ESOS policy changes will not impact how the 2025 levy is calculated**
- The introduction of NOSC limits may affect the efficacy of some of the levy risk factors (e.g. 'volatility in overseas student enrolments'). **Adjustments to the current risk factor settings and/or the introduction of alternative risk factors is likely required for the 2026 International TPS Levy.**
- We have committed to consult with the sector on this matter and invite your suggestions on alternative risk factors that could be used to indicate that an education provider may be at risk of closing



# Fund Balance, Revenue and Expenses – Last 5 Financial Years



# International TPS Levy Collection Overview



# 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 consulted 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



# 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

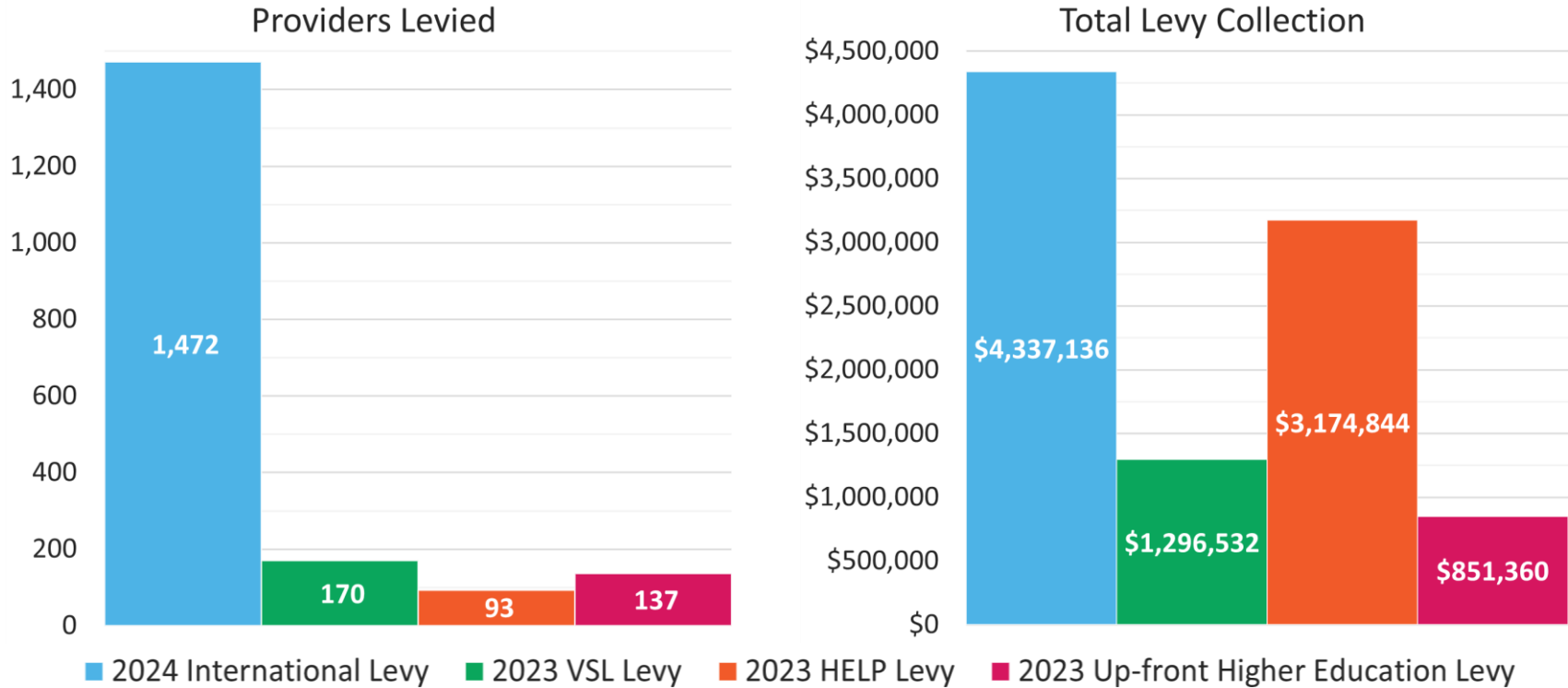
AGA recommends increasing 2025 target range due to increase in studying international students and higher forecasted closures than previous few years

**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

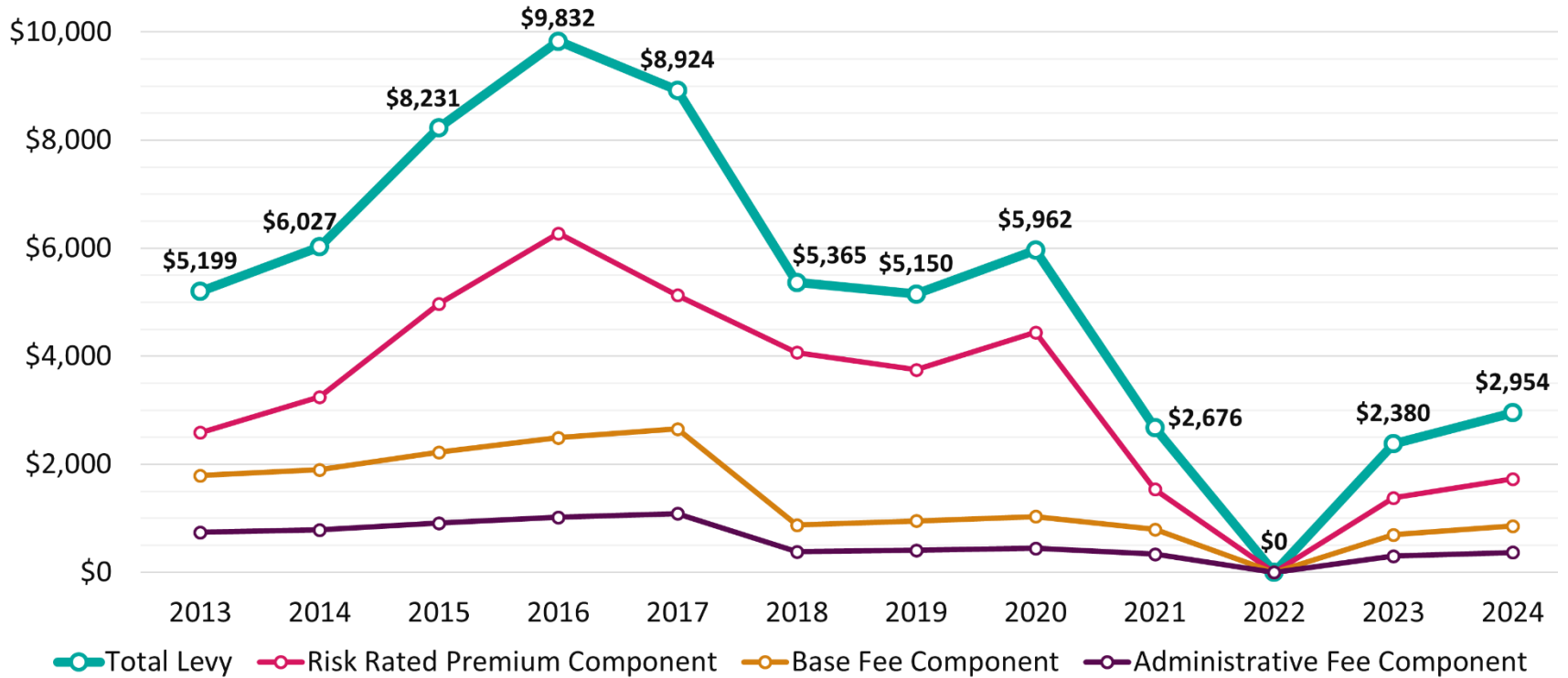


# TPS Levy Collection Overview 2023-24





# Average International Levy Amount per Provider 2013-24



# 2024 International TPS Levy: Late Payments

**1,472** providers invoiced

**174** providers did not pay by the invoice due date

**24** providers were charged late payment penalties for not paying after receiving a final reminder notice. Of this group, **9** (those who had a 'registered' status) **were suspended** for non-payment, and the other **15** providers have been **triggered for debt recovery action** as they carry a debt to the Commonwealth.

As of 30 September 2024, **21** providers still had outstanding payments, totalling **\$21,486.76**



# 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) and will be charged a late payment fee and a reinstatement fee**

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

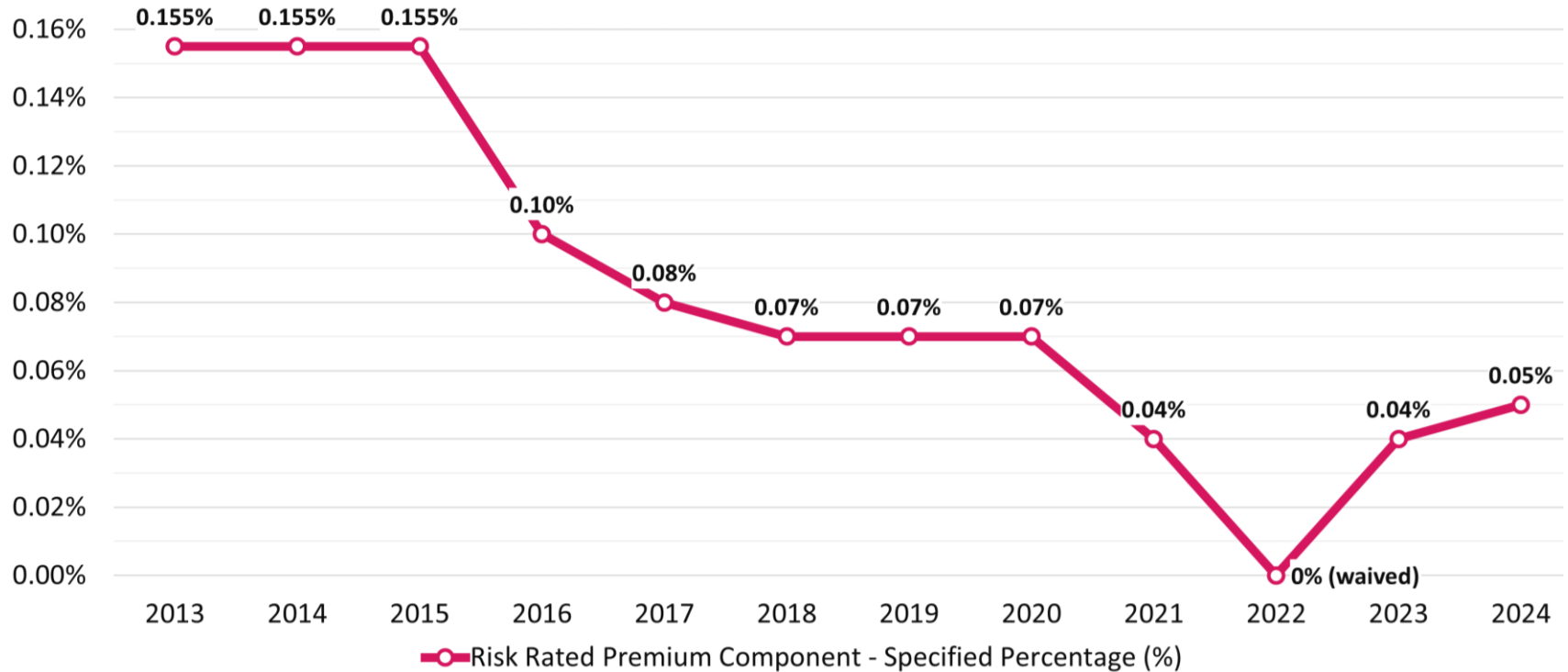
Component	Draft 2025 Settings
Administrative fee*	\$104.00 per provider + \$0.54 per 2024 overseas student enrolment
Base fee*	\$210.00 per provider + \$1.33 per 2024 overseas student enrolment
Risk rated premium	[0.05% x total risk factor value] x total 2024 overseas student tuition fees
Special tuition 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 Specified Percentage 2013-24





# 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



# 2025 International TPS Levy Takeaways



# 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



# 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



# 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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