



Higher Education (Up-front Payments Tuition Protection Levy) (Risk Rated Premium and Special Tuition Protection Components) Determination 2022

I, Melinda Hatton, Higher Education Tuition Protection Director, make this determination.

Dated 29 July 2022

Melinda Hatton
Higher Education Tuition Protection Director

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Part 1—Introduction

1 Name

This instrument is the *Higher Education (Up-front Payments Tuition Protection Levy) (Risk Rated Premium and Special Tuition Protection Components) Determination 2022*.

2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this instrument	on the day after this instrument is registered	

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under section 13 of the *Higher Education (Up-front Payments Tuition Protection Levy) Act 2020*.

4 Definitions

Note: A number of expressions used in this instrument are defined in section 5 of the Act, including the following:

- (a) leviable provider;
- (b) risk rated premium component;
- (c) special tuition protection component;
- (d) up-front payments tuition protection levy.

In this instrument:

Act means the *Higher Education (Up-front Payments Tuition Protection Levy) Act 2020*.

annual financial reporting period has the same meaning given by subsection 27(2) of the *Tertiary Education Quality and Standards Agency Act 2011*.

financial statement means the statement provided by a leviable provider to TEQSA for the purposes of section 27 of the *Tertiary Education Quality and Standards Agency Act 2011* for the annual financial reporting period ending in 2021.

PIR information means the information provided by a leviable provider to TEQSA in accordance with a notice under section 28 of the *Tertiary Education Quality and Standards Agency Act 2011*.

TEQSA means the body established by section 132 of the *Tertiary Education Quality and Standards Agency Act 2011*.

Part 2—Risk rated premium component

5 Risk rated premium component

- (1) The amount for the purposes of step 1 of the method statement in subsection 11(2) of the Act is \$2.00.
- (2) The percentage for the purposes of step 2 of the method statement in subsection 11(2) of the Act is 0.04%.
- (3) For the purposes of step 4 of the method statement in subsection 11(2) of the Act, the following risk factors are specified:
 - (a) financial strength risk factor;
 - (b) completion rate risk factor;
 - (c) non-compliance history and registration renewal risk factor.

6 Risk factor – financial strength

Risk factor value

- (1) For the purposes of step 4 of the method statement in subsection 11(2) of the Act, the risk factor value for the financial strength risk factor for a leviable provider is:
 - (a) if the provider did not submit its financial statement (except in the circumstances outlined in paragraph (b))—2.5;
 - (b) if the provider was not required to submit a financial statement—0.0;
 - (c) if the provider submitted its financial statement—as set out in the following table:

Financial Strength		
Column 1	Column 2	Column 3
Item	If the financial strength score of the provider, as determined under subsections (2) and (3) is...	then, the risk factor value is...
1	8 or 9	0.0
2	6 or 7	1.0
3	1 to 5	2.0

Determining the financial strength score

- (2) A leviable provider's financial strength score is the sum of the following scores:
 - (a) net profit ratio score;
 - (b) return on assets score;
 - (c) debt to equity score.

- (3) For the purposes of subsection (2), the scores are worked out in accordance with the table below:

Ratio	Formula	Below Average	Average	Above Average
Net profit ratio	$\left[\frac{\text{NPBT}}{\text{Total revenue}} \right]$	less than or equal to 0.1	greater than 0.1 but less than or equal to 0.2	greater than 0.2
Return on assets	$\left[\frac{\text{NPBT}}{\text{Total assets}} \right]$	less than or equal to 0.0	greater than 0.0 but less than or equal to 0.1	greater than 0.1
Debt to equity	$\left[\frac{\text{Total liabilities}}{\text{Total equity}} \right]$	greater than or equal to 2.5; or if the total equity is less than or equal to 0.0	less than 2.5 but greater than or equal to 1.5	less than 1.5 but greater than or equal to 0.0
Score		1	2	3

where:

NPBT means the net profit before tax as stated or derived from the financial statement.

Total assets means the total assets as stated or derived from the financial statement.

Total equity means the total equity as stated or derived from the financial statement.

Total liabilities means the total liabilities as stated or derived from the financial statement.

Total revenue means the total revenue as stated or derived from the financial statement.

7 Risk factor – completion rate

Risk factor value

- (1) For the purposes of step 4 of the method statement in subsection 11(2) of the Act, the risk factor value for the completion rate risk factor for a leviable provider is:
 - (a) if the provider did not report any units of study for the calendar year beginning on 1 January 2021 (previous calendar year) in its PIR information—0.0;
 - (b) otherwise—the risk factor value is set out in the following table:

Completion Rate		
Column 1	Column 2	Column 3
Item	If a leviable provider's completion rate percentage, as determined under subsection (2) is...	then, the risk factor value is...
1	85% or more	0.0
2	60% or more but less than 85%	0.0
3	35% or more but less than 60%	1.7
4	0% or more but less than 35%	2.7

Determining the completion rate percentage

(2) A leviable provider's completion rate percentage is worked out using the formula:

$$\left[\frac{\text{Passed EFTSL}}{(\text{Passed EFTSL} + \text{Failed EFTSL} + \text{Withdrawn EFTSL} + \text{Ongoing EFTSL} + \text{Data missing EFTSL})} \right] \times 100$$

where:

Data missing EFTSL means the total EFTSL value for units of study with a census day in the previous calendar year for which no unit of study completion status has been reported by the provider in the provider's PIR information.

EFTSL has the same meaning as in the *Higher Education Support Act 2003*.

EFTSL value has the same meaning as in the *Higher Education Support Act 2003*.

Failed EFTSL means the total EFTSL value for units of study with a census day in the previous calendar year reported by the provider as having a unit of study completion status of 'failed' in the provider's PIR information.

Ongoing EFTSL means the total EFTSL value for units of study with a census day in the previous calendar year reported by the provider as having a unit of study completion status of 'unit of study to be commenced later in the year or still in process of completing or completion status not yet determined' in the provider's PIR information.

Passed EFTSL means the total EFTSL value for units of study with a census day in the previous calendar year reported by the provider as having a unit of study completion status of 'successfully completed all the requirements' in the provider's PIR information.

Withdrawn EFTSL means the total EFTSL value for units of study with a census day in the previous calendar year reported by the provider as having a unit of study completion status of 'withdrew without academic penalty' in the provider's PIR information.

Note: For the definition of PIR information, see section 4.

8 Risk factor – non-compliance history and registration renewal

Risk factor value

- (1) For the purposes of step 4 of the method statement in subsection 11(2) of the Act, subject to subsection (2), the risk factor value for the non-compliance history and registration renewal risk factor for a leviable provider is set out in the following table:

Non-compliance history and registration renewal		
Column 1	Column 2	Column 3
Item	If a leviable provider...	then, the risk factor value is...
1	has a weighted late payment measure of 30 days or more, as worked out under subsection (3)	2.0
2	has a weighted late payment measure of 15 days or more but less than 30 days, as worked out under subsection (3)	0.9
3	has a weighted late payment measure of 1 day or more but less than 15 days, as worked out under subsection (3)	0.7
4	has a weighted late payment measure of less than 1 day, as worked out in accordance with subsection (3)	0.0
5	applied under section 35 of the <i>Tertiary Education Quality and Standards Agency Act 2011</i> to renew the provider's registration and the period for which the registration was renewed as set out in the notice given in 2021 under section 37 of that Act is less than the maximum period specified in subsection 36(4) of that Act	1.0

- (2) Where more than one item in the table at subsection (1) applies, the risk factor value for the non-compliance history and registration renewal risk factor for a leviable provider is the sum of the applicable risk factor values in column 3 of the table in subsection (1).

Working out the weighted late payment measure

- (3) For 2021, a leviable provider's weighted late payment measure is worked out using the following formula:

$$0.7 \times [\text{Up – front Payments TPL}]$$

where:

Up-front Payments TPL, for a year, means:

- (a) the number of days after the due date on which the up-front payments tuition protection levy for that year was received; or

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- (b) if payment of the up-front payments tuition protection levy was received on or before the due date—zero; or
 - (c) if the up-front payments tuition protection levy was not payable—zero.

Part 3—Special tuition protection component

9 Special tuition protection component

The percentage for the purposes of subsection 12(b) of the Act is 0.10%.