



2017 Management Conference



When things go wrong!

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Presentation outline:

1. Overview of the Overseas Students Ombudsman role
2. Education Agent issue
3. Brief overview of the new VET Student Loans Ombudsman
4. Questions

THE COMMONWEALTH OMBUDSMAN

COMMONWEALTH OMBUDSMAN ROLES							
Defence Force Ombudsman	Immigration Ombudsman	Law Enforcement	Australian Capital Territory	SPECIALIST ROLES			
				Postal Industry Ombudsman	Private Health Insurance Ombudsman	Overseas Students Ombudsman	VET Student Loans Ombudsman

- The Overseas Students Ombudsman (OSO) and the VET Student Loans Ombudsman (VSLO) are specialist Industry roles within Commonwealth Ombudsman's office
- The VSLO will commence operations on **1 July 2017**

Overseas Students Ombudsman (OSO)

The OVERSEAS STUDENTS OMBUDSMAN:

- **investigates complaints** about problems that intending, current or former overseas students have with PRIVATE schools, colleges and universities (education providers) in Australia
- provides information about **best practice complaint-handling** to help private education providers manage internal complaints effectively
- **publishes reports** on broader issues in international education that we identify through our investigations.



Complaints to the OSO

- In 2016, there were 554,179 international students in Australia on a student visa (Dept of Education and Training)
- In 2015-16, the OSO received 874 complaints and external appeals from international students studying in the private sector
- Our top complaint issues have consistently concerned refunds, written agreements, monitoring attendance and course progress and transfers between providers
- Only a relatively small number but complaints can highlight serious problems (like the recent education agent fraud issue)
- Investigation outcomes supported providers actions/decisions 57% of the time and students 26%. The remainder were otherwise resolved.

Education agent alleged fraud

- In late 2016-early 2017, the OSO received around 50 complaints alleging an education agent had engaged in dishonest practices in enrolling (or failing to enroll) international students with Australian education providers including defrauding students of tuition and other fees totaling AUD\$500,000
- The complaints relate to at least 17 different private education providers
- Prior to this, we had only received about 10 education agent related complaints a year.



What went wrong with the agent?

- The agent had been operating ethically for some time but then changed their behavior
- **First** – failing to pass on provider refunds to students who defaulted on their course and were owed a refund
- **Next** - taking money from students but failing to enrol them by returning the signed letter of offer and fees to the provider.
- **Then** – taking money from students & pretending to enrol them when no letter of offer had even been issued by a provider.

Education Agent Code of Ethics - ethical framework:

- | | |
|---|--------------------------------|
| 1. Integrity | 5. Confidentiality |
| 2. Objectivity | 6. Professional behaviour |
| 3. Professional competence and due care | 7. Professionalism and purpose |
| 4. Transparency | |

What went wrong for the providers?

- Some education providers failed to identify the changed behavior (Standard 4)
- Some failed to act on complaints from students telling them what the agent was doing wrong (Standard 8)
- One provider placed the agent on a warning when they should have terminated the agent due to serious misconduct
- Many providers failed to terminate the agent and update their website even after DET emailed them about the agent



Education agents are often the first point of contact between the industry and intending students and their parents. Their activities and ethics are important to Australia's reputation as a desirable destination for students, and registered providers have an interest in ensuring education agents act ethically and appropriately. The National Code part D

Outcomes from our investigations

- Some education providers have offered discounted fees or free tuition to help affected students
- Some education providers have had to pay refunds to students
- Some complaints likely to be transferred to the Tuition Protection Service where provider fails to pay refunds owed
- We will report serious breaches and issues of concern to the relevant regulator using our public interest disclosure power under s 35A of our Act.
- ASQA stands ready to take compliance action



Possible gaps in the system

We intend to publish an issues paper highlighting gaps in the system, to protect students and reputation of the sector. Some possible gaps include:

- Lack of clear guidance to education providers on minimum best practices relating to:
 - establishing and maintaining oversight of the viability and practices of their agents i.e. governance
 - When it is appropriate to terminate their agreement with an agent
 - What steps are required when terminating
- no requirement for providers to report an agent's actions to regulators when they decide to terminate their agreement with the agent
- no singular alert system to warn other providers or agents when an agent's or a provider's actions might be questionable and have caused another provider or agent to terminate the agreement



Other areas of focus

- No apparent responsibility for oversight and reporting on agent actions, which would also enable a whole-of-government response should other similar matters arise
- Limited recourse for intending international students not yet enrolled with a provider
- Unclear definition of 'tuition fees' means some fees paid to establish an enrolment are not refunded

And finally!

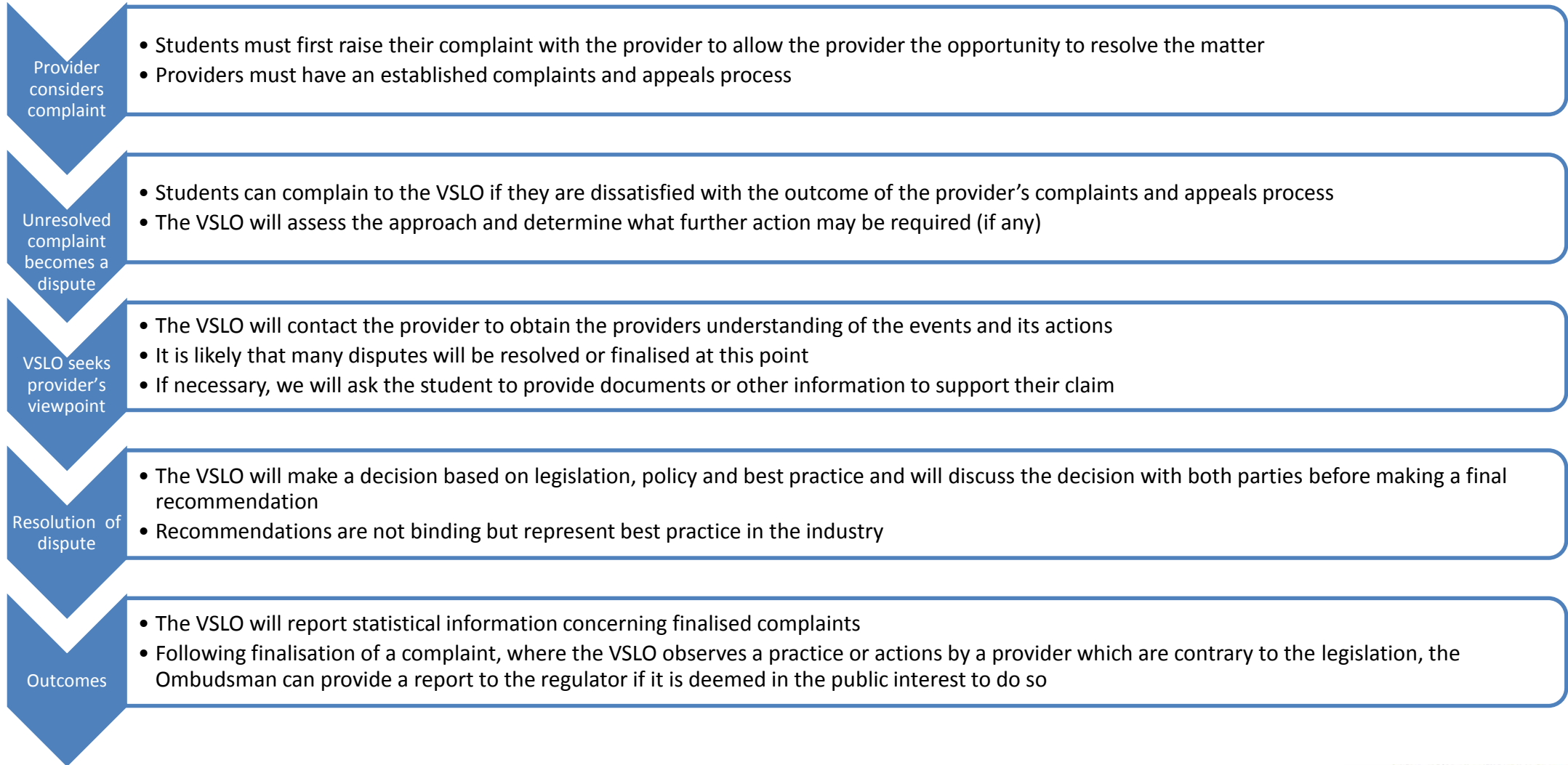


- We recognise most education agents and education providers operate ethically. However, one rogue agent can damage the reputation of the entire sector with consequences for all
- No regulation of education agents at this time but DET is revising Standard 4 – education agents – of the National Code 2017
- DET introducing PRISMS agent performance data collection with intention to publish agent ratings in future
- Schools regulators looking at providers who outsource their under 18's welfare responsibilities to agents

VET Student Loans Ombudsman

- The **VET Student Loans Ombudsman** (VSLO) will conduct investigations and make recommendations and reports in relation to VET loan assistance.
- The VSLO will also give VET student loans scheme providers advice and training about best practice complaints handling.
- The VSLO will lead the development of a code of practice, in collaboration with industry.

VSLO – how it will work



WANT MORE INFORMATION?

- Want to know more? visit ombudsman.gov.au
- Come and have a chat after the presentation.

