

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2015 - 2016

Department/Agency: ACCC

Question: SBT 55

Topic: Vocational Training Providers

Reference: Hansard page no. 131 - 21 October 2015

Senator: Ketter, Chris

Question:

Senator KETTER: I am going to switch very quickly to vocational training providers and the fact that you are investigating 10 registered training organisations currently. I know there may be some sensitivities about that, but are you able to provide the names of the RTOs under investigation?

Mr Sims: I cannot, because that is confidential as I understand it—unless I am wrong and there is something in the public record. No, it is all confidential. But we are at a very advanced stage. There is every chance we will have a couple of those matters in court before Christmas.

Senator KETTER: Are you able to tell us what sort of allegations are being investigated?

Mr Sims: In broad terms it is essentially misleading and deceptive conduct and unconscionable conduct in terms of the way this product has been sold and the type of person that has been targeted. They have made misleading statements to those people but we believe that the systemic way in which they have gone about targeting particular individuals in society has a reasonable chance of amounting to unconscionable conduct.

Senator KETTER: You might have to take this on notice. Are you able to provide the dates when the first complaints were made about each of the 10 organisations?

Mr Sims: We can certainly get you some complaints data.

Answer:

The ACCC received the first complaints about the conduct of a number of the vocational training providers in late February 2015.

On 26 October 2015, the ACCC and the Commonwealth (on behalf of the Department of Education and Training) instituted proceedings in the Federal Court against Unique International College Pty Ltd alleging false or misleading representations, misleading or deceptive conduct and unconscionable conduct when selling VET FEE-HELP funded courses between July 2014 and September 2015 in New South Wales.

On 24 November 2015, following a joint investigation by the ACCC and NSW Fair Trading into the conduct of private colleges, the ACCC and the Commonwealth (for Department of Education and Training) instituted proceedings in the Federal Court against Phoenix Institute of Australia Pty Ltd (Phoenix) and Community Training Initiatives Pty Ltd (CTI).

The proceedings allege that Phoenix made false or misleading representations and engaged in unconscionable conduct, in breach of the Australian Consumer Law, when marketing and selling VET FEE-HELP funded courses between January 2015 and October 2015. It is alleged this conduct targeted some of the most vulnerable groups in the Australian community, including consumers from low socio-economic backgrounds and consumers with intellectual disabilities.

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It is alleged that Phoenix represented to prospective students that they would receive a free laptop and that the course(s) were free or were free if the consumer did not earn approximately more than \$50 000 per annum. In fact, the laptop they received was on loan, and students enrolled in the courses incurred a VET FEE-HELP debt. CTI assisted Phoenix by providing administrative support and processing the enrolment forms. It is alleged that CTI aided and abetted, counselled or procured or was knowingly concerned in the alleged unconscionable conduct.

The ACCC's media release detailing the matter can be found at

<http://www.accc.gov.au/media-release/accc-takes-action-against-phoenix-following-joint-investigation-with-nsw-fair-trading>.