

Senate Committee: Education and Employment

QUESTION ON NOTICE Budget Estimates 2017 - 2018

Outcome: Skills and Training

Department of Education and Training Question No. SQ17-000742

Senator Paterson, James provided in writing

Compliance action taken against unscrupulous providers

Question

Can the Department update the Committee on compliance action being taken against unscrupulous providers to cancel student debts and recoup costs for taxpayers?

Answer

The Department of Education and Training is currently pursuing several strategies to both identify and recover inappropriately claimed VET FEE-HELP funds. This includes working closely with the national VET regulator, the Australian Skills Quality Authority (ASQA) and the Australian Competition and Consumer Commission (ACCC), as well as conducting its own investigations.

In recent ACCC proceedings relating to VET FEE-HELP, the Federal Court ordered, amongst other things, an education broker – Acquire Learning and Careers Pty Ltd – to pay penalties of \$4.5 million for engaging in unconscionable conduct, making false or misleading representations and breaching the unsolicited consumer agreements provisions in the Australian Consumer Law (ACL).

In addition, the ACCC is in Federal Court proceedings against four former VET FEE-HELP providers – Australian Institute of Professional Education; Unique International College; Cornerstone (Empower); and Phoenix – for alleged misleading and unconscionable conduct associated with marketing VET FEE-HELP supported courses.

The department is joined as a party to the four court actions against the former VET FEE-HELP providers, in order to seek to cancel the VET FEE-HELP debts of students who were subject to conduct in breach of the ACL and recover funds from the providers where appropriate.

The Federal Court found on 30 June 2017 that Unique International College made false or misleading representations and engaged in a pattern of behaviour that amounted to unconscionable conduct in breach of the ACL. The ACCC and the department are seeking orders for penalties and other relief which will be listed for hearing on a date to be determined.

The ACCC has accepted court enforceable undertakings from a further two VET providers. These providers have agreed to cancel enrolments and repay VET FEE-HELP funds to the Australian Government for students affected by certain marketing practices that breached the ACL.

Since 2016, the department has commissioned several suppliers (Deloitte, McGrathNicol, Ernst & Young and KPMG) to audit 32 VET providers to determine the veracity of their reported enrolments and to investigate potential non-compliance. Based on the audit findings, the department is withholding VET FEE-HELP payments from a number of providers and conducting further investigations.

The department has established a dedicated Complaints Handling Unit to negotiate directly with providers on behalf of students that allege they have incurred VET FEE-HELP debts inappropriately. As at 18 May 2017, the Complaints Handling Unit has successfully negotiated a commitment from providers to remit over \$20.6 million in VET FEE-HELP debts since May 2016. When a student's debt is remitted under the *Higher Education Support Act 2003*, the provider must repay the Government any amounts of VET FEE-HELP it received for the enrolment. The Complaints Handling Unit handed over responsibility for complaints to the VET Ombudsman from 1 July 2017.