

Senate Committee: Education and Employment

**QUESTION ON NOTICE
Additional Estimates 2015 - 2016**

Outcome: Agency: ASQA

Department of Education and Training Question No. SQ16-000046

Senator Carr, Kim asked on 10 February 2016, Proof Hansard page 86.

ASQA: VET FEE-HELP (Cornerstone Investment Aust Pty Ltd)

Question

Senator KIM CARR: I would appreciate if you could provide that on notice. I would like to turn to Cornerstone, which I referred to earlier and which was listed in your various charts, Mr Robinson. This is a college that is alleged to have enrolled students without their knowledge and to have not informed students that they had a VET FEE-HELP debt. I take it that has been demonstrated, rather than just being an allegation?

Mr Robinson: We looked at that college as part of the VET FEE-HELP project. We found a critical level of noncompliance across a whole range of areas.

Senator KIM CARR: But that particular matter—were they enrolling students without their knowledge who then, presumably, did not know they had a debt?

Mr Robinson: I will just check and come back to you on that specific point. There were certainly issues with the way they were recruiting students.

Senator KIM CARR: I am referring to your statement of, I think, 25 November.

Mr Robinson: The one that we just put out?

Senator KIM CARR: The one we spoke about.

Mr Robinson: Yes.

Senator KIM CARR: On page two of three you specifically refer to it. You received complaints. Have you now demonstrated that that occurred?

Mr Robinson: I will double check that. What we found was that there was serious noncompliance across a range of areas and we have taken that action to—

Senator KIM CARR: I am interested to know the nature of these serious noncompliance issues. Given that you have stated that, it does strike me that that is fraud. It has to be fraud.

Mr Robinson: We will provide you with further information that goes to that specific point.

Answer

The Australian Skills Quality Authority (ASQA) has provided the following response.

In assessing complaints against Cornerstone Investment Aust Pty Ltd. ASQA found 8 complaints about poor and misleading VET FEE-HELP marketing practices to be substantiated. Cornerstone Investment Aust Pty Ltd was found to have inadequately informed individuals of their VET-FEE HELP repayment obligations and census dates.

ASQA audited Cornerstone Investment Aust Pty Ltd as part of its 2015 VET FEE-HELP project on 4-5 March 2015. A critical level of non-compliance was identified at the audit and, although the RTO later provided additional evidence, the non-compliances were not rectified.

On 1 February 2016, ASQA's Commissioners made a decision to:

- a. cancel the provider's registration as an RTO effective from 11 March 2016
- b. reject an application for renewal of RTO registration
- c. note the provider's advice that it was withdrawing its CRICOS registration.

The provider was notified of the cancellation on 4 February 2016 and had the opportunity to request a review of the decision by the Administrative Appeals Tribunal (AAT) within 30 days of being notified [n.b. a review has been lodged by Cornerstone Investment Aust Pty Ltd with the AAT and a hearing on the matter is scheduled to commence on 16 June 2016].

ASQA released a media statement in relation to the decision on 5 February 2016 (attached below).

Further, on 9 December 2015 the Australian Competition and Consumer Commission (ACCC) announced that it was taking action against Cornerstone Investment Aust Pty Ltd, to protect consumers.

The ACCC alleges that from at least March 2014, Cornerstone made false or misleading representations and engaged in misleading or deceptive and unconscionable conduct, in breach of the Australian Consumer Law, when marketing and selling VET FEE-HELP funded courses to consumers in remote communities and low socio economic areas in New South Wales, Western Australia, Victoria, Queensland and South Australia.

The ACCC is seeking redress for affected consumers (by cancelling VET FEE-HELP debts), pecuniary penalties, corrective notices and orders requiring the implementation of a consumer law compliance program. The ACCC and the Commonwealth are seeking declarations, injunctions, orders for the repayment of course fees paid by the Commonwealth to Cornerstone in respect of any VET FEE-HELP loans cancelled by court order, as well as costs.

A hearing on this matter has now been scheduled for 17 October 2016 in the Federal Court before Justice Gleeson.

Regulator cancels registration of Cornerstone Investment Aust Pty Ltd

MEDIA RELEASE

5 February 2016

The Australian Skills Quality Authority (ASQA) has cancelled the registration of Cornerstone Investment Aust Pty Ltd (RTO number 5500) as a provider of vocational education and training (VET) services.

Cornerstone Investment Aust Pty Ltd trades as Australian Institute of Commerce and Language and EMPOWER INSTITUTE.

ASQA, the national regulator for vocational education and training, has taken this decision following comprehensive regulatory scrutiny of the training provider over a number of months.

The scrutiny of the provider was part of ASQA's targeted audits of 21 training providers approved by the Department of Education and Training to participate in the Commonwealth's VET FEE-HELP scheme.

ASQA contends that the provider has not operated consistently with the requirements of the VET Quality Framework, which all registered training organisations are required to satisfy as a condition of registration.

ASQA issued the training provider with a notice of intention to cancel its registration on 25 November 2015. On 1 February 2016, ASQA Commissioners considered the evidence received from the provider in response to its notice. The Commissioners subsequently took the decision to cancel the provider's registration under the *National Vocational Education and Training Regulator Act 2011*.

ASQA's decision will take effect from 11 March 2016. The provider is able to seek a review of ASQA's decision in the Administrative Appeals Tribunal (AAT). It is also able to seek a stay of the decision pending a hearing of the review application.

ASQA's Commissioners also approved Cornerstone's application to withdraw its registration as a provider of education services to overseas students. This means that Cornerstone is no longer registered to offer and provide nationally recognised training and issue Australian Qualifications Framework (AQF) qualifications and statements of attainment to international students.

Finalisation of the 2015 program of targeted audits of VET FEE-HELP providers

ASQA's decision relating to Cornerstone Investment Aust Pty Ltd finalises its targeted audits of 21 registered training organisations (RTOs) that were approved to offer courses under the Australian Government's VET FEE-HELP scheme, which commenced in 2015.

ASQA's work was prompted by an increase in the number of complaints it had received from students about the scheme, with 110 complaints received in the period up to 31 December 2014.

While ASQA is not the program administrator for the VET FEE-HELP scheme, it is empowered to regulate RTOs against the VET Quality Framework, which includes the *Standards for Registered Training Organisations 2015*.

Of the 21 providers ASQA audited, 16 were selected based on complaints received. The remaining five had not been the subject of any complaints.

The results of ASQA's regulatory scrutiny were:

- Three RTOs were assessed as being critically non-compliant with the requirements of the VET Quality Framework at the conclusion of the audit process and, following a 'show cause' process, had their registrations cancelled. These RTOs were:
 - Unique International College Pty Ltd (RTO 91350) trading as Unique International College
 - Cornerstone Investment Aust Pty Ltd (RTO 5500) trading as Australian Institute of Commerce and Language and EMPOWER INSTITUTE
 - Australian Institute of Professional Education Pty Ltd (RTO 91437) trading as AIPE, Australian Institute of Professional Education, Studyonline and Study Connect.
- Ten RTOs were able to demonstrate full compliance with the relevant requirements of the VET Quality Framework and NVR Act at the conclusion of the audit process. However, ASQA determined that the imposition of data retention and reporting conditions were warranted, based on the issues examined during the audit and the commitments made by these RTOs to address these issues. These RTOs were:
 - Access Group Training Pty Ltd (RTO 90867) trading as Access Group Training
 - ACTE Pty Ltd (RTO 31455) trading as Australian College of Training and Employment; EVOCCA College, Nuvocca, and EMPACER
 - Careers Australia Education Institute Pty Ltd (RTO 22479) trading as Careers Australia Education Institute Pty Ltd, ACAE Aust College of Applied Education
 - College of Creative Design and Arts Pty Ltd (RTO 32401) trading as College of Creative Design and Arts and Keystone College
 - Gurkhas Institute of Technology Pty Ltd (RTO 22088) trading as Royal Gurkhas Institute of Technology (RGIT) Australia and Gurkhas Institute of Hospitality & Management
 - International Skills Institute Pty Ltd (RTO 40541) trading as International Skills Institute
 - MHM Australasia Pty Ltd (RTO 6980) trading as Australasian College Broadway
 - Smart City Vocational College Pty Ltd (RTO 6494) trading as Smart City Vocational College
 - Study Group Australia Pty Ltd (RTO 5806) trading as ACPE Academy, Martin College, Australian Institute of Applied Sciences and Embassy English
 - The Health Arts College Pty Ltd (RTO 21588) trading as The Health Arts College.
- One RTO - Holmesglen Institute (RTO number 0416) trading as Holmesglen Institute - was issued with a written direction to rectify minor non-compliances which had not been addressed by the conclusion of the audit process. These minor non-compliances have now been fully addressed.
- Seven RTOs were able to demonstrate full compliance with the relevant requirements of the VET Quality Framework and NVR Act at the conclusion of the audit. These RTOs were:
 - Australis College Pty Ltd (RTO 31518) trading as Australis College, Australis Natural Health College, Beauty Skills Academy, Ipswich School of Beauty and Lauder Beauty
 - Pragmatic Training Pty Ltd as trustee for Training Trust (RTO 121391) trading as Pragmatic Training Pty Ltd, Pragmatic Training Courses, National Academy of Early Childhood, National Academy of Beauty, National Academy of Technology and Australian Institute of Business Leadership
 - Unity College Australia Incorporated (RTO 6330) trading as Unity College Australia
 - Flight Training Adelaide Pty Ltd (RTO 40173) trading as Flight Training Adelaide/Adelaide Flight Training Centre and Adelaide Flight Training Centre
 - The Academy of Interactive Entertainment Ltd (RTO 88021)
 - Australian Careers Institute Pty Ltd (RTO 110070) trading as Sage Academic & Sage Massage, Sage Institute of Child Care, Sage Institute of Sales, Sage Institute of Fitness, Sage Institute of Education, Sage Institute of Aged Care, Sage Institute of Massage and Sage Institute of Business
 - Sunraysia Institute of TAFE (RTO 4693) trading as Sunraysia Institute of TAFE.

In addition to the 21 providers listed above, ASQA also audited Phoenix Institute of Australia Pty Ltd (RTO 21582) after receiving a number of complaints related to VET FEE-HELP. This provider was assessed as being critically non-compliant with the requirements of the VET Quality Framework at the conclusion of the audit process and, following a 'show cause' process, also had its registration cancelled.

To date, the following RTOs have sought a review of ASQA's decision in the Administrative Appeals Tribunal (AAT):

- Australian Institute of Professional Education Pty Ltd (decision stayed pending determination of the review on the condition that AIPE provide a notice on its website to inform potential new students about ASQA's decision and the AAT proceedings)
- Phoenix Institute of Australia (decision stayed pending determination of the review on the condition that Phoenix does not enrol any new students or engage in any marketing or advertising related to its courses)
- Unique International College Pty Ltd (decision stayed pending determination of the review on the condition that Unique does not enrol any new students or engage in any marketing or advertising related to its courses)
- MHM Australasia Pty Ltd.

The behaviours identified in complaints received by ASQA raised issues with RTOs compliance with the VET Quality Framework as well as Australian Consumer Law. As a result, ASQA worked closely with the Australian Competition and Consumer Commissioner (ACCC) and the Commonwealth Department of Education and Training (DET).

Conclusion

During 2015 the Australian Government, through DET, made a number of significant changes to the VET FEE-HELP scheme that aims to address many of the issues identified. These changes include:

- the banning of inducements to entice students to enrol under the VET FEE-HELP scheme
- tighter rules regarding VET marketing and recruitment practices, such as not marketing courses as 'free' when students are required to repay their VET FEE-HELP loan to the Commonwealth
- stronger disclosure requirements regarding student rights and obligations and
- ensuring providers apply a student entry procedure to ensure a prospective student is academically suited to the course

Further, it has announced the introduction of a new model.

ASQA will continue to work with DET in order to ensure students that accessing the scheme receive quality training and assessment. A dedicated working group consisting of officers from DET and ASQA has already been established to share intelligence on areas of risk and emerging risk. ASQA will use data collected by DET, as well as complaints and industry intelligence that it receives, to identify other training providers that it should look at.

ASQA will also continue to engage with the ACCC and DET to share regulatory intelligence and coordinate appropriate regulatory activity.

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