

## Senate Committee: Education and Employment

### QUESTION ON NOTICE Budget Estimates 2017 - 2018

#### Outcome: Skills and Training

#### Department of Education and Training Question No. SQ17-000956

Senator Cameron, Doug provided in writing.

#### *Provision of Tax File Numbers to VET providers (Recovery)*

##### Question

- The ANAO noted – and the Government Actuary's report to the Department has confirmed – that \$1.2 billion in debt was wrongly issued under the VET Student Loans program. How much of this debt relates to Tax File Numbers that should not have been given out?
- How much of the \$1.2 billion has been recovered? How much has the Department tried to recover but has not succeeded?
- Is the Department leading recovery operations? Or is the ACCC?

##### Answer

The quantum of the debt relating to the provision of Tax File Numbers directly to providers is unknown.

The Department of Education and Training is leading the debt recovery operations and is pursuing several strategies to both identify and recover inappropriately claimed VET FEE-HELP funds. The process is ongoing, with 32 audits being conducted. The department is also withholding money from some providers.

The department also 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. The Complaints Handling Unit handed over responsibility for complaints to the new VET Ombudsman from 1 July 2017.

In recent Australian Competition and Consumer Commission (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.