

College made millions by tricking Indigenous people, court finds

Unique International College used unlawful scheme pushing disadvantaged individuals to enrol in courses such as salon management and marketing



Unique International College 'took advantage of some of the most vulnerable and disadvantaged members of our community,' a judge has found. Photograph: Alamy

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A vocational training college made tens of millions of dollars by tricking disadvantaged and Indigenous communities into signing up to expensive diploma courses, a court has found.

Unique International College used a misleading and unlawful scheme to target vulnerable communities in 2014 and 2015, pushing individuals to enrol in courses in management, salon management and marketing.

The courses were supported through the Commonwealth's VET fee-help loan scheme, which was widely rorted by unscrupulous education providers until it was overhauled last year.

A year earlier, a Senate committee found the scheme, by giving providers easy access to government loans, had left students and taxpayers as “the victims of a provider-led feeding frenzy”.

Unique sent its staff on road trips throughout regional NSW, Victoria and Queensland to hold sign-up meetings, often at the home of a local resident.

Prospective students were enticed with free iPads or laptops, or \$200 rewards for referring a friend.

They were misled about the costs of the courses. Unique told people the diplomas were free, so long as they earned less than the minimum repayment amount.

They were not told the scheme would effectively leave them with a CPI-indexed debt for the course, along with an additional 20% fee.

The Australian Consumer and Competition Commission took the company to the federal court in 2015, alleging it had engaged in unconscionable conduct and breached consumer law in relation to six individuals.

The federal court on Friday found mostly in the ACCC’s favour. Justice Nye Perram found the company had engaged in misleading and deceptive conduct.

“It was misleading to offer free laptops to groups of poorly educated and/or illiterate people on the basis that they sign up to VET FEE-HELP courses without explaining in the plainest of terms what the ramifications of this would be,” Perram found.

The court also found Unique’s system of conduct, or pattern of behaviour, was unconscionable.

“The effect of the system ... was to supercharge the exploitation of the disadvantaged group which was being targeted (and also Unique’s remarkable profits),” Perram found.

In one case, Unique was found to have exploited a 22-year-old Aboriginal man, Tre Simpson, who lives with a range of physical and mental health issues.

Upon learning a salesman was in his town offering free laptops, the young man ran through the house excitedly, gathering his tax file number and pension card.

His grandmother, Margaret Simpson, knew she would not be able to change his mind.

“He was to Mrs Simpson’s observation excited. This was not a novel situation for Mrs Simpson,” Perram wrote in his judgment.

“On a prior occasion, Tre had obtained a free laptop from some other vocational entity. When Tre mentioned the free laptop on this occasion she remarked ‘Oh Tre, not again’.”

Unique had operated prior to the VET loan scheme's introduction, and enrolled about 3,034 students between 2008 and 2013.

But it significantly ramped up its operations to take advantage of the government scheme.

It accredited its courses in management, hair salon management, and marketing. It then went on a major recruitment drive.

In NSW, 36% of Unique's enrollees were Indigenous, compared to the sector's typical enrolment rate of 9%. It signed up 54.7% of its students from NSW's lowest socioeconomic areas, compared to the general rate of 27%.

Unique's efforts yielded it a massive increase in enrolments. It enrolled more students in 2014 alone than it had in the five years prior.

It was a boon for the company.,and its profits jumped from \$40,301 in 2013 to \$33,779,726 in 2015.

The ACCC released a statement after the federal court judgment was handed down.

Chariman Rod Sims said the ACCC is seeking redress for affected consumers, through the cancelling of enrolments and debts.

They are also seeking to have funds repaid by Unique to the commonwealth, a move that could have implications for other education providers which took advantage of the scheme

"Unique took advantage of some of the most vulnerable and disadvantaged members of our community," Simms said.

"Our focus is now on ensuring that the affected consumers will not remain in debt because of Unique's exploitative behaviour," he said.

The case will return to court to determine penalties and other relief.