

# Australian college closure highlights sham practices in private education sector

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A profit-making beauty college in Sydney went into administration late last year, jeopardising the studies of up to 800 students and leaving 80 teachers and administrative staff out of work.

The sudden closure drew further attention to the dubious practices of a host of operators in the private education sector, who have enjoyed a bonanza as a result of the gutting of public education by successive Labor and Liberal-National governments at the state and federal level.

The Australasian College Broadway (ACB) was owned and run since 1994 by Maureen Hussein-Mustafa, a “self-made” millionaire who was listed 29th on Australia’s BRW Rich List in 2014. In 2011, she received the Medal of the Order of Australia for education and training. She is a financial backer of the Liberal-National Coalition.

ACB collapsed just days before new vocational reforms were to come into effect, subjecting private colleges to more stringent funding laws. The college is still embroiled in a fraud investigation from 2014, facing allegations that it placed “phantom students” on its books in order to receive higher government funding.

According to media reports, the college may have been paid tens of thousands of dollars per “phantom student.” ACB received over \$10.4 million in government funding in 2015. Between the beginning of 2009 and early 2015, the college took in more than \$50 million in federal funds.

Under the VET [Vocational Education and Training] FEE-HELP scheme, introduced by the former federal Labor government of Julia Gillard, students undertaking tertiary studies at private institutions are eligible for loans from the federal government to pay their course fees. Many students accrue tens of

thousands of dollars of debt. Private providers receive the fees up front from the government, creating opportunities for easy profits.

ACB, which offers courses in hairdressing, make-up and beauty therapy, “strongly denied” allegations that “phantom students” were enrolled in uncompleted courses. However, according to Federal Department of Education data cited by the *Sydney Morning Herald*, only 73 students graduated from the college last year, out of the reported student body of 800.

Speaking to the media anonymously, some staff members claimed they were coerced into registering questionable student applications, and that up to 60 percent of those processed in recent years may have been fake.

One former tutor told the Australian Broadcasting Corporation (ABC) she assisted an illiterate student in writing a letter to withdraw from the college, only to see it later torn up and thrown in a bin. Other media reports indicated that college management stonewalled attempts by students to unenroll from courses by refusing to answer phone calls or waiting six months before taking any action.

Other students and industrial professionals spoke out about the low quality of the training provided by ACB. A young single mother told the ABC that her \$33,000 Diploma of Salon Management and Certificate III in hairdressing left her without the skills required for the industry. When she went for a job, she was told to return to a publicly-funded Technical and Further Education (TAFE) college and start over again.

Gloria Lee-Cooke, a hairdresser who received students from ACB over the years, told the ABC in 2015 that she had regularly complained about the training being provided by ACB. “It’s frightening to think that these students have been misled, I believe,

into thinking they can get years of experience...and it's just not the case," Lee-Cooke said.

Government authorities repeatedly ignored questions over the college's practices. In 2012, the Australian Skills Quality Authority (ASQA) rejected an application from ACB to renew its registration as a VET provider. This was overturned by the Administrative Appeals Tribunal.

ACB's collapse is one of a series, mostly stemming from moves by federal and state governments to belatedly tighten funding regulations because of a growing public outcry, including by students.

Last February, at least 5,200 students and 500 employees were left stranded due to the collapse of several colleges owned by Global Intellectual Holdings. The colleges closed after a supposed crackdown by the Victorian Labor government on "study now, pay later loans" that increasingly targeted the most vulnerable potential students.

Before those closures, millions of dollars in government-sponsored loans were reportedly siphoned away into shelf companies owned by two prominent shareholders, who tried unsuccessfully to sell the company.

Agents for colleges have reportedly been issued fines by police for their aggressive sales tactics. These include targeting people around federal government Centrelink offices, where the unemployed, indigenous and intellectually disabled, and other disadvantaged people, must go to apply for, or try to retain, welfare payments.

Jacob De Battista, a recruiter for Keystone College, which was owned by Global Intellectual Holdings, told the ABC last year: "I used to manipulate people from all walks of life... a lot of the time I knew they weren't capable of completing a diploma." De Battista said he had been desperate to keep his job.

A host of smaller colleges have been embroiled in similar scandals and a number have collapsed.

The rise and rise of profiteering colleges was facilitated by the Labor governments of Kevin Rudd and Julia Gillard as part of the decades-long offensive against public education. The Gillard government introduced a host of pro-business reforms aimed at subordinating universities ever-more directly to the demands of the corporate elite, while forcing them and the public TAFE colleges to compete with private firms

that cherry-picked profitable courses.

Labor and Liberal-National governments alike, at the state and federal levels, intensified the assault on TAFE and technical colleges. In New South Wales alone, more than 2,000 TAFE teachers have been sacked since 2011, while the number of enrolled students declined by over 80,000 from 2012 to 2016.

At the same time, the federal government removed limited regulations on funding for private colleges. As a result, funding under the VET FEE-HELP Scheme soared from \$325 million in 2012 to more than \$3 billion in 2016, with much of the increase going to private operators.

The current federal Liberal-National government has seized upon the resulting crisis to justify introducing a replacement "VET Student Loans" program that slashes financial support for students.

The new program imposes a three-tiered cap on government student loans, with the maximum grant consisting of \$15,000. Many courses cost considerably more than the caps. The result is students having to pay, up front, out of their own pockets, amid mounting financial insecurity and joblessness among young people.



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