

One thousand staff stood-down after private college collapses in Australia

Oscar Grenfell
27 May 2017

Careers Australia, one of the country's largest private vocational colleges, went into voluntary administration on Thursday, leaving 1,000 staff jobless and preventing up to 15,000 enrolled students from completing their courses.

The overnight collapse of the college is the latest in a spate of closures in the private education sector. They have highlighted the role of successive state and federal governments, Labor and Liberal-National alike, in turning over vocational training to publicly-subsidised corporations that engage in dubious practices to make a profit.

Staff were reportedly sent an email on Thursday evening by Careers Australia's administrator, PPB Advisory, stating that there were insufficient finances to cover the payroll and that they were stood-down immediately. Students were sent a brief text message late at night which declared that there would be "no classes." Administrators are investigating whether the business can be restructured or sold.

Careers Australia operated 14 campuses across the country, including in Sydney, Brisbane, Perth, Adelaide and Melbourne, and in regional centres, such as Townsville and Caboolture in Queensland.

The college's largely working-class student cohort undertook courses in trades, including cabling, electrical installation and construction, and community work, such as early childhood education, along with diplomas in business management, legal services and other subjects. Some of the courses included apprenticeships, work placements and traineeships.

There is widespread anger among students and staff over the sudden closure. One worker, quoted anonymously by ABC News, commented that staff had been "misled." "Somebody knew this was coming and they didn't give us any warning," they said. Numbers of students have also commented on social media about the uncertainty that they now face.

Students have spoken out about the prospect of being left tens of thousands of dollars out of pocket, and unable to graduate. A nursing student told news.com.au that his course had cost \$26,000. He only had a four week-work placement to complete before graduating. He said students had not been told whether they would receive a refund for their course, or other costs including travel and accommodation associated with work placements.

"If it all falls through, I know I can get back on my feet, but there are ladies in their fifties who have taken two years off to do the course. What do they do?" the student asked. "It seems unfair that we have completed 99.9 percent of the requirements but we can't graduate."

College management has claimed that the trigger for the collapse was confirmation from the Education Department that its enrolments would not be government-subsidised, after an overhaul of the federal student loan scheme.

Under VET Fee-Help, the previous model introduced by the former federal Labor government of Julia Gillard, private colleges were indiscriminately provided with vast federal grants, on the basis of their enrolment numbers. The colleges received an immediate cash bonanza, while their students became heavily indebted to the government for their studies.

Careers Australia received \$146 million in federal subsidies in 2014, and \$320 million in 2015. Last year, it reported a profit of more than \$34 million. VET Fee-Help provided a direct incentive for private colleges to charge exorbitant fees and artificially boost enrolment numbers, in order to receive as much government funding as possible.

Careers Australia, like a number of other colleges, was repeatedly accused of carrying out dubious practices to boost enrolments.

In 2015, Chris Chambers, a former sales broker for Careers Australia, told the ABC that impoverished and

disadvantaged youth in working class areas were deliberately targeted by the company. Chambers claimed that he had seen the company's recruiters do the mandatory literacy and numeracy test for students on 40–50 occasions, because those being signed-up were illiterate or innumerate. Students have also claimed to have been pressured into courses.

In May, 2016, the Australian Competition and Consumer Commission (ACCC) secured an agreement from the college that it would pay back \$44 million in federal funding and withdraw up to \$110 million in claims for future grants, as a result of dubious enrolments. The college said that third-party recruiters were responsible for the practices.

Signing-up students for courses they were not equipped to complete, however, appears to have been central to the business model of many private colleges. The *Australian* reported in 2015 that government figures showed that no students enrolled at Careers Australia in 2011 had graduated by the end of 2014. Only 10 percent of students who began studies at the college in 2012 had graduated, along with 13.4 percent from the following year.

Following the ACCC action, Careers Australia cancelled over 12,000 student enrolments. Only around 14 percent of the 30,000 students enrolled in 2015 completed a course. The college had been charging almost \$18,000 in diplomas for counselling and business, and even more for other courses, before government funding caps were introduced last year on new enrollments.

Those changes, along with a broader clampdown on the sector, have seen a series of colleges close. For instance, in February, 2016, Global Intellectual Holdings, which controlled a network of three colleges, collapsed.

In February this year, Evocca College announced campus closures, following earlier job cuts, which saw the number of “learning hubs” it had across the country reduced from 40 to 18. In March, administrators closed colleges owned by the Australian Careers Institute, stranding around 1,600 students and resulting in 200 job losses.

A number of other colleges have also curtailed their operations or closed. Virtually all of them had been accused of dubious enrolment practices, and had received substantial federal funding.

The overhaul of the VET loan system, however, will do nothing to reverse the privatisation of education. The Liberal-National government only took action last year after vast sums had already been provided to the colleges.

The move was in response to mounting concerns in the

financial elite that billions of dollars were being transferred to entrepreneurs, recruiters and others, amid demands that the government balance the budget to ensure the country's triple A credit rating, and implement sweeping social austerity measures. The changes go hand-in-hand with a stepped-up attack on education, including further cuts to university funding in the May budget, and the ongoing gutting of publicly funded TAFE colleges.

The scandals and crises surrounding private colleges underscore the central role of the Labor Party, with the collaboration of the trade unions, in the destruction of public education.

As part of their “Education Revolution,” the federal Labor governments of Kevin Rudd and Julia Gillard spearheaded the introduction of a voucher-based funding model for vocational education, in collaboration with state governments, which allocated funding to private or public entities based on their enrolment numbers.

The pro-business model was tested in Victoria before being rolled out nationally in 2012. It saw a reduction in funding for public TAFE colleges in Victoria of \$300 million in 2012 and \$119 million the following year. Similar measures have been imposed in every other state. Enrolments in New South Wales (NSW) TAFE's were down by 83,000 in 2015 compared to 2012. Between 2011 and 2016, 2,000 NSW TAFE teachers lost their jobs.

In other words, public vocational training, especially for a young generation that confronts widespread joblessness and the lowest wage growth in history, is increasingly a thing of the past.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact