

Government crackdown on training colleges leaves its mark

The federal government crackdown on training colleges, designed to eliminate rorts, unauthorised subcontracting and poor quality training, has made its mark on the sector. Already a number of private colleges have closed down following the move by the government but other organisations associated with the industry, such as education brokers, have also been affected.

Education Partners Pty Ltd (formerly trading as *Courses Now*) had been operating since 2010 as an education broker, representing some of the top tier colleges in Australia. Last December, it appointed Jirsch Sutherland partner [Stewart Free](#) as liquidator.

The cash flow for the business was heavily reliant on the Australian Government VET FEE HELP loan scheme. Once a student was brokered to the course, completed a certain period of their studies (known as reaching the census date), *Education Partners* collected a commission from the education partner.

Education Partners company director told Jirsch Sutherland that during 2012 to 2015, a number of unscrupulous and unethical training organisations entered the industry, seeking to benefit from the VET FEE HELP loan scheme.

These organisations were offering laptops, mobile phones and iPads to students in low socioeconomic areas to entice them to enrol. The government would pay the training organisation for the enrolled student once they passed their 'census date'. The student (who usually had no chance of completing the course because of a lack of ability) would then have a \$5,000-\$20,000 debt hanging over their head.

The government and taxpayer were ultimately the ones who lost out in this scenario, as the debt would in many cases never be repaid.

As a part of the government crackdown, multiple census dates were required to be reached by students before the government paid education providers. This had a significant impact on the cash-flow requirements of the providers as well as on education brokers such as *Education Partners*.

Education Partners says more emphasis should have been placed on compliance monitoring of participants to ensure the legitimacy of the business and strength of the business values and intentions, rather than what the government introduced.

In October 2016, the government announced it would stop companies that offered a brokerage service to education providers. As a result, *Education Partners* could no longer trade. The company director referred to the business as being a bricklaying business without any bricks.

"Our investigations are continuing in relation to this matter," Stewart says.

"However, it is apparent that the changes made by the government effectively resulted in the

cessation of the operations and has and will continue to have an impact on other companies in the industry.”

Stewart adds the online education industry is also undergoing rapid and dramatic changes. “Providers who are not readily adaptable are likely to suffer.”