Foreign college blitz intensifies

Joanna Mather
A crackdown on colleges has knocked dozens of private operators out of the $19 billion international education industry and the federal government plans to tighten the regulatory screws further.

More than 50 education and training providers have gone broke or been stripped of their right to offer courses to international students.

Many more have withdrawn from the market as a result of tighter commonwealth legislation and audits by state governments, figures obtained by The Australian Financial Review show.

The Australian Council for Private Education Providers (ACPET) said the government's decision to force all providers offering courses to foreign students to undergo a reregistration process had served to clean up the industry, which has been dogged by claims of visa rorting, particularly among Indian students in courses such as cookery and hairdressing.

Only a few providers were likely to require "very close regulatory attention" in the future, ACPET chief executive Clair Field said.

"But overall I think the sector is in a better position in terms of the focus on quality than it has been in the recent past," she said.

All international providers, including colleges, universities and schools, had to renew registration with the Commonwealth Register of Institutions and Courses for Overseas Students last year.

New criteria meant providers had to name their principal purpose as education and demonstrate the capacity to "provide education of a satisfactory standard". State government departments were responsible for the process.

In the vocational education and training sector in NSW, 90 providers identified as high risk were subject to audits.

State training services manager David Collins said about half were non-compliant in some regard and 24 providers were found to have "serious issues".

He said most non-compliance issues centred on having too many students with inadequate resources.

"We worked through a process with them where they, effectively, were brought into line," he said. "Among them I think there were six that chose not to try to reregister."

In Victoria, 10 providers went into liquidation or voluntary administration in 2010. Eight had their registrations cancelled and three were suspended. Approximately 30 others voluntarily cancelled their registrations.

In Western Australia, four providers were cancelled as a result of the increased regulatory benchmarks and a further 24 either relinquished their registrations or were denied.

South Australia reregistered 62 providers. Another nine either chose not to reregister or were denied.

Queensland authorities reregistered 291 providers but 36 withdrew or voluntarily cancelled.

The regulatory crackdown coincided with a range of other challenges for the international education industry, including a strong Australian dollar, the global financial crisis and reputational damage as a result of attacks on Indian students.

The federal government also severed the link between studying in Australia and becoming a permanent resident, leading to a dive in enrolments in courses such as cookery and hairdressing. It was in these kinds of vocational courses that much of the alleged visa rorting occurred.

ACPET said the convergence of these challenges caused about 50 colleges to close in 2009 and 2010, stranding about 10,000 students who were subsequently placed with other providers or had their fees reimbursed.

Australian International Education Association board member Helen Zimmerman said there were more than 12,000 providers on the commonwealth register but the problem had been with "a small section of the industry" – less than 3 per cent.

Nevertheless, the government plans to tighten the rules even further with a second round of changes to the Education Services for Overseas Students Act that could be passed by the Senate as early as this month.

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It has also launched a review of the student visa system.

Stephen Nagle, director of one of the nation’s largest and most established private providers, Holmes Institute, said financial health checks were "effective in getting rid of some badly-managed schools".

"Unscrupulous activity in the vocational education sector is unfortunately still around, but not as prevalent as during the Indian boom," he said.

“[Financial health checks were] effective in getting rid of some badly managed schools”.

STEPHEN NAGLE Holmes Institute

The Australian Financial Review

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