

## TAFE's eye on private college

Andrew Trounson *The Australian* January 27, 2011

**IN what would be a groundbreaking deal in the ongoing shake-up of a sector hard hit by the downturn in international students, Victoria's state-owned TAFE Holmsglen is in talks to acquire a stake in major private college operator Carrick Education Group.**

The talks are also likely to be politically sensitive for the new Baillieu government as it considers whether to approve a state-owned TAFE investing in a private college.

The previous Brumby Labor government had actively encouraged the expansion of the private college sector in its reform of the TAFE sector, in which it made state-funded student places available to private providers.

But the private sector, which had grown on the back of an explosion in an international student demand driven by permanent residency hopes, is now in reverse following the commonwealth's tighter visa and immigration rules.

The crackdown had been prompted by revelations of some "dodgy" private colleges rorting the system and exploiting students, as well as international publicity over a series of attacks against Indian students in Australia.

According to documents lodged with the Australian Securities & Investments Commission, Holmsglen has taken out up to a \$10 million fixed and floating charge over Carrick's assets in what amounts to a capital injection.

Neither Holmsglen or Carrick would comment on the confidential talks when contacted by *The Australian*.

However, *The Australian* understands the talks are aimed at establishing an alliance through which Holmsglen could use Carrick's interstate campuses to jointly expand availability of its courses beyond Victoria. It is believed that Holmsglen is particularly keen to expand its allied health courses.

The education group has operations in Melbourne, Adelaide, Brisbane and Sydney and has been focused on hospitality courses, though it is also expanding into information technology and accountancy.

It has been in talks with US provider Kaplan on a similar alliance, but it is understood those talks stalled.

Carrick has more than 4000 students and employs more than 500 staff, with estimated annual revenue of about \$60 million.

Holmsglen, under chief executive Bruce Mackenzie, is the most ambitious of Victoria's TAFEs. Mr Mackenzie has made headlines by successfully expanding to provide a bachelor of nursing degree in the face of opposition from the Australian Nursing Federation.

As chairman of TAFE Directors Australia, Mr Mackenzie is lobbying Canberra to extend the supply of government-funded university places to TAFE providers. From next year, the federal government will uncap the supply of funded places, opening up competition to the public university sector in a bid to expand participation.

However, TAFE argues it shouldn't be excluded and can be more effective than universities in ensuring the supply of places in areas of specific skills shortages.