



Students backed on \$300m fees bill

EXCLUSIVE

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Vocational Education Minister Scott Ryan has pledged to “aggressively” defend Phoenix Institute students following revelations the owner of the controversial college had received legal advice it could pursue them for \$300 million in course fees.

The Australian revealed yesterday that Phoenix Institute’s owner, the Australian Careers Network, had received advice it could do so if the federal government did not provide payments it previously said it would under the VET FEE-HELP loan scheme. Consumer law experts suggested enforcing the payment of course costs from students was a grey area, and said the government needed to establish a remediation scheme to wipe student debts.

Senator Ryan said he would “aggressively defend the interests of students and taxpayers”. “It is unacceptable to threaten students because of compliance and probity actions undertaken by the commonwealth,” he said.

Gerard Brody, chief executive of Melbourne’s Consumer Action Law Centre, said action was needed “before unscrupulous colleges seek recovery from students directly”. “While student agreements might state that students have to repay even where VET FEE-HELP loan funds aren’t provided by the government, consumer law also protects students where there has been mis-selling,” Mr Brody said.

“ACN cannot point to its con-

tractual terms alone, as students will have a legal defence if there has been breaches of the prohibitions on misleading conduct and unconscionable conduct.”

ACN, which has been suspended from the Australian Securities Exchange since October, was unsuccessful in clawing back \$40m in deferred VET FEE-HELP payments from the government. It is unable to enrol new students and has less than \$13.5m in cash reserves.

Its chief executive, Ivan Brown, said he had received advice that students would still have to pay fees if the government decided students were ineligible for loans.

The company has 24,000 students, many of whom have been charged \$18,000 or more for vocational education and training courses. It hopes to lodge a payment request for the past year at the end of this month.

The threat to pursue students if the company, knocked back for that money, enters administration, was seized on by Labor. “(Senator Ryan’s) priority must be the welfare of the students and he needs to let students know where they stand when it comes to these types of threats,” Labor vocational education spokeswoman Sharon Bird said.

“It has been three months since the department suspended payments and commenced an investigation. Surely by now the minister should be able to give students some reassurance.”

The VET FEE-HELP scheme allows students to borrow up to \$100,000 to be repaid once they earn more than \$55,000 a year.