

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Budget Estimates 2013-2014**

Outcome 2 - Schools and Youth

DEEWR Question No. EW0195_14

Senator Mason asked on 5 June 2013, Hansard page 10

Question

Contract for Mowbray College (CN1327291)

Senator MASON: I move now to contract notices. First of all, I want to ask about CN1327291, which is the engagement of a liquidator to examine the affairs of Mowbray College. I understand that Mowbray College closed in June 2012 after accumulating about \$18 million in debt—or that was what was reported. Administrators were to assess whether the school had operated while insolvent and, after initial investigations, found it did not meet its governance and financial management standards. That is what has been reported. The contract period for the investigation into Mowbray College ends on 30 June this year. I am assuming the investigation is still in progress—or has it been completed? Mr Storen: The contract was our contribution. We went fifty-fifty in the cost of the services from the liquidator with the Victorian Registration and Qualifications Authority. You can see that the contract note is actually a payment to the Victorian Registration and Qualifications Authority. The school was closed to students on 22 June and moved into formal liquidation then. We agreed late in 2012 to the fifty-fifty arrangement for funding the liquidator. The liquidator is still undertaking the work. Senator MASON: He is still going? So there will be further costs subsequent to this contract? Mr Storen: This is the total contract period up until 30 June. One would expect that we should be able to finalise it by then, but information I have at hand does not quite tell me whether it will be ongoing. We can come back to you on that. ... Senator MASON: It is not unheard of, no. Do you know, Mr Storen, if the results of this investigation will be made public? Mr Storen: I am not aware of that, but we can certainly come back on notice. Because it is a fifty-fifty funding arrangement and a joined up investigation, I think we just have to check whether there is a report provided on the outcome or not and how that works its way through. We can come back and provide you with that information. Senator MASON: Yes, because there could be some valuable lessons to be learnt, that is all. Is there no plan to change schools reporting requirements because of this? Ms Paul: No, I think the reporting requirements are adequate to the task. It is really what you do about it. Often it will, in the first instance, involve the state authority, which it sounds like it did in this case, for example, because that is the registration authority. Senator MASON: I am no expert but \$18 million is a lot of debt to accumulate for a school. Could there have been some earlier intervention? That is the obvious question that springs to mind. I suppose, in the first instance, it would be a Victorian state issue, wouldn't it. Ms Paul: Probably, but I do not know the circumstances of this case. Senator MASON: Could you let the committee know, Mr Storen, whether there are plans to make this investigation public so that the lessons can be learnt both by the broader sector and perhaps by the bureaucracy; I just do not know. Mr Storen: Yes.

Answer

The contract, CN1327291, is an agreement between the State of Victoria and the Commonwealth of Australia in relation to funding the Liquidator of Mowbray College ACN 006 090 722 (in liquidation) (Receivers and Managers Appointed) to conduct a public examination pursuant to Division 1 of Part 5.9 of the *Corporations Act 2001* (Cth). There are no subsequent costs under this contract.

The contract funded the liquidator to undertake a public examination under the *Corporations Act 2001*. The liquidator was not funded to, and did not, produce a report for the Department.