

Senate Committee: Education and Employment

**QUESTION ON NOTICE
Budget Estimates 2017 - 2018**

Outcome: Agency: ASQA

Department of Education and Training Question No. SQ17-000571

Senator Cameron, Doug asked on 31 May 2017, Proof Hansard page 30

ASQA: audited companies that have gone into administration or liquidation

Question

Senator CAMERON: How many companies have gone into administration that you have been engaged in audits of?

Mr Paterson: I do not have that precise number. There are a number of VET FEE-HELP providers that have been given more public attention than what you might say is the remainder of the RTOs. If you are looking for information that we have about those who have gone into administration and then into liquidation?

Senator CAMERON: Both. I am not looking for both. I am interested in companies that have gone into administration. What steps do you take in relation to them? Does that response option action tool kick in?

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Senator CAMERON: Can you give me details about companies that have gone into administration? What actions you have taken, in terms of your audit processes, against them?

.....

Mr Paterson: There will be circumstances where they have gone into administration, and then subsequently liquidation, as a result of our regulatory decision. And there will be some that we are in the process of undertaking an audit on, and they have gone into administration. There is another category where an RTO, because of our audit activities, may seek to withdraw from the market. Sometimes they seek to withdraw during the time that we are undertaking the audit and sometimes they seek to withdraw after they have seen our audit finding.

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Senator CAMERON: I appreciate the point you have made that some companies could end up in liquidation because you have been in there proactively dealing with the issue. I do not have an argument with that. Could you give us details of companies that are in that category?

Mr Paterson: Yes.

Senator CAMERON: And can you give us details of companies that have gone into liquidation but have never been subject to an audit?

Mr Paterson: Yes. That might be the harder one, because I cannot guarantee that we will have kept a record of that. There will not be any that have gone into administration having never had an audit, either by us or the previous—

Senator CAMERON: I am talking about liquidation. So, the high-profile ones that have gone into liquidation, leaving kids with no documentation and, basically, in distress.

Mr Paterson: By way of example, use the most recent high-profile movement into administration, which went in last week. One of the principal RTOs within that group had been the subject of very detailed audit activity and our internal audit activity had concluded with respect to that RTO, but the decision had not been taken with respect to that RTO's ongoing compliance.

Senator CAMERON: I appreciate that. It would give us an idea as to how effective the audit processes are, and would be an early alarm system for these companies.

Answer

The Australia Skills Quality Authority (ASQA) has provided the following response.

For the period 1 January 2017 to 30 June 2017 the ASQA closures team managed 109 provider closures resulting from an ASQA regulatory decision. Of these providers, 36 subsequently entered into administration and/or liquidation.

Of these 36 providers, 31 had been subject to audit by ASQA within the previous five years.

Of the 31 providers audited, 18 entered into administration and/or liquidation within 12 months of ASQA undertaking the audit activity (nine of these were within six months of the audit activity).

The remaining five were not subject to an audit by ASQA as the regulatory decisions made by the Authority in relation to them were prompted by these providers entering liquidation. As these providers had effectively ceased operating and were not financially viable, there was no need for an audit prior to taking the regulatory decision to cancel registration.