

ESTIMATES QUESTION ON NOTICE

No. 1

QUESTION:

Director-General, can you please provide—and I suspect you will need to take this on notice as well—a breakdown by amount and program of all the fraud related offences.

Could the director-general provide a breakdown by amount and by the nature of the program for all of the fraud related offences you have provided detail of with respect to the number of referrals, that is, the quantum of those instances of fraud and what they relate to?

ANSWER:

In 2019-20, DESBT identified suspected fraud to the amount of approximately \$3.291M, largely relating to VET providers. This amount represents approximately 0.38% of the DESBT program funding over that period.

Program	2019-20 Referrals	QPS	Estimated Value of Fraud/Attempted Fraud
Skills Assure	3		\$3.21M
SQW	0		0
SBCAG	1		\$47,000
BTW	5		\$34,000*

*Note that from the five BTW fraud cases referred to the QPS in 2019-20, zero funding was paid to the applicants.

ESTIMATES QUESTION ON NOTICE

No. 2

QUESTION:

On Back to Work and the fraud related issues in that program, provide a geographic breakdown of where the fraudulent incidents occurred and how much was lost expressed as SA4 regions? (The incidents that constitute the \$1.784 million referred to in response to the question on notice).

ANSWER:

Within the Committee hearing, the Member for Buderim accepted that the data be reported on a local government basis as that is how the department collects the data.

During the life of the Back to Work program (since 1 July 2016), 552 applications with a value of \$8,699,500 have been referred to law enforcement due to suspected fraudulent activity, with only \$1,748,500 of this paid.

The proactive fraud mitigation strategies implemented by the department have ensured these applications were identified early and has prevented \$6,951,000 in funding being paid to suspected fraudulent applicants.

To date, there have been two successful prosecutions against perpetrators of fraud in relation to the Back to Work program, with a third matter awaiting trial in early 2021.

The remaining matters are subject to ongoing law enforcement action, with \$27,050 repaid as of 1 December 2020.

Fraud mitigation strategies have improved year on year, with \$0 identified as being paid to suspected fraudulent applicants in the 2019-20 financial year. As outlined above, a number of law enforcement investigations are ongoing.

The table over the page outlines the local government area (LGA) of the job location that was entered into the application by the applicant, the value of the applications submitted, and the total amount paid for the applications that were approved.

Local Government Areas (LGAs)	Number of Applications	Value of Applications	Total Paid
Banana	7	\$130,000	\$12,000
Brisbane	48	\$865,000	\$151,000
Bundaberg	12	\$210,000	\$36,000
Cairns	80	\$1,273,000	\$373,250
Cassowary Coast	10	\$100,000	\$12,000
Central Highlands	11	\$170,000	\$12,000
Charters Towers	1	\$15,000	\$0
Cloncurry	1	\$15,000	\$0
Cook	2	\$40,000	\$6,000
Douglas	1	\$15,000	\$0
Fraser Coast	26	\$278,750	\$69,250
Gladstone	14	\$211,250	\$48,000
Gold Coast	3	\$30,000	\$0
Goondiwindi	17	\$300,000	\$60,000
Gympie	9	\$145,000	\$77,500
Ipswich	13	\$215,000	\$12,000
Livingstone	4	\$80,000	\$25,000
Lockyer Valley	2	\$35,000	\$10,500
Logan	27	\$500,000	\$57,000
Mackay	46	\$663,750	\$256,750
Maranoa	2	\$15,000	\$0
Mareeba	4	\$80,000	\$24,000
Moreton Bay	27	\$480,000	\$60,000
Mount Isa	26	\$446,250	\$16,500
North Burnett	1	\$15,000	\$6,000
Redland	4	\$51,250	\$0
Rockhampton	12	\$205,000	\$36,000
South Burnett	1	\$15,000	\$0
Southern Downs	1	\$15,000	\$0
Sunshine Coast	27	\$425,000	\$73,500
Tablelands	1	\$15,000	\$0
Toowoomba	4	\$70,000	\$4,500
Townsville	79	\$1,231,500	\$219,250
Whitsunday	29	\$343,750	\$90,500
Grand Total	552	\$8,699,500	\$1,748,500

ESTIMATES QUESTION ON NOTICE

No. 3

QUESTION:

With reference to question on notice 5, will the Director-General advise in relation to the \$8.529 million in contractual training breaches how many students were impacted?

ANSWER:

The Department of Employment, Small Business and Training (DESBT) works with students to ensure there is no disadvantage when there is an issue with a training provider.

Any student that is unable to complete their qualifications with a Skills Assure Supplier as a result of the contractual breach retains their eligibility to subsidised training and are able to continue their training with another approved supplier of their choice.

As outlined in the response to Estimates Question on Notice 5 tabled on Tuesday 8 December 2020, a number of contractual breaches can be routine in nature and non-compliances are often remedied by the training provider with no impact to the student.

ESTIMATES QUESTION ON NOTICE

No. 4

QUESTION:

Director-General, did any students fail to gain qualifications as a consequence of these contractual breaches?

ANSWER:

Where an eligible student is unable to complete a qualification with a registered training organisation for any reason, students are able to transition to another registered training organisation to continue their training.

The Department has had no reports of students failing to gain qualifications as a direct consequence of these contractual breaches.

As outlined in the response to Pre-Estimates Question on Notice 5 tabled on Tuesday 8 December 2020, a number of contractual breaches can be routine in nature and non-compliances are often remedied by the training provider with no impact to the student.

ESTIMATES QUESTION ON NOTICE

No. 5

QUESTION:

Can the Director-General advise what the breach of contract categories were for each of those breaches? Will the Director-General provide a geographic breakdown by SA4 region as to where the 109 RTOs were located and the combined contractual breach amount?

ANSWER:

Breach of Contract Categories

If a registered training organisation fails to comply with contractual obligations set by the Department of Employment, Small Business and Training, including the requirements regarding the delivery of quality training, as well as compliance with program policies and eligibility and retention of and access to records, the organisation has breached its contract with the Department.

Pre-Estimates Question on Notice 5 tabled on Tuesday 8 December 2020 - which this question is relevant to – is related to breaches of contractual obligations identified through audit activity. Below is a list of the specific areas that are assessed by the Department during audit.

Under the ***Queensland VET Investment programs (Certificate 3 Guarantee & Higher Level Skills)***, nine criteria are reviewed against the program and related policies as part of audit activity. These criteria categories are:

Queensland VET Investment Criteria
Eligibility
Concessional Subsidy
Lower Level Qualifications
Foundation Skills
Fees
Training
Vocational Placement
Assessment
AVETMISS Data

Under the **User Choice (Apprenticeship and Traineeships) program**, seven criteria are reviewed against the program and related policies as part of audit activity. These criteria categories are:

User Choice Criteria
Administration
Employer Resource Assessments
On-the-job Verification
Fees
Training
Assessment
AVETMISS Data

Geographic breakdown – by SA4 region

Please find below the geographic location of the 109 RTOs invoiced for breaches by SA4 region over the almost three-year period. Note that this is based on location of the registered training organisation’s head office, **not** the location of delivered training.

As outlined in the Committee Hearing, the Skills Assure initiative was recently implemented on 1 July 2020, which provides a new contracting framework and approach to quality for government subsidised training. As part of the implementation, enhancements have been made to entry criteria for RTOs to be approved to be a new Skills Assure Suppliers. One of these enhancements includes that an RTO’s head office must be located in Queensland.

In terms of the combined contractual breach amount, in the almost three-year period from 12 December 2017 to 7 December 2020, 177 invoices were raised relating to breaches identified through contractual audits for a combined contractual value of \$8,529,468.36.

As outlined in the response to Pre-Estimates Question on Notice 5, a number of contractual breaches can be routine in nature and are often remedied by the training provider. Of the 109 RTOs invoiced, only 9 remain outstanding, with \$3,037,127.93 recovered to date, and efforts ongoing to recover the outstanding amounts, including through referrals to the Queensland Police Service.

SA4 Name	Count of SAS providers
Adelaide - West	1
Brisbane - East	5
Brisbane - North	9
Brisbane - South	8
Brisbane Inner City	9
Cairns	2
Central Queensland	2

Darwin	1
Gold Coast	17
Hunter Valley exc Newcastle	1
Ipswich	1
Logan - Beaudesert	10
Mackay - Isaac - Whitsunday	1
Melbourne - Inner	7
Melbourne - North West	1
Melbourne South East	1
Moreton Bay - North	5
Moreton Bay - South	4
Murray	1
Newcastle and Lake Macquarie	1
Northern Territory - Outback	1
Perth - North West	1
Sunshine Coast	5
Sydney - Baulkham Hills and Hawkesbury	1
Sydney - City and Inner South	3
Sydney - Parramatta	3
Toowoomba	1
Townsville	5
Wide Bay	2
Grand Total	109

ESTIMATES QUESTION ON NOTICE

No. 6

QUESTION:

Will the Minister advise how much the government has paid to the 13 Skills Assure suppliers that are under investigation?

ANSWER:

The Department of Employment, Small Business and Training (DESBT) has strong risk mitigation mechanisms in place, including regular compliance monitoring that involves data analytics and contractual audit activity. The department also investigates all complaints it receives regarding training providers (or Skills Assure Suppliers (SAS)).

From 1 July 2020 to 8 December 2020, \$9,299,164 (ex GST) has been paid for training delivery under Skills Assure Supplier Agreements to the 13 training providers currently under investigation. It is important to note that this amount is not equivalent to the amount of any contractual breaches from these organisations.

These organisations remain the subject of ongoing investigations, which also predominantly relate to marketing and recruitment of students, rather than the quality of training delivered. If contractual breaches are proven in the future, the department will seek to recover any applicable amounts for specific contractual breaches at that time.

The amount paid for training delivery to these organisations equates to approximately 5.7% of all payments for training delivery to Skills Assure Suppliers under these Agreements to date.

The department is focussed on continuing to safeguard and enhance the quality of training in Queensland. Importantly, with the introduction of Skills Assure in July 2020, the department has further enhanced compliance monitoring and investigative activities. This includes through new SAS Compliance Checks and new contractual provisions in the SAS Agreement that provide the department with increased access to records and requirements for training provider to declare third-party training arrangements.

The Palaszczuk Government has also already announced tough new measures to protect job seekers from unacceptable practices, like tricking them into training programs, in response to an independent review into 'bait advertising' by the Queensland Training Ombudsman. Any organisation making false and misleading claims will not be tolerated.

The Government has accepted five of the report's recommendations in full and accepted a sixth recommendation in principle.

These new safeguards will include:

- a new Queensland VET Quality Forum, with representatives from the Australian Skills Quality Authority, Office of Fair Trading, Office of Industrial Relations, Department of Employment, Small Business and Training, and the Queensland Training Ombudsman. The Forum's first task will be to improve the way student complaints are handled between the regulatory bodies.
- Better communication with apprentices, trainees, students, employers and training providers
- Review of penalties for non-compliance
- Timely action on complaints to prevent people being misled.

ESTIMATES QUESTION ON NOTICE

No. 7

QUESTION:

With respect to the Skills Assure suppliers, how many state government subsidised students have been trained by the 13 Skills Assure suppliers under investigation?

ANSWER:

As outlined in the Committee Hearing, the Skills Assure initiative was recently implemented on 1 July 2020. Skills Assure provides a new contracting framework and approach to quality for government subsidised training.

From 1 July 2020 to 8 December 2020, 4,166 subsidised students have been engaged in training by the Skills Assure Suppliers currently under investigation under the new Skills Assure Supplier Agreements.

This equates to approximately 3.8% of all students subsidised under Skills Assure Suppliers to date.

If any of the ongoing investigations were to result in a change to the organisation's status as a Skills Assure Supplier, the Department of Employment, Small Business and Training will engage with students to ensure the training of the student remains a priority and students are not disadvantaged. An example of this is the department assisting the student to transition to an alternate training provider.

Any student who is unable to complete their qualifications with a Skills Assure Supplier as a result of a contractual breach would retain their eligibility to subsidised training and be able to continue their training with another approved supplier of their choice.

It is important to note that these organisations remain the subject of ongoing investigations. Investigations predominantly relate to marketing and recruitment of students, rather than the quality of training delivered.

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Relations, Department of Employment, Small Business and Training, and the Queensland Training Ombudsman. The Forum's first task will be to improve the way student complaints are handled between the regulatory bodies.

- Better communication with apprentices, trainees, students, employers and training providers
- Review of penalties for non-compliance
- Timely action on complaints to prevent people being misled.

ESTIMATES QUESTION ON NOTICE

No. 8

QUESTION:

Director-General, will you advise the total investigative costs and any legal costs incurred by the department in association with the 13 Skills Assure suppliers under investigation?

ANSWER:

The Department of Employment, Small Business and Training (DESBT) is utilising existing departmental resources to carry out current investigations.

Generally, where complex issues are identified through investigations, the Department engages investigative services such as specialist external legal advisors and forensic auditors.

Nil external legal costs have been incurred in carrying out the investigations on the 13 Skills Assure Suppliers to date. Ongoing external investigative costs relating to the 13 Suppliers currently under investigation since 1 July 2020 to date total \$117,313.40 (excluding GST).

ESTIMATES QUESTION ON NOTICE

No. 9

QUESTION:

With reference to the answer to Pre-Estimates Question On Notice 17, Director-General, can you advise how many regional and non-regional COVID-19 adaption grant applications were received by the department in total?

ANSWER:

The Small Business COVID-19 Adaption Grants are supporting small businesses impacted by the COVID-19 shutdown restrictions to adapt and sustain their operations and build resilience.

As at 4 December 2020, the following South East Queensland and Regional applications have been received and paid.

	Applications Received	Applications Paid (as at 4.12.2020)
Regional*	7,654	5,897
SEQ	20,859	14,021
Unknown**	8	
Total	28,521	19,918

*Regional applications remain open.

**Unknown: note these applications did not record an address in format that was able to determine the location. The applications have been excluded through the assessment process.

ESTIMATES QUESTION ON NOTICE

No. 10

QUESTION:

I understand that the Better Regulation Taskforce has not produced a report for over two years. Can the director-general advise why that is the case?

ANSWER:

The Better Regulation Taskforce (BRT) has supported the government's regulatory reform agenda since 2017, making a number of recommendations that have been actioned by government. These include establishment of the Small Business Councils initiative and most recently, introduction of a transfer duty exemption for small business restructures.

Since 2018, the BRT has produced the following four reports and recommendations:

- **2020:** Queensland COVID-19 related regulatory reforms – Better Regulation Taskforce recommendations. Submitted by the Taskforce in November 2020 and is under consideration by Government and will be published along with a Government response in due course.
- **2020:** Artisanal Producers Regulation Review Report. Produced by the BRT in September 2020 and is under consideration by Government and will be published along with a Government response in due course.
- **2019:** Small Business Transfer Duty Regulatory Review Report. Produced by the BRT in December 2019; submitted directly to Queensland Treasury as a result of a direct request for further advice on previous BRT recommendation regarding Transfer Duty.
- **2018:** 2018 Better Regulation Taskforce Regulatory Review Project Report. Published in September 2019 alongside Government Response and Action Plan to the report.

ESTIMATES QUESTION ON NOTICE

No. 11

QUESTION:

In relation to the artisanal producers regulation review, will the Director-General advise when the task force will publish the regulation review?

ANSWER:

The Artisanal Producers Regulation Review Report is under consideration by Government and will be published along with a Government response in due course.

ESTIMATES QUESTION ON NOTICE

No. 12

QUESTION:

How much of the \$3.29 million, which relates to alleged fraud, was recouped by the Queensland Government?

ANSWER:

The Queensland Government takes fraudulent applications or submissions in any program very seriously.

In 2019-20, \$3.29 million was identified by DESBT as suspected fraud across all programs, with nine referrals to the Queensland Police Service. These matters represent approximately 0.38% of the DESBT program funding over that period.

It should be noted that five of the referrals related to the Back to Work program, for which zero funding was paid to these applicants and hence, did not amount to any potential financial loss.

As all of the referred matters relate to open investigations, no further information can be provided.