

# Change of Ownership webinar

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**Australian Government**  
**Australian Skills Quality Authority**



# Selling or purchasing an RTO or CRICOS provider?

Today's webinar aims to provide useful information on:

- what ASQA regards as a change of ownership
- ASQA's processes in response to a change of ownership
- the scrutiny applied after a change to ownership
- things to consider when purchasing an RTO or CRICOS provider.

# What is a Change of Ownership?

- Change of company shareholding
- Applies to registered entity and ultimate owners
- The following do not change:
  - legal entity
  - Australian Business Number (ABN)
  - Australian Company Number (ACN).

**RTO and CRICOS registration cannot be transferred from one legal entity to another.**



# What is a “significant” change of ownership

- Change to 50% or more of company shareholdings
- Applies to changes over a 12 month period

# **Other changes to RTO/CRICOS providers not covered by today's webinar**

- Change of legal entity (changes to the ABN/ACN)
- Mergers of two RTOs/CRICOS providers
- Change to CEO or PEO
- Change to trustees
- Change to board of directors
- Changes to high managerial agents, executive officers or directors

# ASQA's new approach to change of ownership

- Applies to ownership changes from 31 October 2019
- Ensures new owners are resourced to deliver quality training and assessment and understand all their obligations
- New notification timeframes for CRICOS registered providers
- New evidence requirements for significant changes of ownership – assessed via an audit
- Increased scrutiny for 12 months after significant changes to ownership

# What has not changed?

- Change of ownership should still be notified to ASQA via the Notification of Material Change form on the asqanet portal
- If a training provider is only registered as an RTO only, ASQA must be notified of the change of ownership as soon as practicable after the event (maximum 90 calendar days)

# What has not changed?

- Notification still needs to be accompanied by:
  - [Fit and Proper Person declarations](#) for any owner that has increased their shareholdings to 15% or over of the organisation
  - a full current and historical company extract from ASIC listing all details of the company and/or their ultimate owner
  - an organisation chart that reflects the new ownership, structure and reporting lines of the RTO.





# New notification timeframes for CRICOS registered providers

- If a training provider is registered as a CRICOS-only provider, or as both an RTO and CRICOS provider, ASQA must now be notified of the change of ownership as soon as practicable **before** the change takes effect.

# New evidence requirements for significant change of ownership



- **Self-assessment tool** demonstrating compliance with the relevant regulatory frameworks and supporting evidence
- **Financial Viability Risk Assessment (FVRA) tool** and supporting evidence

# Self-assessment tool

- Ensures training provider is compliant with the key requirements of the VET quality framework or ESOS framework
- Tool depends on provider's registration:
  - [Self-assessment tool for change of ownership](#)
  - [Self-assessment tool for change of ownership \(ELICOS\)](#)



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FORM

Self-assessment tool for changes to ownership

# Self-assessment tools

- Tools are separated into Section A and Section B
- Section B of these tools is only to be completed if 100% of shareholdings have changed over 12 months and the provider has:
  - no ongoing students, or
  - has not had more than 10 students complete the training product in which they were enrolled within the previous 12 months.

# Financial Viability Risk Assessment (FVRA) tool

- The [Financial Viability Risk Assessment tool](#) guides through the process of considering the key expenses faced by an RTO/CRICOS provider and revenue forecasts.
- Assesses financial viability risk by evaluating the likelihood of business continuity, and capacity to achieve quality outcomes.


# Financial Viability Risk Assessment (FVRA)

The assessment informs a judgement about whether the organisation has the financial resources necessary to:

- acquire and maintain the requisite assets and physical resources to deliver all qualifications on its scope of registration
- employ sufficient appropriately qualified staff to cover the courses for which it takes enrolments
- provide appropriate levels of student services to students
- remain in business to ensure that each student can achieve completion
- meet the above requirements, even in an unsure environment.

# Completing the FVRA tool

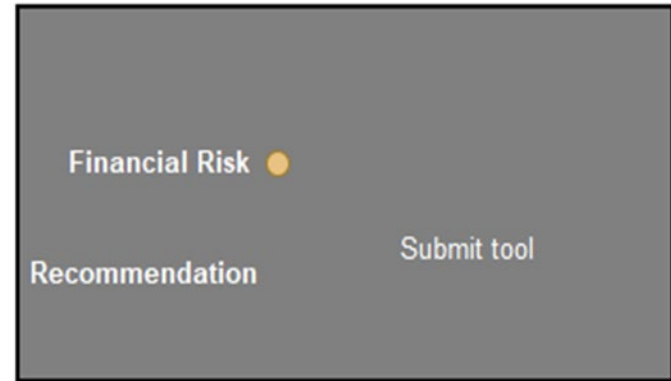
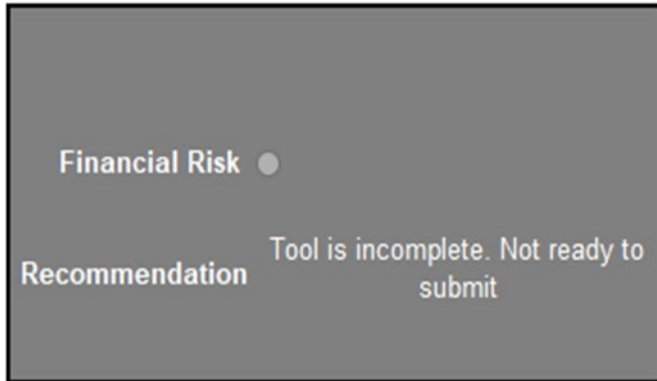
- To be completed by the new owners of the legal entity once the change is/will be completed
- Select the 'tool type' - New registration (start-up business) on Tab 1. Provider Details

1.1	Background	Response
	 Tool Type	New Registration (Start-up Business)

- A registered accountant who is external and independent to the training provider is required to certify the tool

# Completing the FVRA tool

- Fully complete all tabs within the tool. The 'Result' tab will indicate if the tool is complete and ready to submit.





# Completing the FVRA tool

- Provide all required attachments for this tool type. These are listed on Tab 1. Provider Details

## 1.7 Checklist

Have the following been attached? If "Yes" provide the filename, if "No" provide an explanation as to why.

- ① *Business Plan/Strategic Plan*
- ① *Bank statements - within 1 week of application lodgement*
- ① *Deed of guarantees or other legally enforceable instruments*
- ① *Signed nominated accountants certificate*


# Compliance audit in response to significant change of ownership

- Evidence provided with the self-assessment tool(s), and the FVRA tool will be assessed via a compliance audit.
- The audit will consider the training provider's compliance with
  - the relevant regulatory framework(s) (VET/ESOS)
  - the clauses and standards in the relevant Self-Assessment Tool for Change of Ownership

# Regulatory Frameworks

## RTO

VET quality framework:

- [Standards for Registered Training Organisations \(RTOs\) 2015](#)
- [Fit and Proper Person Requirements](#)
- [Financial Viability Risk Assessment Requirements](#)
- [Data Provision Requirements](#)
- [Australian Qualifications Framework](#)

## CRICOS provider

ESOS quality framework

- [The ESOS Act](#)
- [The ESOS Regulations](#)
- [National Code](#)
- [ESOS Act—other legislative instruments](#), including the [ELICOS Standards](#) if applying to deliver ELICOS courses.

# Compliance audit

- If non-compliance is found, proportionate regulatory action will be taken
- The compliance audit will be chargeable for any training provider regulated under the National Vocational Education and Training Regulator Act 2011

# Increased scrutiny for 12 months after significant changes to ownership

The following actions may lead to further regulatory activity:

- applications to change scope of registration within 12 months of the change
- provider review 12 months after compliance audit activity.

# Things to consider when acquiring an RTO or CRICOS provider

## Compliance history

- New owners of a training provider are responsible for any current and outstanding non-compliances, and rectification actions required
- New owners become responsible for any possible regulatory action ASQA is considering to take, or is taking, against the organisation

# Things to consider when acquiring an RTO or CRICOS provider

## Scope of registration

- All necessary training and assessment resources are in place, and must remain so, for the entirety the scope of registration. This includes resources such as staff, equipment and facilities.

# Things to consider when acquiring an RTO or CRICOS provider

## Students (including those under 18)

- Current enrolments must be honoured. Training and assessment must continue to be delivered under the terms agreed during student enrolment
- For CRICOS registered training providers:
  - current CoEs must be honoured
  - students under 18 are subject to additional welfare requirements.



# Things to consider when acquiring an RTO or CRICOS provider

## Student records







- Training providers are required to maintain registers of all qualifications and statements of attainment issued, and retain records of all AQF certification documentation issued, for a period of 30 years

# Obligations for RTOs

- Annual declaration on compliance
- Submit Total VET activity AVETMISS data
- Submit quality indicator data
- Annual registration charge
- Ensure compliance with the VET quality framework at all times
- Submit a renewal application at least 90 days prior to expiry

## RTO obligations checklist **2019**

Keep track of key dates for your training provider this year

	<b>Check that ASQA can contact you in 2019</b> <ul style="list-style-type: none"><li>• Do you know your asqanet login details? If you can't log in to <a href="https://asqanet.asqa.gov.au">asqanet.asqa.gov.au</a>, email <a href="mailto:enquiries@asqa.gov.au">enquiries@asqa.gov.au</a> <input type="checkbox"/></li><li>• Make sure your Chief Executive Officer's email address is up to date at <a href="https://asqanet.asqa.gov.au">asqanet.asqa.gov.au</a> <input type="checkbox"/></li><li>• Provide a mobile phone number for your Chief Executive Officer so you can receive SMS reminders for urgent matters <input type="checkbox"/></li></ul>
 <b>28 FEB 2019</b> <b>COB</b>	Report your RTO's Total VET Activity AVETMISS data for 2018 to NCVET—every RTO has to report, even if no training was provided. <a href="#">Check your requirements</a> <input type="checkbox"/>
 <b>31 MAR 2019</b> <b>COB</b>	Submit your 2019 declaration on compliance with the <i>Standards for Registered Training Organisations (RTOs) 2015</i> <input type="checkbox"/>
 <b>30 JUNE 2019</b> <b>COB</b>	Submit your 2018 quality indicator data to <a href="mailto:qidata@asqa.gov.au">qidata@asqa.gov.au</a> <input type="checkbox"/>
 <b>31 JULY 2019</b>	Pay ASQA your annual registration charge <input type="checkbox"/>
 <b>AT LEAST 90 DAYS BEFORE</b>	Submit a complete application and pay the lodgement fee to renew your RTO registration at least 90 days before the end of your RTO's registration period (Check when your RTO registration expires at <a href="https://asqanet.asqa.gov.au">asqanet.asqa.gov.au</a> or <a href="https://training.gov.au">training.gov.au</a> ) <input type="checkbox"/>

**MORE DETAILS ►**

# Obligations on CRICOS providers

- ASQA annual registration charge. Separate charges apply for RTO and CRICOS registration.
- If registered as a CRICOS provider, you'll also need to pay the Department of Education:
  - an annual registration charge
  - an annual Tuition Protection Service (TPS) Levy.
- Ensure compliance with the ESOS framework at all times
- Submit a renewal application at least 90 days prior to expiry

# Useful resources:

[Guide to Change of Ownership](#)

[Fact sheet – Change of Ownership](#)

[Self Assessment Tool for Change of Ownership](#)

[Self-Assessment Tool for Change of Ownership \(ELICOS\)](#)

[Financial Viability Risk Assessment \(FVRA\) Tool](#)



# Questions?

**ASQA Infoline**

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