

Appendix A:

Submissions and comments

We have consulted with the Department of Jobs, Skills, Industry and Regions, the Department of Treasury and Finance and the 8 public universities in Victoria, and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

Responses received

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Department of Jobs, Skills, Industry and Regions	A-2
La Trobe University	A-3



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Ref: CSEC-2-23-19990

File:

Mr Andrew Greaves
Auditor General
Victorian Auditor-General's Office
[REDACTED]

Dear Auditor-General

DEPARTMENT RESPONSE TO DRAFT VAGO REPORT - RESULTS OF 2022 AUDITS: UNIVERSITIES

Thank you for your correspondence of 2 June 2023 inviting the Department of Jobs, Skills, Industry and Regions (the department) to provide submissions or comments on the proposed report on *Results of 2022 Audits: Universities*.

The department welcomes the report and its findings. I note your conclusion that the financial reports of the universities and their controlled entities are reliable, and I support the recommendation made.

The eight university Acts contain no general Ministerial power of direction over universities. The legislative responsibilities of the Minister for Training and Skills and Minister for Higher Education under the Acts are limited to making some Council appointments, approving the acquisition, disposal and leasing of some land, approving certain commercial activities, and approving the amendment of university statutes. I therefore support, rather than formally accept, the recommendation in the report.

I would like to take this opportunity to recognise the work of VAGO and the Victorian universities that has led to the clear audit opinions for all Victorian universities this year.

If your team would like to discuss this matter further, you may contact Ms Jeanette Nagorcka, A/Executive Director, Higher Education and Workforce, Department of Jobs, Skills, Industry and Regions, on [REDACTED] or by email:
[REDACTED].

Yours sincerely



Tim Ada
Secretary

Date: 08/06/2023



Response provided by the Vice-Chancellor, La Trobe University



Professor John Dewar AO BCL, MA (Oxon), PhD (Griff),
Vice-Chancellor and President

15 June 2023

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office

Via email: [REDACTED]

Dr Mr Greaves

Further to our 7 June correspondence responding to the Victorian Auditor-General's Office (VAGO) Proposed Report on the 'Results of 2022 Audits: Universities', I write to acknowledge VAGO's revision to the report regarding La Trobe University's liquidity ratio.

La Trobe Response

As you will recall, La Trobe was concerned about the Proposed Report's description of university liquidity and, specifically, its description of La Trobe's liquidity ratio (which was below one in 2022).

We sought the addition of further information to contextualise this result.

Over the past two years and in a fiscal environment of increasing interest rates, La Trobe implemented a deliberate strategy to reduce debt, paying off \$153 million in debt. This has produced a lower cash balance and, as a consequence, negatively impacted our liquidity ratio.

The other reason relates to the timing of the expiry of our debts. Approximately \$60 million of loans are due to expire this year, meaning they are correctly characterised in our 2022 financial report as 'current liabilities.' However, upon executing the debt renewal in July this year, the loans will automatically move to 'non-current' liabilities and in turn improve the University's liquidity ratio.

We were concerned that – in the absence of any explanation – readers would be left with an inaccurate and misleading impression that La Trobe's financial position is suboptimal or at risk. For the reasons stated above, this is certainly not the case. Rather, the liquidity ratio is the result of prudent financial management and a deliberate fiscal strategy.

I acknowledge that your office has subsequently incorporated an additional note in the report that helps to contextualise La Trobe's 2022 liquidity ratio.

Thank you again for the opportunity to comment.

Yours sincerely

[REDACTED]

Professor John Dewar AO
Vice-Chancellor

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