

# Navigating the Voluntary Administration of one of Australia's largest apprentice employers

Underpaying apprentice wages, reducing demand for labour, increased pricing competition in the building and construction industry, and resultant declining revenue ultimately led to the demise of All Trades Queensland and the appointment of Voluntary Administrators.

# **SITUATION**

Employing 463 apprentices and corporate staff, All Trades Queensland Pty Ltd ("ATQ") was one of Australia's largest apprentice training organisations and employers, supplying the construction, automotive, engineering, hospitality, and administrative sectors across Queensland for over 15 years.

ATQ operated two distinct arms: a Registered Training Organisation ("RTO"), providing education and training to students, and a Group Training Organisation ("GTO") that employed apprentices, trainees and skilled trades people who were supplied to host customers.

#### Issues faced by the business

A combination of declining apprentice numbers, falling revenues and an order by the Federal Court of Australia affirming it had underpaid apprentice wages for four years, put pressure on ATQ's ability to pay its liabilities as they fell due.

The director sought to renegotiate agreements with major creditors and engaged an external third party to execute a business turnaround and sale campaign in an attempt to raise much needed capital. This however, was ultimately unsuccessful. The outbreak of COVID-19 proved to be the final straw, with the director appointing Joanne Dunn and John Park of FTI Consulting as Voluntary Administrators in July 2020.



### **OUR ROLE**

Our broad expertise was demonstrated via the following key actions:

#### 1. Stakeholder management

Our Corporate Finance & Restructuring team worked closely with our Strategic Communications team to manage the complex and multifaceted stakeholder environment. This involved liaising with numerous government departments, unions, host employers, creditors, students, and employees. Proactive communication reassured stakeholders and ensured a consistent and clear message of "business as usual".

# 2. Successful sale campaign and seamless employment transition

We completed an extensive sale campaign and evaluated multiple Deed of Company Arrangement proposals and expressions of interest for the sale of the ATQ business and its assets.

Following liquidation of the Company, two sale agreements were executed with independent third parties. Our team was integral in constructing separate sale agreements with Master Plumbers Association of Australia and MRAEL Limited, resulting in a number of apprentices and corporate staff accepting employment offers. This secured their ongoing employment with minimal disruption to their apprenticeships.

All students had their traineeships transferred to alternate RTOs.

#### 3. Finality for underpaid apprentices

We worked closely with the Commonwealth to reach an agreement which enabled us to efficiently distribute funds to employees who were underpaid by ATQ. The structured dividend process used provided long-awaited closure to thousands of underpaid apprentices.

## **OUR IMPACT**

208

208 apprentices and corporate staff were transferred to an altenate GTO or host, resulting in a reduction of priority creditor claims in the liquidation by \$1.13m.



Relocation of training for all students to alternative RTOs, ensuring minimal disruption to their training and apprenticeships.



Distribution of funds to thousands of apprentices for underpaid wages.



Proactive and collaborative approach from our Corporate Finance & Restructuring and Strategic Communications teams to deliver clear and consistent messaging to all stakeholders throughout the appointment.



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