

Productivity Commission

2009 Report on the Contribution of the Not for profit Sector

Group Training Australia Ltd (GTA) welcomes the opportunity to comment on the Productivity Commission's report on the ***Contribution of the Not for Profit Sector***.

GTA has responded to previous government enquiries into this and related matters and we understand that you would have had access to our submissions. These include:

1. 2000 Inquiry into the Definition of Charities and Related Organisations;
2. 2003 Board of Taxation Consultation on the Definition of a Charity (Comment on the Exposure Draft of the Charities Bill 2003) and;
3. 2008 Senate Inquiry into the Disclosure Regimes for Charities and not-for-profit organisations.

While we have made a number of observations on each occasion our essential concern has been to maintain the not-for-profit status of the organisations within our network so that they can continue to fulfil their charter.

We have been concerned on previous occasions by suggestions that the implementation of a narrow 'dominant purpose test' might cause our members to lose their not-for-profit status on commercial operations which they rely on to support their so-called core function of placing apprentices and trainees with host businesses for training purposes. Group Training Organisations (GTOs) started being established over 30 years ago, with varying degrees of financial assistance from government, for the specific purpose of increasing the volume of apprenticeship training.

As you would know from our earlier submissions GTOs have been encouraged by government over the years to seek alternative sources of revenue in preparation for the loss of government assistance. Accordingly most have now expanded their operations into many commercial activities that are largely aligned to their core function. These activities have been established under the umbrella of the original not-for profit corporate structure and provide financial support to the core group training function.

We welcome the idea of a compact with the not-for-profit sector, as well as the recommendations in the Productivity Commission report that hold out the offer of a better relationship between government and the not-for-profit sector, underpinned by better resourcing of the sector in return for the contribution that it makes to national economic and social well-being. GTA has long advocated to government for the adoption of a similar approach to the group training industry as a way of dealing with the vagaries of market forces and the financial difficulties these can create.

Whether the report's recommendations are meant as a kind of quid pro quo for the possible loss of the not-for-profit status on some commercial activities in the sector is not quite clear. GTA would certainly be concerned about the loss of such status without clear and unequivocal commitments from government about ongoing support for the work of the group training network. After all, just as the vagaries of the market can have an adverse impact on the viability of a GTO so too can contestability and the purchaser provider model of funding which is currently so fashionable be a precarious way to deliver the important services of a GTO.

GTA would like to urge caution in the adoption of these recommendations and looks forward to participating in the next steps in this debate.

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