



ACE is not education

by Tony Brown

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If ACE isn't training then it isn't education. This unfortunate conclusion arises from the Federal Government's stand on the GST and ACE. For the past 12 months it has asserted that education will be a GST-free supply. But if parts of ACE are to be taxed because they do not meet the conditions of the ATO Ruling, the Government must believe that the learning activity of 250 000 adults is not education.

From now on, adult and community education centre directors will have to assess each of their courses to see if they meet the test of 'adding to the employment-related skills' of participants.

If a course is accredited, or is a literacy or numeracy course, or explicitly states that its intention is to impart employment-related skills, then it is GST-free. But if the tax office identifies it as a hobby or recreational course, or concerned with delivering education on civic, environmental, political, social or cultural content, then it will be taxed. From now on, courses on reconciliation, history, or philosophy, those specifically aimed at older people, and numerous others, will be assessed on whether they add to 'employability'.

Even if students *use* a course to acquire or improve their employment skills, unless the course sets that out as its intention it will be taxed. Neither the intention of the learner nor the actual benefits gained matter. The stated purpose of the course instead dictates its tax status.

Providers are therefore confronted by a number of dilemmas. Should they re-write their courses to fit the tax criteria? If they do will it alienate existing and potential students? Should a currently popular 'Knitting Techniques and Design' course be rewritten to become 'Garment Manufacture (Knitted Fabrics)' in order to match an industry Training Package? The women who enrol in the course will save the additional GST fee but is it the course they want to do? Will rewriting corrupt the educational integrity of the course? Should ACE centres strive to bring new courses within the ATO Ruling to avoid the tax?

Representatives from the largest ACE providers met on 30 June to consider these and other issues arising from the ATO Ruling. In their assessment, around a half of existing courses will

be exempt. Between 20 and 40 per cent of courses will fall outside the ATO guidelines. Another 10–15 per cent will be borderline.

One principal estimated that taking out GST-free courses and discounting concession fees, the likely GST income raised at her centre would be around \$10 000 but that the compliance costs would equal around \$50 000. For the sector as a whole, the rough early estimate is that the national GST income on ACE might be \$1 million, and that the costs of collecting that amount will be far more.

NCVER will soon announce that around 580 000 adults are officially recorded as ACE participants, and another 700 000 are unofficially participating. At a time when many governments are extolling the virtues of lifelong learning and looking for ways to encourage adults to take up or continue their learning, the decisions around the GST are confusing to say the least. ANTA's important research on attitudes to education and learning is the first step in an expensive campaign aimed at marketing lifelong learning and skills acquisition. What sense does it make to tax learning activities?

The meeting in Canberra concluded that the impact of the GST would not be known until the beginning of 2001. In the meantime it will be important to track changes in participation, in enrolment patterns, and in courses on offer. There is already a trend identified by NCVER since 1996 for a shift in participation from 'recreational' courses to accredited programs. Will the GST accelerate this trend? Is it a trend with which Australian policy-makers and educators should feel comfortable?

In his message to ALA, opposition leader Kim Beazley states that the ATO Ruling is 'a padlock on the front door of lifelong learning', conjuring a new image of the tax on learning. ALA originally identified the tax as 'toll on the learning pathway'. Beazley's message is welcome but falls short of saying whether the ALP will remove the padlock.

It is a sad reflection on education priorities when study for a job is tax free but study for civic, environmental, cultural or social purposes is taxed.