

Group Training Australia Ltd

Discussion Paper for Changes to the

Constitution of the

National Group Training Association

April 2002

Background.

The past twelve to eighteen months has seen much time, effort and resources devoted to issues relating to GTA National's Constitutional and National Management Board structure.

The debate has primarily centred on what structure delivers the strongest and most "representative" National Association and Board and equally, what structure ensures that GTA National can best claim to "represent the network".

Prior to 1997, GTA was an incorporated association with the members being the seven State and Territory Associations, each of which nominated two directors to the national board. Under this arrangement, all the GTCs that were members of the GTA State and Territory Associations were represented by the national association to whose running costs they contributed by paying an annual 'membership' fee or levy of \$400. The collective membership of the State and Territory Associations at that time was in the order of 125-130 GTCs.

However, it was felt by some that the structure was unable to provide individual group training companies with proper "national" representation as they only had "access" to the national association through membership of the State or Territory Association. Some GTCs felt they were less able to "influence" the direction of their national association than they would have as direct and individual members.

There was also a feeling that with each State and Territory association having equal right to nominate two (2) directors to the national board, irrespective of size, the smaller associations enjoyed undue influence in the deliberations of the national board.

In 1997, following agreement to the need for change, GTA was reincorporated under the Corporations Law as a company limited by guarantee with individual Group Training Companies becoming the members of the company. However, in order to protect the so-called interests of the State and Territory associations it was agreed that:

1. while five of the directors would be elected by the members, the State and Territory associations would retain the right to nominate one (1) director to the national board (with some dispute to this day whether the interpretation of the articles of association restricts that nominee to an accredited member representative or whether it is open to State and Territory associations to appoint whomsoever)
2. the national association would not accept as a member any GTC that was not a member of the relevant State or Territory association.

In 1998, the board agreed to raise the annual membership fee to \$1750 in an attempt to become more self sufficient and less reliant on funding from the Australian National Training Authority (ANTA) which had signaled its intention to reduce its annual service grant. This increase caused a significant number of members, particularly in NSW and SA, to resign from the national association and to remain only as members of their respective State and Territory associations.

In order to address the problem of declining membership, in 1999 the board requested each of the State and Territory associations to mirror the national association membership protection clauses in their own articles of association. This would have had the effect of preventing them from accepting any GTC as a member unless that GTC also agreed to be a member of the national association. The assumption was that, if these were the conditions of membership, those GTCs that had declined to join the national association, would be compelled to rejoin.

In making this request of the State and Territory associations, it was also the intention of the national board to change the national constitution to allow GTA to accept as a member any GTC from within any State or Territory that had not agreed to the changes, irrespective of whether that GTC was a member of the State or Territory association or not.

GTA WA, GTA Victoria and GTA Tasmania all eventually agreed to the changes with the others declining for a range of reasons, though no action was ever taken to amend the national constitution in relation to those States and Territories that had not made the requested changes.

In fact, legal advice provided to the national association during this period indicated that such protective arrangements were arguably in contravention of the Trade Practices Act, including the original protective clauses built into the national constitution. However, that advice also indicated that the ACCC was empowered to make such arrangements lawful, under certain circumstances, and such action has now taken place in respect of the constitutions of both the national association and GTA Victoria.

Since the changes in 1998, debate in some quarters of the network has continued to focus on whether the existing structure and set-up is the most appropriate and functional for the needs and operations of a National Association such as GTA Ltd. This includes concern about the different responses of the State and Territory associations to the issue of dual membership and the failure to identify a solution to the problem of some GTCs being a member of one but not the other association.

In March 2001, a meeting of the State Association Executive Officers and Chairs was convened in Sydney to discuss these issues. The outcome of that meeting was that further work and discussion would be conducted over the course of that year and into 2002. In June 2001, the Forum of State and Territory Chairs and Executive Officers agreed that GTA should re-examine options for reverting to a version of the previous structure, which has come to be known as the 'federation' model, taking account of the shortcomings of that model.

In that context, the National Management Board meetings of November 2001 and February 2002 considered the matter but took the view that major change would probably not make any significant difference and that the objectives of the network could still be achieved within the existing structure. The board did, however, agree to a series of minor and technical constitutional changes to the *existing* structure, dealing mainly with the duration of the terms for directors, and the like.

However, there is a view that the decision of the board is not sufficiently representative of the feeling within the network about the importance of this issue and that it is still a case of "unfinished business" till the members have spoken.

Accordingly, a telephone hook-up involving the National Management Board and Executive Officers was convened in March 2002 to discuss the necessity or otherwise of progressing debate on the constitutional structure of the National Association.

At that meeting, it was agreed that it would be appropriate to now "test the waters" with the membership of GTA Ltd to see whether there was a strong desire to seriously consider changing the constitutional structure of the National Association and Board.

Hence, a Constitutional Sub Committee was established (Max Seymour, Peter Lane, David Windridge, Peter deMedici, Jeff Priday and Jim Barron) to progress the matter.

This issues paper then represents the first part of the consultative process with the membership. It is premised on the question:

Is There A Better Way?...

As mentioned previously, this paper is designed to gauge reaction from the membership on whether or not it is deemed appropriate and necessary to consider moving to another constitutional structure.

It will examine the current model as well as examine issues relating to a possible alternative – the so-called “federation model”, the latter being the subject of debate at several meetings of the Forum of Chairs and Executive Officers, as it has come to be known, during 2001 and 2002.

Once feedback has been received on this paper (that is, are members happy to stay with the existing model or consider changing to a “federation type model”) a decision will then be made by the Board as to the next step. Clearly, if the majority of members believe the existing model is appropriate then no further correspondence will be entered into. However, if a significant number of members believe they wish to consider a federation model alternative, then further work will be done with a view to issuing another more detailed paper on a proposed model for members consideration and possible plebiscite.

The National Association/ National Board and National Office

Prior to discussing the existing Association structure and a possible alternative, the Sub Committee feels it would be appropriate to canvass some issues relating to the broader question of what should be the respective roles and responsibilities of the National Association, the National Board and the National Office. This may well help to inform people’s consideration of the issues at hand.

The primary task of any successful National Association must be to operate as a strong and effective voice on behalf of its membership, particularly when so many key stakeholders and decision makers in this industry operate at the national level. It must be seen to be truly representative and as such must have a strong membership base. Poor or dwindling membership numbers clearly devalues the currency of any national association in its lobbying and advocacy capacities.

The role of the National Board is fundamental and critical to the success or otherwise of a National Association. Again, the Board must be seen to be truly representative of the wider membership.

It not only has responsibility for setting the strategic direction of the Association but just as importantly, for ensuring its on-going financial sustainability. Board members also have a role to play in ensuring the cohesiveness of the membership as well as being “conduits” of information back to the wider membership. On this point there has often been criticism of the hybrid nature of the current board and the extent to which it provides the best form of representation for members.

On the one hand, while the State and Territory associations are not members, they still nominate a director to the national board. Is that director responsible to the State or Territory association board, the members of the State or Territory association that made the appointment, or just those members of the State or Territory association who have joined the national association?

Similarly, the five directors who are elected by the members in a national ballot – to whom are they responsible?

In terms of corporate governance of course, all the directors, whether appointed or elected, are responsible for the well being of the organization they govern. In the absence of shareholders, in whose interests they would otherwise be working, they can in this instance be said to be working in the interests of the members, the individual GTCs who have joined the national association, and to be responsible to them.

The National Office of any successful national association is the “engine room”. Its primary task is to be the operational arm of the national association and the “voice” of the Board. Its role, responsibilities and activities revolve around lobbying on behalf of its members, providing a range of services and marketing products/material to members, engaging all key stakeholders and building partnerships with decision makers on behalf of members and being the “public face” of the membership.

The Current Membership “Model”

The National Association

Since 1998, GTA Ltd’s structure has been based on individual group training companies being the members of the association with each member being required to nominate an accredited member representative as the person authorised to participate in the governance activities of the association.

The membership fee is currently \$2,750 (incl GST) which, in the case of Victoria, Tasmania, WA and the ACT is collected by the local association on behalf of GTA Ltd. In the other States, GTA is required to levy the members directly.

With the exception of SA and NSW, almost all the members of the other GTA State and Territory associations have elected to join the national association, with just a few remaining outside. In NSW and SA a much larger proportion of their members have declined to join the national association.

The decision by a State or Territory association to change its constitution to require membership of both the State and national associations is not necessarily the reason why there is better representation from some States than others. For example, the vast bulk of GTCs in the QLD association, which has not altered its constitution to require dual membership, have nonetheless decided to stay in the national association.

This support may be attributable to other factors. There is no doubt that some States are generally more supportive of the need for a vibrant national association and have worked assiduously to sell the benefits of membership and encourage their own members to join the national association.

The current membership of GTA Ltd is 88 of a total 120 or so companies that are members of the State and Territory associations.

There is always much debate over the issue of membership fees. An oft asked question is “What do I get for my money?” There is no one answer to such a question, as individual group training companies look for different outcomes from their membership.

GTA National Office performs a range of functions and provides a series of services for and on behalf of members.

These include:

- Lobbying Ministers, Government, backbenchers and Opposition
- Representation on all major committees/forums/reviews relating to group training matters
- Undertaking a range of funded special projects in partnership with bodies such as ANTA and DEST eg, rural project, equity projects, corporate governance workshops and the like
- Being the major and most successful broker for DEST for the New Apprenticeships Access Program (NAAP)
- Providing a range of marketing tools and materials for members
- Undertaking national marketing campaigns on behalf of members
- Organising the group training national conference
- Building a series of on-going relationships with all key stakeholders including Commonwealth Departments, ANTA, ECEF, the Hornery Institute et al

However, despite these and many other services, there is no doubt that some group training companies who are paid-up members of their respective State or Territory Associations do not feel that the additional national membership fee of \$2,750 is worth their while.

Nonetheless, many GTCs that are not members of the national association are still able to, and very often do, avail themselves of services that are provided by GTA but funded by other agencies. However, these funds are provided only for the provision of the particular service. The association, its infrastructure and intellectual capital need to exist in the first place before any service can be delivered – and this is only built up after years of financial support from the members.

This “tension” between the roles and the responsibilities of the State and Territory Associations versus the National Association lies at the very heart of much of the constitutional debate and must be resolved one way or the other. It is the intention of this consultative process to assist those endeavours.

The National Management Board

The structure of the current national management board is as follows:

Twelve members comprising 7 nominated (one from each State and Territory) and 5 elected (via annual election by total membership).

This model allows for the accredited member representative of any individual group training company member to either stand for election or to be nominated to the National Management Board. Its “participatory” flavour has won favour with many and some argue that the strength of the national association is based on the fact that it is truly “member based”.

However, there are those who argue that for the national association to be truly representative and effective, there needs to be a very strong, active and “formalised” involvement with all State and Territory Associations. And a key part of that is to move to change the constitutional structure of the national association.

Is There a Better Way?

It is not the intention of this paper to put to members a particular version of the so-called “federation model” nor to ask members to vote on a particular model. That may come later.

If there is a strong desire coming out of this initial consultative process to move away from the current membership structure, then work will be done on a federation model alternative for members to consider.

Rather, what this paper seeks to do is to put on the table some general points concerning the “federation model”, some of the history to it and what *could be*, according to those who support such a model, the benefits arising to the National Association.

We are seeking your views on the need for change. In reflecting on this question, it might be useful to consider some of the pros and cons of retaining the current structure or moving to something akin to a federation model, bearing in mind that what is a positive to one person may be a negative to another. These can be summarised as follows:

Current Model	
Pros	Cons
<ul style="list-style-type: none"> • Individual GTCs are the members at the national level which may create a stronger sense of ownership, of having access and influence • If State or Territory associations ceased to exist, GTCs could still be members at the national level, even though there could be an issue about the nomination of a director from that State or Territory • Depending on the alternative chosen, retaining the current model may impact favourably on legal costs associated with making major changes to constitutions (see cons below) 	<ul style="list-style-type: none"> • State & Territory associations still have nominees on board even though they are not members of the national body • Hybrid board – some nominated, some elected which cannot guarantee expertise required for national management. • Elections are held every 12 months which can lead to frequent change of elected directors and a board that does not have sufficient stability & continuity to drive the business. This problem is compounded if States/ Territories change their nominee each year. • Given that the delivery of employment and training services is provided within a direct or delegated State/Territory level framework and varies from State to State the power of any national body is limited in its ability to influence outcomes and performance of GTOs.
Federated Model	
Pros	Cons
<ul style="list-style-type: none"> • State/ Territory associations are the members which might create a more immediate and stronger sense of ownership, of having access and influence • stronger relationships between state associations and between state and national levels of the group training industry provide potential for a more cohesive and co-ordinated approach to the delivery of group training services • The national level would be more fully representative of the total GTO network as it would automatically combine the membership of State/Territory Associations. This would address the major issue facing the national level ie. declining GTO membership. 	<ul style="list-style-type: none"> • State/Territory Associations would have to fund operations at both State/Territory and national levels even if individual GTOs chose not to support both levels. • Need to determine how to give State/ Territory associations appropriate representation at the national level whether based on member numbers, numbers of apprentice/trainees, capacity to pay, “states” rights etc • Depending on the alternative chosen, possibility of incurring legal costs in any significant, necessary re-write of the national constitution

We now welcome your considered views, thoughts and feedback on this ‘first stage’ consultation paper, keeping the following questions in mind:

1. Are you happy with the current constitutional structure at the national level?
2. Do you believe it provides you the most accessible and effective form of service and representation at the national level?

3. Without commitment to a particular model, do you believe it is appropriate and/or necessary to consider moving to a 'federation model' type alternative?

All responses should be sent to the MD of GTA, Mr Jim Barron by e-mail at jpbarron@grouptaining.com.au by COB Friday 10 May 2002.