

The Committee Secretary,
Senate Economics Committee,
Department of the Senate,
Canberra ACT 2600.

Dear Sir/ Madam,

Please find following further comments for the Inquiry.

To determine how efficiently non-profit commercial enterprises are using government funding - tax concessions and gifts - it is necessary to be able to measure accurately their performance. This can only be achieved through appropriate disclosure.

Most non-profit organisations outsource some or all of their functions. This raises questions such as:

Do the for-profit suppliers benefit from the tax concessions provided to the non-profit organisation?

Is there any exclusive dealings between the suppliers to the non-profit organisation?

(It is unlawful for a supplier to attempt directly or indirectly to interfere with the freedom of buyers to buy from other suppliers or to sell to whom they choose, for example by imposing territorial or customer restrictions on the buyer and is there any anti-competitive coordination between suppliers in the outsourcing arrangement). The restrictive private health industry referral practices come to mind.

Again, these questions can only be answered through appropriate disclosure.

Non-profit commercial enterprises compete directly with for-profit enterprises. The for-profit organisations are disadvantaged because the non-profit commercial enterprises are the beneficiaries of tax concessions. This causes: a barrier to new entrants to the particular industry; higher costs in the particular industry through reduced competition and potential misallocation of scarce resources to inefficient organisations. (Note: The inefficient organisations can only be identified through appropriate disclosure.)

A reduction or complete removal in the level of protectionism and subsidies - tax concessions - of non-profit commercial enterprises would stimulate competition and remove distortions and allow for greater overall efficiency.

Finally, Australian taxpayers have a right to know how their tax dollars are being spent through tax concessions and gifts to non-profit commercial enterprises.