

# Political activity on the boil...



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With a federal election looming political activity across the nation is on the boil. The hot issues include the much touted and soon-to-be released Coalition Government's taxation reform package, the political clout of the One Nation Party — especially in view of its electoral success in the Queensland state elections — and the Asian financial crisis with its potential impact on our own economy. Unemployment figures are up. Generally speaking, things are looking a bit grim.

In reference to a GST one commentator, Chris Richardson from Access Economics, recently said on the ABC Radio AM program that he thought that we might be suffering from 'reform fatigue'. He was suggesting that the failure of John Hewson's *Fightback!* package for tax reform only a few years ago is not a good omen for the success of the Howard/Costello proposals. Some jaded Canberra-watchers believe that even if the new package was to receive a modicum of support from the electorate, the likely scenario of a hostile Senate after the next election — should the Coalition be returned to government — will frustrate its implementation.

As a national association, ALIA cannot afford to ignore the implications of new taxes. As I write, the tax package has yet to be released but we have been monitoring media and government reports of its likely components, in particular, the impact of a goods and services tax on libraries, since the Government's announcement of its intentions earlier this year.

On behalf of our organisation and with the agreement of General Council, I wrote, in June, to the Federal Treasurer, the Ministers for Communication and the Arts, Education and Regional Development, Territories and Local Government, the Opposition Leader and shadow ministers for relevant portfolios and other parties, noting the impact that the tax reform agenda may have on the library and information sector. The replies we received from government ministers all indicated an acknowledgment of the importance of libraries but, as expected, did not give any undertakings about how libraries might be protected from adverse cost impacts.

As part of the development of the ALIA Federal Electoral Strategy (FES) I also contacted key politicians for their views on the value of libraries to the community. Comments from the Prime Minister, the Leader of the Opposition and others on the importance of libraries are available through ALIANet and in the FES material which all ALIA branches have received.

I also wrote to twenty-seven senior librarians in all states and territories asking for their views on the possible impact of a GST on their library operations. Some of the points in their

replies include the following:

Libraries will be worse off with a GST, even if zero-rated (that is, if libraries are able to claim back the tax paid). Books, serials, computer hardware and software, other equipment and furnishings will attract the new tax. Most libraries are already exempt from wholesale sales tax, customs duties and other trade-offs. Under a GST overseas books and serials will be taxed upon entry into Australia, and libraries will have to file a return to be reimbursed. This will put a strain on those acquisitions budgets already suffering from the impact of currency devaluation.

Services deserve special scrutiny. Commercial services, offered by non-profit libraries to supplement Government funding of their free services, will presumably attract increased costs and become less competitive. Outsourced services will attract the new tax. Inter-library loans may do so. Service delivery will be affected by changes to tax rates on fuel and transport, telecommunications and infrastructure. Rural and remote regions are especially vulnerable. We are aware that the costs of every service will be affected from garbage disposal to consultancies.

Compliance with goods and services tax provisions will entail the collection of data and records-matching. Unlike the private sector, most libraries will be unable to pass on these costs to consumers. Either additional funding will have to be provided, or services will need to be cut.

Librarians working in commercial organisations will be aware of the shift in organisational decision-making as the tax mix shifts from taxing income to taxing spending.

With the announcement of the tax package we will be undertaking a detailed analysis and will appreciate the input of members from all library and information sectors. We are liaising with overseas library associations and with related organisations such as the Australian Publishers' Association.

As you probably realise, this is a complicated issue and members will be differently affected depending on the location and type of library or information services in which they are working. Your comments will be appreciated, especially some analytical data and comparisons which will enable us to present our case to government and opposition in the clearest and most effective way so that the interests of libraries as an important cultural, education and business resource are recognised and protected.

We have also set up a bulletin board on ALIANet [linked from the ALIA home page] so that we can keep you informed of our analysis of the tax package and our lobbying efforts. We also invite your contribution to the debate via these pages. ■

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