

# Out of the red and into the black

ALIA 1998  
Federal budget  
special

*This is a summary of the Budget report produced by the senior staff of ALIA national office. The complete text of this report can be found on ALIANet at <http://www.alia.org.au/publications/budget98.html>*

**T**reasurer Costello must feel that he has gone to heaven. He has presented a budget which, while devoid of any excitement at first glance, appears to be a balanced budget with a confident outlook.


The treasurer's speech was boring — deliberately so. His intention was to convince Australians at large that the Government had, as a consequence of commendable fiscal responsibility, finally put the nation back on its feet. The scene is being set for the unveiling of the tax reform package in the very near future which will be the key element of the forthcoming election platform. Indeed, the

budget package included a statement about the principles of tax reform but no indication of how such a reform agenda might be composed. But it has lifted our expectations of tax reform delivering significant incentives for all tax payers. There were no tax cuts in this budget. We can assume that they will be an element of the reform package along with some mechanism to protect the non-income earners from the expenditure imposts which come with a goods and services tax.

What the budget did attempt to provide was measures of 'care and support for older Australians'. In an effort to secure the support of the very

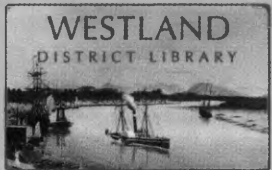
effective lobby group — the 'grey' vote — some specific announcements were made about availability of the Gold Card for health care to an additional 50 000 Australians — veterans of World War II. The income threshold for the Commonwealth Seniors Health Card is also to be increased to embrace an additional 220 000 self-funded retirees. There were some announcements about health care initiatives (but no mention of the fiasco about nursing homes), youth training programs and rebates for primary producers.

**continued over...**

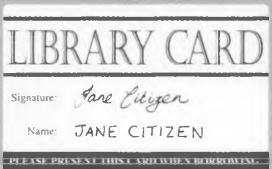
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## ALIA 1998 Federal budget special

Overall this is not what we would define as an 'election' budget. It does not make an effort to deliver the sweeteners that we all expect at this stage in the electoral cycle. The challenge for Prime Minister Howard and his troops is to make absolutely sure that the upcoming tax reform strategy does deliver some incentives to the voters.

What will most likely happen next is that the tax reform package will be announced and an election date nominated shortly thereafter. Then we will experience all of the excitement that this budget lacked. Like other lobby groups, we will be analysing what it will mean for libraries, for individual workers and for our non-profit Association.

### Programs for libraries

There are no new program announcements in this budget. Funding continues for the regional telecommunications infrastructure fund *Networking the nation* which is being used by libraries to fund online access programs. The National Library of Australia is in a sound position and will not see any erosion of staff numbers and will be in the privileged position of being able to maintain its purchasing power for its collections. Funds are available for some building renovations, the Centenary of Federation program and for the celebration of the 100th anniversary of the founding of the library in 2001. In addition other interesting projects such as the Stolen children oral history project will be brought on stream.

### Employment

The treasurer says Australians are embarking on a new journey. But little has changed for those seeking work. The budget reveals that unemployment will rise above eight per cent again and is likely to stay there for most of the year. Projected employment growth is modest at 1.75 per cent.

Like its predecessor, the Budget's sole direct employment initiative is funding for the 'Work for the dole' scheme. An extra \$260 million is injected to fund 100 000 new places over the next four years.

## At a glance

- The economic crisis afflicting Australia's Asian trading partners will hold down our growth in 1998-99. Despite this, strong domestic demand will underpin continuing positive results and support a projected \$2.7 billion surplus.
- Inflation is expected to remain low but will rise from a current underlying rate of 1.5 per cent to 2.75 per cent by June 1999.
- Annual employment growth will increase from 1.25 per cent to 1.75 per cent. But official unemployment is forecast to hover around eight per cent for much of the year, before falling to 7.75 per cent by June 1999.
- Wage growth will moderate to 4.25 per cent but real incomes should remain ahead of measured inflation.
- Private consumption will fall from five per cent to 3.5 per cent and business investment will decline from its present eight per cent to only five per cent.
- Commonwealth investment is forecast to fall and there will be a loss of 9000 more public service jobs.
- For the longer haul, the government has pledged to virtually eliminate Commonwealth debt by 2001-02 using all of the \$60 billion it expects to receive from the full privatisation of Telstra. If it does so, Commonwealth debt would shrink to just 1.4 per cent of GDP, compared with a current OECD average of 44 per cent.

### Higher education

The minister and the Australian vice-chancellors will continue to argue over real levels of funding for student places, infrastructure and research and the future directions of the higher education sector. What is clear is that while the government is aiming for wider opportunities and choice in education and training as well as greater provider diversity, it also expects increased efficiency and effective use of funds.

Open Learning funding will drop from \$7.7 million to \$5.3 million. Funding for the Australian Research Council has increased marginally, while funding for co-operative research centres will fall this financial year but rise marginally over the next two years. The Australian International Education Foundation will be renamed Australian Education International (promoting the education and training export industry) and will be funded by redirecting funds from the vocational education and training and the higher education sectors.

### Vocational education and training

Again, much was scheduled in last year's Budget though funding to the states via the Australian National Training Authority will fall by \$22 million in 1998-99 to \$910.9 million, before increasing gradually over the

three subsequent financial years to \$951 million in 2001-2002.

The VET sector is moving more strongly into the secondary school environment. There is funding for initiatives for pathways from schooling to employment, such as the Access Programme which provides \$6.3m over 1998-99 and 1999-2000 for training to help young people to secure an apprenticeship or traineeship. Literacy and numeracy training programs for unemployed persons aged 18-24 are included, as part of their mutual obligations under the 'Work for the dole' scheme.

### Indigenous community initiatives

A number of areas outlined in the Budget provide opportunities for libraries to work with local indigenous communities to enhance the relevance and purpose of libraries to community. Funded programs across portfolios are set out in the Budget document *Addressing priorities in indigenous affairs*. There are a number of ATSIC and Department of Communications, Information Economy and the Arts programs relating to access to information and the promotion of the distinct cultural identity and heritage of indigenous Australians. Funding for the Association's Employment Strategy continues, though funding for indigenous employment strategies overall has been reduced.

## Industry handouts

Having promised to reduce the level of handouts to industry, in the form of slashing tax concessions on research and development, we can all be thankful that although R&D tax concessions have not returned in this budget, the computer industry is being propped up to cope with a self-induced mistake (see below). And following the downturn in tourism from our near neighbours in Asia, the tourism industry has been offered a generous support package to promote Australian tourism.

## Solution to Y2K bug now less taxing

Amendments are to be made to taxation rulings to encourage businesses with computers to take steps to solve the 'Millennium bug' problem. The effect of the ruling spans a number of issues in relation to software expenditure and testing, and allows businesses to write off general software expenditure more quickly. In addition, a new write-off rate for general

computer software is being allowed to bring Australia into line with most other OECD countries.

## Big brother?

Notably, the government is funding individual consumer bodies to the tune of \$3.2 million (over five years) to 'facilitate representation on consumer interests in relevant areas of telecommunications regulation and in policy review and development'. Although this will be recovered by increased telecommunications industry licence fees, it demonstrates that the government is willing to canvass far and wide to determine telecommunications policy. This dovetails nicely with an increase in funding for the Australian Communications Authority (ACA) to 'investigate new ways of intercepting and gathering information via telecommunications services'. Recently-amended legislation has set up a framework to embark on such a program — but let's hope that carriage service providers are brought into the act to seriously consider the implications of such a move.

## Overseas aid

A total of \$1.48 billion has been set aside in the 1998–99 budget for Australia's international aid program, representing an increase of \$50 million from 1997–98.

The aid budget sets out to achieve the policy goals outlined in the document *Better aid for a better future* which was released by the minister for foreign affairs, Alexander Downer in November 1997. Five priority areas for the aid program were identified in this document: health, education, infrastructure, agriculture and rural development and governance.

Spending on human rights and governance is set to increase to \$82 million in 1989–99, including an increase in support for community-based projects through the Human Rights Fund. Non-Government Organisation programs will receive an extra \$2 million through the AusAID/NGO Co-operation Program to fund community-based projects. ■

[see: <http://www.alia.org.au/publications/> ]



The VALA Award, made biennially, is presented to the Australian library or information centre judged to have made the most innovative use of currently available information technology during the previous two years.

Nominations are now invited for the 1998 Award for systems installed between January 1996 and December 1997 inclusive.

All libraries and information centres in Australia are eligible for nomination by staff, users or other interested persons.

*Guidelines and nomination forms can be obtained from:*

**The Secretary**

**VALA**

**PO Box 282**

**CROYDON VIC 3136**

**Nominations close 31 August 1998**



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Closing date for applications: 31 August 1998.

*Application forms and more details are available from:*

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