

Canberra Rules - With Promises, Promises

Richard Griffiths

Capital Monitor

"When are we going to see the legislation providing tax exempt status to tourism industry groups?" says the associate standing in front of your desk. What a way to start a Friday.

Why does it seem so strangely topical to write an article explaining the flow from interest group to politician to election policy to government policy to legislation? Why do law librarians need to know?

As any thinking voter would know, politicians make many promises in the course of election campaigns. Usually, eventually, if they win, the promise gets fulfilled. Also usually, it is hard to recognise the final, weasel-worded, cavilling, mean-spirited, penny-pinching legislation as the embodiment of the fine, resonating rhetorical flourish which was greeted with such cheers when the Leader addressed the adoring voters. You, the law librarian, will need to be able to explain why that is so and why it takes so long.

The 1993 Federal Election is probably one of the best places to look for examples, because the winning side made so few promises that it will probably be able to implement them so quickly that only the Public Service bureaucracy will have the opportunity to modify them.

Let's first take the reduction in the company income tax rate to 33% to apply from 1 July 1993. It was announced in the Prime Minister's "Investing in the Nation" speech on 9 February and took two lines of his 10 page speech. At the same time, it was mentioned in a paragraph on page 60 of the booklet "Investing in the Nation".

What's that? You didn't see the booklet? Well of course you didn't, silly! To preserve security, only a few copies were printed initially and distribution was controlled by the Prime Minister's office. Because, at that stage, the ALP was considered a dead duck and money was tight, it took weeks before more copies became available. Back to the policy.

The Prime Minister mentioned the tax rate cut again in his campaign launch on 24 February, three lines on page 6 of the speech and, again, on page 5 of the associated document "Building on Strength", which also had a restricted distribution (at least until after the surprise election result was known). The significant points were that: the Prime Minister, himself, said it; he said it more than once (i.e. it was apparently electorally popular); and he won.

On 25 March, the newly re-instated Treasurer, Mr Dawkins, announced that associated legislation would be introduced as soon as practicable, i.e. probably with the intention of securing passage through Parliament before 30 June. Mr Dawkins released a page of explanation of technical details, i.e. cavils, which will need to be addressed in the legislation, in order to give effect to this two line policy announcement.

Mr Dawkins can probably achieve that timetable. He is not moving office. He knows his portfolio. He knows the parliamentary drafting and procedural aspects and, just as helpfully as all of those points combined, it was the Prime Minister who made the commitment.

Those are some of the political considerations. From the public service point of view, the obstacles are also unusually few. No expenditure is involved, hence the Department of Finance will have almost no input and, also hence, have difficulty delaying the proposal. Although the tax cut will have an impact on Government revenues, Treasury will have to grin and bear it; their boss, and his boss, say so.

Now let us look at the question which opened this article - tax exemption for tourism industry groups. It was announced in a one-page press statement two days before an election which the ALP thought it had already lost, i.e. it would cost nothing. It received almost no publicity and was clearly designed to satisfy one lobby group of limited electoral significance (probably as a reward for their earlier stout opposition to the GST).

The announcement was made by Mr Griffiths, then Minister for Tourism. He has since been moved, to be replaced by Mr Lee, a relatively inexperienced Minister (although of Cabinet rank). Thus, Mr Lee has no personal commitment.

Mr Lee will have to get this proposal costed and budgeted by Treasury, then steer it through Cabinet before the Treasurer takes over carriage of its drafting into a Taxation Laws Amendment Bill and steers it through Parliament. On the plus side, the tourism industry groups are lucky in that this measure, also, is not required to run the gauntlet of the Department of Finance.

How long do you think it will take to implement this policy? Yes, so do I. And for those law librarians who think that this is not their business, just remember we are, in the long run, talking black-letter law in both cases. You need to know the factors.

Psalm 118, Verse 9.