

To: Committee, Gambling Reform (SEN)
Subject: Submission

Dear Sir or Madam,

I wish to make the following submission in relation to gambling advertising.

In my view gambling advertising is one aspect of two much more serious potential problems facing Federal and State Governments, and that any consideration of gambling advertising likely will be much more effective if it takes into account these problems. I wish to respectfully submit and recommend that the Committee consider the potential moral hazard and the fiscal risk for the Federal and the State Governments from increasing reliance on gambling advertising. I submit that these risks arise in part because Governments benefit indirectly from gambling advertising to raise revenue, and that this advertising in turn promotes a regressive tax, which is large and growing. By regressive tax I mean one which tends to collect more money in aggregate from the less "well off" and less money from "well off or better off" tax payers.

I submit that gambling taxes result in an effective redistribution of wealth from those less well off to those who are better off. This regressive redistribution of wealth 'to the rich from the poor', is the key part of the moral hazard for Government I believe. Accordingly, there is also in my view a fundamental conflict of interest for Government when it is involved indirectly in promoting and advertising a regressive tax.

The scale of Government reliance on gambling tax, especially at State level, is large and increasing as a proportion of revenues. This I suggest is the fiscal risk.

I respectfully submit gambling tax and thus gambling advertising are simply bad, exposing Governments to potential moral hazard and fiscal risk, and should be discouraged by Parliament. On this basis I recommend that the Committee consider recommending reduced gambling advertising, reduced Government reliance on gambling related revenue, and continued monitoring and collection of information specifically in relation to the regressive nature of these types of taxes, at Federal and State levels.

Yours faithfully,
Bill Ranken