



Joint Standing Committee on Electoral Matters
Submission No. 12
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**SA Heads Of Churches
Gambling Task Force**

**Submission to Commonwealth House of Representatives the
Electoral Matters Committee**

Disclosure of Donations to Political Parties and Candidates

25 May 2004

1. Introduction

The SA Heads of Churches Gambling Task Force (GTF) tenders the following submission to the Committee relating to political donations¹. We are opposed to political donations from gambling industries to all levels of government in Australia. We believe:

Money has enormous potential to influence the political process. Every political donation that influences public policy diminishes the power and value of each persons democratic and sacred vote. Political donations from gambling industries and other such industries jeopardise the democratic process that we hold so dear and undermine the whole concept of citizenship on which our nation is built.

2. The GTF

2.1 Legitimacy of GTF

The SA Heads of Christian Churches represent some 27 Christian denominations in South Australia with membership of over 500,000 people. The SA Heads of Churches established the GTF in early 1999 in response to growing concern from churches about the extent of gambling related harm in the community. As such the GTF represents a large cross-section of the South Australian community, who come from all socio economic groups and from both metropolitan and rural areas. – **The GTF is a representative voice for the majority who do not want more gambling or gambling related harm and are extremely concerned about the State government's reliance on gambling revenue. This same majority are sick of rorts and inequity in the political round that alienate the electorate and increase the cynicism of many, especially young people, in the political process**

The potential influence on political parties by gambling industries via political donations is an issue of probity. Hence the donation of funds to political parties by gambling industries in South Australia is of considerable concern to the Task Force. However this practice also occurs in other Australian government jurisdictions and this is also of concern. The reasons for our concern and our recommendations to change the law as to prevent political donations from gambling industries is the main thrust of our submission and will be argued in detail.

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2.2 GTF Principles

The primary concern of the GTF is to minimise gambling related harm. The following principles outline the position of the GTF supporting the goal of a society free from harm created through gambling.

1. Recreational gambling is appropriate and part of Australian culture but gambling leads to significant harm for some individuals, families and communities.
2. This harm has personal, health, economic, social and political dimensions.
3. Gambling products and practices **must** be regulated to minimise this harm.
4. Current, new (or increased numbers of) gambling products or practices should be allowed only if they are evidenced to have 'minimal harm' (**Precautionary Principle**). The onus should be on evidence of safety rather than evidence of 'harm' before approval of products or practices.
5. Harm minimisation should not be left to the market and/or community sectors or to those individuals with gambling problems. The GTF argues that 'consumer sovereignty'¹ is not an appropriate principle to justify gambling because all gambling has a *significant* risk of harm which is masked by promotions that emphasise the benefits rather than the costs.
6. Governments have a responsibility to ensure that the harm related to gambling is minimised by providing clear legislation, policies and resources for regulation and compliance
7. Governments should significantly reduce their reliance on gambling, for revenue
8. Gambling products should not be provided in association with alcohol or other illicit drugs.
9. Minors under 18 years should not have access to gambling products
10. There should be no advertising inducement or suasion to encourage people to gamble.
11. The social and financial impacts of gambling need to be monitored constantly and reviewed on a regular basis.

3.0 Reasons for Opposition to Political Donations to Gambling industries

3.1 We are concerned that the political process may be influenced contrary to the public interest due to donations from gambling interests

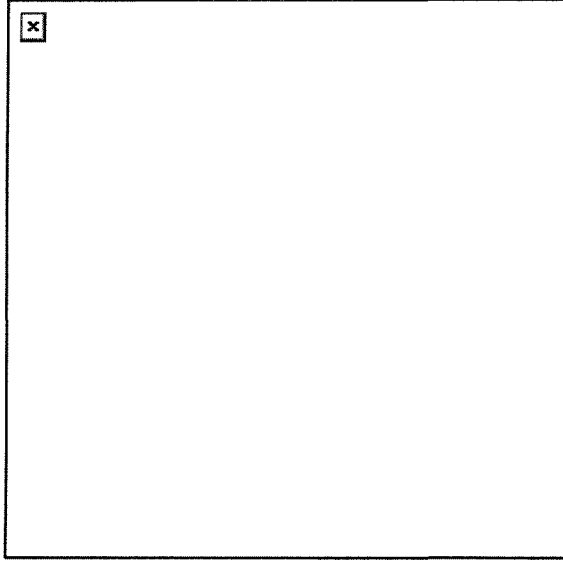
Case study: In the 2001—002 year the Australian Hotels Association (AHA) donated \$125 000 each to the SA State Liberal and Labour Parties. In the first budget after the State election the Treasurer

Hon Kevin Foley proposed to implement a 'super-tax' on poker machines. The AHA opposed this measure, producing a letter of promise signed by the (at the time) Shadow Treasurer in Opposition that he would not raise gaming taxes if elected. This promise was made out of the public gaze and not disclosed during the election campaign. The potential for conflict of interest between the benefits of political donations for an election campaign and the public interest is clear.

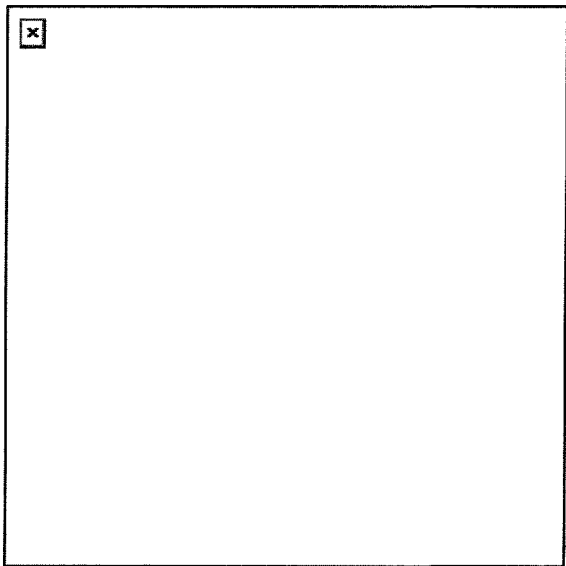
There is potential for corruption in donations from gambling industries having undue influence on the policies and voting of individual or groups of politicians. Such scandals have occurred in the US States of Missouri and Louisiana (see following example).

"Nowhere are the wide disparity in campaign finance laws and the influence that those laws have on an issue more apparent than in the debate over slots in Pennsylvania and Maryland. Gambling interests have pumped at least \$5.8 million into campaigns in Pennsylvania from 2000 through the first three months of 2004, an Inquirer analysis of campaign finance records shows. A slots bill here is expected to pass this year. By contrast, gambling interests gave \$670,000 in a five-year period, from 1999 to 2003, in Maryland, according to an analysis by Common Cause Maryland. A bill seeking to legalize gambling there failed last month, and lawmakers recessed till next year. The result: Wealthy interests gain access, while ordinary citizens get locked out, said Sen. Allen G. Kukovich (D., Westmoreland), who has offered campaign finance bills every session since 1977. "Money has an undue influence on politics, especially in a state like Pennsylvania, where there are no limits," he said. "It's a dagger in the heart of democracy."

Posted on Sun, May. 02, 2004 Slots debate in Pa., Md. brings issue of influence



By John Sullivan



Philadelphia Inquirer Staff Writer

3.2 Gambling is not a harm-less industry but one in which over 40% of revenue comes from problem gamblers² For every problem gambler there are 5-10 other people significantly affected. The impact of problem gambling is serious and far reaching and may lead to a range of social, economic and health problems including crime, family breakdown and depression. We believe it is unethical and

² Productivity Commission. 1999. Australia's Gambling Industries. Productivity Commission. Canberra. ACT. Section 12.6 –Page 12.20.

² Productivity Commission. 1999. Australia's Gambling Industries. Productivity Commission. Canberra. ACT.

improper for political parties to accept donations from and industry whose ethical basis is doubtful because of the harm it has caused and continues to cause in the community. The same argument applies to other industries that are shown to involve significant harm.

- 3.3 The gambling industries argue that they provide a net benefit to the community by providing benefits such as employment and tourism venues. However this claim is disputed by us if all the multiplier costs of problem gambling are considered. Australian studies³ have detailed the costs of problem gambling which are likely to outweigh the benefits depending on high or low estimates used. By analogy it has taken generations for the cost of smoking and alcohol to be understood and measured in the community. These products have been shown to be harmful to individuals and the community. When the public health message was finally heard, politicians they began to legislate to minimise the harm caused by cigarettes and alcohol. It is not rational or ethical to allow promotion of an industry that does not deliver real economic benefits as defined by Pareto -optimality.
- 3.4 Because the gambling industries provide jobs in the community they potentially exert significant influence over political processes. The provision or promise of employment is an appealing election strategy for political parties. However the power of the gambling industries exposes the vulnerability of candidates and parties to base policy decisions on the gambling sector and ignore the wider constituency. In the current climate where the electorate is cynical of the power and benefits of politicians and political parties it is important that the strictest codes of probity be applied to political donations.
- 3.5 The current time delay between elections and public declaration of political donations by the Electoral Commission is too lengthy to ensure probity and ethical decision making in the political process.

Recommendations

1. Make illegal political donations from gambling industries in all federal and State jurisdictions

³ Productivity Commission. 1999. *Australia's Gambling Industries*. Productivity Commission. Canberra. ACT, Chapter 9 and SA Centre for Economic Studies 2001, *The Impact of Gaming Machines on Small Regional Economies*.

2. If the former measure is not adopted then this legislation must require that political parties publicly advertise that they have received donations from gambling industries within 24 hours of receipt of those donations. In this case 'advertise' means coverage on local radio stations and newspapers of cash for comment scandal. If this is not done then hefty fines at least twice the amount of the donations should be imposed.

 3. If the second measure is not adopted then the declaration of political donation should occur on a quarterly basis (for the previous quarter) of GST Bass statements and be made public immediately.

 4. If political donations from gambling industries were allowed a moratorium on them should be imposed for the following period: From the day of announcement of a federal or state election until three months after that election. This will minimise the likelihood of such donations influencing political policies and decision making.
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