

DRUNK ON POWER: ALCOHOL INDUSTRY DONATIONS SECURE FAVOURABLE POLICY OUTCOMES

6 November 2017: A new analysis of political donations spanning two decades has revealed how the alcohol industry donates generously and strategically to political parties in its efforts to secure favourable policy outcomes.

A Senate Committee currently examining the political influence of donations will today be told that in light of these findings, and with the interests of the industry in direct conflict with the health and welfare of the general public, political donations from the alcohol industry should be banned as a matter of urgency.

In its submission to the *Senate Select Committee into the political influence of Donations*, the Foundation for Alcohol Research and Education (FARE) has identified and documented three case studies highlighting the alcohol industry's influence on policy decisions, using Australian Electoral Commission (AEC) data collated by Democracy for Sale.

The first of those case studies examines hotel industry donations to the Carr NSW Labor Government.

In 1997 the Carr Government liberalised NSW Gaming laws to allow poker machines in pubs and hotels.

Amid further reform to gambling legislation, a surge in donations from pubs and hotels saw \$2.3 million (in 2015-16 terms) donated by the alcohol industry to the NSW Labor Government in the 2001-02 financial year to secure favourable political outcomes.

"Our analysis makes it very easy to follow the money trail and join the dots. This was one of the most disturbing examples of alcohol industry influence through political donations. NSW hotels and pubs were the beneficiaries of the NSW poker machine reform in 1997 that allowed poker machines in pubs and hotels. And in return, hotels paid out handsomely to the Carr Government with a surge in political donations in the 2001-02 financial year," Mr Thorn said.

While NSW has since made it unlawful to accept donations from liquor industry business entities, no such exclusions govern political donations at the Commonwealth level, an omission heavily and successfully exploited by segments of the alcohol industry in order to shape the alcohol tax system, and in particular, the Wine Equalisation Tax (WET), in its favour.

The WET taxes wine based on its wholesale price rather than by the volume of alcohol as is the case with beer and spirits.



Such a tax regime encourages the production of large volumes of low quality cheap wine, which in turn fuels increased consumption and greater levels of harm and favours large producers.

Yet despite countless Government reviews recommending the WET be reformed, Governments have failed to act.

FARE's analysis of alcohol industry donations in the lead up to and immediately following the introduction of the WET in 2000 identifies the largesse of the companies and industry associations benefitting most from the WET.

Southcorp, one of Australia's largest wine producers at the time made a series of donations totalling more than \$675,000 in 2015-16 terms.

Following the Henry Tax Review's call for the abolition of the WET in 2010, the Australian Hotels Association significantly increased its political donations with \$300,000 directed to the federal Liberal Party.

Such donations, however are out of step with community attitudes with FARE's 2017 *Annual Alcohol Poll* revealing that the majority of Australians (72 per cent) believe political parties should not be able to receive donations from the alcohol industry.

Mr Thorn says that this sentiment reflects both the community's acknowledgement of the unacceptable level of alcohol harm in Australia, and an understanding that the interests of the alcohol industry are in direct conflict with the health and safety of the Australian people.

"It is no secret that the alcohol industry's profitability is dependent on selling consumers more alcohol. And it's also well understood that alcohol harm is directly associated with the amount of alcohol consumed. It is this conflict that makes alcohol industry involvement and influence in the political process so dangerous," Mr Thorn said.

FARE has made four recommendations to the Senate Select Committee that would see:

- A ban on all donations from the alcohol industry including donations from producer, retailers (on and off-licence venues) and associated member organisations and lobbyists.
- A ban on the use of associated entities to prevent political parties from concealing the identity of their donors.
- The immediate disclosure of political donations to allow voters to see, in real time, attempts to influence political decisions.
- And a removal of the disclosure threshold, and the requirement for all donations and receipts to be immediately reported and published.

Mr Thorn says there is ample evidence there is undue level influence being exerted over public policy by the alcohol industry.



“It is important that we call this out for what it is. Political donations are being used to do more than open doors and secure meetings. This is not just about securing access to politicians. This is about buying favourable policy outcomes, that, in the case of the alcohol industry, benefit only Big Alcohol and ultimately punish and harm everyday Australians,” Mr Thorn said.

Mr Thorn is available for interview.

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The **Foundation for Alcohol Research and Education (FARE)** is an independent, not-for-profit organisation working to stop the harm caused by alcohol. Alcohol harm in Australia is significant. Over 5,500 lives are lost every year and more than 157,000 people are hospitalised making alcohol one of our nation’s greatest preventive health challenges.

For over a decade, FARE has been working with communities, governments, health professionals and police across the country to stop alcohol harms by supporting world-leading research, raising public awareness and advocating for changes to alcohol policy. In that time FARE has helped more than 750 communities and organisations, and backed over 1,400 projects around Australia.