



Foundation for Alcohol
Research & Education

Level 1,
40 Thesiger Court
Deakin ACT 2600

PO Box 19
Deakin West ACT 2600

T 02 6122 8600
F 02 6232 4400

www.fare.org.au

ABN 91 096 854 385

17 September 2014

Dr Kerry Schott
Chair
Expert Panel on Political Donations
GPO Box 5341
SYDNEY NSW 2001

Dear Dr Schott

SUBMISSION TO THE EXPERT PANEL ON POLITICAL DONATIONS

Thank you for the opportunity to provide a submission to the Expert Panel on Political Donations.

The Foundation for Alcohol Research and Education (FARE) is an independent, not-for-profit organisation working to stop the harm caused by alcohol. 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.

Alcohol harms in New South Wales (NSW) are significant. In 2010, there were 1,837 alcohol-attributable deaths (accounting for 3.8% of all deaths that year) and 48,152 alcohol-attributable hospitalisations (accounting for 1.9% of all hospitalisations that year).¹ In 2011-2012 there were 14,518 alcohol-related non-domestic assaults and 10,079 alcohol-related domestic assaults.² The magnitude of alcohol's harm to individuals, families and communities highlights that alcohol is not an ordinary commodity; it is a harmful product and should be treated as such.

FARE supports the current ban on political donations from industries associated with negative public health consequences, including the alcohol, gambling and tobacco industries, which came into effect on 1 January 2011. Bans on political donations from property developers are currently being contested by the High Court, which could result in a lifting of all existing bans. We are concerned that the removal of these bans will compromise the integrity of the NSW Government's political processes and invite additional sources of corruption that will prioritise the profits of industries above the health and wellbeing of the community.

This submission provides information on the significant influence that the alcohol industry has in alcohol policy development and recommendations for prioritising public health ahead of alcohol industry profits.

The alcohol industry has significant influence in alcohol policy development

It is well accepted in public health literature that the alcohol industry has a vested interest in alcohol policy development and implementation.³ The financial success of the alcohol industry is dependent upon the consumption of alcohol – the more alcohol consumed, the more money the alcohol industry makes. This is in direct conflict with the evidence-base which consistently demonstrates that measures targeting reductions in the supply of alcohol are most effective in minimising alcohol's harms.

The World Health Organization (WHO) has clearly stated that alcohol policy development should be free from industry influence. WHO's Director General Dr Margaret Chan expressed this view in the *British Medical Journal*, indicating 'In WHO's view, the alcohol industry has no role in formulating policies, which must be protected from distortion by commercial or vested interests'.⁴ Despite this, the alcohol industry has significant influence in alcohol policy development both in Australia and internationally.

The alcohol industry influences alcohol policy development in a number of ways, including by making political donations, lobbying against evidence-based policies and co-opting policy makers in an effort to secure their private interests ahead of the public interest. All of these strategies are inter-connected. For example, the alcohol industry's donations can result in the donors having greater access to decision makers. Examples of the alcohol industry's ability to influence policy processes are outlined below.

Making political donations

There has been increasing community concern about the undue influence that results from political donations by private entities. FARE's *2011 Annual Alcohol Poll* revealed that over half (56 per cent) of Australian adults believe that alcohol industry donations influence governments' decision-making, and almost two thirds (64 per cent) of Australian adults believe that political parties should not be able to receive donations from the alcohol industry.⁵

Prior to the ban on alcohol industry political donations which came into effect on 1 January 2011, the alcohol industry were significant donors to NSW political parties. In the financial year ending June 2011 the Australian Hotels Association (AHA) NSW made donations of \$546,797 to NSW political parties, including \$79,850 to the Labor Party, \$318,955 to the Liberal Party and \$147,992 to the Nationals.⁶ This funding was greater than the funding provided in the two financial years prior (\$418,011).

Other alcohol industry bodies have also provided significant donations to NSW political parties. Between July 2008 and June 2011, Woolworths contributed \$137,550 in donations to NSW political parties, while Clubs NSW and individual clubs provided a total of \$841,715.⁷ It is important to note that Clubs NSW are still exempt from the ban, although they are subject to the cap on donations.

In the Northern Territory (NT), where the alcohol industry is able to donate to political parties, donations from the AHA are significant. In the days leading up to the August 2012 NT general election, the AHA's national office made political donations that were 14 times more per capita in the NT than in any jurisdiction at any time over the previous decade.⁸ The amount of \$300,000 was split between the two major parties and accounted for 90 per cent of the AHA's total political donations.⁹ This made the AHA the largest political donor in the NT in 2012-13. Since the new NT Government has held power, alcohol policies being implemented have had a greater focus on ineffective policies targeting individual responsibility, rather than evidence-based population-wide policies which would result in industry

regulation. In commenting on the donation made by the AHA, the NT Police Association President Vince Kelly stated 'No-one I know gives away \$150,000 to someone and doesn't expect something back in return.'¹⁰ The extent of the AHA's political involvement in the NT is particularly alarming given that the NT has the highest rates of risky drinking and harms in the country.¹¹

Lobbying against evidence-based policies

Alcohol industry bodies lobby politicians and governments to oppose evidence-based alcohol policies, and instead support policies that are ineffective. In Australia the alcohol industry has opposed regulations to alcohol pricing, promotion and availability, which are the three areas where the evidence demonstrates that regulations will have the greatest impact on reducing harms. Most recently in NSW, several alcohol industry bodies opposed reductions in trading hours, an evidence-based policy which has been shown to reduce alcohol-related violence.

The AHA NSW is a powerful industry lobby group which has had strong ties to NSW Governments. Most recently the AHA NSW was entrenched within the NSW Liberal Party early in the O'Farrell Government's. Two AHA NSW representatives held key roles in the Liberal Party. Mr Paul Nicolaou was the Chief Executive of AHA NSW and was also involved in the Liberal fundraising organisation Millennium Forum. Mr Michael Photios, former Minister in the Liberal Government and former Vice-President of the NSW Liberal Party Executive, is a lobbyist for the AHA NSW.¹²

The AHA NSW has lobbied strongly against policies that are evidence-based. For example, as part of the statutory review of the *Liquor Act 2007*, the AHA NSW stated that "There is no current study which has identified that either lockouts or blanket closing times are successful."¹³ This is despite international and national research consistently demonstrating that reducing trading hours results in reductions in alcohol harms. The AHA NSW have also continually opposed policies based on the Newcastle trial¹⁴ which involved a 1.30am lockout and a 3.30am closing time. This is despite the peer reviewed empirical evidence demonstrating that a reduction in trading hours in Newcastle resulted in a significant reduction in alcohol-related assaults. Even five years after the 3.30am closing time was introduced, an independent evaluation found that there was a sustained reduction in alcohol-related assaults in the Newcastle CBD, with an average of a 21 per cent decrease in assaults per hour.¹⁵ Despite continued calls by experts for these policies to be introduced across NSW, they continue to be resisted. Only after the deaths of two young men in the Sydney CBD were similar policies introduced, however they are restricted only to the Sydney CBD.

Industry bodies do not only lobby against the introduction of evidence-based policies, but also lobby against increased regulation on existing activities. In 2013, a NSW Government Information Public Access request revealed the industry's influence into the Office of Liquor Gaming and Racing's (OLGR) six month investigation of shopper docketts issued by Woolworths and Coles. Shopper docketts are coupons or vouchers for free or discounted alcohol or petrol products printed at the bottom of supermarket shopping receipts. In relation to alcohol, these docketts are used to promote alcohol discounts, such as two-for-one offers. At the end of the six month investigation into shopper docketts, OLGR concluded that they were "likely to encourage the misuse and abuse of liquor". However the Director General did not support the Agency's recommendation and shopper docketts were allowed to continue. This decision by the Director General came after an extensive process, including countless pieces of correspondence with both Woolworths and Coles. At one point during the investigation, OLGR stated that "correspondence

from Woolworths alleging improper release of information [about the investigation being undertaken] appears to be an attempt to intimidate and disrupt OLGR's regulatory intervention and interfere with the controlled release of regulatory information in the public interest".¹⁶

Lobbying against regulation and the introduction of evidence-based policies by the alcohol industry has had an impact on the policies being introduced across NSW. An analysis of the outcomes of the 2003 NSW Alcohol Summit examined the progress made against the 107 prevention focused recommendations that arose from the Summit. The analysis found that in the ten years between 2003 and 2013, 19 recommendations were completed, 53 had some action taken and 35 had no progress made against them. Activities that were implemented had little or no evidence-base for effectiveness for reducing alcohol harms, while activities that were not implemented were often those which had evidence to support their effectiveness. The study concluded that one of the reasons for the NSW Government adopting and introducing policies that had little evidence to support them is because of the significant influence and involvement of the alcohol industry in the Summit.¹⁷

Co-opting policy-makers

A further strategy adopted by vested interest industries is to 'co-opt policy makers and health professionals' to undermine alcohol control policy.¹⁸ In NSW, documents obtained via subpoena in the NSW Parliament demonstrate the closeness of the relationship between key alcohol industry bodies and OLGR in the development of the Liquor Promotion Guidelines (Guidelines). Between March 2012 and June 2013, OLGR reviewed the Guidelines which are intended to identify the activities and promotions that are considered to be unacceptable in accordance with the *NSW Liquor Act 2007* (Liquor Act).

FARE and other public health organisations were not engaged in the consultation process and were even refused involvement when specifically requested. However there was an open dialogue between the alcohol industry and OLGR. Emails reveal that the alcohol industry was so closely involved in the development of the Guidelines that they were allowed to suggest specific wording changes that watered down the impact of the guidelines on their various industries.¹⁹ The alcohol industry was so heavily involved in the development of the Guidelines that OLGR wrote to AHA NSW Chief Executive Officer, Paul Nicolaou and Liquor Stores Association (LSA) General Manager, Michael Waters seeking their official endorsement including the placement of the AHA NSW and LSA logo on the Guidelines.^{20 21}

The involvement of the alcohol industry in the development of the Guidelines resulted in a weakening of the Guidelines at the expense of community health and wellbeing. Furthermore despite a recommendation by an independent review of the Liquor Act to review the Guidelines, the NSW Government has decided not to do this for a further two years.

Regulation should seek to minimise the influence of the alcohol industry in alcohol policy including by limiting political donations

Regulating avenues of undue influence for industries with negative public health consequences, like alcohol, is critical in reducing the harms that their products impose on individuals, families and communities. Allowing alcohol industries to make donations to political parties provides for greater access to decision makers and the opportunity for undue influence. This affords an advantage to these industries above the general community and the public health sector who are not as resourced or able to

engage in these democratic processes. Maintaining the ban on alcohol industry donations is therefore of paramount importance in supporting democratic decision-making processes.²²

If the High Court revokes the ban on political donations from the alcohol industry, it is important to impose measures that mitigate the extent of the alcohol industry's undue influence and increase the transparency of its activities. This is best achieved utilising the current system of caps on donations and disclosure of donations. Donations from members of the alcohol industry should be subject to a lower cap than for other donors.

The rationale for imposing a lower cap for alcohol industry donations is twofold. Firstly, a cap controls the amount of undue influence that the industry can exert upon the political process. Secondly, a cap will assist to even the playing field for individuals and public health groups who advocate for policies that are contradictory to industry. It is well-known that compared to industry groups, public health groups are under-funded and under-resourced, therefore placing them at a tactical disadvantage.²³

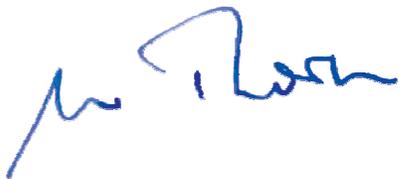
Recommendations

1. That alcohol is recognised as a harmful product, and that harm minimisation is the primary factor in considering amendments to election funding and disclosure regimes.
2. That the alcohol industry is defined as including producers, distributors, wholesalers and retailers, including both on and off-licence.
3. That the current ban on political donations from the alcohol industry is retained.
4. That, if the ban on political donations from the alcohol industry is revoked, a cap should be imposed for alcohol industry donations, and donations should be required to be disclosed.

Conclusion

Alcohol is not an ordinary commodity, it is a substance that causes significant harms. The industries that produce, distribute and sell alcohol have a vested interest as they profit from its sale. The alcohol industry has demonstrated its extensive power in influencing alcohol policy development, many examples of which are provided in this submission. This provides the alcohol industry with an advantage in influencing decision makers, ahead of members of the general community and public health experts. Any opportunities for the alcohol industry to have undue influence in alcohol policy development, including through making political donations, should be removed. For this reason FARE strongly supports the current ban on political donations from alcohol industry bodies.

Yours sincerely



MICHAEL THORN
CHIEF EXECUTIVE

References

- ¹ Gao, C., Ogeil, R.P., & Lloyd, B. (2014). Alcohol's burden of disease in Australia. Canberra: FARE and VicHealth in collaboration with Turning Point.
- ² NSW Bureau of Crime Statistics and Research. (2012). Number of incidents of assaults recorded by the NSW Police Force by whether they were alcohol-related. Statistics provided by BOCSAR.
- ³ Moodie, R., Stuckler, D., Monteiro, C., Sheron, N., Neal, B., Thamarngansi, T., Lincoln, P., Casswell, S., on behalf on The Lancet NSW Action Group, 2013. (2013). Non-communicable Disease 4, Profits and pandemics: Prevention of harmful effects of tobacco alcohol and ultra-processed food and drink industry, *The Lancet*, vol 381, February 23.
- ⁴ Chan, M. (2013). WHO's response to article on doctors and the alcohol Industry. *BMJ* 2013;346:f2647
- ⁵ Foundation for Alcohol Research and Education. (2011). Annual Alcohol Poll: Community Attitudes and Behaviours. Canberra: Foundation for Alcohol Research and Education.
- ⁶ The Greens. Democracy4Sale. Democracy4salehttp://www.democracy4sale.org/index.php?option=com_chronoforms&view=form&Itemid=287&chronofom=SEOResult&event=submit
- ⁷ The Greens. Democracy4Sale. Democracy4salehttp://www.democracy4sale.org/index.php?option=com_chronoforms&view=form&Itemid=287&chronofom=SEOResult&event=submit
- ⁸ Aikman, A. (6 February 2014). AHA spends 14 times more in Territory blitz. *The Australian*. <http://www.theaustralian.com.au/national-affairs/state-politics/aha-spends-14-times-more-in-territory-blitz/story-e6frgczx-1226819030470>
- ⁹ Smee, B. (4 Feb, 2014). Biggest political donors revealed. *NT News*. <http://www.ntnews.com.au/news/northern-territory/biggest-political-donors-revealed/story-fnk0b1zt-1226817292737>
- ¹⁰ NACCHO. (6 March 2014). NACCHO Aboriginal Health: Senator Nova Peris pushes campaign on alcohol-related domestic violence. <http://nacchocommunique.com/tag/northern-territory/>
- ¹¹ Australian Institute of Health and Welfare. (2011). 2010 National Drug Strategy Household Survey report. Drug statistics series no. 25. Cat. no. PHE 145. Canberra: Australian Institute of Health and Welfare.
- ¹² NSW Department of Premier and Cabinet. http://www.dpc.nsw.gov.au/__data/assets/pdf_file/0012/124221/Premier_State_Consulting_Pty_Ltd_-_50.pdf
- ¹³ Australian Hotels Association NSW. (2013). Submission by Australian Hotels Association (NSW) to Review of the Liquor Act 2007 and the Gaming and Liquor Administration Act 2007. Sydney.
- ¹⁴ Australian Hotels Association NSW. (2014). Submission by Australian Hotels Association (NSW) to NSW Legislative Assembly – Committee on Law and Safety Inquiry into Measures to Reduce Alcohol and Drug-Related Violence. Sydney.
- ¹⁵ Kypri, K., McElduff, P. & Miller, P. (2014). Restrictions in pub closing times and lockouts in Newcastle, Australia five years on. *Drug and Alcohol Review*. 33:323–326
- ¹⁶ Brief dated 24 June 2013 to DG regarding Woolworths' media allegations including attachments. <http://drinktank.org.au/wp-content/uploads/2014/05/Document-44.pdf>
- ¹⁷ FARE, 2013, 10 years on: An analysis of the progress made in preventing alcohol-related harms since the 2003 NSW Summit on Alcohol Abuse, www.fare.org.au
- ¹⁸ Moodie, R., Stuckler, D., Monteiro, C., Sheron, N., Neal, B., Thamarngansi, T., Lincoln, P., Casswell, S., on behalf on The Lancet NSW Action Group, 2013. (2013). Non-communicable Disease 4, Profits and pandemics: prevention of harmful effects of tobacco alcohol and ultra-processed food and drink industry, *The Lancet*, vol 381, February 23.
- ¹⁹ Email dated 5 April 2013 from Mr Michael Waters, Liquor Stores Association. <http://drinktank.org.au/wp-content/uploads/2013/07/b63.pdf>
- ²⁰ Letter dated 25 January 2013 to Mr Michael Waters, Liquor Stores Association <http://drinktank.org.au/wp-content/uploads/2013/07/b43.pdf>
- ²¹ Letter dated 25 January 2013 to Mr Paul Nicolaou, AHA (NSW). <http://drinktank.org.au/wp-content/uploads/2013/07/b44.pdf>
- ²² Rhiannon, L. & Thompson, N. Political donations from hotels: Bad for our health? Democracy4Sale. http://www.democracy4sale.org/index.php?option=com_content&view=article&id=128:political-donations-from-hotels-bad-for-our-health&catid=103&Itemid=262
- ²³ Daube, M. (2010). Health and vested interests. *Australian and New Zealand Journal of Public Health*, 34, 444-445.