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Reducing the moral jeopardy associated with receiving funds from the proceeds of gambling

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Abstract

This paper outlines the ethical and organisational risks for community and other public good organisations of accepting funding from gambling industry sources. Aspects of this moral jeopardy include the ethics of benefiting from the suffering of others as well as impacts on an organisation's reputation, governance, and internal relationships. After 50 years of unethical practice by tobacco manufacturers, community agencies involved with tobacco control are now actively challenging organisations that continue to pursue these links. This readiness to question has not yet been extended to gambling, but with efforts at improving ethical awareness, people in key agencies can be assisted in challenging these relationships. The different arrangements for dispersing charitable funds from gambling are examined and we conclude that none of them are free from moral jeopardy. The paper finishes with recommendations on ways organisations might participate in promoting low moral jeopardy environments.

Introduction

Example 1: Surprise attack

Jenny works in a division of a large health service organisation. One afternoon during her tea break, she picks up a staff bulletin and happens to read about a newly established fund to support educational development projects. This discovery seems unbelievably convenient; it was only 2 days ago that she had been complaining to colleagues about the lack of information available to clients in managing their health issues. She begins discussing a potential project with colleagues and finds they share her enthusiasm. Following several lively meetings, they manage to design a project and work out a rough timeline. She then dutifully sits down to begin filling in the necessary forms. Upon accessing the application form from the Internet, she is surprised to read at the end of the first pages an acknowledgement that declares 'Proudly Supported by XXX Trust' (a major electronic gambling machine trust) followed

by the organisation's logo. Her enthusiasm instantly drains. A close member of her family has been severely affected by problem gambling so she has developed strongly negative views on gambling and the effects this industry is having on her community. How can she in all conscience accept their money? Yet, at the same time, the funding is appealing. Jenny's organisation could achieve so much for their clients with this sort of funding. It is a dilemma, and she wishes that the funding were not from this source. One part of her is even tempted to pretend she did not see the logo and to continue filling in the form.

Money derived from gambling has become one of the major sources of funding for community and other public good organisations (COPGOs). Different nations (and different states or provinces for those in federal systems) have adopted different approaches to the extent to which gambling is used as a specific mechanism for raising revenue. Some jurisdictions (such as many states in the USA and Australia) regard gambling as a heavily taxed commercial activity with revenue absorbed into their consolidated funds. Other countries (such as the UK, Canada, and New Zealand) have strong traditions where community benefit funding is identified as either one or the primary purpose of formal gambling ([O'Sullivan & Christoffel, 1992](#); [Reith, 1999](#); [Morton, 2003](#)). Each arrangement introduces its own set of problems, but, in the longer term, the heavy reliance of COPGOs on gambling sources introduces some particularly challenging issues for the future. The increasing amounts of available funds, particularly from electronic gambling machine providers, engage more and more community organisations in seeking gambling funds for their activities. For example, in New Zealand, a small country of 4 million people, gambling industries generate somewhere in the vicinity of \$500 million to \$700 million per year for community organisations. This amount means that the majority of their COPGOs are receiving gambling funding in some form. As the above scenario illustrates, people in these organisations are often unaware of the extent of the involvement and can at times be taken by surprise when they discover the funding source for their initiatives. Some may be troubled by the industry involvement, but may perceive the relationship as too well established to challenge.

In this paper COPGOs will refer to a broad range of organisations which all share a common purpose in seeking to improve the quality of life of their members or the people they serve. COPGOs include nongovernment organisations (NGOs), not-for-profit societies and trusts, civil society organisations, government and quasi-government organisations, community wellbeing organisations, health service organisations, and academic and research organisations.

It is easy to understand how poorly funded COPGOs are attracted to this

considerable and easily accessible source of revenue, particularly when government contributions become increasingly difficult to obtain. The catch is that once an organisation receives its first amount of funding from a gambling industry source, a precedent is set that for many will lead to the acceptance of further funding, thereby laying the foundations for a relationship of reliance and dependency. This paper examines these and other risks and explores ways that such hazards could be minimised.

Moral jeopardy

Example 2: Reasons to accept funding??

- We could not survive without it.
- You need to be in to win.
- We won't be able to compete with those who do receive it.
- There are few other opportunities around.
- If we don't, some other organisation will accept it.
- If we don't, the money will go to less deserving causes.
- Gambling causes much less harm than other sources.
- We could end up refusing all sources of funding on moral grounds.
- We would be seen as acting too precious if we refuse.

'Morality' is a broad term that encompasses ethical, practical, and perceptual issues. Morality evolves according to the norms generated over time through the influences of history, culture, and material resources. It embraces what a particular society at a particular time deems acceptable and unacceptable. These perceptions are never fixed and can vary considerably over time. For example, the morality of drug use—such as with tobacco and heroin—has changed radically over the last century. The increasing consumption of commercialised gambling in Western-style democracies is relatively new, and how it is seen from a moral perspective is changing and likely to continue changing. While gambling undeniably introduces a range of benefits to communities in the form of enjoyment, social engagement, and funding sources, its consumption also introduces a range of harms. The following section identifies the dimensions of risk that COPGOs should consider when deciding to receive funds from gambling industries. These include ethical and reputational risks alongside risks to governance, organisational coherence, and democracy.

Ethical risks

Similar to the impacts of other dangerous consumptions with addictive potential

(such as tobacco and alcohol), the impacts of gambling are complex and diverse. By plugging into systems of financial transaction, gambling interacts with individual lifestyles and patterns of social connection. The most obvious impact in the medium term is the rise in prevalence of problem gambling ([Ladouceur, Boisvert, Pepin, Loranger, & Sylvain, 1994](#); [Shaffer, Hall, & Vander Bilt, 1997](#)). Problem gambling is strongly linked to a range of indicators of social distress. In North America, where nearly a third of younger people gamble weekly, their involvement with gambling outstrips their participation in smoking, drinking, and taking other drugs ([Gupta & Derevensky, 1998](#); [Shaffer, Hall, Vander Bilt, & George, 2003](#)). Ten to fifteen percent of younger people are at risk for problem gambling ([Jacobs, 2000](#); [Shaffer & Hall, 1996](#)). Problem gambling also co-occurs at high rates with other mental health concerns, in particular depression, anxiety, suicide, and substance abuse ([Cunningham-Williams, Cottler, Compton, & Spitznagel, 1998](#); [Specker, Carlson, Edmonson, Johnson, & Marcotte, 1996](#)). Other indicators of disruption from problem gambling are family dysfunction and violence ([Bland, Newman, Orn, & Stebelsky, 1993](#); [Lorenz & Yaffee, 1986](#)), bankruptcy ([Gerstein et al., 1999](#)), and criminal offending ([Abbott & McKenna, 2000](#)).

The negative effects of gambling are not confined to problem gambling. Regular nonproblematic gambling can contribute to a variety of worrying trends. For example, regular gambling can divert parental energy away from family life, thereby reducing input into relationships in such areas as family recreation and care of children ([Williams, 1996](#); [Raeburn, 2001](#)). Frequent gambling also correlates highly with other behaviours that pose risks to health, such as heavy alcohol use and smoking ([National Opinion Research Center, Gemini Research, The Lewin Group, & Christiansen/Cummings Associates, 1999](#)). For members of low-income families even a moderate investment in gambling may tip the balance between managing rent or mortgage payments and facing destitution. The loss of a financially stable home environment contributes to family conflict, it affects the emotional development and educational prospects of children, and it propels movement between locations that contributes further to the fragmentation of local communities ([Dyall & Hand, 2003](#); [McGowan, Droessler, Nixin, & Grimshaw, 2000](#)). Economists researching gambling have discussed how gambling could be considered to be a form of regressive taxation ([Pickernell, Brown, Worthington, & Crawford, 2004](#)). By 'regressive' they mean that instead of the burden of taxation being differentially lighter on people of lower income, a higher burden is placed on those who can least afford it. This research is at an early stage. Some point to the higher engagement of people of low income in most forms of gambling ([Adams et al., 2004](#); [Costello & Milar, 2000](#); [Doughney, 2002](#)). Added to this effect, people on lower incomes have less to lose, are more financially vulnerable, and are therefore more likely to suffer negative effects from gambling losses.

The essential ethical consideration that follows from accepting gambling monies is

that an organisation becomes locked into a challenging ethical inconsistency. How can a COPGO that claims to serve the good of a community maintain its credibility when part of its income comes from sources that are known to cause harm to that same community? Some might rationalise such an involvement by claiming that the end justifies the means. But to what extent will an organisation tolerate this inconsistency? How can an organisation set up to reduce poverty and other social ills in all conscience benefit in a real sense, either directly or indirectly, from other people's misery?

Another more active possibility could emerge from a visible relationship with industry sources. Gambling industries that generate the most harm (currently electronic gambling machines) are likely to be acutely aware of the negative views that can be formed regarding their operations. Negative public perceptions can have major effects on the sale of their products, particularly with regard to brand image, marketing, site approvals, regulations, and government policies. Visible relationships with COPGOs could serve to mitigate potential negative associations and to give the impression either that the activity leads to public good or that they have at least attempted to rectify potential harm. In this way gambling providers can potentially derive significant benefits from a positive public image, which enables them to interface more easily in community, local authority, and public arenas and helps support them in venue and licensing processes, in creating new products and venues, and in de-emphasising much of the harm their activities generate. A visibly funded relationship could also provide a respectable platform for industries to negotiate their relationships with government agencies.

A further active ethical concern is that the COPGO's acceptance of gambling funds becomes incorporated into the marketing of that gambling product. The positive associations formed in the relationship often provide a base for engaging the spending behaviour of punters. For example, it is likely that people will feel more inclined to purchase a ticket in a national lottery when they believe the profits are going to a worthy cause. This perception will be particularly strong when they see their gambling as visibly benefiting their immediate community. This acts to encourage or at least disinhibit the punter at the point of sale and is thereby likely to increase the amount they are likely to purchase. The consequent increase in gambling consumption adds to the extent of gambling-related harm. Thus, from one perspective, the COPGO's acceptance of gambling funding can be viewed as actively contributing to the negative impacts gambling has on individuals and communities.

Reputational risks

Putting ethical considerations aside for a moment, organisations contemplating a relationship with gambling monies would benefit from considering how they will be seen by others. Reputational risk refers to the perceptions of other relevant

stakeholders regarding the decision of a COPGO to accept gambling funds. Depending on the importance of the stakeholder, these perceptions could have major implications for the viability of the organisation. The perceptions that matter will vary but they typically include those of funders, consumers, collaborators, and the general public. For example, a theatregoer with strongly negative views of gambling might choose to boycott a company that is funded by gambling sources, and for that person the negative association could last long after the company ceases receiving such funds. At another level, government funding agencies could themselves have concerns about being linked to gambling providers and for that reason prefer relationships with COPGOs that do not have such associations. The impact of negative perceptions also extends to those working within an organisation. For those with ethical concerns, an organisational link to gambling providers could challenge their own involvement with the COPGO. For example, a counsellor with strong views about gambling industries who works in a problem gambling counselling agency is likely to have serious reservations about that service assisting casinos with their host responsibility programmes. The perception of an association could be interpreted as complicity, which would sap the counsellor's morale and enthusiasm for the work of the service.

Governance risks

The primary risk to governance centres on the threats to organisational independence and sovereignty due to an increasing reliance on gambling industry sources of funding. As the proportional level of gambling funding increases, members of a COPGO may begin viewing such funding as essential for survival. Often incremental increases in funding creep up on an organisation; reliance evolves without those in the COPGO fully appreciating the extent. In situations where a governance board on balance opposes this source on ethical grounds, on pragmatic grounds they may have little choice but to continue with the funding—they see the organisation as simply ceasing to exist without it. A board might consider a small amount of gambling revenue (say 5% of income) as expendable, and consequently they would have no difficulty risking it by criticising the source. But for many COPGOs a larger amount (say 10% or more) could lead to perceptions of reliance and they would be reluctant to jeopardise the funding by criticising or challenging the activities of the source. In a Canadian survey of NGOs who had received grants from gambling sources [Berdahl & Azmier \(1999\)](#) found a full 20% received over half their annual revenues from gambling grants and 50% rated gambling grants as the top funding source. Many of the NGOs receiving funds argued that they would not be able to survive without these grants. The investigators also surveyed and interviewed NGO board members to find that as high as 69% of people in the organisation disagreed or strongly disagreed with the statement 'our board members oppose our organisation's use of gaming revenues.' They noted that opposition was particularly low among sports and recreation

organisations. They explored these views further in in-depth interviews with board members and found that while individual board members may object to the funds,

... the greater sentiment is that their commitment to their cause overrides their ethical concerns about gambling. For these individuals, the acceptance of gambling revenues is seen as a 'compromise,' or a 'necessary evil,' that must be accepted to meet their larger goals. As one respondent wrote, 'Ethically our staff and board are always debating this issue. Our need for operating money usually wins out however.' ([Berdahl & Azmier, 1999](#), p. 15)

Relationship risks

A further risk to consider is the possibility that receiving gambling funds could jeopardise relationships within an organisation. Approaches to achieving community wellbeing will vary across an organisation. Differences in focus and orientation can lead to interpersonal tensions that in turn lead to conflict and dissension, and differences in approaches to ethical issues can generate the most passion and debate. There are two different levels at which this can occur: the suborganisational and the individual.

In larger organisations, such as health services or universities, one section of activity may have considerably less interest in these ethical concerns than other sections. For example, in a large health service organisation (such as a hospital), the less community-oriented sections of the organisation (such as critical care) may have few qualms about receiving urgently needed funds from gambling sources. They are likely to do so without considering the impact this might have on other sections with more of a community orientation, such as mental health and addiction services. People in these services are then put in a difficult position because their institution's involvement in receiving gambling funds compromises their ability to speak out on the negative impacts of gambling. This situation is particularly important to organisations with sections that are likely to champion causes associated with harm from gambling, such as universities and social justice advocacy organisations. Once one part of a university accepts significant gambling funds, other sections of the same institution are less able to comment credibly on gambling issues and, if they do, may find themselves in difficulties with those receiving the funds and perhaps in conflict with central management.

The other situation to consider is the impact on dissenting individuals within a COPGO when it decides to receive gambling funds. The following example captures some of these dynamics.

Example 3: Marginalisation

Jason was a member of the board of trustees for a golf club. His club decided some years before to accept major sponsorship from a large electronic gambling machine provider. Jason initially had no objections to this, but as time went on and he read more in newspapers about the impacts of gambling, he grew increasingly concerned about the club's willingness to accept this funding. He believed strongly that golf was a game that aimed to promote the health, wellbeing, and moral integrity of citizens. He had increasing difficulty reconciling this with what he heard about gambling. He raised these issues tentatively with the board. They listened, but the ensuing discussion was light and full of quips about betting on the future of the club. He raised the issues again in two subsequent meetings. Other board members began to recognise that he was serious and they engaged more strongly in countering his arguments. Eventually he tabled a motion proposing the club pull out of the funding relationship. The debate then became highly personal with accusations regarding inconsistencies in his own participation in gambling and challenging his credentials to take the moral high ground. Predictably the motion was not carried and from then on he sensed that others on the board viewed him as a problem. They joked about him being a moral arbiter and were careful what they discussed in his presence. He too was wondering about his continuing board membership. As time went on his concerns about this funding had not diminished and he was becoming increasingly silent and passive at board meetings.

Persistent dissenting voices are a problem for an organisation. Should they be engaged, challenged, ignored, or marginalised? Their dissent can become corrosive to organisational coherence, so it is tempting to transfer the discomfort to individuals and treat them as the problem—suggesting that it is the dissenters and not the organisation who choose to make life difficult. The effect of this response on the dissenters is to silence their voices, but in the long run it could lead to the loss of key and highly committed people within the organisation.

Democratic risks

A longer-term consequence of gradual losses in an organisation's independence and sovereignty is the subtle erosion of its capacity to participate actively in democratic processes. Sports clubs, charities, church and school committees, work social clubs, hobby groups—from small local groups to large national NGOs—these all make up the intricate web that provides the base for social involvements. It is often through interactions in community groups that people form their views on social issues. Consequently, financial influence at a community level could go a long way in shaping public views on gambling. The charitable

contributions of the gambling industry to public good activities quickly translate into community support for their developments and their recognition as responsible community benefactors. (For a more detailed discussion on these issues see [Adams et al., 2003](#); [Adams, 2004](#).)

Moral jeopardy in tobacco research

‘Perhaps research grants coming from tobacco companies should carry their own Surgeon General's warning. Caution: Tobacco industry sponsorship may be hazardous to the public's health.’ ([Parascandola, 2003](#), p. 549)

We searched the published literature on the morality of accepting gambling and we found little published discussion and no formal protocols or policies that purport to address this issue. The absence of formal discussion is presumably a function of the relatively recent nature of the global expansion of commercial gambling. Other legalised and commercialised dangerous consumptions share a similarly variable and often fraught relationship between those who manufacture the product and those involved in responding to associated harms. For example, in an article debating the merits of alcohol funding, Griffith [Edwards \(1998\)](#), a leading alcohol and public health researcher, stated,

So should researchers take research money from a tainted industry which exploits vulnerable populations, mounts attacks on valid research and independent researchers, and which, through its front organisations, tries to distort the truth? Those considerations suggest perhaps an answer tilting towards a ‘no’ in a more obvious way than some scientists might on first inspection have thought. (p. 336)

Concerns such as these have led the International Society of Addiction Journal Editors (ISAJE) to agree in 1997 in a meeting in Farmington, Connecticut ([ISAJE, 2005](#)), to require all members to support the ‘Farmington Consensus’, an understanding that set standards for ethical expectations of authors, referees, and editors regarding ‘maintaining editorial independence’ and included declarations of ‘support from the alcohol, tobacco pharmaceutical or other relevant interests’.

Nonetheless, the most lively and lengthy debate on the morality of industry funding has occurred about tobacco, and it is this relationship that provides useful clues as to how this issue might unfold for gambling. The tobacco debate has been assisted by two sources of information: first, the increasing evidence that tobacco has contributed significantly to cancer and other fatal illnesses ([Doll, Peto, Wheatley, Gray, & Sutherland, 1994](#)), and, second, increasing revelations of how the tobacco industry managed to manipulate scientific evidence to stall restrictive legislation. In a study of tobacco industry internal documents [Drope and Chapman \(2001\)](#)

identified how the tobacco industry had built up networks of scientists sympathetic to its position that environmental tobacco smoke is an insignificant health risk. They concluded that, 'Industry documents illustrate a deliberate strategy to use scientific consultants to discredit the science on ETS [environmental tobacco smoke]' ([Drope & Chapman, 2001](#), p. 588).

In a similar study [Fields and Chapman \(2003\)](#) reviewed internal industry documents concerning the large cigarette firm Philip Morris and its grooming over a 40-year period of a leading tobacco scientist, Ernst Wynder. They provided detailed evidence from documents that revealed the thinking of the firms at the time. For example, in considering the rising anti-tobacco health lobby, Philip Morris executives commented,

Get scientists who are against us on the primary issue to speak up in our favour on the ETS issue. There are probably quite a number of scientists who would be ready to do this—Wynder is one example. These people should address scientific meetings, conduct interviews with the media, appear on talk shows etc. We should attempt to arrange debates between these scientists and the more rabid or silly antis. (p. 574)

They were subsequently amply supported by scientists eager to embrace what appeared to be an important source of research funding. In concluding their analysis [Fields and Chapman \(2003\)](#) stated,

In austere funding environments, today's scientists face ongoing funding challenges. The tobacco industry can provide comparatively easy access to allegedly no-strings research funds, but there is growing momentum among universities to refuse to permit such funding because of its track record in corrupting the integrity of science. (p. 576)

These concerns have stimulated considerable debate in several of the world's most prestigious medical journals, particularly the *British Medical Journal*, *Tobacco Control*, and the *Journal of Epidemiology and Community Health*. For example, Richard Smith, the chief editor of the *British Medical Journal*, has published several editorials challenging the willingness of scientists, institutions, and publications to engage in activities associated with tobacco funding. A similarly strong position is adopted by Simon Chapman at the University of Sydney, who is editor of the prestigious journal *Tobacco Control*. In considering these issues [Turcotte \(2003\)](#) concluded, 'Universities should not enter into any kind of co-operation with the tobacco industry on the grounds that are related to their responsibility, the nature of tobacco problem and the behaviour of the tobacco industry' (p. 107).

Richard Smith has taken this position one step further: he resigned from his

position as professor of medical journalism at the University of Nottingham after the University accepted US\$7 million from British American Tobacco to fund an international centre for the study of corporate responsibility.

This willingness to move beyond debate to taking action or instituting policy is becoming increasingly common with tobacco funding. More organisations are declaring publicly that they will not engage in funding relationships with tobacco manufacturers. These include the American Public Health Association, University of Toronto's School of Social Work, Brigham and Women's and Massachusetts General Hospitals, the M. D. Anderson Cancer Center in Houston, the Roswell Park Cancer Institute, and the University of Sydney ([Cohen, Ashley, Ferrence, & Brewster, 1999](#); [Cohen, 2001](#)). In a discussion of this trend [Cohen et al. \(1999\)](#) concluded, 'We urge colleagues in these settings to demand that the issue of dependence on the tobacco industry in all its forms be explicitly put on policy agendas of their institutions and organisations' (p. 76). At another level, some health funding institutions are also moving from debate to action by announcing that they will not fund research institutions that accept tobacco money. These include the UK Cancer Research Campaign, the Norwegian Cancer League, and some members of the Union Internationale Contre le Cancer—European Cancer League ([Cohen et al., 1999](#)). At yet another level, some organisations are beginning to explore cross-institutional understandings regarding such funding. In 2004, UK universities and the charity Cancer Research UK signed a joint protocol on good practice in industry funding which acknowledged that individual universities can decide what research funds to accept or reject, but agreed that they would 'consider carefully' whether to accept from any source 'if to do so would be potentially detrimental to their reputation' ([Mayor, 2004](#)). Admittedly, the signing of cross-jurisdictional agreements is a relatively new and controversial development and is contested on a number of grounds, including its threat to academic freedom ([Davies, Drucker, & Cameron, 2002](#)).

Types of gambling funding

Example 4: Would you receive ...

- funds from an armaments manufacturer?
- funds from a manufacturer of pornographic materials?
- funds from a manufacturer that engages child labour in developing countries?
- funds from a fast-food company?
- sponsorship from a psychotropic pharmaceutical company?
- sponsorship from a brewery?
- sponsorship from a cigarette manufacturer?

- contributions from an illicit drug manufacturer?
- donations anonymously from a gambling provider?
- grants from an electronic gambling machine trust?

There is a complex array of ways that money becomes available to COPGOs from gambling activity. The following section briefly examines five of the most common of these arrangements and discusses how they potentially contribute to increases in moral jeopardy.

Direct industry contributions

In this arrangement, private commercial gambling operators choose to provide direct funding to COPGOs for community purposes. Since these organisations are profit driven, their contributions are understandably driven largely by commercial imperatives. For example, a casino during its first few years of operation might seek the positive good will of adjacent COPGOs—churches, charities, performance venues—by donating generously to their development projects. Furthermore, such contributions can vary according to the perceived strategic importance of the recipient to the donor's business. For example, high-profile Asian events might receive generous sponsorship if the donor considers Asian patronage important.

For community benefit this is the least desirable arrangement because it involves a strong and direct relationship between the recipient COPGO and a gambling provider. Within this relationship the contribution is unlikely to occur anonymously because the donor is seeking an association primarily to improve its public profile. The community recipient is consequently likely to perceive that a strong obligation to the donor involves discouraging activities that might threaten the source.

Community-administered contributions

With this arrangement COPGOs run their own gambling operation for the primary purpose of raising money to fund their own activities. Often this is on a small scale and involves lower-salience forms of gambling such as raffles or bingo (housie). However, in some jurisdictions, COPGOs are being permitted to offer more salient forms such as electronic gambling machines. While on the whole this arrangement occurs on a relatively small scale, these COPGOs often end up targeting their own constituencies. For example, people attending church-run bingo (housie) evenings are most likely to be friends and families of local parishioners. Similarly, electronic gambling machines in venues such as sports clubs and war veteran organisations will on the whole be accessed by their own membership, often a membership—older, younger, poorer—already identified as vulnerable to gambling-related

problems. Besides engaging their own constituencies, the other main drawbacks of this arrangement are how it normalises and legitimises gambling at a grassroots community level and how organisations with a concern for the poor and underprivileged in their communities are discouraged from speaking out about gambling.

Government-administered contributions

In this arrangement government manages the provision of gambling and disperses profits to the community in the form of funding grants. The most common examples are national and state lotteries. In England and New Zealand and many of the states or provinces in Australia, Canada, and the United States, lottery products are provided by either the government or a commercial subsidiary under supervision of government, with the profits disbursed directly by a branch of government. The chief risk with this arrangement is that the agency that administers the funding itself begins to benefit from dispersing the money—it begins to derive indirect benefits from the activity and thereby risks building a reliance on the source for its own activities and status within broader government circles. These can include benefits associated with a larger revenue stream, such as increased status and expansion of development priorities. In addition, government interest in ensuring that lottery products maintain a share of the gambling market can involve enabling competitive advantages such as privileged access to advertising and other promotional opportunities. As with community-administered contributions, the involvement of government in the provision and promotion of gambling products contributes further to the normalisation and acceptance of gambling as a low-risk part of everyday life.

Government-brokered contributions

In response to perceptions that direct industry funding allows the industry too much leeway to influence outcomes, some governments have sought to establish their own independent organisations to receive and disperse contributions from privately run gambling providers. Typically a government or quasi-government agency is created to manage voluntary funds in a way that appears independent of the source. The main difficulty with this arrangement is the perception that donor organisations should still retain a significant say in how the money is used. The management agencies set up for this purpose tend to establish governance structures that are highly responsive to gambling industry providers. For example, the lead author of this paper served for 5 years on a national committee of this form (the Problem Gambling Committee) which distributed 'voluntary'¹ contributions from industry sources to help problem gamblers. Gambling industry executives made up half the committee and, in the lead author's opinion, they were consistently instrumental in ensuring that activities that might threaten the consumption of gambling were unlikely to receive significant funding (this

particularly applied to research, health advocacy, and public health initiatives).

Government-mandated contributions

In this arrangement governments enact legislation that requires gambling providers to allocate a portion of their net income to fund projects with a community purpose. Since gambling on electronic gambling machines is the major driver for the expansion of gambling, in many jurisdictions funding from this source has quickly become the largest available pool of monies for community sports and educational, cultural, and charitable activities. In the absence of other significant sources, most community organisations find themselves drawn into applying for this funding. The major difficulty with this arrangement is the risk to COPGOs of increasing financial dependency leading to them becoming the major advocates for the provision of gambling. For example, in New Zealand it is now commonplace for COPGOs to line up in defence of gambling providers when rises in consumption are debated in the media or government committees. Their major point is that reductions in consumption will jeopardise their own funding base. In this way COPGOs are recruited as lobbyists for the industry.

No risk-free arrangement

Most national and state gambling policy frameworks allow for a mixture of the above arrangements, often varying according to the mode of gambling. For example, the distribution of funds generated by lottery products is usually government administered, whereas electronic gambling machines contribute to a government-mandated fund and casinos pursue their own sponsorship programmes. However, as can be seen from the above discussion, each arrangement brings its own set of problems. From whichever route community benefit funding is derived, for COPGOs there is no risk-free arrangement. In some ways the ethical issues have less to do with the way these funds are administered and more to do with the nature of the source itself. Whatever future arrangements emerge, it will still fall back to people within COPGOs themselves to decide how far into an arrangement they are willing to proceed before it leads to intolerable ethical compromise.

Principles in minimising moral jeopardy

In line with a public health approach to gambling which places an emphasis on minimising harm and promoting wellbeing ([Brown, 2001](#); [Korn, Gibbins, & Azmier, 2003](#)), a longer-term view would require review of how to prevent or minimize circumstances that might contribute to high levels of moral jeopardy. The following discussion provides a preliminary exploration of some of the issues and opportunities in the prevention of moral jeopardy.

Principle 1: Ethical consciousness. An organisation's capacity to identify and respond to the risks associated with gambling industry funding is a function of the degree of ethical consciousness of the people within. A considered response to these issues is unlikely to occur if the majority are unaware or have only a peripheral understanding of the issues. As discussed in the previous section, such awareness is low for most COPGOs at all levels of their operation. Consequently, a key task with regards to gambling funding is to promote widespread appreciation of associated moral jeopardy issues.

Principle 2: Informed participation. This principle calls on the need for transparency regarding sources of funding and how this funding is obtained. In particular, the absence of information denies potential consumers the opportunity to weigh up whether they wish to engage with this organisation. For example, a problem gambler may have strong views on the impact gambling has had on her and her family and have a strong reluctance to engage in services that are directly funded by gambling industries. An increase in transparency has two effects: first, it informs people of the extent of reliance on gambling funds and, second, it enables those who have ethical concerns to decide whether to stay involved.

Principle 3: Independence of function. The major long-term threat here relates to the likelihood that over time dependency on this funding will build and that a COPGO could find itself unable to function without it. All major decisions begin to be influenced by considerations of how to avoid jeopardising this funding source. Moral jeopardy prevention strategies need to identify threats to organisational independence and devise ways to protect systems and processes from undue influence. Strategies are required to preserve the independent decision-making of COPGOs. Their independence not only is important for maintaining their own purpose but also enables them to speak out as required about the gambling environment and thereby actively participate in the democratic vitality of wider society. In situations where direct funding could compromise an organisation's independence mechanisms are required to ensure organisational independence is preserved. For example, the academic independence of a university to conduct gambling research is likely to be compromised if the research is purchased directly by a casino. The independence might be better protected if the funding came through an independent government agency.

Principle 4: Government duty of care. Government and its various associated agencies (departments, ministries, and quasi-government agencies) have a key role in determining the environment in which gambling occurs. They have a primary role in setting the parameters for the funding environment, monitoring their effect, and protecting people and organisations from environments that are likely to compromise their function. Governments (such as in New Zealand and Canada) that create high moral jeopardy environments also have a primary duty to ensure

that the range of risks identified in this document does not compromise the integrity and purpose of community organisations. Putting aside the government's own interest in the revenue generated from gambling, it is hard to see where else an adequate level of protection is likely to come from.

Levels of prevention

Next we explore the opportunities for preventing moral jeopardy for people and organisations with differing roles within the broader environment: those who work in COPGOs; government, which determines the broader environment; community professionals and support workers; and clients and consumers, who influence COPGO affiliations.

The role of COPGOs

COPGOs have an essential role in preventing their organisations from entering uncritically into risky relationships with gambling providers. With the relatively recent proliferation of commercialised gambling, members in most organisations are likely to have low levels of awareness of the risks. Consequently, the first and most critical step is to develop an appreciation of the ethical issues across all organisational levels. This includes people who function at a governance level, those involved with management and administration, and other employees within the organisation. The following lists some prevention possibilities for COPGOs.

Consciousness raising. Community organisations receive assistance in recognising the risks of direct association and are equipped to assess where they place themselves.

Governance workshops. COPGO governance boards are assisted in their deliberations on gambling industry involvements by presentations or workshops (depending on interest) to raise their awareness of the issues and help them reach an informed position on the extent of gambling industry involvement.

Restrictions on receiving funds directly from industry. COPGOs include within their charters or constitutions as part of their public good function a clause that restricts receiving funds directly from gambling providers. This could vary according to the nature of their activity and the nature of the source, but it would need to be explicit about the circumstances in which the organisation is and is not willing to accept funds.

The role of government

Government agencies have a key role in determining the broader funding environment. As discussed previously, in high-frequency gambling environments

where significant amounts of funding are being directed for community purposes it is highly predictable that COPGOs will end up in risky relationships with gambling providers. It follows, therefore, that government agencies are responsible to assist them in either avoiding or managing these relationships. The following measures would contribute to lower moral jeopardy environments.

Restrictions on direct industry contributions. Laws are enacted whereby gambling providers are restricted from contributing directly to COPGOs. This is a strong measure. Ideally this could take the form of a complete ban, or, more realistically, could involve tightened regulations.

Independent disbursement. The proceeds from gambling for community benefit are managed independently of gambling providers. This is likely to require formation of an independent agency to receive and manage the disbursement. This agency should ideally also function independently of local or regional government in order to protect the independence of their roles.

Financial transparency. COPGOs are required to declare in their annual reports the extent and nature of funding from gambling industry sources. This should also include a declaration by key officeholders (board members, executives) of interests or associations with gambling industry companies. Ideally this information should be available to other stakeholders, including consumers.

The role of community professionals and support workers

Community professionals and support workers, such as social workers, general practitioners and other health professionals, counsellors, lawyers, court workers, budgeters, council officers, hospital workers, health promoters, and cultural professionals, have a special role in helping to prevent risky gambling provider relationships. These professionals often operate at the interface between COPGOs and their consumers and between COPGOs and the regulatory environment. For example, problem gambling counsellors become intimately acquainted with the negative impacts of gambling and can play a critical role in raising the general awareness of the impacts of increased gambling consumption. The following measures could enhance their preventive role.

Generic professional training. This provides basic health and social professional education and continuing professional education programmes that include content designed to sensitize trainees to the ethical dimensions of gambling industry funding.

Specialist gambling professional training. This provides training to enhance the understanding of professionals working within COPGOs providing remedial services for problem gamblers of the ethical issues associated with gambling

funding, particularly when it comes to assisting clients, colleagues, and community organisations in serious consideration of these ethical issues.

Stated position of professional bodies. Professional organisations (such as practice registration boards) are engaged in stating their position on the ethics of receiving gambling funds. This could be incorporated into codes of ethics and act as a guide to members on how to perform in employing organisations.

The role of clients and consumers

COPGO clients and consumers have a critical role in determining gambling industry involvements because they are ultimately at the receiving end of such arrangements. Collectively, both they and the general public can play an influential role in assisting COPGOs in deciding how far to proceed with gambling industry connections. The following outlines how their role could be enhanced.

Consumer sovereignty. This ensures that consumers of health, charity, leisure, and other COPGO services have access by right to information regarding any sources of gambling industry funding.

Consumer advocacy. Consumer advocacy groups identify moral jeopardy as an issue and seek to engage a broad range of stakeholders in improving standards of ethical practice.

Ethical awareness promotions. Resources are provided to help consumers to both appreciate the ethical issues and recognise the influence they could exert on COPGOs. These resources could take the form of posters, pamphlets, and other materials that prompt consumers to enquire into COPGO affiliations.

Future opportunities for prevention

A focus on the ethics of gambling industry funding is new territory, and research and intervention will take time to evolve. As commercialised gambling proliferates throughout Western democracies and begins to include developing nations, the challenges posed by moral jeopardy in community/industry relationships will become increasingly important. This article concludes with two specific examples of how moral jeopardy prevention strategies might be developed in the future. They are intended to provide initial examples of the types of strategies that could be developed and included as part of an overall strategy.

Advancing ethical readiness

The notion of 'readiness' is a familiar and widely used construct in intervention programmes across all dangerous consumptions, particularly in applying the transtheoretical model of change (or 'Wheel of Change'—[Prochaska &](#)

[DiClemente, 1986](#)). This model differentiates several levels of readiness and acknowledges that it would be unrealistic to expect individuals or organisations to move suddenly from having little or no awareness of ethical dilemmas to actually being ready to implement policy. These processes take time and a range of milestones need to be attained before implementation becomes a possibility. For instance, awareness of ethical issues may initially occur to only a couple of individuals within an organisation, and they are unlikely to influence policy until they can engage a wider circle of supporters. Even with wider support, concerns about viability and external perceptions can provide enough of a barrier to restrict change. COPGOs that remain unaware of the ethical risks ('precontemplation') will require assistance in shifting to a point where they are capable of considering the risks ('contemplation'), and then onto a point where they are proactively involved in planning, resourcing, and implementing change ('action'). The main advantage of looking at organisational change in terms of stages of change is that it recognises that intervention goals will be different depending on the extent of readiness. For example, there is little point in discussing how to start dieting with a person who is unconcerned about his or her weight; what that person really requires is access to information and opportunistic moments to reflect on the issues. The majority of COPGOs are at the precontemplation stage of ethical readiness, and the goal of engaging them in implementing policies is unlikely to be successful. A more realistic goal is to develop strategies that help them move from precontemplation to contemplation. Such strategies could involve the development of educational packages, discussion workshops, booklets, and promotional materials that engage people within organisations in thinking about the issues. As with assisting people in behavioural change, the opportunities for reflection need to be engaging, matter-of-fact, and nonjudgemental ([Rollnick, Butler, & Hodgson, 1997](#)).

Ethical awareness educational packages

The preceding sections have emphasised the critical role ethical awareness will play in the current environment to reduce the prevalence of risky industry involvements. One previously mentioned device that could further this process is the development of an educational package to help COPGOs assess their industry associations. Such a package could incorporate a range of resource materials—such as some of the content from the current article, fact sheets, and scenarios. These items would be incorporated into discussion exercises that engage COPGO members in lively discussions of the pros and cons of receiving gambling funds. When it comes to delivery of the package—and contingent on funding support (presumably not from industry sources)—facilitators would be required to organise and convene the discussions and workshops. Facilitators would need to have advanced skills at conducting workshops that engage precontemplating COPGO members. The delivery of the package would then require independent evaluation examining the responsiveness of COPGO participants to the process and

assessment of whether their participation has improved their awareness of the ethical issues.

Notes

Footnotes

¹At the time, it was generally understood that if a voluntary contribution was not provided the government would impose a compulsory levy.

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