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The history of gambling in New Zealand

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This special issue on gambling in Aotearoa-New Zealand was assembled from papers presented at a recent conference on gambling held in Auckland in September 2003. This third international conference on gambling, *Gambling through a Public Health Lens*, was jointly hosted by the Problem Gambling Foundation and the University of Auckland's Centre for Gambling Studies. The focus of the conference was intended to assist services and government agencies to prepare for the Ministry of Health's takeover of responsibility for the provision of services for problem gamblers, as it moves to recognise gambling as a public health issue. The timing of the conference was fortuitous. The three days of the conference coincided with the final reading of the Gambling Act, the first piece of legislation that provides a comprehensive regulatory framework for gambling and the culmination of a seven-year review process. The three hundred people attending the conference were continually aware that their discussions were being echoed with concurrent discussions in the halls of power.

While the conference was attended by a number of esteemed presenters (such as David Korn from Toronto and Jeff Marrota from Oregon[1]) the papers chosen for this issue concentrate specifically on the current scene in Aotearoa-New Zealand, particularly as it applies to gambling within specific cultural contexts. The intent is to enable readers in other countries to compare what is happening in Aotearoa-New Zealand with the evolution of gambling within their own cultural contexts. The rapid proliferation of gambling has had contrasting impacts on indigenous populations, migrant groups, and local communities. The papers here provide detail on these impacts and examine some potential responses. In order to set the scene, this editorial will provide information on the context in Aotearoa-New

Zealand to enable the reader to better appreciate the issues discussed in the papers.

Four waves of settlement

Aotearoa-New Zealand is a small nation of approximately four million people situated low in the Pacific and at least a three-hour jet flight from the coast of its nearest neighbour, Australia. Its geographic isolation is the basis for both what constrains it and makes it unique. Its landmass covers an area of roughly the size of England and Scotland combined and it consists of two main islands stretching from north to south across sub-tropical and temperate climates. Mountain ranges run up the middle of both islands and are flanked by foothills, uplands and fertile lowlands. Its moderate climate together with its regular rainfall supports the growth of a vigorous plant life that, prior to the intrusion of humans, had supported the evolution of a unique flora and fauna.

The first settlement of Aotearoa-New Zealand by Polynesian peoples occurred sometime in the vicinity of 1250 to 1150 years ago. These “people of many islands” had mastered the skills of ocean navigation that enabled them to progressively occupy the larger islands of the south Pacific (Fischer, 2002). They arrived in a series of migrations and established small communities in coastal areas. The villages steadily expanded in accordance with the growth of their economies that either relied on hunting and fishing or mixed gardening. This enterprising people, referred to today generally as “Māori” but in reality made up of many different tribal groups (iwi), gradually established a complex system of tribal communities (hapu) linked by kinship connections and trade throughout the extent of Aotearoa-New Zealand. Their day-to-day routines were strongly organised according to status and obligations within extended family networks (whanau). By the fifteenth century a network of over 6,000 pa (fortified villages) had formed which relied heavily on transport and communication using large canoes and path systems (King, 2003).

The second settlement consisted of people from Britain who from over 12,000 miles away began their remarkable migration after Captain James Cook set foot on New Zealand soil in 1769. The first few migrants were a diverse collection of whalers, adventurers, soldiers, missionaries, traders, and early farmers who relied heavily on trade and exchange with Māori. This relationship intensified and culminated in 1849 in the signing of the Treaty of Waitangi, a critical agreement between Māori and the British Crown that recognised the rights of both parties to partnership, participation, and protection. At this stage Māori still outnumbered Europeans, but in the fifty years following the signing of the Treaty large numbers of British settlers migrated and they soon eclipsed the Māori population. At the same time the absolute number of Māori was reduced by the importation of common European diseases to which Māori had little immunity. An estimated pre-

European Māori population of between 90,000 to 120,000 fell to around 42,000 by the end of the nineteenth century (Bellich, 1996). Land wars, displacement, and poverty also played a role. By the 1890s their numbers were so low that Europeans considered the land as open to settlement and they proceeded to occupy land with little regard to what had been agreed in the Treaty. Over the course of the last hundred years Māori have gradually re-established their numbers and now comprise approximately 15 percent of the total population. In the last thirty years they have also initiated a widespread cultural renaissance that has focused on recovering their language, their land, and their customs (Belich, 2001).

The two most recent migrations to Aotearoa-New Zealand came from the Asia-Pacific region. Following World War II people from the island nations of Western Samoa, Tonga, the Cook Islands, Niue, and Fiji migrated in a steady flow to the larger urban centres of Auckland and Wellington in search of employment and a better standard of living for their children. They found employment in low-income jobs in factories, cleaning, and service industries. The new communities actively maintained their island and village connections through strong patronage of Pacific churches. Despite the emergence of a vibrant and educated second and third generation of Pacific people, their income and their health status have remained significantly lower than the remainder of the population. The more recent migration over the last two decades has come from the peoples of Asia. Similar to migrations of the peoples of Asia into other Western democracies, those who come comprise a mix of people from diverse backgrounds, arriving for different reasons and bringing with them variable levels of wealth and education. The mixture includes young couples from the Indian sub-continent, more affluent Chinese migrants from Hong Kong and Taiwan, and refugees from troubled Indo-Chinese nations. As with Pacific island people, they have settled mainly in urban communities in which they have encountered varying levels of acceptance and integration. Peoples of Pacific and Asian ethnicity each comprise approximately 6 percent of the whole population, and this rises for both groups to around 12 percent each in the urban areas of Auckland (Statistics New Zealand, 2002).

The proliferation of gambling

Gambling was not part of the way of life for Māori prior to European contact. It began when European settlers imported their passion for betting on horses and cards. Informal number games and raffles soon followed, but as the government became more organised it regulated these forms of gambling in order to prevent abuses and to ensure its share of revenue from the activity. Prior to the 1980s, gambling on horse racing had been a central part of popular culture, particularly for men. Other forms enjoyed predominantly by women included local church and community run “housie” (bingo) and many families would purchase their weekly ticket in a national raffle called the “Golden Kiwi.” Although these forms of

gambling were highly popular, they were also tightly regulated and confined to a few specific times and locations (O'Sullivan & Christoffel, 1992). The population was on the whole unprepared for the world of commercialised continuous gambling that emerged in the 1990s.

In the mid-eighties a series of radical economic reforms ushered in an extended period of liberalisation of marketing and regulatory regimes. It was believed that in order for the economy to expand, the marketplace needed to be freed up from unnecessary controls by government so that consumers could exercise greater influence over their choice of product. In line with this shift, many of the obstacles constraining gambling were removed. This opened the floodgates to a liberalised gambling industry. Motivation for the change was further reinforced by attempts to reduce the size and costs of government departments and to reduce the extent of personal and corporate tax liability. This meant the government was on the lookout for alternative taxation strategies, and gambling provided a convenient source to supplement its denuding of the direct taxation base. These two factors, the liberalisation of the marketplace, and government need for alternative revenue, led to a series of changes in the regulation of gambling which progressively lifted constraints on the range, availability, and promotion of gambling products. The liberalisation in gambling legislation and its consequent increase in availability quickly led to unprecedented increases in consumer spending on gambling products. Legalised gambling swiftly became one of the major growth industries in the economy. Total gambling expenditure (money lost[2]) rose from around NZ$0.1 billion in 1979 to NZ$1.9 billion by 2003 (Department of Internal Affairs, 2003). This translates to an increased adult population per capita spend from roughly NZ$43 to NZ$500 (US$20 to US$234).

The main contributor to this rapid increase in expenditure has undoubtedly been the rise in availability of electronic gambling machines (EGMs). These were first introduced legally into the country in 1991. They quickly became a common fixture in locations with liquor licenses, in particular, bars, clubs, and societies. In the first year they accounted for about 19 percent of the total gambling spend. By 2003 this spend had increased eight-fold to comprise just over half of all gambling expenditure, more if you combine this with losses from EGMs in casinos (Department of Internal Affairs, 2003). These increases were similar in the six casinos but were not reflected in horse or lottery betting, which remained relatively stable over the period.

It was in the transition period of moving from a low-access to a high-access gambling environment that the framework for harm was established. Perhaps this has been a pattern in other nations. Successive governments were wooed by the revenue potential and were easily persuaded that negative impacts would be minor and easily contained. The previous controlled gambling environment with its low

rates of problem gambling gave them little cause to think otherwise. They began by deregulating certain sectors of the gambling industries; other sectors responded with demands for similar deregulation in order to retain their market share. This led to a domino pattern of deregulation for which the general population, naïve to the effects of intense gambling, had little preparation. For example, the introduction of EGMs led the racing industry to diversify their products which in turn led EGMs to justify modifications such as higher jackpots, which in turn led to the introduction of new lottery products, and so on. After the time period from the population's first experiences with easy-access gambling to their initial discovery of the social and economic downsides, they awoke to find themselves in a world where frequent gambling is firmly established and embedded in the life rhythms of most communities. The transition period had created a ten-year window of naivety through which a vigorous gambling industry could be permanently installed.

Problem gambling

As gambling opportunities in Aotearoa-New Zealand become steadily easier to access, people increasingly perceived them as a normal part of life routines. As a consequence frequent gambling is also becoming commonplace and new sectors of society are for the first time encountering the downsides of frequent gambling. Identification of the typical frequent gambler is becoming increasingly difficult. Whereas twenty years ago frequent gamblers consisted mostly of men in their mid-forties who liked to bet on horses, more recently younger people and women are gambling in increasing numbers, particularly on EGMs; older people are exploring the new options; Māori, Pacific, and Asian people gamble more frequently and children are increasingly exposed to media promotions that normalise gambling into family life.

In parallel with the spread of frequent gambling came the escalation in the number of people seeking help as a result of problem gambling. The majority of problem gambling services are funded via a national “Problem Gambling Committee” (PGC) that administers a voluntary levy from gambling industry providers. The PGC maintains a detailed national database of people accessing these services (Problem Gambling Committee, 2003). During the year 2002 the total number of new clients using personal counselling was 2,467, up 15.1 percent from the previous year and up 177 percent from six years earlier. New callers in 2002 to a national telephone helpline numbered 4,715, up 23.6 percent from the previous year and up 131.9 percent from six years earlier. The primary mode of gambling for those seeking help had also changed in accordance with the increased availability of EGMs. Whereas in 1999, 70 percent of new personal counselling clients and 77 percent of new telephone helpline clients reported EGMs as their primary mode of gambling, by 2002 this had risen to 86 percent for personal counselling and 90 percent for telephone helpline clients. Added to this were worrying increases in the

numbers of problem gamblers seeking help in at-risk populations, particularly Māori, Pacific island peoples, and youth.

The increased diversity of people who gamble frequently is adding to the rising variations in the types of people presenting for help and consequently poses a challenge to services to develop intervention strategies that engage each group effectively in change. For example, gambling counsellors are reporting increased numbers of older people spending their life savings on EGMs. They further report on the high levels of shame experienced by older people in having to seek help. New strategies are needed that facilitate access of older people to services in order to offer prevention and education. This could involve strategies such as drop-in centres or availability through primary health care facilities. Similar access issues apply to the rising numbers of younger problem gamblers as well as specific at-risk populations, in particular the rising numbers of Māori, Pacific island, and Asian problem gamblers.

Gambling and public health

Primarily because of its isolation and its small population, Aotearoa-New Zealand has provided a convenient laboratory for innovations in social and political systems. For example, in 1893 it was the first nation to entitle women to vote, it pioneered social welfare systems during the 1930s and 1940s and, ironically, it explored, with brutal consistency, the monetarist policies of small government during the 1980s and 1990s. This role in social and economic innovation is supported by a somewhat pragmatic approach to difficult issues. Perhaps the recent migratory and pioneer origins of the population, blended with influences from indigenous cultures and coupled with a perceived isolation from the rest of the world, have facilitated a dogged self-reliance. Such an attitude, on the occasions when an initiative fails to work, leads people to then look for available alternatives, believing that they cannot rely on help from anyone else. Whatever the reasons, the government took the bold and unprecedented move of formally recognising gambling as a public health issue. On July 26, 2001, at an international conference in Auckland on *Gambling: Understanding and Minimising Harm*[3], the Deputy Prime Minister, Jim Anderton, announced:

> I can indicate to you today that the Government will be adopting a public health model for problem gambling. This will see the Ministry of Health play a role in the coordination of services in the near future.

Six months later, staff in the Ministry of Health produced a discussion document entitled *An Integrated National Plan for Minimising Gambling Harm* (MOH, 2001) that incorporated harm minimisation, health promotion, and client service interventions into an integrated approach. They then undertook an extensive

consultation process regarding how this could be implemented and are currently waiting for provisions in the new Gambling Act to enable them to proceed with the revised plan. This shift to viewing gambling as a public health issue is the first attempt at developing a systematic approach to harm from gambling. Again, because of its size and isolation, Aotearoa-New Zealand is providing a convenient social laboratory for an approach that could have international implications.

What were the drivers for coming to recognise gambling as a public health issue? Part of the answer can be traced back to the early years of the Problem Gambling Foundation (PGF)[4], an organisation that was initially set up to provide assistance to problem gamblers. During the 1990s the PGF built up a variety of client services throughout the country. These included establishing a national helpline and various face-to-face counselling and support services. However, with gambling consumption sharply on the rise, it became increasingly clear to those providing client services that they were unlikely to stem the tide or make a big difference in the surging numbers of those seeking help. Those involved with PGF began to see that the real driver for problem gambling was the increased availability and diversity of gambling products compounded by a lack of preparedness on the part of the population to handle the new environment. A different approach was required—an approach that could help shape the whole gambling environment and assist in reducing the likelihood of harm. As a response, senior members of PGF have over the last five years worked consistently at advocating for gambling as a public health issue, and have promoted this perspective in discussion documents, articles, representations on statutory committees, and through specifically targeted workshops and conferences.

Another factor influencing the adoption of a public health approach relates to shifts in the thinking of people within government agencies themselves. In the early phases of proliferation, government agencies were reluctant to acknowledge problems associated with gambling. But in 1996 this attitude began to swing the other way. Besides the opening of the country's largest casino in Auckland, two other major events occurred that year. First, the licensing limit of EGMs in over 2,000 venues (mostly bars and clubs) was increased from 11 to 18 machines per site. As a consequence, points of access to this riskier form of gambling proliferated in a diffuse fashion up and down the country, and people began to notice the change. Second, the Department of Internal Affairs initiated what turned out to be a seven-year review process into the future direction of gambling policy and legislation. This protracted period of review led ultimately in September 2003 to passing the Gambling Act—the final reading of which occurred on the same day as the conference from which the following articles are derived. The new Act is intended as a comprehensive policy framework and identifies four key objectives:

1. 1) control the growth of gambling, 2) prevent and minimise harm caused by

gambling, 3) ensure that money from gambling benefits the community, and 4) facilitate involvement of the community in decisions about the provision of gambling. Here, clearly incorporated within these principles, are the concepts of harm minimisation and community empowerment.

In this issue: An overview of the articles

The following collection of articles focuses on the cultural and community impacts of gambling in Aotearoa-New Zealand and asks what a public health approach could mean in these contexts. It represents only a small portion of the broad diversity of people from both Aotearoa-New Zealand and overseas who presented at the conference[5]. These articles have been sought because they give snapshots of how gambling is emerging as an issue in various cultural contexts in Aotearoa-New Zealand. Some of the issues discussed are peculiar to this country, but other issues will have relevance to contexts in many other countries.

The first contribution by Lorna Dyall identifies the impact of gambling on indigenous populations as a fundamental challenge to adopting a public health approach to gambling. For Māori an effective public health approach requires not only a recognition of their needs but an acceptance that Māori are fully involved in the design and development of gambling policy for the whole country. The next article by Laurie Morrison builds on the previous article and outlines issues for Māori that have resulted from the unrestrained spread of EGMs. Her discussion is based on a series of detailed interviews with Māori on their views and experiences with EGMs. Parallel to the plight of many other indigenous peoples, she links the problems they identify with gambling to broader issues to do with colonisation, land occupation, and poverty. She argues that these broader contextual issues need to be incorporated into the design of effective health promotion strategies.

In the third article, Sione Tu'itahi and his research team focus on the impact of gambling for one Pacific population in Aotearoa-New Zealand, people from the island nation of Tonga. They provide a general overview of the current scant information currently available on Pacific island gambling, but are able to cite enough evidence to identify Pacific people as a leading at-risk group. They then describe their research-in-progress that involves interviewing Tongans on gambling, and conclude with an appeal to ground future interventions in concepts and strategies derived from culturally specific understandings.

In the next article Samson Tse, John Wong, and Hyeeun Kim explore issues for Asian populations as they migrate into new lands with higher gambling consumption. Their discussion provides an interesting dual focus on interventions at the levels of both the individual and the community. As in the previous two articles, they present a strong case that a public health approach to gambling

needs to incorporate understandings grounded in cultural concepts and practices. They identify five key principles that should guide the development of intervention strategies. They conclude the article by pointing out that for many cultures, and particularly for peoples of Asian cultures, the European emphasis on the needs of the individual could obscure understanding of the social dynamics of activities like gambling and thereby prevent appreciation of the ways gambling impacts negatively on the families and communities of Asian cultures.

The next paper by Hope Simonsen presents an analysis of how electronic gambling machine ("pokie") money is being distributed within local communities. Gambling legislation in Aotearoa-New Zealand is based on the assumption that EGM gambling should return a financial benefit to communities. By law, one third of the profits from EGMs in hotels and bars must be allocated for "community benefit purposes." This is achieved through the formation of community trusts. These trusts are often set up by the gambling providers themselves and questions have been raised as to whether the distribution is being applied in ways that profit the gambling providers (such as grants to sports clubs that tend to visit their venues). As the study points out, just over half of these funds are being distributed to sports and physical activities. This further raises the question of what interpretations of "community benefit" are guiding funding allocations.

In the final paper, John Raeburn presents a key focus of the conference, the formulation of an international agreement—the "Auckland Charter"—that attempts to set benchmark ethical standards for governments in their management of gambling. An afternoon of the conference was reserved for discussion and development of the content of the Charter. The idea of devising such a Charter began about seven years ago and has led to a number of forum discussions and presentations, and has resulted in several versions, each building on responses to the previous. The current version incorporates both health promotion and harm minimisation principles, and emphasises the government's duty of care to protect its people and its communities from the harmful effects of gambling.

Notes

Endnotes

[1]Other papers from the conference are available on the Centre for Gambling Studies website, www.gamblingstudies.co.nz

[2]Figures here are reported as expenditure, meaning the amount spent minus winnings. Gross turnover (including winnings) is often used and tends to be five to ten times the expenditure depending on the average rate of return.

[3]Organised by the Problem Gambling Foundation and Centre for Gambling

Studies.

[4]In May 2001 the Problem Gambling Foundation changed its name from the Compulsive Gambling Society. The Society was formed in 1988 to provide services to problem gamblers.

[5]The full programme is available on the CGS website: www.gamblingstudies.co.nz

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Statement of purpose

The *Journal of Gambling Issues* (*JGI*) offers an Internet-based forum for developments in gambling-related research, policy and treatment as well as personal accounts about gambling and gambling behaviour. Through publishing peer-reviewed articles about gambling as a social phenomenon and the prevention and treatment of gambling problems, it is our aim is to help make sense of how gambling affects us all.

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Editor

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