

I make this brief submission in my own personal capacity.

The term of reference this submission applies to is: “the appropriateness of the definition of ‘gambling service’ in the *Interactive Gambling Act 2001* (Cth), and whether it should be amended to capture additional gambling-like activities such as simulated gambling in video games”

### Concept of ‘Value’

The concept of value is fundamental to understanding gambling-like behaviours, the Explanatory Notes for the *Interactive Gambling Act 2001* (Cth) defined gambling as, ‘the betting or staking of something of value, with consciousness of risk and hope of gain’<sup>1</sup> In my view the Australian Government in this inquiry should consider ‘value’ in a broad sense beyond Australian currency as limiting regulation to AUD risks not keeping up with emerging technologies such as Cryptocurrency and NFTs.

Moreover, if people are willing to spend large sums of money on simulated gambling to achieve a specific digital item or video game reward, even if that digital item or reward cannot be converted into AUD or even a form of Cryptocurrency, the digital item itself clearly represents some ‘value’ to the people spending money on it. These games are immensely profitable so clearly consumers are seeing ‘value’ in digital goods. A strict definition of ‘value’ risks Australian regulators falling behind new and emerging digital products.

### Definition of ‘Gambling Service’

I disagree with the provision of simulated gambling as a ‘gambling service’ under the *Interactive Gambling Act 2001* (Cth). The *Interactive Gambling Act 2001* (Cth) and its definition of ‘gambling service’ has a specific function as explained in the explanatory notes for the bill:

A gambling service is an integral part of the meaning of an 'interactive gambling service' in clause 5. This in turn is an integral part of the offence provisions in clauses 15 and 15A.”<sup>2</sup>

The definition of ‘gambling service’ has a serious regulatory purpose due to its ties to the offence provisions in clauses 15 and 15A, diluting this definition would have regulatory consequences to the video game industry that would be in my view, inappropriate. Australia lacks the market power to impose strict regulation in this space and my concern is if we go so far as to impose bans, we may face negative consequences similar to those faced by Belgium and the Netherlands.

I believe parliament should instead take the approach to regulation in this field that gambling functions as a spectrum, and instead draft new legislation that can differentiate between different layers of gambling-like behaviours. Drafting a new piece of legislation would allow the *Interactive Gambling Act 2001* (Cth) to maintain its very specific purpose, while also providing a flexible avenue for current and future governments to react appropriately to new and emerging technologies and concepts of ‘value’.

### Taxation

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<sup>1</sup> *Interactive Gambling Act 2001* (Cth) Explanatory Notes page 24.

<sup>2</sup> *Interactive Gambling Act 2001* (Cth) Explanatory Notes page 24.

The government taxes services such as gambling not necessarily due to the monetary gains by people who gamble but due to the potential psychological harms of gambling. If simulated gambling-like practices are found to have psychological impacts akin to gambling it would be appropriate in my view for the government to consider frameworks for taxing 'Gaming micro-transactions for chance-based items,' and use the revenue for community benefit, even if they are not found to meet the full definition of 'gambling.'

Other Notes

These are the extent of my submissions and I have nothing further to add.

I would strongly prefer not to be called to a public hearing.