# Online gambling

This is one activity in a sequence designed to challenge students to develop a stronger understanding of gambling and the ways in which it presents risks for young people across all socio-cultural groups. This activity aims to explore how gambling has evolved and changed with the adoption of online gambling and smart phone apps. It empowers students to recognise that gambling is not a game and being good at gaming does not mean you will be good at gambling. These resources were developed in collaboration with [GambleAware](https://www.gambleaware.nsw.gov.au/) and [Liquor and Gaming NSW](https://www.liquorandgaming.nsw.gov.au/). The activity sequence includes five lessons.

The activity sequence includes four lessons.

1. Some truths about gambling
2. Sports betting and advertising
3. Online gambling
4. Gambling – seeking help

Duration: 60 minutes

## Focus of the learning

* Demonstrate an understanding of the real-world consequences of online based gambling.
* Challenge the notion that those who are successful at gaming will have success in gambling.
* Encourage others to remember that gambling is not a game and promote positive health behaviours in relation to technology use.
* Recognise that gambling and online gaming addiction can be a serious condition, which can impact on our relationships with others.
* Identify the differences between gambling, both online and in person, and gambling problems or addiction.
* Conflicts and communication issues can often occur as a result of people’s gambling behaviours.
* Develop skills to take control of their own gambling or gambling behaviours and respond appropriately to others.
* Recognise that many young people may struggle with parents or caregivers who have gambling addictions.
* Identify sources of help and support for those with family or friends affected by gambling addiction.
* Develop skills in saying no to gambling in risky situations or at costs young people are not comfortable with.
* Develop an understand of the way in which technology has changed gambling in terms of ease of use and accessibility for young people.
* Discuss consequences of access to apps and online sites for gambling which all young people could have access to.
* Develop skills in safe use of technology and recognising the true risks involved in gambling online, including use of mobile gambling applications.

## Suggested course outcomes and content

### Outcomes

3.2 Analyse the positive and negative implications of technology and digital media on self-concept, independence, relationships and health behaviours.

3.1 Evaluate how contextual factors influence attitudes, values and behaviours.

5.1 Critically analyse situations, attitudes and behaviours that influence independence, health, safety and wellbeing in different contexts.

5.2 Recognise and respond appropriately to situations which may be limiting or harmful to self and others.

7.2 Demonstrate the capacity to seek help for self and others.

### Content

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| Learning context  | Content |
| IndependenceFocus: Building self-concept and independence | Personal values and beliefs* influences on values and beliefs, e.g. technology, social and cultural norms, media, family, relationships
* influence of values, attitudes and beliefs on decisions and actions in various contexts

Digital competencies * online safety, e.g. digital footprint, scams, security, bullying and harassment
* positive and negative influences of technology, e.g. online communities, connecting with others, gaming, body image
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| Drugs and alcohol Focus: Making safe and responsible choices | Responsible behaviour* gambling safely
* understanding gambling risks
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| RelationshipsFocus: Developing and maintaining respectful relationships | Applying relationship skills in differing contexts* refusal skills in different contexts and situations
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## Teaching notes

### Online gambling

Within the last decade the face of gambling has changed extensively. The physical barrier of not being able to legally enter licensed premises, access a TAB or find a bookmaker right before an event is no longer a reality. Young people now have access to gambling 24 hours a day, 7 days a week via online platforms.

Online gambling is the fastest growing form of gambling. It does not have the inbuilt mechanisms or regulations that clubs, casinos and pubs have to ensure that young people are not gambling before the legal age of 18.

Gambling apps are making it more socially acceptable to engage in gambling, in particular sports betting, which was explored in lesson two. There has also been the emergence of online games and applications which engage people in ‘simulated’ gambling activities in which people win credits rather than money. Research indicates that many of these activities may make it easier for young people to transition into gambling for real money when they have the capacity and resources. In app purchases also mean that games with credits can be transited into games for real monetary amounts. Exposure to simulated games has increased with the rise of video games which recreate casino style games to allow young people to place “bets” for large amounts of money.

More information about online gambling can be accessed through [GambleAware](https://www.gambleaware.nsw.gov.au/).

### Creating a safe and supportive learning environment

There are a number of strategies that can be used to create a supportive learning environment which enables students to feel safe to learn and ask questions. They include:

* making students aware at the beginning of Life Ready sessions that disclosing personal information that indicates they may be at risk of harm will be reported to the school principal in all instances. This includes personal disclosures related to instances of abuse, drug use, neglect or sexual activity under the legal age of consent.
* being aware that some parts of Life Ready can be confronting and sensitive for some students.
* enabling students to withdraw if they find issues personally confronting to protect them from making harmful disclosures. Equally, it is important to be prepared for issues that arise as a result of a student making a public disclosure in the classroom.

More information on creating a safe and supportive learning environment can be found on the [Life Ready website.](https://education.nsw.gov.au/teaching-and-learning/curriculum/key-learning-areas/pdhpe/life-ready)

### Evaluating resources before use

Preview and evaluate all strategies, resources and teaching and learning approaches in full before use with students to determine suitability for student learning needs, stage of development and local school context. Consider the age, maturity, cultural background, sexuality, gender, sex, health and other characteristics of students in your care. Apply professional judgements to all strategies, teaching and learning approaches and resources including audiovisual materials (e.g. videos, media clips and YouTube), interactive web-based content (e.g. games, quizzes and websites) and texts.

Use the [resource review flowchart](https://schoolsequella.det.nsw.edu.au/file/083acd3a-daca-4307-9afe-bc6c888f694a/1/final-resource-flowchart-html5.zip/index.html) to decide about the suitability of teaching and learning resources.

Materials should be reviewed in full and endorsed by the school principal before use in NSW government schools.

### Communication with parents and caregivers

Some aspects of Life Ready may be viewed as sensitive or controversial, such as learning about abuse, child protection, drugs, respectful relationships, sexual health, sexuality and violence. Inform parents and carers, prior to the occasion, of the specific details of the Life Ready program, so that parents and caregivers have time to exercise their rights of withdrawing their child from a particular session. In this regard, a parents or caregiver’s wish must be respected.

Establishing how parents and caregivers will be informed about programs and involved in consultation is a school-based decision. Where parents and caregivers indicate they wish to withdraw their child from a program it is useful to negotiate which parts of the Life Ready program they are concerned about. A sample information letter is available on the [Life Ready website](https://education.nsw.gov.au/teaching-and-learning/curriculum/key-learning-areas/pdhpe/life-ready).

## Learning experiences

### Activity one – The changing face of gambling (10 minutes)

Students use a Venn diagram to make a list of:

* the ways people engaged in betting or gambling 20 years ago
* the ways people can engage in betting and gambling today.

Remind students that betting and gambling can include:

* online gambling games
* loot boxes as found in video games (playing for “loot” rather than money)
* sports betting
* apps for gambling, gaming or sports betting
* games that use credits like a casino
* casino style video games
* poker machines
* casino table-based games
* venue specific gambling activities, e.g. 2 up on ANZAC day, Bingo/ KENO
* lotto, lotteries, Scratchies.

As a whole group, discuss the similarities and differences between gambling methods across the decades.

Ask students to propose reasons for the similarities and differences.

* What has resulted in the changes? (e.g. technology, internet, increase in mobile devices, marketing and promotion of easily accessible methods of gambling, boom in sporting events, increased media coverage of some sporting events)
* What makes some methods sustainable and long term? (e.g. tradition, sporting culture (Melbourne Cup), popularity of sports and events, promotion and marketing, venue reliance on methods such as poker machines, increased venues and casinos, online versions of traditional methods increase interest such as casino games).
* How have the changes in gambling and betting impacted the way young people engage with gambling?
* What are the concerns and issues for young people?
* Are parents, teachers and society in general aware of these issues?

### Activity two – Sucked in (10 minutes)

This activity encourages students to explore the ways in which some young people can be “sucked in” to a regular habit of gambling by social media, gaming and advertisements.

Students work in pairs with the Sucked in worksheet to explore the ways that young people can be drawn into gambling behaviours.

* Record the strengths, skills and strategies young people can call on to avoid high-risk gambling habits and promote responsible behaviours.
* After completing the Sucked in worksheet, invite students to share their suggestions with the whole group.

### Activity three – Gambling and gaming (10 minutes)

Students are given access to [Video game loot boxes addictive and a form of simulated gambling senate inquiry told](https://www.theguardian.com/games/2018/aug/17/video-game-loot-boxes-addictive-and-a-form-of-simulated-gambling-senate-inquiry-told) written by Patrick Lum and published in The Guardian – Friday 17 August, 2018.

After reading the article as a group or on their own, answer the following questions in pairs or as part of a small group or whole class discussion.

* Why are Australian psychologists and researchers calling for greater regulation of video games with chance-based items available for purchase?
* Why are loot boxes seen as controversial? Consider short-term and long-term consequences.
* Explain the “variable ratio reinforcement schedule”. Why are academics and gambling research groups concerned about it?
* Outline some of the suggestions for regulation that have been made in order to minimise harm amongst young gamers.

### Activity four – What’s your view? (10 minutes)

Students work in pairs or small groups to openly discuss their position on a series of statements. To encourage multiple perspectives and viewpoints assign perspectives to students, including young, old, male, female, different occupations, parents/ carers, and grandparents.

Statements to consider include:

* Most young people see gambling as a game.
* Gaming apps do not entice young people to try gambling or betting.
* The legal age for gambling should be raised to 21 years.
* Advertising and campaigns always challenge people to think about how they gamble.

More statements could be added from class discussion.

Use a strategy that encourages active participation for all. Example strategies include:

**Stay and stray** — Students stand in groups of three spread within the space of the room. Number students 1, 2 and 3 in each group. Students are allocated 20 seconds only to make their case on the statement before the next person (person 2, then person 3) states their case. Students must actively listen to other students in their group and are not permitted to interrupt. After all students have had a chance to speak ask person 1 to rotate clockwise to another group, person 2 stays and person 3 rotates anticlockwise to another group. Repeat the process with a new statement.

Parallel lines — Students stand in two parallel lines facing each other. Students are allocated 20 seconds only to make their case on the statement before swapping roles and their partner making their case. Students must actively listen to other students and are not permitted to interrupt. After both students have had a chance to speak ask person 1 to move to the left or remain where they are (depending on numbers) and person 2 to move to the right to a new partner. Repeat the process with a new statement.

Fish bowl — Create a circle of 10-12 chairs (“the fishbowl”) and enough room around the circle for remaining students to observe what is happening in the “fishbowl.” Typically, six to twelve chairs will allow for a range of perspectives while still allowing each student an opportunity to speak. Half the class sit in the fishbowl for 5-10 minutes and then call “switch,” at which point the listeners enter the fishbowl and the speakers become the audience. Another common fishbowl format is the “tap” system, where students on the outside of the fishbowl gently tap a student on the inside, indicating that they should switch roles. Before beginning the fishbowl, review guidelines for demonstrating respect and having a respectful conversation with both speakers and observers, including no interruptions, respectful language used and speaking times.

### Activity five – Owning your own gambling (20 minutes)

In this activity, young people reflect on how they could monitor gambling and gaming behaviours. Students should consider both the positive and negative experiences and outcomes associated with gambling. This includes both the social and emotional benefits of enjoyable gambling experiences in occasional settings and the consequences of high-risk gambling behaviours.

In pairs, student discuss:

* Are all forms of gambling highly risky and problematic?
* What might influence an individual’s ability to assess risk and notice signs in someone that they may be experiencing harm from gambling? Is it always possible to tell?
* What can individuals, families, communities, organisations, services and governments do to ensure that gambling habits don’t become a problem?

In pairs or small groups students review the scenarios and answer the questions.

##### Scenario 1

Alex enjoys playing the pokies at the local Leagues Club with friends after football matches. Alex usually puts $3 into the machine and doesn’t struggle to stop when the money is gone. Alex has had a few wins, but also understands the high likelihood of losing.

Questions:

* Is Alex at risk of experiencing harm from gambling?
* Does Alex’s current behaviour put him at risk of harming himself in the future? How?

##### Scenario 2

Aki loves to watch NRL and backs the Bulldogs every week. Aki plays in a tipping competition with some friends from both school and work. It was $75 to register with the person with the highest point winning the pool of money at the end of the season. The boss tells other employees Aki has a strong chance of winning which encourages Aki to enter even if the cost is higher than expected.

Questions:

* Is Aki at risk of experiencing harm from gambling?
* Does Aki’s current behaviour put them at risk of harming themselves in the future? How?

##### Scenario 3

Sam loves sport and follows lots of different events, leagues and matches. Sam watches both local and international matches and has backed a few winners. Sam bets through an online betting app shared by his brother. Sam usually only bets what he can afford to lose and believes he has never lost much.

Questions:

* Is Sam at risk of experiencing harm from gambling?
* Does Sam’s current behaviour put him at risk of harming himself in the future? How?

##### Scenario 4

Casey games online every night and on the weekends. Casey has heard about a new game through social media that has lots of awesome ways to customize your character released each week. Others at school have been playing and telling Casey how good it is. A credit card is needed to join the game. Casey considers using a parent’s card, although she knows this would not be allowed.

Questions:

* Is Casey at risk of experiencing harm from gambling?
* Does Casey’s current behaviour put her at risk of harming herself in the future? How?

Discuss the scenarios as a whole group.

As a group, identify a number of strategies that could be used to maintain responsible gambling habits and prevent sports, gaming or social habits turning into a gambling problem. Suggestions may include:

* use an online filter like Gamblock and Betfilter to keep gambling games from popping up.
* go into TABs for betting rather than using apps or online sites to limit your time frames for gambling.
* don’t gamble alone, this is when you’re more likely to keep going past the point of having fun and enjoying yourself.
* avoid online or app based games that draw you into higher and higher stakes or habits.
* ask others to keep you accountable.
* don’t take more money to night’s out than you can afford to spend.
* don’t play or gamble under the influence of drugs or alcohol as it reduces ability to make clear decisions.
* ask your bank for a credit card that places a limit or doesn’t allow use on gambling sites
* ask your bank to block existing cards from being used for gambling including money transfers and over-the-counter payments

Teacher note: Many banks support customers who want to manage their gambling. For more information visit [GambleAware](https://www.gambleaware.nsw.gov.au/i-need-support/i-want-to-help-myself/get-a-grip-on-your-finances/how-your-bank-can-help).

## Teacher notes – Gambling

Many people in NSW and across Australia gamble by playing poker machines, betting on sporting events, buying lottery tickets or playing casino games. For most people gambling is an occasional social activity that causes no harm. For some gambling can cause serious harm and have a negative impact on their social, emotional, mental and financial health.

Gambling is defined as the risking of something of value on a chance outcome in the hope of winning a more valuable prize than the original stake. Monetary gambling refers to spending real money on poker machines, race betting, sports betting, scratchies/lotteries, keno, bingo, poker, other casino games, esports betting, fantasy sports betting, and informal private betting. Simulated gambling is defined as games which imitate many core characteristics of gambling (e.g., the look, sound and actions) but which do not provide an opportunity for a cash payout. Examples of simulated gambling include video games with ‘mini’ gambling components, gambling-themed apps from an app store, free demo or practice games on real gambling websites or apps, and games with gambling components on social networking websites, as well as purchasing loot boxes and betting with in-game items.

According to the [NSW Gambling Survey 2019](https://www.responsiblegambling.nsw.gov.au/research2/nsw-gambling-survey-2019), most forms of gambling have declined in the last decade. In 2019, 53% of people in NSW engaged in some form of gambling in the previous 12 months. In 2016-17 they spent $9.53 billion, with lottery tickets and race betting most popular with people aged 45 – 64. Gamblers aged 18 – 24 years were most likely to bet on sports and use gaming machines. This age group are also more likely to experience harm from gambling. Some people who engage in risky gambling behaviours put themselves and others at risk of depression, distress, job loss, relationship breakdown, bankruptcy and illegal behaviour to fund debts.

The [Australian Institute of Health and Welfare Gambling in Australia snapshot (2021)](https://www.aihw.gov.au/reports/australias-welfare/gambling) estimates that 1.33 million people in Australia were classified as being at some risk of gambling-related harm in 2018 with males more likely to suffer gambling related harm than females. It was found that risky gambling behaviours increased for young people aged 18-34 years and decreased for older people aged 35 -54 years. Less than one percent of people who gambled in NSW sought help for problems relating to their gambling in the past 12 months and it is estimated that the actions of one problem gambler can affect up to six other people around them.

As young people are particularly vulnerable to the normalisation of gambling through exposure to gambling advertising, gambling products, gambling in the home and the increase in the availability and accessibility of gambling through various online platforms, education is an important part of awareness raising.

It is illegal for anyone under the age of 18 to gamble, including Lotto, Scratchies and online gambling.

### Young people and gambling

How young people are engaging with gambling is changing. This change is being driven by rapid technological changes, the high-level of engagement of young people with mobile technology and gaming, the increase in traditional and online gambling advertising and the expanding variety of games with gambling-like components and monetary gambling opportunities.

GambleAware NSW commissioned the [NSW Youth Gambling Study 2020](https://www.gambleaware.nsw.gov.au/resources-and-education/check-out-our-research/published-research/nsw-youth-gambling-study-2020) to investigate gambling and simulated gambling behaviours amongst young people aged 12 – 17 years in NSW. The study aimed to increase understanding of gambling engaged in by young people in NSW in order to prevent and reduce gambling-related harm. GambleAware NSW is acting on the findings of the report with a program of work focused on the education and raising of awareness of parents, young people, and the community, through schools, sport and online and social media.

For young people gambling is often presumed to be a small risk due to low access to licensed venues in which gambling takes place. However, this belief does not consider the ways in which gambling has changed over the last decade and fails to recognise the influence of gambling advertisement on young people. Recent findings from the CQUniversity study [Exploring the changing landscape of gambling in childhood, adolescence and young adulthood](https://www.gambleaware.nsw.gov.au/resources-and-education/check-out-our-research/grant-funded-research) suggest that simulated gambling on social media, video games, smartphone applications and online betting are key issues for young people under 18. [GambleAware](https://www.gambleaware.nsw.gov.au/) further suggest that the proliferation of online and mobile channels and the normalisation of gambling through advertising within sport have changed the way young people are exposed to and impacted by gambling.

The [NSW Youth Gambling Study 2020](https://www.gambleaware.nsw.gov.au/resources-and-education/check-out-our-research/published-research/nsw-youth-gambling-study-2020) found that 70% of young people between the ages of 12-17 years had engaged in monetary gambling or played games with gambling components in the past year. This indicates a far higher proportion of young people engaging in gambling than many other forms of risk-taking including alcohol use, smoking and illegal drug use. On average, young people started gambling at around 11 – 12 years of age. This is also lower than the average starting age of 16 years for tobacco smoking and alcohol consumption ([Australian Institute of Health and Welfare](https://www.aihw.gov.au/reports/alcohol/alcohol-tobacco-other-drugs-australia/contents/priority-populations/younger-people)).

According to the [Loot Boxes: Are they grooming youth for gambling](https://www.gambleaware.nsw.gov.au/resources-and-education/check-out-our-research/grant-funded-research) report by CQUniversity, more young people engaged in simulated gambling and purchased loot boxes in the past year than engaged in traditional forms of gambling. A loot box (also called a loot/prize crate) is a consumable item that can be redeemed to receive a randomised selection of other virtual items, or loot. This loot is tied to improving the gaming experience for players, and can range from cosmetic customisation options for a player's character, to game-changing equipment which increases a player’s chances of winning, to additional in-game currency. Loot boxes resemble gambling slot machines because no player skill is involved, and the outcome (prize) is randomly determined.

Experts have designed Ioot boxes to replicate many of the addictive elements of gambling (see below); they foster the impression of near-misses to encourage the purchases of more chances. They dole out rewards on just enough of a reinforcement schedule to keep players engaging with them, and they perpetually promise the chance of acquiring extraordinary rewards (jackpots). Many of these rewards are often available for direct purchase in the game’s store, but for high prices, causing players to believe taking a risk on the chance of the loot box is better than spending the money directly, even though the odds are in the favour of the game.

Loot boxes are common in the best-selling video games and are a growing concern due to the risk and reward properties that closely align them with traditional gambling, the potential for encouraging greater gambling involvement, and the potential for associated gambling harm. Both adolescents and young adults who had either opened, bought or sold loot boxes within the last 12 months were also more likely to have gambled in the last 12 months, gambled more frequently and spent more money, suffered more gambling problems and related harm and have a more positive attitude towards gambling in general.

The proliferation of online and mobile gambling channels and the normalisation of gambling through advertising within sport have changed the way young people are exposed to and impacted by gambling. For young people who follow sport, gambling promotion is a normal part of the lived experience. Ground signage, team uniforms, information relating to gambling odds and scheduled advertising all add to the ubiquity of the message on both television and radio. Young people surveyed for the [NSW Youth Gambling Study 2020](https://www.gambleaware.nsw.gov.au/resources-and-education/check-out-our-research/published-research/nsw-youth-gambling-study-2020) reported frequent exposure to gambling advertising. This was most commonly noticed as advertising on television, online and on social media. Frequent exposure to gambling advertising appears to normalise the behaviour amongst young people. Access to online devices also influenced gambling participation. Focus group participants said that how often and how long they participated in simulated gambling was directly linked to how accessible their device was and the degree of parental monitoring.

The [NSW Youth Gambling Study 2020](https://www.gambleaware.nsw.gov.au/resources-and-education/check-out-our-research/published-research/nsw-youth-gambling-study-2020) revealed that most under-age gamblers are introduced to gambling by a family member, and that having a parent who gambles or friends who are involved in gambling may further increase the chance of risky gambling behaviours among young people. Furthermore, the study acknowledged that some young people have gambling problems, with 1.5% of respondents classified as problem gamblers and a further 2.2% as at-risk gamblers. Young people were more likely to be a problem or at-risk gambler if they had lower levels of wellbeing, were more impulsive or started gambling at a younger age

Research shows discussing gambling harm in schools is a powerful tool

Young people are likely to benefit from school-based intervention and prevention programs that are aimed at changing attitudes and beliefs related to gambling behaviours. It is also important to involve parents, carers, community leaders and educators so that they also understand the current gambling environment to enable them to minimise young people’s exposure to harm. in 2020 a literature review and teacher survey looked at how gambling harm prevention could be implemented. From the report it was concluded that:

* teachers are important for any school-based prevention program
* school programs which include a parent element are more likely to be successful
* school-based programs are more likely to lead to knowledge, awareness and attitude change than behaviour change
* any program should look at the convergence of gaming and gambling.

## References

[Australian Institute of Health and Welfare](https://www.aihw.gov.au/reports/alcohol/alcohol-tobacco-other-drugs-australia/contents/priority-populations/younger-people)

[Australian Institute of Health and Welfare Gambling in Australia snapshot (2021)](https://www.aihw.gov.au/reports/australias-welfare/gambling)

[Exploring the changing landscape of gambling in childhood, adolescence and young adulthood. - CQUniversity](https://www.responsiblegambling.nsw.gov.au/research2/research-grant-reports#id881696-03List)

[GambleAware](https://www.gambleaware.nsw.gov.au/resources-and-education/for-teachers-and-youth-workers/free-classroom-resources)

[Loot Boxes: Are they grooming youth for gambling? - CQUniversity](https://www.responsiblegambling.nsw.gov.au/research2/research-grant-reports#id881696-03List)

[NSW Gambling Survey 2019](https://www.responsiblegambling.nsw.gov.au/research2/nsw-gambling-survey-2019),

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## Sucked in – Worksheet

### How can young people be drawn into gambling?

Working with a partner, complete the following image by listing 3 methods to show how you think young people could be drawn into regular habits of gambling.



What can be done to encourage responsible behaviours when young people choose to engage in gambling and betting and avoid young people from being sucked into high-risk gambling habits? Consider the strengths, skills and strategies young people can call on to avoid high-risk gambling habits.

## Article – Video game loot boxes addictive and a form of 'simulated gambling', Senate inquiry told

### Researchers say loot boxes could cause overspending and lead to ‘more conventional forms of gambling’

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Fri 17 Aug 2018 04.00 AEST

Australian psychiatrists and researchers have called for greater regulation of video games that encourage players to purchase chance-based items, also known as loot boxes, likening them to poker machines and warning they can lead to overspending.

A Senate inquiry, which was moved by the Greens senator Jordon Steele-John and passed unanimously by the Senate in June, begins in Melbourne on Friday, and has already drawn written submissions from industry advocates, health professionals and members of the public.

Games with loot box mechanics have long proven controversial, with critics and gamers alleging similarities to gambling and warning of their appeal to younger audiences. Some players have shared stories of their own descents into unwittingly addictive behaviour, including the [UK player who discovered via GDPR that he had spent over $10,000](https://www.eurogamer.net/articles/2018-07-23-fifa-player-uses-gdpr-to-find-out-everything-ea-has-on-him-realises-hes-spent-over-usd10-000-in-two-years-on-ultimate-team) in just two years.

In recent months, politicians around the world, including in the [US](http://www.hawaiitribune-herald.com/2018/02/12/hawaii-news/bills-target-video-games-with-rewards-for-a-price/) and [Belgium](https://www.bbc.com/news/technology-43906306), have called for or begun taking action. The current inquiry is the first major government movement in Australia on the subject, beyond advisories.

To fall under legal definitions of gambling, as defined by the states, a common element is that a game be played “for money or anything else of value”. This has commonly been interpreted as requiring an ability to “cash out” your virtual items, which most video games do not permit, although many games have (generally unauthorised) secondary markets where players can trade items or accounts for real currency.

Both the New South Wales and Victorian government submitted that most loot box systems do not currently fall under the legal definition of gambling, though a few submissions noted that items could still be “of value” to players in terms of prestige or other non-monetary forms of utility.

However, the majority of responses focused on the psychologically addictive elements of loot box systems, with many labelling the practice “simulated gambling”.

Academics and gambling research groups paid particular attention to the “variable ratio reinforcement schedule” – the fact that players do not know when exactly they will get a reward, driving them to acquire and repeat behaviours frequently in the hopes of winning.

“The variable ratio reinforcement schedule which underpins many gambling models similarly underpins the model of chance-based items,” said the Royal Australia & New Zealand College of Psychiatrists in a submission. “Concurrent with these behaviours are the adaptation of neural dopamine pathways which further encourage these behaviours.”

Dr James Sauer and Dr Aaron Drummond, authors of [a paper cited](http://www.utas.edu.au/latest-news/utas-homepage-news/video-game-rewards-akin-to-gambling) in the Senate motion referring the inquiry, said in a joint submission: “It is plausible that those engaging with these loot box systems could have short-term consequences (eg, overspending on accessing loot box systems) and longer-term consequences (eg facilitating migration to more conventional forms of gambling).”

Meanwhile, the Interactive [Games](https://www.theguardian.com/games) and Entertainment Association – an industry representative group – likened loot boxes to football trading cards or Kinder Surprises, citing a pre-existing “surprise and delight” element.

“The same element of surprise in these other consumer products has simply been adopted with loot boxes,” the IGEA submission said.

Concerns were also raised regarding ease of access of loot box systems and microtransactions to children and other vulnerable groups, as well as the relative lack of information provided to parents and guardians.

The Office of the eSafety Commissioner estimated that 34% of young people made in-game purchases in the 12 months before June 2017, while the Association of Heads of Independent Schools of Australia cited research finding that around 20% of simulated gambling players moved on to online commercial gambling and 5% of young Australians would develop gambling problems before they were 25 years old.

Dr Marcus Carter, a former president of the Digital Games Research Association of Australia, argued that “predatory” practices were “pervasive”, citing potential variable odds manipulation, push notifications about limited-time offers and other player retention mechanics. It is, he said, like “having [a] slot machine in your pocket that actively encourages you to gamble at your most vulnerable moment”.

Carter also cautioned, however, that “it is extremely difficult to compete in the contemporary games market with any other revenue model than [loot box type monetisation mechanics]”.

“Consequently, recommendations should balance protecting consumers with how to protect Australian-based game development and the potential impact of restricting this market on an important and growing creative industry in Australia.”

Queensland’s attorney general and justice minister, Yvette D’Ath, noted that certain features of games such as jurisdictional issues and convergent online communities made state-level regulation impracticable, and recommended amendments at the federal level.

Submissions called for solutions including requirements for companies to publish the odds of winning items, greater and more specific content warnings, notifications to account holders at time of purchase and the ability to “opt-out” or apply a parental lock to in-game microtransactions.

Some groups called for the Australian Classification Board to ensure that games with loot box systems were placed in age-restricted categories, or refused classification all together. Australian video game classification is already regarded as among as the harshest in the world, with [multiple high-profile games](https://www.kotaku.com.au/2018/05/a-look-back-at-some-of-the-games-australia-has-banned/) initially refused classification over the past few years.

The majority of individual submissions were also broadly in favour of regulation.