

1 June 2023

Director
Reform Policy, Classification Branch
Department of Infrastructure, Transport, Regional Development,
Communications and the Arts
GPO Box 594
Canberra ACT 2601
Emailed to reform@classification.gov.au

Dear Director,

Draft Guidelines for the Classification of Computer Games 2023 - Proposed new mandatory minimum classifications for gambling-like content in computer games

AHISA is a professional association of Heads of independent schools in Australia. Our members lead schools that collectively account for over 70 per cent of enrolments in the independent sector and over 11 per cent of total Australian school enrolments.

AHISA has actively engaged in parliamentary inquiries into online gambling and departmental consultations on Australia's classifications scheme, and has advocated for government action to address the risk of harm to young Australians posed by access to forms of online gambling, including loot boxes in digital games. Specifically, we have called for Australia to recognise loot boxes as a form of gambling for regulatory purposes. (AHISA's submissions are posted on its [website](#).)

On 12 April 2023 I wrote to Minister Rowland expressing disappointment that the Australian Government intends to apply an M classification only – which carries no legally enforceable restrictions on access – for computer games containing paid loot boxes. AHISA welcomes the opportunity to engage with your Department's consultation to once again register our concern that loot boxes are not recognised as a form of gambling requiring enforceable age-gating.

AHISA acknowledges that the intended M classification of computer games containing "in-game purchases linked to elements of chance" (such as loot boxes) is higher than the PG classification recommended by the *Report on the review of Australian classification regulation* ('the Stevens Review report'). We welcome the R 18+ classification for simulated gambling games, which is also higher than the M 15+ recommended in the Stevens Review report, and ask that the classification of games containing paid loot boxes be reconsidered on the grounds that, like simulated gambling games, they represent risk of harm to young people.

As evidence presented at parliamentary inquiries indicates, paid loot boxes meet the criteria describing gambling products and are recognised as such in several other countries. The Stevens Review report's recommendations for a lower classification for games containing paid loot boxes appears to be based solely on the nature of the games themselves, as having a

broad, narrative base. Recent research, however, indicates that the nature of the games does not mitigate the harm of gambling through their loot box component:

. . . [T]he skins children win in loot boxes can be gambled, for money or for more skins, on sites that have little regard for age-gating or consumer protections. Essentially, skin gambling is an unregulated “Wild West” industry that makes gambling easily accessible to kids and that targets kids through advertisements, online influencers and other promotions embedded in the games they play. In NSW, one in seven (14.5%) young people aged 12-17 years report recent engagement in [skin gambling](#), including on esports events and on games of chance like slots and other casino games. Governments have banned this activity, but in practice little is done to stop it. Without loot boxes, skin gambling would not exist. This is a compelling reason for banning underage access to loot boxes in games.

Paid loot boxes and skin gambling attract our most vulnerable children. Australian adolescents who purchase loot boxes are six times more likely than non-purchasers to [experience problem gambling](#), even after accounting for other forms of gambling they might do. Further, adolescents who purchase loot boxes are twice as likely as non-purchasers to have a [video gaming disorder](#). Similarly, those who engage in skin gambling, as opposed to purchasing loot boxes, also have elevated rates of [problem gambling and video gaming disorder](#).

(Extracted, with embedded links, from the Guest Editorial by Prof. Nerilee Hing, Prof. Matthew Rockloff and Prof. Matthew Browne, Experimental Gambling Research Laboratory, CQUniversity, in Small Screen, March 2023 edition, posted by Children and Media Australia at <https://smallscreen.org.au/march-2023-editorial/>.)

To give the greatest regulatory protection possible to young Australians at risk of gambling harms, we ask that an R 18+ classification be applied to both simulated gambling games and games containing paid loot boxes.

Yours faithfully,

Dr Christopher Duncan
AHISA Chief Executive Officer