

## Introduction

The International Social Games Association (ISGA) welcomes the opportunity to provide the following submission to the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts to be considered as part of the Australian government consultation on modernising and harmonising classification standards.

## Executive Summary

- Games are not a form of gambling and any change to Australia's classification standards must ensure that this is taken into consideration.
- For a game (or any other activity) to be defined as gambling, it must be a game which is played for money/anything else of value (i.e. offer a prize), be a game of chance (i.e. have the element of chance) and be a game where the player agrees to give consideration to play the game (i.e. consideration is required).
- Games may have the elements of consideration and chance, but they never have a prize and therefore, they cannot be defined as gambling.
- It is relevant to this consultation that the final report of the House of Representatives Standing Committee on Social Policy and Legal Affairs inquiry into online gambling (the "Murphy Report") did not find that free-to-play casino-themed games should be defined as gambling, after this issue was specifically among the terms of reference for this inquiry.
- Similarly, the government's formal response to the Murphy Report did not consider these games to be defined as a form of gambling.
- New regulatory measures for games offered in Australia took effect in September 2024 and March 2026, which included age assurance requirements for games rated M (mature – not recommended for children under the age of 15) and R 18+ (legally restricted to adults 18 years and over).
- The third-party report for this consultation claims that gambling in video games replicates the same psychological effect as real-world gambling – but this claim is false.
- As no player is able to win or lose money on games legally offered in the Australian market, there is no credible evidence which substantiates the claim in the third-party report that "gambling in a video game for a reward or incentive is, in effect, the same as gambling in the real world".
- The ISGA believes that there should be a clear separation between Australia's National Classification Scheme and the eSafety Commissioner's role as the online safety regulator.
- Double regulation of games in Australia must be avoided.

- The ISGA is a global leader in developing and promoting responsible standards to ensure the highest levels of consumer protection among game-players, including game-players in Australia.

### **About the ISGA**

The ISGA is a global non-profit industry association representing social games companies. Established in 2013 to educate and inform global policy-makers, regulators and other stakeholders, the ISGA represents a full cross-section of social games companies, including Huuuge Games, Product Madness, Playstudios, Playtika, SciPlay and Zynga.

The ISGA believes in fostering greater trust in mobile games and is committed to industry best practice to achieve this.

Snapshot of games offered by ISGA members:

Tetris <https://www.playstudios.com/tetris/>

Solitaire <https://www.playstudios.com/solitaire/>

Sudoku <https://www.playstudios.com/sudoku/>

June's Journey <https://www.junesjourney.com/>

Redecor <https://www.redecor.com/>

Game of Thrones Legends <https://www.zynga.com/games/game-of-thrones-legends/>

Words With Friends <https://www.zynga.com/games/words-with-friends/>

Heart of Vegas

[https://play.google.com/store/apps/details?id=com.productmadness.hovmobile&hl=en\\_AU](https://play.google.com/store/apps/details?id=com.productmadness.hovmobile&hl=en_AU)

### **Australia's National Classification Scheme**

Australia's National Classification Scheme serves as a valuable framework to provide parents and carers with advice on the content of video games and the Classification Board applies consumer advice where necessary.

Australia is also a participating ratings authority of the International Age Rating Coalition (IARC), an organisation which provides free tools for game developers, including a questionnaire that produces country-specific classification information for mobile and digital games.

The classification scheme's role in providing important consumer advice that integrates with major game app providers means that users can apply effective content filtering on their/their children's devices.

Mobile/video games which are professionally produced and distributed on a commercial basis and directed at an Australian audience should continue to be effectively regulated by the scheme.

The ISGA supports the steps taken by government to update the scheme.

Games companies use these helpful tools in taking care to mitigate the risk of harm to all users. In particular, children.

### **Games are not gambling**

It must be stressed that in Australia – as well as in other countries – “games” are not a form of “gambling” and any change to the classification standards must ensure that this is taken into consideration.

This is relevant to the process of updating classification standards because the third-party report for this consultation (authored by the Social Research Centre and Mettlesome) falsely claims (on page four) that “gambling in a video game for a reward or incentive is, in effect, the same as gambling in the real world”.

Games are not defined as gambling under the Interactive Gambling Act, nor in any Australian state or territory statute.

For a game or any other activity to be defined as gambling, it must be a game which is played for money/anything else of value (offer a prize), be a game of chance (chance) and be a game where the player agrees to give consideration to play the game (consideration).

Even games which can be played for free that resemble real-money gambling games, such as social casino games, have consideration and chance, but they never have a prize and therefore, they cannot be defined as gambling.

There is no credible public policy evidence which demonstrates that there is a causal link between social games and real-money gambling games.

For reference, Australian law prohibits real-money gambling games (i.e. online real-money casinos) being licenced within Australia.

Any change to the classification standards must recognise this.

### **Murphy Report: Games are not gambling**

One of the terms of reference of the 2022/2023 House of Representatives online gambling inquiry which delivered the Murphy Report was:

*“The inquiry will have regard to...the appropriateness of the definition of ‘gambling service’ in the Interactive Gambling Act 2001 and whether it should be amended to capture additional gambling-like activities, such as simulated gambling in video games (e.g. ‘loot boxes’ and social casino games).”*

The inquiry conducted a comprehensive public policy analysis of this issue and after doing so, its final report did not include a recommendation that games with loot boxes and social casino games should be included in the definition of “gambling service” under the Interactive Gambling Act.

On this, the Murphy Report stated:

*“The evidence suggests that regulating loot boxes as gambling could result in circumvention and may challenge the capacity of regulators to enforce the law. It can also stigmatise the activity and the players who engage in it.”*

The findings of the Murphy Report represent compelling recent public policy evidence that games are not gambling.

### **Government response to Murphy Report: Games are not gambling**

The Australian government’s formal response to the Murphy Report made no mention of games being defined as a form of gambling.

This confirmed that the government’s policy position is that games are not gambling.

### **Regulations – Australia**

Regulation of games in Australia is through a complex, multi-layered regime to ensure maximum protection for game-players across Australia.

New classification arrangements for the regulation of games played in Australia came into effect in September 2024.

The changes meant that games containing gambling-like content became rated R 18+ and games containing in-game-purchases linked to elements of chance, such as paid loot boxes, became rated M. Age assurance requirements are now in place for such games.

At the device/software operating system level, application stores also implement age verification measures and parental controls to guarantee that users have access to age-appropriate material.

In addition, on 9 March 2026, Australia’s online safety code which covers the overwhelming majority of games offered by ISGA members – the Designated Internet Services code – took effect. This code applies to games offered by ISGA members because these games either offer limited or no communication functionality between game-players. For games where there is more communication between game-players, the Relevant Electronic Services code, which also commenced on 9 March 2026, applies. Both codes contain age assurance compliance requirements.

Online safety codes and standards in Australia are approved by the eSafety Commissioner.

Age assurance measures for online games played by Australians will continue to evolve and improve as technology advances.

### **Addressing issues about games/gambling in third-party consultation report**

Further to the information outlined above – including the outcomes of the Murphy Report and the government response to it – which clearly demonstrates that games are not considered to be a form of gambling, there are claims made about games in the third-party report for this consultation which are false.

Specifically, the report claims that gambling in video games replicates the same psychological effect as real-world gambling.

On real-money gambling, the Interactive Gambling Act prohibits any game played in Australia from offering real-money gambling.

On games, as no player is able to win or lose money on games legally offered in the Australian market, there is no credible evidence which substantiates the claim in the report that “gambling in a video game for a reward or incentive is, in effect, the same as gambling in the real world”.

Further, such a perspective is in contrast to the commentary in another part of the report which states that the modernised classification scheme is being designed to avoid “moral framing”.

Therefore, there is no credible evidence for games being regulated under any other mechanism in Australia than is currently the case – through the National Classification Scheme, Online Safety Act and other broader consumer protection laws (as administered by the Australian Competition and Consumer Commission).

### **Future regulatory model for games – Australia**

The ISGA believes that there should be a clear separation between the National Classification Scheme and the eSafety Commissioner’s role as the online safety regulator.

It is imperative that R 18+ rated games are not treated by the government in the same manner as harmful content, notably pornography and terrorism-related violence.

To ensure both maximum protection for Australian consumers, as well as international harmony, there must be clear differentiation between pornographic content and mobile/video game content which is subject to classification.

In addition, the difference between user-generated content and commercially produced content should be clarified to provide certainty for industry. This, in turn, would promote higher levels of compliance.

The ISGA’s view is, broadly, consistent with the final report of the October 2024 Online Safety Act Review authored by Ms Delia Rickard PSM, which stated (on page 103):

*“On balance I think that eSafety should continue to be able to determine the adequacy of age verification technology employed by social media platforms, pornography sites and any online services where age verification or age assurance may be warranted, other than those currently covered under other legislation. For example, I note this is currently one of the considerations of the ongoing Phase 2 codes process. However, this should not preclude other agencies retaining responsibility for ensuring that age assurance laws are complied with. This would mean, for example, that while eSafety was responsible for enforcing requirements around implementing effective age verification as it relates to Class 2 material, responsibility for enforcing age verification for online films, computer games and publications under the Classification Scheme would be a matter to be resolved by the Government in consultation with states and territories.”*

Also of direct relevance is the following recommendation (33) from this report:

*“In reforming the act and the National Classification Scheme, the regulatory remit of eSafety should be clarified. Content that is subject to the National Classification Scheme should fall outside eSafety’s remit (except features that are uniquely social media enabled).”*

The ISGA acknowledges that in its response to this report (released in April 2026), the government noted this recommendation and stated:

*“The Stage 2 reforms to the National Classification Scheme (the Scheme) are likely to have an impact on the interoperability of the Scheme and the Act. Further consideration will be given to decoupling the Act and the Scheme following implementation of the planned reforms of the Act and the Scheme.”*

Above all else, the ISGA is keen to avoid any form of double regulation applied within Australia on mobile games.

In relation to future compliance/enforcement responsibility for the classification scheme – which currently sits with state/territory governments – the ISGA is open to discussing moving responsibility for this to the federal government.

### **Additional classification considerations**

On the issue of mandatory minimum classification for games that contain content and communication functions which could be harmful for Australian children because such games aren’t currently subject to the more stringent M and R 18+ classification requirements which took effect in September 2024, the ISGA supports measures which would further enhance the safety of Australian game-players. Notably players aged under the age of 18.

### **Industry Key Facts**

- 82 per cent of Australians play video games.
- There are more than 400 games businesses across Australia which employ more than 3200 full-time equivalent staff, generating \$284.4 million annually for the national economy.
- Australians spend an average of \$1.22 per person, per day on in-game purchases; however, most video-game players in Australia do not make in-game purchases.
- The global percentage of people aged under 18 who play social games is 0.22 per cent of players and 0.008 per cent of all players who make in-game purchases while playing social games are under 18.
- 75 per cent of Australian parents have rules around game-play.

### **Industry Best Practice**

The ISGA is a global leader in developing and promoting responsible standards to ensure the highest levels of consumer protection. For example:

1. The ISGA has developed a set of Best Practice Principles ([www.i-sga.org/best-practice](http://www.i-sga.org/best-practice)), which are based on the core values of consumer protection, accountability and transparency. The principles extend to areas such as in-app purchases, advertising practices, privacy compliance and player safeguards. First developed in 2013, the Best Practice Principles are regularly updated to maintain pace with changing technology, business models and consumer behaviour. The latest set of principles was released in early 2026.
2. The ISGA promotes player education through our Smart Mobile Gamers website, ([www.smartmobilegamers.org](http://www.smartmobilegamers.org)). This resource has been developed with some of the world's most respected digital safety organisations, clinical psychologists and games researchers, and it aims to provide gamers with the tools and advice they need to have a positive experience.

### **ISGA Self-Classification**

To complement the globally-leading self-regulation measures that the ISGA has in place for the mobile games industry, the ISGA may consider introducing a formal self-regulation framework for mobile games in the future.

Therefore, the ISGA urges the government to ensure that this option remains open to the ISGA/the mobile games industry.

### **Further Information**

If further information about this submission is required, please contact the ISGA's primary representative in Australia: Mr Hamish Arthur (Canberra-based) [REDACTED]

Date: 29 May 2026