

19 February 2020

The Hon Paul Fletcher MP
Minister for Communications, Cyber Safety and the Arts
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Uploaded to <https://www.communications.gov.au/have-your-say/review-australian-classification-regulation>

Emailed to consultation@classification.gov.au

Dear Minister,

Review of Australian classification regulation

The Association of Heads of Independent Schools of Australia (AHISA) welcomes the review of Australia's classification regulation. AHISA has a long-standing interest in advocating for the protection of children and young people from the risk of harm from portrayals of violence in the media, particularly in video games, from access to online pornography and, more recently, from risk of harm of engaging in simulated or actual gambling behaviours in digital games.

In this submission, AHISA

1. Records its support for the proposal of the Australian Council on Children and the Media (ACCM) that the National Classification Scheme be based on the developmental stages of children; and
2. Recommends increased protection for children and young people in relation to gambling and digital games.

Given that ACCM is making its own submission, AHISA's focus is on digital games and gambling.

AHISA would welcome any inquiries you may have about this submission. These may be directed to me at telephone (02) 6247 7300, or via email at ceo@ahisa.edu.au.

Yours faithfully,

(Ms) Beth Blackwood

AHISA Chief Executive Officer

ABOUT AHISA

AHISA Ltd is a professional association for Heads of independent schools.

The primary object of AHISA is to optimise the opportunity for the education and welfare of Australia's young people through the maintenance of collegiality and high standards of professional practice and conduct amongst its members.

AHISA's 440 members lead schools that collectively account for over 430,000 students, representing over 11 per cent of total Australian school enrolments and 20 per cent of Australia's total Year 12 enrolments. One in every five Australian Year 12 students gains part of their education at an AHISA member's school.

AHISA's members lead a collective workforce of over 40,000 teaching staff and some 27,000 support staff.

The socio-economic profile of AHISA members' schools is diverse. Over 20 per cent of our members lead schools serving low- to very low-SES communities.

AHISA believes that a high quality schooling system in Australia depends on:

- Parents having the freedom to exercise their rights and responsibilities in regard to the education of their children
- Students and their families having the freedom to choose among diverse schooling options
- Schools having the autonomy to exercise educational leadership as they respond to the emerging needs of their communities in a rapidly changing society.

1. AGE BASED CLASSIFICATIONS

AHISA is represented on the ACCM Board by its CEO, Ms Beth Blackwood, and supports the ACCM's call for an age-based classification system that aligns with child developmental stages.

The ACCM recommends that the present categories are replaced with: G (all), 5+ (where '+' indicates suitable for those older), 9+, 12+, 16+, 18+.

A recent survey undertaken by the Interactive Games and Entertainment Association (IGEA)¹ indicates that a significant proportion of parents (between a quarter to one third depending on the classification) are uncertain of the meaning of the current classifications. Classifications more closely identified with age may help to communicate more readily the meaning of classifications and therefore have greater usefulness for parents and more influence in the broader community.

To help simplify and therefore potentially amplify use of classifications and their influence in the community, AHISA supports the use of these categories across all media.

2. DIGITAL GAMES & GAMBLING

In 2018, AHISA made a substantive submission to the Senate Environment and Communications References Committee inquiry into gaming micro-transactions for chance-based items.² The inquiry report was disappointing, making no recommendations for regulatory action to protect children and young people, noting instead that ‘a global consensus view on whether loot boxes constitute gambling has not been reached, nor has a uniform approach to dealing with the issue been adopted’.

Further, the Senate Committee’s report noted that ‘video games are subject to review and classification by the Classification Board’:

The classification of games ensures that consumers are aware when games contain classifiable material, and allows consumers to make informed purchasing decisions. The scheme is a critical component in protecting children and vulnerable adults from harms related to video games, including where games contain gambling elements.

It would appear, then, that the Australian parliament expects Australia’s classification system to carry the burden of protecting young Australians from the risk of harm from early exposure to and experience of gambling behaviours via digital games. On that premise alone, the departmental review of classification regulation is of great importance to the wellbeing of children and young people.

The UK’s House of Commons Select Committee on Culture, Media and Sport considered the issue of loot boxes in digital games as part of its recent inquiry into immersive and addictive technologies. In its report of 12 September 2019³, that committee recommended:

In the absence of research which proves that no harm is being done by exposing children to gambling through the purchasing of loot boxes then we believe the precautionary principle should apply and they are not permitted in games played by children until the evidence proves otherwise.

We hope the Department will adopt the precautionary principle in weighing up the actions possible through the classification system to help protect children and young people and provide advice to their parents or guardians and to other consumers.

Research evidence

Since the 2018 Senate inquiry into gaming micro-transactions for chance-based items, more evidence has emerged in relation to young Australians and gambling and to community attitudes on young people and gambling, including the Department’s own 2018 classification survey on loot boxes and simulated gambling in games.

Inclusion of gambling related questions in Wave 7 of the Longitudinal Survey of Australian Children and release of analysis of the data in 2019⁴ has helped build a picture of young people’s exposure to and engagement in gambling.

Of interest is the finding that around one in five boys and one in eight girls (aged 16-17 years) reported having spent money on at least one gambling activity in the 12 months prior to the survey.

The most common gambling activity involving expenditure of money in which young people were engaged was private betting with friends or family on activities with no legal age restrictions, such as card games or mah-jong. Around one in eight boys and one in 20 girls reported engaging in this activity in the 12 months prior to the survey.

These findings suggest that for a substantial proportion of young Australians, gambling has become an accepted form of entertainment or recreation for which they are prepared to outlay money.

The LSAC data also show that the proportion of 16-17-year-olds who reported having spent money on at least one gambling activity in the 12 months prior to the survey was significantly higher among those who had also played gambling-like games during that time: three out of 10 boys and one in five girls who had played gambling-like games in the previous 12 months had also spent money on gambling during that time. According to the LSAC report, 'These results support the theory that, for teenagers, playing gambling-like games may increase the likelihood of transitioning to commercial gambling in the future'.

The risk of developing problems in adulthood from exposure to or immersion in gambling or gambling-like behaviour in childhood and adolescence has been explored in earlier Australian research already discussed in AHISA's submission to the Senate inquiry into gaming micro-transactions for chance-based items:

- A report on gambling harm minimisation prepared for the NSW Government cites research findings that 'childhood involvement, parental role modelling and peer-group interactions at a young age formalise attitudes and beliefs regarding gambling and consequently the foundation for problem gambling in adulthood'. The report concludes that 'Exposure to gambling at formative stages of development is a risk factor for the normalisation of gambling as a recreational activity.'⁵
- In its report on simulated gambling games, the Australian Gambling Research Centre notes that 'the availability of simulated gambling on smartphones and tablets has generated concern, as the constant availability of gambling-related activities facilitates a deep integration of gambling or gambling-like activities into everyday life'.⁶

The ubiquity of digital devices and access to digital games is confirmed by IGEA's *Digital Australia 2020* report, which claims that 'video games are not only mainstream, they are now normalised in everyday Australian culture'. The survey informing the report found 70 per cent of participants used mobile phones for playing games. The survey also found that 72 per cent of Australian households have more than one device for playing video games, and 21 per cent of households have a virtual reality headset. Some 70 per cent of those surveyed reported using mobile phones to play games.

Importantly, the report finds that gambling was consistently ranked as among the top 10 elements of concern reported by parents across movies, interactive games and social media, with loot boxes and in-game purchases topping the list of parents' concerns about video games.

Parents are right to be concerned. The LSAC Wave 7 data shows that, of the 16 per cent of survey participants who reported having gambled at least once in the 12 months prior to the survey, 17 per cent of boys and 4 per cent of girls would be classified as being at risk of, or already experiencing, gambling-related problems as measured by their score on the Problem

Gambling Severity Index (PGSI). According to the LSAC data, around 10 per cent of boys who reported gambling would be classified as already experiencing moderate or high-level gambling problems.

Classification of digital games

Of interest in the Department's classification survey of loot boxes and simulated gambling in games⁷ is the finding that 55 per cent of those parents surveyed who had some familiarity with loot boxes reported that loot boxes are akin to gambling and should be treated as such. Some 90 per cent of parents who had some familiarity with loot boxes nominated that games with loot boxes should be classified, with 31 per cent indicating a classification of PG, 19 per cent indicating a classification of M and 12 per cent of MA 15+. Only 10 per cent chose a G rating and 5 per cent chose R18+.

The survey revealed strong parental support for classification of purely simulated gambling games (that is, games other than those such as quizzes or quests with a simulated gambling component), with 40 per cent choosing a classification of R18+.

While these responses demonstrate a community appetite for increased regulation of access to digital games that simulate gambling or include gambling elements, the IGEA *Digital Australia 2020* report finds not only uncertainty in parents as to the meaning of classifications, as already noted above, but a low level of influence of classifications on what parents purchase for their children or allow them to play:

Less than a third of parents say the classification of a video game has 'A lot of influence' on the games they choose for their children to play. A quarter said classification had a 'Reasonable influence', and just under half, when combined, said it has 'A little influence' or 'No influence'. Curious about whether this varied depending on the age of children in the household, we found that these responses were largely uniform, regardless of age and number of children.

It is possible that if an age-related classification system is adopted (as recommended by ACCM), and the meaning of classifications therefore able to be understood more intuitively, classifications will have greater influence on parents' choices of digital games for their children.

Recommendations

AHISA recognises that Australian governments have demonstrated an ongoing interest in legislative and other means to protect Australians from gambling harms, targeting both gambling providers and consumers, including children and young people. While this interest is welcome, the rapid evolution of the digital environment suggests that constant vigilance is required to ensure the risk of harm to children and young people is minimised and that regulatory regimes and information and education programs are fit for purpose.

AHISA further recognises that if the departmental review of the classification system recommends adoption of a single classification standard across all media content, a special classification system for digital games will not be feasible. This suggests that consideration should be given to how consumer advice associated with the classification of a product could be strengthened.

As the evidence discussed above demonstrates, the classification system is not able to carry the full burden of vigilance. Consideration should also be given to industry regulation, especially if industry-based self-classification schemes are broadened. For example, digital game producers opting to self-classify their products could be required to include advisory warnings in their self-classification process, build a capability for parental controls into the product and/or to include in game development ‘small, in-time digital interventions such as pop-up messages promoting limit-setting tools and resources’.⁸

To that end, AHISA is pleased that the Office of the eSafety Commissioner is continuing its work on assisting companies to embed ‘Safety by Design’ principles in their technological development processes⁹, and that the Australian Government is considering regulation by government of digital product and service providers – including provider self-regulation schemes – to ensure products and services marketed to children default to the most restrictive privacy and safety settings at initial use or set up.¹⁰

It is AHISA’s view that the sheer scale of the potential for children to be exposed to online gambling, either through simulated gambling games or in-game gambling features, and therefore to the risk of normalisation of gambling activity, warrants ongoing review of federal online gambling legislation with a focus on children and young people as a specific sub-set of Australia’s gambling population. ■

NOTES

¹ IGEA's *Digital Australia 2020* report is available at <https://igea.net/2019/07/digital-australia-2020-da20/>.

² AHISA's submission, no 5, can be accessed at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Gamingmicro-transactions/Submissions.

³ The report is published at <https://publications.parliament.uk/pa/cm201719/cmselect/cmcmds/1846/184602.htm>.

⁴ *LSAC Annual Statistical Report 2018*, accessed at <https://growingupinaustralia.gov.au/research-findings/annual-statistical-reports-2018>.

⁵ Blaszczynski A, Anjoul F, Shannon K, Keen B, Pickering D & Wieczorek M (2015) *Gambling harm minimisation report*. Report commissioned by the NSW Department of Trade and Investment, Regional Infrastructure and Services via the NSW Office of Liquor, Gambling and Racing's Responsible Gambling Fund. Accessed at <https://www.liquorandgaming.nsw.gov.au/Documents/gaming-and-wagering/problems-with-gambling/research/gambling-harm-minimisation-report.pdf>.

⁶ Dickins M & Thomas A (2016) *Is it gambling or a game? Simulated gambling games: Their use and regulation*. Australian Gambling Research Centre. Accessed at <https://aifs.gov.au/agrc/sites/default/files/agrc-dp5-simulated-gambling-paper.pdf>.

⁷ Accessed at <https://www.classification.gov.au/sites/default/files/2019-10/classification-survey-report-loot-boxes-and-simulated-gambling-in-games-novemberanddecember2018.pdf>.

⁸ Dickins & Thomas, op. cit.

⁹ Information on Safety by Design is available at <https://www.esafety.gov.au/key-issues/safety-by-design>.

¹⁰ As outlined in the Online Safety Legislative Reform Discussion Paper, available at <https://www.communications.gov.au/have-your-say/consultation-new-online-safety-act>.