



Australian House of Representatives Committee Makes Recommendations on the Regulation of Loot Boxes

QUICK READ:

- A House of Reps Committee has published a 197-page [report](#), titled 'You win some, you lose more', into whether the current regulatory framework for online gambling and gambling advertising is fit for purpose – making **31 recommendations**, applying a **public health lens to online gambling harm**.
- The Committee references loot boxes under the umbrella term '**simulated gambling**' along with social casino and other mechanics.
- The Committee recommends the **classification scheme** be strengthened and applied across all online app stores, the development of a **simulated gambling warning label**, and minimum **consumer protections**.
- The Government 'should consider **legislative options**' if protections are not effectively applied.

RISK BAROMETER



JURISDICTION RELEVANCE

Australia

REGULATOR

ACMA

TIMELINE

15.09.22 - 28.06.23

KEY INSIGHTS:

- Last September, the House of Representatives Standing Committee on Social Policy and Legal Affairs announced its inquiry into whether the current regulatory framework for online gambling and gambling advertising is fit for purpose and meeting community expectations, including 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 (e.g., loot boxes and social casino games).'
- As of June 28th, the bipartisan Committee has made 31 recommendations – the headline is a phased approach, over 3 years, to comprehensively ban gambling advertising on all media.
- The report also concludes that 'children and young people are being exposed to gambling through interactive games like social casino, which simulate real gambling, or include gambling like features, such as loot boxes.'
- Still, regulating the mechanic as gambling 'could result in circumvention and may challenge the capacity of regulators to enforce the law', whilst also stigmatising the activity for those who engage.
- As such, a combination of approaches that provide improved consumer protections is favoured:
- **Classification**
 - » The Committee recommends that the National Classification Scheme (NCS) be consistently applied, with a more granular approach, to games available from online app stores.
- **Simulated gambling warning label**
 - » A simulated gambling warning should be incorporated into the NCS to ensure that consumers can make more informed purchasing decisions.
- **Stronger consumer protections in games featuring simulated gambling including loot boxes**
 - » A working group to develop tighter controls on simulated gambling and its advertising.
 - » It should also consider whether games containing loot boxes that can be purchased for money or simulated gambling should have:
 - Spending controls as a default function
 - Transparent odds and drop rates for items
 - Algorithmic loot box features disabled as a default setting, allowing players to opt-in

MOST TELLING:

'The Australian Government should conduct a review of the implementation of these protective measures and consider legislative options if minimum consumer protections are not being consistently applied.'

DELANY & CO HOT TAKE:

A recommendation, that the definition of 'gambling service' remain flexible to incorporate simulated gambling, gambling-like elements in games and the gambling of in-game items, suggests that mobile games may be susceptible to the application of a public health lens that introduces tobacco style 'warning labels' to online gambling products.