

Document 2

**From:** Mark Thornton  
**To:** [Lloyd Bezett](#)  
**Subject:** Loot boxes  
**Date:** Friday, 13 October 2017 9:58:06 AM  
**Attachments:** [image001.png](#)

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Hi Lloyd,

Don't know if you've seen this <https://www.kotaku.com.au/2017/10/esrb-says-it-doesnt-see-loot-boxes-as-gambling/>

In the comments below the article there is an interesting analogy comparing loot boxes to Kinder Surprises...

Cheers,

Mark

**Dr Mark Thornton** | Senior Advisor Operational Policy  
**The Department of Internal Affairs Te Tari Taiwhenua**  
Direct Dial: +64 4 495 6086 | Extn: 5186 | Mobile: +64 21 0690 443  
147 Lambton Quay | PO Box 805, Wellington 6140, New Zealand | [www.dia.govt.nz](http://www.dia.govt.nz)



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## Document 3

**From:** [Lloyd Bezett](#)  
**To:** [Heather McShane](#)  
**Subject:** RE: Problem Gambling Foundation - Game Lootboxes  
**Date:** Thursday, 16 November 2017 9:36:46 AM

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Hi Heather

The initial question relates to classification of video games. Currently “gambling” is not one of the criteria under which a publication can be classified as objectionable or restricted. The presence of gambling in a game does appear as a warning in other countries, particularly those using the PEGI classification system. This is more of a consumer advisory for parents,

While adding “gambling” into the Classification Act would require a decision by the Minister of Justice, it might be possible for the OFLC to include the presence of gambling to the descriptive note. However, that would require the OFLC have a clear description of what constitutes gambling. Can the OFLC put thing in the descriptive note if that issue played no part in their classification of a publication?

I’m not sure what proportion of video games are actually distributed in NZ. All the games I buy are over the internet from servers located overseas. Strictly speaking these game are not sold in NZ; I’m importing them for personal use so they are not subject to NZ classification anyway.

I’ll chat to Legal Services on Friday before I draft something up.

Looks like everything is converging.

**Lloyd Bezett** | Senior Policy Advisor | Operational Policy | Regulatory Services  
Direct Dial: +64 4 495 9367 | Extn: 5367

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**From:** Heather McShane  
**Sent:** Thursday, 16 November 2017 8:53 AM  
**To:** Lloyd Bezett  
**Subject:** FW: Problem Gambling Foundation - Video Game Lootboxes

Hi Lloyd

I’m wondering if we need to get some legal advice on this. Can you have a go at drafting a request for legal advice for us to think about before sending it to Legal Services. We’d need to talk to Gareth about the implications of getting legal advice on this before we actually sent the request through.

I’ll find out where Lisa Osborne is up to with her piece on online gambling and whether she has covered this sort of thing.

Thanks, Heather

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**From:** Jason Hewett

**Sent:** Thursday, 16 November 2017 7:10 AM  
**To:** Heather McShane  
**Subject:** FW: Problem Gambling Foundation - Video Game Lootboxes

Morning Heather

Is this a topic you are familiar with? Is it something within our gambit and as such something the Minister would respond to?

Cheers

Jason

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs

Hon Tracey Martin

5.3L Executive Wing | Parliament Buildings

DDI: 04 817 8340 | M: 021 420 602 | E: [xxxxx.xxxxxx@xxxxxxxxxx.xxxx.xx](mailto:xxxxx.xxxxxx@xxxxxxxxxx.xxxx.xx)

---

**From:** T Martin (MIN)

**Sent:** Wednesday, 15 November 2017 8:32 AM

**To:** Jason Hewett <[xxxxx.xxxxxx@xxxxxxxxxx.xxxx.xx](mailto:xxxxx.xxxxxx@xxxxxxxxxx.xxxx.xx)>

**Subject:** FW: Problem Gambling Foundation - Video Game Lootboxes

Morning Jason

Overnight we have received quite a few emails relating to video game regulations.

Does this fall within Internal Affairs portfolio? If so, I will log each one and send through.

Thanks,  
Annika

**Annika Rodstrom** | Private Secretary – Executive Support | Office of Hon Tracey Martin

Minister for Children | Minister for Seniors | Minister of Internal Affairs | Associate Minister of Education

Parliament Buildings | Wellington 6160 | New Zealand | Tel +64 4 817 8718 |

[xxxxx.xxxxxx@xxxxxxxxxx.xxxx.xx](mailto:xxxxx.xxxxxx@xxxxxxxxxx.xxxx.xx)

**From:** [REDACTED]

Section 9(2)(a) of the OIA.

**Sent:** Tuesday, 14 November 2017 2:30 PM

**To:** W Peters (MIN) <[x.xxxxxx@xxxxxxxxxx.xxxx.xx](mailto:x.xxxxxx@xxxxxxxxxx.xxxx.xx)>; T Martin (MIN)

<[x.xxxxxx@xxxxxxxxxx.xxxx.xx](mailto:x.xxxxxx@xxxxxxxxxx.xxxx.xx)>

**Subject:** Problem Gambling Foundation - Video Game Lootboxes

Mr. Peters, Ms. Martin,

I am writing to you in relation to the position of the NZ Problem Gambling Foundation from this article at The Wireless: <http://thewireless.co.nz/articles/are-video-games-turning-young-people-into-gamblers>.

I would like to voice my support for the position of the NZPGF in this respect. The use of 'lootboxes' in video games is gambling, pure and simple. I am 42 years old and I grew up playing video games. It used to be that when you bought a game, you bought it and that was it. Later, it became possible to purchase significant additional content (such as an entirely new campaign, or a set of new multiplayer maps) for additional money.

This, I do not necessarily have a problem with: those older expansions represented a lot of additional game, and you knew exactly what was in the expansion before you bought it. Usually, also, it came out months or even a year after the initial game.

In the last 10 years or so, though, the industry has been heading towards locking away important parts of the game behind randomised items at a low rate. And, surprise, they also offer you the option to buy a bunch of these randomised items for money, so as to increase your chances of getting something. Spending money in order to gain a chance at obtaining some benefit is the literal definition of gambling.

The current brouhaha in the gaming community is around Electronic Arts and their treatment of Star Wars Battlefront II (see here: <https://www.reddit.com/r/pcgaming/> for some quite robust discussions around this game right now). This is a particularly insidious example because the nature of Star Wars appeals to small children, but it is by no means the only one.

My son is 11 years old. He is now coming into an age where I can start to share more grown-up experiences with him, including less kid-focused games. However, a few weeks ago I saw him literally throw his headphones at his computer and storm off to his room to cry. It turned out he had been playing a game in an online world called Roblox. This particular game offered loot boxes, and he had received a 'rare' item in one. About 5 minutes later, he lost it in battle with another player, and this precipitated the outburst.

Why should this affect him? It cost him nothing to get, and it cost him nothing to lose. But the game is designed to hook you: he wanted to pay for more lootboxes to get it back, and that's exactly the reaction being aimed for.

We rightly have regulations around other potentially harmful activities - legal gambling, smoking, sex, etc. to minimise exposure to these things to children who aren't ready to deal with them. These lootboxes are designed to be as addictive as any other form of gambling. I can protect my own children to some extent - we won't have Star Wars Battlefront II in our house, for example, even though I am as big a Star Wars fan as my son - but it's impossible to be there all the time.

I urge you to introduce mandatory requirements for games sold in New Zealand with lootboxes or any similar scheme to lock away game content behind random items to be given an R/Adult rating, and illegal to sell to minors.

--

Cheers



Section 9(2)(a) of the OIA.

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Lloyd Bezett

**From:** Jason Hewett  
**Sent:** Friday, 17 November 2017 7:46 AM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Correspondence: [redacted] IA17 248

Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [redacted]

Thanks

Section 9(2)(a) of the OIA

Jason

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs  
Hon Tracey Martin  
5.3L Executive Wing | Parliament Buildings  
DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

**From:** [redacted] Section 9(2)(a) of the OIA  
**Sent:** Thursday, 16 November 2017 1:43 PM  
**To:** T Martin (MIN) <[t.martin@ministers.govt.nz](mailto:t.martin@ministers.govt.nz)>  
**Subject:** Fwd: Video games and gambling

To the Hon Tracey Martin,

I would like to bring to your attention the subject of gambling in video games, as per the complaint I raised below with the Department of Internal Affairs.

I believe that this problem relates very strongly with your portfolios across both Internal Affairs and the protection of children:-

- Internal Affairs - as the regulator for both casino and non-casino gambling - in particular looking to reduce the harm that can be caused by these addictive practices
- Children - a large proportion of the players of these types of games are of course children who are powerless to protect themselves from the insidious nature of these game design and marketing practice

Could I ask you to please look into this issue - it is a growing insidious practice that often goes unseen - and in addition results in millions of dollars being paid to offshore companies without any taxation being applied (as GST is not applied to the purchase of these 'virtual currencies').

My thanks

[redacted]  
New Zealand Citizen

Section 9(2)(a) of the OIA

1-4

----- Forwarded message -----

**From:** [redacted] Section 9(2)(a) of the OIA  
**Date:** Thu, Nov 16, 2017 at 1:31 PM



Subject: Video games and gambling  
To: [gambling.compliance@dia.govt.nz](mailto:gambling.compliance@dia.govt.nz)

Hi there,

I'd like to make a complaint, and ask DIA to look into the current practice of video games selling so-called 'loot boxes' that contain random items and in-game currencies for real money.

In effect these practices bring a virtual pokie-machine inside video games played by amongst others, children - and there is no limitation or regulation placed upon these practices at all.

The way they work is that, as part of normal game progression - an option is provided to 'speed up' that progression by selling, for real money (often converted from real dollars via credit card or purchased currency card to gems or diamond or some other fictitious virtual currency) loot boxes.

Inside the loot boxes can be all sorts of digital loot, however each purchase results in random items, meaning that if the purchaser does not receive an item they wanted, they are incentivized to purchase more.

As a result, this causes the addiction to the game to be bound to the purchase of loot boxes, and in addition a certain amount of peer pressure as friends/aquaintances/streamers or others show off the virtual goods they received, further increasing the incentive to buy in order to 'keep up'.

The combination of the lack of protections and insidiousness of game company design practices (purely designed to increase revenues) results in a potentially very harmful outcome from an addiction and financial perspective and I believe this should be at the very least regulated or outright banned here in New Zealand.

For example, in the current media there is a furor over the following game - Star Wars Battlefront II - soon to be made available here in New Zealand. Here is a link with more information, alongside the news that it is being investigated by the Belgian gaming commission.

<https://www.pcgamesn.com/star-wars-battlefront-2/battlefront-2-loot-box-gambling-belgium-gaming-commission>

I believe that these practices, in games sold here in New Zealand, are in breach of the Gambling Act 2003 in several sections:-

- Subpart 1, section 9 (1) - they are not licensed or authorised by the act
- Subpart 1, section 9 (2b) - this could well be considered 'remote interactive gambling'
- Subpart 1, section 16 (1) - these games effectively advertise their loot boxes / gambling, within games, on public websites and via emails
- Subpart 1, section 17 (1) and (2) - the retail value of the non-cash virtual prizes is not disclosed
- Subpart 1, section 19 (1a) - every person that plays said game and purchases a loot box is participating in illegal gambling.

Given that these gaming companies are not 'corporate societies' nor hold any gambling licenses, and generate revenues in the millions of dollars per year category from these practices - it must be deemed illegal in the eyes of the act.

As a results as the New Zealand regulator for all casino and non-casino gambling - I ask you to investigate these practices and ultimately ban them here in New Zealand.

My thanks

██████████  
New Zealand Citizen

Section 9(2)(a) of the OIA

Lloyd Bezett

**From:** Jason Hewett  
**Sent:** Friday, 17 November 2017 7:40 AM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Correspondence: [REDACTED] IA17 247

Section 9(2)(a) of the OIA

Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [REDACTED]

Section 9(2)(a) of the OIA

Thanks

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs

Hon Tracey Martin

5.3L Executive Wing | Parliament Buildings

DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

**From:** [REDACTED]  
**Sent:** Tuesday, 14 November 2017 3:34 PM  
**To:** Hon Tracey Martin <[Tracey.Martin@parliament.govt.nz](mailto:Tracey.Martin@parliament.govt.nz)>  
**Subject:** Regulation on video game loot boxes

Section 9(2)(a) of the OIA

Ms Martin,

I am writing to you in relation to the position of the NZ Problem Gambling Foundation from this article at The Wireless: <http://thewireless.co.nz/articles/are-video-games-turning-young-people-into-gamblers>

I support the view of NZPGF regarding "loot boxes." It seems a fairly unthreatening issue as, like most digital issues, is often regarded as an unseen or over-exaggerated danger, however from my own personal experience and reading articles from reputable web sites such as PC Gamer and Kotaku, it has become apparent that this is merely a new form of slot machine for the digital age and so requires regulation.

Due to this happening in video games it does not affect only adults but children as well as seen in the CS: GO lotto scandal referenced at the bottom.

From a gamer point of view I have watched this new phenomenon guide the industry into an unparalleled landscape with games being increasingly designed around "loot boxes" as the sales from players essentially 'rolling the dice' are generating staggering amounts of revenue for game companies. The influence is undeniable especially with the fairly recent development where game companies create their own currency which gamers buy and then use to purchase loot boxes, basically having the company double-dip into gamer's pockets by taking a cut through currency conversion and then a dice roll for a chance of an item.

From a private citizen point of view I can recognise the potential harm these boxes can have on people. I first became aware of the influence gambling has on people during the Sky City Convention Centre expansion political debates, an expansion which included an increase in slot machines (clearly a must for Sky City, for easily discernible reasons) which guarantees an increase in problem gambling. We had ads for problem gambling on TV during this time and digital gambling is no different and is arguably more insidious as people are so much more removed from the reality of spending their money in the same way casinos sell chips instead of having people use cash.



Gamers are being exploited not only at the 'few dollars here and there' way of thinking which I unfortunately have exercised in the past but more importantly at the 'whale' scale with numerous stories from industry insiders describing how they'd watch people drop thousands of dollars into these loot boxes. The danger is very real and the expectation of buying a game and paying a couple of bucks to try and get a prize is becoming more commonplace and widespread.

I urge you to introduce mandatory requirements for games sold in New Zealand with loot boxes or any similar scheme to lock away content behind random items to be given a R/Adult rating, and illegal to sell to minors.

Thank you

Resources:

<http://www.pcgamer.com/behind-the-addictive-psychology-and-seductive-art-of-loot-boxes/>

<http://www.cam.ac.uk/research/news/the-psychology-of-gambling>

<https://dotesports.com/counter-strike/csgo-gambling-scandal-explained-3545>

Kind Regards,

Section 9(2)(a) of the OIA

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**Lloyd Bezett**

**From:** Jason Hewett  
**Sent:** Friday, 17 November 2017 7:20 AM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Correspondence: [REDACTED] IA17 246

Section 9(2)(a) of the OIA

Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [REDACTED] Last email (for now) on video games and gambling.

Section 9(2)(a) of the OIA

Thanks

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs  
Hon Tracey Martin  
5.3L Executive Wing | Parliament Buildings  
DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

**From:** [REDACTED]  
**Sent:** Wednesday, 15 November 2017 12:46 AM  
**To:** W Peters (MIN) <[W.Peters@ministers.govt.nz](mailto:W.Peters@ministers.govt.nz)>; T Martin (MIN) <[t.martin@ministers.govt.nz](mailto:t.martin@ministers.govt.nz)>  
**Subject:** Regulation of Video Game based Gambling, 'lootboxes'

Section 9(2)(a) of the OIA

Mr. Peters, Ms. Martin.

As the ministers for Internal Affairs and Racing, you are the ministers in charge of gambling regulation within New Zealand.

I am writing to you in relation to the position of the NZ Problem Gambling Foundation from this article at The Wireless: <http://thewireless.co.nz/articles/are-video-games-turning-young-people-into-gamblers>.

I would like to loudly voice my support in classification of 'lootboxes' as gambling. The position of the NZPGF is solid and needs immediate action.

A lootbox is a digital item purchased with real world currency. When redeemed, it has a chance of containing a highly valued item, but often contains worthless items. Regardless of outcome, money has been paid to the game developer / publisher for this chance. The parallel with a pokie machine must be obvious.

While purchase of digital content in games is not new, previously content would be sold at a fixed price for fixed content, purchased once to gain access. Now publishers are able to find that they can sell the chance of a rare item, and make excessive amounts of money off this gambling. The sale of these lootboxes is set up to sell multiple at once, to encourage more chances, and greater profits, all at the expensive of the victim.

Even the people who play these games dislike these lootboxes, as can be seen quite easily on <https://www.reddit.com/r/pcgaming/>, more specifically [https://www.reddit.com/r/pcgaming/comments/7corhv/a\\_user\\_on\\_rstarwarsbattlefront\\_has\\_done\\_an/](https://www.reddit.com/r/pcgaming/comments/7corhv/a_user_on_rstarwarsbattlefront_has_done_an/) where a calculation showed that Electronic Arts, a game publisher is attempting to sell a game for \$80, that then requires 4000 hours of play, or a \$2100 spend to unlock the rest of content, all controlled randomly.

Currently games are not restricted from selling such lootboxes to minors. They are not restricted in volume of sale to singular users. There is no help made for people with problems.

The developers and publishers of games deliberately incite these problematic, addictive behaviours.

I call upon the Department of Internal Affairs to regulate these lootboxes in accordance with their correct classification of Gambling. I call for:

1. Lootboxes or any similar scheme to lock away game content behind random items to be classified as Gambling by the Gambling Act 2003.
2. An immediate classification of R18 on any game that includes the purchase of chance based items with money. As with all gambling in New Zealand, it should not be accessible to minors.
3. Requirements for games containing such schemes to be termed Gambling and subject to all applicable legislation, including labelling as such and provision of help. Additionally, requiring prevention of access from problem gamblers would minimise harm.
4. Requiring section 17A "Retail value of non-cash prize must be stated" to be enforced on these lootboxes, and for the average prize per play to be stated.
5. If possible, require the removal of purchase of chance based items for currency from games distributed or sold within New Zealand. There is no great difference between such a scheme, operated digitally and a pokie machine, which we have capped the number of due to the harm they inflict. The similarities are too close to allow further spread of these schemes.

While the largest portion of outrage is present at this mainstream, AAA publisher stooping to such predatory, underhanded practices, it is a common and widespread practice in computer, console and mobile gaming. Children and vulnerable adults are being preyed upon by primarily offshore based companies who are subject to no regulation or oversight.

I call upon the Department of Internal Affairs to take the position of the NZPGF, and regulate lootboxes or any similar scheme to lock away game content behind random items.

Sincerely,

Section 9(2)(a) of the OIA



Lloyd Bezett

Section 9(2)(a) of the OIA

**From:** Jason Hewett  
**Sent:** Friday, 17 November 2017 7:09 AM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Correspondence: [REDACTED] A17 245

Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [REDACTED].  
A further complaint about video games and gambling.

Section 9(2)(a) of the OIA

Thanks

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs

Hon Tracey Martin

5.3L Executive Wing | Parliament Buildings

DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

**From:** [REDACTED] Section 9(2)(a) of the OIA

**Sent:** Wednesday, 15 November 2017 12:38 AM

**To:** W Peters (MIN) <[W.Peters@ministers.govt.nz](mailto:W.Peters@ministers.govt.nz)>; T Martin (MIN) <[t.martin@ministers.govt.nz](mailto:t.martin@ministers.govt.nz)>

**Subject:** Gambling, computer gaming, loot boxes

Loot boxes in games are a perfect example of gambling. Yet because it's based in a sector that the legal system has yet to catch up to, it's being ignored. I would be incredibly grateful if there could be a review of loot boxes and microtransactions in gaming that encourage gambling, especially among children. I'm a 20 year old avid gamer, so I'm coming from a position of truly caring about the industry, but this practice is insidious and needs to be made very clear as to its nature.

If you haven't seen it already, this article covers it perfectly

<http://thewireless.co.nz/articles/arc-video-games-turning-young-people-into-gamblers>

Kind regards

Section 9(2)(a) of the OIA

1-4

Lloyd Bezett

**From:** Jason Hewett  
**Sent:** Friday, 17 November 2017 7:02 AM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Correspondence: [REDACTED] A17 244

Section 9(2)(a) of the OIA  
Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [REDACTED]  
Further email about video games and gambling.

Section 9(2)(a) of the OIA

Thanks

Jason

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs  
Hon Tracey Martin  
5.3L Executive Wing | Parliament Buildings  
DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

**From:** [REDACTED] Section 9(2)(a) of the OIA  
**Sent:** Tuesday, 14 November 2017 7:42 PM  
**To:** W Peters (MIN) <W.Peters@ministers.govt.nz>; T Martin (MIN) <t.martin@ministers.govt.nz>  
**Subject:** Regulation of Video Game based Gambling, 'lootboxes'

Mr. Peters, Ms. Martin.

As the ministers for Internal Affairs and Racing, you are the ministers in charge of gambling regulation within New Zealand.

I am writing to you in relation to the position of the NZ Problem Gambling Foundation from this article at The Wireless: <http://thewireless.co.nz/articles/are-video-games-turning-young-people-into-gamblers>

I would like to loudly voice my support in classification of 'lootboxes' as gambling. The position of the NZPGF is solid and needs immediate action.

A lootbox is a digital item purchased with real world currency. When redeemed, it has a chance of containing a highly valued item, but often contains worthless items. Regardless of outcome, money has been paid to the game developer / publisher for this chance. The parallel with a pokie machine must be obvious.

While purchase of digital content in games is not new, previously content would be sold at a fixed price for fixed content, purchased once to gain access. Now publishers are able to find that they can sell the chance of a rare item, and make excessive

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amounts of money off this gambling. The sale of these lootboxes is set up to sell multiple at once, to encourage more chances, and greater profits, all at the expense of the victim.

Even the people who play these games dislike these lootboxes, as can be seen quite easily on <https://www.reddit.com/r/pcgaming/>, more specifically [https://www.reddit.com/r/pcgaming/comments/7corhv/a\\_user\\_on\\_rstarwarsbattlefront\\_has\\_done\\_an/](https://www.reddit.com/r/pcgaming/comments/7corhv/a_user_on_rstarwarsbattlefront_has_done_an/) where a calculation showed that Electronic Arts, a game publisher is attempting to sell a game for \$80, that then requires 4000 hours of play, or a \$2100 spend to unlock the rest of content, all controlled randomly.

Currently games are not restricted from selling such lootboxes to minors. They are not restricted in volume of sale to singular users. There is no help made for people with problems.

Stories such as these:

[https://np.reddit.com/r/gaming/comments/7cffsl/we\\_must\\_keep\\_up\\_the\\_complaints\\_ea\\_is\\_crumbling/dpq15yh/](https://np.reddit.com/r/gaming/comments/7cffsl/we_must_keep_up_the_complaints_ea_is_crumbling/dpq15yh/) are not at all uncommon. Termed "Whales" because they are large and bring in so much meat, problem gamblers spend excessive amounts of currency on these games, often thousands of dollars.

The developers and publishers of games deliberately incite these problematic, addictive behaviours.

I call upon the Department of Internal Affairs to regulate these lootboxes in accordance with their correct classification of Gambling. I call for:

1. For lootboxes or any similar scheme to lock away game content behind random items to be classified as Gambling by the Gambling Act 2003.
2. An immediate classification of R18 on any game that includes the purchase of chance based items with money. As with all gambling in New Zealand, it should not be accessible to minors.
3. Requirements for games containing such schemes to be termed Gambling and subject to all applicable legislation, including labelling as such and provision of help. Additionally, requiring prevention of access from problem gamblers would minimise harm.
4. Requiring section 17A "Retail value of non-cash prize must be stated" to be enforced on these lootboxes, and for the average prize per play to be stated.
5. If possible, require the removal of purchase of chance based items for currency from games distributed or sold within New Zealand. There is no great difference between such a scheme, operated digitally and a pokie machine, which we have capped the number of due to the harm they inflict. The similarities are too close to allow further spread of these schemes.

While the largest portion of outrage is present at this mainstream, AAA publisher stooping to such predatory, underhanded practices, it is a common and widespread practice in computer, console and mobile gaming. Children and vulnerable adults are being preyed upon by primarily offshore based companies who are subject to no regulation or oversight.

I call upon the Department of Internal Affairs to take the position of the NZPGF, and regulate lootboxes or any similar scheme to lock away game content behind random items.

Sincerely,



Section 9(2)(a) of the OIA

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**Keren Ross**

**From:** minadviceteam  
**Sent:** Tuesday, 5 December 2017 10:17 AM  
**To:** Keren Ross  
**Cc:** Ministerial Correspondence  
**Subject:** FW: Request for Ministerial Correspondence: [REDACTED] IA17 271

Section 9(2)(a) of the OIA

Section 9(2)(a) of the OIA

Hi Keren,

Another "loot box" min for you.

Karen, can you please allocate to Regulatory Services.

Thanks  
Jacqueline.

---

**From:** Jason Hewett (Parliament)  
**Sent:** Tuesday, 5 December 2017 7:42 AM  
**To:** Ministerial Correspondence; minadviceteam  
**Subject:** Request for Ministerial Correspondence: [REDACTED] IA17 271

Hi Team

Section 9(2)(a) of the OIA

Can I please have a response drafted to the email from [REDACTED].

Thanks

Section 9(2)(a) of the OIA

**Jason Hewett**  
Private Secretary for the Minister of Internal Affairs  
Hon Tracey Martin  
5.3L Executive Wing | Parliament Buildings  
DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

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**From:** Leigh Huffine  
**Sent:** Monday, 4 December 2017 2:42 PM  
**To:** [REDACTED]  
**Subject:** RE: Gambling aimed at our youth

Section 9(2)(a) of the OIA

Dear [REDACTED] Section 9(2)(a) of the OIA

On behalf of the Minister of Broadcasting, Communications and Digital Media, Hon Clare Curran, thank you for your email of 29 November 2017 concerning gambling aimed at youth in games.

As the issue you have raised falls within the portfolio responsibility of the Minister of Internal Affairs, Hon Tracey Martin, your letter has been forwarded to her office for consideration.

Thank you for writing.

Best wishes  
Leigh

Leigh Huffine | Private Secretary – Broadcasting  
Office of Hon Clare Curran | Minister of Broadcasting, Communications and Digital Media



**From:** [REDACTED]  
**Sent:** Wednesday, 29 November 2017 7:33 PM  
**To:** C Curran (MIN) <c.curran@ministers.govt.nz>  
**Subject:** Gambling aimed at our youth

Section 9(2)(a) of the OIA

Dear Clare.

this is my first time writing to a member of Parliament. I know that you are all extremely busy people and I hope that you can spare 15 minutes from your day.

I don't know if you have heard anything about a game called 'star wars battle front 2'

it is produced by EA and is all about running about pretending you're luke skywalker chopping up faceless storm troopers with a lightsaber. Which I guess is harmless enough. however it has 'loot crates'

it used to be that loot crates might be won through the use of skill in the game, and so rewarded you... but things have changed. now if you want to play as Luke skywalker you have to grind for 40 plus hours to try and unlock as many loot crates required to play as him... in total someone worked out that you had to play for 4200 hours or more to unlock everyone in the game.

However you can just pay for it... but the loot from the loot crates is random.

which is where the issue is... because I am a 32 year old man... I don't like paying more after I've already paid 100 dollars for a game for it to say... well if you really want to play... enter your credit card details. but I'm also a teacher... and these games have been carefully honed to a razor edge... just enough to keep you going, not enough to let you stop... they're designed to be addictive, designed to use star wars of all things to make people gamble. and steal to feed that gambling addiction as I can testify after a student in my class stole someones device that they use for school to buy loot crates for another EA game Need for Speed Payback.

Aussie, the US and some Scandinavian countries are now investigating this child/youth focused gambling thrust by these games which made EA billions of dollars.

I am selfish, I want this to be ruled as gambling, so that EA and others have to remove these, I like the idea of these giant companies being taxed harshly by little old NZ and I just want the kids in my class to drive around in need for speed or run around in star wars without feeling some weird gambling addiction in the back of their heads... they have enough going on being teen ages...

there are many things online about this at the moment, the one that made me email you was this link

[https://www.youtube.com/watch?v=PTLFLNu2N\\_M&feature=youtu.be](https://www.youtube.com/watch?v=PTLFLNu2N_M&feature=youtu.be)

thank you for your time...

[REDACTED] (Labour/Greens Hardcore!)

Section 9(2)(a) of the OIAS

**Keren Ross**



Section 9(2)(a) of the OIA

**From:** Kris Faafoi  
**Sent:** Thursday, 30 November 2017 10:31 AM  
**To:** [Redacted] Section 9(2)(a) of the OIA  
**Subject:** RE: Blatant gambling within video games that aim to trap children

Hi [Redacted] Section 9(2)(a) of the OIA

On behalf of Minister Faafoi thank you for your email.

As the issues you raise fall within the portfolio of Internal Affairs, with your permission your email will be transferred to Hon Tracey Martin for her consideration.

Kind regards

**Esther Robinson**  
**Senior Private Secretary**  
**Office of Hon Kris Faafoi MP**  
**MP for Mana**  
*Minister for Civil Defence and Commerce and Consumer Affairs*  
*Associate Minister of Immigration*

**PH: 04 817 8280**  
**MOB: 021741196**  
**Bowen House**  
Parliament Buildings  
Private Bag 18 888  
Wellington 6160  
New Zealand

*Authorised by Hon Kris Faafoi MP, Parliament Buildings, Wellington*

**From:** [Redacted] Section 9(2)(a) of the OIA  
**Sent:** Tuesday, 28 November 2017 8:06 PM  
**To:** K Faafoi (MIN) <k.faafoi@ministers.govt.nz>  
**Subject:** Blatant gambling within video games that aim to trap children

Hey there,

I really don't know how to write this message in terms of my point that I'm trying to make, or if this is even the place that I should be talking about this, but I'll just go with it.

There has been a large outburst recently in the online-gaming community about micro-transactions within online video games, and I believe rightly so. From my experiences of these transactions, I have fallen into the trap myself at a young age and I'm really hoping something can be done to stop this happening for the future generations of children in our country. I myself have spent thousands of my parents money as a child on these in-game transactions and I'm aware it is a major concern within our country and many others, it is a serious form of gambling and should be treated as such.

I'm not asking for anything to be changed, all I'm asking is that you look into the issue that surrounds these micro-transactions, especially the loot box concepts and make any changes that you think is necessary.

I know many other countries are interested in changing and regulating this issue, I'm aware Australia, United States of America and Belgium are just a few of many, Belgium I believe are trying to regulate this across all of Europe too.

Once again, I'm not one hundred percent sure of all facts and evidence here, however, I believe if this is eventually considered gambling,



then the Government would be able to tax these transactions as gambling, and in turn, receive more income.

This issue doesn't just affect the children, it affects the families too. It has many ways to trap the children into buying in-game items for real money and should be considered seriously.

Thanks for hearing me out,

Section 9(2)(a) of the OIA

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**Lloyd Bezett**

**From:** Jason Hewett  
**Sent:** Thursday, 16 November 2017 5:40 PM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Correspondence: IA17 240

Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [REDACTED] Section 9(2)(a) of the OIA

Please note there are more on the same topic coming through.

Thanks

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs

Hon Tracey Martin

5.3L Executive Wing | Parliament Buildings

DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

**From:** [REDACTED] Section 9(2)(a) of the OIA  
**Sent:** Tuesday, 14 November 2017 2:30 PM  
**To:** W Peters (MIN) <[W.Peters@ministers.govt.nz](mailto:W.Peters@ministers.govt.nz)>; T Martin (MIN) <[t.martin@ministers.govt.nz](mailto:t.martin@ministers.govt.nz)>  
**Subject:** Problem Gambling Foundation - Video Game Lootboxes

Mr. Peters, Ms. Martin,

I am writing to you in relation to the position of the NZ Problem Gambling Foundation from this article at The Wireless: <http://thewireless.co.nz/articles/are-video-games-turning-young-people-into-gamblers>.

I would like to voice my support for the position of the NZPGF in this respect. The use of 'lootboxes' in video games is gambling, pure and simple. I am 42 years old and I grew up playing video games. It used to be that when you bought a game, you bought it and that was it. Later, it became possible to purchase significant additional content (such as an entirely new campaign, or a set of new multiplayer maps) for additional money.

This, I do not necessarily have a problem with: those older expansions represented a lot of additional game, and you knew exactly what was in the expansion before you bought it. Usually, also, it came out months or even a year after the initial game.

In the last 10 years or so, though, the industry has been heading towards locking away important parts of the game behind randomised items at a low rate. And, surprise, they also offer you the option to buy a bunch of these randomised items for money, so as to increase your chances of getting something. Spending money in order to gain a chance at obtaining some benefit is the literal definition of gambling.

The current brouhaha in the gaming community is around Electronic Arts and their treatment of Star Wars Battlefront II (see here: <https://www.reddit.com/r/pcgaming/> for some quite robust discussions around this game right now). This is a particularly insidious example because the nature of Star Wars appeals to small children, but it is by no means the only one.

All

My son is 11 years old. He is now coming into an age where I can start to share more grown-up experiences with him, including less kid-focused games. However, a few weeks ago I saw him literally throw his headphones at his computer and storm off to his room to cry. It turned out he had been playing a game in an online world called Roblox. This particular game offered loot boxes, and he had received a 'rare' item in one. About 5 minutes later, he lost it in battle with another player, and this precipitated the outburst.

Why should this affect him? It cost him nothing to get, and it cost him nothing to lose. But the game is designed to hook you: he wanted to pay for more lootboxes to get it back, and that's exactly the reaction being aimed for.

We rightly have regulations around other potentially harmful activities - legal gambling, smoking, sex, etc. to minimise exposure to these things to children who aren't ready to deal with them. These lootboxes are designed to be as addictive as any other form of gambling. I can protect my own children to some extent - we won't have Star Wars Battlefront II in our house, for example, even though I am as big a Star Wars fan as my son - but it's impossible to be there all the time.

I urge you to introduce mandatory requirements for games sold in New Zealand with lootboxes or any similar scheme to lock away game content behind random items to be given an R/Adult rating, and illegal to sell to minors.

--

Cheers

Section 9(2)(a) of the OIA

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Lloyd Bezett

**From:** Jason Hewett (Parliament) Section 9(2)(a) of the OIA  
**Sent:** Monday, 27 November 2017 7:47 AM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Correspondence [REDACTED] IA17 267

**Categories:** Incoming mins Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [REDACTED]

Thanks

Section 9(2)(a) of the OIA

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs  
Hon Tracey Martin

All.

**From:** [REDACTED] Section 9(2)(a) of the OIA  
**Sent:** Thursday, 23 November 2017 2:04 PM  
**To:** Hon Tracey Martin <Tracey.Martin@parliament.govt.nz>  
**Subject:** Online Gambling "Loot boxes"

Hon Martin,

As the Minister for Internal Affairs and Minister for Children, I hope this gains your interest.

I am writing to you as a concerned member of the public about online computer, mobile, and console video games that are targeted at children and may fall under the classification of online gambling.

It is my belief that current video games are trying to extract extra money from their player base by providing extra purchasable features within the game. I do not have a problem with players purchasing a known 'add-on' to the game with clearly defined outcome from a single transaction. But I have great concern with the trend of "loot boxes". These are in game transactions without any fixed outcomes from the transaction and the outcomes are wagered on a chance. People buying these 'lootboxes' have a *chance* to win a cosmetic skin (where a character they play looks different) as a prize. 'Loot boxes' can also be bought with the *chance* of winning in game reward that give a player an advantage over other players.

'Loot boxes' that give players advantages over other players are particularly worrying. They are commonly known as 'whale bait', or to be targeted at 'whales'. These are players that make up a small portion of the games player population, but make up a majority of the revenue through their excessive in app/game purchases. These 'loot box' features are designed to extract the maximum amount of money from these high spending players. Some people even purchasing thousands of dollars worth of in game item that give them an advantage, or the chance to gain items through purchases.

If you are interested in a recent example of this, feel free to read news stories about EA game's "Star Wars Battlefront 2" which is due to be released soon.

I have previously had casino work experience, and can attest to the striking similarity between these games that are marketed to children, and the slot machines which are appropriately highly regulated.

I have a few main areas that I hope you could address.

- 1) There are video game manufacturers who are designing games that have a gambling, wager, or chance element imbedded within the game design and are reliant on cash transaction.
  - a. These are not being properly labeled, and
  - b. If appropriate, they should be required to comply with the Gambling Act 2003.
- 2) These *chance* or *wagers* features are being targeted at vulnerable members of our community and our children.
  - a. This is of great concern, and parents might not be aware of this due to the obfuscated nature of these purchases.

As someone who is greatly passionate about our online communities and wants to make them a better place for all of us to enjoy. I hope that this is of concern to you as it is to me. If you would like any clarity on portions of this email, I am happy to help.

I am able to recreate and demonstrate some of these areas, if it would provide clarity.

You can also contact me at [REDACTED] Section 9(2)(a) of the OIA

Thank you for your time.

Kind Regards,

[REDACTED] Section 9(2)(a) of the OIA

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Lloyd Bezett

**From:** Jason Hewett (Parliament) Section 9(2)(a) of the OIA  
**Sent:** Friday, 24 November 2017 7:37 AM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Correspondence: [REDACTED] IA17 263  
**Categories:** Incoming mins Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [REDACTED]  
Another piece of correspondence Re: loot boxes.

Section 9(2)(a) of the OIA

Thanks

**Jason Hewett**  
Private Secretary for the Minister of Internal Affairs  
Hon Tracey Martin

**From:** [REDACTED] Section 9(2)(a) of the OIA  
**Sent:** Wednesday, 22 November 2017 11:38 PM  
**To:** Hon Tracey Martin <Tracey.Martin@parliament.govt.nz>  
**Subject:** Appeal for regulation of digital gambling

1-4

Dear Minister,

My understanding is that as the Minister for Internal Affairs your portfolio covers the regulation of gambling in New Zealand (please correct me if I'm mistaken). I'm writing to you following the recent decision by the Belgian government to classify the use of "loot crates" in video game titles as gambling, with the intention to ban or regulate this accordingly.

I'm hoping that we are able to see similar action here from our own gambling commission, given that we are generally a nation that prides itself on egalitarianism and consumer protections.

In case you are unaware I'd like to offer a brief explanation of what this "loot crate" system involves. If a given player of one these games becomes frustrated with their progress, or has a desire for digital items that are otherwise very difficult to attain, they can put additional money into the game. In exchange for their money they will receive a 'lootbox' containing random items which vary wildly in value. Often there is a very small chance of attaining what they are hoping for, causing them to put in more and more of their money.

I understand that many people would consider whether or not video games make content easily accessible a trivial thing. Especially as consumerist issues relating to video games are not usually within the purview of government or on the mind of the general voting public.

However I do believe that there should at the very least be an inquiry into the regulation of this particular business practice. And that is because it is especially predatory and exploitative. There are countless

stories of children racking up bills in the hundreds of dollars on their parent's phones or gaming systems due to being unaware of the consequences of what they are doing. Furthermore it preys on psychological triggers for addiction and can be habit forming, creating very serious gambling problems and financial hardship for vulnerable people.

I hope, if nothing else this practice can be subject to the same regulation as other forms of gambling.

I have a great deal of respect for our parliamentarians and the capacity for democratic participation in this country.

I would love to hear back from you or one of your representatives at your convenience.

Kind Regards,



Section 9(2)(a) of the OIA

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**Lloyd Bezett**

**From:** Jason Hewett (Parliament) Section 9(2)(a) of the OIA  
**Sent:** Friday, 24 November 2017 7:47 AM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Correspondence: [REDACTED] IA17 264  
**Categories:** Incoming mins Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [REDACTED]  
Another loot box query.

Section 9(2)(a) of the OIA

Thanks

Jason

**Jason Hewett**  
Private Secretary for the Minister of Internal Affairs  
Hon Tracey Martin  
5.3L Executive Wing | Parliament Buildings  
DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

**From:** [REDACTED] Section 9(2)(a) of the OIA  
**Sent:** Thursday, 23 November 2017 11:15 AM  
**To:** T Martin (MIN) <[t.martin@ministers.govt.nz](mailto:t.martin@ministers.govt.nz)>  
**Subject:** Loot Boxes and Gambling

Dear Hon Tracey Martin

I am writing this email in concern to "Loot Boxes" and "in game purchases" in Free/Paid for Computer Games or "Loot Boxes" and "in game purchases" which require premium in game currency which can be purchased with real money.

I consider these to be a form of gambling as the desirable prizes have only a small chance of winning, usually prizes are of mediocre value to a customer purchasing them.

I also have concern with them being marketed at people below age 18.

I recognize that gambling is legal in New Zealand, so believe all computer games have the loot box and in-game purchases which containing prizes and in-game performance enhancements should have the percentage chance of winning all prizes being listed in game.

These games should also be restricted to 18+

Thank You

*All*

Section 9(2)(a) of the OIA



**Lloyd Bezett**

**From:** Jason Hewett Section 9(2)(a) of the OIA  
**Sent:** Thursday, 16 November 2017 5:57 PM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Response: [REDACTED] A17 241  
Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [REDACTED]. Section 9(2)(a) of the OIA

This is the same the same them again and a generic response is probably suitable for all of these coming through.

Thanks

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs  
Hon Tracey Martin  
5.3L Executive Wing | Parliament Buildings  
DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

**From:** [REDACTED] Section 9(2)(a) of the OIA  
**Sent:** Tuesday, 14 November 2017 3:56 PM  
**To:** W Peters (MIN) <[W.Peters@ministers.govt.nz](mailto:W.Peters@ministers.govt.nz)>; T Martin (MIN) <[t.martin@ministers.govt.nz](mailto:t.martin@ministers.govt.nz)>  
**Subject:** Videogame Gambling

Mr. Peters, Ms. Martin,

I am writing to you in relation to the position of the NZ Problem Gambling Foundation from this article at The Wireless: <http://thewireless.co.nz/articles/are-video-games-turning-young-people-into-gamblers>.

I would like to voice my support for the position of the NZPGF in this respect. The use of 'lootboxes' in video games is gambling, pure and simple.

I am 19 years old and I grew up playing video games. Back when I was a kid you could buy a game and it included everything with it. Sometimes the developers would release expansions which would contain a significant amount of content (such as a new campaign in a new area) and you could usually purchase for \$10-\$25. This was good because you knew exactly what you were buying and it was a good amount of content for the price.

In the last few years, the industry has been locking away important parts of the game behind randomised items at a low rate. For example, Rocket League, a game similar to soccer but with rocket powered cars, has 'crates' which contain cosmetic items like paintjobs and rocket boosts. You acquire these crates by playing the game however to open the crate you must pay \$1.50 for a 'key' to unlock it and in return you get a single randomised item. Most of these items have little effort put into it and are practically worthless, though there are extremely rare items which look very good but they have a drop chance of ~1-2%. So to get a single good item you need to spend \$75-\$150 on average. This is a ridiculous amount of money that is easily spent by kids playing on their Xbox or Playstation. This game, Rocket League, is rated G meaning that any kid can buy it and then spend upwards of \$100 gambling for items. This is happening throughout the videogame industry with most games released nowadays containing some form of the 'crate' or 'lootbox' system.

We rightly have regulations around other potentially harmful activities - legal gambling, smoking, sex, etc. to minimise exposure to these things to children who aren't ready to deal with them. These lootboxes are designed to be as addictive as any other form of gambling.

I urge you to introduce mandatory requirements for games sold in New Zealand with lootboxes or any similar scheme to lock away game content behind random items to be given an R18/Adult rating, and illegal to sell to minors.

All

Thanks for your time,

Section 9(2)(a) of the OIA

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Lloyd Bezett

**From:** Jason Hewett Section 9(2)(a) of the OIA  
**Sent:** Thursday, 16 November 2017 6:03 PM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Correspondence: [REDACTED] IA17 242

Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [REDACTED]. Section 9(2)(a) of the OIA

This is the same theme again and a generic response is probably suitable for all of these coming through.

Thanks

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs  
Hon Tracey Martin  
5.3L Executive Wing | Parliament Buildings  
DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

**From:** [REDACTED] Section 9(2)(a) of the OIA  
**Sent:** Tuesday, 14 November 2017 3:58 PM  
**To:** W Peters (MIN) <[W.Peters@ministers.govt.nz](mailto:W.Peters@ministers.govt.nz)>; T Martin (MIN) <[t.martin@ministers.govt.nz](mailto:t.martin@ministers.govt.nz)>  
**Subject:** Regulation of Video Game based Gambling.

Mr. Peters, Ms. Martin.

As the ministers for Internal Affairs and Racing, you are the ministers in charge of gambling regulation within New Zealand.

I am writing to you in relation to the position of the NZ Problem Gambling Foundation from this article at The Wireless: <http://thewireless.co.nz/articles/are-video-games-turning-young-people-into-gamblers>.

I would like to loudly voice my support in classification of 'lootboxes' as gambling. The position of the NZPGF is solid and needs immediate action.

A lootbox is a digital item purchased with real world currency. When redeemed, it has a chance of containing a highly valued item, but often contains worthless items. Regardless of outcome, money has been paid to the game developer / publisher for this chance. The parallel with a pokie machine must be obvious.

While purchase of digital content in games is not new, previously content would be sold at a fixed price for fixed content, purchased once to gain access. Now publishers are able to find that they can sell the chance of a rare item, and make excessive amounts of money off this gambling. The sale of these lootboxes is set up to sell multiple at once, to encourage more chances, and greater profits, all at the expensive of the victim.

Even the people who play these games dislike these lootboxes, as can be seen quite easily on <https://www.reddit.com/r/pcgaming/>, more specifically [https://www.reddit.com/r/pcgaming/comments/7corhv/a\\_user\\_on\\_rstarwarsbattlefront\\_has\\_done\\_an\\_where\\_a\\_calculation\\_showed\\_that\\_Electronic\\_Arts,\\_a\\_game\\_publisher\\_is\\_attempting\\_to\\_sell\\_a\\_game\\_for\\_80,\\_that\\_then\\_requires\\_4000\\_hours\\_of\\_play,\\_or\\_a\\_2100\\_spend\\_to\\_unlock\\_the\\_rest\\_of\\_content,\\_all\\_controlled\\_randomly](https://www.reddit.com/r/pcgaming/comments/7corhv/a_user_on_rstarwarsbattlefront_has_done_an_where_a_calculation_showed_that_Electronic_Arts,_a_game_publisher_is_attempting_to_sell_a_game_for_80,_that_then_requires_4000_hours_of_play,_or_a_2100_spend_to_unlock_the_rest_of_content,_all_controlled_randomly).

Currently games are not restricted from selling such lootboxes to minors. They are not restricted in volume of sale to singular users. There is no help made for people with problems.

Stories such as these:

[https://np.reddit.com/r/gaming/comments/7cffsl/we\\_must\\_keep\\_up\\_the\\_complaints\\_ea\\_is\\_crumbling/dpql5yh/](https://np.reddit.com/r/gaming/comments/7cffsl/we_must_keep_up_the_complaints_ea_is_crumbling/dpql5yh/) are not at all uncommon. Termed "Whales" because they are large and bring in so much meat, problem gamblers spend excessive amounts of currency on these games, often thousands of dollars.

The developers and publishers of games deliberately incite these problematic, addictive behaviours.

I call upon the Department of Internal Affairs to regulate these lootboxes in accordance with their correct classification of Gambling. I call for:

1. An immediate classification of R18 on any game that includes the purchase of chance based items with money. As with all gambling in New Zealand, it should not be accessible to minors.
2. Requirements for such games to be termed Gambling and subject to all applicable legislation, including labeling as such and provision of help. Additionally, requiring prevention of access from problem gamblers would minimise harm.
3. If possible, require the removal of purchase of chance based items for currency from games distributed or sold within New Zealand.

While the largest portion of outrage is present at this mainstream, AAA publisher stooping to such predatory, underhanded practices, it is a common and widespread practice in computer, console and mobile gaming. Children and vulnerable adults are being preyed upon by primarily offshore based companies who are subject to no regulation or oversight.

I call upon the Department of Internal Affairs to take the position of the NZPGF, and regulate lootboxes or any similar scheme to lock away game content behind random items.

Sincerely,

Section 9(2)(a) of the OIA



Lloyd Bezett



**From:** Jason Hewett  
**Sent:** Friday, 17 November 2017 6:51 AM  
**To:** Ministerial Correspondence  
**Cc:** Trina Tautau  
**Subject:** Request for Ministerial Correspondence: [REDACTED] A17 243

Section 9(2)(a) of the OIA

Section 9(2)(a) of the OIA

Hi Team

Can I please have a response drafted to the email from [REDACTED]  
Again another email about video games and gambling.

Section 9(2)(a) of the OIA

Thanks

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs

Hon Tracey Martin

5.3L Executive Wing | Parliament Buildings

DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

**From:** [REDACTED]  
**Sent:** Tuesday, 14 November 2017 4:49 PM  
**To:** W Peters (MIN) <[W.Peters@ministers.govt.nz](mailto:W.Peters@ministers.govt.nz)>; T Martin (MIN) <[t.martin@ministers.govt.nz](mailto:t.martin@ministers.govt.nz)>  
**Subject:** A New Niche For Problem Gambling

Section 9(2)(a) of the OIA

Mr. Peters, Ms. Martin,

I am writing to you in relation to the position of the NZ Problem Gambling Foundation from this article at The Wireless: <http://thewireless.co.nz/articles/are-video-games-turning-young-people-into-gamblers>.

I would like to voice my support for the position of the NZPGF in this respect. The use of 'lootboxes' in video games is gambling, pure and simple. I am 42 years old and I grew up playing video games. It used to be that when you bought a game, you bought it and that was it. Later, it became possible to purchase significant additional content (such as an entirely new campaign, or a set of new multiplayer maps) for additional money.

This, I do not necessarily have a problem with: those older expansions represented a lot of additional game, and you knew exactly what was in the expansion before you bought it. Usually, also, it came out months or even a year after the initial game.

In the last 10 years or so, though, the industry has been heading towards locking away important parts of the game behind randomised items at a low rate. And, surprise, they also offer you the option to buy a bunch of these randomised items for money, so as to increase your chances of getting something. Spending money in order to gain a chance at obtaining some benefit is the literal definition of gambling.

The current brouhaha in the gaming community is around Electronic Arts and their treatment of Star Wars Battlefront II (see here: <https://www.reddit.com/r/pcgaming/> for some quite robust discussions around this

game right now). This is a particularly insidious example because the nature of Star Wars appeals to small children, but it is by no means the only one.

My son is 11 years old. He is now coming into an age where I can start to share more grown-up experiences with him, including less kid-focused games. However, a few weeks ago I saw him literally throw his headphones at his computer and storm off to his room to cry. It turned out he had been playing a game in an online world called Roblox. This particular game offered loot boxes, and he had received a 'rare' item in one. About 5 minutes later, he lost it in battle with another player, and this precipitated the outburst.

Why should this affect him? It cost him nothing to get, and it cost him nothing to lose. But the game is designed to hook you: he wanted to pay for more lootboxes to get it back, and that's exactly the reaction being aimed for.

We rightly have regulations around other potentially harmful activities - legal gambling, smoking, sex, etc. to minimise exposure to these things to children who aren't ready to deal with them. These lootboxes are designed to be as addictive as any other form of gambling. I can protect my own children to some extent - we won't have Star Wars Battlefront II in our house, for example, even though I am as big a Star Wars fan as my son - but it's impossible to be there all the time.

I urge you to introduce mandatory requirements for games sold in New Zealand with lootboxes or any similar scheme to lock away game content behind random items to be given an R/Adult rating, and illegal to sell to minors.

Kind Regards,

Section 9(2)(a) of the OIA

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Document 5

**From:** [Gambling Compliance](#)  
**To:** [Lloyd Bezett](#)  
**Subject:** FW: "Lootboxes" & gambling - some popular games do have rewards worth thousands of dollars.  
**Date:** Wednesday, 22 November 2017 4:12:08 PM  
**Attachments:** [image001.png](#)

---

Hi Lloyd.

How can I respond here please?

Poni.

**From:** [REDACTED] **Section 9(2)(a) of the OIA**  
**Sent:** Wednesday, 22 November 2017 3:14 p.m.  
**To:** Gambling Compliance  
**Subject:** Re: 'Lootboxes' & gambling - some popular games do have rewards worth thousands of dollars.

Hi Poni,

Quick follow up question; as stated previously, "the payment of the charge does purchase a box," so I would assume, based on that reasoning, that a scratch card isn't gambling because 'the payment of the charge does purchase a card?'

[REDACTED] **Section 9(2)(a) of the OIA**

On Thu, Nov 16, 2017 at 10:13 AM, Gambling Compliance  
<[Gambling.Compliance@dia.govt.nz](mailto:Gambling.Compliance@dia.govt.nz)> wrote:  
Hi [REDACTED] **Section 9(2)(a) of the OIA**

The Department regulates and administers the Gambling Act 2003.

Gambling, as defined in the Gambling Act, means paying or staking consideration, directly or indirectly, on the outcome of something seeking to win money (or money's worth) when the outcome depends wholly or partly on chance.

The Department considers 'loot boxes' as a marketing tactic within computer games that use psychology to reward players and encourage them to spend more on the game. While the exact contents of a loot box may be unknown at time of purchase, the payment of the charge does purchase a box. This does not appear to meet the definition of gambling.

Even if this was gambling, only the gambling that is conducted in New Zealand is subject to the provisions of the Gambling Act. New Zealanders are able to lawfully gamble on overseas websites but they do so at their own risk.

It also seems that other jurisdictions such as in the United States are grappling with loot boxes and whether they are gambling: <https://www.digitaltrends.com/gaming/esrb-wont-call-loot-boxes-gambling/>

Please refer to our website for further information: [Prohibited Gambling](#)

I hope this information is useful.

Kind regards.

**Poni Lealofi** | Senior Gambling Inspector | Licensing Unit  
**The Department of Internal Affairs Te Tari Taiwhenua**  
Phone: [0800 257 887](tel:0800257887) | Fax: [+64 4 494 0656](tel:+6444940656)  
[147 Lambton Quay](#) | PO Box 805, Wellington 6140, New Zealand | [www.dia.govt.nz](http://www.dia.govt.nz)

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We regulate for a **safe, transparent** and **trusted** gambling sector that benefits **communities**

E whakarite ture ana matau mo tetahi rangai petipeti **haumarū, marama, tika** hoki e whai hua ana **nga hapori**.

Logo-test



**From:** [REDACTED]

Section 9(2)(a) of the OIA

**Sent:** Wednesday, 15 November 2017 9:20 a.m.

**To:** Gambling Compliance

**Subject:** 'Lootboxes' & gambling - some popular games do have rewards worth thousands of dollars.

Hi guys,

I know you've probably gotten a few emails, and I'm not sure if they included this information or not.

Counterstrike: Global Offensive, is a first-person shooting game that has loot boxes (free in game), that upon opening with a purchased key (approx. \$2.50), give the player cosmetic items. These cosmetic items can then be sold on the 'Steam Community Market' for \$ credits on the Steam game distribution platform (Your wallet balance can be used to purchase cosmetic items worth value from the community market or to purchase games from the steam storefront).

My question is, given the fact that items being randomly distributed out of these loot boxes have dollar value (also worth noting, these items are traded between players under the guise of a paypal transaction of similar amount to the community market value), I was just wondering how that fits into the Gambling Act and why it doesn't. If I had to guess, it's probably because it's not dealing directly with money, so when a player gets an item, they still receive an item at no loss; except, obviously, a \$2.50 key to unlock a crate for an item that can only be sold for \$0.30 is a loss.

Thanks



Section 9(2)(a) of the OIA

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Document 6

**From:** Lara Caris  
**To:** [Lloyd Bezett](#)  
**Cc:** [Mark Thornton](#)  
**Subject:** RE: Advice - Computer game "loot boxes" and gambling  
**Date:** Wednesday, 29 November 2017 9:16:48 AM  
**Attachments:** [image003.jpg](#)  
[image004.jpg](#)  
[image005.png](#)

---

Hi Lloyd.

I'm relatively flexible today. Would some time this afternoon suit both of you?

If possible, please feel free to let me know any particular questions in advance to avoid potential delays if I need to consider or look into them.

Nga mihi

**Lara Caris**  
Senior Solicitor  
Legal Services, Strategy and Governance Branch  
**Department of Internal Affairs Te Tari Taiwhenua**

DDI: +64 4 494 0611 | Ext: 5611 | Mobile: + 027 594 1719  
147 Lambton Quay | PO Box 805, Wellington 6140 | [www.dia.govt.nz](http://www.dia.govt.nz)

cid:image002.jpg@01D3525A.A53B5660

*This email may include legal advice and be legally privileged. It should not be disclosed on an information request without further legal advice.*

---

**From:** Lloyd Bezett  
**Sent:** Wednesday, 29 November 2017 9:14 a.m.  
**To:** Lara Caris  
**Cc:** Mark Thornton  
**Subject:** RE: Advice - Computer game "loot boxes" and gambling

Morning Lara

Mark Thornton and I have been going over your opinion and have a few questions. How are you placed today to meet and talk about it?

Regards

Lloyd Bezett | Senior Policy Advisor | Operational Policy | Regulatory Services  
Direct Dial: +64 4 495 9367 | Extn: 5367

---

**From:** Lara Caris  
**Sent:** Tuesday, 28 November 2017 2:28 PM  
**To:** Lloyd Bezett  
**Subject:** RE: [REDACTED]

Ah – and here I was thinking I was so clever having figured out how to save things to Cohesion!

**Section 9(2)(h) of the OIA**

---

**From:** Lloyd Bezett  
**Sent:** Tuesday, 28 November 2017 2:27 p.m.  
**To:** Lara Caris  
**Subject:** RE: Advice - Computer game "loot boxes" and gambling

Hi Lara

I'm afraid I don't have access to that Cohesion page. Are you able to send it to me some other way?

Thanks

Lloyd Bezett | Senior Policy Advisor | Operational Policy | Regulatory Services  
Direct Dial: +64 4 495 9367 | Extn: 5367

**Section 9(2)(h) of the OIA**

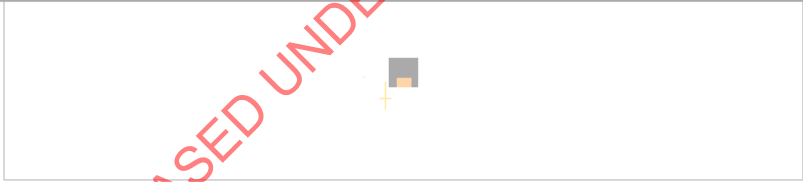
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Document 8

**From:** Mark Thornton  
**To:** [Mike Osmond](#)  
**Cc:** [Lloyd Bezett](#)  
**Subject:** RE: Advice - Computer game "loot boxes" and gambling  
**Date:** Wednesday, 29 November 2017 12:01:29 PM  
**Attachments:** [image001.jpg](#)  
[image002.png](#)

---

Thanks Mike,

[Redacted]

[Redacted]

[Redacted] Section 9(2)(g)(i) of the OIA

[Redacted]

[Redacted] Section 9(2)(g)(i) of the OIA

[Redacted]

[Redacted]

Cheers,

Mark

---

**From:** Mike Osmond  
**Sent:** Wednesday, 29 November 2017 11:47 AM  
**To:** Mark Thornton  
**Cc:** Lloyd Bezett  
**Subject:** RE: Advice - Computer game "loot boxes" and gambling

Hi Mark

I've had a read of the opinion. A couple of comments:

- [Redacted]

[Redacted]

[Redacted] Section 9(2)(g)(i) of the OIA

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted] Section 9(2)(g)(i) of the OIA

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted] Section 9(2)(g)(i) of the OIA

Hope this helps.

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Mike

---

**From:** Mark Thornton  
**Sent:** Wednesday, 29 November 2017 10:05 AM  
**To:** Mike Osmond  
**Cc:** Lloyd Bezett  
**Subject:** FW: Advice - Computer game "loot boxes" and gambling

Hi Mike,

Hope you're not feeling too dreadful and you really should be resting up and not doing any work at all!

[REDACTED] Section 9(2)(h) of the OIA  
[REDACTED]  
[REDACTED] Section 9(2)(g)(i) of the OIA  
[REDACTED]  
[REDACTED] Section 9(2)(g)(i) of the OIA  
[REDACTED] Section 9(2)(g)(i) of the OIA

We're meeting with Lara this afternoon to have a bit of a chat about it.

Hope you get well soon,

Cheers,

Mark

---

**From:** Lloyd Bezett  
**Sent:** Tuesday, 28 November 2017 2:32 PM  
**To:** Mark Thornton  
**Subject:** FW: Advice - Computer game "loot boxes" and gambling

---

**From:** Lara Caris  
**Sent:** Tuesday, 28 November 2017 2:28 PM  
**To:** Lloyd Bezett  
**Subject:** [REDACTED] Section 9(2)(h) of the OIA

Ah – and here I was thinking I was so clever having figured out how to save things to Cohesion!

[REDACTED] Section 9(2)(h) of the OIA

---

**From:** Lloyd Bezett  
**Sent:** Tuesday, 28 November 2017 2:27 p.m.  
**To:** Lara Caris  
**Subject:** RE: Advice - Computer game "loot boxes" and gambling

Hi Lara

I'm afraid I don't have access to that Cohesion page. Are you able to send it to me some other way?

Thanks



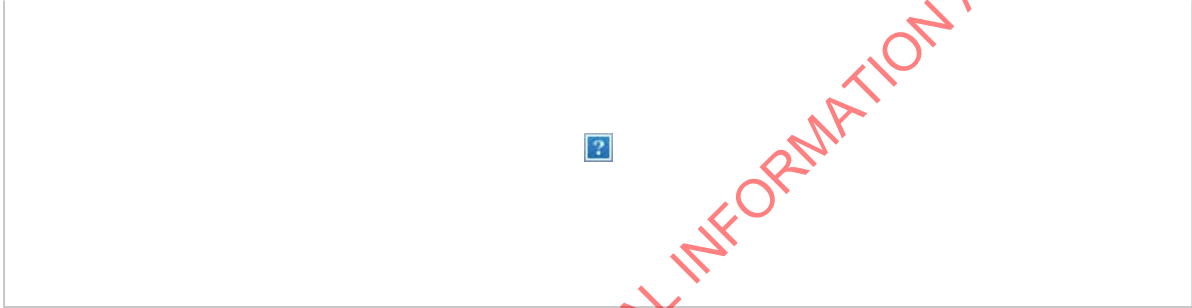
Section 9(2)(h) of the OIA



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Document 9

**From:** Sharlene Hogan  
**To:** [Lloyd Bezett](#); [Mark Thornton](#)  
**Subject:** Money's worth - found a few things so far  
**Date:** Wednesday, 29 November 2017 9:37:57 AM  
**Attachments:** [image001.jpg](#)

---

[https://en.oxforddictionaries.com/definition/money%27s\\_worth](https://en.oxforddictionaries.com/definition/money%27s_worth)

<https://definitions.uslegal.com/m/money-or-moneys-worth/>

<https://publications.parliament.uk/pa/ld199798/ldjudgmt/jd980402/burt01.htm>

This was quite a specific issue (to do with crane machines and teddy bears) but there are a few comments about money's worth. They also comment that if prizes were not 'money's worth' then there wouldn't be any limits placed on them – similar to what the GA does by placing value on 'prizes' and identifying tangible articles (such as alcohol) as prohibited property

*"The prizes are indisputably to my mind, money's worth within the ordinary meaning of those words. They are worth money. Section 34(3) recognises their character as such by placing a limit upon their permissible monetary value. To read section 34(8) in such a way as to prevent articles with an intrinsic value from qualifying as tokens, and as excluding non-monetary prizes from the concept of money's worth would seem to me to place an unduly restrictive meaning upon the words used."*

The term also plays a role in a SC judgment but it seems that they did not find it necessary to define it (so not terribly helpful).

<http://www.courtsofnz.govt.nz/cases/hickman-and-ors-v-turner-and-waverley-limited-1/@@images/fileDecision>

**Sharlene Hogan** | Senior Policy Advisor | Operational Policy | Regulatory Services  
**The Department of Internal Affairs Te Tari Taiwhenua**  
**DDI +64 (04) 495 7207 EXT: 5207**  
[www.dia.govt.nz](http://www.dia.govt.nz)

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## Document 10

**From:** [Trish Millward](#)  
**To:** [Gareth Bostock](#); [Cath Anyan](#); [Heather McShane](#)  
**Cc:** [Poni Lealofi](#); [Lloyd Bezett](#)  
**Subject:** FW: Loot Boxes  
**Date:** Tuesday, 21 November 2017 5:03:00 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)

---

Hi All

Just an fyi re the loot box issue. Poni had has about ten emails to the Gambling Compliance inbox and I note there are quite a number of Ministerial's regarding them.

The approach we are adopting is as quoted in the stuff article below. Interesting that the article is quoting directly from our response to the email.

We contacted the gambling unit at the Department of Internal Affairs after receiving enquiries, and they said:

"Gambling, as defined in the Gambling Act, means paying or staking consideration, directly or indirectly, on the outcome of something seeking to win money (or money's worth) when the outcome depends wholly or partly on chance. The Department considers 'loot boxes' as a marketing tactic within computer games that use psychology to reward players and encourage them to spend more on the game. While the exact contents of a loot box may be unknown at time of purchase, the payment of the charge does purchase a box. This does not appear to meet the definition of gambling.

"Even if this was gambling, only the gambling that is conducted in New Zealand is subject to the provisions of the Gambling Act. New Zealanders are able to lawfully gamble on overseas websites but they do so at their own risk."

To ensure we stay connected/consistent with our responses, Poni is liaising with Lloyd. Can we also be copied in on the Ministerial response once it is drafted please.

Heather/Lloyd It might be useful if we had some generic advice from operational policy to circulate to all GCG.

Thanks

**Trish Millward** | Manager Licensing Compliance | Regulatory Services  
**The Department of Internal Affairs Te Tari Taiwhenua**  
Direct Dial: +64 4 494 0551 | Mobile: +64 27 538 9946

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E whakarite ture ana matau mo tetahi rangai petipeti **haumarū, marama, tika** hoki e whai hua ana **nga hapori**.

Logo-test



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**From:** Poni Lealofi  
**Sent:** Tuesday, 21 November 2017 1:52 p.m.  
**To:** Trish Millward; Liz Hibbs  
**Cc:** Lloyd Bezett  
**Subject:** Loot Boxes

Interesting read from a NZ perspective: <https://www.stuff.co.nz/business/opinion-analysis/99080950/a-beginners-guide-to-loot-boxes--harmless-fun-or-gambling>

Noticed they've quoted our response.

Kind regards.

**Poni Lealofi** | Senior Gambling Inspector | Licensing Unit  
**The Department of Internal Affairs Te Tari Taiwhenua**  
Direct Dial: +64 4 495 9380 | Extn: 5380 | Fax: +64 4 494 0656  
147 Lambton Quay | PO Box 805, Wellington 6140, New Zealand | [www.dia.govt.nz](http://www.dia.govt.nz)

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Document 11

**From:** [Lisa Doyle](#)  
**To:** [Lloyd Bezett](#)  
**Cc:** [Keren Ross](#)  
**Subject:** FW: More "Loot Box" media coverage  
**Date:** Tuesday, 21 November 2017 11:24:19 AM  
**Attachments:** [image001.jpg](#)

---

FYI – an article re 'loot boxes'.

The Department is quoted as saying, "Gambling, as defined in the Gambling Act, means paying or staking consideration, directly or indirectly, on the outcome of something seeking to win money (or money's worth) when the outcome depends wholly or partly on chance. The Department considers 'loot boxes' as a marketing tactic within computer games that use psychology to reward players and encourage them to spend more on the game. While the exact contents of a loot box may be unknown at time of purchase, the payment of the charge does purchase a box. This does not appear to meet the definition of gambling."

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**From:** Louise Cavanagh  
**Sent:** Tuesday, 21 November 2017 11:20 AM  
**To:** Keren Ross; Lisa Doyle  
**Subject:** FW: More "Loot Box" media coverage

---

**From:** Michael Cassidy  
**Sent:** Tuesday, 21 November 2017 11:19 AM  
**To:** Heather McShane; Bruce Manuge; Manuel Pedreschi; Louise Cavanagh; Lloyd Bezett  
**Subject:** More "Loot Box" media coverage

---

FYI

<https://www.stuff.co.nz/business/opinion-analysis/99080950/a-beginners-guide-to-loot-boxes--harmless-fun-or-gambling>

Mike

**Michael Cassidy** | Manager Gaming Technology  
**The Department of Internal Affairs Te Tari Taiwhenua**  
Direct Dial: +64 4 495 7205 | Extn: 5205 | Fax: +64 4 494 0656 | Mobile: +64 21 870 247  
46 Waring Taylor St | PO Box 805, Wellington 6140, New Zealand | [www.dia.govt.nz](http://www.dia.govt.nz)

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Document 12

**From:** Jason Hewett  
**To:** [Lloyd Bezett](#); [Brian McMillan](#)  
**Subject:** FW: Media notification  
**Date:** Tuesday, 21 November 2017 10:43:58 AM

---

FYI

**Jason Hewett**

Private Secretary for the Minister of Internal Affairs

Hon Tracey Martin

5.3L Executive Wing | Parliament Buildings

DDI: 04 817 8340 | M: 021 420 602 | E: [Jason.hewett@parliament.govt.nz](mailto:Jason.hewett@parliament.govt.nz)

---

**From:** Sue Hoyle [mailto:[Sue.Hoyle@classificationoffice.govt.nz](mailto:Sue.Hoyle@classificationoffice.govt.nz)]

**Sent:** Tuesday, 21 November 2017 10:28 AM

**To:** Jason Hewett <[Jason.Hewett@parliament.govt.nz](mailto:Jason.Hewett@parliament.govt.nz)>

**Subject:** Media notification

Hi Jason

I hope you had a pleasant weekend.

Just to let you know that Stuff has [published](#) our blog post [Monte Casino](#) on their website this morning.

This blog was written by our Classification Advisor Paul Hung alerting the public to 'loot boxes' which have become increasingly visible in the videogame landscape, and are included in some big budget games, with little examination of the potential harms that can arise from such systems.

He writes: *"It's quite clear that loot boxes are designed to make you spend money in order to get intangible rewards. That's their sole purpose; they have no other in-game function. Someone, whether it be a producer, publisher, or developer, wants players to pay for them..."*

The blog is basically a 'dummy's guide' to loot boxes and highlights aspects that players should be aware of – particularly parents when young people might be using their credit cards! Please let me know if you require further information.

Nga mihi | Kind regards

Sue Hoyle (Te Aupouri, Whakatohea)

Communications Manager - Information Unit

Office of Film and Literature Classification

*Te Tari Whakaropu Tukuata, Tuhituhinga*

0508 236767

Section 9(2)(a) of the OIA

[www.classificationoffice.govt.nz](http://www.classificationoffice.govt.nz)

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