



Briefing to the Incoming Minister

November 2023

Tēnā koe Minister,

On behalf of Te Mana Whakaatu – Classification Office, I offer my congratulations on your appointment as Minister of Internal Affairs.

The purpose of this briefing is to provide you with the information necessary to understand the role and functions of the office and the scope of our work. It includes an overview of recent activity, future challenges, and upcoming advice to you.

We are looking forward to meeting you and discussing your priorities for the portfolio. We are also available to provide you with any additional information or briefings that you may require, and to discuss any matters of interest or concern.

Ngā mihi nui,

A handwritten signature in black ink, appearing to be 'CF', written in a cursive style.

Caroline Flora

Chief Censor

Te Mana Whakaatu – Classification Office

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Overview of our Work

1. Te Mana Whakaatu – Classification Office (the Office) is an independent Crown entity and media regulator. Our roles and functions are set out under the Films, Videos, and Publications Classification Act 1993 (Classification Act).
2. We are a quasi-judicial body that makes decisions on whether content is banned or restricted in New Zealand. This work supports the global effort to minimise the harm from illegal content, including violent extremist content and child sexual abuse material (CSAM).
3. Our work also involves rating films and programmes which empowers New Zealanders to make informed choices about what they and their whānau watch in a content-saturated world.

Our Role and Structure

4. The Office is led by the Chief Censor and Deputy Chief Censor. Both are statutory appointments under the Classification Act. The Chief and Deputy Chief Censors are appointed by the Governor-General on the recommendation of the Minister of Internal Affairs, with the agreement of the Minister for Women and the Minister of Justice. The Chief and Deputy Chief Censor form the Board of the Classification Office.
5. The Chief Censor is the chief executive of the Office. Our Chief Censor, Caroline Flora, was appointed for a three-year term in July 2022, taking over from David Shanks, who served for five years. Our Deputy Chief Censor, Rupert Ablett-Hampson was appointed for a three-year term in October 2021.
6. The Office is currently made up of 24 staff (22.1 FTE), and is structured in three parts; the Classification Unit, the Information Unit and Corporate Services. The different teams and roles in the Office are detailed in Appendix A, below.

Our Core Business

7. We have six key functions, most of which are set out in the Classification Act. These are:
 - a. classifying publications;
 - b. supporting the response to online violent extremism;
 - c. facilitating the development of self-rating systems used by streaming providers;
 - d. carrying out research;
 - e. distributing information about the classification system and the Office; and
 - f. providing an enquiries and complaints service.

We make classification decisions under the Classification Act

8. We classify publications, according to the criteria in the Classification Act, into three categories:
 - a. Unrestricted (Films may receive guidance for a suitable audience, G, PG, or M);
 - b. Restricted (most commonly R13, R16 and R18, but includes other restrictions); or
 - c. Objectionable (Banned).
9. Classifications are quasi-judicial decisions. Offences relating to making, possessing, and distributing objectionable content are serious criminal offences, and can result in a maximum of 14 years' imprisonment.
10. Publications come to us through a number of channels, depending on the nature of the material:
 - a. Films, programmes, and video games come via the Film and Video Labelling Body (FVLB). The FVLB submits the publications on behalf of distributors (the FVLB's functions are laid out under Part 6 of the Classification Act).
 - b. Content related to investigations of potential criminal offending is submitted by the Chief Executive of Customs, the Commissioner of Police, or the Secretary of Internal Affairs.
 - c. Content that is required for Court proceedings may be submitted by the Courts.
 - d. Members of the public can also submit material for classification with the leave of the Chief Censor.

Commercial third-party content

11. The volume of commercial publications, for example films, programmes, and video games, has been decreasing for some time, as physical media (like DVD and Blu-ray) continue to decline. In the year 2022/23 we classified 649 commercial publications.

12. We work closely with the Film and Video Labelling Body (FVLB). The FVLB is an industry body, who have a similar but separate role to us, when it comes to rating commercial content:
 - a. If a film has an existing unrestricted rating in Australia or the United Kingdom, the FVLB assigns an equivalent unrestricted rating to the film.
 - b. If a film does not have a rating in either of those countries, the FVLB can determine that nothing in the film warrants a restriction and assign it an unrestricted rating.
 - c. If a film has a restricted rating in Australia or the United Kingdom, or if the FVLB determines that something in the film could warrant restriction, then the FVLB submits the film to the Office for classification.
13. As such content that is G, PG, or M is generally not submitted to the Office, which mostly deals with more challenging publications (R13, R16 and R18).
14. Commercial content that is only distributed online, including downloadable video games sold through online stores, and user-generated content, do not require classification under the Classification Act before distribution. While enforcement agencies are able to submit this type of content as part of an investigation, and the Chief Censor can call in this material under section 13(3) of the Classification Act, regulation remains inconsistent and focused on discrete pieces of content, rather than on the wider regulatory system. An exception to this is for commercial video on-demand content that is distributed by a provider listed under schedule 4 of the Classification Act.
15. We have no jurisdiction over broadcast television or radio, which is administered by the Broadcasting Standards Authority under the Broadcasting Standards Act 1989.

Forensic 'crown' material

16. We receive submissions from DIA, Police, NZ Customs and the Courts. In the year 2022/23 we classified 231 submissions from the Crown. Most of these publications are child sexual abuse material (CSAM), with terrorist and violent extremist content being the next most common.
17. The decisions we make are used in court proceedings. One notable example is our classification of the March 15 Mosque shooting livestream, and its accompanying manifesto, as objectionable. There have been several convictions related to these publications. Convictions also frequently result from sexual abuse material that we classify as objectionable.

We are a key part of an international community that works to prevent terrorism and violent extremism.

18. Our Countering Violent Extremism (CVE) team, which was established in response to the March 15 Mosque attacks, engages with domestic and international government agencies, academics, and experts. We are a part of the Christchurch Call Community and represent Aotearoa on the Global Partnership for Action on Gender-Based Online Harassment and Abuse. Our CVE team plays a vital role in supporting the office's expertise in responding to terrorist and violent extremist content, which is the second largest category of objectionable material.
19. The Chief Censor has the ability to respond to emerging crisis events by making an interim classification decision if they believe there is an urgent need to notify the public that the publication is likely to be objectionable. This power, in section 22A of the Classification Act, was introduced in 2021 and has been used on three occasions to date, including in response to the Buffalo Supermarket Attack Livestream. A terrorist livestreamed his racially motivated attack on a supermarket in Buffalo, New York via the streaming platform Twitch. He murdered 10 people and was inspired by the Christchurch terrorist. His manifesto and other publications called on other white supremacists to take similar action. The power to make an interim classification assessment was most recently used in July 2022 for a publication that reproduced the Christchurch Mosque Attack Livestream in an amateur documentary format.
20. The decisions we make play an important part in the crisis response protocol for online violent extremist material, and are used worldwide by established networks and programmes to prevent its further spread. The Office has a productive relationship with Tech Against Terrorism, an industry collective that administers the Terrorist Content Analytics Platform (TCAP). Following classification of a publication as objectionable, the TCAP alerts tech companies to the decision. Once added to the TCAP, the number of sites hosting the content drops significantly.

We conduct research and distribute trusted information about the classification system through multiple channels.

21. The Office has an Information Unit as required under section 88 of the Classification Act. The Unit's statutory functions include providing the Office with research to support our work and disseminating public information about the Office. This function helps us to deliver on our purpose which is to provide information and ratings to empower New Zealanders to make informed choices about what they, and their rangatahi and tamariki, watch.

22. Our research has been used as part of policy and regulatory responses across government agencies, including the Safer Online Services and Media Platforms programme (SOSMP). For example, in 2022 we released [What We're Watching](#), which focused on New Zealanders' views on specific types of content and how it could harm children, young people, and the wider community. In 2021, we released [The Edge of the Infodemic](#), which explored New Zealanders' experience of mis-, dis- and mal-information.
23. From 2018–2020, we undertook a research project, [NZ Youth and Porn](#), which focused on young New Zealanders' views and experiences of pornography. The project won an international award and led to conversations about pornography being included in New Zealand's relationships and sexuality education curriculum for the first time.
24. According to our most recent [survey](#) of New Zealanders' attitudes to our work, a majority of New Zealanders trust our classifications and feel that age ratings and content warnings are important when choosing something to watch. We routinely upload accessible, plain language versions of our decisions onto our website so that all New Zealanders can be well informed about what kinds of content they are about to watch. We also host a comprehensive online database of classifications and ratings on our website so that New Zealanders' know where to go for advice, as required by section 11A of the Classification Act.
25. We run awareness-raising campaigns, such as a [guide for parents on how to use parental controls across different platforms](#), to equip New Zealanders with the tools to reduce harm from the content they may consume.
26. We also deliver presentations for parents and whānau, schools, and youth and social workers, and contribute our expertise and research in collaboration with other agencies such as the Department of Internal Affairs.
27. Our Information Unit provides our complaints and enquiries service, as required by section 88(2)(c) of the Classification Act. The team deals regularly with industry stakeholders, officials, and the public on questions about the classification system and how it fits into New Zealand's wider regulatory landscape. The team also processes and responds to Official Information Act requests on behalf of the Office.

We support on-demand streaming providers to self-rate their content.

28. Streaming of content has become ubiquitous in New Zealand; the September 2023 NZ On Air "[Where Are the Audiences?](#)" survey found that 57% of New Zealanders are viewing content on streaming platforms daily. Until 2021 this content was largely unregulated. The Classification Act was updated to require major commercial video on-demand and streaming providers to show appropriate New Zealand age ratings and content warnings on-screen, either through official classifications or through an approved self-rating system.
29. The Office, alongside the Department of Internal Affairs, are the main regulators for streaming providers. Our office develops and manages the rules and policies that ensure proposed self-rating systems comply with the requirements under section 46F of the Classification Act and produce comparable results to decisions made by the Office. We recommend systems for approval to the Chief Censor. Once approved, the Office reviews each provider annually as required by section 46H of the Classification Act.
30. The providers under schedule 4 of the Act are:
 - a. Alphabet (Google)
 - b. Apple
 - c. Amazon (Prime Video)
 - d. Disney+
 - e. Microsoft
 - f. Netflix
 - g. Sky (NEON)
 - h. Sony (Crunchyroll)
31. An approved self-rating system will generate ratings that are consistent with classifications made by the Office. The self-ratings are not legal restrictions, however New Zealanders find clear and consistent information helpful when making decisions on what they choose to watch.
32. Alphabet and Microsoft are the only two providers who have elected not to self-rate their content. They require distributors to correctly label the content they upload onto their platform.
33. Under section 150A of the Classification Act, the Governor-General can add or remove providers onto schedule 4 of the Act on your recommendation. The Department of Internal Affairs may advise you if there are new providers in the market that should be added to

the schedule, or if any should be removed. You can make a recommendation after consulting with the Chief Censor, as required by section 150A(2)(a) or (3)(a).

The Office's Key Priorities

34. We have three strategic priorities for the organisation. They are to:
- a. do our core business well,
 - b. better express our commitment to te Tiriti o Waitangi, and
 - c. lay the foundations for a modern regulatory approach to preventing and reducing harm from content.
35. We are acutely focused on our fiscal position and making prudent investment decisions in our core functions. We are focused on streamlining our processes and modernising our systems to maximise the impact of our decisions. We are actively engaged in the Department of Internal Affairs' Safer Online Services and Media Platforms programme and will continue to provide you and the Department with expertise and advice on minimising the impact of harmful material on New Zealanders. We are committed to ensuring that our current functions can translate and transition well into any future system and have a plan to ensure we remain financially viable in the short to medium term.

Strategic Challenges and Opportunities

36. The Classification Act is 30 years old and was designed in an 'analogue' era. The Classification Act allows the Office to classify "publications", which are discrete and specific pieces of content, such as a DVD of a film, or a cinematic release. This model was created prior to the availability of online content, and as such regulating harm in this space remains a significant challenge.
37. The management of online content that can harm but is not unlawful (such as pornography and self-harm / suicide content) is inconsistent or unregulated altogether, and remains easily accessible by New Zealanders online, including by tamariki and rangatahi. By way of a recent example, according to a report by the Institute for Strategic Dialogue (ISD), in mid-October 2023, "graphic and violent content was easily accessible" when searching simply for "Gaza" across large well-known social media platforms. This was true even when searching from accounts with settings specifically for minors.

38. Modernised regulatory systems in Europe, the United Kingdom and Australia have introduced obligations for implementing wider systemic solutions on large platforms. To this end we are supporting the Department on their policy development for a modernised regulatory framework.
39. We have contributed our expertise and advice into the policy work and regulatory design, including:
- a. Making a submission on the Department’s proposals;
 - b. Facilitating a meeting between Department officials and our Youth Advisory Panel; and
 - c. Seconded members of our team into the Department’s policy group.

Shifts in content delivery have impacted the Office’s financial sustainability.

40. The Office is funded under the Vote: Internal Affairs Non-Departmental Output Expense, with a single output class for the Classification of Films, Videos, and Publications (M41). The 2023/24 appropriation for the Office is \$3.278M. In addition to the appropriation, the Office also receives revenue from fees and levies paid by third parties.
41. The Office’s primary objective is to provide services to the New Zealand public, as opposed to that of making a financial return. Accordingly, the Office is designated as a public benefit entity (PBE) for financial reporting purposes.
42. Historically, fees from commercial content that come through the FVLB have been an important part of our funding model. However, as this type of content – much of which used to be on DVDs – continues to decline, our revenue has been impacted. Despite a baseline funding uplift in 2019/20, revenue from fees has reduced steadily over time, while costs have increased. As a result, the Office is operating at a deficit which is met from decreasing cash reserves of approximately \$1.034M and is currently forecasting to cease being a going concern in 2025/26.
43. The board has adopted an investment and sustainability approach that has three areas of focus: efficiency and savings, revenue growth and financial controls. Significant savings were made in the last 12 months. More detailed information on the financial state of the Office is provided in the appendix, and we look forward to discussing our sustainability planning with you.

44. The financial statements for the Office for the year ending 30 June 2023, and approved on 31 October 2023, are in our 2022/23 annual report. Appendix B provides a financial snapshot outlining our statements of forecast comprehensive revenues and expenses, financial position and changes in equity as set for the 2022/2023 year. We will shortly be preparing a Statement of Intent 2024–2028 and Statement of Performance Expectations for 2024/25, which we will send to you and to the Department of Internal Affairs for consultation in 2024.

What you can expect from us

45. We are committed to ensuring that you are well-informed on all matters relating to our work. You can expect:

- a. **Regular briefings** – We will provide regular briefings for you with advice and updates on our work.
- b. **Quarterly reports** – We will provide you with detailed quarterly reports on our progress, performance, and achievements.
- c. **Regular meetings** – We will arrange regular meetings with you to provide you with up-to-date information and advice.
- d. **No surprises** – We will make you aware of emerging issues as soon as they arise, and provide you with clear information so you are equipped to respond.

Upcoming advice, events and opportunities for involvement

46. There are several key briefings, reports, and events that you can expect from us in the coming months. These include:

- a. **Our annual report for 2022/23.** This has been published and is awaiting tabling. A copy has been provided to your office.
- b. **Advice on our financial sustainability.** We will provide you with a briefing on our financial sustainability in early 2024.
- c. **Statement of Intent.** We will be producing a new Statement of Intent in 2024.
- d. **Historical classifications.** We are reviewing a number of publications that were banned historically for homosexual content and were raised in Select Committee in 2021. Through this review we have uncovered the challenges of dealing with the varying quality of historical information when transitioning between regulatory systems. We will give you a briefing on our findings in March 2024.

- e. **The Office's 30th anniversary.** The Classification Office began operating in 1994 and turns thirty next year. We will mark this milestone as part of a communications plan for 2024.
- f. **Censor for a Day.** Every year, we invite senior media studies students to local cinemas across New Zealand and walk through the legislative criteria used to classify publications, before letting them perform a mock classification on a soon-to-be-released film. You would be welcome to attend one or more of these sessions, which will take place over Terms 1 and 2 in Auckland and Wellington.

47. We are also carrying out two major research projects:

- a. **An online research resource on misogyny within violent extremism** which will help bolster New Zealand's response to violent extremism. This assessment for policymakers and researchers will focus on incels, violent misogyny, and male supremacy; what New Zealand and other jurisdictions are doing to deal with this threat; themes, trends and gaps in New Zealand; and how platforms are responding to this type of content.
- b. A joint project with Netsafe to examine **young people's experiences and views on the impact of online content and behaviour on body image and wellbeing**, and any associated harms that might arise.

48. The Office is available to provide you with any additional information or briefings that you may require, and to discuss any matters of interest or concern. We are looking forward to meeting you and discussing your priorities for the year ahead.

Appendix A

ROLES WITHIN THE CLASSIFICATION OFFICE

The Chief Censor

49. The Chief Censor is our Chief Executive. The current Chief Censor, Caroline Flora, was appointed for a three-year term in July 2022.

Deputy Chief Censor

50. The current Deputy Chief Censor is Rupert Ablett-Hampson, who was appointed for a three-year term in October 2021.

Information Unit

51. The Information Unit engages in research, informs and educates the public, and manages complaints and inquiries.

Classification Unit

52. The Classification Unit is responsible for assessing publications that are submitted for classification, or called in by the Chief Censor.

Corporate Services Unit

53. The Corporate Services Unit provides administrative support. It is led by the Corporate Services Manager, who is responsible for human resources and IT, and is also the Chief Financial Officer.

CVE team

54. The Countering Violent Extremism (CVE) team engages with New Zealand and overseas government agencies, academics, and experts at the forefront of countering violent extremism to share insights and identify solutions.

Youth Advisory Panel

55. The Youth Advisory Panel is a diverse group of rangatahi who provide input into our classification, research and information work.

Appendix B

Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2023 (IN NEW ZEALAND DOLLARS)

	ACTUAL 2023 \$'000	BUDGET 2023 \$'000	ACTUAL 2022 \$'000
REVENUE			
Revenue from the Crown	3,201	3,201	3,169
Labelling Body Revenue	380	268	336
Other Fee Revenue	2	-	1
Total	3,583	3,469	3,506
OTHER REVENUE			
Interest Revenue	34	10	1
Sundry Revenue	458	458	458
Total	492	468	459
EXPENSE			
Audit fee	39	33	39
Depreciation & Amortisation Expense	81	81	107
Insurance Costs	10	12	14
Loss on Disposal of Fixed Assets	-	-	2
Lease & Rental Costs	237	231	235
Other Operating Costs	841	1,018	1,093
Personnel Costs	2,856	2,780	2,594
Total	4,064	4,155	4,084
Surplus/(Deficit)	11	(218)	(119)
Other Comprehensive Revenue	-	-	-
Total Comprehensive Revenue and Expense	11	(218)	(119)

Statement of Financial Position

AS AT 30 JUNE 2023 (IN NEW ZEALAND DOLLARS)

	ACTUAL 2023 \$'000	BUDGET 2023 \$'000	ACTUAL 2022 \$'000
CURRENT ASSETS			
Cash & Cash Equivalents	1,223	45	1,070
Debtors & Prepayments	88	131	55
Investments	-	500	-
Total Current Assets	1,311	676	1,125
CURRENT LIABILITIES			
Creditors & Other Payables	186	161	170
Employee Entitlements	337	262	290
CVOD Levies Received in Advance	57	-	-
Total Current Liabilities	580	423	460
Net Current Assets	731	253	665
NON-CURRENT ASSETS			
Property, Plant & Equipment	78	159	92
Intangible Assets	111	206	152
Total Non-Current Assets	189	365	244
Net Assets	920	618	909
Represented by			
EQUITY			
General Funds	920	618	909
Total Equity	920	618	909

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023 (IN NEW ZEALAND DOLLARS)

	ACTUAL 2023 \$'000	BUDGET 2023 \$'000	ACTUAL 2022 \$'000
Balance at 1 July	909	836	1,028
Surplus/(Deficit)	11	(218)	(119)
Total Comprehensive Revenue & Expense	11	(218)	(119)
Balance at 30 June	920	618	909

TE MANA WHAKAATU
**Classification
Office**

**Watch carefully.
Think critically.**