



OFFICE OF FILM  
& LITERATURE CLASSIFICATION

*Te Tari Whakarōpū Tukuata, Tuhituhinga*

# ANNUAL REPORT

2018/19



# Annual Report of the OFFICE OF FILM & LITERATURE CLASSIFICATION *TE TARI WHAKARŌPŪ TUKUATA, TUHITUHINGA*



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**for the year ended 30 June 2019**



OFFICE OF FILM  
& LITERATURE CLASSIFICATION  
*Te Tari Whakarōpū Tukuata, Tubitubinga*

The Hon. Minister of Internal Affairs

Minister

Pursuant to Section 150 of the Crown Entities Act 2004, I present the Annual Report of the Office of Film & Literature Classification for the year ended 30 June 2019.

Yours sincerely

D E Shanks  
Chief Censor

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## CHIEF CENSOR'S FOREWORD

It is a pleasure to present the annual report of the Office of Film and Literature Classification for the year ended 30 June 2019.



At the time of writing this foreword the ramifications of the horrific attacks that took place on 15 March in Christchurch are becoming clear. Wide ranging regulatory and social policy issues have been highlighted by this tragedy. Critical questions have arisen around how we properly manage risks arising from the misuse of new digital media and platforms. We have witnessed a horrific demonstration of how these technologies can be used to amplify and spread hate. Our urgent regulatory response to the Christchurch mosque attack material and the unprecedented levels of public engagement on these important issues unquestionably put our systems under pressure but we were equal to the challenge. I am proud of how our team coped with both professional and emotional demands over this period.

We now need to ensure that we respond to these events at pace but also with care. We must balance protection of our freedom of expression with the need to protect against those who spread extreme abuse and violence. The threat posed by violent extremists who promote murder and seek to recruit followers is not going away. Now more than ever it is clear that we in New Zealand are now connected to a vast global network. Facing up to that reality, the international collaborative approach between governments and industry embodied in the Christchurch Call simply makes sense. Building real change on the platform provided by that Call will require unprecedented national and international collaboration. Remarkably, we are starting to see this happen.

Looking elsewhere in the media landscape, the Government is considering proposals to introduce a consistent classification regime for providers of commercial video on-demand. Gaps in the current media regulatory framework mean that commercial material delivered online is not required to show consistent age ratings or consumer warnings to New Zealanders. Young people have told us time and again that they want better and clearer information, so they can make informed choices about what they choose to watch. Parents could certainly do with some help in navigating the complex

world of streamed content as well!

We need to keep putting young people's perspectives and lived experiences front and centre. To help us with that our Youth Advisory Panel have been helping us gain insights into what life is like for them, their approaches to impactful media, how they think about the risks, and the things that might help them. It has been an informative and valuable experience, both for the Office and for the panel. At every opportunity, I advocate for other agencies to consider how they might build real engagement with young people, and give them a voice. It is important.

In the second half of the year we commenced the second phase of our NZ Youth & Porn research. This explores current 'lived experience' of young people with porn. The work is interview based and will ensure strong representation from Maori, Pacifica and LGBTQI communities as well as regional and socio-economic representation. We know already that our young people are viewing porn, and that many of them treat this adult product as their primary source of sex education. Pretty much everyone recognises that is a problem, including young people themselves. We are confident that this phase of our research will provide even stronger evidence and insights to continue to inform and drive the education, health, regulation and public policy discussions that are needed.

Despite some extraordinary demands this year the Office has continued to make strong progress in each of our core Performance Expectations categories; our volume of classification decisions; our provision of advice and information to the public and our responses to inquiries and complaints.

This is a challenging time. The issues arising from the Christchurch attack material can be seen as extreme examples of a broader picture of a regulatory framework that is under increasing pressure to meet the risks arising from technological innovation and rapidly changing behaviours. We have a critical opportunity now, represented by initiatives such as the 'Christchurch Call', to include industry, communities and young people in the design of solutions to these big challenges.

A handwritten signature in black ink, appearing to read 'D E Shanks'.

D E Shanks  
Chief Censor



## OUR PURPOSE

**We inform and empower New Zealanders to experience, understand, create and share content in a positive way, while safeguarding our tamariki and rangatahi from harm.**

## STRUCTURE AND ROLE OF THE OFFICE

The Office of Film and Literature Classification (the Classification Office or the Office) is established by s76 of the Films, Videos, and Publications Classification Act 1993 (the Classification Act). The Classification Office replaced the Chief Censor of Films, the Indecent Publications Tribunal and the Video Recordings Authority. The Office is structured into two main units, both of which are supported by a Corporate Services Unit.

The Information Unit is established under s 88 of the Classification Act and is managed by the Communications Manager. The functions of the Information Unit as set out in the Classification Act are to provide research services to the Classification Office, disseminate to the public information about the classification system, and to receive complaints and inquiries.

The Deputy Chief Censor has delegated authority to manage the Classification Unit. The team of classification advisors are responsible for determining the classification of publications submitted to the Office. These publications deal with matters such as sex, horror, crime, cruelty or violence in a manner which may cause injury to the public good. Material can be submitted by the Film and Video Labelling Body, the Secretary for Internal Affairs, the Comptroller of Customs, the Commissioner of Police, the Courts, commercial applicants and members of the public.

The Classification Office is an independent Crown entity named in Part 3 of Schedule 1 of the Crown Entities Act 2004. Its Board consists of the Chief Censor and the Deputy Chief Censor, who are Chairperson and Deputy Chairperson respectively. The Chief Censor is also the Office's Chief Executive for purposes of the Public Finance Act 1989. The Chief Censor and Deputy Chief Censor are appointed by the Governor-General.

The regulatory environment is depicted on page 55.

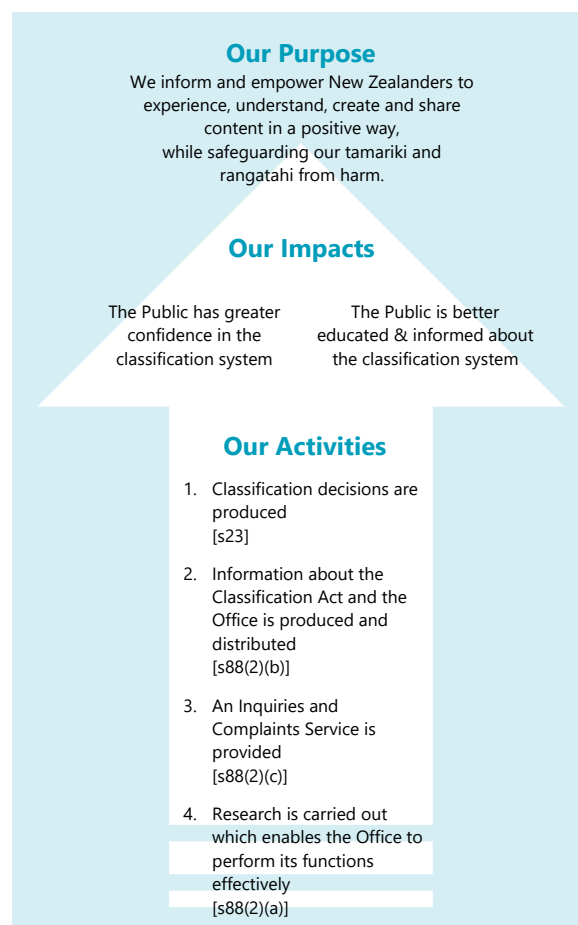
## WHAT IMPACT DOES THE OFFICE HAVE?

It is now more important than ever that New Zealanders have the tools and information to allow everyone to take advantage of the freedom and opportunity the digital revolution represents – while being smart about managing the downsides.

Regulation has been lagging behind – our system does not recognise the changes in the way New Zealanders now consume media. New Zealanders have increasingly borne the consequences of a confusing and out of date approach. The evidence is mounting about the impacts of consuming violent and graphic media, and technology keeps raising the stakes – virtual reality and immersive media are now making an impact.

A partnership approach between regulators, enforcement agencies and community organisations can ensure the messages are consistent, and cut through the noise in this space.

Chart 1: Outcome Structure



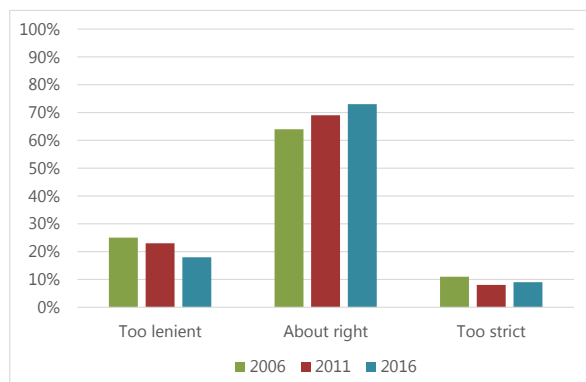
Within this context the work of the Office will have the most impact when people trust the classification system, are able to make informed decisions about they watch, and when we operate in a transparent manner.

The following indicators assist the Office with understanding our progress towards having an impact on individuals' decision making, ultimately achieving our purpose.

### IMPACT A: The Public has greater confidence in the classification system

Representative surveys to understand public knowledge and use of the classification system are carried out in association with Research under activity 4. This helps us evaluate the extent to which our activities have contributed to public confidence in the classification system. The Office conducts these surveys every five years. In 2016 we asked participants whether they feel the classification system for films, shows, and games is too strict, too lenient, or about right.

Chart 2: Confidence in Classification System



This survey also found that 92% of respondents think classifications are important or very important when adults are choosing movies and games for children or teenagers, and 69% think the Classification Office is doing a 'good' or 'excellent' job.

### IMPACT B: The Public is better educated & informed about the classification system

New Zealanders are entitled to clear, simple information so they can make informed choices about what they watch. They also expect that they should have access to tools and education that help them make their digital world accessible and responsibly managed for their children. Recognition and usage of the classification labels only goes a small way to measuring the impact of the work of the Office in this area. Our public engagement has highlighted three areas where we can have the biggest impact on supporting New Zealanders to grow, survive and thrive in the digital era.

#### Consistent and accurate consumer labelling of commercial entertainment

Over the last 10 years large holes have emerged in the regulatory environment as online and on-demand content have become more prevalent. Regulatory reform efforts over this period have not yet translated into legislative action, exposing New Zealanders and their families to an ever more complicated and confusing environment.

A representative survey in 2016 showed that 83% of New Zealanders thought there should be one labelling system regardless of how media content was accessed (on-demand, cinema, blu-ray, games). Of this number, two-thirds (66%) would prefer the classifications currently assigned by the Classification Office to those used for broadcast television, or any other system.

#### More information about content

Young people in particular tell us they want better information about what they are looking to view and better support to help them critically analyse content. They tell us they would make use of content warnings if they were available where they actually access content – and this service can so easily be provided. Content variety and ease of access are of primary importance to them. Experts and community groups spoken to as part of the OFLC's *Young New Zealanders Viewing Sexual Violence* research indicated they would oppose changes that would limit people's access to detailed content information before films were viewed. These participants thought that the Classification Office had an educational role in the community, and felt that a classification system was a necessary element of broader social strategies – particularly those aimed at reducing sexual violence.

#### Better education about media effects and media literacy

Better education of young people about media effects and media literacy is required, including guidance

and resources about content that may be outside any official regulatory regime. This includes social media, pornography, and other extreme or disturbing content available on websites. Our research shows that young people are willing and able to talk about their media use and the concerns they have about content, but they are often unwilling to approach adults about this, or do not think adults are willing or able to provide guidance. Some adults may lack the knowledge and experience to discuss sensitive (or technical) topics with confidence.

## Classification Activities

A total of 1,732 publications were received in 2018/19 compared to 1,797 received in 2017/18. However 1,468 publications were classified this year, 20% less than the 1,825 classified in 2017/18. While the Office strives to classify all publications received throughout the year Classification staff were redirected to support the unprecedented levels of public engagement the Office experienced in relation to the classification of material related to the March 15 Christchurch terror attacks.

The slow reduction in commercial submissions continues to reflect the widening gaps in regulation and consumer protection across different forms of media. The Chief Censor has also continued to work pro-actively with on-demand streaming services to ensure that adequate consumer information was provided in relation to high profile and high risk TV shows.

## A Media Regulator of Last Resort

During the year to 30 June 2019 Commercial Video on-Demand services remained outside the labelling requirements of either the Films, Videos and Publications Classification Act 1993 or the Broadcasting Act 1989. As a direct result, the Classification Office was sometimes the only option for those seeking a resolution to complaints and concerns regarding the incomplete, or misleading labelling of streaming video content. The following examples illustrate the scope of this additional work - required over and above the level of activity for which OFLC has traditionally been funded.

### The Perfection

*The Perfection* is a suspense/horror film about two young musicians surviving a sex-cult. On launch, Netflix had assigned an age rating of 16+ with a note for language, violence, nudity.

The Netflix original film features strong content depicting mutilation and graphic violence as well as a plot that centres on sexual abuse. Responding to public concern, we contacted Netflix and persuaded them to upgrade their age rating to 18+ with a warning for rape, sexual violence, suicide references and graphic violence.



Chart 3: Publications Classified by Medium

DVDs	441	30%
Computer Material (Non-Moving)	346	23%
Films & Film Trailers	288	20%
Advertising for Publications	217	15%
Computer Material (Moving)	89	6%
Digital Games	67	5%
Magazines / Books	17	<1%
Other material	3	<1%
<b>TOTAL</b>	<b>1,468</b>	



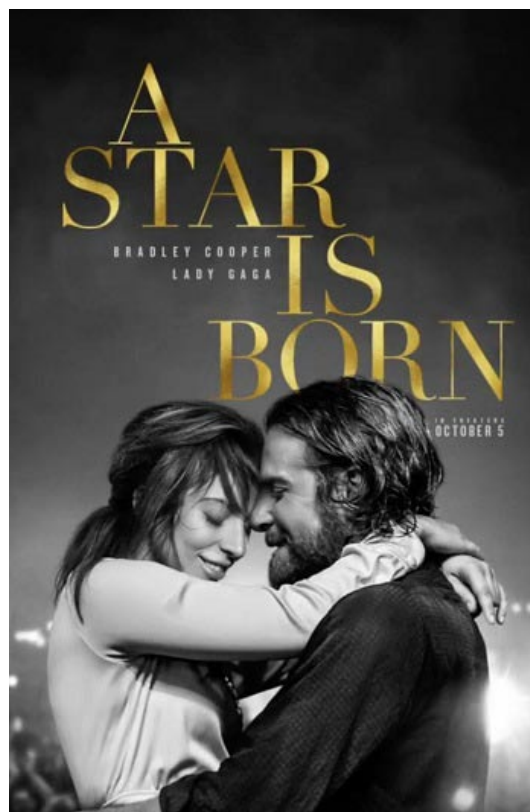


## Euphoria

The advance marketing and publicity for Neon's teen drama *Euphoria* announced that it would make the controversial Netflix series *13 Reasons Why* "look like an after school special". *Euphoria* featured a teen cast headlined by popular, former Disney star Zendaya and contained graphic sexual content, sexual violence and a high extent of instructional and sometimes promotional drug use.

The show debuted on Sky TV's subscription streaming service Neon with a warning of "18 VLSC" (the letters are approved short-hand under the pay TV broadcasting code for violence, language, sex and content that may offend). Instead of formally calling in the series for classification under section 13(3) of the FVPCA the Chief Censor contacted Sky TV who agreed to adjust the age rating to 18 and warn New Zealand audiences about rape, drug use, sex scenes and self-harm content.

Both *Euphoria* and the earlier Netflix series, *13 Reasons Why* are examples of compelling, adult level content deliberately marketed to mid-teens, often with consumer information that simply does not work for most New Zealanders.



## A Star is Born

In a similar vein the descriptive note for *A Star is Born* was updated in NZ, within its first week of exhibition.

The film had been rated M in Australia and so was automatically cross-rated M (Unrestricted, suitable for 16 years and over) in New Zealand, with a descriptive note 'Sex scenes, offensive language and drug use.' After receiving complaints from members of the public, including complaints passed on to us by the Mental Health Foundation and Police Victim Support we worked with the Film & Video Labelling Body, to update the warning note to include 'suicide'.

Although *A Star Is Born* handles the topic relatively sensitively, we felt it was only fair to the NZ public to add a warning, particularly considering NZ's appalling suicide rate and our vulnerable population. We think it is vitally important to provide NZ audiences with warnings about this content, providing them opportunity to make an informed choice about watching.

## Material Submitted by Enforcement Agencies

2018/19 has seen continued high volumes of material submitted by enforcement agencies. The Police submitted 458 publications (compared with 536 the previous year), Internal Affairs submitted 3, and 136 were submitted by the Courts.

The vast majority of submissions from enforcement agencies have continued to relate to child sexual abuse images and text but 2018/19 also saw a continued volume of violent and potentially extremist material submitted to the Office. This violent material tested the boundaries of freedom of expression (especially on political or religious grounds) and is amongst the more challenging material the Classification Office has been required to classify in recent years.

Not all of this material is classified as objectionable.

Understanding the context is a vital part of classification. For example a recent clip examined by the Office depicted of the killing of two men. This could be part of the civil unrest and conflict in the Middle East. The clip could also be a record of a war crime in which case its availability may have some wider benefit to the relatives and community of the victims of that crime. It is also possible that one or other of the parties in the clip may

have terrorist affiliations and that the clip may depict an act of, or be a response to, wider terrorist activity. In the absence of any context, the Classification Office couldn't conclude if the clip promoted or encouraged crime or acts of terrorism.

Still, the clip showed real-life killing. It focused on the victims' suffering and would be shocking and repellent to most people. Children and teenagers are likely to be highly shocked and disturbed if they were to see this material and therefore the clip required age restriction.

Chart 4: Subject Matter of Objectionable Publications

●	Exploitation of children/child nudity s3(2)(a), s3(3)(b)	195	54%
●	Bestiality s3(2)(e)	56	15%
●	Promotes or encourages crime s3(3)(d)	51	14%
●	Sexual conduct with or by children or young persons, or both s3(3)(a)(iv)	27	7%
●	Violence, Cruelty, Torture s3(2)(f), s3(3)(a)(i)	17	5%
●	Sexual Violence s3(2)(b), s3(3)(a)(ii), s3(3)(a)(v)	11	3%
●	Urine/Excrement s3(2)(d)l	4	1%
○	Necrophilia s3(2)(c)	1	<1%
<b>TOTAL</b>		<b>362</b>	



## Christchurch Mosque Attacks

### CLASSIFICATION OF THE LIVESTREAM FOOTAGE

***The Chief Censor called in the livestream of Christchurch Mosque Attacks on 17 March 2019 and the publication was urgently classified objectionable under sections 3(2)(f) and 3(3)(d) of the FVPC Act on 18 March 2019.***

The Christchurch Mosque Attack Livestream was deemed objectionable as it promoted and supported the infliction of extreme violence and cruelty. The first person view records the actions of the gunman creating the disturbing effect of seeing the attack from his own perspective. The video was clearly intended to record, share and glorify mass murder. There was nothing present in the video that denounced the killing. On the contrary, it clearly promoted the atrocity.

The video was also considered objectionable due to the extent, manner and degree to which it promoted criminal acts including mass murder and terrorism. The actions of the gunman have been cited as inspirational in 'manifestos' associated with several recent extremist attacks.

A member of the public appealed the objectionable classification to the Board of Review. The applicant's

main reasoning being that the New Zealand public should be allowed to freely view the publication so they can assess the veracity of the video for themselves.

The Board of Review released their official decision on 14 June 2019 and classified the video objectionable. They agreed with much of the reasoning put forward by the Office and went even further to state:

*The Board is satisfied that, rather than just the depiction of such extreme violence and cruelty, the livestream video goes further to in fact promote such extreme violence and cruelty to Muslims. The video comes across clearly as a celebration of such extreme violence and cruelty to Muslims. It employs cultural props to convey the message that it is acceptable to kill Muslims and comes across as a form of instructional manual.*

Several media organisations in New Zealand have applied for exemptions to the objectionable classification under s 44 of the FVPC Act so that they can have legal access to the video to aid them in their reporting. As at 30 June 2019 five exemptions were granted – four to media organisations and one to the lawyers representing the alleged gunman to assist them in the defence of their client. Only one application has been declined as the applicant did not meet the stringent criteria for an exemption.



## CLASSIFICATION OF *THE GREAT REPLACEMENT*

The Chief Censor called in *The Great Replacement* on the same date (17 March 2019) as the *Christchurch Mosque Attack Livestream*. The 74-page document (widely referred to as a 'manifesto') was reportedly written by the same person that carried out the Christchurch Mosque attacks.

*The Great Replacement* was classified as objectionable on 23 March 2019 because it promotes and encourages acts of terrorism in a manner that is likely to be highly persuasive to its intended audience. The balance between the freedom of access of information and the protection of the public is always a critical consideration in cases such as this and the Office applied the same framework that it has used for several extremist publications (from terrorist organisations) that have been classified in the recent past.

It is the context of *The Great Replacement* that sets it apart from other racist and extremist material that is widely available online. The document is intrinsically linked to the worst terrorist atrocity in modern New Zealand history, and forms a defence of it. It frames the actions of the alleged gunman as not only rational but also urgently necessary for the survival of white people in countries like New Zealand.

The document is specifically targeted at people who are already susceptible to its messages, being especially persuasive by the use of ironic statements, internet memes and in-jokes that create a sense of community amongst those who share white supremacist views. Readers who share these views will immediately see that the author is one of them and so his calls for violent action are more likely to be persuasive, especially as he is so irrevocably associated with the Christchurch Mosque Attacks.

In coming to our decision, the Office took into account the possibility that an objectionable classification of the document might only increase its appeal and cachet (a criticism that has been levelled by many commentators). Nonetheless, the Office has a primary responsibility to apply the correct classification to ensure those who might be vulnerable to radicalization do not have easy access to material that is likely to advance their extremist views into action that is likely to be injurious to the public good.

The decision of the Office was appealed to the Board of Review by The Kiwi Party who described the document as a political manifesto that was protected by the right to freedom of expression. The Board released their official decision on 12 August 2019 and classified *The Great Replacement* objectionable under s 3(3)(d) for the extent, manner and degree in which it promoted acts of terrorism. They considered the publication "a clear and unequivocal call to arms". They also rejected

any suggestion that the publication was a bona fide and genuine political manifesto.

Given the national interest in the events surrounding the Christchurch Mosque Attacks there has been great deal of interest in *The Great Replacement* from researchers and analysts, as well as reporters seeking to inform the public. As of 17 September 2019 the Office has granted 27 exemptions to a variety of academic researchers, institutions and news organisations that have sought access to the publication for legitimate reasons.

Table 1: Publications Classified by Channel & Medium 2018/19

	ADVERTISING FOR PUBLICATIONS	OTHER MATERIAL	MAGAZINES/ BOOKS	COMPUTER MATERIAL (MOVING)	COMPUTER MATERIAL (NON-MOVING)	DIGITAL GAMES	DVDS	FILMS & FILM TRAILERS	TOTAL
Section 12(1) Labelling Body	217	0	0	0	0	66	441	277	1000
Section 13(1)(a) Comptroller of Customs	0	0	0	1	9	0	0	0	10
Section 13(1)(ab) Commissioner of Police	0	3	0	74	192	0	0	0	269
Section 13(1)(b) Secretary for Internal Affairs	0	0	1	1	2	0	0	0	4
Section 13(1)(c) Public & Commercial	0	0	1	11	31	0	0	0	48
Section 13(3) Chief Censor's Own Motion	0	0	15	2	1	0	0	0	24
Section 29(1) Courts	0	0	0	0	111	0	0	0	111
Sections 42(1), (2) and (3) Reconsiderations	0	0	0	0	0	1	0	0	1
<b>TOTAL</b>	<b>217</b>	<b>3</b>	<b>17</b>	<b>89</b>	<b>346</b>	<b>67</b>	<b>441</b>	<b>288</b>	<b>1468</b>



**Table 2: Comparison of Publications Received 2009 - 2019**

	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Section 12(1) Labelling Body	1,065	1,114	1,195	2,315	1,852	1,741	1,998	1,886	1,798	2,234
Section 13(1)(a) Comptroller of Customs	10	8	6	13	5	8	1	3	35	53
Section 13(1)(ab) Commissioner of Police	458	536	401	131	127	155	44	49	192	279
Section 13(1)(b) Secretary for Internal Affairs	3	17	474	78	146	209	47	104	36	28
Section 13(1)(c) Public & Commercial	49	51	101	4	7	9	8	9	10	8
Section 13(3) Chief Censor's Own Motion	9	29	24	9	1	0	0	0	2	3
Section 29(1) Courts	136	39	89	6	16	116	100	30	109	145
Sections 42(1), (2) and (3) Reconsiderations	1	3	3	1	2	20	1	0	0	1
Regulation 27 Film Poster Approvals	1	0	0	0	0	1	3	6	12	12
<b>TOTAL</b>	<b>1,732</b>	<b>1,797</b>	<b>2,293</b>	<b>2,557</b>	<b>2,156</b>	<b>2,259</b>	<b>2,202</b>	<b>2,087</b>	<b>2,194</b>	<b>2,763</b>

**Table 3: Comparison of Publications Examined 2009 - 2019**

	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Section 12(1) Labelling Body	1,011	1,100	1,323	2,220	1,955	1,587	1,957	1,816	1,829	2,238
Section 13(1)(a) Comptroller of Customs	10	8	6	13	5	8	1	38	0	57
Section 13(1)(ab) Commissioner of Police	370	537	396	131	173	115	47	33	242	284
Section 13(1)(b) Secretary for Internal Affairs	3	18	486	65	183	194	24	100	36	31
Section 13(1)(c) Public & Commercial	50	49	100	4	7	9	8	11	8	26
Section 13(3) Chief Censor's Own Motion	20	18	24	8	1	0	0	0	2	4
Section 29(1) Courts	111	39	95	0	16	115	111	22	125	130
Sections 42(1), (2) and (3) Reconsiderations	1	3	3	4	15	3	1	0	0	1
Regulation 27 Film Poster Approvals	1	0	0	0	0	1	3	6	13	13
<b>TOTAL</b>	<b>1,577</b>	<b>1,772</b>	<b>2,433</b>	<b>2,445</b>	<b>2,355</b>	<b>2,032</b>	<b>2,152</b>	<b>2,026</b>	<b>2,255</b>	<b>2,784</b>

**Table 4: Comparison of Publications Classified 2009 -2019**

	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Section 12(1) Labelling Body	1,000	1,109	1,327	2,219	1,958	1,594	1,942	1,830	1,814	2,263
Section 13(1)(a) Comptroller of Customs	10	8	10	9	5	8	1	38	0	57
Section 13(1)(ab) Commissioner of Police	269	586	344	111	173	115	47	33	253	293
Section 13(1)(b) Secretary for Internal Affairs	4	17	509	39	183	194	34	90	36	31
Section 13(1)(c) Public & Commercial	48	49	99	5	7	8	8	11	8	26
Section 13(3) Chief Censor's Own Motion	24	14	24	8	1	0	0	1	1	5
Section 29(1) Courts	111	39	95	0	16	134	92	22	135	123
Sections 42(1), (2) and (3) Reconsiderations	1	3	3	4	18	0	1	0	0	1
Regulation 27 Film Poster Approvals	1	0	0	0	0	1	3	6	13	13
<b>TOTAL</b>	<b>1,468</b>	<b>1,825</b>	<b>2,411</b>	<b>2,395</b>	<b>2,361</b>	<b>2,054</b>	<b>2,128</b>	<b>2,031</b>	<b>2,260</b>	<b>2,812</b>

# Information, Public Engagement and Research



As an Independent Crown Entity entrusted with protecting children and young people from media and content that may be harmful to them, the Classification Office has a long history of engagement with youth. The need to have effective systems for protection of children from adult or prohibited material is recognised in international convention – the United Nations Convention of the Rights of the Child (UNCROC) requires that parties:

*‘encourage the development of appropriate guidelines for the protection of the child from information and material injurious to his or her well-being’ (Article 17(e)).*

*“...in other words, the existence of film classification is required to respect children’s rights.” (Covell, 2017).*

UNCROC (and our own Bill of Rights) also requires that children and young people have their right to freedom of

expression respected, including the right to seek, receive and impart information and ideas of all kinds, and that any restriction on this right must be necessary and provided by law (UNCROC Article 13).

In order to get the balance right, particularly in an area as challenging and dynamic as media regulation, it is vital to listen to, and engage with, children and young people.

We already have a good foundation for this. New Zealand’s classification system and the OFLC have been ranked in a study published in *‘The International Journal of Children’s Rights’* as having one of the highest levels of youth participation in the world, ahead of many usual comparators such as the UK, Australia and the USA. As a regulator operating in a rapidly changing digital environment, we wanted to significantly improve on this. This year we established processes that were not merely consultative, but truly placed the views, concerns and needs of young people at the heart of our decision-making.

## Youth Advisory Panel

If we want to make a difference in an area as challenging and dynamic as media regulation, we need to understand the views of young people.

With this in mind, we established the Office’s first ever Youth Advisory Panel (YAP), made up of a diverse group of young people between the ages of 16-19 who provide a voice on media in New Zealand.

Led by the Classification Office, the YAP was launched in June 2018 as an inter-agency collaboration with the Wellington Police. It operated as a pilot until June 2019 and has since been adopted permanently by the

### United Nations Convention of the Rights of Children (General Assembly, 1989)

#### Article 12

1. States Parties shall assure to the child who is capable of forming his or her own views the right to express those views freely in all matters affecting the child, the views of the child being given due weight in accordance with the age and maturity of the child.

2. For this purpose, the child shall in particular be provided the opportunity to be heard in any judicial and administrative proceedings affecting the child, either directly, or through a representative or an appropriate body, in a manner consistent with the procedural rules of national law.

#### Article 13

1. The child shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of the child’s choice.

2. The exercise of this right may be subject to certain restrictions, but these shall only be such as are provided by law and are necessary.

Classification Office as part of its wider ongoing youth engagement strategy.

The main purpose of the panel is to involve members in the Classification Office's decision-making, particularly on real issues and decisions that directly affect young people, while also offering them development and leadership opportunities.

Our panel includes young people from various religions, cultures and ethnicities, and with a wide variety of interests. One thing they all have in common is a passion for youth voices to be counted.

During the year, the YAP has helped plan and execute youth-targeted projects and develop resources for our Minds Over Media brand. We regularly invite panel members to join us during classification assessments of upcoming feature films. Recently they helped with the classification of *Boy Erased*, *Good Boys*, and *Booksmart*. Their discussion is summarised in the classification decisions for those films.

They have talked about representations of sex in films and shows that are aimed at teenagers such as *Blockers*, *Riverdale*, and *Lady Bird*. They discussed what potential harms might be, and whether the harms we identified were still relevant concerns. They also discussed the language that the Classification Office uses in its descriptive notes around sexual and sexually violent content.

YAP members have contributed to our website and social media content, and helped us improve the secondary

school education programme, Censor For A Day. During our preparation for the second stage of the nationwide New Zealand Youth and Porn research, the Panel assisted with the development of our consent and ethics processes. They discussed whether the Classification Office should be requiring parental consent for teenage participants in our upcoming research on pornography. A summary of the discussion that followed was presented to an ethics committee and will be featured in our report for the research.

When the ugly side of social media reared its head on 15 March 2019 our YAP came together to discuss the implications of the Christchurch terror attack on young people. They shared their thoughts on the issues of viewership prevalence, accidental vs intentional viewership, and effects on young people of watching the video. Opinions were sought from their wider youth community and fed back to the Classification Office. This offered the Chief Censor and his team a more informed understanding of the impact the livestream had on young people.

The Youth Advisory Panel is an integral part of the Classification Office given the fast-moving media landscape, and they help us shape our direction of travel within a modern context.

Back: Georgia, Jade, Sam and Emma  
Front: Phil, Kaya, Julian, Alma, Robbie and Kim





## RESEARCH PROJECT: Youth and Porn - How and Why Young New Zealanders are Viewing Online Pornography

The Films, Videos, and Publications Classification Act 1993 requires the OFLC to undertake research to enable it to perform its functions effectively. It is important for the Classification Office to be informed about both academic arguments and public opinions on various aspects of censorship and media. Each year the Classification Office conducts research into areas relevant to our work. As a state-mandated independent Crown entity, we take seriously our obligation to take a neutral, evidence-led approach to any research work we undertake.

The Office of Film and Literature Classification completed the quantitative phase of its major two-stage research project, Youth and Porn - how and why young New Zealanders are viewing pornography.

The 87-page report, published and released publicly by the Chief Censor David Shanks at a press conference on 5th December 2019, attracted widespread media attention in New Zealand and overseas.

The study involved a survey of more than 2,000 New Zealand teens aged 14-17 years old (nearly one percent of the national population within that cohort). The OFLC worked closely with research company Colmar Brunton to analyse and interpret the evidence relating to young New Zealanders' experiences with pornography.



The study was an important opportunity to get young people's experiences on the table. It filled an important gap in understanding by asking them about prevalence and frequency of viewing pornography, as well as what they see in the pornography they are viewing.

We set out to answer the following research questions:

- What is the size and scope of pornography use

by young New Zealanders, including age of first exposure, prevalence and frequency of use, how content is consumed, and perceptions of use amongst peers?

- Why do young people view pornography and how does it make them feel? Do young people think pornography can influence sexual behaviour or attitudes? If so, how?
- What behaviours do young people see in pornography and how do they perceive these behaviours?
- What are the main ways young people learn about sex? Has information about sex from 'official' sources (such as sex education at school) been made available to them, and has it been useful?

The results presented both a challenge and an opportunity. A challenge, because it put beyond doubt porn is now a fact of life for young New Zealanders. They told us in their own words about how conflicted they can feel about this. They sometimes see violent, aggressive, misogynistic and coercive behaviour. An opportunity, because many young NZ'ers told us they think about what they see, are aware that much of it is not for them - and they are up for having some limits.

We also know that porn isn't just an issue for teens, it's an issue for kids:

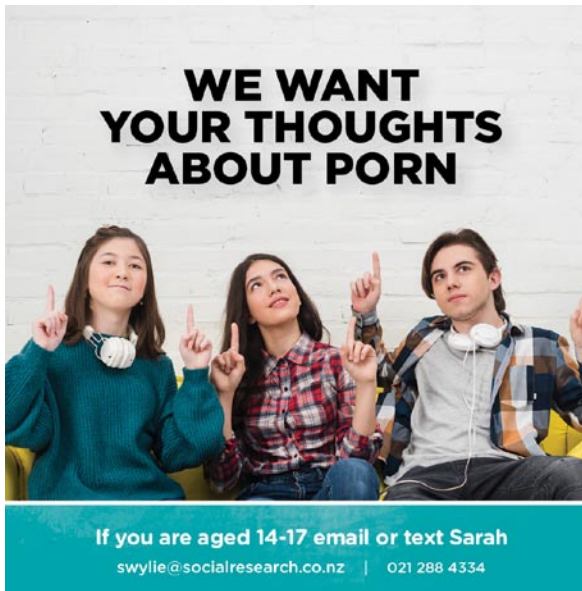
- Over two thirds of 14 to 17-year-olds have been exposed to porn.
- One in four have seen porn before the age of 12 - mostly by accident, or by having it shown to them.
- 72 percent of teens who have viewed porn recently saw things that made them feel uncomfortable
- 42 percent of regular viewers would like to spend less time looking at porn - BUT they find this hard to do.
- 71 percent of young New Zealanders believe that children and teens' access to online porn should be restricted in some way.

The research has also provided an opportunity for the OFLC and other agencies to take a collaborative approach, incorporating regulation, education, and tools and information for New Zealanders.

Regulation: Any technical or legal fixes are only ever going to be partial solutions - but regulation could provide some valuable protection for young people (especially children). We know that they are more likely to see porn for the first time by accident, rather than looking for it themselves. We also know that many young people support some kind of restriction.

Tools and information: Too many young people do not have the information, support and tools to process and understand pornography, to deal with the sometimes negative consequences of exposure, or to avoid this material in the first place. Parents could also do with some support in this area. Some great resources are already out there. There is an opportunity now to promote these, make them easy to find, and work on what else may be needed.

Education: Young people tell us that they want more and better information on sex and sexuality. Education provides an opportunity for a vital counter-narrative to porn that could reach most young people. Whenever young people are learning about sex and relationships, porn education should form part of the discussion.



Recruitment poster for Phase Two of the New Zealand Youth and Porn research project.

The final qualitative phase of the research project has now commenced. The results will be released in 2020.

## Secondary Schools Education Programme

The 2018-19 Censor For A Day school education programme was delivered to around 800 students for 30 schools. The programme was run in the New Plymouth, Palmerston North, Napier, Nelson, Christchurch, Dunedin and Wellington

Students watched one of three films – *BlackKkKlansman*, *Hotel Mumbai* and *Mid90s*, which had all recently been classified. The Wellington screening of *Hotel Mumbai* took place on the same day as the Christchurch mosque shooting. Our staff became aware of this tragedy after the event had finished. We followed up with teachers to ensure the students were OK, and offered resources to help anyone who may have been affected. Subsequent sessions using the film were cancelled and the film distributor suspended screenings in cinemas nationwide. The South Island events were rescheduled using the film *Mid90s*.

Censor for a Day gives senior media students in New Zealand a first-hand experience of how the classification system for entertainment media works in New Zealand. The programme is not only about teaching young people about the classification system, it's about hearing their views on the role of censorship in our society. As always, the views of participating students were thoughtful, constructive, and sometimes challenging. We are grateful for the chance to hear them.

We also appreciate the assistance provided by the film distributors and cinemas who support our Censor for a Day programme. Without their generosity these events would not have been possible.

Students participating in the Censor for a Day programme



## BlacKkKlansman

We classified the film RP13 with a note for **violence, offensive language, sexual references and content that may disturb.**

BlacKkKlansman is based on a true story of an African American detective who infiltrates the Klu Klux Klan in the 1970s. It deals with historic racism in the United States and is punctuated by moments of dark comedy. As well as occasional violence and cruelty, the film has racist themes and uses highly offensive language throughout, mostly in the form of ethnic and gendered slurs. The film also ends with brief footage from the white supremacist rally in Charlottesville VA in 2017, showing a car ramming through a crowd of people. This is arguably the most confronting scene in the film and is likely to be shocking and disturbing to viewers of all ages.

This content makes the film more suitable for mature audiences. However, given the film has significant merit for addressing themes of relevance in today's global socio-political climate, we believe it would be safe for children to see the film with the guidance of a parent or guardian to explain the more challenging content in terms of its cultural and historic context.

## Hotel Mumbai

We classified the film R16 with a note for **violence, cruelty and offensive language.**

Here is an excerpt from the written decision:

//

*The dominant effect of Hotel Mumbai is a harrowing tension-filled action thriller based on real events.*

*The focus of the film is the heroism of the hotel staff and the callous reality of terrorism. The film has merit for depicting a historical event in an artistic manner.*



*The unrestricted availability of the film is likely to be injurious to the public good. Younger viewers are likely to be shocked by the extent and degree of violence, especially the casual brutality of the extremists. They are also likely to be deeply unsettled by constant threat and tension faced by the innocent staff and guest as they evade the extremists. The use of offensive language also supports a restricted classification. Older teenagers and adults will have the maturity and experience to contextualise all of the material within a terrorist thriller that is inspired by recent events.*

## Mid90s

We classified the film R16 with a note for **violence, sexual references, offensive language, drug use and self-harm.** The note was updated to include reference to self-harm after showing the film at Censor for a Day June 2019, to around 360 students. At this session many students gave the



feedback that self-harm should be included in the note as the film contained depictions of self-harm that could be triggering, especially given the film is likely to appeal to older teenage audiences. Here is an excerpt from the written decision:

//

*The dominant effect of Mid90s is of an edgy coming-of-age film. The character-driven piece documents the rites of passage and rituals of teen life in LA in the mid-90s with elements of both drama and comedy. It is written and directed by Jonah Hill, who is known for his comedy work.*

*The crass sexual referencing, teen sexual experimentation, depictions of teen drinking and drug use, risky behaviour, and the extensive, gratuitous use of offensive language all point to a mature intended audience ... The dysfunctional and sometimes abusive nature of the familial relationships are likely to have an emotional impact on younger viewers, and the resulting self-harming by Stevie could be triggering to those with a history of self-harming behaviour. Despite the various risky and anti-social behaviours depicted, the film has a clear moral code. Older teens and adults are more likely to have the life experience and critical literacy to contextualise the stronger material, which mitigates its impact for these groups.*

**Statements of the  
OFFICE OF  
FILM & LITERATURE CLASSIFICATION  
TE TARI WHAKARŌPŪ TUKUATA, TUHITUHINGA**

**for the year ended 30 June 2019**

## STATEMENT OF RESPONSIBILITY

### For the Year Ended 30 June 2019


The Board is responsible for the preparation of the Office of Film and Literature Classification's (Classification Office) financial statements and statement of service performance, and for the judgements made in them.

The Board is responsible for any end of year performance information provided by the Classification Office under section 19A of the Public Finance Act 1989.

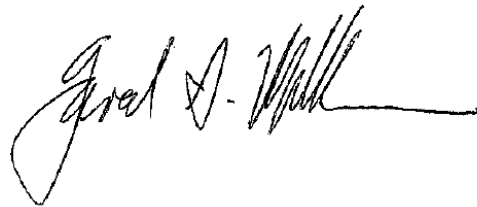
The Board of the Classification Office has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Classification Office for the year ended 30 June 2019.

*On behalf of the Board of the Office of Film and Literature Classification*



D E Shanks  
*Chairperson*



J S Mullen  
*Deputy Chairperson*

31 October 2019



# AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

## To the readers of the Office of Film and Literature Classification's financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of the Office of Film and Literature Classification (the Office). The Auditor-General has appointed me, John Whittal, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, of the Office on his behalf.

### Opinion

We have audited:

- the financial statements of the Office on pages 35 to 49, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Office on pages 6 to 21, and 27 to 34.

In our opinion:

- the financial statements of the Office on pages 35 to 49,
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- the performance information on pages 6 to 21 and 27 to 34:
  - presents fairly, in all material respects, the Office's performance for the year ended 30 June 2019, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of

performance expectations for the financial year; and

- its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
  - what has been achieved with the appropriations; and
  - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we explain the appropriateness of the use of the going concern assumption. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

### Basis for our Opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Office for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Office for assessing the Office's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Office, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

### **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Office's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the

performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Office's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

#### **Other information**

The Board is responsible for the other information. The other information obtained at the date of signing our opinion comprises the information included on pages 3 to 57 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Independence**

We are independent of the Office in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Office.



John Whittal  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

# STATEMENT OF PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

The Classification Office is funded in the Estimates under Vote: Internal Affairs Non-Departmental Output Expense for a single output class: Classification of Films, Videos, and Publications (M41). The appropriation for this output class is \$1,960,000. The scope of the appropriation is:

*This appropriation is limited to the examination and classification of films, videos and publications by the Office of Film and Literature Classification under the Films, Videos, and Publications Classification Act 1993.*

The Classification Office also receives revenue from fees paid by third parties and other sundry revenue. A shortfall in forecast revenue will be met by cash reserves.

<b>Resources Employed</b>	Ex GST \$'000
Crown Appropriation	1,960
Third Party Revenue	499
Interest & Sundry Revenue	113
Total Revenue	2,572
Expenses	2,900
Expected Surplus/(Deficit)	<b>(328)</b>

## CLASSIFICATION SERVICES

(Report against Statement of Performance Expectations 2018-2019)

### ACTIVITY 1 - PRODUCTION OF CLASSIFICATION DECISIONS

QUANTITY & QUALITY	NOTES	Minimum Estimate	Maximum Estimate	Actual 2019		Actual 2018
Publications Received		1,446	2,419	<b>1,732</b>	✓	1,797
Publications Examined		1,446	2,419	<b>1,577</b>	✓	1,772
1.1.1 Third Party - Number of publications classified.		996	1,326	<b>1,050</b>	✓	1,161
1.1.2 Crown - Number of publications classified.	1	453	1,093	<b>418</b>	×	664
1.1.3 Number of classification decisions registered.		1,449	2,419	<b>1,468</b>	✓	1,825

Quality	Notes	Target	Actual 2019	Actual 2018
1.2.1 Classification decisions to set standard	2	95%	99.5% ✓	99.6%
1.2.2 Classification decisions	3			
(a) apply all relevant criteria		95%	Not assessed (See discussion at Note 4)	
(b) are soundly reasoned		95%		
(c) are written in a style accessible to a range of readers		95%		
1.2.3 Classification decisions are appropriately classified	4,5	95%	40% ✗	41.3%

#### Note 1: Crown Classifications below Estimate

The number of crown publications classified is 8% below the minimum of estimated range, however the number received was 35% above. This discrepancy is due to approximately 90 publications mid-way through the classification process at year-end and a further 100 publications received but not yet commenced scheduled for examination. The Office's estimates assume that the Office will classify the same number of publications received however due to the reasons set out at Note 8 this was not achievable.

#### Note 2: Quality of Classification Decisions

The quality measure target of 95% requires that classification decisions and directions are consistent with the standards set down in the *Classification Office Practice Manual*. The size of the sample consists of at least 15% of the total number of publications classified, with this figure comprising at least 15% from each submission channel employed for the period in question.

#### Note 3: Independent Review not conducted

During 2018/19 our written classification decisions were not externally reviewed.

This review was not conducted because the focus on legalistic written decisions as a measure of classification performance is counter to the strategic direction of the Office. We are increasingly focused on supporting New Zealanders to engage with media in a conscious and critical manner.

From 2019/20 the Office has modified this measure to focus on the needs of the reader - did the reader both understand the reasoning of the decision and support the classification decision.

Assurance about the ongoing quality classification activity is supported by continued strong performance on internal quality standards. These standards are maintained by

well-established processes and workflow management tools, which include peer review. In addition complaints about classification decisions made by the Office remain stable and do not indicate any general concern from members of the public.

#### Note 4: Appropriate Classification Decisions

To achieve this measure at least 95% of Board of Review decisions issued over a 5 year period are the same as, or lower than, decisions issued by the Office.

Correct and consistent application of the law should result in similar classifications by the Office and the Board of Review. The Classification Office monitors classification decisions which are issued by the Board of Review to identify any significant divergence in classifications, or the rationale of classification decisions, between the Office and the Board of Review. Divergence could indicate that publications were not appropriately classified.

#### Note 5: Quality Measure not achieved

The quality measure which relates to Board of Review decisions was not achieved.

During the five years to July 2019 the Board of Review made decisions relating to 60 publications. Of this total:

- 20 publication received the same classification,
- 4 publications received lower classifications than that made by the Office, and
- 36 publications were given a higher restriction.

A result of 40% was achieved against a target of 95%. Looking at more recent years, during 2018/19 the Board issued two decisions which related to three publications and in 2017/18 the Board issued two decisions which related to 15 publications.

The Classification Office carefully analyses the decisions of the Board and engages, when appropriate, with the Chair of the Board of Review. These lessons inform



## TIMELINESS <sup>6</sup>

		Target		No. of Pubs	Actual 2019		Actual 2018	
		Days	%		No.	%		%
	<b>Standard s12 &amp; s42</b>							
1.3.1	Percentage of Standard s12 and s42 submissions which are classified within 30 working days of receipt.	30	90%	990	963	97%	✓	100%
	<b>Complex s12 &amp; s42</b>							
1.3.2	Percentage of Complex s12 and s42 submissions which are classified within 35 working days of receipt.	35	70%	0	0	-	-	-
	<b>s13<sup>7</sup></b>							
1.3.3	Percentage of s13 submissions which are classified within 55 working days of receipt, where statutory obligations enable this.	55	70%	351	223	64%	×	94%

subsequent practice and decision making. The Board performs an important role in the classification system and provides an essential safeguard by providing an accessible appeal pathway for those who disagree with the decisions of the Classification Office.

The Board's role is also important in the current environment of media innovation, disruption and convergence. Both the Classification Office and the Board apply aged legislation to new material such as terrorist propaganda, social media posts, chatlogs and nude 'selfies' (the latter often self-generated by young people) - material which is often widely shared or available online. The Office continues to develop approaches to classify this new material and the decisions of the Board have been helpful in this regard. However, this measure does not provide useful measure of the quality of classification decisions made by the Office will not be used from 2019/20.

### Note 6: Timeliness Definitions

- The distinction between 'standard' and 'complex' publications is based on the need to consider excisions. Complex publications are those publications for which excisions have been recommended.
- Timeliness Performance is calculated on publications which have been registered during the reporting period.
- Publications requiring assistance under s21 of the Act and s29 (Crown) submissions are excluded from timeliness measures.

### Note 7: Timeliness Target not achieved

Timeliness targets are set by the Office, not in legislation. The Act requires the Office to examine publications submitted 'as soon as practicable'. This measure incorporates both processing timeliness as well as the queue of publications awaiting examination.

While performance of commercial titles remained strong, timeliness performance of s13 (Crown) submissions were not achieved.

Low staff numbers during 2018/19 were maintained in order to constrain the Office's deteriorating financial position. This meant the Office did not have the capacity to respond to surges in submission activity and low priority (non-urgent) material was deprioritised to ensure processing of time-critical material from both commercial distributors and other crown submitters.

This situation worsened as the Office responded to the Christchurch Mosque attacks with the classification material including the Livestream footage and the so-call manifesto 'The Great Replacement'. Classification resources were directed to classifying this material as well as supporting the Office's sector-wide response and public engagement activities which included processing complaints and inquiries, media engagement, OIA requests, applications for exemption and the decision review process.

## Classification Analysis

### Performance by Section of the Act against Estimates

	Minimum Estimate	Maximum Estimate	Actual 2019	Actual 2018
<b>Section 12 - Labelling Body</b>				
Publications Received	948	1,236	1,066	1,114
Publications Examined	948	1,236	1,012	1,011
Classifications Registered	948	1,236	1,001	1,109
<b>Regulation 27(3) &amp; 27(4) - Film Poster Approvals</b>				
Publications Received	3	6	0	0
Publications Examined	3	6	0	0
Approvals Registered	3	6	0	0
<b>Section 13(1)(a) - Comptroller of Customs</b>				
Publications Received	3	18	10	8
Publications Examined	3	18	10	8
Classifications Registered	3	18	10	8
<b>Section 13(1)(ab) - New Zealand Police</b>				
Publications Received	396	960	458	536
Publications Examined	396	960	370	537
Classifications Registered	396	960	269	586
<b>Section 13(1)(b) - Secretary for Internal Affairs</b>				
Publications Received	24	48	3	17
Publications Examined	24	48	3	18
Classifications Registered	24	48	4	17
<b>Section 13(1)(c) - Chief Censor Grants Leave (Commercial &amp; Public)</b>				
Publications Received	42	78	49	51
Publications Examined	42	78	50	49
Classifications Registered	42	78	48	49
<b>Section 13(3) - Chief Censor's Own Motion</b>				
Publications Received	12	28	9	29
Publications Examined	12	28	20	18
Classifications Registered	12	28	24	14

	Minimum Estimate	Maximum Estimate	Actual 2019	Actual 2018
<b>Section 29 (1) - Courts</b>				
Publications Received	15	39	136	39
Publications Examined	15	39	111	39
Classifications Registered	15	39	111	39

#### Sections 42(1), (2) & 3 - Reconsiderations

Publications Received	3	6	1	3
Publications Examined	3	6	1	3
Film Poster Decisions	3	6	1	3

#### SUMMARY

Publications Received For the Year	1,446	2,419	1,732	1,797
Publications Examined	1,446	2,419	1,577	1,772
Classifications and Film Poster Decisions	1,446	2,419	1,468	1,825

	Variance from Minimum Estimate	Variance from Maximum Estimate
--	--------------------------------	--------------------------------

Actual <b>Received</b> vs Estimate	20%	(28%)
Actual <b>Examined</b> vs Estimate	9%	(35%)
Actual <b>Classifications Registered</b> vs Estimate	2%	(39%)

#### Note 1:

These figures in the estimated range have been rounded to the nearest whole number.

#### Note 2:

Publications Received may be Examined and/or Registered in the next year.

Publications Examined and/or Registered may have been Received in the previous year.

# STATEMENT OF PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

## INFORMATION SERVICES

(Report against Statement of Performance Expectations 2018-2019)

### ACTIVITY 2 - DISSEMINATION OF INFORMATION

#### Activity 2.1 Development of a Quality Web Presence

	NOTES	TARGETS	ACTUAL 2019	ACTUAL 2018
Quantity				
2.1.1	Number of visits to the Classification Office websites (average per day)	250	419 ✓	312
Quality				
2.1.2	Website regularly updated with Editor and Moderator approved content	1 New content added every month	92% ×	100%
		12-36 items each year	46 ✓	51

#### Activity 2.2 Public Engagements

	NOTES	TARGETS	ACTUAL 2019	ACTUAL 2018
Quantity				
2.2.1	Number of public engagement activities	2 25-35	70 ✓	90
Quality				
2.2.2	Responses to client satisfaction surveys 'Very Good', or better.	3 80%	92.9% ✓	71%

#### Note 1: Quality Measure not met

While the actual amount of new content exceeded the upper end of the target range by 28%, no new items were added to the website during the month of January.

#### Note 2: Increase in Public Engagement Activities

There has been a significant increase in the number of public engagement activities during 2017/18 and 2018/19. This activity has previously focused on educational presentations however the Office is now strongly focused on a wide range of public engagement activities. During 2018/19 this included extensive public engagement associated with Office's research programme.

#### Note 3: Public Engagement Activities - Quality Measure

These surveys are used for our formal presentations. The survey asks the organiser to provide feedback on speaker's performance, the suitability of the content and the how educational and informative the presentation was. A five-point scale ranging for Not Satisfactory to Excellent is used. Censor for a Day teachers are asked to provide more extensive feedback. Any feedback which includes a response of Good, Satisfactory or Not Satisfactory are deemed as having not achieved this measure. Fourteen survey responses were received, 10 of which were from teachers who participated in our secondary school Censor for a Day programme.

## ACTIVITY 3 – INQUIRIES AND COMPLAINTS

	NOTES	TARGETS	ACTUAL 2019	ACTUAL 2018
Quantity				
3.1	Number of inquiries and complaints answered	600-800	661 ✓	610
Quality				
3.2	Responses to 'request for feedback' on inquiries and complaints service are 'Satisfied with service'	80%	93.5% ✓	94%
Timeliness				
3.3	Inquiries and complaints responded to promptly	80% within 5 days	90.6% ✓	94%
		100% within 20 days	99.0% ×	100%

### Note 4: Inquiries and Complaints

People who make a substantive written inquiry or complaint (including those considered to be an Official Information Act request) via email are surveyed on our response to them. The purpose of the survey is to provide evidence about the quality of the responses we provide about the operation of the classification system under s88 of the Classification Act. The survey questions are included at the bottom of our email signatures. Responses are entirely optional, i.e. we do not solicit responses.

The response rate to this survey is 11% with 31 responses in 2018/19.

Correspondents are asked:

*"I would be grateful if you could give me some feedback via return email about my response to your inquiry/complaint:*

1. *Did I adequately address your questions? Yes/No*
2. *Were you satisfied with my overall response? Yes/No*
3. *Was there something I could have done to make this response more helpful? If so, please let me know."*

### Note 5: Inquiries and Complaints - Timeliness measure not meet

Of the 661 inquiries and complaints handled by the Office during 2018/19, six were not responded to within the 20 day target time frame. Of the items which missed the target, four were received in March and April 2019. These all related directly or indirectly to the classification of material associated with the Christchurch terrorist attack on March 15. Heavy workload during this period required the prioritization of time critical work.

Of the remaining two inquiries, one was from a member of the press with a non-critical information request and we agreed to an extended timeframe. The other was an OIA Request. We notified that applicant that we were extending the response period due to the need to consult which was affected by the holiday period.

## ACTIVITY 4 - RESEARCH

	NOTES	TARGETS	ACTUAL 2019	ACTUAL 2018
Quantity				
4.1	Research papers per year	6	1	1
Quality				
4.2	Published research helps inform the wider public about censorship issues	Research reports make up at least 10% of resources downloaded	31.6%	27%
Timeliness				
4.3	Research findings are published within 1 month of report being finalised	7	100%	100%

### Note 6:

This relates to Phase 1 of the New Zealand Youth & Porn research conducted during 2018/19.

Research conducted by the Office serves several purposes. It provides an evidence base to censorship policy-making. Published research is also intended to inform the wider public about censorship issues. Research conducted by the Office increases general understanding of people's attitudes and behaviours, fosters informed debate, and helps individuals understand the nature of injury to the individual, or society, of harmful publications.

On the 29th June 2018, we appointed Colmar Brunton as the preferred provider to conduct the Phase 1 of the NZ Youth and Porn research project. This was a nationally representative quantitative survey of just over 2,000 14-17-year-olds, almost one percent of the entire national cohort. Survey questions were finalised after close consultation with agency representatives and academics working/studying in the area of pornography, media studies, sexual violence etc.

### Note 7:

The website is the main point of access to the Office's research and contains research published by the Office since 2001. If the Office's research is considered of high value and quality it will continue to be accessed by researchers, students and others and will remain relevant over time.

Two reports were published during 2018/19:

Young New Zealanders Viewing Sexual Violence: Stage 3 Research Report (Interviews with young New Zealanders) was completed in June 2018 and published July 2018.

The NZ Youth and Porn Quantitative research was completed in December and launched on the 5th December 2018.



# FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	ACTUAL 2019 \$'000	BUDGET 2019 \$'000	ACTUAL 2018 \$'000
<b>REVENUE</b>				
Revenue from the Crown	2	1,960	1,960	1,960
Labelling Body Revenue		496	625	616
Other Fee Revenue		3	0	2
		<b>2,459</b>	2,585	2,578
<b>OTHER REVENUE</b>				
Interest Revenue		30	16	29
Sundry Revenue		83	0	2
		<b>113</b>	16	31
<b>Total Revenue</b>		<b>2,572</b>	2,601	2,609
<b>EXPENSE</b>				
Audit Fee		31	31	31
Depreciation & Amortisation Expense	7, 8	262	232	209
Insurance Costs		8	15	14
Loss On Sale of Fixed Assets		1	0	0
Lease & Rental Costs		203	198	198
Other Operating Costs		698	620	608
Personnel Costs	14	1,697	1,773	2,441
<b>Total Expense</b>		<b>2,900</b>	2,869	3,501
<b>Surplus/(Deficit)</b>		<b>(328)</b>	(268)	(892)
Other Comprehensive Revenue		0	0	0
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>(328)</b>	(268)	(892)

**Note:** Explanations of major variances are provided in Note 18.

**Note:** The accompanying accounting policies and notes form an integral part of, and should be read in conjunction with, these financial statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	ACTUAL 2019 \$'000	BUDGET 2019 \$'000	ACTUAL 2018 \$'000
<b>Balance at 1 July 2018</b>		979	1,007	1,871
Surplus/(Deficit)		(328)	(268)	(892)
Comprehensive Revenue and Expense		(328)	(268)	(892)
<b>Balance at 30 June 2019</b>	16	651	739	979

**Note:** The accompanying accounting policies and notes form an integral part of, and should be read in conjunction with, these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	NOTES	ACTUAL 2019 \$'000	BUDGET 2019 \$'000	ACTUAL 2018 \$'000
<b>CURRENT ASSETS</b>				
Cash & Cash Equivalents	3	434	2	623
Debtors & Other Receivables	4	76	88	79
Investments		0	505	0
<b>Total Current Assets</b>		<b>510</b>	595	702
<b>CURRENT LIABILITIES</b>				
Creditors & Other Payables	5	132	121	146
Employee Entitlements	6	192	196	175
<b>Total Current Liabilities</b>		<b>324</b>	317	321
<b>Net Current Assets</b>		<b>186</b>	278	381
<b>NON-CURRENT ASSETS</b>				
Property, Plant & Equipment	7	149	158	201
Intangible Assets	8	316	303	397
<b>Total Non-Current Assets</b>		<b>465</b>	461	598
<b>Net Assets</b>		<b>651</b>	739	979
<i>Represented By:</i>				
<b>EQUITY</b>				
Closing Equity	16	651	739	979
<b>TOTAL EQUITY</b>		<b>651</b>	739	979

**Note:** The accompanying accounting policies and notes form an integral part of, and should be read in conjunction with, these financial statements.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	ACTUAL 2019 \$'000	BUDGET 2019 \$'000	ACTUAL 2018 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>Cash was provided from:</i>				
Receipts from the Crown		1,960	1,960	1,960
Receipts from Customers		592	630	618
Interest Received		32	16	31
		<b>2,584</b>	2,994	2,609
<i>Cash was distributed to:</i>				
Net Goods & Services Tax Paid		2	388	2
Payment to Suppliers & Employees		2,642	2,641	3,332
		<b>2,644</b>	3,029	3,334
<b>Net Cash Flow from Operating Activities</b>		<b>(60)</b>	(35)	(725)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<i>Cash was provided from:</i>				
Sale of Property, Plant & Equipment		0	0	0
Sale of Intangibles		0	0	0
Sale of Investments		0	310	815
		<b>0</b>	310	815
<i>Cash was distributed to:</i>				
Purchase of Property, Plant & Equipment		70	81	70
Purchase of Intangibles		58	14	18
Acquisition of Investments		0	0	0
		<b>128</b>	95	88
<b>Net Cash Flow from Investing Activities</b>		<b>(128)</b>	215	727
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Net Cash Flow from Financing Activities</b>		<b>0</b>	0	0
Net Increase/(Decrease) in Cash & Cash Equivalents		<b>(189)</b>	180	3
Cash & Cash Equivalents at Beginning of Year		<b>623</b>	(178)	620
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>3</b>	<b>434</b>	2	623

**Note:** The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

**Note:** The accompanying accounting policies and notes form an integral part of, and should be read in conjunction with, these financial statements.

# NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES

### Reporting Entity

The Office of Film and Literature Classification is a Crown Entity formed under the Films, Videos, and Publications Classification Act 1993.

The Office of Film and Literature Classification's primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return.

Accordingly, the Classification Office has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements for the Classification Office are for the year ended 30 June 2019 and were approved by the Board on 31 October 2019.

### Basis of Preparation

These statements have been prepared in accordance with the Crown Entities Act 2004.

### Statement of compliance

The Financial Statements of the Classification Office have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP"). The Classification Office is a public sector Public Benefit Entity and has elected to prepare these Financial Statements in accordance with Tier 2 PBE Standards with Reduced Disclosure Regime applicable to public sector entities, as it does not have public accountability and is not large. The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

### Measurement base

The Financial Statements have been prepared on the historical cost basis.

### Functional and presentation currency

The Financial Statements are presented in New Zealand dollars (\$), which is the Classification Office's functional currency. All financial information is presented in New Zealand dollars.

### Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Classification Office in the preparation of the Financial Statements.

### Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective, that have not been early adopted are:

#### *PBE IFRS 9 Financial Instruments*

PBE IFRS 9 *Financial Instruments* replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* with effect from 1 January 2021. OFLC will apply this new standard in preparing the 30 June 2020 financial statements. No effect is expected as a result of this change.

#### *Amendment to PBE IPSAS 2 Statement of Cash Flows*

An amendment to PBE IPSAS 2 *Statement of Cash Flows* requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The Classification Office does not intend to early adopt the amendment.

#### *PBE IPSAS 34-38*

PBE IPSAS 34-38 replace the existing standards for interests in other entities (PBE IPSAS 6-8). These new standards are effective for annual periods beginning on or after 1 January 2019. The Classification Office will apply these new standards in preparing the 30 June 2020 financial statements. No effect is expected as a result of this change.

#### *PBE IPSAS 41 Financial Instruments*

The XRB issued PBE IPSAS 41 *Financial Instruments* in March 2019. This standard supersedes PBE IFRS 9 *Financial Instruments*, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although the Classification Office has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

#### *PBE FRS 48 Service Performance Reporting*

The PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The Classification Office has not yet determined how application of PBE FRS 48 will affect its statement of performance.

### Key Judgements and Assumptions

The preparation of financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual

results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revisions and future periods.

## Critical Accounting Estimates and Assumptions

In preparing these financial statements the Classification Office has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### Property, plant & equipment useful lives and residual value

At each balance date the Classification Office reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Classification Office to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Classification Office, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the Statement of Comprehensive Revenue and Expenses, and carrying amount of the asset in the Statement of Financial Position. The Classification Office minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programmes;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

No significant changes were made to the estimates of the useful life or residual value of property, plant and equipment during the year. The carrying amounts of property, plant and equipment are disclosed in Note 7.

## Critical Judgements in Applying the Classification Office's Accounting Policies

Management has exercised the following critical judgements in applying the Classification Office's accounting policies for the period ended 30 June 2019:

### Lease classifications

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Classification Office. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the Statement of Financial Position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

The Classification Office has exercised its judgement on the appropriate classification of equipment leases.

## Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

## Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

### Revenue

Revenue is measured at the fair value of consideration received or receivable.

### Crown revenue

The Classification Office is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the Classification Office meeting its objectives as specified in the Statement of Performance Expectations.

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

### Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

### Other revenue

Labelling Body income, other fee income and sundry income are recognised when earned and is reported in the financial period to which they relate.

### Expenses

#### Operating Lease

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Classification Office are classified as operating leases. Lease payments under an operating



lease are recognised as an expense on a straight-line basis over the term of the lease in the Statement of Comprehensive Revenue and Expenses.

### Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Classification Office will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Revenue and Expenses. When the receivable is uncollectible, it is written off against the allowance account for receivables.

### Property, plant and equipment

Items of property, plant and equipment are shown at cost less any accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

### Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Classification Office and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

### Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expenses.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at the rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Computer Hardware	3 - 4 years
Fit Out	2 - 6 years

Furniture and Fittings	10 years
Office Equipment	4 - 5 years
Other Equipment	4 - 5 years
Technical Equipment	4 - 5 years
Vehicles	5 - 6 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

### Intangible assets

#### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring in use the specific software.

Costs that are directly associated with the development of software for internal use by the Classification Office are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Classification Office's website are recognised as an expense when incurred.

Intangible assets are reviewed annually for impairment.

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expenses.

The useful lives and associated amortisation rates of intangible assets have been estimated as follows:

Software	3 - 4 years
Classification database	12 years

#### Impairment

Property, plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Value in use is depreciated replacement costs for an asset where

the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Classification Office would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in revaluation reserve, the balance is recognised in the Statement of Comprehensive Revenue and Expenses.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the Statement of Comprehensive Revenue and Expenses.

### Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### Employee benefits

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to the balance date at current rates of pay.

Entitlements to sick leave are calculated based on an actuarial approach to assess the level of leave that is expected to be taken over and above the annual entitlement, and calculated using current pay rates at the time of creation.

### Superannuation Schemes

#### Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation scheme and is recognised as an expense in the Statement of Comprehensive Revenue and Expenses as incurred.

### Provisions

The Classification Office recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the obligation.

### Goods & services tax

All items in the Financial Statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### Income tax

The Classification Office is exempt from the payment of income tax in terms of the First Schedule to the Films, Videos, and Publications Classification Act 1993.

### Cost of service statements

The Resources Employed statements, as reported in the Statement of Objectives and Service Performance, report the net cost of services for the outputs of the Classification Office and are represented by the costs of providing the output less all the revenue that can be allocated to these activities.

*Cost Allocation:* The Classification Office has derived the net cost of service for each significant activity of the Office using the cost allocation system outlined below.

*Definition of Terms:* Direct costs are those costs which are directly attributable to output classes. Indirect costs are all other costs that cannot be identified with output classes in an economically feasible manner. These costs include financial and administration costs, property costs, depreciation and computing costs.

*Method of Assigning Costs to Output Classes:* Direct costs that can be readily identified with a single output are assigned directly to that output class. For example, personnel costs are charged on the basis of actual time incurred.

Indirect costs are allocated to output classes based on a mix of salary costs, floor space, staff numbers and time spent on each output.

### Commitments

Future payments are disclosed as commitments at the point when a contractual obligation arises, to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

### Contingent Liabilities

Contingent liabilities are disclosed at the point when the contingency is evident.

NOTE 2: RECONCILIATION OF CROWN REVENUE RECEIVED	2019 \$'000	2018 \$'000
Funds received from Vote: Internal Affairs regarding the Estimates of Appropriations (net GST)	1,960	1,960
<b>Crown Revenue Per Accounts as at 30 June</b>	<b>1,960</b>	1,960

The Classification Office has been provided with funding from the Crown for the specific purposes of the Classification Office as set out in its founding legislation and the scope of the relevant Government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to Government funding (2018: nil).

NOTE 3: CASH & CASH EQUIVALENTS	2019 \$'000	2018 \$'000
Petty Cash	0	0
Operating Accounts	41	264
Deposits ≤ 90 days	393	359
<b>Total Cash &amp; Cash Equivalents</b>	<b>434</b>	623

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

NOTE 4: DEBTORS & OTHER RECEIVABLES	2019 \$'000	2018 \$'000
Interest Receivable	0	2
Sundry Debtors	1	0
Prepayments	36	24
Trade Debtors	39	53
	<b>76</b>	79
Less Provision for Doubtful Debts	0	0
<b>Total Debtors &amp; Other Receivables</b>	<b>76</b>	79

As at 30 June 2019 all receivables have been assessed for impairment. The carrying value of receivables approximates their fair value. All receivables are resultant from exchange transactions.

NOTE 5: CREDITORS & OTHER PAYABLES	2019 \$'000	2018 \$'000
Trade Creditors	80	87
Income in Advance	10	15
Sundry Creditors	29	28
GST	13	16
<b>Total Creditors &amp; Other Payables</b>	<b>132</b>	<b>146</b>

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value. With the exception of GST payable all creditors are resultant from exchange transactions.

NOTE 6: EMPLOYEE ENTITLEMENTS	2019 \$'000	2018 \$'000
Accrued Annual Leave	151	135
Provision for Staff Accrued Personnel Costs	34	37
Long Service Leave	3	1
Sick Leave Provision	4	2
<b>Total Employee Entitlements</b>	<b>192</b>	<b>175</b>

The value of long service leave is calculated on an employee's current hourly rate and the number of days employees have available. Long Service leave is available to employees based on their individual employment agreements.

#### NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Movements for each class of assets are as follows:

Cost or Valuation	Computer Hardware \$'000	Fit Out \$'000	Furniture & Fittings \$'000	Office Equipment \$'000	Other Equipment \$'000	Technical Equipment \$'000	Vehicles \$'000	Total \$'000
Balance at 1 July 2017	280	306	290	38	16	33	0	963
<b>Balance at 30 June 2018</b>	<b>348</b>	<b>306</b>	<b>290</b>	<b>38</b>	<b>16</b>	<b>33</b>	<b>0</b>	<b>1,031</b>
Additions	1	61	0	3	3	2	0	70
Disposals	(91)	0	(35)	(4)	(4)	(4)	0	(138)
<b>Balance at 30 June 2019</b>	<b>258</b>	<b>367</b>	<b>255</b>	<b>37</b>	<b>15</b>	<b>31</b>	<b>0</b>	<b>963</b>
Accumulated Depreciation & Impairment Losses	Computer Hardware \$'000	Fit Out \$'000	Furniture & Fittings \$'000	Office Equipment \$'000	Other Equipment \$'000	Technical Equipment \$'000	Vehicles \$'000	Total \$'000
Balance at 1 July 2017	242	168	256	38	14	29	0	747
<b>Balance at 30 June 2018</b>	<b>266</b>	<b>219</b>	<b>261</b>	<b>38</b>	<b>15</b>	<b>31</b>	<b>0</b>	<b>830</b>
Depreciation Expense	38	77	5	0	1	2	0	123
Eliminate on Disposal	(92)	0	(35)	(4)	(4)	(4)	0	(139)
<b>Balance at 30 June 2019</b>	<b>212</b>	<b>296</b>	<b>231</b>	<b>34</b>	<b>12</b>	<b>29</b>	<b>0</b>	<b>814</b>
Carrying Amounts								
At 30 June 2017	38	138	34	0	2	4	0	216
At 30 June 2018	82	87	29	0	1	2	0	201
At 30 June 2019	46	71	24	3	3	2	0	149

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (Continued)

*Restrictions*

There are no restrictions over the Classification Office's property, plant and equipment, nor are any property, plant and equipment pledged as security for liabilities.

NOTE 8: INTANGIBLE ASSETS

Movements for each class of intangible assets are as follows:

<b>Cost or Valuation</b>	<b>Computer Software \$'000</b>	<b>Classification Database \$'000</b>	<b>Work In Progress \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2017	81	1,828	0	<b>1,909</b>
<b>Balance at 30 June 2018</b>	81	1,828	18	<b>1,927</b>
Disposals	(7)	0	0	<b>(7)</b>
Additions	0	38	20	<b>58</b>
Net transfer between classes	0	18	(18)	<b>0</b>
<b>Balance at 30 June 2019</b>	74	1,884	20	<b>1,978</b>

<b>Accumulated Amortisation &amp; Impairment Losses</b>	<b>Computer Software \$'000</b>	<b>Classification Database \$'000</b>	<b>Work In Progress \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2017	81	1,324	0	<b>1,405</b>
<b>Balance at 30 June 2018</b>	81	1,449	0	<b>1,530</b>
Amortisation Expense	0	139	0	<b>139</b>
Disposals	(7)	0	0	<b>(7)</b>
<b>Balance at 30 June 2019</b>	74	1,588	0	<b>1,662</b>

<b>Carrying Amounts</b>				
At 30 June 2017	0	504	0	<b>504</b>
At 30 June 2018	0	379	18	<b>397</b>
At 30 June 2019	0	296	20	<b>316</b>

The Classification Database Application (CDA) is internally generated software which largely comprises an interactive database. The CDA holds all classification records of the Office, produces the register of decisions of the Office (as required under the FVPC Act) and is our main workflow management tool. The CDA was brought into production in 2008/09 and will be fully depreciated in 2019/20.

*Restrictions*

There are no restrictions over the Classification Office's intangible assets, nor are any intangible assets pledged as security for liabilities.

## NOTE 9: FINANCIAL INSTRUMENTS

PBE IFRS9: *Financial Instruments* was issued on January 2017 replacing the existing standard PBE IPSAS 29 and NZ IAS 39, *Financial Instruments: Recognition and Measurements*. The standard is effective for periods beginning on or after 1 January 2021. The Classification Office does not intend to early adopt the amendment. The carrying amounts of financial assets and liabilities in each of the financial instruments categories are as follows:

	2019 \$'000	2018 \$'000
<b>Financial Assets</b>		
Cash and Equivalents	434	623
Receivables	76	56
Investments - Term Deposits	0	0
<b>Total Financial Assets</b>	<b>510</b>	679
<b>Financial Liabilities</b>		
Creditors and other Payables	132	146
<b>Total Financial Liabilities</b>	<b>132</b>	146
<b>Total</b>	<b>378</b>	533

## NOTE 10: RELATED PARTY INFORMATION

The Office of Film & Literature Classification is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition not more or less favourable than those that it is reasonable to expect the Classification Office would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown Entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

## NOTE 11: REPAYMENT OF PROFIT TO THE CROWN

Under Section 16 of the Crown Entities Act, the Minister of Finance may require repayment of any profit (or any portion of the profit). At the date of this report, the Classification Office has not been notified of any such request and therefore has not provided for any repayment relating to the years ended 30 June 1997 to 30 June 2019.

## NOTE 12: CAPITAL COMMITMENTS AND OPERATING LEASES

The Office of Film & Literature Classification has long-term leases on its premises in Wellington. The lease expires 31 January 2020 and is subject to three-yearly reviews. Operating leases include lease payments for the Office committed to at balance date.

	2019 \$'000	2018 \$'000
<b>Operating Lease Commitments</b>		
Not later than one year	108	192
Later than one year and not later than five years	0	109
Later than five years	0	0
<b>Total Operating Lease Commitments</b>	<b>108</b>	301
Capital Commitments	0	0
<b>Total Commitments</b>	<b>108</b>	301



NOTE 13: CONTINGENCIES

The Office of Film & Literature Classification has no known contingent liabilities or assets as at 30 June 2019 (2018:nil).

NOTE 14: PERSONNEL COSTS	2019 \$'000	2018 \$'000
Salaries and Wages	1,644	2,421
Employer contributions to defined contributions plans	37	41
Increase/(decrease) in employee entitlements (Note 6)	16	(21)
<b>Total Personnel Costs</b>	<b>1,697</b>	<b>2,441</b>

NOTE 15: KEY MANAGEMENT & EMPLOYEE REMUNERATION	2019 \$'000	2018 \$'000
Salaries and Other	519	517
Post-employment Benefit	8	8
<b>Total Key Management Personnel Compensation</b>	<b>527</b>	<b>525</b>
<b>Full time Equivalents</b>	<b>2</b>	<b>2</b>

The key management personnel and board members are the Chief Censor and Deputy Chief Censor.

Employee Remuneration and Benefits	2019	2018
\$100,000 - \$109,999	0	1
\$120,000 - \$129,999	1	1
\$230,000 - \$239,999	1	0
\$240,000 - \$249,999	0	1
\$280,000 - \$289,999	0	1
\$290,000 - \$299,999	1*	0

\* Refers to the Chief Executive's remuneration.

Employee Severance Payments

During the year ended 30 June 2019 no employees (2018:9) received compensation in relation to cessation (2018: \$520K).

No Board members received compensation or other benefits in relation to cessation (2018:nil).

NOTE 16: EQUITY	2019 \$'000	2018 \$'000
<b>Equity</b>		
Balance at 1 July	979	1,871
Surplus/(Deficit) for the year	(328)	(892)
<b>Balance at 30 June</b>	<b>651</b>	979
<b>Revaluation Reserve</b>		
Balance at 1 July	0	0
Transfer to Taxpayers' Funds	0	0
<b>Balance at 30 June</b>	<b>0</b>	0
<b>Total Equity</b>	<b>651</b>	979

#### NOTE 17: SUBSEQUENT EVENTS

There are no significant events after balance date.

#### NOTE 18: EXPLANATION OF KEY VARIANCE

##### STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

#### Labelling Body Revenue

(2018/19 compared to *Budget and 2017/18*)

The Office received \$120K (19%) less revenue from the Labelling Body in 2018/19 than the prior year, with a similar level of variance from budget. As forecast, the volume and revenue received from material submitted by the Labelling Body has continued a slow downward trend, with a 5% reduction in the total volume of submissions. There was approximately a 20% reduction in volume and revenue from Games. However the more significant variance was due to an increase in the number and proportion of low volume titles which were granted reduced fees under Regulations 7 and 8. These Regulation require the Office to consider commercial gain related to a title and whether the fee is unreasonable, unfair or unduly burdensome.

#### Interest Revenue

(2018/19 compared to *Budget and 2017/18*)

The Office earns interest on the investment of capital funds as well as any unspent portion of crown funding. Due to the Office's ongoing deficits approximately \$830K in Equity has been eroded, reducing the funds available for investment. Therefore budgeted interest earnings were reduced. However in 2018/19, crown funding in the Office moved to an annual basis, replacing the previous quarterly schedule. These funds were able to be invested for part of the year, which increased interest earnings.

#### Sundry Revenue

(2018/19 compared to *Budget and 2017/18*)

During 2018/19 the Office received funding of \$80K from ACC in support of Phase 1 of our New Zealand Youth & Porn research project.

#### Depreciation & Amortisation Expense

(2018/19 compared to *Budget*)

Depreciation and Amortisation expense was \$30K (13%) more than budget. This was due to both levels of capital expenditure exceeding budget as well as 100% of budgeted expenditure being incurred during the first quarter of the year. The budget assumed that this expenditure would occur evenly throughout the year.

(2018/19 compared to *2017/18*)

Depreciation and Amortisation expense was \$53K (25%) more than 2017/18 due to a range of factors. The level of capital expenditure in 2018/19 exceeded 2017/18, as 2017/18 capital expenditure was constrained in order to manage the Office's deteriorating financial position. Secondly expenditure which had been budgeted and approved for the development of a prototype of an online ratings tool in 2017/18, was delayed until early in 2018/19. In addition 80% (\$117K) of capital expenditure budgeted for 2018/19 incurred within the first 5 months, resulting in a greater proportion of the depreciation cost falling in 2018/19.

#### Insurance Costs

(2018/19 compared to *Budget and 2017/18*)

Expenditure on insurances was \$7K (53%) less than budget and \$6K (57%) less than 2017/18. While there were some savings on material damage and liability insurances, this variance was

enhanced by the slightly higher broker expense incurred during 2017/18, due to the transition to the AOG panel mid-term.

#### **Other Operating Costs**

*(2018/19 compared to Budget and 2017/18)*

Increases in operating expenditure occurred during 2018/19 in comparison to both budget and prior year expenditure. This was primarily due to expenditure both Phase 1 and Phase 2 of the NZ Youth & Porn research project. This expenditure was offset but funding support provided by ACC.

Additional expenses were also incurred following the Christchurch terror attacks, which included expenditure on IT systems as well as some additional communications support.

#### **Personnel Costs**

*(2018/19 compared to 2017/18)*

Personnel expenditure during 2018/19 was less than 2017/18 by \$744K (30%). This drop in expenditure was due to both the reduced levels of staffing following the organisational change programme conducted in 2017/18 combined with increased costs during 2017/18 due to redundancy payments of \$520K.

There was an overall reduction of 5 classification positions, with 9 staff accepting voluntary redundancy and 4 new staff commencing work in January 2018.

# MANAGEMENT OF THE OFFICE OF FILM & LITERATURE CLASSIFICATION

## ORGANISATIONAL HEALTH AND CAPABILITY

### Health and Safety

The senior management team and Board are fully engaged with health and safety issues and activities of the Office.

In addition to, and in support of, our obligations to the Health and Safety at Work Act 2015 the Office has an existing range of benefits and programmes that support the health and wellbeing of our staff. This includes workplace assessments by a physiotherapist, an employee assistance programme, annual eye examinations and hearing checks, support for staff being active in the workplace as well as management and staff participation on a health and safety committee.

The nature of publications requiring classification is, by definition, often demanding on staff. There is a risk of harm to staff who work in an environment where they are exposed to objectionable material. In order to support staff to maintain their mental and emotional wellbeing we continue to ensure that staff receive suitable peer and professional support and we regularly review our policy which formalises our approach to supporting our staff when handling and viewing classification material that may be harmful or distressing.

We also encourage staff to pursue interests outside of the workplace and assist them in developing their skills and experience to enable them to pursue other careers in the future. The Office and the PSA work together to monitor how staff are being affected by objectionable material, considering the frequency and severity of exposure and the changing balance of Crown and commercial work.

### Staffing

As a relatively small organisation, maintaining capability can be a challenge and changes in a small number of positions may have wide ranging impacts on the organisation. In May 2017 a new Chief Censor was appointed. This position is also the Chair of the Office's Board (along with the Deputy Chief Censor) and is the

Chief Executive of the Office.

During 2017/18 we undertook a significant organisational change and restructure programme. This has positioned the Office as a well equipped, agile organisation, on a more sustainable track than the one we were on previously.

As at 30 June 2019 the Office had just 16.5 full time equivalent staff. The small size of the Office creates challenges around maintaining corporate knowledge, representation, and segregation of duties. The classification function is now more closely aligned with the Office's information and public engagement activities. This has the benefit of maintaining capacity and flexibility within the Classification team, building capability for the delivery of Information services as well as providing a healthy work balance for staff. During the year we also used casual and contract staff to bridge gaps in resourcing.

A 3-year collective agreement is in place between the Office and the PSA and is due to be renegotiated in September 2019.

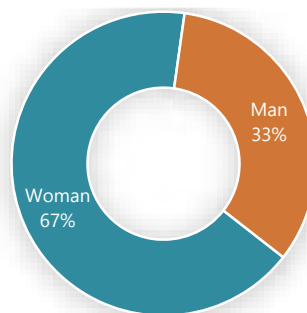
### The Office as a Good Employer

Under the Crown Entities Act 2004, the Office is required to be a good employer. A good employer values equity and fairness and has policies, programmes and practices that promote these values. The good employer makes maximum use of skills and strengths of all staff but has special regard for those groups often overlooked or marginalised – including women, Māori, other ethnic communities, the LGBTIQ community, people with disabilities and other minority groups. The Office is also committed to being an diverse and inclusive organisation.

### Workplace Profile

The Office creates a 'workplace profile' annually, and consults with staff on a regular basis. This assist us to monitor the Office's performance as a good employer and also helps us maintain a good understanding of our staff make up and some of the challenges our staff face. A

### Gender Profile



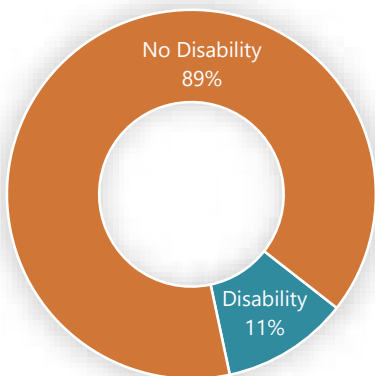
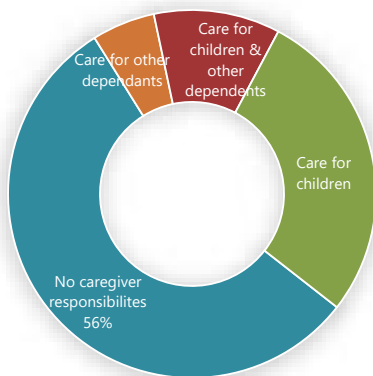
workplace profile survey is conducted each year.

- 67% identify as women and 33% identify as men.
- Among the classification team (Classification Advisors, Senior Classification Advisors, Chief Censor and Deputy Chief Censor), 56% are women and 44% men.
- 71% of managers are women, and 29% are men.

In November 2017 we measured our gender pay gap for the first time, using the formula recommended by the Human Rights Commission. This showed that there was no gender pay gap. This process has been repeated and to date no gender pay gap has been identified.

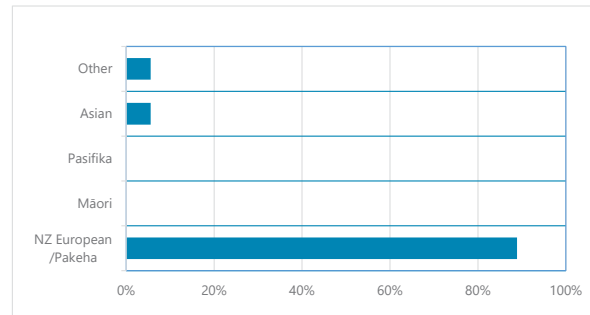
Approximately 44% of our staff have caregiver responsibilities of some kind. This includes 28% of staff who have childcare responsibilities. We provide flexible working options to accommodate and support this. 22% of our staff work less than full-time hours, however

### Caregiver Profile



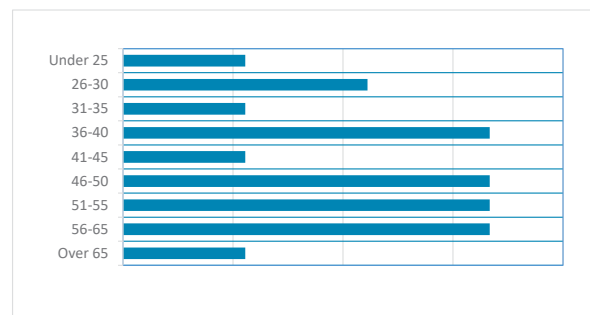
### Ethnicity

Of those surveyed 89% of our staff identify as NZ European/Pakeha, 7% identify as Asian and 7% identifying as 'Other'. When the Office recruited new Classification Advisors in late 2017, we focused on attracting a diverse range of candidates, and will continue to do so in the future.



### Age/Disability

Current employee ages range from mid 20s to late 60s, and the average age is 46. Although the Office has a policy of no discrimination, because of the nature of the material processed within the Office it is not possible to employ staff under the age of 18 years. 44% of the Office are over 50 years of age and only 17% are under 30.



To assist fill some of the gaps in representation, the Office consults with young people regarding material the Office is considering and has established a Youth Advisory Panel to ensure the Office understands and reflects the views and concerns of young people from diverse backgrounds.

Of those who completed the survey 11% reported that they had some form of disability. The Office aims to reduce obstacles for employees with disabilities, and any employee who identifies as having a disability (either permanent or temporary) has their individual needs accommodated as necessary.

The average length of service is 9.5 years.

### Staff Consultation

The Office does not currently have a staff engagement committee. The Office's HR function and the PSA delegates and various staff with special interests have taken on this role of including consulting with staff and working on different initiatives such as workplace culture and reviewing policy and practice, with the aim of constant improvement on good employer issues.

### Key Good Employer Elements

#### Leadership, Accountability & Culture

The Chief Executive articulates his goals for the Office and expectations of staff. The weekly management meeting minutes are circulated to all staff and staff meetings are held to inform all staff about the wider activities of the Office. The Chief Executive has an 'open door' policy and seeks staff feedback.

Two of the key attributes in the performance development system are 'commitment to open communication through sharing information, ideas and knowledge with others' and 'teamwork and co-operation', which encourage staff to acknowledge the contribution, help or assistance of other team members.

Staff participation in activities which set and enhance the culture of the Office is facilitated and encouraged, and this behaviour is modelled by managers. This includes union (PSA) activities, Social Club Committee, Safety Wardens and a social sports team. Participation in these activities is open to all staff irrespective of position, unit, seniority or nature of employment (full or part-time, and casual).

#### Recruitment, Selection & Induction

The Office has an impartial, transparent employment process, and strives to employ the best person for the job. Consideration of EEO principles is incorporated into all aspects of the recruitment and selection process. A clear Recruitment and Selection policy, reduces the risk of inequality, including establishing expectations with recruitment agencies.

All new employees undergo a thorough induction process that is aimed at making them comfortable and confident in their new position, and at ensuring they are familiar with their rights and responsibilities as an employee of the Office.

#### Employee Development, Promotion & Exit

The Office has a positive, equitable approach to developing employees skills and knowledge. All staff have access to training and/or study appropriate to their skills, position and level of performance.

The reward structure that is integrated with the performance development system includes a significant personal development component. Once employees are proficient in the core skills required in their position, the emphasis of training is on professional and personal development. The training goals at these levels are to enhance morale and job satisfaction, and to develop staff for their continuing career within and beyond the Office.

While the small size of the Office and the length of service mean opportunities for promotion are somewhat limited, vacancies are made available to internal applicants and internal transfers are



considered. On occasion, employees have been able to undertake secondments to other agencies.

### Flexibility & Work Design

The Office provides a flexible work environment that assists employees to balance work with the rest of their lives. The flexible working conditions provided by the Office include but are not limited to the statutory flexible working arrangements provided under the Employment Relations Act 2000.

Flexible work options include:

- flexitime
- job share and casual positions
- a number of positions able to be worked on a part-time basis if preferred by employees
- in certain circumstances, working from home is an option
- requests for changes to hours of work (such as reducing hours to part-time) is considered for all employees.

### Remuneration, Recognition & Conditions

The Office has an equitable, transparent and gender neutral remuneration system. Pay ranges for all positions covered by the Collective Agreement are set out in the Agreement and are negotiated with the PSA, in consultation with staff. Pay ranges for each position apply to incumbents whether they are covered by the Collective Agreement or Individual Agreements.

Via the performance development system, the Office formally recognises employee participation

in Office initiatives, teams, and projects, as well as individuals' contribution to increases in productivity and quality of core work.

Flexible working conditions are available to, and utilised by, staff throughout the organisation.

### Harassment, Sexual Harassment & Bullying Prevention

The Office recognises the right of every employee to enjoy a workplace free of harassment, bullying and unlawful discrimination, and works to promote such an environment. Staff and managers have been trained on their rights and responsibilities, and maintaining awareness of this issue is an ongoing priority. The Office has an up-to-date Harassment and Bullying policy, which includes a complaints procedure.

### Safe & Healthy Environment

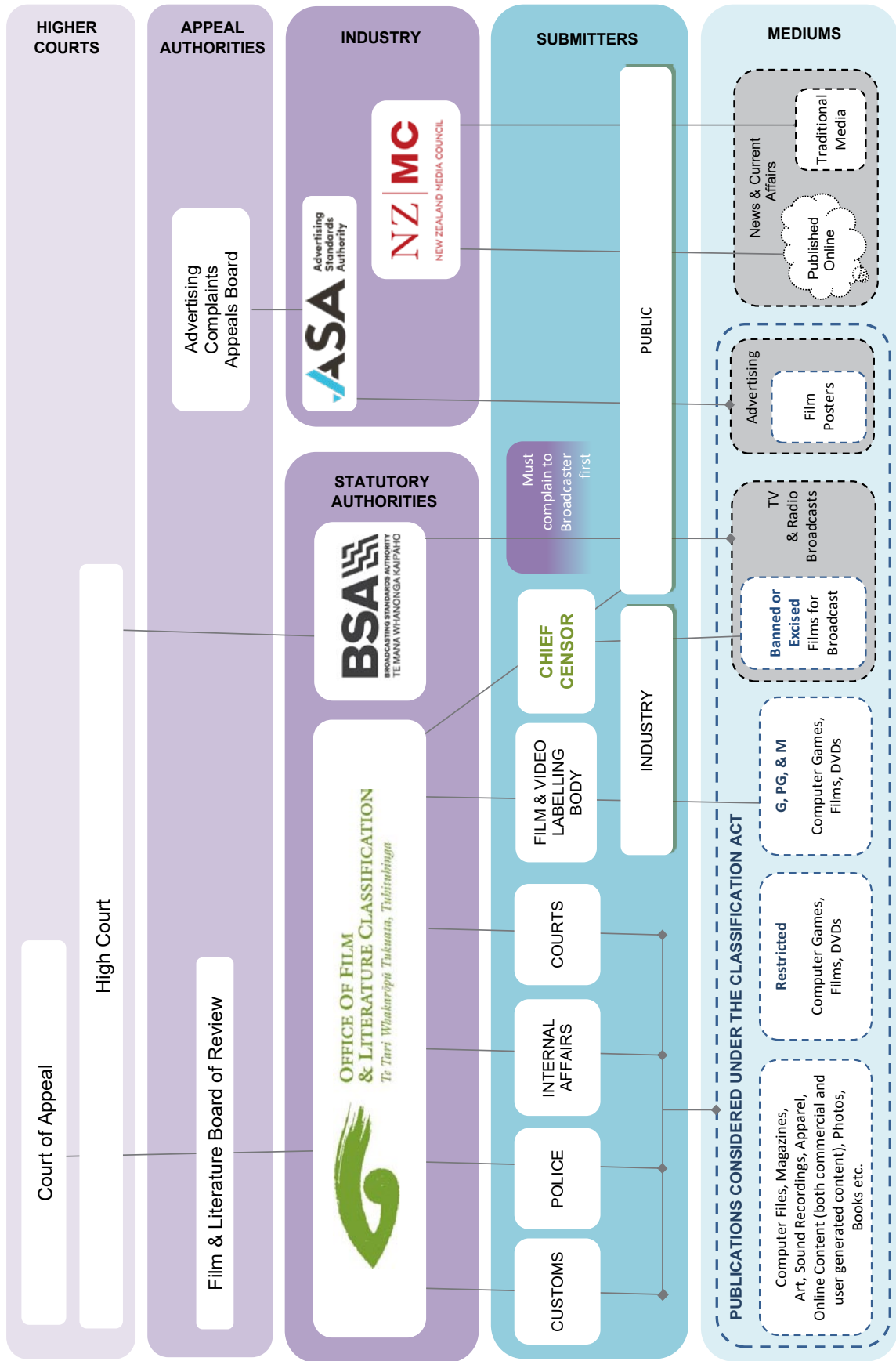
The Office takes a pro-active approach to employee health, safety and well-being.

Obstacles are removed for any staff who experience temporary or long-term disability, and disability is not a barrier for candidates when recruiting (with the exception of specific conditions that would prevent the job being performed).

The Office has a Health and Safety committee, informing staff of their rights and responsibilities. Safety wardens are trained and equipped to deal with emergencies and first aid training is made available to them.

The Office has a comprehensive well-being programme, which includes subsidised eye and hearing tests (and lenses and hearing aids when required), flu vaccinations, sick leave provisions in excess of statutory entitlements, Employee Assistance Programme (EAP) that provides all employees with access to clinical psychologists and counsellors, and ergonomic workspace assessments.

# REGULATORY ENVIRONMENT

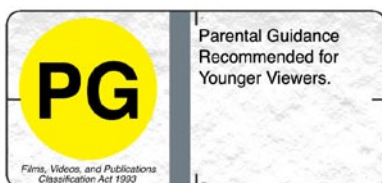


## GLOSSARY

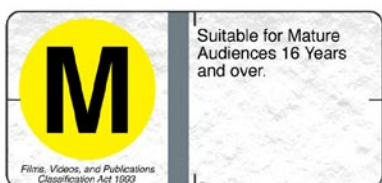
### New Zealand's unrestricted classification labels What the unrestricted label means



**G** - Anyone can be shown or sold this. However, always consider whether the film is made for a family audience.

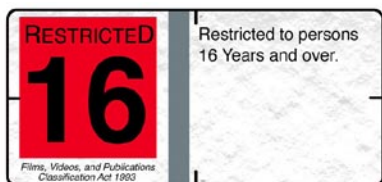


**PG** - Anyone can be shown or sold this, but younger children may need some parental support when watching the film. Read the label for any content warnings and consider whether the film is made for a family audience.

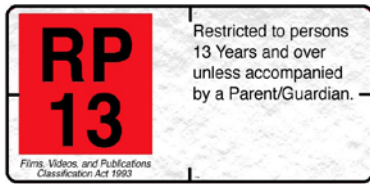


**M** - Anyone can be shown or sold this but it is more suitable for mature viewers. Read the label for any content warnings and consider whether the film is made for a family audience.

### New Zealand's restricted classification labels What the restricted label means



**R (age)** - If something has one of these labels it can only be supplied to people of and over the age shown on the label. A parent, shop or cinema is breaking the law if they supply an age-restricted item to someone who is not legally allowed to access it. You will see these labels on films, games, DVDs and a few music recordings, magazines and books.



**RP (age)** - The RP label means that the film or DVD can only be watched by someone under the age on the label if they are with a parent or guardian (an adult over 18). You will see these labels on films and DVDs. A parent, shop or cinema is breaking the law if they allow unaccompanied children to access these films.

**R** means that there is a special restriction. Refer to the words on the right of the label for the full conditions



OFFICE OF FILM  
& LITERATURE CLASSIFICATION

*Te Tari Whakarōpū Tukuata, Tubituhinga*

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