

Report of the
**OFFICE OF
FILM AND LITERATURE
CLASSIFICATION**
TE TARI WHAKARŌPŪ TUKUATA,
TUHITUHINGA

for the year ended 30 June 2006



**OFFICE OF FILM
& LITERATURE
CLASSIFICATION**

Te Tari Whakarōpū Tukuata, Tuhitubinga

The Hon. Minister of Internal Affairs

Minister

Pursuant to Section 150 of the Crown Entities Act 2004, I present to you the Annual Report of the Office of Film and Literature Classification for the year ended 30 June 2006.

Yours sincerely

W K Hastings
Chief Censor of Film and Literature

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OUR PURPOSE

To provide and communicate impartial classification decisions and information services.

OUR VISION

To be the authority on censorship issues and to balance freedom of expression with the need to limit social harm.

We will achieve this by providing censorship decisions that accurately reflect the law, by having regard to public opinion, and by educating the public about the injury caused by objectionable material in various mediums.



The staff of the Classification Office



THE CHIEF CENSOR'S YEAR IN REVIEW

Introduction

2006 has been a year of expansion for the Classification Office. We have classified more publications across a range of mediums than ever before. The Office has extended its reach overseas by loaning its expertise to improve the quality of censorship services in Samoa. We have exercised jurisdiction over mobile phone content by assisting the Telecommunications Carriers' Forum with the drafting of a Code of Practice for the Provision of Content via Mobile Phones. The Office took its Censor for a Day high school programme to over 500 students in 28 high schools around the country. Our website was redesigned with an enlarged NCEA component for schools added. And we gave more media interviews and public talks than ever before.

This expansion has accompanied a continued review of the way we do things. New procedures to accommodate the amendments to s19 of the Films, Videos, and Publications Classification Act were implemented this year. The amendments require the Chief Censor to make a determination of who, if anyone, is to be notified of any submission made under s13 and who should do the notifying. The persons to be notified include the owner, maker, distributor, publisher and anyone else with an interest in the publication. This in turn makes the work of the Office known to an ever-increasing pool of persons both here and overseas. Further efficiencies in the classification process have resulted in the speedier classification of publications not requiring excisions. The greater variety of content keeps staff intellectually stimulated and engaged notwithstanding the sometimes egregious nature of the publications they must examine.

Health of the Classification Office

The Classification Office ended the year with an operating surplus of \$360,709, much higher than last year's surplus of \$224,602. This is the eighth year in a row that the Classification Office has produced an operating surplus. This year's surplus has resulted largely from greater than expected Labelling Body and interest revenue combined with restrained expenditure.

Revenue from Labelling Body submissions increased by 33% from \$974,022 last year to \$1,298,603 this year. This increase is considerably greater than the expected \$898,241 and is likely caused by the increased volume and changing nature of the publications submitted for classification. The Labelling Body submitted 2,471 publications this year. The fact that it submitted 477 more publications than last year accounts for the increased revenue. Forty-six percent of the publications it submitted were DVDs (up from 36% last year, 26% in 2004 and 17% in 2003). The increase in DVD submissions has largely been at the expense of video, which was only 8% of this year's total, down from 19% last year, 28% in 2004 and 36% in 2003. We received 197 videos this year, down from 386 last year, 497 in 2004, 623 in 2003 and 714 in 2002. This compares with 1,139 DVDs, up from 720 last year, 466 in 2004, 295 in 2003 and 223 in 2002.

Personnel expenditure was 5% over budget, caused by an increase in the numbers of staff hired to cope with the volume of submissions, and by an overall annual increase in salaries. Other operating costs were \$22,172 over budget, the result of the cost of servicing the increased number of publications submitted for classification.

The Office's overall expenditure of \$3,075,274 was \$204,526 more than last year, an increase of 7%. Its overall revenue of \$3,435,983 was \$340,633 more than last year, an increase of 11%. The resulting operating surplus of \$360,709 contributed to an increase in taxpayers' equity in the Classification office at year end to \$3,261,045, which is \$658,713 more than budgeted. The 11% increase in revenue is sourced almost entirely from the Labelling Body as Crown funding has not increased since 1998. Crown funding now constitutes only 60% of the Office's total revenue, down from 67% last year, 70% in 2004 and 73% in 2001. As the proportion of the Office's revenue from Crown funding decreases because of increased private sector revenue,



Students discuss censorship at Censor for a Day in Wellington.

it appears less likely that the Office will return operating deficits in the medium term as predicted in previous years' Annual Reports. Although this makes a review of the Office's Crown funding baseline less urgent, it is nonetheless advisable because the Office will never be able to do completely without Crown funding under current legislative obligations. The Films, Videos, and Publications Classification (Fees) Regulations 1994 need to ensure that the Crown and the private sector bear an appropriate share of Office expenditure.

Capital expenditure was budgeted at \$205,000 this year and was underspent by \$102,693. Significant expenditure included \$43,841 for computer hardware, \$36,496 on fit-out for our in-house theatre and \$13,318 for furniture and fittings elsewhere in the Office. Next year should see a significant increase in capital expenditure as the Office begins to replace much of its outdated information technology systems.

Health of the Classification System

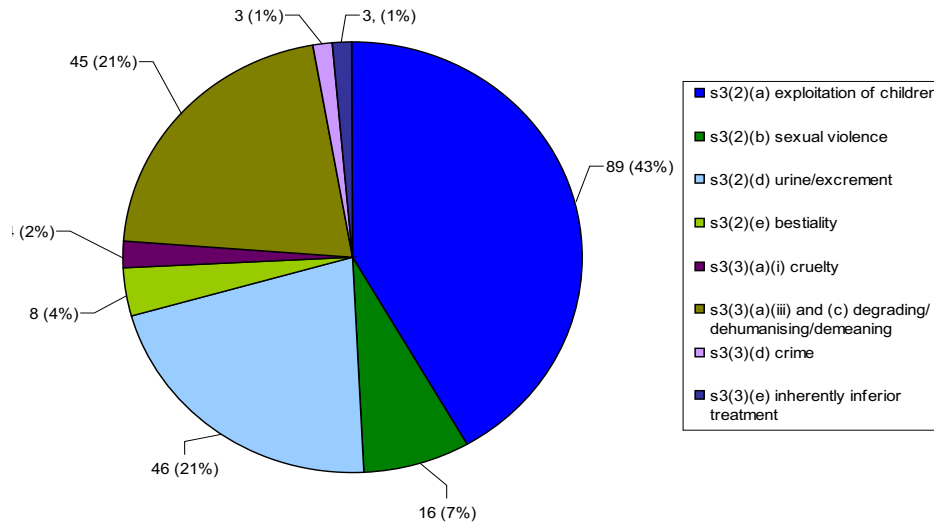
The Classification Office receives publications from a variety of public and private sector sources. The film, video, DVD and computer games industries are not allowed by law to submit their product directly to the Classification Office. They must submit their product to the Labelling Body, which then submits to the Classification Office those films, videos, DVDs and computer games it cannot rate itself, or cross-rate from Australian or English classification decisions.

This year, the Labelling Body submitted 24% more publications for classification than it did last year. The 2,471 films, videos, DVDs, computer games and associated advertising it submitted constitute 92% of the 2,703 publications received for classification this year. Although most of the Office's classification services involve commercial product, a small but significant proportion of those services are dedicated to providing classifications needed by the Courts and prosecutors in criminal proceedings. The Courts have no jurisdiction to classify publications. If the classification of a publication becomes an issue in a civil or criminal proceeding, the Court must submit the publication to the Office. This year, 143 (6%) of the publications received by the Office were sent by Courts requiring classifications before defendants could be tried. Twenty-seven publications (1%) were received from the Secretary of Internal Affairs, 22 (1%) from the Comptroller of Customs, and 11 were from the Commissioner of Police. Eight percent of all publications received for classification this year came from the Courts and prosecution agencies. Until this year's disproportionately large increase in Labelling Body submissions, a steady 10 to 14% of the publications received for classification by the Office have come from these sources.

The Office banned 201 or 12% of all the publications we classified this year. The banned publications consisted of 91 computer image and text files, 19 computer moving image files, 71 DVDs, 13 magazines and 2 videos. 110 or 55% of the 201 publications banned this year were computer text, image and moving image files sourced from the internet. Many of these files promoted the exploitation of children and young persons for sexual purposes; others promoted sexual violence, bestiality, torture and the use of urine or excrement in association with sexual conduct. In 2005, 143, or 69% of the 208 publications banned were computer text, image, and moving image files sourced from the internet.

The following chart breaks down the content of publications banned by the Office this year (the total is greater than 201 because some publications were banned for more than one reason):

Figure 1: Subject-Matter of Objectionable Publications

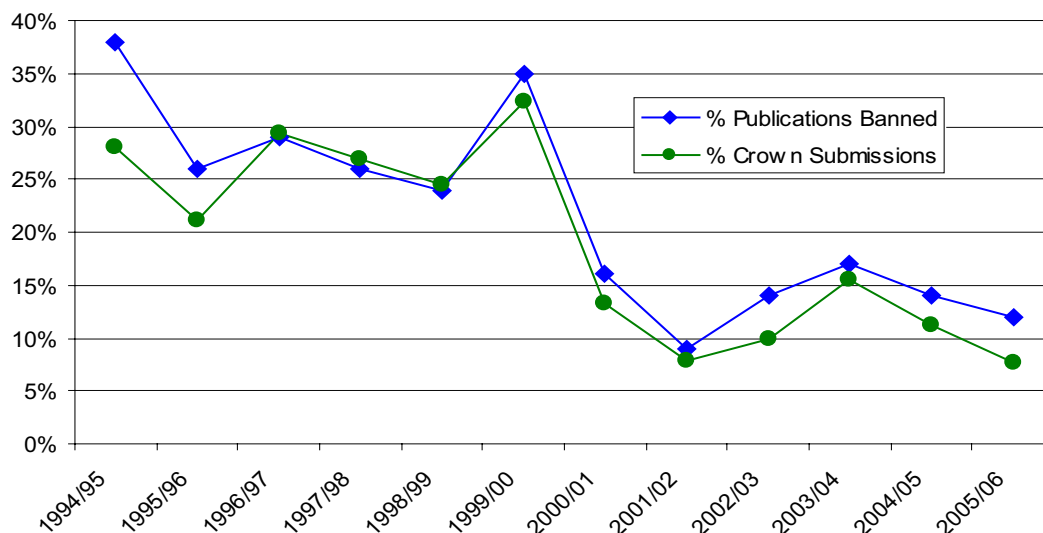


As usual, more publications were banned for promoting the exploitation of children or young persons for sexual purposes than for any other reason.

The higher percentage of non-internet-sourced bans this year is due to the unusually large number of commercial bans which resulted from the decision of a major distributor of sexually explicit material to decline excision recommendations, resulting in these publications being banned. Excisions on 34 sexually explicit DVDs and videos submitted for classification by commercial distributors via the Labelling Body were declined. Almost all of these excisions were to remove degrading, dehumanising or demeaning material. This accounts for 34, or 17%, of the 201 bans. Another 12 publications submitted via the Labelling Body were banned this year. Generally, fewer than 2% of the publications banned by the Office originate from commercial submissions. As a result of one distributor's decision to decline excision recommendations rather than cut its product, this year the percentage increased to 3.3.

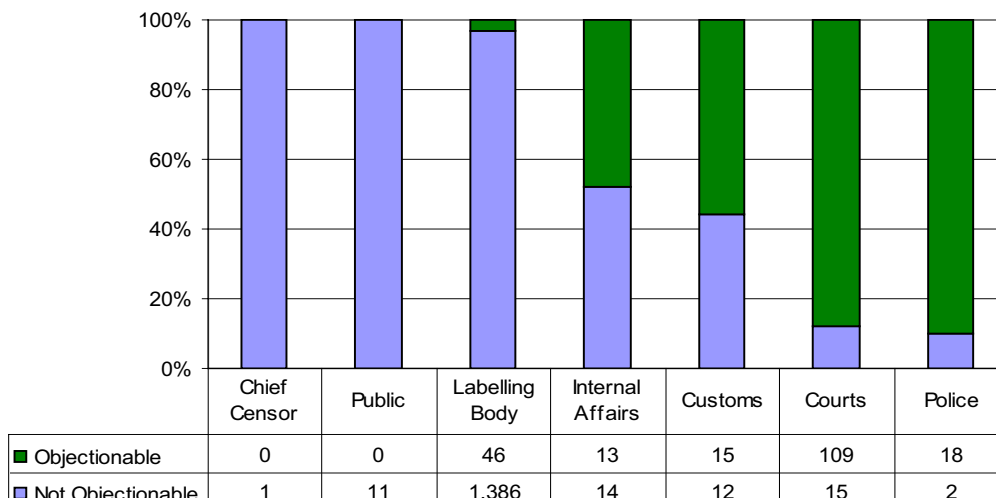
Over the past five years, the Office's "ban rate" has hovered between 9 and 17% of the publications we classify each year. As can be seen from the following chart, the percentage of publications banned closely follows the percentage of publications submitted by Crown agencies. Divergence indicates a greater proportion of bans from the private sector. Such a divergence in the Office's first two years of operation likely resulted from an absence of precedent. The divergence this year resulted from a major distributor's decision to decline excisions.

Figure 2: Relationship between Crown Submissions and Volume of Banned Publications



The number of publications banned each year is mostly determined by variations in the level of Crown submissions. The following chart shows the proportion of material submitted by each of the Office’s seven submitters that has been classified objectionable this year:

Figure 3: Percentage of Objectionable Publications by Submitter



77% of the publications banned by the Office this year arrived as a result of Crown enforcement activity and mandatory Court referrals. As usual, the Courts were the source of most of the banned publications, 109 or 54% of the total.

Workplace Internet Policies

Over the past decade, the Classification Office has assisted in the resolution of disputes over whether email and internet use by employees was appropriate in various public and private sector workplaces. This year, 18 publications were submitted to the Office to help resolve disputes over appropriate use of the internet in the workplace. Half were found to be objectionable. Whether or not the Office can assist in the resolution of these disputes depends on the wording of workplace policies on email and internet use.

Every workplace where staff have access to email and the internet should have a policy on appropriate email and internet use. The wording of each policy will typically be the result of a negotiated agreement between employer and employees. These policies generally allow for limited and reasonable personal use. The precise wording will differ from policy to policy.

Workplace policies will sometimes use words such as “inappropriate”, “unacceptable”, “obscene”, “indecent” or “pornographic” when defining the sort of material that should not be accessed from or received at workplace computers. None of these words has any meaning within the Classification Act. If a policy uses words such as these, an employer or employee may generally determine whether or not the policy has been breached without reference to the Classification Office. Such words do not prevent submission of the material to the Office, but it will not be necessary to do so if the workplace policy makes no reference to the Classification Act.

If, on the other hand, a workplace policy uses the words “objectionable”, “restricted”, or “within the terms of the Films, Videos, and Publications Classification Act” to define the sort of material that should not be on workplace computers, then the material may be referred to the Classification Office. The Classification Act gives the words “objectionable” and “restricted” particular legal meanings and gives the Office the power to determine whether or not material is in fact objectionable or should be classified as restricted. A decision of the Classification Office in these situations will generally determine whether a workplace policy has been breached. The policy itself will set out the consequences of such a breach. If the employer or the employee is dissatisfied with the Office’s decision, both have the right to seek a review by the Film and Literature Board of Review under s47(2)(a) and (d).

Section 29(1) of the Act gives the Office exclusive jurisdiction in civil and criminal proceedings to determine whether or not any publication (which includes emails and computer image files) is objectionable or restricted. Civil proceedings include personal grievance, wrongful dismissal and other disciplinary proceedings before the Employment Relations Authority and the Employment Court. Disputes over whether or not a workplace policy on internet and email use was breached, that also involve a determination of whether or not material was objectionable or restricted within the meaning of the Classification Act, will be referred to the Office by the Employment Relations Authority or Employment Court if the employer or employee has not already referred the material to the Office.

The offence provisions of the Classification Act apply to everyone regardless of the wording of workplace email and internet use policies. It is an offence to make, possess, supply, distribute, display, or exhibit objectionable material. Material does not have to have been classified as objectionable for it to be objectionable under these offence provisions. It is also an offence to supply, distribute, exhibit, display or deliver restricted material or material likely to be restricted to someone under the age of the restriction. In both situations, it will be the Department of Internal Affairs or the Police that will prosecute these

offences. The wording of a workplace email and internet use policy is irrelevant to the prosecution of these offences. The wording of the policy will, however, continue to be relevant to any disciplinary procedures invoked by the employer against the employee.

Workplace policies on email and internet use exist for several reasons. Excessive personal use of workplace computers can reduce the efficiency of the workplace, and in severe cases reduces the quantity and quality of the employee's time for which the employer has paid. The display, even momentarily, of restricted or objectionable material on workplace monitors increases the possibility that staff will be inadvertently exposed to material they may find offensive, misogynistic, disturbing or even threatening. Such material on workplace computers can also form the basis of sexual and racial harassment claims, and bring the reputation of the employer into disrepute. Policies on internet and email use represent an agreement between employer and employees on how they view their workplace environment. Policies on appropriate use of email and the internet are intended to make workplaces safer, healthier, more productive, and more inclusive, places.

Film and Literature Board of Review and the Courts

Any person who is dissatisfied with a decision of the Classification Office may seek a review of the publication by the Film and Literature Board of Review. The Board of Review consists of nine members appointed by the Governor-General on the recommendation of the Minister of Internal Affairs acting with the concurrence of the Minister of Women's Affairs and the Minister of Justice. The Board of Review is independent of, and has all the powers of, the Classification Office except the power to make a serial publication order. Additionally, the President of the Board has the power to issue an interim restriction order which prevents a publication being supplied, distributed, exhibited to someone under 18, or exhibited in a public place, until a review has been held and its classification determined.

The Secretary for Internal Affairs, the Comptroller of Customs, the Commissioner of Police, any party to a proceeding before a Court that referred a publication to the Office, and the publication's owner, maker, publisher and distributor, may seek a review as of right. Any other person must first obtain the leave of the Secretary for Internal Affairs to seek a review. The Board of Review does not review the Classification Office's decision. It must conduct its review of the publication without regard to the Office's decision.

In the year ended 30 June 2006, the Board of Review issued eight decisions on 17 publications (one computer game (*Playboy: The Mansion*); two films (*Resident Evil II: Apocalypse* and *Visitor Q*); two magazines (*Fox April 2005* and *Fox May 2005*); three computer text files (*Michael and his Coach Part 2*, *The Graduate* and *Toilet Rape*); three computer image files (*Piss-drinking-vqv[1]*, *Iluviagayocio031* and *Iluviagayocio053*); and six DVDs (*Private Fetish Machine No 17 The Cult*, *White Trash You Know You Are*, *Raw Wet and Raunchy*, *Jeff Palmer Hardcore*, *Piss Piss and More Piss*, and *Devil in the Rain*). The Board banned *Private Fetish Machine* after the distributor refused to make the required excisions. A split decision of the Court of Appeal referred *Visitor Q* back to the Board which confirmed its earlier classification of that film. With the exception of a review of *Playboy: The Mansion* sought by the Society for the Promotion of Community Standards, a Wellington-based conservative Christian lobby group, the remaining decisions were the result of reviews brought by persons with an actual interest in the publications as importers or distributors. The Board's classification of each publication was, in every case, the same as the Office's.

The President of the Board of Review issued one decision in the year ended 30 June 2006. In that decision she declined a request dated 11 August 2006 by the Society for the Promotion of Community Standards to issue an interim restriction order that would have prevented the import, supply, distribution, exhibition to persons under 18, or exhibition in a public place, of the computer game *Playboy: The Mansion*. The Society's request was declined because the Board classified the game R16 the following day, making an interim restriction order unnecessary.

There were no significant judicial decisions on censorship law this year.

Consultations with Experts, Officials and Members of the Public

This year the Office consulted with 28 members of the public recruited by an independent agency on the classification of the film *Silent Hill*. Eleven people recommended that the film be classified R18; 17 recommended R16 or lower. Of those who recommended the R18 classification, eight were women and three were men. Of those who recommended R16 or lower, seven were women and 10 were men. They were widely distributed across age group and ethnicity, and ten indicated that they had a religious affiliation. People recommended an age restriction because they thought the film might scare or disturb children, and possibly encourage violence amongst young persons. The Office classified *Silent Hill* R16 and noted that it contained violence and scenes of horror.

The Children's Commissioner viewed the film *The Aristocrats* at the Office in response to a letter she received expressing concern about its classification. The film is a documentary about language, humour, and profanity that dissects and analyses what is said to be the oldest "dirty" joke. This involves comedians such as Whoopi Goldberg saying the most shocking things they can imagine. The Office considered whether or not the film met the statutory criterion of promoting the exploitation of children for sexual purposes and found that it did not. After viewing the film and agreeing with our reasons for its classification, the Children's Commissioner decided to take no further action.

Our Censor for a Day programme provides the Office with an opportunity to hear from high school students around the country. This year, the Office showed two films to 539 students from 28 high schools. Wellington, Invercargill and Dunedin students were shown *V for Vendetta*, a political thriller that 68% of the students would have classified R16 without knowing that the Office had classified it R13. The Office and many of the students referred to the film's political merit. *Final Destination 3*, a horror movie intended for the teenage market, was shown to students in Wellington, Christchurch and Nelson. This time, 82% of the students classified the film R16 without knowing that the Office had also classified it R16. 65% of the students recommended a descriptive note warning of horror scenes, and 29% also thought offensive language should be noted. The Office's descriptive note warned of "horror scenes and offensive language". Because a significant proportion of New Zealand's movie-going audience consists of teenagers, it is important that the Classification Office stays in touch with their views, and the Censor for a Day programme forms a vital part of this goal. Students leave the programme with knowledge of classification law and an understanding of how the freedom of expression can be balanced with social responsibility.

The Office completed a research project on *Young People's Use of Entertainment Mediums*. It found that the majority of young people usually viewed films and played games that were legally able to be supplied to them. The respondents reported that the recommendations of their peers, film trailers and television

advertising were most influential on their choice of films and games. Subjects were also asked whether a film or game had influenced their thoughts or actions. Sixty-four per cent of respondents indicated that their thoughts had been influenced while 24% indicated that their actions had been influenced. The survey asked young people what they used their mobile phones for. By far the most common use was for text-message which 89% of respondents did every day.

The research provided an important counter-balance to the 2005 research on underage gaming. Reading the results of the two research projects together suggests that while underage people do access restricted material, they do not do so regularly. Nor do they necessarily prefer restricted material to age-appropriate material. The research provided the Office with a wealth of information on the attitudes and behaviour of one group significantly affected by its classification decisions. It will assist in classification and information work and policy development.

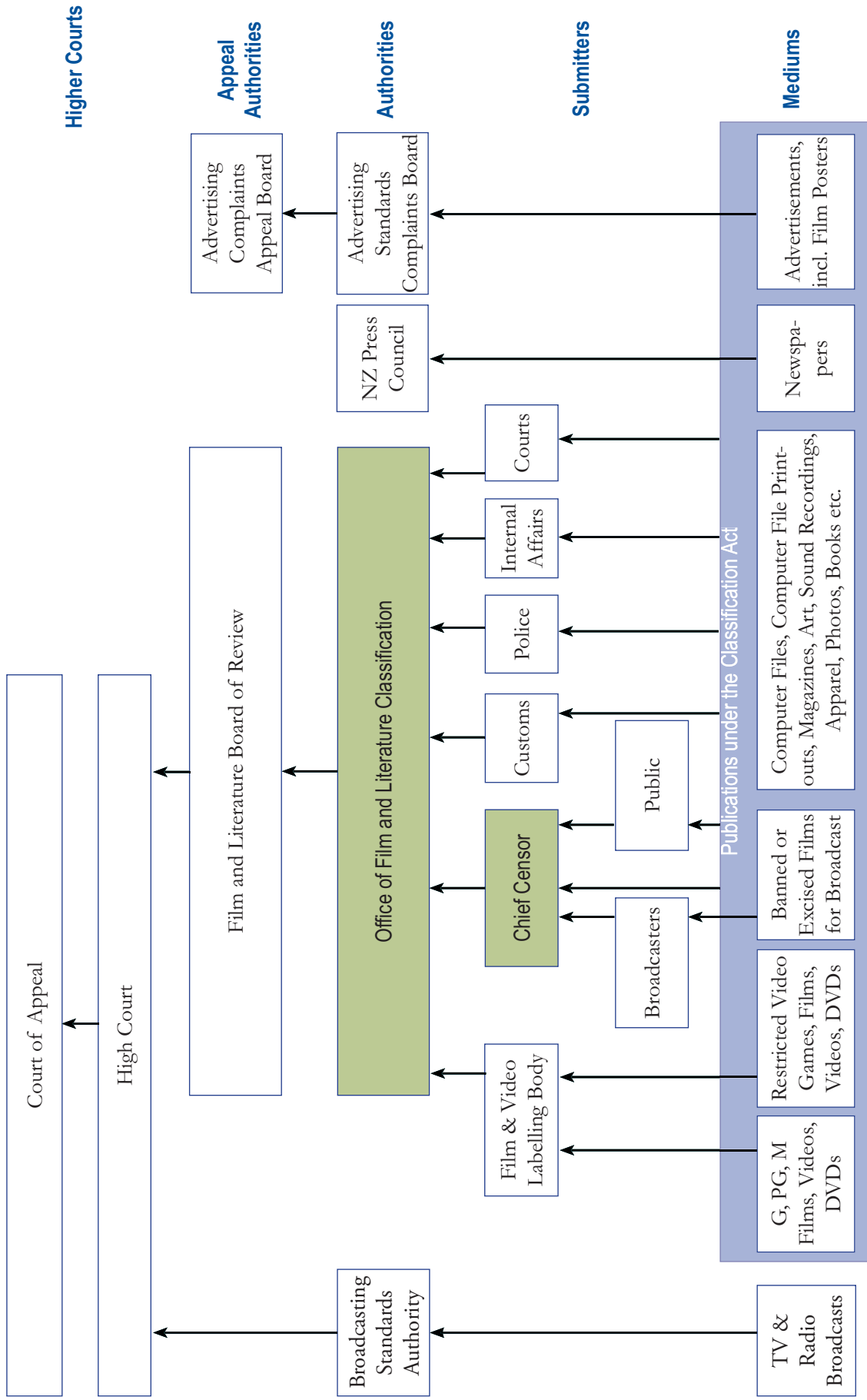
The Office also decided to conduct research to gauge *Public Understanding of Censorship and Recognition of Classification Labels*. UMR Research Limited was selected to undertake the research because of the quality of its previous work for the Office and because it has developed a good understanding of censorship issues and processes. A total of 2,611 people participated in an online survey and results indicated a high level of knowledge both of the Office and the labelling system. Knowledge of the meaning of the M label was significantly lower than for all other labels. The research found high levels of satisfaction with the current censorship system. It also found that parents, in particular, value classifications and descriptive notes when making entertainment choices for their children.

The research will assist the Office with information initiatives since it identified a lack of understanding of the M label and indicated areas where the Office could better inform the public about its work. It also provides useful indicators on public confidence in the censorship system and improves our knowledge of the public use of films, videos, DVDs and games.

The Office continued its regular working relationships with the Department of Internal Affairs, the Ministry of Justice, the Labelling Body, the Police and Customs. We worked with the Censorship Compliance Unit, ECPAT and the Internet Safety Group to investigate two systems from the United Kingdom and Sweden that could be used to regulate access to websites containing objectionable material. Discussion of censorship matters with officials from the Department of Internal Affairs and the Ministry of Justice included the desirability of repealing s8(1)(q) so that unrestricted computer games are required to carry New Zealand labels. The Office continues to work closely with various community and advocacy groups providing them with information and speakers on request. The Chief Censor addressed a well-advertised public meeting of parents concerned about computer games organised by one of these community groups, Parentline in Hamilton, which subsequently appeared on Shine TV, the Christian channel carried by SKY TV. This has assisted to establish an effective, consultative relationship between Parentline and the Office which aims to devise a strategy to increase awareness and enforcement of computer game classifications.

The Office met several times with representatives of Telecommunications Carriers Forum (TCF), the Department of Internal Affairs and Broadcastings Standards Authority to develop a Code of Practice for Provision of Content via Mobile Phones. This was finalised in November 2005 and has resulted in operators agreeing to provide restricted commercial content such as video clips, games, screen savers and chat services only if age verification mechanisms and access controls are implemented. Restricted content has been defined with reference to sections 3 and 23(2)(c) of the Films, Videos, and Publications

Figure 4: Regulatory Environment



Classification Act and Office policy. After the Code was finalised, the TCF agreed not to adopt an amendment proposing an 8.30pm watershed for restricted mobile content in favour of retaining the requirement to verify the age of users before restricted content would be provided to them.

The Classification Office continued to lend its expertise to the Justice Institutional Strengthening Project in Samoa. One purpose of the project, which is managed by NZ Aid, is to improve the effectiveness of the Samoan Censorship Office, including its classification, enforcement and information functions. The project team developed a detailed implementation plan for the project. The Office advised the Principal Censor of Samoa on the documentation of classification guidelines and procedures and on cross-rating unrestricted films based on New Zealand ratings. Work on education materials, legislative amendments and enforcement practices will continue when the Principal Censor visits New Zealand on a workplace attachment next year.

In one respect this year, the Office could have done better in consulting organisations with an interest in the availability of publications. The Advertising Standards Complaints Board has been established by the Advertising Standards Authority Inc. to adjudicate on complaints received about advertisements which may be in breach of advertising Codes of Practice. Many advertisements appear in publications over which the Office has jurisdiction. Many advertisements, particularly film posters, are themselves publications over which the Office has jurisdiction. Generally, when the Board receives a complaint about the public display of a film advertisement, it considers whether or not the artwork has been approved by the Film and Video Labelling Body. A good example of this is the Board's decision of 30 November 2005 not to uphold a complaint about an advertisement for the film *Saw II* in the *Otago Daily Times* because the image used in the advertisement had been approved by the Film and Video Labelling Body and the film it advertised had been classified R18. The Board said that such a movie "was likely to have strong images in its advertising, in order to reflect the content of the film." On the other hand, a similar complaint about a poster advertising the film *Doom* in bus shelters was upheld in a split decision that made no reference to the film's R16 classification or to the poster's approval for public display by the Classification Office. These decisions indicate a need for the Office to liaise more frequently and systematically with organisations that exercise concurrent jurisdiction over publications.

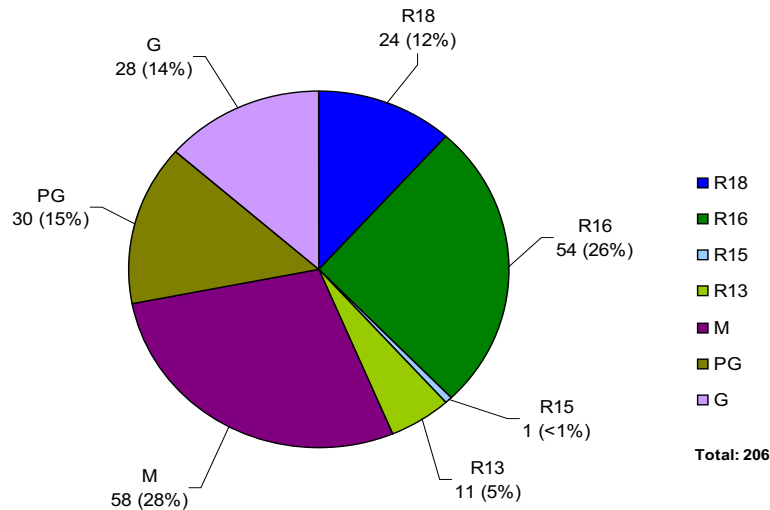
Film Festivals

The Classification Office classified 206 film festival features and grouped shorts this year.

This compares with 266 last year, 221 in 2004, 217 in 2003, 223 in 2002, 148 in 2001 and 243 in 2000. Fifty-six percent of these films were given unrestricted classifications. This compares with 62 % last year, and as can be seen from the chart below, is proportionately relatively constant. This is a testament both to the consistent manner in which the Labelling Body assesses content and decides which films to refer to the Office, and to the understanding festival organisers have of the classification system.

All film festival applicants benefited from the traditional waiver of 75 % of the classification fee, and from the Chief Censor's decision to group short films together in programmes so that each programme of shorts, rather than each short, could be treated as one publication for fees purposes.

Figure 5: Classifications of Festival Publications



This year the Chief Censor granted 125 fee waivers to film festivals on 206 single features and grouped short films at a cost to the Office of \$101,325. This is less than last year's cost of \$117,825, and is much closer to 2003's cost of \$99,675. The cost to the Office of festival waivers is directly proportionate to the number of feature films and short film programmes submitted for classification. The Fees Regulation charges the same fee for every film regardless of running time. Twelve of the 125 festival waivers this year covered 92 short films. These films would have paid 92 full classification fees but for the fact that they were sorted into 12 groups that were treated as 12 videos for fees purposes under Fees Regulation 8. These fees were further reduced by the traditional 75 % festival fee waiver under Fees Regulation 7. The combined effect of Regulation 8 and the festival fee waiver scheme meant that the Office classified 92 short films for the price of three films.

The cost to the Office of operating the film festival fee waiver scheme was less than it might have been because distributors selected 38 festival films for post-festival general release, compared with only 20 last year. This meant that the Classification Office was able to recover the difference between the waived and full fee with respect to these films, resulting in \$28,000 of revenue recovered from the film festival waiver scheme. This compares with a recovery of \$15,000 last year, \$21,000 in 2004, \$16,250 in 2003, and \$13,125 in 2002. As a result, if the net impact on Office revenue caused by festival waivers is divided by the number of festival titles classified, the average cost in waived fees to the Office of classifying each festival title this year was \$355.95 compared with \$442.95 last year, \$324.60 in 2004, \$384.45 in 2003 and \$388.12 in 2002.¹

Fee Waivers

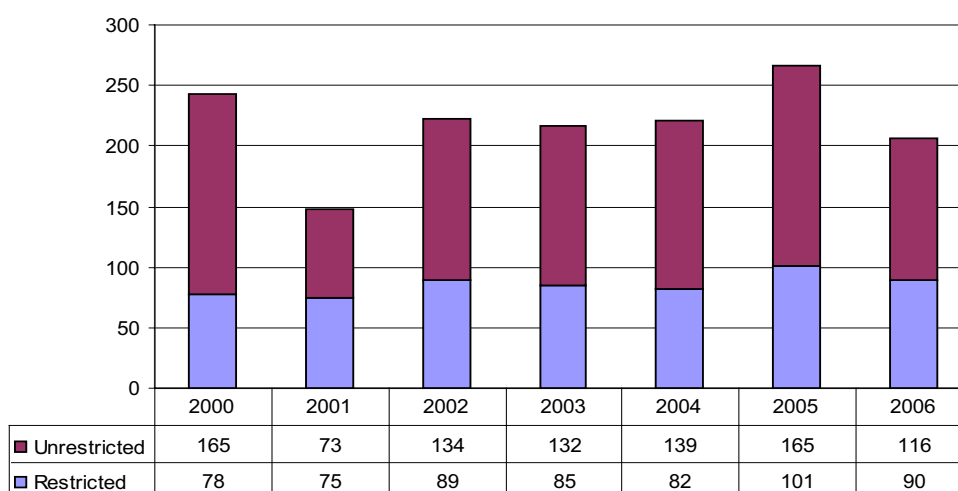
The Chief Censor waived \$153,167 worth of classification fees this year, slightly up from \$144,975 last year, but significantly down from \$182,825 in 2004. Classification fees are determined by the Films, Videos, and Publications Classification (Fees) Regulations 1994. Those regulations base fees on the medium in which the

¹ This calculation includes short films that have been grouped together and treated as one film for fees purposes, but each of which has received its own classification.

with new content around previously classified features, DVDs with trailers inconsistent in character with the feature's rating, and extensions to previously classified computer games.

The Chief Censor granted all 37 applications for a waiver of the classification fee for a video recording, which the regulations set at \$1,000. These were all film festival waivers of 75%. This is a sharp decline from the grant of 89 of the 91 video waiver applications last year and 131 of 135 video waiver applications in 2004, and is most likely due to the general decline of video as an entertainment medium. All 17 applications for a waiver of the classification fee for a film, which the regulations set at \$1,100 regardless of running time, were granted festival waivers of 75%.

Figure 6: Film Festival Classification 2000-2006



147 of the 148 applications for a waiver of the DVD classification fee were granted. 43 of these applications were for a film festival waiver. The remainder were mostly because of new content around previously classified features on the DVDs, or because they contained trailers assessed by the Labelling Body to be inconsistent in character with the rating of the feature. This represents a return to 2004 levels (151 of 157 DVD waiver applications were granted in 2004 compared with only 87 of 89 last year). The Office had expected DVD fee waiver applications to continue to decline because new releases now go directly to DVD and often skip video altogether, making them ineligible for any waiver of the full DVD classification fee. The increase in DVD waiver applications this year appears to be attributable to an increasing number of festival films submitted to the Office on DVD rather than video. The cost to the Office of granting the DVD waivers was \$108,042 (compared with \$62,975 last year, \$99,275 in 2004 and 72,325 in 2003). The revenue generated by the DVD fee waiver scheme was \$52,558 (compared with \$32,725 last year, \$66,825 in 2004 and \$42,625 in 2003). As explained in previous annual reports, this is revenue the Office would very likely not have received without the fee waiver scheme, although this figure becomes less relevant each year as more DVDs are submitted for classification at full fee.

When DVD was a new medium, many previously classified titles were re-released on DVD which were granted fee waivers because much of their content had already been vetted by censorship authorities. As DVD beds in as the standard new release medium, it is likely that festival waivers will account for, once

again, the majority of fee waivers granted by the Chief Censor. Indeed, 125 of the 206 waivers granted this year across all mediums were for festival films.

The Office occasionally receives requests to waive part of the classification fee for previously broadcast series of television programmes marketed in DVD box sets. These requests are invariably declined for several reasons. Parliament has established quite separate regimes to regulate television broadcasting on the one hand, and the public supply and exhibition of DVDs on the other. The Court of Appeal has emphasised the separateness of the two regimes in its 9 December 2004 decision on *Baise-Moi* (CA 239/03) at para [27]:

. . . the overlap between the [Classification] Act and the Broadcasting Act is confined to the very limited class of films which are classified as objectionable, or in respect of which excisions have been required. Only then does s 4(2) of the Broadcasting Act apply. In any other case, the decision made by the Classification Office or the Board in relation to a film does not have any impact on the legal requirements relating to its broadcast on television.

It would be unwise to link the two regimes in the fees regulations when the Court of Appeal has emphasised the absence of such a link in the statutes. The fact of prior broadcast does not in itself therefore provide a basis upon which to exercise a discretion to waive part of the classification fee.

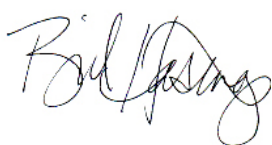
Applicants also argue that it would be “unreasonable or unfair or unduly burdensome” to require payment of the whole prescribed fee for DVDs of previously broadcast television programmes because of the smaller audience resulting from their earlier television exposure, and because there will be no rental revenue. On the other hand, it could be argued that had this programme not been broadcast, this DVD’s potential audience would likely have been smaller still. Those who take the trouble to record television shows from broadcast are also likely to welcome the opportunity of purchasing higher quality DVD versions that do not have commercial interruptions in them and that contain additional material that has not been broadcast.

The examination and classification of previously broadcast television programmes on DVD incurs expenditure of a nature and in an amount that the classification fee was intended to recover. This is the reason such DVDs are charged full fee in Australia and the UK. To grant a fee waiver for such DVDs simply because they have been broadcast would be unfair to distributors of straight-to-video or DVD titles who pay full fee. To grant a fee waiver would also result in the taxpayer substantially subsidising the classification of those commercially-distributed DVDs whose Australian or British classification crosses the threshold for submission to the Office and thus are *prima facie* likely to be injurious to the public good unless restricted. In a nutshell, fee waivers are not granted just because a title has screened on television.

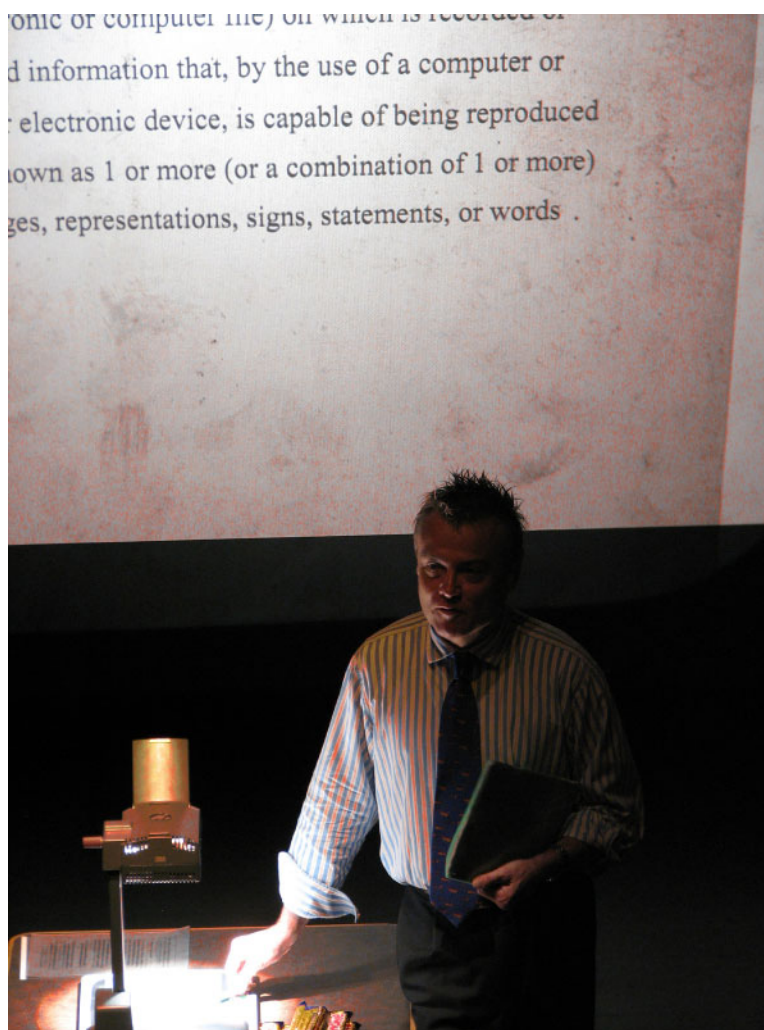
These issues emphasise the need for classification fees to be reviewed more frequently than they have been to ensure that they are charged in a consistent and transparent manner, and to ensure that they are sufficiently flexible to respond to changing technology. This year, the Office discussed the parameters of such a review with the Ministry of Justice as the Ministry responsible for the administration of the Fees Regulations, and with the Department of Internal Affairs as the Department responsible for funding the Office from Vote: Internal Affairs Non-Departmental Output Expense: Classification of Films, Videos and Publications.

Conclusion

This year of expansion could not have happened without the Office's dedicated and professional staff. They have helped to make the Office a respected authority on censorship law and policy. New Zealand is a better place for the contribution they have made, and I am grateful for it.



W K Hastings
Chief Censor of Film and Literature



Censor for a Day in Invercargill

ESTABLISHMENT OF THE CLASSIFICATION OFFICE

On 1 October 1994, the Films, Videos, and Publications Classification Act 1993 took effect and the Office of Film and Literature Classification officially commenced operation.

Up until 30 September 1994 there were three separate censorship bodies in New Zealand. They were:

- the Indecent Publications Tribunal;
- the Chief Censor of Films; and
- the Video Recordings Authority.

These three bodies operated under three separate Acts of Parliament. They were:

- the Indecent Publications Act 1963;
- the Films Act 1983; and
- the Video Recordings Act 1987.

In 1989, the Ministerial Committee of Inquiry into Pornography recommended the development of one comprehensive classification system for the material already covered by the existing censorship laws and an extension of the scope of the law to include a wider range of mediums.

This led to the development of the Films, Videos, and Publications Classification Act which was passed by Parliament in 1993. The Act underwent its first substantial amendment in 2005.

THE STRUCTURE OF THE CLASSIFICATION OFFICE

The Classification Office is made up of:

The Chief Censor of Film and Literature: W. K. Hastings

The Deputy Chief Censor of Film and Literature: N. J. McCully

A team of Classification Officers supported by a **Registry**.

An **Information Unit**, which is responsible for providing research services for the Classification Office, disseminating information to the public, and dealing with complaints and inquiries.

A **Corporate Services Unit**, consisting of technical, projection and administration staff who assist the Classification and Information Unit staff.



The Classification Office Management Team: Julia Ewing-Jarvie – Corporate Services Manager, Nic McCully - Deputy Chief Censor, David Wilson – Information Unit Manager, W. K. Hastings – Chief Censor of Film & Literature, and Alison Hopkins – Registrar.

FUNCTIONS AND RESPONSIBILITIES

Classifying Publications

The Classification Office is responsible for the classification of publications.

The Act defines a *publication* as:

- “a) any film, book, sound recording, picture, newspaper, photograph, photographic negative, photographic plate, or photographic slide:
- b) any print or writing:
- c) a paper or other thing that has printed or impressed upon it, or otherwise shown upon it, 1 or more (or a combination of 1 or more) images, representations, signs, statements, or words:
- d) a thing (including but not limited to, a disc, or an electronic or computer file) on which is recorded or stored information that, by the use of a computer or other electronic device, is capable of being reproduced or shown as 1 or more (or a combination of 1 or more) images, representations, signs, statements or words”.

The DVD entitled Rocco: Animal Trainer 19 is classified as: Objectionable.

The DVD Rocco: Animal Trainer 19 is largely made up of explicit depictions of sexual activity. Extensive excisions are required in order to make the DVD available to adult viewers. In its present form the DVD encourages viewers to be aroused by watching women being subjected to aggressive and contemptuous sexual conduct and by the degradation and dehumanisation of women. The presentation of such images in a publication intended for the purpose of sexual arousal desensitises viewers to the reality of sexual violence and encourages misogynistic attitudes which contribute to the perpetuation of male violence against women. The availability of the DVD with this material intact is likely to be injurious to the public good. Without excisions the DVD is objectionable. In this instance the distributor declined to make excisions to the publication because of the extent of the changes required.

The Classification Office has considered the effects of the New Zealand Bill of Rights Act 1990 on the application of the classification criteria. The classification of this publication interferes with the freedom of expression. However, the decision is a reasonable and demonstrably justified limitation on the freedom of expression that reflects the concern of a free and democratic society to limit the availability of publications that deal with matters of sex in a manner that is likely to be injurious to the public good.

This definition means that the Classification Office is responsible for the classification of a wide range of material, including films, videos, magazines, computer discs, computer games, CD-ROMs, electronic image or text files, printed clothing, posters, sound recordings and playing cards. In addition, the variety of digital publications being submitted to the Office is increasing as technology develops.

The Classification Office is deemed to exercise expert judgement in respect of determining whether or not a publication is objectionable. Judgements made by the Classification Office may be used as proof of a publication's status in a New Zealand court of law.

Publications can be submitted to the Classification Office by the lower level labelling body (film and video only); the Comptroller of Customs; the Secretary for Internal Affairs, who is responsible for Inspectors of Publications; the Commissioner of Police; the courts; and, with the leave of the Chief Censor, any other person. There are fees for submitters with a commercial interest in a publication and significantly reduced fees for members of the public.

Meaning of Objectionable

The legal test of an objectionable publication is whether it “describes, depicts, expresses, or otherwise deals with matters such as sex, horror, crime, cruelty, or violence in such a manner that the availability of the publication is likely to be injurious to the public good”.

The DVD entitled Crazy White Boys is classified as: Objectionable.

The DVD contains a feature comprised of short clips showing contrived stunts, juvenile drunken behaviour, and street violence.

The publication depicts matters such as sex, crime, cruelty and violence in such a manner that its availability is likely to be injurious to the public good. It presents cruelty to animals, assault, property damage and illegal drug use as entertaining activities that are fun to commit. The victims of these crimes are uniformly ridiculed and treated with contempt while the perpetrators are shown to gain street credibility without suffering any adverse consequences. The DVD therefore has the potential to transmit to its likely audience an open contempt for, and flaunting of, the criminal law, particularly in its more instructional sequences. It also has the potential to embed in viewers an attitude that committing criminal activity is exhilarating and personally advantageous, particularly as viewers are encouraged to send in similar home videos for inclusion in the next edition in the series. The DVD's ridiculing of those who are not white-skinned, and those who have suffered misfortune and disadvantage, is racist and serves to create, maintain and reinforce unsympathetic and inhumane attitudes towards the victims of crime and those who find themselves in unfortunate circumstances.

Having considered the New Zealand Bill of Rights Act 1990 in conjunction with the application of the statutory criteria under the Films, Videos, and Publications Classification Act 1993 to this DVD, and having identified the resulting injuries to the public good that the availability of this DVD is likely to create, it is apparent that injury to the public good is likely to result from anyone, regardless of age, viewing this DVD. Although a classification of “objectionable” violates the freedom of expression, it is the only classification that prevents the risk presented by this publication's availability. It is for these reasons that this publication is classified as objectionable.

Publications which promote or support, or tend to promote or support, the sexual exploitation of children, sexual violence or coercion, acts of torture or extreme violence, bestiality, necrophilia, urolagnia or coprophilia are specifically prohibited by the Act. The availability of these publications is, by definition, considered likely to be injurious to the public good.

Material not automatically prohibited must be assessed against the legal test, having regard to a list of statutory factors in the Act. The Classification Office must take into consideration the manner, extent and degree to which the publication describes, depicts or deals with matters such as torture, physical cruelty, acts of sexual violence, sexual acts with children, acts of a degrading or dehumanising nature or a masochistic character, or which represent a particular class of persons as inherently inferior. It must also take into account the character of the work, the impact of the medium in which it is presented, its overall effect, its likely or intended market and the circumstances in which the publication is likely to be used.

The Classification Office may prohibit or restrict a publication after assessment against these factors.

Following amendments to the Classification Act in 2005, the Classification Office may restrict (but not ban) publications that could cause people who lack sufficient emotional and intellectual development and maturity to:

- be greatly disturbed or shocked
- be more likely to harm themselves or others
- regard others or themselves as degraded, demeaned or dehumanised.

It may also restrict publications that contain highly offensive language to such an extent and degree that the unrestricted availability of the publication would be likely to cause serious harm. Highly offensive language is language that is highly offensive to the public in general, not language that is merely insulting or offensive only to particular persons.

The Classification Office also considers the Bill of Rights Act when it classifies publications. Of primary consideration in censorship is the freedom of expression contained in section 14 of the Bill of Rights Act:

“Everyone has the right to freedom of expression, including the freedom to seek, receive and impart information and opinions of any kind in any form.”

Section 5 of the Bill of Rights Act allows the freedom of expression to be limited as long as the limit is “reasonable” and “prescribed by law” and “demonstrably justified in a free and democratic society”. When it classifies each publication submitted to it, the Classification Office consequently balances the freedom of expression with Parliament’s intention that the availability of publications likely to be injurious to the public good should be restricted or prohibited.

The T-shirt Dodge M* F**** is classified as: Unrestricted***

The garment is produced in New Zealand as a casual fashion item for teenagers and young adults. The text on the T-shirt is a play on words that appropriates the title of an American baseball team. The term “mother fucker” is highly offensive to the New Zealand public in general. However, the potential for serious harm arising from availability of the T-shirt is limited. This particular design has been marketed for approximately eight years. The words are small in relation to the total surface of the T-shirt. They are not intended to express aggression or contempt. The dominant effect of the T-shirt is little different from numerous similar items of casual clothing with prominent printed logos referencing aspects of American popular culture.

The New Zealand Bill of Rights Act 1990 requires that limitations on the availability of a publication are reasonable and demonstrably justifiable in a democratic society. After considering the T-shirt under the criteria of the Films, Videos, and Publications Classification Act 1993, the Classification Office concludes that the availability of the T-shirt, while likely to cause offence to some people, is unlikely to injure the public good. The Act distinguishes between offence and injury. Offence is insufficient to warrant a restriction that could be defended as reasonable and demonstrably justified in a free and democratic society. Free and democratic societies such as New Zealand generally tolerate considerable freedom to express one’s self through clothing, including clothing that offends but stops short of being injurious to the public good. The T-shirt is therefore classified as unrestricted, but with a recommendation that it is not suitable for children and young teenagers.

Classifications

A classification is a legal statement about the persons to whom a publication may be made available.

After examining a publication, the Classification Office can assign one of the following types of classifications:

- a) unrestricted;
- b) objectionable; or
- c) objectionable except in one or more of the following circumstances:
 - (i) if the availability of the publication is restricted to persons who have attained a specified age;
 - (ii) if the availability of the publication is restricted to specified persons or classes of persons; or
 - (iii) if the publication is used for one or more specified purposes.

Classifications are legally enforceable. For example, it is illegal to make a video or computer game which is restricted to persons who have attained the age of 18 years available to someone who is less than 18 years of age.

Display Provisions

The Classification Office may impose conditions on the public display of any publication that it classifies as a restricted publication.

In determining whether or not display conditions should be imposed, the Classification Office must consider the reasons for restricting the publication, the classification it was assigned, and whether or not the public display of the publication would cause offence to reasonable members of the public if it were not subject to display conditions.

If the Classification Office considers that the public display of the publication would be likely to cause offence to reasonable members of the public, it must impose display conditions on the publication.

The Act provides certain display condition options for films, and different options for publications other than films. In respect of films, the Classification Office can require that:

- the film or any associated film poster is publicly displayed only in premises, or a part of premises, set aside for the display of restricted publications;
- the film or any cassette or case in which it is kept must be publicly displayed only in a package made of opaque material; and
- the film or any associated film poster available for supply may only be shown to persons who make a direct request for that film or that poster.

In respect of publications other than films, the Classification Office can require that:

- the classification is provided on the publication or the package in which it is displayed;
- the publication is displayed in a sealed package;
- the publication is displayed in a sealed package made of opaque material;
- the publication or any advertising poster is only shown to persons who make a direct request for that publication or that poster;

and

- the publication is displayed in premises or part of premises set aside for the display of restricted publications.

Labelling of Films

The Act requires that all films that are intended to be supplied to the public are labelled, unless they fall into the limited categories which are specifically exempted under section 8 of the Act.

The Act defines film as meaning:

“a cinematograph film, a video recording, and any other material record of visual moving images that is capable of being used for the subsequent display of those images; and includes any part of any film, and any copy or part of a copy of the whole or any part of a film.”

Films are given different coloured labels according to the rating or classification they receive:

- films which are suitable for everyone (G) are given green labels;
- films which are unrestricted but have an age recommendation (PG, M) are given yellow labels;
- films which are restricted are given red labels.

The DVD entitled *Felony Fights* is classified as: *Objectionable*.

The DVD presents illegal fighting between ex-felons, in uncontrolled situations. The participants are encouraged to inflict serious harm on their opponents, and this is presented as an exhilarating and entertaining activity for participants, spectators, and the viewer. While the violence and cruelty depicted in the DVD is not to a high degree, the extent to which, and the manner in which, it is presented would be injurious to the public good. Acts of significant cruelty are treated in a flippant, amusing and laughable manner, with no serious warning notice or any other messages found on the DVD that the viewer should not try to emulate this illegal and dangerous activity.

The DVD therefore has the potential to transmit to its audience not only an open contempt for, and flaunting of, the criminal law, but also the attitude that committing criminal activity, and inflicting harm on others for the purpose of entertainment and monetary gain, is an exhilarating and fun thing to do. The publication is also significantly degrading to those depicted, as well as ex-prison inmates in general. They are depicted as being people who have limited options, valued solely for their violent natures and willingness to indiscriminately fight strangers, as well as being presented as unintelligent. It degrades these people by presenting their predicament and consequent behaviour, as a source of puerile entertainment.

A classification of “objectionable” places a limit on the right to the freedom of expression as set out in s14 of the New Zealand Bill of Rights Act 1990. However, given the high extent and degree to which the DVD presents criminal acts, violence and degrading behaviour as a means of entertainment, the classification is considered to be a reasonable limit prescribed by law that can be demonstrably justified in a free and democratic society.

There are no labels for objectionable films as possession of them is an offence.

The Labelling Body

The labelling body is an organisation established by the Act and approved by the Minister of Internal Affairs. The Act established the labelling body to rate films (as defined in the Act) at the unrestricted end of the spectrum. It also issues the labels that must be affixed to films before they can be supplied to the public.

If a film has already been rated or classified in New Zealand the labelling body will use the existing rating or classification, or its equivalent. Where no New Zealand classification exists, the labelling body refers to the decisions of nominated overseas classification bodies (currently either the Australian Office of Film and Literature Classification or the British Board of Film Classification). If the film has been rated as unrestricted by either of these two bodies, the labelling body must assign the film the equivalent New Zealand unrestricted rating.

Where there is no Australian or British classification, the labelling body viewing committee can view the film and assign the rating it considers appropriate. This committee includes members of the community.

The labelling body may not rate films which have been restricted by the nominated overseas bodies. In the case of films not previously rated overseas, the labelling body is not permitted to rate films which would be likely to be restricted if they were submitted to the Classification Office for classification.

Currently, the Film and Video Labelling Body Inc., based in Auckland, is approved to act as the labelling body by the Minister of Internal Affairs.

Offence Provisions

While it is only films that by law must be rated, classified and labelled, all publications must comply with the law.

The DVD Bumfights Cause For Concern Volume #1 is classified as: Objectionable.

The DVD contains a feature and trailers presented in the style of a pop video montage, with a rock music soundtrack. The publication is classified as objectionable because of the manner in which it presents violence, cruelty and criminal activity and degrades, dehumanises and demeans its subjects. The material is largely a compilation of scenes and skits in which homeless and disadvantaged people are held up to ridicule, harassed and assaulted, and enticed with offers of money to perform juvenile stunts. Footage from different sources showing street fighting, accompanied by loud rock music and the cheers of watching crowds, is interspersed throughout. Illegal drug use is a theme that runs throughout the publication.

Injury to the public good is likely to result if the DVD were to be made available. The DVD's cruel and callous ridiculing of misery, misfortune and disadvantage serves to create, maintain and reinforce unsympathetic and inhumane attitudes towards people who find themselves in unfortunate circumstances. The material also trivialises and exploits real-life violence by presenting it as entertainment. The DVD has the potential to transmit to its likely audience a disregard for the law and the attitude that assault, in particular, is an exhilarating activity.

The right to freedom of expression set out in s14 of the New Zealand Bill of Rights Act 1990 has been considered. Having identified the injury to the public good that the availability of this DVD is likely to create, it is apparent that such injury is likely to result from anyone, regardless of age, viewing this DVD. Although a classification of "Objectionable" violates freedom of expression, it is the only classification that reduces the risk presented by the availability of the publication.

Under the Act, individuals and corporate bodies may be fined or imprisoned if they do not comply with the classification assigned to a publication by the Classification Office, or that would be assigned by the Classification Office if the publication were submitted for classification. It is an offence to

breach any display conditions that the Classification Office has, or would have, imposed on any publication. Penalties may be imposed whether or not the individual or corporate body knew the classification of the publication(s) involved.

The DVD entitled Love Camp 7 is classified as: Objectionable.

The DVD entitled *Love Camp 7* deals with matters such as sex, violence and cruelty to such an extent, and in such a manner, that its availability is likely to be injurious to the public good. While the violence and cruelty depicted in the feature are not of a high degree in terms of contemporary realism, the extent to which, and the manner in which, these matters are presented would be injurious to the public good. The systematic rape, restraint, humiliation and beating of nude women are presented throughout the feature in an eroticised manner for the titillation of male viewers. In presenting such images, the publication both exploits the nudity of women and presents real and tragic events in a flippant and offensive way.

Love Camp 7, is an 'exploitation' genre film that deliberately presents violence against women and sexual violence in a manner designed for titillation and entertainment. A contemporary audience is invited not only to be titillated by the sight of women's nude bodies as they are exposed to high pressure hoses, dragged around, raped, tied up and beaten, but to be amused by these depictions. These elements in the dominant effect exacerbate rather than diminish the likelihood of injury to the public good that arises out of its tendency to promote and support the use of violence or coercion to compel any person to participate in, or submit to, sexual conduct.

A classification of "objectionable" places a limit on the right to the freedom of expression as set out in s14 of the New Zealand Bill of Rights Act 1990. This outcome is consistent, however, with Parliament's intention that publications falling under section 3(2) of the Films, Videos, and Publications Classification Act 1993 are deemed to be objectionable. The classification is also a reasonable limitation on the freedom of expression that reflects the concern of a free and democratic society to limit the availability of publications that promote and support, or tend to promote and support the use of violence or coercion to compel any person to participate in, or submit to, sexual conduct.

In 2005 Parliament substantially increased the penalties for offences involving objectionable publications. A person is liable to be imprisoned for up to five years for possessing or importing an objectionable publication, knowing or having reasonable cause to believe it is objectionable.

A person who supplies, gives, offers or provides access to an objectionable publication, knowing or having reasonable cause to believe it is objectionable, is liable to be imprisoned for a maximum of ten years. A corporation can be fined up to \$200,000 for the same offence.

A person who supplies or exhibits a restricted publication in contravention of its classification can be imprisoned for up to three months. This includes a parent or shop assistant who provides an underage person with a restricted film or game.

Public Access to the Classification Office

The Classification Office has an Information Unit which has statutory responsibilities for providing research services to the Classification Office, disseminating information about the Classification Office and its classification decisions and for receiving inquiries and complaints about the classification system established under the Act.

Members of the public may, with the leave of the Chief Censor, submit publications to the Classification Office for classification.

The Classification Office also gives public talks to community groups, schools, tertiary institutions, professional groups and other organisations.

A register of classification decisions is available for inspection during normal office hours.

The Classification Office has a website www.censorship.govt.nz that provides information on the Office and the censorship system. It includes downloadable versions of key documents such as annual reports, research reports and a range of information sheets. The New Zealand Censorship Database is available through the website. It is a searchable online record of classification decisions made by the Office and its predecessor censorship bodies.

ACHIEVEMENTS DURING 2005/06

Output 1: Examination, Classification and Registration of Publications. An analysis for the year of classification services.

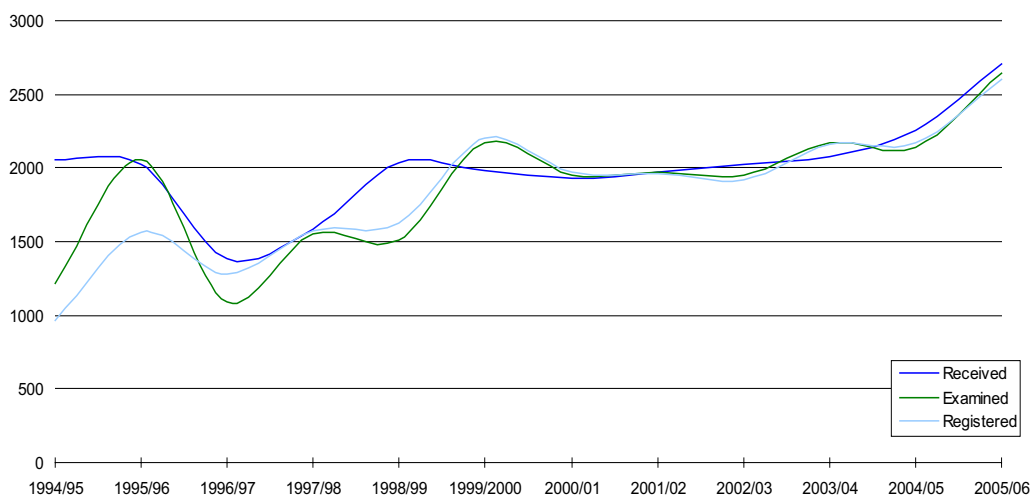
Introduction

The 2005/06 financial year has seen a record number of publications submitted for classification, with numbers of publications examined, classified and registered tracking closely. 2,703 publications were received, the majority (92%), being third party submissions. These figures are the highest in the Office's history and 20% higher than last year. Most s12 publications were DVDs, and among other publications were a relatively high number of digital games. Submissions from the Crown were down from last year, but there were more than twice as many submissions from the public, as well as five publications which were called in by the Chief Censor under s13(3). Numbers of publications received by the Office were 9% above the maximum estimated figure.

The processing of these publications was efficient, with examinations, classifications and registrations all achieving record figures. Examinations, at 2,643, were 7% above the projected maximum, while classifications/registrations were 5% above the projected maximum. There was a slight slump in figures in the second quarter, which reflected changes in submission activity as well as seasonal fluctuations.

Changes were made to the processing of publications, which included the writing of consideration sheets only for certain straightforward s12 publications. This in turn has resulted in the Office processing more publications within the same time frames, the queue being significantly reduced and timeliness improving. These changes are likely to continue to have a positive effect into the new year.

Figure 7: Publications Received, Examined and Classified/Registered 1994 - 2006



Comment on Publication Volume Estimates

The estimated submission volumes in the 2005/06 *Memorandum of Understanding* between the Chief Censor and the Minister of Internal Affairs are between 1,617 and 2,478 publications. These estimates are derived from the analysis of previous years' volumes across all submission channels and medium types. Information from the film and video labelling industry, and relevant Crown agencies, regarding likely submission activity, was also taken into account in determining these estimates. The figures in the estimated range have been rounded.

Actual Publications Submitted

2,703 publications were received by the Office for classification in 2005/06. At 9% above the estimated maximum, this figure is also 20% higher than last year, and 30% higher than 2003/04. This is the largest number of publications ever received by the Office. 92% of these were third party submissions.

91% of publications were submitted under s12. There were 103 digital games submitted under s12, which is a 69% increase over last year.

There was a drop in submissions from the Crown, with 60 publications being submitted by NZ Customs, Department of Internal Affairs and the NZ Police. This is 38% lower than last year, and 48% less than 2003/04. New Zealand Customs submitted six magazines and 16 computer related publications. The New Zealand Police submitted a magazine, a video recording, and nine computer related publications. The Department of Internal Affairs submitted ten DVDs, four digital games, 11 books or magazines, a t-shirt, and one computer related publication.

The Chief Censor called in five publications under s13(3). Four of these were DVDs and one was a digital game. Of the 14 publications submitted under s13(1)(c), three were computer related publications submitted by commercial bodies, and the remaining 11 were either books or computer related material submitted by members of the public.

The Courts submitted 143 publications, the same number as in the last year. 78% of them were computer related publications.

Figure 8: Estimates and Actual Arrival Trend Publications Submitted 2005/06

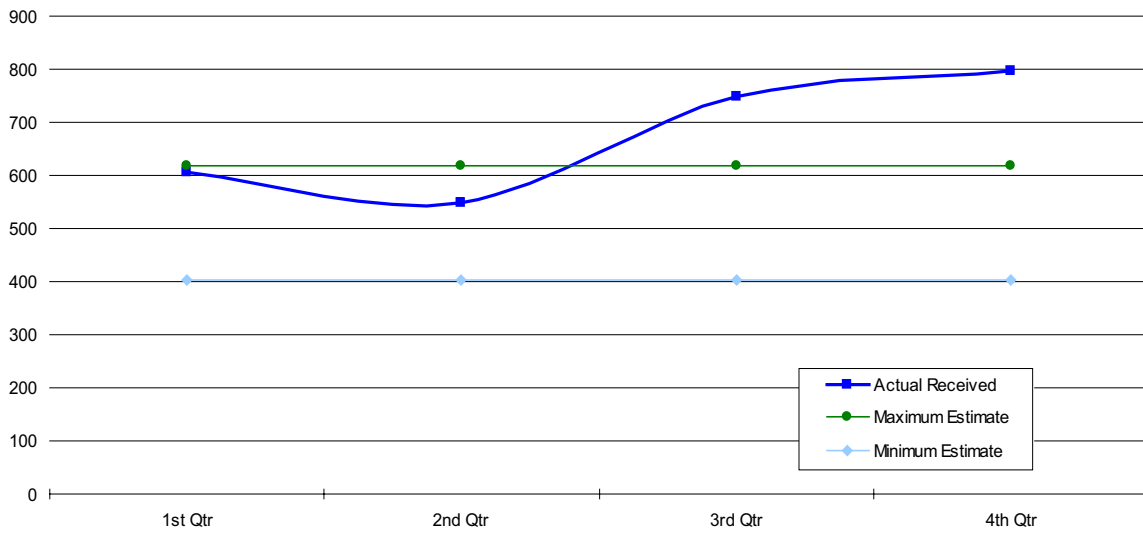
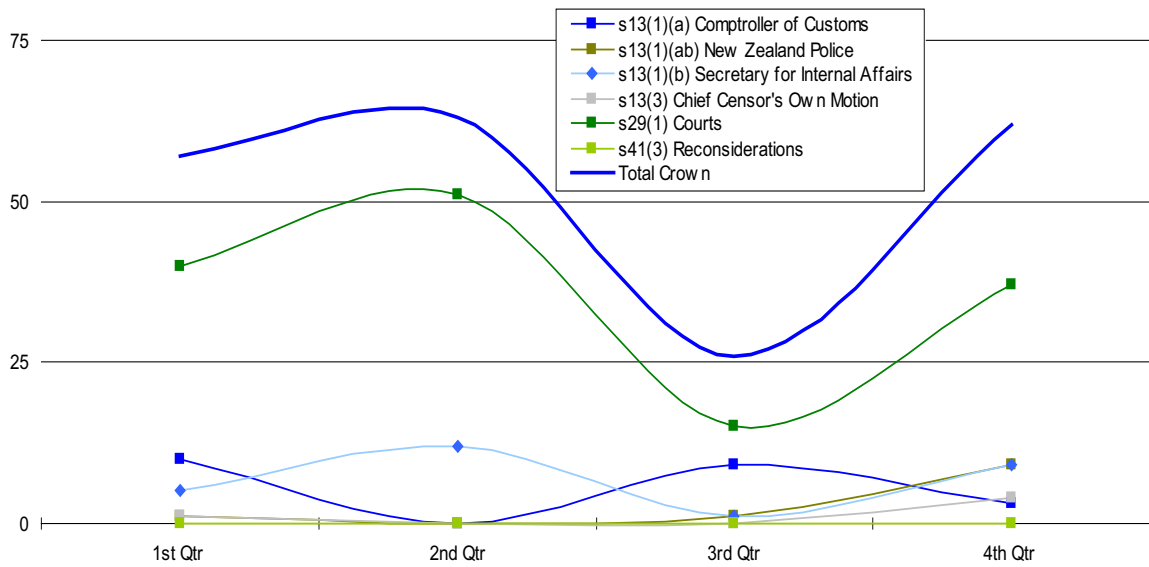


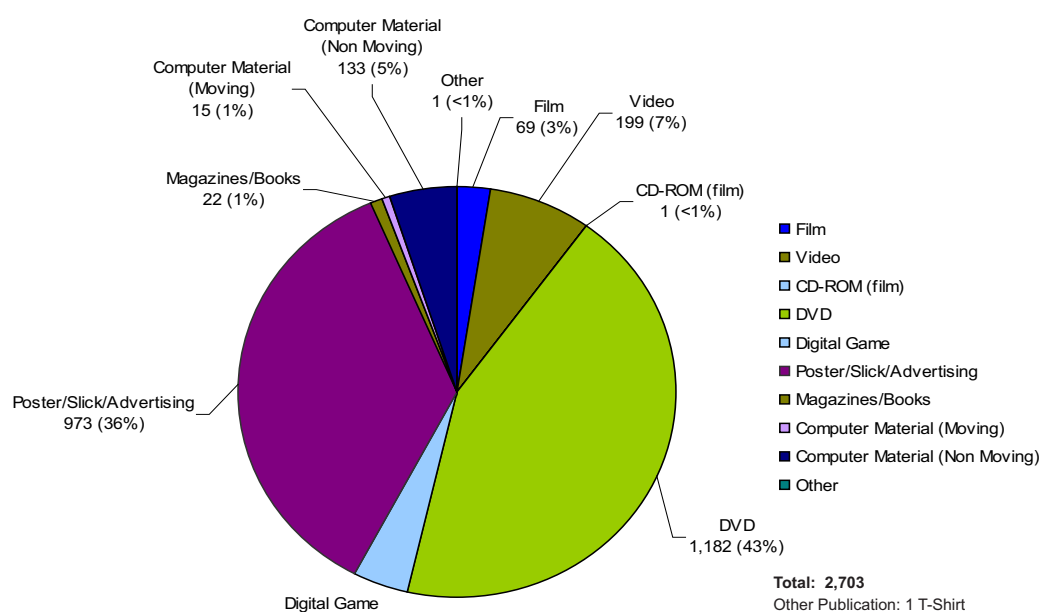
Figure 9: Crown Submissions 2005/06



Types of Publications Submitted for Classification

The majority of publications submitted to the Office for classification this year were under s12. Of these, there were 1,139 DVDs, 197 video recordings, 103 digital games, and 963 pieces of associated advertising. The numbers of video recordings being submitted has dropped considerably. Two years ago videos comprised 52% of total DVDs/video recordings, they now make up only 15% of that total figure. This year has also shown the full impact of a change in ownership of a major distributor of adult material, as well as the arrival of several new, smaller distributors. External changes such as these have impacted on queue management, with large increases in submission activity.

Figure 10: Publications Submitted by Medium 2005/06



There has been an increase in the number of digital games submitted by industry for classification, 69% more than last year.

There were 149 computer related publications submitted, including both moving and non-moving formats such as text files, jpegs and mpegs. The Courts submitted the majority of these, but there were also submissions from Customs, the New Zealand Police, and the Department of Internal Affairs. Two of the computer related publications submitted under s13(1)(c) were moving, animated images with some sexual content downloaded from a website as part of a larger piece of artwork. Seven still images were submitted under this section. These were computer printouts of cartoon drawings from recognisable comics such as *Superman* and *Sin City*.

22 magazines and books were submitted this year. The Department of Internal Affairs submitted 11 of these, including one edition of the contemporary culture magazine *Vice*, three magazines containing explicit depictions of sex with young persons, three other sexually explicit magazines, and one magazine about Australian surfing. The two books submitted were a fantasy novel containing strong sexual references, and a book about notorious criminals.

Customs submitted six magazines. One was an edition of *Fox* magazine, while the other five were magazines presenting explicit depictions of sex with a focus on young-looking women.

The New Zealand Police submitted *Critic Te Arohi 23*, a student magazine from Otago University that had caused some concern in the community over the inclusion of an article about the use of date rape drugs.

A parent asked for leave to submit two Japanese anime books entitled *Chobbits Volumes 1 and 2*, after finding that they were available to children in the public library. The books are about a young male character and his female robot companion. Concern was expressed over their sexual content.

The Chief Censor called in four DVDs and one computer game under s13(3). Three of the DVDs were from the *Chobbits* series, while the other was identical to a film previously restricted by the Chief Censor of Films in 1982. The version called in by the Chief Censor had been cross-rated by the Labelling Body with an unrestricted classification, and had therefore been labelled incorrectly. The computer game submitted under this channel was *Grand Theft Auto: San Andreas (Hot Coffee Modification)*. The game was called in as it differed from the version previously classified by the Office due to the addition of a software patch which enabled the game player to access scenes of simulated sexual activity.

Other publications submitted this year included a number of sexually explicit DVDs and videos submitted by the Crown and the Courts, a DVD entitled *Bumfights Cause for Concern Volume 1*, a t-shirt submitted by the Department of Internal Affairs because of potentially offensive language, and four previously unclassified computer games.

Submission Channels

Of the 2,703 publications received by the Office for classification in 2005/06, 92% were third party submissions. These third party submissions, 20% higher than last year and 30% higher than the year before, are responsible for the increase in submission levels.

There was a drop in overall submissions from the Crown, with 60 publications being submitted by NZ Customs, Department of Internal Affairs, or the NZ Police. This is 38% lower than last year, and 48% lower than 2003/04.

The Chief Censor called in five publications under s13(3). Four of these were DVDs and one was a digital game. Of the 14 publications submitted under s13(1)(c), three were computer related publications submitted by industry bodies, and the remaining 11 from members of the public were either books or computer related material.

In addition, there were ten film posters/advertising publications submitted under regulation 27(4), as a result of being “not approved” when they were first submitted.

Table 1: Submissions by Channel & Medium

	Films & Film Trailers	Videos	DVDs	VCDs	Digital Games	Magazines/ Books	Posters/ Slacks/ Advertising	Computer Material (Moving)	Computer Material (Non Moving)	Other Material	Total
Section 12 Labelling Body	69	197	1,139	0	103	N/A	963	0	0	0	2,471
Section 13(1)(a) Comptroller of Customs	0	0	0	0	0	6	0	16	0	0	22
Section 13(1)(ab) Police	0	1	0	0	0	1	0	9	0	0	11
Section 13(1)(b) Secretary for Internal Affairs	0	0	10	0	4	11	0	1	0	1	27
Section 13(1)(c) - Commercial	0	0	0	0	0	0	0	3	0	0	3
Section 13(1)(c) - Public	0	0	0	0	0	2	0	2	7	0	11
Section 13(3) Chief Censor's own motion	0	0	4	0	1	0	0	0	0	0	5
Section 29(1) Courts	0	1	29	0	0	2	0	10	101	0	143
Section 41(3) Courts	0	0	0	0	0	0	0	0	0	0	0
Section 42(1), (2) & (3) Reconsiderations	0	0	0	0	0	0	0	0	0	0	0
Regulation 27 Film Poster approvals	N/A	N/A	N/A	N/A	N/A	N/A	10	N/A	N/A	N/A	10
Total	69	199	1,182	0	108	22	973	16	133	1	2,703

Table 2: Comparison of Publications Received 1996-2006

	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99	1997/98	1996/97
Section 12 Labelling Body	2,471	1,994	1,789	1,747	1,796	1,678	1,519	1,211	1,118	1,050
Section 13(1)(a) Comptroller of Customs	22	36	43	31	25	26	103	28	144	118
Section 13(1)(ab) Police	11	16	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Section 13(1)(b) Secretary for Internal Affairs	27	46	73	40	89	27	40	120	38	88
Section 13(1)(c) Other Persons	14	6	0	4	41	5	16	76	47	17
Section 13(3) Chief Censor's own motion	5	2	0	1	0	1	12	0	0	0
Section 29(1) Courts	143	143	164	191	20	165	278	575	178	30
Section 41(3) Courts	0	0	0	4	0	0	5	0	4	0
Section 42 Reconsiderations	0	12	1	0	7	6	1	4	18	24
Regulation 27 Film Poster approvals	10	1	3	9	12	23	9	25	35	59
Total	2,703	2,256	2,073	2,027	1,990	1,931	1,983	2,039	1,582	1,386

Overall Performance for Examination, Classification and Registration

Overall performance for 2005/06 reflects the high volume of publications received into the Office, and an efficient level of servicing. This demonstrates the Office's ability to adapt to increased demands. Improved processes evolved over the year to cater for the high submission levels. This has meant that processing times are comparable to those of last year, with the Office able to process record numbers of publications without compromising either timeliness or quality.

The target of 90% of s12 and s42 publications awaiting classification for no more than 15 days was not met. Only 54% achieved this target. Improvements aimed at speeding up the processing of s12 submissions are likely to improve performance in the coming year.

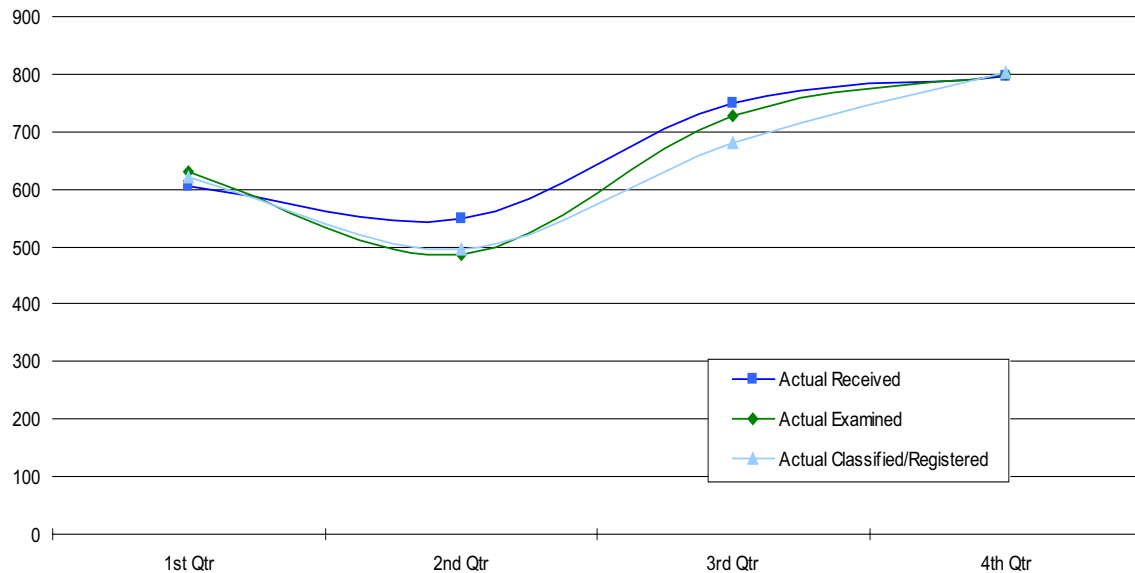
The increase in submissions is also reflected in our failure to meet the target for s13 publications because we gave priority to third party submitters and submissions from the Courts.

Once publications have been queued for classification, the target is for 90% of straightforward s12 and s42 publications (i.e. those not requiring excisions or further consultation), to be processed within 10 days. 88% of publications met this target, which is comparable to last year's figure. 67% of complex s12 and s42 publications were processed within 15 days, just short of the target of 70%. However, the processing of s13 publications was highly efficient. 94% of these publications were processed within 30 days, well over the target of 70%. This is a significant improvement over last year when 72% of s13 publications were processed within 30 days.

All Court submissions were processed within agreed timeframes.

Quality standards were high throughout the year, with 98% of decisions meeting the standard against a target of 95%.

**Figure 11: Publications Received, Examined and Classified/Registered
2005/06**



Publications Examined

2,643 publications were examined this year. This is 7% above the projected maximum for the year, and is 24% above the figure for last year. The number of examinations completed this year is higher than any year in the Office's history, and is a reflection of the high number of publications received for the year. A dip in the number of publications examined in the second quarter of the year was addressed with improved examination processes.

Publications Classified and Registered

2,598 publications were classified/registered this year. This figure is the highest in the Office's history and 5% above the projected maximum. The number of publications classified/registered for 2005/06 is 20% higher than last year. This figure reflects both the increased volume of publications coming into the Office, as well as continued improvements in procedures for processing publications through the Office. 92% of publications classified/registered during 2005/06 were s12 submissions.

Table 3: Comparison of Publications Examined 1996-2006

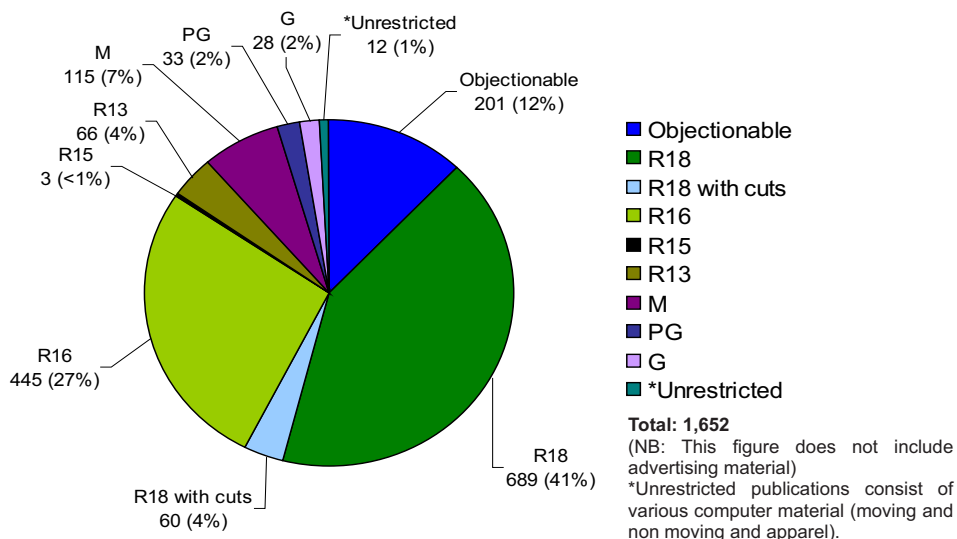
	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99	1997/98	1996/97
Section 12 Labelling Body	2,416	1,898	1,812	1,732	1,793	1,665	1,435	1,190	1,065	1,215
Section 13(1)(a) Comptroller of Customs	27	28	57	18	28	53	72	27	171	213
Section 13(1)(ab) Police	20	7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Section 13(1)(b) Secretary for Internal Affairs	31	36	107	23	82	27	73	71	36	246
Section 13(1)(c) Other Persons	14	5	0	4	41	6	15	68	43	27
Section 13(3) Chief Censor's own motion	1	2	1	0	0	10	3	0	0	52
Section 29(1) Courts	124	147	192	160	14	165	558	121	178	31
Section 41(3) Courts	0	0	0	4	0	1	4	0	4	0
Section 42 Reconsiderations	0	12	1	3	4	6	2	3	25	16
Regulation 27 Film Poster approvals	10	1	3	11	10	23	10	26	35	86
Total	2,643	2,136	2,173	1,955	1,972	1,956	2,172	1,506	1,557	1,886

Table 4: Comparison of Publications Classified/Registered 1996-2006

	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99	1997/98	1996/97
Section 12 Labelling Body	2,378	1,905	1,822	1,715	1,798	1,663	1,453	1,189	1,127	1,389
Section 13(1)(a) Comptroller of Customs	27	28	557	16	31	66	57	64	246	370
Section 13(1)(ab) Police	20	7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Section 13(1)(c) Secretary for Internal Affairs	27	51	90	29	78	31	105	51	122	203
Section 13(1)(c) Other persons	11	5	2	3	40	13	26	55	50	44
Section 13(3) Chief Censor's own motion	1	2	1	0	1	8	3	0	22	28
Section 29(1) Courts	124	157	189	138	4	163	544	227	66	32
Section 41(3) Courts	0	0	0	4	0	4	1	0	4	0
Section 42 Reconsiderations	0	13	0	3	4	6	3	15	26	2
Regulation 27 Film Poster approvals	10	1	3	9	9	22	10	24	43	92
Total	2,598	2,169	2,164	1,917	1,965	1,976	2,202	1,625	1,706	2,160

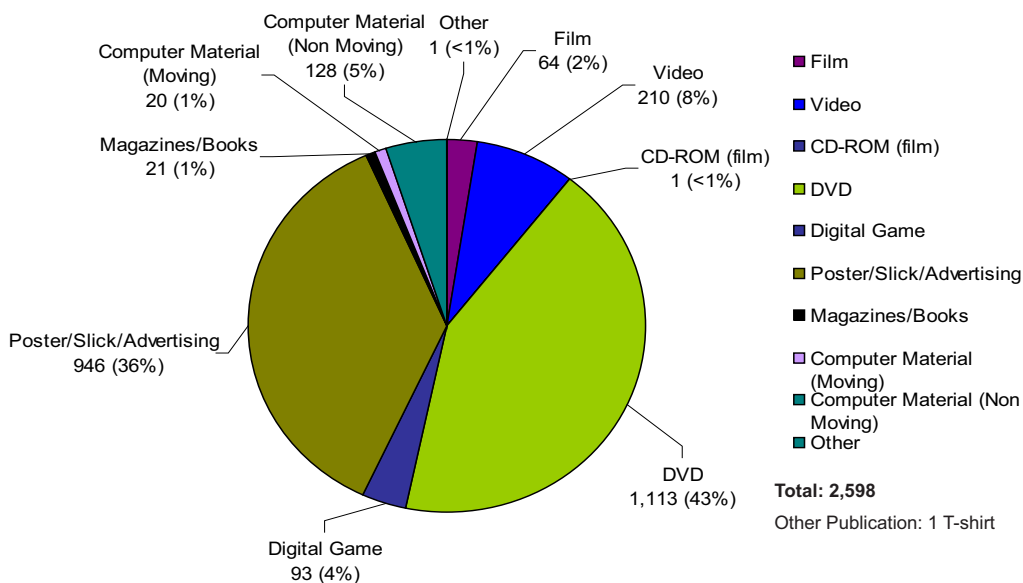
Classification Statistics

Figure 12: Classification of all Publications 2005/06



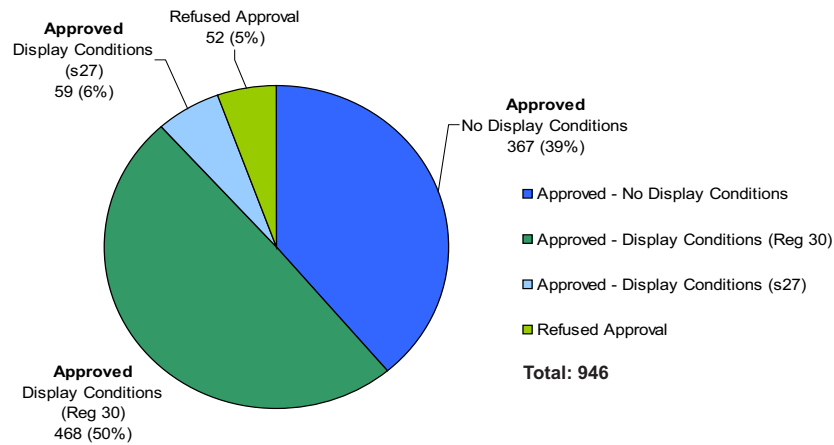
36% of the 2,598 publications classified/registered were advertising for videos, DVDs, or games. Of the remaining 1,652 publications, DVDs make up by far the largest proportion. 1,113 DVDs were classified and registered, compared to 210 video recordings. Computer related material, both moving and non-moving images, make up 6% of the total number of publications classified/registered, and magazines/books comprise 1%. There was also one decision classified/registered relating to an item of clothing.

Figure 13: Publications Classified/Registered by Medium 2005/06



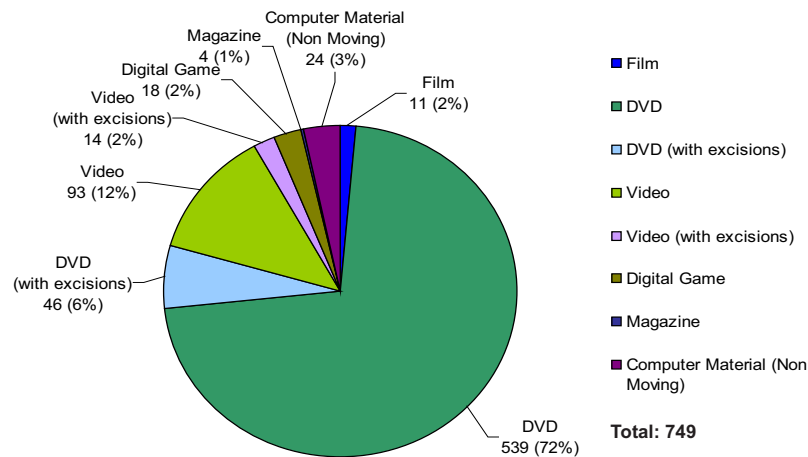
946 publications were advertising material for video recordings, DVDs and games. Of these, 56% received display conditions under regulation 30 or s27. 52 publications were not approved for public display. Of these, ten were altered and resubmitted under regulation 27(4), and subsequently approved.

Figure 14: Moving Image Advertising Material 2005/06



45% of the 1,652 classified publications were classified R18. 72% of these were DVDs. 27% were classified R16. 12% were classified objectionable. 66 publications were classified R13, three R15, and the remaining 188 received unrestricted classifications. These percentages are comparable to last year's. Despite the increased number of publications, 4% required cuts, similar to last year's figure of 3%.

Figure 15: Publications Classified as R18 by Medium 2005/06



201 publications received an objectionable classification. 55% of these publications were computer material. 13 magazines were given an objectionable classification. The remaining 78 objectionable publications were videos and DVDs.

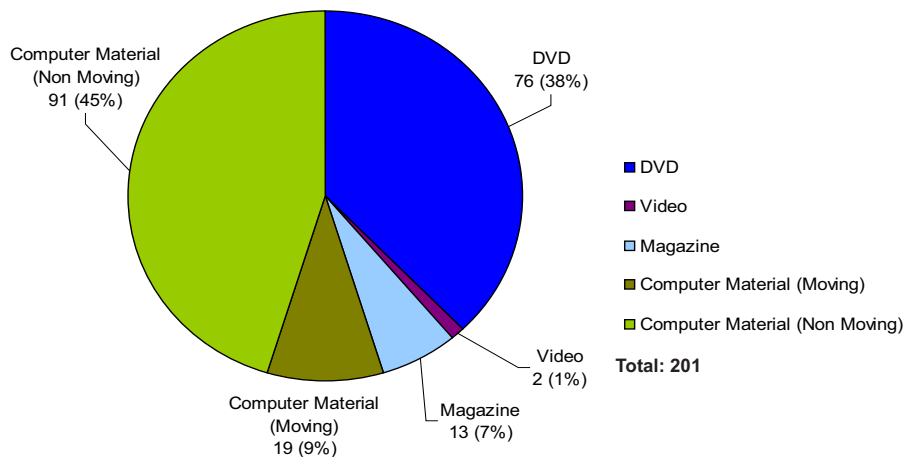
46 publications submitted under s12 were made objectionable. Of these, 34 were made objectionable because the distributor of the publications declined to make the offered excisions. The majority of these publications were sexually explicit publications containing matters falling under s3(2), or material that is degrading, demeaning or dehumanising to women. However, there were five publications banned which were not in this category. *Love Camp 7* is an “exploitation” movie from the 1970s set in a Nazi concentration camp. This publication was banned because it presented the sexual and physical abuse of women as a source of legitimate entertainment. Similarly, the DVD *Contraband*, a re-release of a film from the 1980s, was banned because the distributor declined to make a cut to remove the sexual violation of a woman presented in a gratuitous manner. Three other publications (*Crazy White Boys*, *Decade of Destruction*, *Felony Fights*) contained material which was considered to be injurious to the public good because they presented the intentional injuring and degrading of less fortunate persons for viewers’ amusement.

Bumfights Cause for Concern Volume 1, submitted by the Department of Internal Affairs, was banned under s3(3). The publication is a compilation of scenes and skits in which homeless and disadvantaged people are held up to ridicule, harassed, assaulted, and enticed with offers of money to perform juvenile stunts.

13 magazines were classified objectionable. Three of these were editions of *Fox* magazine. One magazine, *Critic Te Arohi 23*, submitted by the Police under s13(1)(ab), was banned due to content which dealt with “date rape”.

Vice Magazine Volume 3 Number 1 The Photo Issue, submitted by the Department of Internal Affairs, was classified as unrestricted, with a recommendation that it was more suitable for mature audiences. The magazine contains some confrontational and humorous images intended for a younger audience.

Figure 16: Publications Classified as Objectionable by Medium 2005/06



Three books were classified in 2005/06. Two of these were the *Chobbits* series. These books were submitted under s13(1)(c) by a member of the public who found them in a public library. The books contain sexual references within the context of a relationship between a young man and a female robot, and were given an R13 classification. The third book was entitled *100 Most Infamous Criminals*, and was submitted by the Department of Internal Affairs after a parent was concerned by her child having access to it. The book documented the lives and activities of violent criminals, and included depictions and descriptions of violence and sexual violence. This book also received an R13 classification.

Games, both computer and console, made up 4% of the total number of publications classified/registered. Of these, 56% were classified R16 and 20% were classified R18. Most of the games were submitted under s12. The Department of Internal Affairs submitted *Dopegame* as it did not have a classification. This game allows the player to assume the role of an owner/producer of a drug empire and received a classification of R16. The game *Grand Theft Auto: San Andreas (Hot Coffee Modification)*, was called in by the Chief Censor under s13(3). This game was a version of one previously classified R18. In this version, a software patch enables the player to access scenes involving simulated sexual activity, and was also given an R18 classification.

The Department of Internal Affairs submitted an item of clothing, containing potentially offensive language, to the Office. It was recognised that the language on the T shirt was likely to be offensive to some members of the public, but that the intended users of this product, teenagers and young persons, would be familiar with the language, and unlikely to be injured by it. The decision noted that:

The language on the T-shirt also raises the wider concern of public offence if the garment is worn by older teenagers and young adults. Public display is inherent in the wearing of a T-shirt. Anyone wearing this particular garment risks public disapproval. In this case, social control is a more effective means of regulation than the enforcement of a Classification Office decision.

Registry Functions

The primary focus of registry is the integrity of classification information generated by the Classification Unit. As well as those activities which precede and end the classification process, Registry is charged with the timely and accurate production of two outputs that are required under s39 and s40 of the Act, the *Register of Classification Decisions* and the monthly *List of Decisions*.

List of Decisions

The *Register of Classification Decisions* is a collation of classification decisions and is available to the public at the Office. The *List of Decisions* is an alphabetical list of classification decisions made each month and is available for sale in spiral-bound copies for \$16.50.

The decline in subscriptions since 2004/05 has stabilised. Many non fee-paying subscribers such as enforcement officials now access classification information online through the New Zealand Censorship Database.

13 paying subscribers and 15 non-paying subscribers, 6 of whom are overseas, subscribe to the *List of Decisions*.

Quality Measure for Register and List of Decisions

Any errors found in the *Register* are automatically replicated in the *List of Decisions*. When an error is detected, the *Register* is amended and a corrigendum is issued in the following month's *List of Decisions*. Seven corrigenda were issued in 2005/6, fewer than 1% of the 1,652 decisions registered.



Information Unit: (left to right) Pip Wall, David Wilson and Zuleika Chang (Absent: Deborah Gordon)

ACHIEVEMENTS DURING 2005/06

Output 2: Information Services An analysis for the year of information services

Introduction

The Information Unit, established under s88 of the Act, provides research services for the Classification Office, disseminates information about censorship to the public, and deals with complaints and inquiries. It also operates the Office library.

The website (www.censorship.govt.nz) has become an increasingly important source of information on censorship. The Office also provides a significant amount of information to the public through direct contact with individuals and groups. This year saw an increase in website visits and in contact from the public seeking information on censorship.

This year the Office focussed on increasing public knowledge of censorship though targeting key groups (such as parents, schools, retailers, libraries and the gaming industry) with tailored information on censorship. We developed information sheets to address frequently-asked questions. We continued to encourage visitors to the website by frequently updating its content, providing the website address on information materials, and by providing links to it from relevant external websites. The Office increased the number of public talks and the scope of the Censor for a Day events it held this year. We dealt with

an increased number of inquiries over previous years, some arising directly from increased public contact in 2005/06.

Content of Inquiries

Critic Te Arohi Issue 23

In February 2006 the Office classified as objectionable a 2005 issue of the Otago University student magazine, *Critic Te Arohi Issue 23*. It was banned because it tended to promote sexual violence and criminal activity through an instructional article on drug rape. The magazine had been submitted for classification by the Police following complaints about its content. The banning of the magazine generated a great deal of media and public interest. The Office received requests for copies of the classification decision from journalists, academics, students and non-government organisations. The classification of *Critic Te Arohi Issue 23* created more requests for information or media interviews than any other publication during 2005/06.

Grand Theft Auto: San Andreas ('Hot Coffee' modification)

The Chief Censor called in the game *Grand Theft Auto: San Andreas* for re-classification, following reports that it contained hidden sex scenes. The game, with the hidden sex scenes activated, was classified R18 with the descriptive note 'contains violence, offensive language and sex scenes'. The new classification applied only to copies of the game with the '*Hot Coffee*' modification activated.

There was considerable media interest in the classification decision because the game was withdrawn from sale in the United States of America and the modified version of it was refused classification (banned) in Australia.

Complaints About Films

In previous years the classification of particular films has been contentious and this has been reflected by the number of complaints and inquiries received about them. However, in 2005/06 no individual classification decision or publication received a significant number of complaints or inquiries.

The Office received 24 complaints relating to its classification or administrative decisions. Twelve of these complaints were received from the general public, one from the games industry and 11 from the Society for the Promotion of Community Standards Inc.

We received a further nine complaints about films that we had not classified but that had been cross-rated under the provisions by which New Zealand recognises Australian and British classifications of unrestricted films. Cross-rating is carried out by the Labelling Body.

Other Inquiries

The Office received 209 inquiries about labelling and selling of videos and DVDs, primarily through online auction sites. We developed an information sheet on the subject which is available from the website and can be sent in response to inquiries.

Other popular topics of inquiry included requests for information on the operation of the Office or the Act, the censorship requirements for operating film distribution, production or retail businesses and questions about the classification of particular films.

We developed a range of information sheets providing information on topics that are the subject of frequent inquiries. These included:

- Information for film makers
- Information for film festivals
- How to submit a publication for law enforcement agencies
- Exemptions from labelling under section 8 of the Act
- Classification and labelling (in Chinese)

These sheets are replicated on the website and can be emailed or printed and sent to anyone making an inquiry. The production of information sheets reduced the amount of time Information Unit staff spent on dealing with routine inquiries and provide comprehensive and uniform information to inquirers.

Classification inquiries

Inquiries about the classification of individual publications have been declining since the commencement of the New Zealand Censorship Database in mid-June 2004. The database is a searchable online record of all classification decisions made by the Office, the Indecent Publications Tribunal (1963-1994) and the Video Recordings Authority (1987-1995). The availability of the database means that many of those who may have contacted the Office for classification information could check it for themselves. The Office is continuing work to incorporate the decisions of the Chief Censor of Films (1917-1994).

Inquiries based on individual titles made by phone, email or letter dropped from 1,029 in the 2003/04, to 493 in 2004/05 year, and 462 in the current year. This represents a decrease of 55% since the database began operation. The website has received a growing number of hits and the database is the most commonly visited part of the website, indicating that more people are using it to answer their classification inquiries.

Information for Students

We received 166 inquiries from tertiary and secondary students seeking information for assignments. The Media Studies curriculum at Level 3 of the NCEA gives students the opportunity to study a media issue, and this year many chose censorship. The Office's Censor for a Day event, class talks, guest lectures and the Office presentations at a conference for media studies teachers created considerable interest in censorship as a topic of study.

At the secondary school level, students asked about the classification system generally, and about the censorship of films, music and printed material. Teachers sought information to assist them in teaching censorship topics. The films of most interest to teachers and students were those that had been controversial, particularly those that had been classified by the Film and Literature Board of Review.

We developed a schools section of the website that contains information on:

- Classification of music videos
- Showing films at schools
- Background and history of the censorship system
- Resources for students studying *The Passion of the Christ*, *Playboy the Mansion* and *Me, Myself and Irene*
- Censor for a Day

Tertiary students requested information on a wide range of censorship topics and were particularly interested in the classification of *Critic Te Arohi Issue 23*.

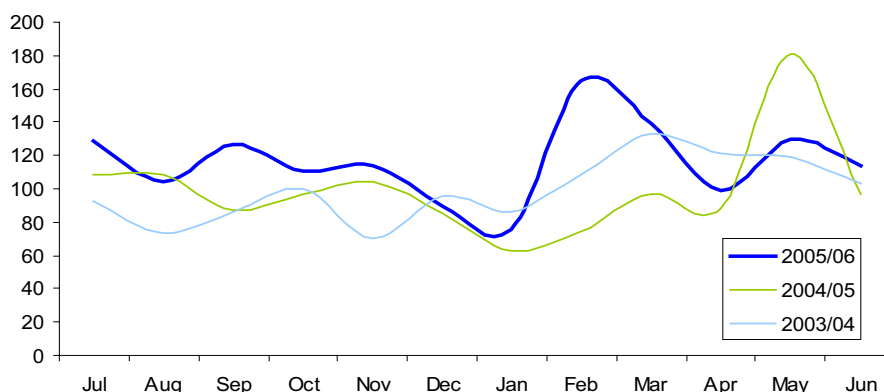
Trends in the Volume of Inquiries and Complaints

The Classification Office received a total of 1,243 inquiries and comments, 78 complaints and 77 endorsements this year. The total of 1,398 represents a 17% increase over last year's total of 1,191. The groups most frequently in contact the Office were (in descending order):

- members of the public
- film and games industries
- news media
- secondary school students and teachers
- tertiary students
- government departments
- libraries

Of the 1,398 inquiries, comments, complaints and endorsements, 47% were made by email, 45% were made by telephone, 5% by letter or fax and 3% were made in person.

Figure 17: Inquiries, Complaints and Endorsements 2005/06



Research

The Office undertook two research projects during the year. Following last year's research on underage computer gaming, we carried out a related research project that examined young people's use of entertainment mediums. We also conducted research into public understanding of the censorship system.

Young People's Use of Entertainment Mediums

The Office undertook a research project to gather information about the way teenagers select and use different entertainment and communication mediums such as films, games and mobile phones. The research also asked young people whether a film or game had influenced them to think or act differently.

Sample

The basis for the report was a survey of 460 secondary school students aged 16 to 19 who attended our Censor for a Day events in Wellington, Nelson, Christchurch, Dunedin and Invercargill. The survey was designed by the Office and UMR Limited and was administered by Office staff.

Results

The study found that the majority of young people usually viewed films and played games that were legally able to be supplied to them. The respondents reported that the recommendations of their peers, film trailers and television advertising were most influential on their choice of films and games. Subjects were also asked whether a film or game had influenced their thoughts or actions. 64% of respondents indicated that their thoughts had been influenced while 24% indicated that their actions had been influenced. The survey asked young people what they used their mobile phones for. By far the most common use was for text-messaging which 89% of respondents did every day.

Value of the Research

The research provided an important counter-balance to the 2005 research on underage gaming. Reading the results of the two research projects together suggests that, while underage people do access restricted material, they do not do so regularly. Nor do they necessarily prefer restricted material to age-appropriate material. The research provided the Office with a wealth of information on the attitudes and behaviour of one group significantly affected by its classification decisions. It will assist in classification and information work as well as future censorship policy development.

Public Understanding of Censorship

The Office conducted research to gauge public understanding of censorship, recognition of classification labels and satisfaction with the censorship system.

Sample

The Office and UMR Research Limited designed an online survey which was completed by 2,611 people throughout New Zealand over 18 years of age. The sample was drawn from members of the public who had indicated to UMR Limited a willingness to participate in online surveys. The survey was conducted on a dedicated survey website hosted by a third party.

The survey sample was representative of geographic, age, gender and income differences across New Zealand. New Zealand Europeans were over-represented in the sample, possibly because it was internet-based and that ethnic group has greater access to the Internet.

Results

Results indicated a high level of knowledge both of the Office and the labelling system. Knowledge of the meaning of the unrestricted M label was significantly lower than for all other labels. The research found high levels of satisfaction with the current censorship system. It also found that parents, in particular, value classifications and descriptive notes when making entertainment choices for their children.

Value of Research

The research will assist the Office with information initiatives since it identified a lack of understanding of the M label and indicated areas where the Office could better inform the public about its work. It also provides useful indicators on public confidence in the censorship system and improves our knowledge of the public use of films, videos, DVDs and games.

Media Interviews and Inquiries

The Classification Office gave 106 media interviews this year, compared to 74 last year. Of the 106 interviews, 38% were with radio stations, 13% with television, 42% with newspapers, and 7% with other media.

The issues receiving most coverage this year were:

- The classification of *Critic Te Arohi Issue 23*
- The classification *Grand Theft Auto: San Andreas*
- Underage gaming research

Public Presentations

The Classification Office gave 38 public presentations this year compared to 18 last year. The Classification Office presented to groups including secondary schools, community groups, non-government organisations, universities, media studies teachers and government organisations.

Censor for a Day

In March and April 2006 the Classification Office hosted seven Censor for a Day events for senior high school students. This year's Censor for a Day was expanded to seven events from the usual three events of previous years, in response to demand from schools. Events were held in Wellington, Nelson, Christchurch, Dunedin and Invercargill and were attended by 573 students from 26 schools. At Censor for a Day, students view a pre-release feature length film and complete a mock classification exercise in which they apply the legal test necessary to determine the classification for the film. They complete this process without prior knowledge of the film they will view or the classification it was given.

Teacher feedback indicated that the programme was well suited to their classes, provided appropriate information and enhanced understanding of censorship issues. All teachers indicated a desire to participate in future years and none identified any significant areas for improvement of the programme.

Two feature films were used for Censor for a Day – *V for Vendetta* for the March events and *Final Destination 3* for the April events. Each session began with a presentation by the Chief Censor about the function of the Classification Office and how films and other publications are classified. The film was screened. Classification Office staff then assisted the students through a written classification exercise that led to a recommended classification and descriptive note. The session ended with an open discussion with the students about the film, censorship, and other related issues.

Results of Student Classification

The Office classified *V for Vendetta* R13 with the descriptive note 'Violence, offensive language and sexual references'. However, 68% of students gave the film an R16 classification. Just under 90% of students gave the film a descriptive note mentioning violence, with 20-35% adding one or more of cruelty, sexual references or offensive language.

The Office classified *Final Destination 3* R16 with the descriptive note 'contains horror scenes and offensive language'. Overall, 82% of students gave the film the R16 classification. Violence was the most common descriptive note for the film, given by 85% of students while 65% mentioned horror and 29% mentioned offensive language.



Anyone
who supplies
restricted movies or games
to someone under age can:

- be fined \$10 000
- be imprisoned for 3 months
- cause their employer to be fined \$25,000



Products carrying these red labels are restricted and must not be supplied to people under the age shown on the label.

Underage people are NOT exempt from age restrictions even if accompanied by a parent or guardian.

Tear-off information sheet

The Classification Office appreciates the support of Roadshow Film Distributors (NZ) Ltd and the cinemas involved in Censor for a Day 2006.

Information Dissemination

Advertising Campaigns

In 2004/05 research found that 62% of 15-17 year old respondents stated that they had played at least one game that it was illegal to supply to them. In response to this we targeted all major film and game outlets with information on their legal obligations to limit the availability of restricted publications to people of the legal age. Pads of tear-off information sheets were sent to 650 outlets. These can be used as a training or information tool for staff and provided to parents or young people who try to access restricted material for underage people. Outlets can be re-supplied with new pads as required, free of charge. Feedback from outlets about the tear-off pads was positive.

The Office provided content on censorship for the New Zealand Broadcasting School's Mediascape website (www.mediascape.ac.nz). The website provides information on media regulation and links to our website.

The Office began supplying the monthly lists of decisions to the New Zealand Legal Information Institute for publication on its website. The NZLII website provides links to the decisions of the Courts, Commerce Commission, Privacy Commissioner, Human Rights Review Tribunal, Copyright Tribunal and the Office.

We also ran an exhibition at the Safety New Zealand Week Schools Safety Expo at Capital E in Wellington. More than 600 pupils aged 10-14 attended the Expo and Information Unit staff answered questions from many of them. The focus of the exhibition stall was raising awareness of classification labels and discouraging children's access to restricted material.

www.censorship.govt.nz

This year there were 100,062 visits to the website, a 39% increase over the 71,918 visits last year.

Visits increased whenever new content was added to the website, especially the announcement on the classification of *Critic Issue 23*. Any time new information is added to the website an email is sent to everyone who has signed up for update alerts. This is likely to have generated additional visits to the website. Visits and inquiries from secondary schools also rose in the period leading up to Censor for a Day and in response to the creation of a schools section on the website.

In June 2006, the Office began to gather more detailed data about website usage. As a result, we are able to report that most downloaded documents from the website were those in the schools section, the annual report and research reports. The most commonly visited pages were those associated with the New Zealand Censorship Database. Database searches appear to have replaced a large portion of the contact from people wishing to check the classification of a publication.

Information for Libraries

Most public libraries now loan videos, DVDs, music and magazines in addition to books. Some loan computer games. Since all of these mediums can be classified by the Office we began to provide libraries with information about censorship and how it affected their work.

The Office ran an exhibitor's stall at the Library and Information Association of New Zealand Aotearoa 2005 Conference. Staff on the stall provided librarians with information about censorship and answered their questions. In total they dealt with 120 substantive inquiries.

The Office began sending a monthly email newsletter to every public library and tertiary institution library in New Zealand. The newsletter outlines libraries' responsibilities when loaning restricted books, magazines, films, games and music CDs. It outlines other topical issues for librarians and provides up-to-date lists of all restricted and banned books, films, games and sound recordings. The newsletter was sent to 192 libraries and has generated a twofold increase in inquiries from libraries, with the result that many more took steps to comply with labelling, display, information and age restriction requirements.

Financial Statements of the
OFFICE OF
FILM AND LITERATURE
CLASSIFICATION
TE TARI WHAKARŌPŪ TUKUATA,
TUHITUHINGA

for the year ended 30 June 2006

STATEMENT OF RESPONSIBILITY

For the Year Ended 30 June 2006

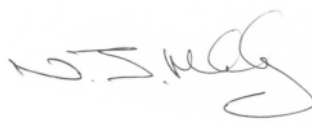
As Chairperson and Deputy Chairperson of the Board of the Office of Film and Literature Classification, we accept responsibility for the preparation of these Financial Statements. The Financial Statements have been prepared in accordance with generally accepted accounting practice and include the information required by the Public Finance Amendment Act 2004.

As part of the development of the Classification Office's financial management systems, effective internal controls have been implemented and maintained to provide reasonable assurance as to the integrity and reliability of financial reporting. These internal controls are subject to independent random periodic audits to ensure compliance and effectiveness.

We are satisfied that, for the reporting period, the Statements of Account fairly reflect the financial position and operations of the Classification Office and the Statement of Service Performance fairly reflects the Classification Office's achievements against performance targets as set out in the Statement of Objectives.



W K Hastings
Chairperson



N J McCully
Deputy Chairperson

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

20th October 2006

AUDIT REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF THE OFFICE OF FILM AND LITERATURE CLASSIFICATION FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2006

The Auditor-General is the auditor of the Office of Film and Literature Classification (the Office). The Auditor-General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Office, on his behalf, for the year ended 30 June 2006.

Unqualified opinion

In our opinion the financial statements of the Office on pages 60 to 91

- comply with generally accepted accounting practice in New Zealand;
- and fairly reflect:

- the Office's financial position as at 30 June 2006;
- the results of its operations and cash flows for the year ended on that date; and
- its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 20 October 2006, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor


The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Office as at 30 June 2006. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Board's responsibilities arise from the Public Finance Act 1989 and the Films, Videos and Publications Classification Act 1993.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Office.



Clare Helm
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

STATEMENT OF ACCOUNTING POLICIES

For the Year Ended 30 June 2006

Reporting Entity

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

These statements have been prepared in accordance with Section 41(i) and 44 of the Public Finance Act 1989 and Section 152 of the Crown Entities Act 2004.

Measurement Base

The measurement base adopted is that of historical cost modified by the revaluation of certain fixed assets.

Accounting Policies

The following specific accounting policies which materially affect the measurement of the financial performance and financial position have been applied:

Revenue

Crown Revenue is recognised when it is received. Labelling Body income, other fee income and sundry income are recognised according to the accrual basis of accounting.

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.

Receivables

Receivables are recorded at estimated realisable value, after providing for doubtful debts.

Leases

The Classification Office leases office premises and office equipment, mainly photocopiers. As all risks and ownership are retained by the lessor, these leases are classified as operating leases. Operating lease costs are expensed in the period in which they are incurred.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. The minimum capitalisation value of individual assets is \$200. All fixed assets received from the Department of Internal Affairs on establishment with zero book value are stated at a net current value, as determined by an independent registered valuer, Rolle Associates, on 1 October 1994.

Depreciation

Depreciation is provided on all fixed assets with a positive book value.

Depreciation is charged on a straight line basis at rates that will write off the cost or valuation of the fixed assets to the estimated residual value, over their expected useful economic lives. The depreciation rates charged on the major classes of assets are as follows:

	Percentage
Computer Hardware	30
Computer Software	30
Fit Out	12
Furniture and Fittings	10
Office Equipment	24
Other Equipment	24
Technical Equipment	24
Vehicles	18

Provision for Employee Entitlements

Annual leave and time off in lieu are recognised as they accrue to employees and have been calculated on an actual entitlement basis at current rates of pay.

Financial Instruments

Financial instruments primarily comprise bank balances, receivables and payables. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Goods and Services Tax (GST)

All monetary values are stated exclusive of GST except Trade Debtors and Trade Creditors. The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Accounts Payable or Accounts Receivable (as appropriate).

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. Accordingly, no charge for income tax has been provided for.

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.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used in previous years.

STATEMENT OF FINANCIAL PERFORMANCE

For The Year Ended 30 June 2006

		Budget 2006 \$	Actual 2006 \$	Actual 2005 \$
REVENUE	<i>Notes</i>			
Crown Revenue	6	1,960,000	1,960,000	1,960,000
Labelling Body Revenue		898,241	1,298,603	974,022
Other Fee Revenue		1,933	89	1,289
		2,860,174	3,258,692	2,935,311
OTHER REVENUE				
Interest Revenue		90,000	170,799	149,029
Sundry Revenue		2,400	6,492	11,010
		92,400	177,291	160,039
TOTAL REVENUE		2,952,574	3,435,983	3,095,350
LESS COST OF ACTIVITIES				
Audit Fee		10,000	13,000	10,000
Depreciation	4	200,000	195,091	190,054
Insurance		19,776	16,213	19,724
Lease and Rental Costs		306,683	306,680	305,826
Other Operating Costs		575,056	597,228	555,155
Personnel Expenditure	9	1,855,054	1,945,841	1,789,796
Loss on Sale of Assets		0	1,221	193
		2,966,569	3,075,274	2,870,748
NET OPERATING SURPLUS (DEFICIT)	8	(13,995)	360,709	224,602

Note: The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF MOVEMENTS IN TAXPAYERS' EQUITY

For The Year Ended 30 June 2006

	Budget 2006 \$	Actual 2006 \$	Actual 2005 \$
TAXPAYERS' FUNDS AS AT 1 JULY 2005	2,616,328	2,900,336	2,675,834
Net Surplus/(Deficit)	(13,996)	360,709	224,602
Total recognised revenues and expenses for the year	(13,996)	360,709	224,602
TAXPAYERS' FUNDS AS AT 30 JUNE 2006	2,602,332	3,261,045	2,900,336

Note: The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2006

		Budget 2006 \$	Actual 2006 \$	Actual 2005 \$
CURRENT ASSETS	<i>Notes</i>			
Cash and Bank Deposits	1	2,297,617	3,051,409	2,545,983
Accounts Receivable	2	160,559	259,352	272,006
Total Current Assets		2,458,176	3,310,761	2,817,989
CURRENT LIABILITIES				
Accounts Payable	3	147,198	267,998	252,628
Employee Entitlements	10	109,911	121,529	99,019
Total Current Liabilities		257,109	389,527	351,647
WORKING CAPITAL		2,201,067	2,921,234	2,466,342
NON CURRENT ASSETS				
Fixed Assets	4	401,265	339,811	433,994
Net Assets		2,602,332	3,261,045	2,900,336
<i>Represented By:</i>				
TAXPAYERS' FUNDS				
Taxpayers' Funds		2,538,741	3,197,454	2,836,745
Revaluation Reserve		63,591	63,591	63,591
TOTAL TAXPAYERS' FUNDS		2,602,332	3,261,045	2,900,336

Note: The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2006

	Budget 2006 \$	Actual 2006 \$	Actual 2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES	<i>Notes</i>		
Cash was provided from:			
Crown Revenue	1,960,000	1,960,000	1,960,000
Receipts from Customers	897,229	1,292,737	969,772
Interest Received	90,000	207,846	106,006
Net Goods and Services Tax Received	2,175	7,201	(26)
	2,949,404	3,467,784	3,035,752
Cash was disbursed to:			
Payments to Suppliers and Employees	2,765,097	2,860,226	2,689,699
	2,765,097	2,860,226	2,689,699
Net Cash Flows from Operating Activities	184,307	607,558	346,053
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of Fixed Assets	0	178	133
	0	178	133
Cash was disbursed to:			
Purchase of Fixed Assets	205,000	102,307	258,110
	205,000	102,307	258,110
Net Cash Flows from Investing Activities	(205,000)	(102,129)	(257,977)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Cash Flows from Financing Activities	0	0	0
Net Increase/(Decrease) in Cash Held	(20,693)	505,429	88,076
Add Cash at Beginning of Year	2,318,310	2,545,979	2,457,907
Balance at 30 June 2006	¹ 2,297,617	3,051,409	2,545,983

Note: The accompanying accounting policies and notes form an integral part of these financial statements.

	Budget 2006 \$	Actual 2006 \$	Actual 2005 \$
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Surplus (Deficit)	(13,996)	360,709	224,602
Add/(Less) Non Cash Items			
Depreciation	200,000	195,091	190,054
(Gain)/Loss on Sale of Fixed Assets	0	1,221	193
	200,000	196,312	190,247
Add/(Less) Movements in Working Capital Items			
Decrease/(Increase) in Receivables	(6,014)	27,666	(101,439)
Decrease/(Increase) in Prepayments	0	(21,074)	(7,174)
Decrease/(Increase) in GST	2,659	7,201	(26)
Decrease/(Increase) in Payables	1,657	36,479	39,578
Decrease/(Increase) in Employee Entitlements	0	265	265
	(1,698)	50,537	(68,796)
Net Cash Flows from Operating Activities	184,307	607,558	346,053

Note: The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF COMMITMENTS

As at 30 June 2006

The Office of Film and Literature Classification has long-term leases on its premises in Wellington. The annual lease payments are subject to three yearly reviews. The amounts disclosed below as future commitments are based on the current rental rates.

Operating leases include lease payments for office equipment committed to at balance date.

	2006	2005
	\$	\$
OPERATING LEASE COMMITMENTS		
Less than one year	85,737	307,824
One to two years	5,933	85,737
Two to five years	-	5,933
More than five years	-	-
Total Operating Lease Commitments	91,670	399,494
Capital Commitments	-	-
TOTAL COMMITMENTS	91,670	399,494

STATEMENT OF CONTINGENT LIABILITIES

As at 30 June 2006

The Office of Film and Literature Classification has no known contingent liabilities as at 30 June 2006 (nil as at 2005).

Note: The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2006

2006 2005
\$ \$

NOTE 1 - CASH AND BANK DEPOSITS

Petty Cash	200	200
Call and Short Term Deposits	2,224,142	2,224,142
Operating Accounts	827,067	321,641
	3,051,409	2,545,983

NOTE 2 - ACCOUNTS RECEIVABLE

Interest Receivable	34,566	71,613
Sundry Debtors	0	27
Prepayments	75,599	54,525
Trade Debtors	149,187	139,778
GST	0	6,063
	259,352	272,006
Less Provision for Doubtful Debts	0	0
	259,352	272,006

NOTE 3 - ACCOUNTS PAYABLE

Trade Creditors	131,625	103,161
Provision for Staff Accrued Personnel Costs	36,461	26,955
Receipts in Advance	71,311	74,378
Sundry Creditors	27,463	48,134
GST	1,138	0
	267,998	252,628

NOTE 4 – FIXED ASSETS

	Cost			2006	Accum	Net Book
	30/6/05	Additions	Disposals	Depn.	Depn.	Value
2005/06 Year	\$	\$	\$	\$	\$	\$
Computer Hardware	632,316	43,841	0	77,328	591,038	85,119
Computer Software	856,348	3,634	0	65,732	814,556	45,425
Fit Out	772,564	36,496	0	18,686	684,410	124,650
Furniture & Fittings	333,980	13,318	19,815	14,660	291,907	35,576
Office Equipment	238,843	0	5,243	3,723	229,033	4,567
Other Equipment	12,443	755	0	1,230	10,715	2,483
Technical Equipment	177,600	4,263	0	9,726	154,450	27,413
Vehicles	22,256	0	0	4,006	7,678	14,578
	3,046,350	102,307	25,058	195,091	2,783,787	339,811

	Cost			2005	Accum	Net Book
	30/6/04	Additions	Disposals	Depn.	Depn.	Value
2004/05 Year	\$	\$	\$	\$	\$	\$
Computer Hardware	571,027	68,558	7,269	73,100	513,710	118,606
Computer Software	875,557	31,217	50,426	68,932	748,824	107,524
Fit Out	678,982	93,582	0	10,905	665,725	106,839
Furniture & Fittings	327,997	5,983	0	22,449	296,554	37,426
Office Equipment	239,080	1,268	1,505	5,743	229,661	9,182
Other Equipment	11,379	1,064	0	1,037	9,485	2,958
Technical Equipment	144,483	34,182	1,066	4,216	144,724	32,875
Vehicles	0	22,256	0	3,672	3,672	18,584
	2,848,505	258,110	60,266	190,054	2,612,355	433,994

NOTE 5 – FINANCIAL INSTRUMENTS

The Office of Film and Literature Classification is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable, and trade creditors.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Classification Office and cause the Classification Office to incur a loss. In the normal course of its business, the Classification Office incurs credit risk from trade debtors, and transactions with financial institutions.

The Classification Office has no significant concentrations of credit risk. No collateral or security is held or given to support financial instruments. The Classification Office places funds on short term deposit with New Zealand registered banks which have satisfactory credit ratings.

Fair Value

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Currency risk and Interest Risk Rate

The Classification Office has no significant exposure to either currency risk or interest rate risk.

NOTE 6 - RECONCILIATION OF CROWN REVENUE RECEIVED

	2006	2005
	\$	\$
Funds received from the Vote: Internal Affairs regarding the Estimates of Appropriations 2005/06 (net GST)	1,960,000	1,960,000
Crown Revenues Per Accounts as at 30 June 2006	1,960,000	1,960,000

NOTE 7 – RELATED PARTY INFORMATION

The Office of Film and Literature Classification is a wholly owned entity of the Crown. The major source of revenue for the Classification Office is received from the Crown through Vote: Internal Affairs.

The Classification Office enters into numerous transactions with other Government departments and Crown agencies. These transactions are carried out on an arm's length basis on normal business terms and are not considered to be related party transactions.

NOTE 8 – REPAYMENT OF SURPLUS TO THE CROWN

Under Section 165 of the Crown Entities Act 2004, the Minister of Finance may require repayment of any surplus (or any portion of the surplus). 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 2006.

NOTE 9 - EMPLOYEE REMUNERATION

Total Remuneration and Benefits \$000	Number of Employees	
	2006	2005
140-150	0	1
150-160	1	0
180-190	0	1
190-200	1*	0

*This refers to Chief Executive Officer's remuneration.

Severance Payments

The Office of Film and Literature Classification made no severance payments during the year ending 30 June 2006.

NOTE 10 – EMPLOYEE ENTITLEMENTS

	2006	2005
Accrued Annual Leave	121,529	99,019
	121,529	99,019

NOTE 11 – SUBSEQUENT EVENTS

There were no subsequent events which require disclosure in the financial statements.

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

For the Year Ended 30 June 2006

Output 1: Examination, Classification and Registration of Publications

Description

The Office examines and classifies films, video recordings, printed material, sound recordings, some computer technologies, and other publications under the Act. The Office is required to maintain a *Register of Classification Decisions*, and to make that Register available for public inspection. In addition the Office is required to publish a *List of Decisions* which is to be made available for purchase.

Resources Employed

		Projected 30 June 2006	Actual 30 June 2006
		\$	\$
Revenue	Crown Revenue	1,371,894	1,371,894
	Third Party Revenue	900,174	1,298,693
	Other (including Interest)	92,400	177,291
	Total Revenue	2,364,468	2,847,878
Expenditure	Total Expenditure	2,378,463	2,476,060
	Net Surplus/(Deficit)	(13,995)	371,818

Service Performance

Quantity	Notes	Minimum Estimate	Maximum Estimate	Actual
Publications Received		1,617	2,478	2,703
Publications Examined		1,617	2,478	2,643
Publications Classified/Registered		1,617	2,478	2,598
List of Decisions published	2			12

Exemptions/Waivers/Consents etc

Fee waiver requests received		209
Fee waiver requests received and declined		3
Alternative Methods of Affixing Labels		1
Broadcast Consents		0
Publications Withdrawn		60
Publications Verified		9

Quality		Projected	Actual
Classification decisions to set standard	1	95%	99%
Classification decisions in accordance with the law (No classification decision of the Office are over-turned on judicial review.)		100%	100%
List of Decisions published to set standard		97.5%	99.86%

Timeliness

Classification Timeliness Measures	4	See Table 5
Registrations completed within agreed timeframes	5	100%
List of Decisions published on 10th working day	3	100%

Consultations

Number of Consultations held		1
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Table 5: Timeliness Measures

Aggregated Timeliness

Section of the Act	Target Days	Target %	No. of Publications	No. of Pubs that Achieved Combined Queue & Process Time	% Processed within Total Target Working Days
Simple s12(1) & s42	25 days	90%	2,315	1,630	70%
Complex s12(1) & Complex s42	30 days	70%	62	34	55%
s13	55 days	70%	86	51	59%

Disaggregated Timeliness

Section of the Act	Queue				Process				
	Target Days	Target %	No. of Pubs	No. of Pubs Reached Target	Process Target Days	Process Target%	No. of Pubs	No. of Pubs Reached Target	% Met Target
Simple s12(1) & s42	15	90%	2,381	1,278	10	90%	2,315	2,051	88%
Complex s12(1) & Complex s42					15				
s13	25	70%	93	15	30	70%	86	81	94%
s29	100% of all section 29 were classified within the time mutually agreed between the Courts and the Classification Office.								

Note 1: Complex publications are those publications for which excisions are recommended.

Note 2: Section 12 publications requiring excisions do not become complex until the processing stage begins. Therefore, all s12 publications are queued together.

Note 1: Quality Measures

The target specified in the *Memorandum of Understanding* is that 95% of 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 month in question.

Note 2: In accordance with section 39 of the Act, the Chief Censor is required to set up and maintain a *Register of Classification Decisions*. The *Register* must contain:

- the classification given to a publication by the Classification Office; and
- where that publication is examined by the Film and Literature Board of Review, the classification given to the publication by the Board; and
- such other particulars as may be prescribed.

Note 3: The *Register* is required to be open to inspection by the public during ordinary office hours.

Under section 40 of the Act, the Classification Office is required to produce a list, in alphabetical order, on the 10th working day of every month. This list comprises publications that, during the month, immediately preceding the month in which the list is produced, have been examined by the Office or the Film and Literature Board of Review and in respect of which the Classification Office or the Board has made a decision. Each *List of Decisions* produced in accordance with section 40(1) of the Act shall contain:

- such particulars of the publications listed in it as may be prescribed; and
- such decisions of the Board as are required, pursuant to section 55(1)(e)(ii) of the Act, to be published by the Classification Office when so directed by the Film and Literature Board of Review.

The *List of Decisions* is required to be open to inspection by the public during ordinary office hours.

Every person shall, on request, and on payment of such a fee (if any) as the Classification Office may determine, be entitled to a copy of any list produced in accordance with section 40(1) of the Act.

The *List of Decisions* quality measure is calculated using the number of publications registered, which excludes associated advertising material. For this reason the figure used is not the same as the figure recorded for the quantity of publications Classified/Registered.

Note 4: Timeliness Measures

Timeliness measures are set in the *Memorandum of Understanding July 2005 – June 2006*.

- 90% of ‘simple’ section 12 and section 42 submissions are classified within 30 working days of receipt (up to 20 days in the queue, and up to 10 days processing time), where statutory obligations enable this.
- 70% of ‘complex’ section 12 and section 42 submissions are classified within 35 working days of receipt (up to 20 days in the queue, and up to 15 days processing time), where statutory obligations enable this.

The distinction between ‘simple’ and ‘complex’ publications is based on the requirement to consider excisions. Publications for which the Classification Office offers excisions are considered ‘complex’.

- 70% of section 13 submissions are classified within 55 working days of receipt (up to 25 days in the queue, and up to 30 days processing time), where statutory obligations enable this.
- Section 29 submissions do not have a compliance measure. 100% of section 29 submissions are classified within the time mutually agreed between the Court and the Office.
- Note that section 12 and section 42 publications requiring assistance under section 21 of the Act are excluded from the timeliness measures.

From the 2001/02 year, timeliness measures are calculated using data in CLOSET (Classification Office Submission Evaluation and Tracking System). For each publication found in this query, the time is calculated (in working days) between the publication having been received in the Classification Office, and its classification documentation being dispatched.

Note 5: Timeliness Measures

100% of decisions classified in each month are required to be registered within that same month.

OUTPUT 1 ANALYSIS

Performance by Section of the Act against Estimates

Section 12 - Labelling Body	Minimum Estimate	Maximum Estimate	Actual
Publications Received	1,512	2,145	2,471
Publications Examined	1,512	2,145	2,416
Publications Classified/Registered	1,512	2,145	2,378
Variance Between Actual and Estimates			
<i>Received</i>	63%	15%	
<i>Examined</i>	60%	13%	
<i>Classified</i>	57%	11%	

Section 13(1)(a) - Comptroller of Customs

Publications Received	18	75	22
Publications Examined	18	75	27
Publications Classified/Registered	18	75	27
Variance Between Actual and Estimates			
<i>Received</i>	22%	(71%)	
<i>Examined</i>	50%	(64%)	
<i>Classified</i>	50%	(64%)	

Section 13(1)(ab) - New Zealand Police

Publications Received	0	0	11
Publications Examined	0	0	20
Publications Classified/Registered	0	0	20
Variance Between Actual and Estimates			
<i>Received</i>	-	-	
<i>Examined</i>	-	-	
<i>Classified</i>	-	-	

Section 13(1)(b) - Secretary for Internal Affairs

Publications Received	18	72	27
Publications Examined	18	72	31
Publications Classified/Registered	18	72	27
Variance Between Actual and Estimates			
<i>Received</i>	50%	(63%)	
<i>Examined</i>	72%	(57%)	
<i>Classified</i>	50%	(63%)	

Note: The figures in the estimated range have been rounded to the nearest whole number.

	Minimum Estimate	Maximum Estimate	Actual
Section 13(1)(c) - Chief Censor Grants Leave			
Publications Received	12	36	14
Publications Examined	12	36	14
Publications Classified/Registered	12	36	11
Variance Between Actual and Estimates			
<i>Received</i>	17%	(61%)	
<i>Examined</i>	17%	(61%)	
<i>Classified</i>	(8%)	(69%)	

Section 13(3) - Chief Censor's Own Motion

Publications Received	0	0	5
Publications Examined	0	0	1
Publications Classified/Registered	0	0	1
Variance Between Actual and Estimates			
<i>Received</i>	-	-	
<i>Examined</i>	-	-	
<i>Classified</i>	-	-	

Section 29(1) - Courts

Publications Received	57	138	143
Publications Examined	57	138	124
Publications Classified/Registered	57	138	124
Variance Between Actual and Estimates			
<i>Received</i>	151%	4%	
<i>Examined</i>	118%	(10%)	
<i>Classified</i>	118%	(10%)	

Section 41(3) - Courts

Publications Received	0	0	0
Publications Examined	0	0	0
Publications Classified/Registered	0	0	0
Variance Between Actual and Estimates			
<i>Received</i>	-	-	
<i>Examined</i>	-	-	
<i>Classified</i>	-	-	

Note: The figures in the estimated range have been rounded to the nearest whole number.

Sections 42(1), (2) & (3) - Reconsiderations	Minimum Estimate	Maximum Estimate	Actual
Publications Received	0	0	0
Publications Examined	0	0	0
Publications Classified/Registered	0	0	0
Variance Between Actual and Estimates			
<i>Received</i>	-	-	
<i>Examined</i>	-	-	
<i>Classified</i>	-	-	
Regulation 27 - Film Poster Approvals			
Publications Received	0	12	10
Publications Examined	0	12	10
Publications Classified/Registered	0	12	10
Variance Between Actual and Estimates			
<i>Received</i>	-	(17%)	
<i>Examined</i>	-	(17%)	
<i>Classified</i>	-	(17%)	
SUMMARY			
Publications Received For the Year	1,617	2,478	2,703
Publications Examined	1,617	2,478	2,643
Publications Classified/Registered	1,617	2,478	2,598
Variance Between Actual and Estimates			
<i>Received</i>	67%	9%	
<i>Examined</i>	63%	7%	
<i>Classified</i>	61%	5%	

Note: The figures in the estimated range have been rounded to the nearest whole number.

Figure 18: Publications Received: Estimates and Actuals by Section of the Act 2005/06

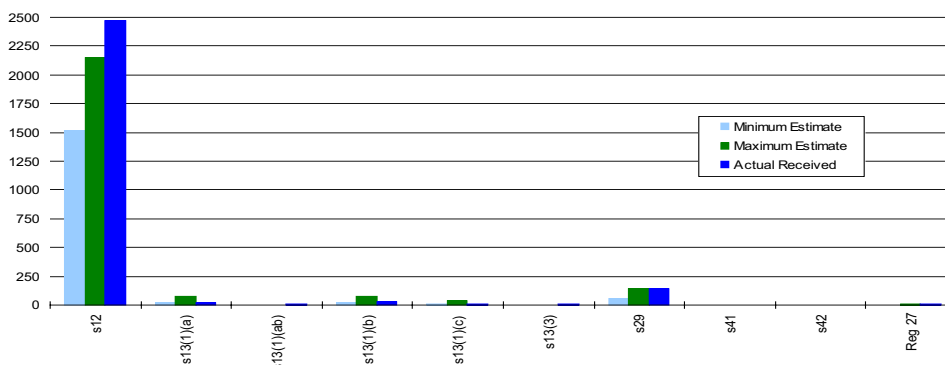


Figure 19: Publications Examined: Estimates and Actuals by Section of the Act 2005/06

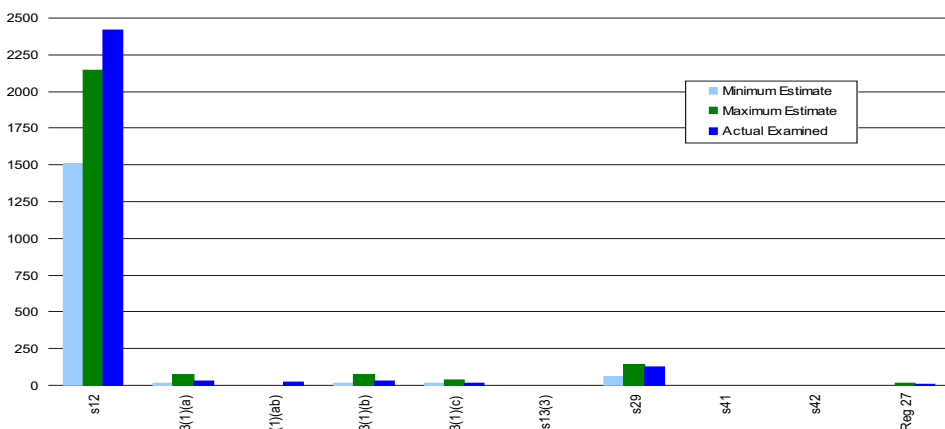
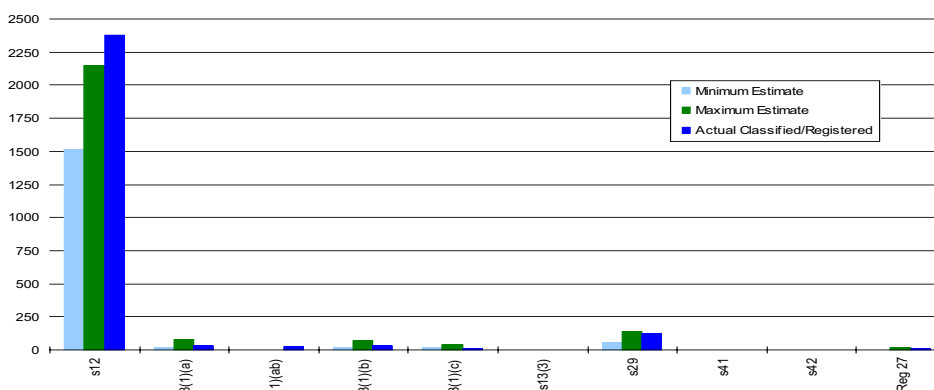


Figure 20: Publications Classified / Registered: Estimates and Actuals by Section of the Act 2005/06



OUTPUT 1

Performance by Section of the Act against Actuals Variance Analysis

	Section 12 Labelling Body	Section 13(1)(a) Comptroller of Customs	Section 13(1)(ab) New Zealand Police	Section 13(1)(b) Secretary for Internal Affairs	Section 13(1)(c) Chief Censor Grants Leave (Commercial and Public)	Section 13(3) Chief Censor's Own Motion	Section 29 (1) Courts	Section 41(3) Courts	Sections 42(1),(2),(3) Reconsiderations	Reg 27(3) & (4)	Total
Publications received	2,471	22	11	27	14	5	143	0	0	10	2,703
Publications examined	2,416	27	20	31	14	1	124	0	0	10	2,643
Publications classified/registered	2,378	27	20	27	11	1	124	0	0	10	2,598
Variances											
Examined vs. Received	(2%)	23%	82%	15%	0%	(80%)	(13%)	-	-	-	(2%)
Classified/Registered vs. Received	(4%)	23%	82%	0%	(21%)	(80%)	(13%)	-	-	-	(4%)
Classified/Registered vs. Examined	(2%)	0%	-	(13%)	(21%)	-	0%	-	-	-	(2%)

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

For the Year Ended 30 June 2006

Output 2: Information Services

Description

This output class is concerned with information services provided by the Office. The majority of these are performed, or coordinated by, the Information Unit. The core functions of the Information Unit are set down in statute. These functions are to provide research services to the Office, to disseminate information to the public about the Office and the classification system and respond to inquiries and complaints.

In addition, this output includes representation duties such as media interviews and public presentations. The latter are coordinated by the Information Unit but sometimes involve staff from other units.

Resources Employed

		Projected 30 June 2006	Actual 30 June 2006
		\$	\$
Revenue	Crown Revenue	588,106	588,106
	Third Party Revenue	-	-
	Other (including Interest)	-	-
	Total Revenue	588,106	588,106
Expenditure	Total Expenditure	588,106	599,213
	Net Surplus/(Deficit)	0	(\$11,107)

Service Performance

Quantity (See Note 1)	Notes	Minimum Estimate	Maximum Estimate	Actual
Inquiries		650	850	1243
Complaints		50	90	78
Classification Information Requests	2	600	900	462
Representation Duties		10	30	38
			Estimate	Actual
Research Projects			1	2
Website Development	3		ongoing	See Note 3
Media Interviews	4		N/A	106
Timeliness				
Written Responses Provided Within Timeframe	5		95%	100%

Note 1: The quantity table has been divided to accommodate the distinction between activities for which there is an estimated range and activities that are either ongoing or have specific output targets.

Note 2: Requests for classification information on specific publications form part of the category of inquiries. As multiple classification information requests may be contained within one inquiry, the total number of classification information requests differs from the total number of inquiries received.

Note 3: The website has become an important means of contact between the Office and members of the public. The total number of visitors to the website was 100,062, a 39% increase on the previous year.

New information added to the site this year included:

- Information for film makers;
- Information for film festivals;
- How to submit a publication for law enforcement agencies;
- Exemptions from labelling under section 8 of the Act;
- Classification and labelling (in Chinese);
- A schools section including downloadable resources;
- More comprehensive information on labelling.

Note 4: The Office does not make projections for media inquiries and media interviews because this is a demand driven activity.

Note 5: The Classification Office aims to respond to all information requests within 20 working days of receipt. The 20 working day timeframe is in accordance with the requirements of the Official Information Act 1982. This is the case for inquiries and complaints made by way of mail or email, by telephone or in person.

The Office achieved this timeframe for 100% of the correspondence and phone calls it answered in the 2005/06 financial year.

Quality

Research Projects designed and produced to agreed specifications

Young People's Use of Entertainment Mediums

The Primary Purpose of the Research

The purpose of the research was to better inform the Office of the habits and views of young people in relation to some entertainment forms considered to be 'publications' under censorship law. The project was also to build on last year's research on underage gaming to better understand the extent and nature of underage access to restricted publications.

The Research Results and the Value of the Research

The research found that the majority of young people usually viewed films and played games that were legally able to be supplied to them. The respondents reported that the recommendations of their peers, film trailers and television advertising were most influential on their choice of films and games. Subjects were also asked whether a film or game had influenced their thoughts or actions. 64% of respondents indicated that their thoughts had been influenced while 24% indicated that their actions had been influenced. The survey asked young people what they used their mobile phones for. By far the most common use was for text-messaging which 89% of respondents did every day.

The research provided an important counter-balance to the 2005 research on underage gaming. Reading the results of the two research projects together suggests that, while underage people do access restricted material, they do not do so regularly. Nor do they necessarily prefer restricted material to age-appropriate material. The research provided the Office with a wealth of information on the attitudes and behaviour of one group significantly affected by its classification decisions. It will assist in classification and information work as well as future censorship policy development.

Public Understanding of Censorship

The Primary Purpose of the Research

This research project aimed to inform the Office of levels of public understanding of censorship, recognition of classification labels and satisfaction with the censorship system. Public understanding of the system and confidence in it is essential if it is to operate effectively.

The Research Results and the Value of the Research

Results indicated a high level of knowledge both of the Office and the labelling system. Knowledge of the meaning of the unrestricted M label was significantly lower than for all other labels. The research found

high levels of satisfaction with the current censorship system. It also found that parents, in particular, value classifications and descriptive notes when making entertainment choices for their children. The research will assist the Office with targeting information initiatives. It also provided useful indicators on public confidence in the censorship system and improved knowledge of the public use of films, videos, DVDs and games

Website development

Website visits have increased markedly over the previous year. Public feedback on the content and layout of the site has been positive. The only criticism levelled at the site during the year was that the link to the New Zealand Censorship Database was difficult to find. The text providing the link was made more prominent as a result.

Improved reporting data shows that the website is popular amongst teachers and students since documents in the school section are the ones most often downloaded.

The website is stable. There was one unplanned outage of 2 hours, 2 planned outages for maintenance and two planned power outages for building maintenance. The Office contracts a website monitor that checks the availability of the website every hour and informs us of any outage.

Representation duties provided to standard

The Office provides a survey form to the external co-ordinators of public presentations so they can give feedback on our presentations. The survey form asks for feedback on the speaker's performance, the suitability of content, the educational and informative aspect of the presentation, and, if relevant, the information brochures provided. The assessment scale runs from Not Satisfactory through to Excellent. A separate form seeking more detailed feedback is provided to teachers whose students attend one of the annual Censor for a Day events.

There were 38 presentations to public groups during the year. This included seven Censor for a Day events, which were hosted in Wellington, Nelson, Christchurch, Dunedin and Invercargill. The feedback forms assessed the presentations as Very Good or Excellent. Teachers attending Censor for a Day suggested only minor changes to the format such as starting it later in the day or running each event for longer.

MANAGEMENT OF THE OFFICE OF FILM AND LITERATURE CLASSIFICATION

The Memorandum of Understanding (MOU) between the Minister of Internal Affairs (on behalf of the Crown), and the Chief Censor of Film and Literature (as the Chairperson of the Board of the Office of Film and Literature Classification) was agreed between the Minister and the Chief Censor in July 2005 and expires 30 June 2006.

The MOU provides a mechanism for ensuring the appropriate accountability to the Crown for the production of outputs of the Classification Office, which are funded by the Crown. It also recognises the statutory independence of the Classification Office and its relationship to the Crown. The MOU provides a framework for regular and effective monitoring of workload and funding needs, so that the statutory duties of the Classification Office can be carried out. Part of the reporting requirements of the MOU is a discussion of:

- the strategic performance of the Classification Office. This relates to issues which form part of, or may affect the operating environment of the Classification Office, and
- the ownership performance of the Classification Office. This relates to issues which affect the management of the Classification Office.

Strategic Performance

The Classification Office identified four areas of strategic importance to the development and on-going capability of the Office to meet its commitments to the Crown as part of the Strategic Plan 2004-07. These areas are information provision, relationship management, improving Office health and efficiency, and extending the Office's breadth of coverage.

The focus of activity for 2005/06 is discussed in the following table:

OUR STRATEGIC PRIORITIES

Strategic Priority	Strategy	Activity
Information Provision	<p>The Office will continue to use information technology to communicate effectively to our audiences.</p>	<p>Articles and decisions were added to the website in response to, and in anticipation of, public interest. A schools section was added to the website. It provides a handbook for students studying censorship for NCEA media studies. It also provides case studies on films suitable for study by secondary students and advice to schools on showing films to students.</p> <p>The Office sends out monthly electronic newsletters to two special interest groups – librarians and the computer games industry.</p> <p>We developed electronic information sheets to answer a range of frequently asked questions. These contain comprehensive information on topics such as buying and selling videos and DVDs, exemptions and submission procedures.</p>
	<p>We will educate the public about the injury caused by objectionable material in various mediums.</p>	<p>The Office extended the Censor for a Day programme to include seven events involving 26 schools in Wellington, Nelson, Christchurch, Dunedin and Invercargill.</p> <p>We spoke to a variety of audiences including non-government organisations, secondary schools, tertiary students, community groups and groups of parents about the injury caused by objectionable and restricted material.</p>
	<p>We will target different audiences and tailor our communication to each of those audiences.</p>	<p>We targeted parents as well as film and game outlets with information on their legal obligations to limit the availability of restricted publications to people of the legal age. Pads of tear-off information sheets were sent to 650 outlets. These can be used as a training or information tool for staff and provided to parents who try to access restricted material for underage people.</p> <p>We developed Chinese language information on classification and labelling, aimed at Chinese video businesses.</p> <p>The Office ran an exhibitor's stall at the Library and Information Association of New Zealand Aotearoa 2005 Conference. Staff on the stall provided librarians with information about censorship and answered their questions.</p>

Strategic Priority	Strategy	Activity
Relationship Management	<p>The Office will maintain its position as the authority on censorship issues with government, politicians, and the public.</p>	<p>The Office continued its regular working relationships with the Department of Internal Affairs, the Ministry of Justice, the Labelling Body, the Police and Customs. The Office continues to work closely with old and new film festival organisers, other private sector enterprises, and various community groups.</p> <p>We convened the Censorship Consultative Group of officials with an interest in censorship and hosted its meetings. The group monitors developments in censorship and considers possible law and policy changes.</p> <p>We briefed officials and members of non-government organisations on research carried out by the Office and assisted a non-government organisation in designing a research project.</p> <p>The Office signed a memorandum of understanding with the New Zealand Agency for International Development to provide advice and assistance to Samoa to improve the effectiveness of its Censorship Office.</p>
Extending Breadth of Coverage	<p>We will seek opportunities to learn about new technologies and in turn inform the industry of what services we can offer them to cater for these new advances.</p>	<p>The Office worked with the Telecommunications Carriers Forum, Department of Internal Affairs and Broadcasting Standards Authority to finalise the industry code for mobile phone content.</p> <p>The Office participated in two trials of software to block child pornography websites. We worked with the Censorship Compliance Unit of the Department of Internal Affairs and Internet NZ to test the effectiveness of different approaches to blocking such websites.</p> <p>We conducted research to better understand the ways that young people use technology for entertainment.</p>
	<p>We will recognise that as a monopoly public sector provider we have obligations to the public and the industry.</p>	<p>The Office gathered data on the costs of classification through time recording sheets filled out by staff during every stage of the classification process. The sheets better informed us about the costs and drivers of cost in the classification process. This information will feed into the review of the Fees Regulations.</p>

Censorship Assistance to Samoa

In May a representative of the Office travelled to Samoa to take part in the second phase of the Justice Institutional Strengthening Project. One purpose of the project, which is managed by NZ Aid, is to improve the effectiveness of the Samoan Censorship Office, including its classification, enforcement and information functions. During the visit, the project team developed a detailed implementation plan for the project. The Office advised the Principal Censor in documenting classification guidelines and procedures and in cross-rating unrestricted films based on New Zealand ratings. Work on education materials, legislative amendments and enforcement practices will continue when the Principal Censor visits New Zealand on a workplace attachment.

Code of Practice for Mobile Content

The Office worked with representatives of Telecommunications Carriers Forum (TCF), and state sector agencies to assist in finalising an industry code to regulate content provided over mobile phones. The code was developed by TCF members in response to a request from the Minister of Communications. It provides guidelines to content providers to assist them in determining what content is suitable for young people and what should be restricted to adult phone owners. It also establishes complaints procedures and supports the use of age verification processes for phone owners.

Ownership Performance

Financial Capital Issues and Projected Financial Information

2005/06 saw the Classification Office end the year with a \$360,709 net surplus, in comparison to a projected deficit of \$13,996. This surplus was primarily driven by Labelling Body and Interest revenue. These and other less significant variances from budget are discussed below.

Labelling Body Revenue (variance of \$400,363)

Labelling Body revenue was 45% over budget for the year. This variance is caused by increased numbers of publications examined, a larger proportion of those publications being digital (both of which account for about \$383,000) and by additional urgency fees (approximately \$20,000).

The budget is based on examination levels being at the mid-point of the estimated range, while actual levels achieved were in excess of the maximum of the estimated range.

Interest Revenue (variance of \$80,799)

Interest revenue was 90% over budget. This results from a combination of accumulated surpluses of previous years, the increase in Labelling Body revenue (discussed above) and lower levels of capital expenditure than budgeted.

Personnel Expenditure (variance of \$90,788)

Personnel expenditure continues the trend established in the second and third quarters and is over spent by \$91,000, which is 5% over budget. The majority of this is due to the increase in personnel costs in the Classification area which was required to service the queue at a satisfactory rate.

Capital Expenditure

Capital expenditure is budgeted at \$205,000 this year, of which about half has been spent, mostly on computer hardware, furniture, fittings and fit-out. However significant capital expenditure has been budgeted for the next two years, as the Office overhauls its information technology system and renegotiates the lease on its premises.

Human Resource Issues

Staffing

The Office made greater use of part-time employees, overtime and flexible working hours to make the examination and classification process more efficient, and to slow the growth in the queue of publications awaiting examination.

A committee consisting of management, staff, members of the PSA, and a facilitator completed a review of the job size of all positions in the Office which will be used to inform a review of salaries.

The current term of the Deputy Chief Censor expired in October 2005 and the current term of the Chief Censor is due to expire in October 2006. The Department of Internal Affairs is responsible for the reappointment processes for these positions.

Staff of the Classification Office

The Classification Office has a very stable work force with 73% of the staff having been with the Office for more than 4 years. The Office has not experienced any difficulty in filling its vacancies.

The majority of the staff are members of the PSA and a collective agreement is in place between the Chief Censor and the PSA.

The Office has 33 staff (28.4 full time equivalents). Of these, 10 work either casual or part time hours because of parental responsibilities, tertiary studies and life-style choices.

The Office has 23 female and 10 male staff (and of the staff within the classification area, 6 are men and 13 are women). We range in age from mid-20s to mid-60s. Nearly two-thirds of the staff are parents and 5 are grandparents.

Our staff speak a range of languages, reflecting their backgrounds and interests, including Afrikaans, Dutch, French, German, Mandarin, Maori, NZ Sign Language, Polish, Portuguese and Turkish.

The majority of the Classification Unit and Information Unit staff are tertiary educated in a range of fields including classics, design, english, history, law, management and music.

Office of Film & Literature Classification Structure as at June 2006

