CLASSIFICATION OFFICE

Submission on Media Reform: Modernising regulation and content funding arrangements for New Zealand

Media Reform is a discussion document that outlines five draft proposals to create modern media legislation for New Zealand's media and content production sector.

March 2025

 The <u>Classification Office | Te Mana Whakaatu</u> (the Office) welcomes the opportunity to submit on the <u>Media Reform</u> discussion document proposed by the <u>Ministry for Culture & Heritage | Manatū Taonga</u> (MCH).

About the Classification Office | Te Mana Whakaatu

- 2. The Office is an independent Crown entity focused on keeping New Zealanders safe from content harm. We are established by the <u>Films, Videos, and Publications Classification Act 1993</u> (the Classification Act) to classify publications¹ which may need to be age-restricted² or banned, and to provide information about the classification system and classification decisions.
- 3. We prevent exposure to harmful content while upholding the right to freedom of expression. We empower New Zealanders to make informed choices about what they, and their rangatahi and tamariki, watch.

Background: The CVoD Regime

- Since 2021, the labelling of commercial video on-demand (CVoD)³ content on some streaming services has been regulated in Aotearoa New Zealand. The CVoD regime is stewarded by the Office and enforced by the <u>Department of</u> <u>Internal Affairs</u> (DIA).
- 5. The CVoD regime exists to reduce the risk of harm to New Zealanders who view CVoD content, particularly vulnerable people and children. It enables

¹Our functions under the Classification Act limit our classification role to "publications", which include (among other things) films, games, video on-demand content, books, sound recordings, pictures, newspapers, photographs, prints or writings, electronic or computer files, and copies of images or sounds that have been livestreamed.

² For example, R13, R16, or R18. See <u>our website</u> for more information about age ratings.

³ Includes transactional video on-demand (TVoD) and subscription video on-demand (SVoD).

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viewers to make informed decisions by requiring consistent and informative content labelling.⁴

- 6. The Office works closely with <u>specified commercial streaming providers</u> to oversee providers'⁵ ability to 'self-rate' CVoD content. The self-rating framework is substantially based on the Office's own classification standards and practices.
- 7. The Chief Censor approves and <u>annually reviews</u> all self-rating systems operated by providers to ensure that they continue to generate appropriate self-ratings for New Zealand audiences.
- 8. New Zealanders can complain to the Chief Censor in the first instance if they feel a provider's self-rating is inappropriate.⁶
- 9. <u>Specified commercial streaming providers</u> are required to pay an annual levy to the Office.⁷

Submission

10. The focus of this brief submission is <u>Draft Proposal 4: Modernising</u> <u>professional media regulation</u>. We have structured our response around the specific questions posed by MCH in their submission form.

Do you agree with the proposal? Why/why not?

- We agree with the broad intent of this draft proposal "to increase the consistency and durability of regulation across the range of professional media New Zealanders engage with"⁸. We suggest further consideration of:
 - The intended scope.
 - Some of the preferred options, as stated in the prepared <u>regulatory impact</u> <u>statement</u>.
- 12. Modernisation of legislation that governs entertainment media is overdue. Research indicates that New Zealand audiences continue to prefer streaming services and video sharing platforms over traditional linear broadcast

⁴ See <u>section 46A</u> of the Classification Act.

⁵ <u>Schedule 4</u> providers can apply to the Chief Censor for permission to operate a self-rating system. See <u>section 46G</u> of the Classification Act.

⁶ See <u>section 46</u> of the Classification Act.

⁷ See <u>clause 6</u> of the Films, Videos, and Publications Classification Commercial Video on-Demand Levy Regulations 2021.

⁸ See the <u>objective summary</u> of Draft Proposal 4.

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television and radio.⁹ A modern regulatory system should have oversight of and impact on the services and platforms that New Zealanders use. It must be flexible enough to cope with a shifting media landscape.

- 13. This draft proposal specifically indicates that any reform to the Classification Act is out of scope and that, "should change options progress, further work will also be required to support coherent and efficient labelling and classification requirements, particularly for commercial video on-demand providers that are subject to a specific regime".¹⁰
- 14. Any reform to create a new Regulator whose remit includes the regulation of streaming services operating in Aotearoa New Zealand will inevitably overlap with the existing CVoD regime currently administered by the Office.
- 15. Further fragmentation of the regulatory system should be avoided. Many of the international streaming providers that this draft proposal aims to capture are already regulated by the CVoD regime¹¹ and providers should not be unnecessarily subject to duplicated regulatory requirements.
- 16. We strongly recommend that the aspects of the Classification Act that regulate entertainment media be included in the scope for *Media Reform*. By 'entertainment media', we mean films, games, and shows¹² consumed by New Zealand audiences, not user-generated content (such as social media) or news, current affairs, and journalistic content. The CVoD regime is a simplified framework that utilises labels familiar to New Zealanders, has been wellreceived by streaming providers, and could feasibly be adopted by any new Regulator that stewards entertainment media.

Do you prefer another option to address this issue?

17. The CVoD Regime has proven successful in helping New Zealanders navigate streaming services safely and make informed decisions about what they watch. It has achieved real-world mitigations and efficiencies. New Zealanders now access familiar labels on major commercial streaming services operating in New Zealand. To date, over 80,000 records¹³ have been self-rated by providers, and providers' engagement with the CVoD regime continues to be high.

⁹ See the most recent research on viewership from <u>NZ On Air: Where Are The Audiences? 2024</u>.

¹⁰ See page 2 of the <u>regulatory impact statement</u> for Draft Proposal 4.

¹¹ See <u>Schedule 4</u> of the Classification Act for a list of those providers already captured under the CVoD Regime.

¹² For example, theatrical releases, games, video on-demand, and physical format media (such as DVDs and Blu Ray).

¹³ As of March 2025. A 'record' can be either a film, series, season, episode, or ancillary content.

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- 18. An extension to the CVoD regime, or a substantially similar framework, to all entertainment media in Aotearoa New Zealand is timely. Such a framework could provide:
 - Support for and parity across industry.
 - A codebook of standards and practices applicable across entertainment media.
 - A process for approving industry systems to self-rate content.
 - A 'light-touch' approach to monitoring and quality control of industry's self-ratings.
 - A clear and effective complaints process for New Zealanders.
 - Education, awareness, and appropriate ratings information for New Zealanders.
- 19. It is also timely to consider the removal of legal age restrictions on all types of entertainment media in favour of age recommendations. For example, the difference between an R18 (a classification assigned by the Office) and an 18 (a self-rating assigned by a provider).



- 20. Legal age restrictions limit audience sizes and economic potential for entertainment media, particularly for theatrical releases and physical format media. The application of legal age restrictions is also inconsistent, as they only apply to content classified by the Office, not the thousands of titles selfrated by providers.
- 21. Commercial streaming providers are currently <u>required to display existing</u> <u>restricted classifications</u> for content made available on their services and platforms. In practice, it is difficult to identify or enforce any breaches (when age-restricted content is shown to underage viewers) that may occur in private homes when streaming.
- 22. Removing legal age restrictions from any future codebook of standards and practices would promote freedom of expression for parents and families, through providing consumers with consistent and reliable ratings information, but ultimately placing the decision whether to view content in their hands.

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Do you agree with the intended parameters of 'professional media' used in this proposal? Why/why not, and what would you recommend as well or instead?

- 23. The preferred option identified in the regulatory impact statement Option A3, to include professional media platforms operating in New Zealand appears to best support the intended outcomes of *Media Reform*. We suggest that the regulatory approach focus on content classification and labelling consistency, rather than on providers' operating models, distribution methods, or platform infrastructure.
- 24. It is proposed that 'professional media' would include "organisations that distribute media content they have produced, commissioned, or directly paid for and curated (including global streaming platforms)",¹⁴ acknowledging that further work needs to be undertaken to refine this definition.
- 25. There are both gaps in and overlaps with the CVoD regime when it comes to parity between providers. The Classification Act <u>specifies</u> 8 major providers who are required to engage with the CVoD regime. But there are other commercial streaming providers operating in Aotearoa New Zealand who are not specified and so are not required to engage with the CVoD regime. Some providers operate both broadcast and streaming services, and so are subject to both the CVoD regime and the <u>Broadcasting Standards Authority's</u> (BSA) labelling standards.
- 26. Distinctions between CVoD, broadcaster video on-demand (BVoD), and advertising-based video on-demand (AVoD) are irrelevant when it comes to helping New Zealanders make informed decisions about what they watch. An effective regulatory system should focus on mitigating the harms of the content viewers consume, rather than be determined by providers' operating models which evolve over time.
- 27. Since the CVoD regime began, we have seen providers diversify their offerings beyond video on-demand to include other media, such as livestreams and mobile games. Streaming services are constantly evolving to capture more audiences and maintain a competitive presence in a crowded market. Some platforms are already 'hybrid', in the sense that they offer both curated and user-generated content, and so are only partially regulated by current legislation. Any new Regulator must steward a robust framework that addresses multiple media types regardless of the infrastructure of providers' platforms.
- 28. It would be counterproductive to the aims of *Media Reform* to make only some streaming providers subject to a new regulatory system and not others. The

¹⁴ See section 59.1 of the <u>regulatory impact statement</u> for Draft Proposal 4.

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definition of 'professional media' must cater for the needs of the market today and be flexible enough to encompass future media types and technologies.

Do you agree with the functions identified in the proposal for the regulator? Why/why not, and what would you recommend as well or instead?

Codes of practice

- 29. Any new Regulator should steward an industry-wide codebook of standards and practices. Such a codebook should be developed from existing regimes (like the CVoD regime and the <u>BSA Codebook</u>) and in consultation with industry.
- 30. We note the differences in advisories, also known as content warnings, between the existing CVoD Regime and the BSA Codebook. The CVoD regime has a more comprehensive range of content warnings available to providers when self-rating. For example, Cruelty, Drug use, Graphic violence, Sexual violence, and Suicide. These warnings are consistent with international labelling systems and have been tested with communities in Aotearoa New Zealand.¹⁵ In contrast, the BSA Codebook is limited to just 4 VLSC, namely Violence, Language, Sexual content, and Content that may offend.
- 31. New Zealanders tell us that content warnings are more important than age ratings when it comes to helping choose content for their young people.¹⁶
- 32. An example is the film <u>Midsommar</u> (2019), classified R18: Graphic violence, Sex scenes, Drug use, and Suicide. It is <u>currently available to stream on TVNZ+</u>, labelled 18VLSC with the additional bespoke warning "Deals with the issue of suicide". An additional warning for suicide content has been deemed necessary, as the suicide content in this film is particularly strong, and other harmful content, such as drug use, is not warned for as it is not specifically captured by the BSA Codebook.
- 33. Our research and experience from decades of classification show that New Zealanders make better, more informed choices when they can access quality information about content. We provide <u>detailed content guides</u> on our website, which garner thousands of views each month.

¹⁵ We regularly liaise with our <u>Youth Advisory Panel</u> (YAP) on matters of classification – for example, to understand what types of content young New Zealanders want to be warned for.

¹⁶ Our <u>recent research</u> shows that 84% (of those surveyed who helped choose a movie, TV show, or video game with a young person in the past year) think content warnings are important, compared to 79% who think age ratings are important.

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Monitoring the regime's effectiveness

34. Within a self-rating framework, it is important that all self-ratings generated by industry are broadly consistent so that they are familiar, trusted, and New Zealanders can rely on them to make informed decisions. Within the CVoD regime, the Chief Censor must <u>annually review</u> each approved self-rating system. Any new Regulator needs a similar responsibility and functionality to ensure this consistency and credibility.

Complaints

- 35. The preferred option for a complaints process identified in the regulatory impact statement is Option B3, a Backstop Regulator. Option B2, a Proactive Regulator, would better meet the needs of the New Zealand public and align more closely with the aims of *Media Reform*.¹⁷
- 36. Fragmented as the regulatory system currently is, the multiple avenues and overlapping remits are not generally well understood by New Zealanders who wish to complain. There is confusion about who to complain to about different types of content.¹⁸
- 37. Option B3, a "last resort" Backstop Regulator will make the complaints process unnecessarily lengthy. In practice, the same complaint could be handled three times – first by industry, then by a self-regulatory body (if necessary), and then by the new Regulator (if necessary). Such a protracted process will deter people from complaining and may result in fewer complaints overall.
- 38. The CVoD regime's current approach to complaints more closely resembles Option B2, a Proactive Regulator. Within the CVoD regime, complaints are addressed under <u>section 46</u> of the Classification Act. New Zealanders can complain in the first instance to the Chief Censor, who can respond in several ways, including referring the complaint to the relevant streaming provider. The Chief Censor can also 'call in' any publication for classification.¹⁹
- 39. Having "one front door" for people to complain through is the simplest approach to a complaints process and likely the most appealing to consumers. Such an approach would require any new Regulator to accurately triage correspondence and require other agencies to be receptive to referrals.²⁰

¹⁷ See sections 73 and 74 of the <u>regulatory impact statement</u> for Draft Proposal 4 for descriptions of the proposed "Backstop" and "Proactive" Regulators.

¹⁸ Our <u>recent research</u> strongly implies that New Zealanders do not see a difference between broadcast television and CVoD. Nearly two thirds (62%) of those surveyed thought that they could complain to the BSA about CVoD content.

¹⁹ See <u>section 13(3)</u> of the Classification Act.

²⁰ See <u>our submission</u> on the *Safer Online Services and Media Platforms* (SOSMP) review for more in-depth discussion of this concept.

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- 40. Complaints decisions made by any new Regulator should be able to be appealed to the High Court (Option C2).²¹
- 41. Not all complaints are equal. We distinguish between the different types of complaint in our internal reporting systems. For example, in relation to the CVoD regime, the Office has received:
 - Labelling complaints (relating to an incorrect classification being shown on-service). We usually flag these with the relevant streaming provider and summarise them for DIA.
 - Accuracy complaints (relating to the appropriateness of a classification or self-rating). We usually formally assess the rating's accuracy and then decide on next steps on a case-by-case basis. This might include asking the provider to re-rate the title or us calling it in for classification. Rating accuracy is critically important to the credibility of the self-rating framework and the trust the public puts in it.
 - **Device or account-specific** complaints (relating to a user's experience of a streaming service). We usually refer these to the relevant streaming provider.
- 42. Diversity in complaints demands flexibility in response. Under Option B3, a Backstop Regulator would need to address various complaint types retrospectively. Undue resource may be put into understanding 'what has already transpired' between other organisations and the complainant, as opposed to focusing on remedying the complaint itself. Under Option B2, a Proactive Regulator would be involved from the outset, have more oversight of the complaints process, and be able to more efficiently manage the complaint path.
- 43. The proactive power to initiate enquiries into potential compliance issues should be held by any new Regulator. An effective regulatory system should be familiar with the content it regulates, not only with the complaints it must address as a "last resort". Such powers could in turn inform and improve the new Regulator's education, research, and advice functions, as it would have hands-on experience of investigating the content and issues New Zealanders care about most.
- 44. The Office models a similar approach through the combined efforts of the CVoD regime and the outreach functions of our Information Unit.²² Information, education, research, and complaints functions are required by the Classification Act, and they are vital components of a system that balances

²¹ See section 84 of the <u>regulatory impact statement</u> for Draft Proposal 4.

²² See <u>our website</u> for more information about the Office's various units.

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freedom of expression with protection from harm.²³ With accurate, familiar, and reliable information, viewers are empowered to make their own content choices that are right for them.

45. While not currently a feature of the CVoD regime, it would be useful for a new Regulator to require the industry, as part of routine compliance, to supply data about complaints. This will inform the Regulator about how well industry is complying with their obligations under agreed codes of practice and where issues may exist in the system. The Regulator in turn should be required to publicly report on complaints data overall.

Final comments

- 46. The objectives of *Media Reform* to modernise New Zealand's media legislation, address inefficiencies across the current regulatory system, and improve the services that New Zealanders use most frequently today are positive.
- 47. *Media Reform* is an excellent opportunity for New Zealand to build a fairer, more consistent regulatory system for our unique nation. The de-regulation of legal age restrictions for entertainment media, for example, would remove the power of the Crown over whānau decisions. Cultural merit (amongst other factors) is already a consideration when the Office classifies a publication.²⁴
- 48. We suggest that a framework similar to the CVoD regime could feasibly be extended to include additional requirements, such as those for local content investment proposed in <u>Draft Proposal 2</u>.
- 49. We are actively considering innovative ways to modernise our services within the limitations of our 1990s legislation. We would welcome consideration of the Classification Act within the scope of *Media Reform* and to engage with other mahi being done in this space.
- 50. Thank you for the opportunity to submit on *Media Reform*. We hope our insights are helpful. We are happy to provide further information about the CVoD Regime and we welcome any further questions about the Office's role and mahi.

²³ See <u>section 88</u> of the Classification Act.

²⁴ See <u>section 3(4)</u> of the Classification Act for a list of other factors.