



**Australian Government**  
**Classification Board**

## **Classification Board submission on Cost Recovery Implementation Statement for Classification Services (2025)**

### **Introduction**

The Classification Board (the Board) welcomes the opportunity to comment on the Government's stakeholder engagement paper 'Cost Recovery Implementation Statement for Classification Services'.

The Board is an independent statutory body established to apply relevant legislation to determine classifications for films, computer games and publications that reflect Australian community standards. Its governance and functions are prescribed by the Classification (Publications, Films and Computer Games) Act 1995 (the Act).

The Board's primary role is to classify in accordance with the Act so that Australians can make informed choices about what they and their families watch, play and read. Alongside classification decisions determined by the Board, decisions are made through delegations to Accredited Classifiers who have completed approved training or by approved Classification Tools. All decisions are made to standards approved by the Board, which also carries out monitoring and quality assurance of industry decisions.

Classification decisions cover films, games and streaming content that generate billions of dollars in Australian revenue. The cinema industry generated \$961m at the box office in 2024<sup>1</sup>, with \$3.8bn<sup>2</sup> in Australian consumer video game sales that same year. In 2023-24, Streaming Video on Demand (SVOD) market revenue (excluding advertisements) was estimated as \$3.5bn<sup>3</sup>.

While industry revenue is substantial, the Board's overarching view is that the extent of cost recovery should be balanced with maintaining and growing the amount of material classified for Australian audiences. This includes building on the increase in content classified as a result of stage 1 reforms to classification, in particular as a result of industry self-classification, and ensuring industry continue to have a financially viable option to submit content for classification by the Board. This view is discussed below.

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<sup>1</sup> Figures from the Motion Picture Distributors Association of Australia (MPDAA), direct communication & Aus box office reaches \$960.7m despite impact of Hollywood strikes - IF Magazine

<sup>2</sup> <https://igea.net/2025/07/2024-australian-video-game-consumer-sales-results/>

<sup>3</sup> <https://www.telsyte.com.au/announcements/ad-supported-streaming-surges-as-australians-seek-budget-friendly-entertainment>

## **Content currently classified**

In 2024-25, a total of 405,659 classification decisions were made for Australian audiences. This included 394,619 decisions made by the International Age Rating Coalition (IARC) tool for computer games; 7,254 by approved Classification Tools for SVODs; 2,957 by Accredited Classifiers; and 829 by the Board.

While viewing habits continue to change, there were still more than 55 million admissions to cinemas in Australia in 2024<sup>4</sup>. At home, broader trends towards digital media saw the proportion of Australian adults watching free-to-air TV decline from 71% in 2017 to 48% in 2024<sup>5</sup>.

Throughout 2024-25 there was a significant increase in the volume of content classified to Board standards for SVOD services, including Netflix, Amazon Prime, HBO Max, Stan, Paramount Plus and Crunchy Roll.

As more than 69% of Australian adults used paid subscription services in 2024<sup>6</sup> it is important that the high level of engagement from streamers is maintained. This will ensure that Board standards are followed and Australian viewers can make properly informed choices about the content they watch.

Alongside self-classification, industry continues to rely on the Board for the classification of high-profile or contentious releases. This is demonstrated by 90% of the 2024 Box Office Top 25 being generated by films classified by the Board – accounting for \$551m out of the \$618m in total revenue generated by these top films<sup>7</sup>.

## **Current fee structure**

The Board believes the increase in industry self-classification and associated increase in Board standard setting, monitoring and quality assurance is not well suited to existing cost recovery methods. The current fee structure focuses on individual decisions and associated fees. While a fee-for-decision model is still relevant for a lot of the Board's day-to-day work, an additional approach should be explored that better aligns fees with the total volume of industry decisions being overseen by the Board as part of its standard setting, monitoring and quality assurance role.

While the Board has no strong view on what an appropriate fee structure for this activity should be, consideration should be given to the impact any fees would have on industry, including exploring tiered fees linked to the volume of classification decisions monitored by the Board.

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<sup>4</sup> MPDAA, direct communication.

<sup>5</sup> ACMA website December 2024, Trends and developments in viewing and listening 2023–24.pdf

<sup>6</sup> Ibidem

<sup>7</sup> 22 out of 25 were classified by the Board. Australian Box office from Numero; detailed Figures from the Classification Board.

The Board also notes the existing disparity in cost recovery for monitoring and quality assurance between self-classification decisions made by Approved Tools, which include a process of reimbursement for Board checks and by Accredited Classifiers, which do not. No costs are currently recovered for standard setting, training, accreditation or tool approval.

Other factors to consider include the disproportionate impact the current fee structure can have on distributors. Currently the fee structure does not differentiate between a Hollywood blockbuster likely to reach millions of viewers and a foreign-language film targeting a much narrower audience. While the idea of a fee structure based on likely audience or historic box office takings is complex, the Board understand that it is existing industry practice to use these metrics when structuring distribution and exhibition contracts prior to release. Regardless of the model, consideration should be given to ways in which fees could be structured to minimise the financial burden on the smallest releases.

Finally, the Board notes that the fees for the classification of publications may potentially increase significantly. The Board only classifies publications considered 'submittable', with the effort needed to reach a classification decision in such instances routinely higher than other classification activities.

### **Impacts of fee structures on classification methods**

The Board believes that any changes to the fee structure should not be prohibitive to either industry self-classification or Board classification. It is important that barriers to entry for industry self-classification remain low, ensuring that the achievements of stage 1 classification reforms are not impacted and that more content can be classified for Australian audiences.

It is also important that fee changes do not dissuade industry from submitting material to the Board for independent classification where required, noting that films classified by the Board accounted for approximately 90% of the top 25 box office revenue in 2024<sup>8</sup>.

Board decisions are also sought by industry in 'borderline' cases where Accredited Classifiers are not comfortable making a decision between two potential ratings. Any changes to the fee structure must ensure that Board classification for high-profile content, risky content, or any other content industry wish to have classified remains financially viable.

### **Other factors to consider for future cost recovery arrangements**

Beyond the issues raised elsewhere in this submission, the Board does not have a strong view on other factors to consider as part of future cost recovery arrangements. It does note that international benchmarking against similar services in Australia and internationally is flagged in the stakeholder engagement paper. Such an exercise would provide a valuable insight into costs associated with classification, with the UK's British Board of Film Classification a potentially relevant example.

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<sup>8</sup> Ibidem, Australian box office from Numero; detailed figures from the Classification Board.

The Board would also welcome consideration of cost recovery models adopted by other agencies in the media space, such as any models used by the Australian Communications and Media Authority in recovering costs associated with monitoring and enforcing regulations.

### **Transitional arrangements**

The Board has no strong views on possible transition arrangements, beyond ensuring that industry have sufficient advance notice of when changes will come into effect. Consideration could also be given to a trial period to monitor the impact of any fee changes on classification methods.

### **Further feedback**

The Australian Government recognises that the classification system and the Board perform an important role in informing the media consumption choices of Australians, including protecting children and the broader community from content that might harm or disturb them. In this context, it is important that any updates to fees and cost recovery continue to enable the Government and Board to effectively and efficiently run the National Classification Scheme, ensuring all Australians can make informed choices about what they read, watch and play.