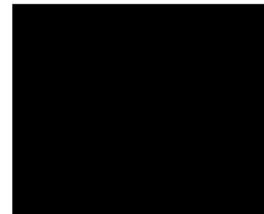


Monday 21st July 2025



Submission to the Review of the Cost Recovery Implementation Statement (Classification Services)

From: [REDACTED] (Private Citizen)

I am submitting this as a private citizen with a long-standing interest in classification policy. With over 25 years in the Australian film industry, I have overseen the release of more than 120 films—both Australian and international—across cinemas, festivals, and digital platforms. My experience spans operations and compliance (from enforcing MA15+ and R18+ access at cinemas and festivals to overseeing classification compliance across entire release slates), as well as board roles [REDACTED] on the Board of Independent Cinemas Australia (ICA) and [REDACTED] the Australian Independent Distributors Association (AIDA).

Equality vs. Equity in Classification Fees

The current \$2,180 fee for a two-hour feature film applies equally to Avatar and to a \$125,000-grossing Australian independent release. While technically “equal,” this structure is fundamentally inequitable:

For an Australian indie, classification consumes more than 5% of its total marketing budget, money that would otherwise be spent connecting the film with audiences. Meanwhile, multinational studios—who, per ATO Transparency Data, often avoid corporate tax in Australia—barely notice the same charge.

The Current Flat Fee and Its Disproportionate Impact

The flat time-based fee affects low-budget and high-budget films very differently. When measured against promotional (P&A) budgets, the disparity becomes clear:

Film Type	GBO Estimate	P&A Budget	Classification Fee	% of P&A	% of GBO
Independent Australian release	\$125,000	\$40,000	\$2,180	5.45%	1.70%
Hollywood release (low)	\$3,000,000	\$1,000,000	\$2,180	0.22%	0.07%
Hollywood release (mid)	\$10,000,000	\$2,800,000	\$2,180	0.08%	0.02%
Hollywood release (tentpole)	\$25,000,000	\$6,000,000	\$2,180	0.04%	0.01%

For Australian independent films, the fee consumes more than 5% of their total P&A budget — a significant barrier to marketing reach. For major studio releases, it is virtually negligible, highlighting the inequity of the current system.



Proposed Progressive Classification Model

To correct these disparities, the following 7-tier model is proposed for features between 90 minutes and two hours. It shifts the burden of cost recovery towards multinational studios and high-grossing titles, while significantly lowering costs for Australian films and lower-grossing releases. Appeal fees would be set at three times the classification fee per tier (capped at \$15,000), ensuring independent films retain access to the Review Board.

Tier	Box Office Range	Aust Fee	Intl Fee	Aust Films (24)	Intl Films (24)	Total Rev (\$)
1	Under \$100k	\$250	\$1,000	60	240	\$255,000
2	\$100k - \$500k	\$375	\$2,000	30	120	\$251,250
3	\$500k - \$1M	\$750	\$2,750	14	56	\$164,500
4	\$1M - \$5M	\$1,500	\$7,500	10	40	\$315,000
5	\$5M - \$15M	\$3,000	\$15,000	4	16	\$252,000
6	\$15M - \$35M	\$4,000	\$30,000	1	6	\$184,000
7	\$35M+	\$5,000	\$40,000	1	2	\$85,000

Under this model, total classification revenue for 2024 is projected at approximately \$1,506,750, compared with roughly \$1,308,000 under the current \$2,180 flat-fee structure (600 films). This model delivers:

- About \$188,850 in savings for Australian films overall.
- About \$474,750 in savings for all films grossing under \$500K GBO (Aussie and International combined).

The slight increase in overall revenue is absorbed entirely by Hollywood studios and upper-tier international titles, ensuring the Classification Branch remains financially sustainable while protecting cultural and independent works.

Appeals and Access to Justice

The current \$10,000 fee to appeal a classification decision effectively prevents Australian and independent filmmakers from seeking review. By linking appeal fees proportionately to classification fees (3×, capped at \$15,000), independent films regain access to justice while Hollywood tentpoles, which can best absorb these costs, carry the greater burden.

Classification Bias and R18+

A review I conducted with [REDACTED] (Palace Films) found that, over the past decade, 50% of R18+ titles where same-sex intimacy was the primary classifiable element received a lower classification (MA15+) in both the UK and New Zealand—territories with similar community standards. This disparity suggests potential institutional bias in the Australian system. Currently, such cases remain unchallenged due to the prohibitive \$10,000 appeal fee, while Hollywood studios can freely appeal classifications to protect commercial interests.



Recommendations

1. Adopt the 7-tier progressive classification model to deliver equity, reducing fees for Australian and low-grossing films while ensuring Hollywood studios contribute proportionally to cost recovery.
2. Retain nominal fees for short films and educational titles to support cultural work.
3. Scale appeal fees to classification tiers (3×, capped at \$15,000) so independent films have genuine access to the Review Board.
4. Allow industry bodies (AIDA and the MPDAA) to request the Classification Review Board to examine systemic issues of bias or other matters of fair treatment, where there is reasonable evidence to support such a review.

Should you wish to discuss any of these points further, I would be more than happy to provide additional context, data, or examples from my experience working with over 120 film releases.



Private Citizen & Industry Professional



Data References

- 2024 GBO averages for Australian, Hollywood, and International films (Numero data).
- ATO Transparency Data – Multinational Company Tax (2024): <https://www.ato.gov.au/About-ATO/Research-and-statistics/In-detail/Tax-transparency-report>
- BBFC Fee Schedule (for comparison): <https://www.bbfc.co.uk/>
- Internal release and revenue data from 120+ films (Nick Hayes).

