



Australian Government

Department of Infrastructure, Transport,
Regional Development, Communications, Sport and the Arts

Stakeholder Engagement Paper - Cost Recovery Implementation Statement for Classification Services

Stakeholder Engagement Paper

June 2025



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Introduction

The Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (the department) is seeking feedback from stakeholders on the 2025 cost recovery implementation statement (CRIS) for classification services provided under the National Classification Scheme (the Scheme).

The purpose of this engagement paper is to outline issues that are relevant in relation to cost recovery arrangements for classification services and invite feedback on the future design of these arrangements.

The current classification fees were set in 2011 and the intervening years have seen a rapid growth in digital and online content and significant change in the way Australians access content. In response, the government has modernised the Scheme by introducing industry self-classification options and these reforms have impacted how classification services are regulated and delivered, requiring the department to consider the cost recovery arrangements for these services.

Your feedback will shape the development of a CRIS that reflects the needs and expectations of both government and industry.

Information gathered during this process will inform future cost recovery arrangements that will be considered as part of a Portfolio Charging Review (PCR) scheduled for 2026 and which aligns with the Australian Government Charging Framework (AGCF).

Background

Cost recovery implementation statement

A CRIS is a tool for documenting cost recovery design and operation and reporting on a cost recovered activity. A CRIS must be prepared for each cost recovered activity conducted by a government entity in line with the Australian Government Cost Recovery Policy (AGCRP) minimum requirements for CRIS¹.

The current CRIS for classification services², dated March 2018, provides information about how the then Department of Communications and the Arts, recovered the costs of providing classification services.

The 2018 CRIS:

- identified that the total annual cost in providing classification services was \$5.400million and the annual cost recovery revenue was \$4.103million
- foreshadowed a comprehensive review of the classification function with a view to establishing alternative, more cost-effective service delivery arrangements which will modernise the Scheme and that an outcome of this review will be the development of an appropriate charging framework and a new CRIS.

As part of a Machinery of Government change in February 2020, the classification function was moved into the then Department of Infrastructure, Transport, Regional Development and Communications.

¹ [Glossary of terms for the Charging Framework | Department of Finance](#)

² 2018 CRIS for classification services: <https://www.classification.gov.au/sites/default/files/2019-08/cost-recovery-implementation-statement-classification-fees.pdf>

National Classification Scheme

Established in 1995, the Scheme is an intergovernmental agreement between the Commonwealth, and state and territory governments to regulate the classification of films, computer games and some publications. With limited exceptions, films, computer games and submittable publications must be classified prior to being distributed in Australia.

As part of the Scheme, the *Classification (Publications, Films and Computer Games) Act 1995 (Cth)* (the Act), establishes the Classification Board (the Board) and Classification Review Board (Review Board) as independent statutory bodies. The Board and Review Board are responsible for making classification decisions upon application.

The Classification Branch of the department provides administrative support to the two Boards. While the Board generally receives applications for classification in relation to commercial content, the Board also classifies content submitted from law enforcement agencies, the Australian Border Force and the Office of the e-Safety Commissioner.

The Act also establishes industry self-classification methods.

Classification reforms

Since the current fees were established in 2011, the way Australians access media content has changed significantly, with content predominantly moving to online film and computer game platforms and the simultaneous releases of content globally. In response to this, the Scheme has been reformed to introduce industry self-classification methods:

1. Approved classification tools (classification tools)

In 2014, the Act was amended to allow the Minister to approve a classification tool to be used to make classification decisions for films, computer games or publications. A ministerial approval instrument specifies conditions for use of a classification tool. There are currently four approved classification tools. Information about classification tools can be found at [Classification tools](#).

Role of the Board

The Board monitors and has powers under the Act to revoke decisions made by classification tools and reclassify the content. The Board determines the consumer advice terms to be used by classification tools and may provide advice to tool owners on classification standards.

Role of the Commonwealth

The Minister can enter into an agreement with tool owners in relation to the development, and operation of the tool. The department works with tool owners on operational matters including maintenance of departmental IT systems that support the operation of tools and keeping tool owners updated on classification standards set by the Board via tool logic rules. The department also provides support to the Board in its quality assurance function and handles enquiries from parties interested in developing a classification tool.

2. Accredited classifiers

In 2024, the Act was amended to allow the Secretary of the department to accredit trained persons (known as accredited classifiers) to make classification decisions for films and/or computer games that are rated G to R 18+. Information about accredited classifiers can be found at: [Accredited classifiers](#).

Role of the Board

The Board monitors and has powers under the Act to revoke decisions made by accredited classifiers and reclassify the content. The Board determines the consumer advice terms to be used by accredited classifiers and may provide advice on classification standards and training.

Role of the Commonwealth

The Secretary approves training that a person must undertake to become an accredited classifier. The department is responsible for updating the approved training to align with classification standards set by the Board, assessing applications for accreditation, and assessing if an accredited classifier requires further training, should have their accreditation revoked, or be barred from seeking accreditation.

The department also manages enquiries from industry, as well as maintaining departmental IT systems required for the approved training, the submission of applications for accreditation and the submission of accredited classifier decisions. The department provides support to the Board in its quality assurance function.

3. Use of broadcaster classification decisions (deemed decisions)

In March 2024, the Act was amended to allow publishers to use an Australian broadcaster's classification for identical content released in a format captured by classification legislation. Further information can be found at: [Using broadcaster classification decisions](#).

This reform removed the need for films and television series which have already been classified under the *Broadcasting Services Act 1992* (Cth) to be classified again under the Act.

Cost recovery model principles

The Australian Government has developed a set of cost recovery principles that produce robust cost recovery models.

These principles ensure that government entities recover the costs of their services in a way that is fair, transparent, and aligned with government policy. The cost recovery model must be consistent with the high-level design approved by the Australian Government³ and proportionate to the materiality, complexity, and sensitivity of the cost recovery activity, including:

- clear identification of the outputs and business processes involved in the delivery of regulatory activities
- accurately assigning both direct and indirect costs, and reflecting those costs into defensible charges whether they be fee-for-service or cost recovery levies based on the use of appropriate proxies
- tracking the alignment between expenses and revenue and generating timely performance reports to support decision-making and accountability.

Beyond financial accuracy, a robust cost recovery model enables agencies to improve operational efficiency, manage costs effectively, and demonstrate value for money to stakeholders.

It supports transparency by clearly showing how charges are calculated and ensures that cost recovery arrangements are legally defensible.

Importantly, it fosters cost consciousness within government entities, encouraging benchmarking against similar services in Australia and internationally. This not only promotes productivity but also strengthens an entity's ability to adapt and respond to future changes in demand, policy, or service delivery.

³ <https://www.finance.gov.au/government/managing-commonwealth-resources/implementing-charging-framework-rmg-302/australian-government-cost-recovery-policy>

Current cost recovery arrangements

The current cost recovery model for classification services is based on a fee-for-service structure, as outlined in the department's 2018 CRIS. This model was developed in accordance with the AGCF and the AGCRP issued by the Department of Finance.

The AGCF provides that where an individual or organisation creates a demand for a government activity, the recipients of those activities should be charged some or all of the costs of those activities, according to Australian Government policy decisions. This approach helps maintain financial sustainability of regulatory and non-regulatory services and ensures that the costs are fairly distributed among those who create the demand for a specific regulatory service.

Fee structure

As stated in the 2018 CRIS, the costs of supporting the Boards are partly recovered through classification fees.

The Act provides that fees may be prescribed for a range of classification services, including:

- applying to classify a film, computer game, or publication
- training to become an authorised assessor or accredited classifier
- applying to be accredited to classify films and/or computer games
- making a classification tool decision
- applying for approval of advertisements for unclassified films and unclassified computer games
- applying to revoke a tool or accredited classifier decision
- applying to the Review Board for a review of a classification decision
- applying for a section 87 (evidentiary) certificate
- applying for a classification certificate or a notice
- applying for a title change for a film, computer game or publication
- applying for priority processing of an application to classify a film or computer game; and,
- applying to be a registered event or approved cultural institution that may display classified material, and such organisations applying for a conditional cultural exemption from certain classification requirements.

The fees are prescribed in the *Classification (Publications, Films and Computer Games) Regulations 2005* (Classification Regulations).

The fee schedule was established in 2011 and is published in the 2018 CRIS and can be accessed on the Australian Classification website⁴. The fee structure for applying for classification is based primarily on the format in which the content to be classified will be distributed. The fee structure includes further differentiation based on the duration for films and the number of pages for publications. The fee structure for applying to classify a computer game is dependent on whether gameplay footage is supplied with the application.

The Classification Regulations currently do not prescribe fees for some classification-related services, including those related to reforms introducing industry self-classification such as training and accreditation. Similarly, no fees relating to conditional cultural exemptions have been prescribed under the *Classification (Publications, Films and Computer Games) (Conditional Cultural Exemption Rules) Instrument 2015*.

⁴ <https://www.classification.gov.au/sites/default/files/2019-08/cost-recovery-implementation-statement-classification-fees.pdf>

Non-cost recovered activities

Certain activities undertaken by the Branch and the Boards are business enabling activities and are not recoverable under the ACGF, for example policy development and ministerial support, and are budget funded.

In addition, certain regulatory activities undertaken by the Branch or the Boards are not recovered or partially recovered through fees, as services provided for government, community and industry, such as:

- classification of publications, films and computer games for enforcement purposes
- exemptions for unclassified films for cultural events
- classification services for which payment of all or part of the fees is waived such as public interest cases, and
- processing of permission to import/export applications.

Implications for cost recovery

As the Scheme has been modernised, several operational and financial impacts have emerged. These changes have significantly altered the cost structure of modern service delivery.

While efficiencies have been gained through automation and digitalisation, other areas have seen increased resource demands as a result of reforms.

The current cost recovery arrangements, developed prior to the recent reforms, did not fully anticipate the new and ongoing costs associated with modern service delivery. As a result, they no longer accurately reflect the actual cost of providing services or the equitable distribution of those costs across different user groups. A comprehensive review and redesign of the model needs to be considered to ensure it remains fair, transparent, and financially sustainable.

Introduction of industry self-classification

Legislative reforms in 2014 to allow classification tools, and subsequent approval of four tools, has enabled industry to classify films and computer games without applying to the Board.

Since the introduction of accredited classifiers and the ability to use broadcaster classification decisions in March 2024, the volume of applications for the classification of films and computer games submitted to the Board has significantly decreased due to strong industry uptake of these classification options. This has led to an accelerated change, in a relatively short period of time, in the proportion of classification decisions made by industry.

Quality assurance of industry decisions

In parallel with industry self-classification decisions, the role of the Board has evolved from being the primary decision-maker for classifying content, to setting the standards for classification that are reflected in training and tool logic rules, as well as significant monitoring and quality assurance activity of industry decisions.

Industry support and advice

The increase in industry self-classification decisions has also placed a stronger emphasis on stakeholder engagement and training, with the department and Board providing increased levels of support and advice to industry participants.

Transition to digital services

When the current fees were established in 2011, the majority of media was supplied in physical format and classification applications were processed via physical paper-based files.

The shift to digital service delivery has seen a move away from manual handling of media and applications, with:

- persons applying to the Board and Review Board via the Classification Portal
- persons providing content for classification in digital formats
- persons applying to the department to be accredited and submitting decisions via the Classification Portal
- tool owners submitting decisions via an Application Programming Interface to be published on the National Classification Database.

This has required substantial investment in IT systems, cybersecurity, and user interface design. These systems require ongoing maintenance, updates, and technical support to remain secure, accessible, and responsive to user needs. These activities are resource intensive and have not been always been directly linked to fee paying services.

Objectives for future cost recovery

A future cost recovery approach needs to be compliant with the AGCF and the AGCRP issued by the Department of Finance.

The Australian Government requires that any regulatory cost recovery model be adaptable to reflect actual service delivery costs and to equitably allocate those costs among diverse user groups. Given the evolving nature and expanded scope of classification services, the following objectives will guide the development of future cost recovery arrangements:

Reflect the true cost of service delivery

The proposed cost recovery arrangements will be based on a clear understanding of the actual costs (both direct and indirect) incurred in delivering classification and regulatory services. These include:

- staff time and expertise
- IT systems and digital infrastructure
- monitoring and quality assurance activities
- industry support, training and advice.

Promote equity and fairness

The cost recovery model will ensure that costs are distributed fairly across industry participants.

This may involve:

- considering the frequency or volume of service use
- avoiding cross-subsidisation between fees for different services
- ensuring that smaller or emerging businesses are not disproportionately burdened by cost recovery arrangements.

Support transparency and accountability

Stakeholders will have a clear understanding of:

- how fees are calculated
- what services are being budget funded
- how revenue is used to support regulatory functions.

The cost recovery model will be supported by reporting, stakeholder communication, and opportunities for feedback.

Support efficiency

Cost recovery should incentivise efficient service delivery and encourage innovation. This includes:

- streamlining processes to reduce administrative burden
- encouraging digital service uptake
- aligning fees with service performance standards.

Align with government policy and reforms objectives

The cost recovery model will support the broader objectives of the reforms, including:

- modernising regulatory frameworks
- enhancing public trust and safety
- supporting a responsive and future-ready classification system.

Cost recovery outlook

The estimated costs and revenue associated with the delivery of classification services have been examined over the forward estimates period. These estimates are based on projected activity volumes, staffing requirements, and operational needs as they are currently understood, taking into account the impact of recent reforms on business activities.

Table 1 summarises estimated costs and revenue under the current cost recovery arrangement over the next five years.

The table also includes the actual historical (2022-23 and 2023-24) costs and revenue of delivering classification services. This table does not reflect any new fees or charges for services.

The forward estimates reflect that the departments recovery rate has reduced from 53% in 2022-23 to approximately 28% based on the current fee structure.

Table 1: Cost Recovery Profile from 2022-23 to 2029-30

Activity All Cost & Revenue Summary								
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Direct Costs	\$5,191,000	\$5,956,000	\$5,926,000	\$5,009,593	\$4,651,658	\$4,803,761	\$4,960,884	\$5,123,195
Indirect Costs	\$880,834	\$991,246	\$927,623	\$863,911	\$886,400	\$909,482	\$933,172	\$957,486
Total Costs	\$6,071,834	\$6,947,246	\$6,853,623	\$5,873,505	\$5,538,058	\$5,713,243	\$5,894,056	\$6,080,681
Fees for Service	\$2,915,910	\$2,315,375	\$1,336,410	\$1,434,459	\$1,434,459	\$1,434,459	\$1,434,459	\$1,434,459
Reimbursements	\$304,000	\$307,000	\$275,000	\$217,424	\$224,509	\$231,827	\$239,386	\$247,193
Program Revenue (FFS)	\$3,219,910	\$2,622,375	\$1,279,000	\$1,651,883	\$1,658,967	\$1,666,285	\$1,673,844	\$1,681,652
Variance (\$)	-\$2,851,924	-\$4,324,871	-\$5,574,623	-\$4,221,622	-\$3,879,091	-\$4,046,958	-\$4,220,212	-\$4,399,029
Cost Recovery Rate (%)	53%	38%	19%	28%	30%	29%	28%	28%
Budget Funded	\$2,851,924	\$4,324,871	\$5,574,623	\$4,221,622	\$3,879,091	\$4,046,958	\$4,220,212	\$4,399,029
Total Revenue	\$6,071,834	\$6,947,246	\$6,853,623	\$5,873,505	\$5,538,058	\$5,713,243	\$5,894,056	\$6,080,681

PCR and activities subject to cost recovery

It is anticipated that information gathered for a 2025 CRIS for classification services will flow into the PCR that is scheduled to occur in 2026. A PCR is a periodic review of all existing and potential charging activities within a government department and must occur at least every 5 years.

It is expected that the PCR will examine:

- the current cost recovery position of the department
- whether the current fees for service appropriately reflect the costs of service delivery
- whether any additional fees allowed under legislation that are not currently charged, should be.

The current cost recovery arrangement may lead to under-recovery in some areas and over-recovery in others, creating inequities and inefficiencies.

This means that the current charges for services will require adjustment to fees for applying to the Board, including:

- Fees for the classification of Public Exhibition films potentially decreasing by 20-30%
- Fees for the classification of Film Other potentially increasing by 50-60%
- Fees for the classification of computer games potentially decreasing by 5-15%
- Fees for the classification of publications potentially increasing significantly.

In addition, other activities which are currently not charged for, including but not limited to those listed below, may be subject to cost recovery to align with a potential updated fee structure:

- training for accredited classifiers and authorised assessors
- accreditation of persons by the department to classify films or computer games
- monitoring and quality assurance of self-classification decisions.

Future fees and revenue

The AGCRP is that revenue should generally result in fully recovering the costs of service, unless a partial recovery arrangement has been approved by government in relation to a particular set of activities.

A full cost recovery model aims to achieve a break-even position over the forward estimates period and any over- or under-recovery should be monitored and may be addressed through periodic reviews and adjustments to the fee schedule.

In considering the cost recovery position, estimated fees (whether revised or new), will be calculated on:

- direct costs: including staff salaries, classification decision-making, training delivery, application processing, operational expenses, and administrative costs directly related to classification activities
- indirect costs: covering overheads such as office space, utilities, policy support and IT infrastructure
- activity volumes: estimating the number of activities in line with historic and predicted data
- capital costs: investment in digital infrastructure and classification tools.

Revenue is projected based on the proposed fee structure and expected demand for classification services. This includes:

- Board applications
- Review Board applications
- industry training and accreditation
- monitoring and quality assurance.

Changes to the existing fees for service or the introduction of new fees, will require government approval to amend the Classification Regulations and would involve consultation on the proposed fee changes.

Your feedback

Stakeholder engagement objectives

This engagement process aims to:

- inform stakeholders about the development of a 2025 CRIS and the potential future need to review the department's cost recovery model in support of this
- gather feedback on the likely impact of changes to fees
- seek to identify any possible unintended consequences and/or implementation challenges
- ensure transparency in relation to the issues that may drive future fee changes.

All feedback received during the engagement period will be reviewed and considered in the development of the 2025 CRIS, which will include a summary of stakeholder views.

Questions for stakeholder feedback

We invite feedback on the following questions:

1. Do you have any views on the current fee structure? For example, should different fees apply to different types or sizes of industry participants or different products that are being classified?
2. In what way might potential revised or newly introduced fees impact on your business or choice of classification method?
3. While understanding broader government policy concerning cost recovery, what factors should be taken into consideration for future cost recovery arrangements for classification services?
4. What transitional arrangements would support industry adaption to a revised cost recovery model?
5. Is there any further feedback that you would like to submit in relation to classification fees or cost recovery arrangements as part of this Engagement process?

How to provide feedback

The department is welcoming written comments and submission on the matters outlined in this paper. Comments and submissions should be received by 11:59pm AEST on Monday, 21 July 2025.

Online submissions can be made to: www.infrastructure.gov.au/have-your-say/classification-cost-recovery or by emailing OperationalPolicy@communications.gov.au.

Submissions by mail can be sent to: Director – Operational Policy, Online Safety, Media and Platforms Division
Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, GPO
Box 594 CANBERRA ACT 2601.

Questions about the submission process can be directed to: OperationalPolicy@communications.gov.au.