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REVIEW OF AUSTRALIAN CLASSIFICATION REGULATION

SPHEREX

2340 WALSH AVENUE, STE D, SANTA CLARA, CA 95051

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INTRODUCTION

Thank you for the opportunity to share our comments on the Review of Australian Classification Regulation. Spherex respects the Government's purpose in helping Australian consumers make informed decisions about content and helping parents protect their children from inappropriate content.

Spherex is a universal provider of age ratings, obtaining or issuing ratings for nearly 200 countries on behalf of its clients, including global TVOD/SVOD/AVOD service providers, Pay-TV operators, content aggregators/distributors, and content programmers (e.g. studios and TV networks). Time-to-market, brand/legal risk, and cost are the primary considerations of our clients. Maintaining relationships with regulators worldwide enables us to produce age ratings and advisories in compliance with national policies and cultural sensitivities.

Since 2016, Spherex has enjoyed working with the Australian Classification Board (ACB) to obtain ratings for over 1,600 pieces of content. In parallel, Spherex has supplied ratings on a temporary basis and for some promotional content.

Spherex supports the Australian government's desire to develop a framework that reflects the current digital environment and community needs. Updated schemes and guidelines to accommodate modern content and delivery platforms will be helpful in meeting both industry and consumer needs in Australia.

Please find below our responses to questions as set forth in the Review of Australian Classification Regulation.

RESPONSES TO REVIEW QUESTIONS

1. CLASSIFICATION CATEGORIES

1) Are the classification categories for films and computer games still appropriate and useful? If not, how should they change?

Spherex Response: Spherex broadly agrees with the current classification categories of G, PG, M, MA15+, R18+, and X18+. However, there does exist a possibility of confusion between the M and MA15+ ratings, especially on newer platforms. Both ratings indicate that the content is mature, and both ratings set a recommended age of 15+. Though an M rating indicates an **advisory** for age 15 and over and MA15+ rating is **restricted** to age 15 and over, the distinctions are primarily concerned with the law and do not easily convey to an average consumer. In our experience, the similarity between the two ratings (M and MA15+) sometimes creates confusion and requires an explanation to clients. The specific type of content that will push an M rating to an MA15+ rating seems vague in many instances; and as such, further distinction would be beneficial.

2. CLASSIFIABLE ELEMENTS

2a) Do the provisions in the Code, the Films Guidelines or the Computer Games Guidelines relating to 'themes' reflect community standards and concerns? Do they need to change in any particular classification category or overall? Are 'themes' understood and is there sufficient guidance on what they mean?

Spherex Response: In our opinion, 'themes' as a classifiable element is not well understood by audiences. Theme is commonly misinterpreted as an indicator of genre or content. In Australia, when consumer advice cites 'themes' as an impacting element, it indicates 'mature' or 'mild' themes. For 'themes' to be an effective indicator, we recommend that the consumer advice explicitly calls out the impactful themes (e.g. suicide, death, occult practices, drinking, bullying) or themes that are specifically concerning to Australian audiences.

2b) Do the provisions in the Code, the Films Guidelines or the Computer Games Guidelines relating to 'violence' reflect community standards and concerns? Do they need to be changed in any particular classification category or overall?

Spherex Response: Based on our review of the surveys, the classifiable element of 'violence' adequately informs the audience.

2c) Do the provisions in the Code, the Films Guidelines or the Computer Games Guidelines relating to 'sex' reflect community standards and concerns? Do they need to be changed in any particular classification category or overall?

Spherex Response: We believe the classifiable element of 'sex' is well understood by the Australian consumer and adequately informs the audience. As a note, because 'sex' is a broad classifiable element that includes various types of activity (e.g. implied, simulated or explicit; verbal and visual sexual references), we recommend that specifics continue to be stated in the consumer advice.

2d) Do the provisions in the Code, the Films Guidelines or the Computer Games Guidelines relating to 'language' reflect community standards and concerns? Do they need to be changed in any particular classification category or overall?

Spherex Response: Based on our review of the surveys, the classifiable element of 'language' adequately informs the audience.

2e) Do the provisions in the Code, the Films Guidelines and the Computer Games Guidelines relating to 'drug use' reflect community standards and concerns? Do they need to be changed in any particular classification category or overall?

Spherex Response: Based on our review of the surveys, the classifiable element of 'drug use' adequately informs the audience.

2f) Do the provisions in the Code, the Films Guidelines or the Computer Games Guidelines relating to 'nudity' reflect community standards and concerns? Do they need to be changed in any particular classification category or overall?

Spherex Response: Based on our review of the surveys, the classifiable element of 'nudity' adequately informs the audience.

3. OTHER COMMENTS

3a) What aspects of the current Code, Films Guidelines or Computer Games Guidelines are working well and should be maintained?

3b) Are there other issues that the Code, the Films Guidelines and/or the Computer Games Guidelines need to take into account or are there any other aspects that need to change?

Spherex Response: In general, the three essential principles of context, classifiable elements, and impact hierarchy work very well and make for a robust process for classification decisions. That being said, additional clarification about the different tiers of impact would be welcome and would reduce concerns of subjectivity when rating. Particularly in edge cases, additional details of what may bump an event from one impact category to another is valuable. Clear definition of an impact scale with practical examples is essential for accuracy and consistency in a co-regulation environment.

We further recommend that 'horror' be added to the list of the six classifiable elements. Horror often includes separate characteristics from violence such as disturbing or scary scenes. Horror also possesses the capacity to create fear in the minds of younger audiences. Currently, 'horror' appears to be accounted for partially in 'themes' and partially in 'violence.' Creating a new classification of 'horror' would highlight the distinctions while capturing the nuances.

4. CONTENT TO BE CLASSIFIED

4) Considering the scope of entertainment content available in a modern media environment, what content should be required to be classified?

Spherex Response: Spherex concurs that the following formats should be required to be classified:

- films in cinemas
- films and episodic series on physical media (DVD and Blu-ray)

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- films and episodic series broadcast on television and related online catch-up TV services (e.g. ABC iView, SBS on Demand, TenPlay, 9Now, 7plus)
- films on commercial video-on-demand services (e.g. Netflix, Stan, Amazon Prime Video, Disney+, Apple TV+)
- films and episodic series on digital storefronts (e.g. Apple iTunes, Google Play)

5. APPLYING THE SAME CLASSIFICATION STANDARDS ACROSS DELIVERY FORMATS

5) Should the same classification guidelines for classifiable content apply across all delivery formats (e.g. television, cinema, DVD and Blu-ray, video on demand, computer games)?

Spherex Response: Spherex agrees with the ALRC recommendation of a single set of statutory classification categories and criteria applicable to all film and episodic content delivered across platforms. The platform-agnostic approach eliminates the need to reclassify similar content on different media platforms. Further, all applicable media content would be classified according to a single set of categories and criteria, therefore, streamlining the process.

6. CLASSIFICATION PROCESSES

6) Consistent with the current broadcasting model, could all classifiable content be classified by industry, either using Government-approved classification tools or trained staff classifiers, with oversight by a single Government regulator? Are there other opportunities to harmonize the regulatory framework for classification?

Spherex Response: The sheer volume of content released on streaming platforms prohibits a traditional regulator from classifying content in an expedient and cost-effective manner. The influx of streaming content accompanied by expanded promotional materials is likely to overwhelm the capabilities of any single classification authority as more providers enter the global market.

Spherex advocates for the new classification framework to support self-classification by approved entities distributing content across digital platforms. Self-classification can be achieved either through a) Government-approved classification tools or b) trained industry personnel classifying content via a tool offered by the Classification Board. Oversight can be achieved by a single government regulator.

Most regulatory boards face challenges keeping pace with market demand. They struggle with high staff turnover, budgetary constraints, technology and bandwidth deficiencies, all while trying to process increasing volumes of varying content.

Content owners and streaming providers require fast turnaround times to meet their release schedules. When their needs are not met, they seek alternatives, whether that's guessing on a classification or delivering content as Not Rated. Cost is an important factor due to lower revenues generated from digital content sales as compared to theatrical releases. Australia's price for classifying online content is the highest on a normalized basis among regulators worldwide.

7. REVIEWS OF CLASSIFICATION DECISIONS

7) If a classification decision needs to be reviewed, who should review it in a new regulatory framework?

Spherex Response: In a co-regulation environment, the Classification Board should serve as the reviewing authority as its members have the experience and competency to do so. Considering the low numbers of classification reviews (14 out of 16000+ decisions) and the high cost of conducting a review, it does not seem cost effective to establish a separate entity for this exceptional process.

8. CLASSIFICATION GOVERNANCE

8) Is the current co-operative scheme between the Australian Government and the states and territories fit for purpose in a modern content environment? If not, how should it be changed?

Spherex Response: This question is best suited for country-based stakeholders.

9. OTHER COMMENTS

9) Are there other issues that a new classification regulatory framework needs to be taken into account?

Spherex Response: Our comments are adequately covered in the respective sections.

CONCLUSION

Consumers of online media deserve the same care and accurate ratings afforded to viewers of traditional media. Around the world, more and more content is created and distributed online without meaningful oversight. There are no winners in such a scenario, and we are grateful for the Australian government's leadership in this area.

Industry participants who take the responsibility of content classification seriously and invest in technology-enabled solutions are best prepared to process the increasing volumes of online content. At Spherex, our goal is to provide accurate, consistent, and compliant ratings that can be reviewed as necessary. Thank you for your consideration, and we are prepared to support your desired outcome.

Respectfully,



Teresa Phillips
CEO, Spherex