



Internal Affairs briefing

Hon Brooke van Velden
Minister of Internal Affairs

Title: **Alternative options for the Video Content Consumer Information project**

Date: 13 October 2025

Key issues

You asked the Department of Internal Affairs to provide you with updated advice on options for the Video Content Consumer Information (VCCI) project that remedy the anticipated failure of the labelling body function. You have asked for the advice to prioritise maintaining the labelling system under the Films, Videos, and Publications Classification Act 1993 (the Classification Act) at lowest cost and, if possible, avoiding or delaying legislation change.

Two high-level options have been identified that both address the issue of the failing labelling body function at a cost of between \$125,000-\$150,000 annually. The options also include possible add-ons you could choose to include that improve the long-term sustainability of the VCCI system and potentially return it to full cost-recovery. An overview of the options and associated add-ons is attached as Appendix A.

Action sought

Agree to progress Option 1: maintain the Film and Video Labelling Body's continued operations as the approved labelling body until 31 December 2027.

OR

Agree to progress Option 2: transfer the labelling body functions to the Classification Office through amending the Films, Videos, and Publications Classification Act 1993 via the Regulatory Systems (Internal Affairs) Amendment Bill process.

AND

Indicate whether you wish to pursue any of the proposed add-ons.

Timeframe

21 October 2025

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Gillian Ferguson	General Manager Policy	9(2)(a)	
Nick Law	Policy Manager		✓

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Purpose

1. This briefing sets out options relating to the approved labelling body function under the Films, Videos, and Publications Classification Act 1993 (Classification Act). All options address issues arising from the Film and Video Labelling Body's (FVLB) financial and operational unsustainability.

Executive summary

2. You asked the Department of Internal Affairs (the Department) to provide advice on alternative approaches to labelling video content under the Classification Act, as there is insufficient House time to progress a Bill for the Video Content Consumer Information (VCCI) project as part of the government's legislative programme. Alternative approaches are necessary to remedy the anticipated failure of the labelling body function.
3. The FVLB has decided to cease operating by 31 March 2027, with scope to extend until 31 December 2027 if required and with additional government funding. On 25 June 2025, the FVLB wrote to you to indicate their intention to wind up operations. They subsequently indicated to the Department that there is no appetite from its industry membership to continue the labelling body function beyond 31 December 2027, with their preference to wind up by 31 March 2027. Without an approved labelling body, physical video content cannot be legally provided to New Zealand consumers.
4. Two high-level options have been identified that would address the issue of the failing labelling body function at a cost of **between \$125,000-\$150,000 per annum** and avoid or delay legislation change. The options also provide you with the choice of including add-ons should you wish to direct the Department to develop advice to improve the long-term sustainability of the VCCI system. An overview of these options is attached as **Appendix A** which includes:
 - 4.1 **Option 1 (short-term fix):** *maintain the FVLB's continued operations as the approved labelling body until 31 December 2027 by providing additional funding, but leave all further work on a replacement labelling body until the next term.*
 - **Add-on 1A (medium-term fix):** *progress policy work to enable transfer of the labelling body functions to the Classification Office, with policy approvals this term and the legislative work next term.*

OR

 - **Add-on 1B (enable long-term operational efficiencies):** *progress policy work on Add-on 1A and make more extensive changes to the Classification Act to enable labelling function efficiencies.*
 - 4.2 **Option 2 (short-medium term fix):** *transfer the labelling body functions to the Classification Office via the Regulatory Systems (Internal Affairs) Amendment Bill (RSAB) process.*
 - **Add-on 2A (enable long-term operational efficiencies):** *progress policy work to make changes to the Classification Act to enable labelling function efficiencies.*
5. You could choose not to progress with any of the options provided, noting that this would mean there would be no labelling body function beyond 31 March 2027 and the risks this would create. We also considered a third option that was discounted as it would be in breach of the legislation.

You asked for advice on alternative approaches to labelling video content under the Classification Act that remedy the anticipated failure of the labelling body function

6. We understand you have asked for advice on alternative approaches to labelling video content, as there is insufficient House time to progress a Bill for the Video Content Consumer

Information (VCCI) project as part of the government's legislative programme. You confirmed at IA officials on 22 September 2025 that you would like to prioritise maintaining the VCCI system at the lowest cost; and for the options to either avoid or delay legislation change if possible. You also requested more information about the labelling body function and the FVLB's viability issues, as well as costing for each identified option. Detailed information about the labelling body's function is attached as **Appendix B**.

Prior to this briefing, we had been progressing work on a 'decentralised' approach to labelling video content under the Classification Act

7. Since March 2025, we had been progressing work on a 'decentralised' approach to labelling video content under the Classification Act. This work would have addressed the impending deadline for the closure of the FVLB and the cost of propping up that part of the system.
8. A 'decentralised' approach involved moving from age restrictions with legal effect to age recommendation labels, whilst retaining legal restrictions at the 'R18' age level to modernise the labelling system to make it more efficient for industry and the regulator and provide more comprehensive advice to consumers. On 4 August 2025, we provided you with a briefing that summarised feedback from targeted consultation on the proposal to decentralise the VCCI system [IA20258466 refers]. As noted above, we understand that you no longer wish to pursue work to decentralise the VCCI system due to insufficient House time to progress the required legislation.

The FVLB has decided to cease operating by 31 March 2027, with scope to extend until 31 December 2027 if required and with additional government funding

9. The FVLB has required government subsidisation since 2020, as the regulated operating model is no longer financially self-sustaining. The FVLB is intended to be self-funding, with its income derived from fees charged for rating and issuing labels for video content submitted to it, and the sale of printed labels for physical products like DVDs. However, in recent years, its viability has been significantly impacted by the decline in physical video content consumption, with the FVLB's revenue declining from over \$800,000 in 2015 to under \$300,000 in 2020. **9(2)(ba)(i)**
[REDACTED]
10. The significant decline in the FVLB's revenue necessitated financial support from government from 2020 onwards. It is clear that the FVLB is no longer financially viable without government subsidisation. The FVLB received \$209,000 in funding over 2020/2021 and \$150,000 in 2022 through reprioritisation of the Department's baseline. A further \$450,000 was secured as part of Budget 2022, to be provided to the FVLB over a three-year period ending in 2025. Further background information, a detailed breakdown of the FVLB's income and expenses report for the 2023 and 2024 calendar years, as well as its budget forecasts for the 2025 – 2027 calendar years, are attached as **Appendix C**.

The FVLB wrote to you on 25 June 2025 to provide written confirmation of its intention to wind up operations on 31 March 2027

11. The letter states that the FVLB's industry members have formed the collective view that it is becoming uneconomic to continue operating the labelling body function indefinitely, citing changes in the industry and successive government policies as contributing factors to their determination. The letter is attached at **Appendix D** for ease of reference.
12. Following receipt of this letter, the Department had two meetings with the Chair of the FVLB to discuss whether the FVLB would be willing to operate beyond the March 2027 date, either for a set period or indefinitely. On 2 October 2025, the FVLB informed the Department that it would agree to extend the closure date from 31 March 2027 to 31 December 2027 if required, subject to the provision of additional government funding of between \$125,000 - \$150,000.

13. The FVLB's response also stated that there is no appetite from its industry membership to continue operating the labelling body function beyond 31 December 2027. Their agreement to extend operations has been made on the basis that an extension would allow the necessary policy and legislative process to occur to transition the function. The FVLB's response to the Department is attached at **Appendix E**.

Without an approved labelling body, physical video content cannot legally be provided to New Zealand consumers

14. Should the FVLB cease operating without an alternative labelling body being appointed to take over the function, video content providers will not be able to submit their content for labelling. Under current legislative requirements, cinemas and other physical retailers would be liable to a fine of up to \$10,000 if they were found to be providing video content without labels ¹
15. As a result, new movie releases would likely be halted until a new labelling body is appointed. Depending on how long this process takes, there could be a significant backlog in the labelling of video content, which would impact consumer choice and damage the revenue streams of cinemas and other physical retailers.
16. The Classification Act requires that a labelling body be appointed by the Minister of Internal Affairs. While in theory you could appoint an alternative to the FVLB no other existing entity in New Zealand meets the criteria for approval. The Classification Act requires that the labelling body represent the film production, distribution, and public exhibition industry in New Zealand while also having the capability to implement labelling requirements under the Classification Act.²

We have identified two high-level options that would address the issue of the failing labelling body function

17. We have identified two options for you to consider that would address the issue of the failing labelling body function. Both options will require further funding from March 2027 of approximately **\$125,000 - \$150,000** per financial year to maintain the labelling body function, either to the FVLB or the Classification Office. This amount is based on the existing financial costs for the operations of the FVLB (attached as **Appendix C**). Changing who operates the labelling function is unlikely to materially alter the amount that is required to fund it in the short-term because the existing employees, systems and assets would be transferred. Both options also take into consideration the FVLB's intention to wind up operations by 31 December 2027 at the latest.
18. In addition, we have identified potential add-ons that could be progressed alongside the options, should you wish to direct the Department to develop advice to improve the long-term sustainability of the VCCI system. These add-ons would require policy work this term of Parliament, with legislation introduced early in the next term of Parliament. We have provided an overview of all options and potential add-ons as **Appendix A**.
19. We are investigating approaches to provide the required funding through reprioritisation of Department baseline appropriations. This will require joint Ministerial approval with the Minister of Finance. We will provide you with a briefing with advice on these funding approaches if you choose to progress either option in this briefing.
20. The options and associated add-ons include:

¹ [Section 120 of the Classification Act](#) sets out offences relating to non-compliance with labelling requirements.

² [Section 72 of the Classification Act](#) sets out all of the criteria for approval of a labelling body.

20.1 **Option 1 (short-term fix):** maintain the FVLB's continued operations as the approved labelling body until 31 December 2027. If you choose this option you could also add-on:

- **Add-on 1A (medium-term fix):** progress policy work on making minor changes to the Classification Act (in the next term of Parliament) to enable transfer of the labelling body function to the Classification Office.
- **Add-on 1B (enable long-term operational efficiencies):** progress policy work on Add-on 1A and make changes to the Classification Act (in the next term of Parliament) and regulations that enable the Classification Office to operate the labelling function efficiently.

20.2 **Option 2 (short-medium term fix):** transfer the labelling body functions to the Classification Office by amending the Classification Act via the RSAB process. If you choose this option you could also add-on:

- **Add-on 2A (enable long-term operational efficiencies):** progress policy work to make changes to the Classification Act (in the next term of Parliament) and regulations that enable the Classification Office to operate the labelling function efficiently.

21. The following table summarises the financial implications and key considerations for each identified option for transferring the labelling function and longer-term sustainability.

Option	Initial funding	Ongoing annual funding	Implementation timeframe
Option 1: Maintain FVLB operations until Dec 2027	\$125,000-\$150,000 (9 months to December 2027)	Unclear, because FVLB would cease operating	FVLB closure December 2027
Option 1 + 1A: Transfer to Classification Office via bill	\$125,000-\$150,000 (9 months to December 2027)	\$150,000 per annum initially, some reduction over time	Legislative change next Parliamentary term
Option 1 + 1A and 1B: Transfer + efficiencies	\$125,000-\$150,000 (to December 2027)	Less than \$150,000 per annum. Potential return to full cost-recovery	Legislative change next Parliamentary term
Option 2: Transfer to Classification Office via RSAB process	Nil to FVLB, closes March 2027. \$37,500 to Classification Office for April-June 2027	\$150,000 per annum initially, potential reduction over time	Legislative change this Parliamentary term with existing Bill (February 2026)
Option 2 + 2A: Transfer via RSAB + efficiencies	Nil to FVLB, closes March 2027. \$37,500 to Classification Office for April-June 2027	\$150,000 per annum for 2027-28. Potential return to full cost-recovery from July 2028	Existing Bill this term and second Bill next Parliamentary term

Financial sustainability considerations

22. Since 2020, the FVLB has required government subsidisation totalling \$809,000 through various funding mechanisms. Both options will require continued funding of approximately \$125,000-\$150,000 per financial year to maintain the labelling body function in the short to medium term, either to the FVLB or the Classification Office.

23. Options that include broader system improvements (Add-ons 1B and 2A) present opportunities to reduce costs and potentially return the system to full cost-recovery by leveraging technological advancements to optimise how the Classification Office rates and labels video content. These changes would target limitations in legislation and regulations that prevent the

Classification Office from fully streamlining its operations. Policy changes and operational improvements could remove the need for government subsidisation in the future.

You could choose not to progress any option, noting the risks this would create

24. As the FVLB will continue to operate until March 2027, which falls outside of the current Parliamentary term, you may choose to not progress any options. However, the risk of not progressing any options now is that there will not be sufficient time in the next Parliamentary term to make the necessary changes to address the issue of the failing labelling body function. This would mean that from the closure of the FVLB in March 2027, physical video content cannot legally be provided to New Zealand consumers until a fix is implemented as outlined in **paragraphs 14-16**.

Option 1 would maintain the FVLB's continued operation as the approved labelling body until 31 December 2027 through further funding

25. This option would provide the FVLB with additional funding of **\$125,000-\$150,000** to maintain operations as the approved labelling body until 31 December 2027. This option would not require any legislative change. However, the risk of this option is that it only provides a short-term fix until the closure of the FVLB, which could mean that there is not enough time in the next Parliamentary term to progress the legislative changes required to maintain the labelling body function beyond 31 December 2027.
26. If you choose to proceed with this option, we will provide you with advice on funding options in line with paragraph 19, including the requirement on joint Ministerial approval with the Minister of Finance. We also identified two potential add-ons that you could choose to progress to extend the fix to medium term and/or enable the Classification Office to make longer-term operational efficiencies. **Add-on 1A** would mitigate the risk of progressing this option alone:
- 26.1 ***Add-on 1A (medium-term fix): progressing minor changes to the Classification Act to enable transfer of the labelling body function to the Classification Office.***
- 26.2 ***Add-on 1B (enable long-term operational efficiencies): progress policy work on 1A and make changes to the Classification Act and regulations that enable the Classification Office to operate the labelling function efficiently.***
27. These add-ons would require policy work to be done and decisions from you and Cabinet this Parliamentary term. However, a Bill would not be progressed until the next term of Parliament.

Add-on 1A: Progressing minor changes to the Classification Act (in the next term of Parliament) to enable transfer of the labelling body function to the Classification Office

28. This add-on in combination with **Option 1** addresses the issue that the FVLB is unwilling to continue to operate as the approved labelling body after 2027. It would provide a pathway to the future appointment of the Classification Office as the approved labelling body, which the Department considers is best placed to take over the function following the FVLB's closure. This would involve minor amendments to the existing requirements under Sections 72 – 75 of the Classification Act, for an entity to have industry and community representation in order to be approved. Removing the relevant requirements under the Classification Act would also provide flexibility for other organisations to be appointed to the role in the future.
29. The Classification Office has indicated it would require similar levels of funding provided to the FVLB of **\$150,000 in the first year**, with the possibility that the annual costs would reduce thereafter from co-locating this function with the Classification Office. The Classification Office is also comfortable that there would be no additional funding required for the transition

beyond required annual funding. The FVLB has indicated that a plan to transition its system so that another organisation can deliver the labelling function could be ready in March 2026.

30. To give effect to this option we would need your policy approval, as well as Cabinet approval to draft a Bill, but the Bill would not be progressed until the next term of Parliament. We would work with the Classification Office and the FVLB to prepare this advice and a plan to transfer the function.

Add-on 1B: Making broader changes to the Classification Act (in the next term of Parliament) to improve and future-proof the labelling system

31. In addition to **Add-on 1A**, this add-on would progress policy work to enable the Classification Office to be appointed as the approved labelling body. Policy work on making broader changes to the Classification Act could then be progressed. These broader changes would focus on enabling efficiencies in the labelling of video content to improve the operational viability of the labelling function and the financial sustainability of the overall video content regulatory system under the Classification Act.
32. Amendments under **Add-on 1B** could include making changes to the Classification Act that would enable AI/machine learning and other advancements to be leveraged in order to optimise how video content is rated, classified and labelled. These changes could also enable the Classification Office to realise more of the benefits of contracting out parts of the VCCI rating process.
33. This option expands the policy work under **Add-on 1A**. It would progress on the same timeframe as **Add-on 1A** and would require a project with the Classification Office to identify legal constraints to improving efficiencies of the labelling function. This option could remove the need for government subsidisation of labelling in the future and return the system to full-cost recovery.

Option 2 (preferred) would transfer the labelling body function to the Classification Office through amending the Classification Act via the current RSAB process

34. Amending the Classification Act through the RSAB would enable changes to be passed this Parliamentary term. The changes would be the same discrete changes to Sections 72 – 75 of the Classification Act as described above under **Add-on 1A**, which would be targeted to enabling the labelling body function to be transferred to the Classification Office.
35. Because the changes would be passed this Parliamentary term, the FVLB could wind up its operations on 31 March 2027 as originally planned, requiring no further government funding for the FVLB. This option would also require ongoing annual funding to the Classification Office from 31 March 2027 of **up to \$150,000**. Over time we would expect this to decrease as systems are integrated.
36. This option would achieve the same outcome as **Option 1 + Add-on 1A**, but on a faster timeline as it would be achieved through the RSAB process (an existing Bill) rather than through the introduction of a new Bill. As we are using an existing legislative vehicle, it would use the least policy resources to progress. This option would take effect from March 2027, allowing the Classification Office to take-over the labelling body functions earlier. This enables the Classification Office to begin making operational changes to improve efficiencies to the labelling functions sooner, which would result in the earliest possible cost-savings. For these reasons, this is our preferred option.

Progressing discrete amendments through RSAB could potentially be achieved without Cabinet approval as we consider it to be a 'minor and technical change'

37. We consider these amendments to be suitable for the RSAB as it aligns with the effectiveness and efficiency policy objectives of an RSAB, because the amendments would improve the

financial and operational viability of the labelling body function under the Classification Act. The amendments are also minor and technical, as the function of the labelling body would not change. In addition, other amendments to the Classification Act are already being progressed through the RSAB, with some amendments being more complex than this³.

38. There is a risk that the Governance and Administration Committee (the Committee) does not consider this amendment within scope. If that is the case, the Committee would not accept a recommendation to add this amendment into the RSAB during its consideration. If this happens, it would be possible to make the changes by Amendment Paper at the Committee of the Whole House stage.
39. There is also a consideration of whether this amendment falls within current Cabinet policy approvals on the RSAB. Cabinet has authorised you to make final decisions on minor and technical changes that are consistent with the policy intent of the proposals agreed to in the Cabinet paper of 12 November 2024 [CAB-24-Min-0468 refers]. We have received advice from the Cabinet Office that this amendment would likely fall under the threshold for the requirement of Cabinet approval, however the decision to progress in this way would be yours.
40. If you decide to propose an amendment through the RSAB, you could write to your colleagues to notify them of your intention to include this amendment, as a substitute for a full Cabinet process. We would also recommend writing to the Committee chairperson outlining the proposal and requesting its consideration to include these changes. We would then include advice and a recommendation in the Departmental Report to include this as an additional amendment to the Classification Act. We have recommended a similar approach in a briefing we provided you on 9 October 2025 regarding the *Charities Act 2005 – Proposed amendment to the Charities Act 2005 through the Regulatory Systems (Internal Affairs) Amendment Bill* [IA20259479 refers].
41. The next steps for the RSAB are set out below:

Step	Indicative timing
Initial briefing presentation to the Committee	22 October 2025
Departmental Report to Minister of Internal Affairs for approval	6 November 2025
Departmental Report presented to the Committee	19 November 2025
Committee report-back to the House	By 12 February 2026
Further House stages – second reading, Committee of the Whole House, and third reading	TBC February 2026 onwards

42. If you choose to proceed with this option, we can draft a letter for you to provide to the Committee. This letter could outline your intention to include this proposal and the Charities Act proposal (pending your decisions), as well as invite the Committee to consider adding the proposals. Following this, we would provide you with advice on funding options in line with paragraph 19, including the requirement on joint Ministerial approval with the Minister of Finance.
43. We also identified one potential add-on that you could choose to progress with this option to create long-term efficiencies for the VCCI system. This add-on is the same as **Add-on 1B** and could remove the need for government subsidisation of labelling in the future and return the system to full-cost recovery. However, the add-on would be done on a slower timeframe, rather than at the same time as the RSAB process. This would also require a separate Bill to implement in the next Parliamentary term.

³For example: [Section 145D Disclosure of information to overseas authority for enforcement purposes](#)

Add-on 2A: Progressing policy work on making broader changes to the Classification Act to improve the long-term efficiency of labelling

44. This add-on would enable the Department to continue developing policy proposals aimed at making broader changes to the Classification Act that would improve the operational viability of the labelling function and the financial sustainability of the overall video content regulatory system. These would be the same changes that could be made under **Add-on 1B**, described above. It would require policy decisions this term of Parliament.

We considered a non-legislative transfer of the labelling body function to the Classification Office, but discounted it as it would be in breach of legislation

45. We considered a non-legislative transfer of the labelling body function to the Classification Office (or another body such as the Department). However, option has significant legal risks and would be in breach of legislation due to the application of the current Classification Act.
46. The legislation provides specific criteria for the Minister to approve a labelling body and there is currently no entity in New Zealand that can be legally approved outside of the FVLB, as explained in **paragraph 16**. This means if another entity such as the Classification Office were to carry out the labelling body function, it would be in an 'unofficial' capacity and any labels issued would carry no legal weight. This results in two significant legal risks:
- 46.1 The Classification Office (or another entity) carrying out the labelling body function 'unofficially' would be committing an offence under Section 121⁴, which prevents labels from being issued by anyone outside of the appointed labelling body (which no other entity apart from the FVLB can be appointed to). Therefore, any labels issued by the Classification Office (or another entity) would be in breach of Section 121.
- 46.2 Cinemas and physical retailers would also be committing an offence under Section 120⁵ if they provide a film that has been labelled by an unofficial labelling body as they would be in breach of their obligations under Section 6⁶. They could be liable to a fine of up to \$3,000 for an individual or \$10,000 for an organisation.
47. We therefore do not consider this to be a viable option and have discounted it due to the significant legal risks for the Classification Office and non-government organisations.

There are risks with progressing the options above without also progressing improvements to digital video content labelling

48. Industry and regulatory stakeholders expressed support for progressing improvements to digital video content during targeted consultation on the 'decentralised' approach, held in June – July 2025. In particular, industry and regulatory stakeholders expressed support for reviewing Commercial Video on-Demand (CVoD) self-rating arrangements and extending the CVoD self-rating approach to currently exempt video content types like mobile and online video games.
49. As part of requesting updated advice to remedy the anticipated failure of the labelling body function for physical video content, you also indicated you do not wish to pursue any improvements to digital video content labelling. None of the options set out in this briefing involve improvements to digital video content, so will not meet industry stakeholders' expectations with regard to the scale of change they consider necessary to achieve a more efficient and effective labelling system. However, **Add-on 1B and 2A** would mitigate some of

⁴ [Section 121: Unlawful issue of labels](#)

⁵ [Section 120: Non-compliance with labelling requirements](#)

⁶ [Section 6: Films to be labelled](#)

the risk as it would enable the Classification Office to make significant improvements to the VCCI system that industry would appreciate.

50. Industry may raise their concerns with you about these matters directly, as they may have expectations that government will progress options involving improvements to digital video content labelling. We can support your Office should you receive correspondence or meeting requests from industry stakeholders.

Next steps

51. We are available to discuss the contents of this briefing with you at your earliest opportunity.

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Recommendations

52. We recommend that you:

EITHER

- a) agree to progress **Option 1**: maintain the Film and Video Labelling Body's continued operations as the approved labelling body until 31 December 2027. **Yes/No**

If YES to Option 1, indicate whether you:

- i. agree to progress **Add-on 1A**: policy work on making discrete changes to the Classification Act to enable transfer of the labelling body function to the Classification Office; **Yes/No**

OR

- ii. agree to progress **Add-on 1B**: progress policy work on **Add-on 1A** and on making broader changes to the Classification Act to improve and future-proof the labelling system; **Yes/No**

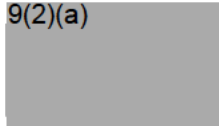
OR

- b) agree to progress **Option 2 (preferred)**: transfer the labelling body function to the Classification Office through amending the Classification Act via the Regulatory Systems (Internal Affairs) Amendment Bill process. **Yes/No**

If YES to Option 2, indicate whether you:

- i. agree to progress **Add-on 2A**: policy work on making broader changes to the Classification Act to improve and future-proof the labelling system. **Yes/No**

9(2)(a)



Gillian Ferguson
General Manager Policy Group

Hon Brooke van Velden
Minister of Internal Affairs

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Appendix B: Information about the labelling body's purpose and functions under the Classification Act

The labelling body's purpose is to issue labels for video content, with the Classification Act requiring video content to be labelled before being provided to New Zealand consumers

The Classification Act requires that a 'film' (i.e. video content) must not be provided to the public unless a label has been issued for that film, and the label display requirements have been met.⁷ Only certain types of video content are required to be labelled, which are movies and shows for cinematic or DVD release, and video on-demand content that is made available by specified Commercial Video on-Demand (CVoD) providers.⁸

The Classification Act requires video content providers to submit their content to the Film and Video Labelling Body (FVLB) for assessment, as the approved labelling body under the Act. The FVLB is an incorporated society and registered charity made up of representatives from the video content industry.

The FVLB is responsible for assessing unrestricted cinematic releases, DVDs and Blu-ray discs, and issues the labels that all video content must display before they are supplied to the public.

The Classification Act requires the FVLB and the Classification Office to follow specific steps to assess and label video content

Once video content is submitted to the FVLB by a video content provider, it will assess the content and provide a suitable label for it. A label is made up of three components: a rating or classification; a corresponding symbol that is the visual representation of the rating or classification; and a description, which sets out content warnings.

If the content has been given an unrestricted rating in Australia and/or the United Kingdom, the FVLB can automatically apply the corresponding New Zealand label through a cross-rating process set out in regulations. Otherwise, the FVLB will assess the content itself, and if the content is determined to be suitable for general audiences (G), general audiences with parental guidance (PG), or suitable for mature audiences (M), the FVLB will issue a label to the provider to display on the content.

If the FVLB's initial assessment indicates that a classification assessment is required, the FVLB must refer the content to the Classification Office for assessment. The Classification Office is an Independent Crown Entity established under the Classification Act to classify 'publications' that may need to be restricted or banned.⁹ Once the Classification Office has assessed and determined the classification of the video content, the FVLB will provide the label that displays the required classification to the provider.

⁷ Film is defined in the Act as 'a cinematograph film, a video recording, and any other material record of visual moving images... and includes video on-demand content.' It is a broad definition that covers all types of video content that are not in the process of being livestreamed. However, many types of video content are exempt from labelling requirements, such as video games.

⁸ 'Specified CVoD providers are those that are listed in [schedule 4 of the Classification Act](#).

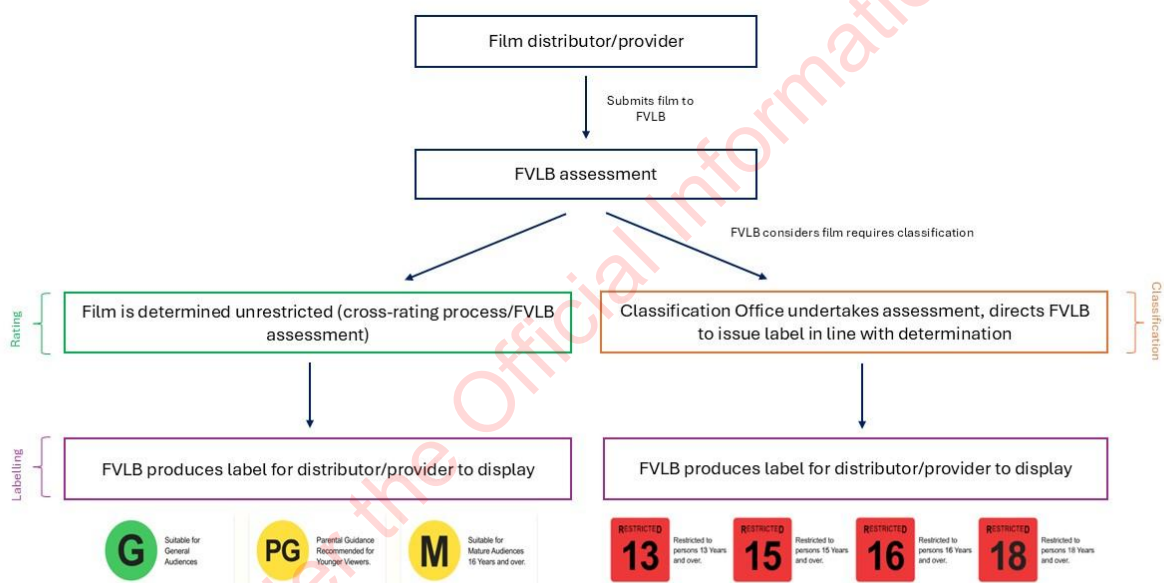
⁹ 'Publication' is a broad definition under the Act that captures all 'film' (video content), as well as printed material such as books and magazines.

As you are aware, there is an important distinction between a rating and a classification, which necessitates different labelling processes and label outcomes. A classification can ‘restrict’ content – in other words, make content illegal to interact with if a person is under the age specified in the classification, while a rating outcome only advises against interacting with content if a person is outside of the recommended age.

If the Classification Office determines that video content needs to be age restricted, then cinemas and other physical retailers are legally required not to show or sell that content to anyone under the age of that restriction. There are criminal penalties for breaching those requirements. The Department of Internal Affairs’ Inspectors of Publications are responsible for enforcing labelling requirements under the Classification Act.

Figure 1 shows a high-level diagram of the labelling process for physical video content that can lead to either an unrestricted or restricted label.

Figure 1: Labelling process for ‘film’ (video content) under the Classification Act



Appendix C: Film and Video Labelling Body background and financial information

The Classification Act requires video content providers to submit their content to the FVLB for assessment, as the approved labelling body under the Act. The FVLB is an incorporated society and registered charity made up of representatives from the video content industry.

The FVLB is intended to be self-funding, with its income coming through charging fees for rating and issuing labels for video content submitted to it and the sale of printed labels for physical products like DVDs. However, in recent years, its viability has been significantly impacted by the decline in physical video content consumption, with the FVLB's revenue declining from over \$800,000 in 2015 to under \$300,000 in 2020. 9(2)(ba)(i)

The FVLB has the power to set its own fees, so would not require changes to the Classification Act or secondary legislation to increase fees to match operating costs. However, increasing fees to match costs would threaten the financial viability of the physical video content sector in New Zealand. Particularly, the FVLB estimates it would have to increase its fees for labelling of cinematic releases by 310 per cent to cover shortfalls. Such an increase in fees would be unsustainable for the physical film sector, particularly following the global economic impacts of COVID-19 lockdowns on the cinema industry, reductions in the size of the DVD market in New Zealand, and the flow-on impacts of the 2023 industrial strikes by Hollywood trade unions on market volumes.

The stark decline in the FVLB's revenue has necessitated financial support from government from 2020 onwards, with the Department concluding that the FVLB is no longer financially viable without government subsidisation. In particular, the FVLB received \$209,000 in funding over 2020/2021 and \$150,000 in 2022 through reprioritisation of the Department's baseline. A further \$450,000 was secured as part of Budget 2022, to be provided to the FVLB over a three-year period ending in 2025.

Despite looking for alternative revenue sources and undertaking structural organisation change, the FVLB remains unable to generate sufficient income to sustain itself and to make necessary upgrades to legacy systems.


Income and expenses report for the 2023 and 2024 calendar years:

9(2)(b)(ii)


9(2)(b)(ii)

82

9(2)(ba)(i)



9(2)(b)(ii)



Releas

Appendix E: Email from the Film and Video Labelling Body to the Department

From: 9(2)(a)
Sent: Thursday, 2 October 2025 12:13 pm
To: Nick Law <nick.law@dia.govt.nz>
Cc: 9(2)(a)
Subject: FVLB Surrender of Warrant – Extension

Subject: FVLB Surrender of Warrant – Extension

Dear Nick,

Following our conversation via Microsoft Teams on 25 September 2025, I am writing on behalf of the Film and Video Labelling Body Incorporated (FVLB) in response to your request to extend the current termination date from 31 March 2027 to 31 December 2027.

After considering your position and as a gesture of good faith, the board of The Film and Video Labelling Body Incorporated (FVLB) is agreeable to further extend the funded termination date from 31 March 2027 to 31 December 2027 on the basis that the extension will allow the appropriate policy work and potential legislative change process around the censorship review to run its course.

For the avoidance of doubt there is no appetite from the boards perspective for The Film and Video Labelling Body Incorporated (FVLB) to continue operating post 31 December 2027. It is still the society's intention to surrender the warrant and cease operating as the Labelling Body under section 72 of the Films, Videos, and Publications Classification Act 1993.

In light of the ongoing changes within the industry, the function the FVLB was established to undertake becoming increasingly irrelevant along with changes in successive Government policies and the financial challenges it faces, it is no longer viable for the FVLB to continue delivering labelling services indefinitely.

Accordingly, the Society invites the Minister to terminate its approval with effect from 31 December 2027, or an earlier date if mutually agreed.

Regards

9(2)(a)
Chair
Film and Video Labelling Body
Īmēra: 9(2)(a)
Waea kawē: 9(2)(a)



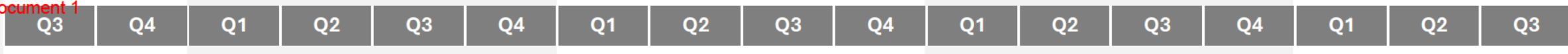
2025

2026

2027

2028

2029



Appendix A: A3 Overview of options and potential add-ons

\$125-150K to FVLB for 9 months

Option 1 Maintain FVLB continued operations as approved labelling body until Dec '27

FVLB Closure – no labelling functions in NZ until a replacement is identified

AND

Add-on 1A Light policy work + Cabinet policy approvals

Light amendment bill – passed by Nov '27

Classification Office takes over labelling body functions

\$150K

Less than \$150K

OR

Add-on 1B Medium policy work + Cabinet policy approvals

Medium amendment bill to achieve 1A + to improve efficiencies - passed by Nov '27

Classification Office takes over labelling body functions + efficiency improvements implemented

\$150K

Full cost-recovery possible

\$37.5K for remainder of the financial year

\$150K

\$150K

Less than \$150K without 2A

Option 2 (preferred) RSAB Amendments

Classification Office takes over labelling body functions

AND

Add-on 2A Medium policy work + Cabinet policy approvals

Medium amendment bill to improve efficiencies – passed in 2028

Classification efficiency improvements implemented

Full cost-recovery possible

Do nothing FVLB continues operating until funding ends in March '27

FVLB Closure – no labelling functions in NZ



Appendix D: Letter from the Film and Video Labelling Body informing you that they will cease operations on 31 March 2027

25 June 2025

Hon. Brooke van Velden
Minister of Internal Affairs
Parliament Buildings
Wellington 6160

Dear Minister

Film and Video Labelling

1. I act for the Film and Video Labelling Body Incorporated, a society registered under the Incorporated Societies Act 1908 (incorporation number 632310) and the Charities Act 2005 (registered charity number CC20715) (**Society**).
2. The Society has been approved by a previous Minister of Internal Affairs in accordance with section 72 of the Films, Videos, and Publications Classification Act 1993 (**Act**) to be the labelling body for the purposes of the Act, and continues to provide the relevant labelling services described in the Act (**Services**).
3. The members of the Society have formed the collective view that, given changes in the industry and with successive Government policies, it is becoming uneconomic for the Society to continue the indefinite future delivery of the Services.
4. Accordingly, this letter is confirmation of a verbal notice given to officials – that the Society invites the Minister to terminate the Society's approval to provide the Services with effect from 31 March 2027 or such earlier date as may be agreed (**Termination Date**).
5. The Society will continue to function and to provide the Services until the Termination Date, and has the resources to do so. It will re-register in accordance with the requirements of the Incorporated Societies Act 2022, and will likely seek to wind down in a structured, orderly fashion after the Termination Date.
6. Please do not hesitate to contact me if you have any questions or concerns.

Yours faithfully

9(2)(a)

9(2)(a)

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