

ANNUAL REPORT 2006

The Finnish Board of Film Classification 2007

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1. Executive review

As a State institution, the Finnish Board of Film Classification celebrated its 60th anniversary on 1 March 2006. The date is calculated from the entry into force of the first Act on Film Classification. The spring of the anniversary year 2006 saw the publication of the history of State film classification 1946-2006, commissioned by the Board of Film Classification and written by Mr. Jari Sedergren, Doctor of Social Science, with the title *Battle for Film Censorship*. The book was published in the publication series of the Finnish Film Archive by the Finnish Literature Society.

The anniversary year of the Board of Film Classification was very profitable. The classification volumes clearly increased from the year 2005, which, as such, was also very profitable. Notification volumes, on the other hand, decreased mainly because pornographic notifications reached their normal level. In 2005, the volumes were increased due to double notification caused by changed notification markings. The performance agreement for the years 2005-2007 estimated that 770 long and 620 short audio-visual programmes would be classified. In 2006, 1,099 long and 632 short audio-visual programmes were classified. The increase was about 12 percent. The duration of the classifications increased even more, by 34 percent.

With regard to notifications, also the figures for interactive audio-visual programmes decreased. In 2006, 1,098 console and computer games were notified compared to 1,364 in 2005. The decrease mainly concerned demo versions published in connection with game magazines. Two games were classified.

The revenues from the classification of audio-visual programmes increased clearly with the increased volume. The revenues from the classifications totalled EUR 413,110 with an increase of EUR 101,054 or about 32 percent over the previous year. Because the increase in revenues was mainly based on continually increased DVD publications of television series, a decision was made to make the fees of the Finnish Board of Film Classification more reasonable with regard to audio-visual programmes lasting more than four hours from the beginning of 2007.

The profitability of the Finnish Board of Film Classification has developed very favourably during the last three years. However, the Board cannot itself affect the volumes of audio-visual programmes exhibited or distributed nor technical development. According to several estimates, the distribution of audio-visual programmes in the Internet will increase and also the distribution of television series as recordings is likely to continue while the future of movie theatres is considered uncertain. The fastest growing area is the distribution of audio-visual programmes as Video-on-Demand services also in mobile communications. The changes may affect the profitability of the Board of Film Classification in the next few years. Also the inspection task of the Board will become more difficult.

In a questionnaire targeted at the customers of the Board of Film Classification, about 80 percent of those who replied considered the present advance inspection of audio-visual programmes necessary. In spite of more numerous inspections and temporary congestion, almost 90 percent considered the service of the Board of Film

Classification either good or rather good. About 80 percent of those who answered considered that the age ratings set were suitable. Fewer than ten complaints regarding age ratings were made to the Appeal Board of Film Classification. Two of the decisions were revoked. The number of complaints was ordinary while the percentage of revocations was lower than usual.

The Act forming the basis for the operations of the Board of Film Classification in the inspection of audio-visual programmes was amended at the end of December. The amendments entered into force at the beginning of 2007. The most important changes were the addition of the age rating 13 in the Act as well as the provision on retrospective supervision of audio-visual programmes. The new age rating was adopted, because it was considered better to safeguard the different phases in the development of children. According to the provision on retrospective supervision, the inspectors of the Board of Film Classification have the right to conduct supervision checks in the facilities of a distributor to ensure that the markings of audio-visual programmes comply with the law. The supervision can also interfere with distribution against the Penal Code in cooperation with the police. In addition, an amendment was adopted eliminating the obligation to use the same age ratings in the case of all audio-visual programmes. The amendment makes it possible to apply the self-regulatory Pan-European Game Information (PEGI) system as such in Finland.

In cooperation with the movie and game sectors as well as child protection associations, the Board of Film Classification emphasised information on changes in the age ratings. At the turn on 2006-2007, in cooperation with TV 1 and TV 2, an extensive information campaign was arranged on public TV-channels. The Board further increased its emphasis on various educational events and projects in the media relating to various forms of protection from the media.

Tight cooperation with the Ombudsman for Children also emphasised the social impact of the work of the Board. The background for many of the statements of the Ombudsman was formed by the actions and expertise of the Board and they emphasised the importance of child protection in the media environment. The Director of the Board was appointed an expert member of the Advisory Board of the Ombudsman for Children.

The Board also emphasised international cooperation by arranging, in cooperation with Statens Biografbyrå from Sweden, a conference for European Film Classifiers. The conference was implemented onboard a vessel and partly in Stockholm and in Helsinki. The Board also received a delegation of German media protection experts.

The operations of the Finnish Board of Film Classification again awoke public debate. The setting of age ratings for audio-visual programmes as well as preventive legality supervision are generally experienced as societally significant functions. The Board received plenty of feedback from the public, which indicates that the age rating of audio-visual programmes is considered important.

The Board was able to handle the significantly increased classification volume with only a small additional input compared to the previous year. The quality of the classification decisions as well as that of the handling of classifications and

notifications were further improved. A good performance of the personnel in the face of increased tasks was rewarded with a bonus.

The Advisory Board had three meetings during the year. The topics included inter alia the regulation of computer games and the challenges of mobile communications to the regulation of audio-visual programmes. The Chairman of the Advisory Board was Director of the Board Matti Paloheimo and its members were Chairman, Commercial Director Vesa Artman (FIGMA ry), Head of Joint Productions Erkki Astala (The Finnish Broadcasting Company), Senior Adviser, Cultural Affairs Kristina Hautala-Kajos (Ministry of Education), Secretary General Eeva Kuuskoski (The Mannerheim League for Child Welfare), Secretary General Hanna Markkula-Kivisilta (Save the Children), Managing Director Raija Nurmio (Suomen Filmikamari), Senior Inspector Maarit Pietinen (Finnish Board of Film Classification), Professor Lea Pulkkinen (Jyväskylä University), Chairman Lasse Saarinen (Suomen elokuvatuottajat ry [Finnish Movie Producers]) and Professor Tapio Varis (Tampere University).

2. **Impact**

2.1. The impact of operations

Advance classification of audio-visual programmes

The impact target of the Board of Film Classification continues to be safeguarding the development of children in an audio-visual programme environment. In the report year, the attainment of the target was not measured with an inquiry of Statistics Finland, which is conducted about every third year. Public debate, however, indicates that the age-rating regulation laid down by the Act on the Classification of Audio-Visual Programmes has established its position in society. In the inquiry conducted in 2005, about 80 percent of those who answered considered to practice to be good. At present the share is likely to be higher, because the satisfaction of the public with the practice had increased by over 10 percent from 2002 to 2005. Also awareness of the binding nature of the age ratings of audio-visual programmes can be expected to have increased due to ample information and the public debate. In 2005, more than 60 percent of those who answered thought that the age ratings of also other than computer games were only recommendations. Now this share is likely to be smaller.

The number of classified audio-visual programmes totalled 1,731 while the estimate in the performance agreement for the years 2005-2007 was 1,390 audio-visual programmes.

Classified audio-visual programmes

2004:	1,361
2005:	1,548
2006:	1,731

Increase from 2005 to 2006 was 11.8 percent.

Appeals

2004:	11
2005:	12
2006:	10

The satisfaction of the business sector of audio-visual programmes with the age ratings has slightly increased when measured with the number of appeals. Two appeals, i.e., one-fifth were accepted. Compared to the total number of classifications, 1,731 the number of appeals can be considered very small. The percentage was 0.5 as compared to 0.7 in 2005. As also the percentage of accepted appeals is small, the reliability of the age ratings can be considered good also when measured like this.

The feedback from the public to the Board unofficially measures satisfaction with the age ratings. Because the majority of all the feedback to the authorities is critical, the only certain conclusion that can be made about the feedback is that the public monitors the age ratings and considers them important. The increase of feedback indicates that awareness of the Board of Film Classification and the Act on Audio-Visual Programmes has increased. The public has also learned to use the public age-rating search of the Board and familiarised itself with the grounds for the age ratings. In spite of the criticism, nearly all the feedback esteems the work of the Board.

Exhibition authorisations

The classification authority may authorise the exhibition of audio-visual programmes to persons who have not attained the age of 18 without prior classification at an event specifically organised for the purpose of exhibiting audio-visual programmes. The estimate in the performance agreement was 20 exhibition authorisations. In 2006, this was clearly exceeded due to various movie events.

2004:	19
2005:	18
2006:	26

The handling and registration of notifications

The impact target was a high quality of the handling of notifications to ensure child protection. In practice this means that the register of the authority has to be exact and well available and that it has to prevent the distribution of audio-visual programmes in violation of the Penal Code.

The high quality of handling notifications is largely dependent on the electronic systems developed for handling notifications and classification. The development work is continuous and it is conducted in cooperation with Aspicore Oy, which has supplied the systems. In addition, the free age-rating search of audio-visual programmes serves the audio-visual sector and the public and it covers all the decisions since the 1950s. Starting from 2001, the search also gives the grounds for each decision. The search significantly promotes the information of the age ratings available to the parents and the media.

After salary costs, the planning, development and maintenance of electronic systems was still the biggest individual cost sector for the Board, about EUR 53,000 in 2006. The systems have improved customer service and enhanced the prevention of material violating the Penal Code. The notification system of pornographic audio-visual programmes with pictures, within the framework of which the preventive work is on the one hand based on code automatics, on the other, on an evaluation of the pictures on the title pages of the recordings, is unique in an international comparison.

Notifications of ordinary audio-visual programmes

2004:	2,896
2005:	2,464
2006:	1,952

The volumes of other audio-visual programmes than pornography have been decreasing. Because the volume of classified audio-visual programmes has been strongly increasing at the same time, it is possible that the decrease is at least partly due to an increase in illegal distribution. Another possible reason is the fact that notifications of the VHS format ended almost completely in 2006.

Notifications of interactive audio-visual programmes

2004:	1,061
2005:	1,364
2006:	1,098

The notifications of interactive audio-visual programmes, i.e., mainly computer and console games, decreased compared to 2005, which is likely to be explained by a decrease in the number of demos published in connection with the game magazines. In 2005, the number seems to have been exceptionally big, because the year 2006 saw a return to ordinary notification volumes. The decrease was also affected by the fact that some of the distributors only make a notification to the Pan-European PEGI system.

Notifications of pornographic audio-visual programmes

2004:	22,730
2005:	26,908
2006:	19,421

The exceptionally large number in 2005 is explained by the implementation, with regard to the marking of recordings, of the transfer to the product code, i.e., the EAN code. A lot of audio-visual programmes registered before were notified again using this code in order to facilitate the marking of new copies. In 2006, the parallel notifications clearly decreased and the volume of notifications settled on its usual level.

The number of audio-visual programmes suspected to have contents in violation of the Penal Code continued to decrease. The reason was, like in the previous year, the increase in the classification of audio-visual programmes, wherefore possibilities for check reviews of notified programmes decreased. An increase in the efficiency of

check reviews thus decreased efficiency in the advance prevention of distribution in violation of the Penal Code. On the other hand, checks due to a suspected crime, implemented as random checks, have been qualitatively more exact. Only few programmes were requested for review if there was no reason for the suspicion of a crime.

<u>Requested for review on the basis of notification</u>	<u>Evaluated as contrary to the Penal Code</u>
2004: 465 audio-visual programmes	145 31 %
2005: 182	75 41 %
2006: 127	82 65 %

The share of audio-visual programmes evaluated to be against the Penal Code among those requested for review thus clearly increased over the years 2004 and 2005. However, this does not necessarily mean an increase in distribution against the Penal Code. The regular retrospective supervision of audio-visual programmes that will be introduced at the beginning of 2007 in cooperation with the police will give a better picture of the situation.

Statements to the authorities

The impact target was to promote the prevention of criminal activity in matters relating to audio-visual programmes as well as to promote cooperation between the authorities in the audio-visual programme environment.

In 2006, the Board only gave the police one statement regarding a suspicion of distribution of audio-visual programmes against the Penal Code. In 2005, 6 statements were issued and 34 in 2004. The number was exceptionally big due to the retrospective supervision project implemented that year together with the police.

Altogether 121 different programmes were viewed by the Board for this one statement. In 2005, the corresponding figure was 419 and as high as 621 in 2004.

Of the audio-visual programmes viewed for the statement in 2006, 31, i.e., 24.7 percent, were considered to be against the Penal Code. In 2005, the corresponding figure was 11.4 percent and as high as 37.6 percent in 2004. However, the seizures were quite different, so no far-reaching conclusions can be made on the basis of the percentage shares regarding total distribution of material against the Penal Code.

In addition, the Board gave the Ministry of Education three statements and one statement to the Ministry of Traffic and Communications and one to the Ministry of Social Affairs and Health.

Customer service

The aim is good, i.e., reliable and as fast customer service as possible, which is measured with customer feedback and customer inquiries. In 2006, the Board implemented a customer inquiry for the second time. The first customer-satisfaction inquiry was conducted in 2002.

The customers of the Board are producers, importers, exhibitors and distributors of audio-visual programmes. About half of the customers are distributors, exhibitors or producers of pornographic audio-visual programmes, less than one-fifth distributes computer and console games and the rest are exhibitors, distributors or producers of “ordinary” audio-visual programmes.

The percentage of replies was low, i.e., 28 %, compared to 43 % in 2002. The results can therefore only be considered to indicate a trend.

About 80 percent of those who replied considered the present advance classification of audio-visual programmes necessary or rather necessary. The result was the same also in 2002. Almost 68 percent of those who answered considered the notification and registration of audio-visual programmes exhibited and distributed to adults necessary. In 2002, the share was 64 percent. In spite of more numerous classifications and temporary congestion, almost 90 percent considered the service of the Board of Film Classification either good or rather good. In 2002, the share was about one percentage point smaller. About 80 percent of those who answered considered that the age ratings set were suitable. Also their attitude to the new K13 age rating was requested. It was considered necessary by about 45 percent of those who answered.

2.2. Impact of transfer and investment costs

The Finnish Board of Film Classification has no investment costs. No performance targets have been set for transfer costs. They were used for all operations with the exception of salary costs.

3. Operational efficiency

3.1. Economicality of operations

In the performance agreement for 2005-2007, the annual revenues of the Finnish Board of Film Classification are estimated to be EUR 200,000. The figure is based on the situation in 2004, on the basis of which there is a reason for a very careful evaluation of the development of the film sector. However, the situation has become much more positive than the careful expectations, which has also been reflected in the revenue development of the Board. The classification revenues have clearly increased as have, on the other hand, also the inputs, i.e., the separate costs of operations subject to a charge.

Average costs of classification

2004:	336 €h
2005:	268 €h
2006:	285 €h

The average costs of classification increased only a little, i.e., by about 6 percent, in 2006 over 2005.

The efficiency and profitability of the classification work thus remained at about the same level as the year before. Despite the increased volume of classifications, the high quality and reliability of the classifications, which was measured by the average number of inspectors per classification, increased slightly.

Labour costs measured as salary costs

2004:	503,325 €
2005:	503,593 €
2006:	537,097 €

The labour costs increased by about 6 percent. As the volume of classifications had at the same time, measured in duration, increased by 34 percent, we can note that the efficiency and profitability of the work had clearly increased.

3.2. Profitability of the operations

Advance classification of audio-visual programmes

The aim is efficient classification operations. This was measured by the number of inspectors per classification, a monitoring of working time and the average hourly price of the classifications.

The quantitative estimate of long audio-visual programmes to be classified in 2005-2007 is 770 and for short ones, 620. The Finnish Board of Film Classification cannot set actual quantitative targets, because the volume of audio-visual programmes to be classified is totally dependent on the importers and distributors of the programmes.

Classified long audio-visual programmes

2004:	759
2005:	945
2006:	1099

The quantitative increase over 2005 was 16.3 percent.

Classified short audio-visual programmes

2004:	602
2005:	603
2006:	632

Classified audio-visual programmes total

2004:	1361
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2005: 1,548
2006: 1,731

Increase from 2005 to 2006 was 11.8 percent.

Total duration of the classifications

2004: 1,821 h
2005: 2,474 h
2006: 3,315 h

The increase in 2006 over 2005 was 34 percent compared to an increase of about 36 percent in 2005 over 2004. This means that the total duration of classified audio-visual programmes has dramatically increased in three years. This is especially due to the publication of TV series as DVD recordings.

The classifications, which increased both duration-wise and in volume, were conducted with an only slightly larger labour force than in the previous years.

Average number of inspectors/inspection

2004: 1.80
2005: 1.7
2006: 1.81

The performance target is 2 inspectors per classification. In the last three years the Board has slightly lagged behind the target and it was closest to it in 2006. When evaluating the average costs of the classifications, we must take into account that the costs are measured in minutes while the number of inspectors is calculated per classified work. Films meant for movie-theatre distribution usually have 3-5 inspectors as have movie trailers. The number of inspectors of audio-visual programmes meant to be distributed as recordings is usually one or two. On the other hand, the duration of one TV series may exceed 1,000 minutes.

The average handling time of classifications

It has been possible to compile reliable statistics on the handling time of classifications only from the beginning of 2005 after the introduction of electronic classification and notification systems. The classifications have been divided into five categories one the one hand on the basis of duration, on the other, on the basis of the distribution format. The category Other audio-visual programmes consists of various audio-visual programme recordings.

	<i>Average handling time</i>	<i>Volume</i>
2005		

Short programmes under 3 minutes 283	2 days 15 h	
Audio-visual programmes 3-60 minutes 265	7 days 3 h	
Long programmes over 4 hours 80	16 days 17 h	
Other films for theatre distribution 159	2 days 23 h	
Other audio-visual programmes 644	10 days 2 h	
Total:	7 days 15 h	1,431

2006

Short programmes under 3 minutes 317	2 days 16 h	
Audio-visual programmes 3-60 minutes 312	9 days 20 h	
Long programmes over 4 hours 159	16 days 21 h	
Other films for theatre distribution 181	3 days 4 h	
Other audio-visual programmes 760	11 days 18 h	
Total	9 days 8 h	1,729

The through time of trailers and movie-theatre films can still be considered short when we take into account the increased volume of classifications. The programmes of over four hours mainly consist of TV series, whose duration can even exceed 10 hours; in this case also the duration of the classification is correspondingly longer. In spite of the number of these programmes becoming double, the handling time remained almost the same; profitability thus increased significantly. The result was attained by work-hour and work-shift arrangements. Audio-visual recordings are classified in an order of urgency after movie-theatre films. Also in their case the handling times remained almost at the level of the previous year taking into account the increased classification volumes.

The handling and registration of notifications

The aim of the Finnish Board of Film Classification was an efficiently functioning notification and registration system. The meter used was the volume of registrations in relation to the costs of planning and labour.

Registered (classified and notified audio-visual programmes total)

2004:	27,984
2005:	32,284
2006:	24,127

Since the beginning of 2005, three electronic systems have been used. The classification and notification system E-ILMO, the notification system X-ILMO of pornographic audio-visual programmes and the notification system P-ILMO of interactive audio-visual programmes. Nearly all the notifications and classification applications as well as classification decisions were made in electronic form. In 2006, the joint film database ELONET of the Finnish Film Archive and the Finnish Board of Film Classification was opened to the public.

After salary costs, the planning, development and maintenance of the electronic systems has been the biggest individual expense lot of the Board, about EUR 50,000 in 2005 and about EUR 53,000 in 2006. The increase in costs was mainly due to the planning of the new system of retroactive supervision. These costs were at their highest in 2004, when most of the planning and development work was conducted with regard to all the systems. In that year the costs were about EUR 100,000. The systems have significantly improved customer service and enhanced the prevention of material violating the Penal Code. The electronic handling has facilitated and speeded up the work of the Board when the several-step handling of papers was almost totally eliminated.

Statements to the authorities

The aim is a cost-efficient statement procedure. In principle, what can be used as a meter is the number of statements in relation to the work time used. However, the statements are of different types and therefore they cannot be compared with each other. In 2006, the legislative amendment, which entered into force at the beginning of 2007, was prepared, which allows regular retroactive supervision implemented in cooperation with the Finnish Board of Film Classification and Police. The pending amendment affected the small number of statements to the police. The number of other statements to the different Ministries was five.

Classified volumes

2004:	621 audio-visual programmes
2005:	419 audio-visual programmes
2006:	113 audio-visual programmes

Customer service

The aim is an organisation increasing the efficiency and sensibility of the work and an input in technology improving customer service. Thanks to the electronic classification and notification systems and the open public age-rating search opened at the beginning of 2005, customer service has improved significantly and the audio-visual sector, the media, the authorities and the public has available to them both the newest age-rating decisions with their grounds and historical decisions since the 1950s. The service is supplemented by the ELONET database.

On the basis of a questionnaire targeted at the customers in 2006, almost 90 percent of those who answered considered the customer service of the Board either good or rather

good. A total of 73.5 percent of those who answered considered the classification activity to be fast or fairly fast and 81.6 percent considered the notification handling to be fast. Compared to the answers in the query in 2002, the results have improved significantly.

3.3. The result and profitability of operations subject to a charge

The Ministry of Education has confirmed EUR 200,000 as the performance target of the operations of the Board subject to a charge in 2005-2007. The result of 2004 was EUR 230,924 and EUR 312,047 in 2005. In 2006, the result was EUR 413,111 with an increase of more than EUR 100,000 over the previous year. The reason for the clearly higher performance than the target has been presented in the previous chapters.

The separate costs of operations subject to a charge were EUR 511,070. Compared to 2005, the costs increased by more than EUR 100,000. In 2004, the costs were EUR 430,798 and in 2005 they were EUR 411,993. The costs have been discussed in more detail in the previous chapters.

COST-RESPONSIBILITY CALCULATION 2006

REVENUES

Revenues of operations subject to a charge		
Revenues from the classification of audio-visual programmes 1)	413,111.00	
REVENUES TOTAL		413,111.00

COSTS

Separate costs of operations subject to a charge		
Material and supplies	14,594.00	
Personnel costs	321,108.00	
Rents	45,451.00	
Purchased services	130,062.00	
Other separate costs	3,855.00	
SEPARATE COSTS TOTAL		515,070.00
OPERATING SURPLUS		-101,959.00
Share of operations subject to a charge of joint costs		
Costs of support operations	63,674.00	
Depreciation	6,440.00	
Interest	-	
Other joint costs	-	
Share of joint costs		70,114.00
OVERALL COSTS TOTAL		585,184.00

DEFICIT 172,073.00

1) Includes the revenues of the classification of audio-visual programmes (858/2000).

In the cost-responsibility calculation, the revenues of operations subject to a charge have been increasing annually. In 2005, compared to 2004, the increase was 35.1 percent and in 2006 over 2005 it was 32.4 percent. From 2005 to 2006, the separate costs of operations subject to a charge increased by 25 percent. The operating surplus has increased slightly from 2005. The share of operations subject to a charge of the joint costs, i.e., the share of support operations, has increased. Calculations based on work-time reports indicate that in 2006 more and more of the work costs of personnel based on the type of operations were transferred to operations subject to a charge. Due to the changes in the internal accounting of the Board, the share of total costs was still too small in 2004. Later on the figures have been more exact. This is likely to explain the increase in the deficit.

Revenues of operations subject to a charge

2004: 230,924 €

2005: 312,047 €
 2006 413,110 €
Separate costs of operations subject to a charge

2004: 430,798 €
 2005: 411,993 €
 2006 515,070 €

Operating surplus

2004: - 199,873 €
 2005: - 99,946 €
 2006 - 101,959 €

Share of joint costs

2004: 2,668 €
 2005: 48,634 €
 2006 70,114 €

Deficit

2004: 202,542 €
 2005: 148,580 €
 2006 172,073 €

3.4. Cost responsibility of operations with joint financing

The Finnish Board of Film Classification had no operations subject to joint financing.

4. Performances and quality control

4.1. The number of performances and public performances provided

The performances of the Finnish Board of Film Classification laid down in the Act are age-rating decisions based on a classification of audio-visual programmes, registrations of audio-visual programmes, authorisations to exhibit audio-visual programmes without classification on specific occasions, statements to the authorities as well as a list of classified audio-visual programmes published annually.

In addition, the Board has public performances such as brochures and information campaigns relating to the regulation of audio-visual programmes as well as other performances, such as information service, advice and activities relating to media education.

The performance targets of the Board for 2005-2007 were the following:

1,390 classifications of audio-visual programmes or corresponding age-rating decisions,
20,000 registrations of audio-visual programmes,
20 exhibition authorisations,
3 statements and 1 list of audio-visual programmes.

The number of classified inspected audio-visual programmes and, at the same time, age-rating decisions based on classification totalled 1,731, the total registrations of audio-visual programmes 24,127, exhibition authorisations 26, 6 statements to other authorities and the Ministries and one electronic list of audio-visual programmes published at the web site of the Board. The development of the volumes has been described in the previous chapters. In the case of exhibition authorisations, there was an increase due to new film events. In 2004, 19 exhibition authorisations were granted and 18 in 2005.

An area continuously increasing in the work of the Board is different information and education activities. There was a large campaign in the spring concerning the anniversary year of the Board. On the basis of the amendments made in the Act on the Classification of Audio-Visual Programmes, two campaigns were ordered on the basis of tenders and they were presented on the TV channels of the Finnish Broadcasting Company at the turn of 2006-2007. In addition, the Director and inspectors of the Board visited schools and different seminars telling about the regulation of audio-visual programmes. Schoolchildren and students also visited the Board facilities several times.

4.2. Service ability as well as the quality or performances and public performances

The performance target of the Finnish Board of Film Classification has been good customer service and a customer-oriented operating model. Taking into account the increase in the number of performances and the number of personnel, the service ability of the Board has been good.

On the basis of the answers, those satisfied with the service amounted to 89.7 percent compared to 88.1 percent in 2002. The systematics of the age-rating decisions were considered slightly better in 2002 than in 2006. However, about 70 percent were of the opinion that the decision were systematic or fairly systematic. A new question related to the suitability of the age ratings. About 80 percent of those who answered considered the age ratings set as suitable.

On the basis of the customer inquiry, a significant increase has taken place in the flexibility of the handling of notifications compared to 2002. This has most likely been most affected by the nearly total transfer to electronic handling. In 2002, 58.1 percent considered the notification procedures flexible compared to even 81.6 percent of the those who answered in 2006.

The previous chapters contain information on the different operating processes, such as the duration of a classification handling. In spite of the significant increase in the classification volumes, the handling times have been only slightly lengthened.

5. Management and development of mental resources

The performance agreement for 2005-2007 does not have separately confirmed performance targets relating to the management and development of mental resources with the exception of the development target. The aim of the Board is inspectors and personnel whose skills keep developing. The means to this aim are both joint training events and personal training.

The inspectors participated in several training events relating to media education. Training in personnel, financial and data management was acquired to those in charge of these areas. Projects affecting all the personnel included the participation of the Board in the SPU project arranged by the Technical University with the aim of developing the new salary system in as just a direction as possible. The personnel was also continuously given up-to-date information on the Service Centre Project of the Ministry of Education and on its effects on the financial and personnel administration of the Board.

The number of permanent personnel has remained the same. In 2006, one part time (4 h/week) inspector was hired to replace an inspector on leave of absence and because of the increased classification volumes. The increase measured in personnel years is due both to this and to changing one part-time inspector into a full-time inspector at the end of the year. Also the numbers of working hours of some of the part-time inspectors have been increased as agreed.

Number of permanent employees

2004:	12
2005:	12
2006:	12

Percentage of permanent employees of total personnel

2003:	61.1 %
2004:	63.2 %
2005:	57.2 %
2006:	57.1 %

The share of women among the permanent personnel has slightly increased. In 2005, about 58 percent were women and about 42 percent were men while the corresponding figures in 2006 were about 63 percent and 37 percent.

The numbers of temporary, full-time and part-time employees have slightly varied mainly depending on the need for work by the inspectors. The inspectors usually work part time and, when they start their work, they are also fixed-time employees. The figures have been calculated per 31 December 2006.

The number of fixed-time employees

2004:	7
2005:	9

2006: 9

Percentage of fixed-time employees of total personnel

2004: 36.8 %
 2005: 42.8 %
 2006: 40.0 %

The number of full-time employees

2004: 10
 2005: 10
 2006: 11

The increase in full-time employees in 2006 is explained by the fact that an inspector in charge of retroactive supervision started full-time work at the beginning of November. His work hours include fifty percent of ordinary classification work and fifty percent of retroactive supervision.

Percentage of full-time employees of total personnel

2004: 55.5 %
 2005: 50.0 %
 2006: 55.0 %

The number of part-time employees

2004: 8
 2005: 10
 2006: 8

The percentage of part-time employees of all personnel

2004: 44.5 %
 2005: 50.0 %
 2006: 40.0 %

Personnel years

2004: 12.8 personnel years
 2005: 12.5 personnel years
 2006: 13.0 personnel years

Average age of the personnel

2004: permanent 47.5 yrs
 2005: permanent 47.6 yrs
 2006: permanent 46.6 yrs

Age distribution of the personnel

	20-30 yrs	31-40 yrs	41-50 yrs	51-60 yrs
2004	3	2	8	5
2005	1	5	8	6
2006:	-	3	10	6

Sick leaves

2004:	45 days
2005:	56 days
2006:	49 days

Costs of occupational health

2004:	4.162 €
2005:	3.039 €
2006:	4.518 €

The personnel received exercise tickets to various exercise facilities to maintain their physical condition. The costs of the tickets in 2006 were EUR 1,620. Likewise, all the personnel were provided with discussion training in Swedish. Its costs for the whole year were EUR 2,788. The costs of other training were about EUR 2,000.

In 2006, no teamwork guidance regarding the viewing the pornographic and violent material was arranged like in 2005. Instead, there was a medical consultation regarding the evaluation of the material and a decision was made on a possibility for private work guidance from the year 2007.

6. Analysis of annual-account calculations

From 2003 to 2006, the revenues of the Finnish Board of Film Classification for the classification of audio-visual programmes have increased, most clearly in 2006 over 2005, by more than EUR 100,000. The decreasing trend of net expenses is also due to the good development of the revenues. The gross expenses of 2006 increased inter alia because of the office of the retrospective inspector and the additional hours of some inspectors.

Gross expenses 2004:	824,065.07 €
Gross revenues 2004:	230,924.70 €
Net expenses 2004:	593,140.37 €
Gross expenses 2005:	754,708.24 €
Gross revenues 2005:	312,046.80 €
Net expenses 2005:	442,661.44 €
Gross expenses 2006:	845,966.55 €

Gross revenues 2006:	420,110.90 €
Net expenses 2006:	425,855.65 €

In 2006, large cost items included information campaigns on the age ratings of audio-visual programmes presented on television relating to the legislative amendment with a cost of EUR 21,000 and the brochures and posters relating to the same information campaign with a cost of EUR 33,000. The costs of the partial responsibility for arranging the Pan-European Conference of Film Inspectors agreed upon in spring 2006 was about EUR 4,000. The largest expense lot again consisted of ADP costs amounting to EUR 53,000. The costs of the annual microfilming were about EUR 18,000. The new web sites of the Board cost EUR 7,000. The costs of participating in the campaign Hyvä alku koulutielle [Good beginning for the road to school] of the Mannerheim League of Child Welfare were EUR 5,000.

The background of the positive revenue development is above all formed by the increased publication of TV series as DVD recordings. The series have continued clearly to increase both the volume of the classification of long audio-visual programmes and the duration of the classifications.

Deferrable appropriation for 2005:

Operating expense item	23,698.97 €
Item of operations subject to a charge	24,388.22 €
Total	48,087.19 €

Deferrable appropriation for 2006:

Operating expense item	74,913.72 €
Item of operations subject to a charge	85,587.72 €
Total	160,501.44 €

Deferrable appropriation for 2007:

Operating expense item	125,176.09 €
Item of operations subject to a charge	145,154.12 €
Total	270,330.21 €

The deferred appropriations have strongly increased since 2005. The expenses of 2004 increased because of ADP costs and remodelling and fairly minor appropriations were transferred to 2005, which were used by March already. Even though there were specific additional expenses in 2006, the deferred appropriations did not run out until November 2006. As, at the same time, the revenues for 2006 brought in about EUR 35,000/month, a record balance was transferred to 2007. We can thus say that the Finnish Board of Film Classification finances an increasingly larger share of its expenses with its revenues.

7. Internal control and risk management

The Finnish Board of Film Classification operates as a payment centre of the Ministry of Education. In size, the Board is one of the smallest in the administrative sector of the Ministry of Finance and all State administration. Therefore also internal control and its evaluation are smaller than average in the case of the Board.

In evaluating its internal control, the Board has utilised the recommendation of the Ministry of Finance “The internal control and risk management of a State office and agency as well as a fund” (2005) and the evaluation framework contained therein.

The internal operating environment and operating structures

The Finnish Board of Film Classification has an Advisory Board to support its operations. The Advisory Board handles the development trends and operating guidelines of the operations of the Board, makes related initiatives and promotes the cooperation of the Board with different interest groups. The Director of the Board is in charge of the operations of the Board and signs the performance agreement with the Ministry of Education.

The standing orders of the Finnish Board of Film Classification adopted in 2001 have been up-dated to comply with the new model of governance. The responsibilities, tasks and competencies have been specified appropriately. The Board has applied the new salary system since 2004. The job descriptions and personal skills are evaluated annually in development discussions. The justness of the salary system from the perspective of the personnel has been evaluated and developed by participating in the SOPU project arranged by the Technical University.

The Finnish Board of Film Classification has functional electronic classification and notification systems, an age-rating search system and a database of decisions. The database ELONET, jointly maintained by the Finnish Film Archive and meant for public use, was opened to the public. The oldest decision documents bound as books and the correspondence have been stored in the National Archives as required by the law and they have been microfilmed for use by the Board and researchers. Towards the end of 2006, the preparation of an appropriate archive plan for the Board was initiated. The plan is supposed to be ready in February 2007.

AN EVALUATION OF THE OPERATING ENVIRONMENT: In a broad sense, the operating environment of the Finnish Board of Film Classification has continuously become more complex and the challenges of child protection have become more difficult. The digitalisation of the audio-visual environment, convergence and especially the strong development of the Internet and mobile communications have posed great challenges to the regulation of audio-visual programmes not only on the national level but also internationally. The societal atmosphere tends to support stronger regulation. On the other hand, there have also been those speaking of the importance of self regulation and joint regulation.

The regulation of audio-visual programmes is divided between several different administrative sectors. In the operating programme of the Ministry of Education “Media violence”. “Children and the media”; this has been considered a problem and a

proposal to concentrate the management and regulation has been made. However, the cooperation has functioned well especially with the Finnish Communications Regulatory Authority supervising the programme contents of television.

The location of the facilities of the Board is excellent. However, the extending operations and increased personnel require additional facilities. The well-being of the personnel has been attended to by arranging appropriate occupational healthcare by supporting exercise and by acquiring the necessary further and supplementary training.

The service-centre project of State government can, from the perspective of a small agency like the Board, be considered a possible risk. The implementation of the performance targets of the project is uncertain.

Setting of targets

The Finnish Board of Film Classification has the targets and core tasks specified in the performance agreement.

EVALUATION OF THE SETTING OF TARGETS: The setting of targets complies with the Act guiding the operations and fits in seamlessly with the targets of the cultural policy sector of the Ministry of Education.

Identification and evaluation of risks

With regard to financial administration, the identification and management of risks is based on the financial regulation relating to the payment centres of the Ministry of Education. The target planning, target-performance negotiations and target-performance agreements implement the control of the Ministry of Education regarding the performance of the agency. The systems of data management have been appropriately protected. The Board has an up-to-date preparedness plan.

EVALUATION OF THE IDENTIFICATION AND EVALUATION OF RISKS: In general, the identification and evaluation of risks is sufficient. A risk relating to profitability is the uncertain accrual of classification revenues. The amount of classification revenues is totally dependent on the business sector of audio-visual programmes and its overall development.

Control measures

EVALUATION: The central control measures cover sufficiently both financial and data management as well as personnel management.

Information dissemination

The Finnish Board of Film Classification has a communications plan covering both internal and external communications. Internal communications utilises personnel

meetings, meetings of the inspectors, Intranet and email. The agency provides the essential information required by profitable leadership. In addition, the agency produces publications relating to its operations. With regard to external communications, the agency has an agreement with STT.

EVALUATION OF INFORMATION AND COMMUNICATIONS: Information and communications are fairly sufficient. However, the inquiry of Statistics Finland to the public in 2005 and the customer inquiry of the Board in 2006 indicate that knowledge of the regulation of audio-visual programmes is fairly insufficient. Raising the level of information requires continuous and versatile communications and education, which need sufficient financing.

A statement of the evaluation and confirmation of internal control

The control responsibility and control tasks of the management of the Finnish Board of Film Classification are laid down in the legislation and other regulations relating to the Board, the standing orders of the Board and the financial regulation relating to the payment centres of the Ministry of Education. Internal control is part of the operations of the Board on the basis of management, guidance and the organisation. Together with the Ministry of Education, the Board drafts a performance plan, which is annually evaluated and reviewed in target performance negotiations. In addition, the Ministry of Education regularly inspects the payment centres subordinate to it.

The Finnish Board of Film Classification confirms this annual report and the evaluation and confirmation statement of internal control included therein for 2006.

The annual report was approved in

Helsinki on 28 February 2007

by Matti Paloheimo
The Finnish Board of Film Classification