



# **ANNUAL REPORT**

for the year ended 30 June 2003



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Submitted to the Minister of Broadcasting for presentation to the House of Representatives pursuant to clause 14 of the First Schedule of the Broadcasting Act 1989.

## MISSION Statement

To encourage broadcasters to develop and maintain programme standards which respect human dignity, acknowledge current social values and reflect research findings, while providing a process for the consideration of complaints from the public about broadcasting standards.



## KOROMAKINGA

Ki te whakatenatena i te hunga pāpāho ki te whakawhanake me te pupuri i ngā paerewa e whakanui ana i te mana tangata, e whakaata ana i ngā uara pāpori o ēnei rā, me te aro ki ngā putanga rangahau, i a rātou e whakarato ana i tetahi hātepe hei whakatau i ngā nawe mai i te iwi whānui e pā ana ki ngā paerewa pāpāho.



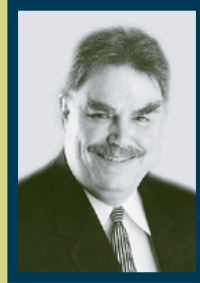
**Peter  
CARTWRIGHT**

Peter Cartwright, LLB, AAMINZ, was appointed Chairperson of the Authority in June 2000. Currently he is also an Accident Compensation Appeal Authority and a member of the Film and Literature Board of Review. Previous appointments have included Chair of the Indecent Publications Tribunal and Chair of the Medical Practitioners Disciplinary Tribunal.



**Judy  
MCGREGOR**

Dr Judy McGregor of Wellington is the Equal Employment Opportunities Commissioner. She is a qualified lawyer and spent 20 years as a journalist prior to heading the Department of Communication and Journalism at Massey University. She edited both the *Sunday News* and the *Auckland Star*, and has television and radio experience. She has written several books about contemporary journalism in New Zealand. Dr McGregor joined the Authority in October 2000 and resigned in June 2003.



**Rodney  
BRYANT**

Rodney Bryant had a radio/tv career spanning four decades, including a two year stint in London as media liaison manager for the British Post Office. He is now in daily contact with local and national newsrooms, managing the Dunedin City Council's media liaison. His children range in age from 18-32 and he has 6 grandchildren. He joined the Authority in October 2000.



**Tapu  
MISA**

Tapu Misa is an Auckland journalist with an extensive career across a variety of media. She has been a feature writer for the *New Zealand Herald*, and a staff writer for *MORE* and *North & South* magazines. Before joining the Authority in December 2002, Tapu was part of the *Mana* team which produces *Mana Magazine* and the *Mana News Report* broadcast on National Radio. Last year she was awarded the Pacific Print Journalist of the Year by the Pacific Island Media Association. She currently writes a weekly column for the *New Zealand Herald*. Tapu lives in Auckland with her husband and three children.

## The Chairperson's Report

This year has been dominated by the consideration of a number of complaints about one broadcast. Seven complainants, including the Prime Minister and her chief press secretary, complained about aspects of a *3 News Special* concerning genetic modification which was broadcast in the lead up to the 2002 General Election.

I do not propose to comment on the Authority's decision on these complaints, which was issued outside the period covered by this report. However it does raise some wider matters worthy of mention.

Foremost is the importance of the broadcast media's role in the functioning of our democracy. Of particular importance is the need for a legislative framework within which broadcasters can expect to be able to investigate freely and bring matters of significant importance to the public's attention, politicians can expect fair and impartial treatment, and the public can expect balanced and objective reporting. The public is entitled to be exposed to both sides of a story, so that people make up their own minds. This is critical in the context of a General Election.

Often, these expectations are in contrast rather than in concert. When that happens, complaints are likely to arise and eventually land on the Authority's table for determination. Simply, in determining complaints of this nature, the Authority has the job of balancing the different and opposing expectations. It is a fine balance, presenting a complex challenge for any legislative referee that has a threefold obligation, to broadcasters, complainants and the public, to consider carefully all the evidence and its implications before arriving at a decision.

All this demands considerable

commitment from the Authority's members and staff. In the case of the *3 News Special*, the process was lengthened considerably by the need for the Authority to decide on procedural matters raised by the parties before it could consider the substance of the complaints. However, in my view rigour is more important than time. In my book, the need to get it right is always more important than the need to merely get it done.

This particular decision has demanded a significant portion of the Authority's resources allocated to the determination of complaints. However in my view, an investment in a broadcasting regime from which the public receives balanced, fair and impartial information on matters of public importance is money well spent.

The contribution made by my fellow members and the Authority's staff in the processing and determination of these particular complaints also demands acknowledgment. The exercise has required equal amounts of perspicacity and perspiration, compounded by the knowledge that the Authority's decision on this matter was eagerly expected.

The *3 News Special* was a large and complex decision dealing with matters of considerable importance to the individual complainants, the broadcaster and the viewing public. However, there are many complaints that, for a number of reasons, do not have the same profile, because the matters they raise may seem small when measured against Prime Ministers, General Elections and genetic modification.

From my personal perspective, it is sometimes difficult to understand who would want to complain about matters which, while

of singular importance to them, are unlikely to result in a breach of broadcasting standards.

The fact of the matter is that legislation and, in the Authority's case the Codes it underpins, are blunt instruments, unable to separate the so-called deserving from the undeserving. In my view, that is a good thing. The question for the Authority is not whether a complaint is silly or sensible. The question is: does the alleged complaint constitute a breach of the Codes of Broadcasting Practice?

That is the only way the Authority can possibly approach this matter. Any other approach would call upon the Authority to make subjective judgement calls about the merit of a complaint before it considered whether it should be accepted. That would be a difficult task and one which, correctly in my view, the legislation does not permit.

I much prefer a generous standards regime that captures all public concerns about broadcasting standards than a niggardly regime that may discourage people from registering their concerns. Granted, a generous regime results in some complaints being referred to the Authority that, at best, seem relatively inconsequential. But I say let them be heard so that all can be heard. To me, a generous regime best serves the public interest.

At the heart of any judicial or quasi-judicial process lies effective and efficient process. This year, the Authority sought an independent review of the management, procedures, and administrative systems used in dealing with complaints. The reviewer, an experienced officer of the Australian Broadcasting Authority, was asked to



Foremost is the importance of the broadcast media's role in the functioning of our democracy.

determine whether our complaints procedures, administration and systems were efficient and effective. The reviewer concluded that, in his opinion, the Authority's handling of complaints was effective and efficient, meeting the requirements of the official Australian standard for complaints handling. (New Zealand does not have a comparable standard).

I was pleased with that conclusion because it confirmed my view that, in the context of its legislative mandate, the complaints process plays a significant role in the maintenance of programme standards in broadcasting in New Zealand. It is the public through Parliament, and not broadcasters or the Authority, that considers that the maintenance of broadcasting standards is sufficiently in the public interest to require the provision of specific legislation.

By its nature, legislation is prescriptive. It forces compliance, often unwelcomed by some broadcasters who, I believe, would much prefer a regime of voluntary compliance. In 1989, Parliament opted for a statutory regime and in my discussions with members of the public and politicians I do not sense any desire for anything other than a legislative framework for broadcasting standards.

However, within that framework, broadcasters and the Authority are able and willing to negotiate, sometimes compromise and always listen, in the interests of arriving at a practical solution without recourse to the rule-book.

In my chairman's report in last year's annual report I referred to a situation where, over the Authority's 12 year history, there had been a number of occasions where radio

broadcasters had not complied with Principle 8 of the Radio Code of Broadcasting Practice. Principle 8 deals with the provision of radio tapes to assist the Authority in the determination of complaints. In those cases, I wrote, the Authority had either declined to determine a complaint, relied on the version agreed upon by the complainant and the broadcaster, or accepted the complainant's version of the broadcast. These courses of action were less than satisfactory for the broadcaster and the complainant, I noted.

One sure way to enforce compliance was to enshrine the obligation to retain recordings of broadcasts by issuing regulations allowed for in the Broadcasting Act 1989. However, a voluntary tape retention regime was developed and promoted by the Radio Broadcasters Association (which represents the majority of commercial radio broadcasters in New Zealand) and agreed by the Authority. It was introduced at the end of 2002. Since that date, there have been no breaches of Principle 8 by members of the Association.

I believe that is a tremendous achievement and one that reinforces my contention that the vast majority of broadcasters, both television and radio, regard broadcasting standards and the codes of broadcasting practice as important guides for the provision of quality services to the New Zealand listening and viewing public.

This will be my last annual report. I have advised the Minister of Broadcasting that I do not wish to seek appointment for another three-year term, but am pleased to serve as chairperson until such time as my replacement is found.

There will be, and have been, other

changes to the Authority's membership. Dr Bronwyn Hayward resigned at the beginning of this financial year and, in Dr Hayward's place, the Minister appointed Ms Tapu Misa. Dr Judy McGregor resigned at the end of the financial year to take up her appointment as Equal Opportunities Commissioner.

I note with regret the departure of the Authority's chief executive, Evan Voyce, who left the Authority early in July 2003 and welcome Jane Wrightson, his successor.

I believe change is constructive. Like broadcasting, community standards and expectations are constantly evolving and so too must the Authority. I would like to thank my fellow Authority members - Rodney Bryant, Judy McGregor and Tapu Misa - for their support and contributions throughout an exacting year. I would like to thank the Authority's staff for their productive, professional and dedicated contributions. My appreciation and best wishes to you all.

Peter Cartwright

Chairperson

# The Chief Executive's Report

The Authority's prime responsibility is the maintenance of acceptable standards of broadcasting through the following activities (outputs):

determining formal complaints

approving Codes of Broadcasting Practice developed by broadcasters

conducting research on matters related to broadcasting standards

communicating with the public and broadcasters to inform them about broadcasting standards issues

This report deals with each of those activities in turn. The complaints and research sections that follow provide a more detailed commentary on those important areas of the Authority's work.

## Determining Formal Complaints

The determination of complaints accounts for more than 60 percent of the Authority's resources. The period under review was extremely busy. As the Chair notes in his report, a number of complaints about the *3 News Special* broadcast on 10 July 2002 consumed a significant amount of the Authority's time and resources. This complaint is most lengthy one dealt with by the Authority to date and the experience has shown up areas where internal systems might be refined. This will be a priority in the coming year.

As usual, in an election year, the Authority geared up to deal with complaints relating to election advertising. Special management issues arise because the Authority undertakes to issue decisions within 48 hours of receipt of the complaint. Only one complaint was

received (which was not upheld).

Other notable complaints-related matters during the year included:

- several complaints about programme promotions on television. Some complainants believe that broadcasters should not schedule promos for AO programmes in G or PGR timeslots. However the Code accepts that promos for AO programmes may be broadcast in other time slots provided the *content of the promo* complies with the time slot during which it is broadcast. The Authority considers this requirement carefully because promos, unlike many other programmes, are screened without warning and are not easily subject to parental guidance.
- a complaint from advocacy group ECPAT, upheld by the Authority, that a *20/20* item about child prostitution in Fiji breached the privacy of the children depicted. TV3

appealed the decision. The High Court:

- accepted that the Authority may determine broadcast privacy complaints about individuals in countries outside New Zealand;
- rejected the argument that only the individuals portrayed can claim that a programme may have invaded their privacy;
- accepted, in this case, that the public interest was not available as a defence against a privacy case affecting children.

It is interesting to note that, over the past 13 years of the Authority's history, statistics indicate that the quantum of decision making has been relatively consistent. The percentage of upheld complaints to declined complaints averages out at roughly one quarter of complaints upheld. In the period under review, it was 19 percent.

During the past 13 years around 40 decisions have been appealed to the High Court (out of more than 2,000 decisions issued, or around 2%). Only three have been successful, with another two being referred back to the Authority by consent. That is a very good record.

### Approving Codes of Broadcasting Practice

No new codes of Broadcasting Practice were issued in the period under review. However there were a number of matters relating to Codes that were subject to the Authority's attention. These included:

- the successful conclusion to discussions with the Radio Broadcasters Association concerning a voluntary regime for radio tape retention;
- a consultation process held in tandem with a review of the Advertising Standards Authority's Alcohol Advertising Code, which may form the basis of a review of the Broadcasting Standards Authority's Promotion of Liquor Code in the next financial year; and
- ongoing discussions with the Television Broadcasters Council as we both monitored the progress of the newly introduced Code of Broadcasting Practice for Free-to-Air Television.

From time to time, individual broadcasters will disagree with the Authority's decisions. However, it is important to acknowledge the helpful and cooperative manner in which two key industry bodies - the Radio Broadcasters Association and the Television Broadcasters Council - have worked with the Authority in the resolution of important standards matters.

### Conducting Research

Quality research is critical to the Authority's ability to reach decisions that reflect, as closely as possible, the expectations of the wider community in respect to broadcasting standards.

In last year's annual report, it was reported that a major qualitative survey of key stakeholders on the matter of privacy and informed consent would be augmented by a quantitative public opinion survey on privacy

issues in broadcasting in the next financial year.

The research section of this report deals with that quantitative public opinion survey in detail. The Authority has consequently helped initiate the upcoming screen production industry symposium on privacy and informed consent issues which will provide additional information and opportunity for feedback. These exercises will be of considerable value to the Authority in the determination of complaints involving these two important matters.

### Communicating to Stakeholders

The Authority communicates with its stakeholders in a number of ways, including:

- member and staff face-to-face meetings with groups and individuals;
- publishing its decisions and distributing them widely;
- the quarterly newsletter;
- contact with general interest and specialist media; and
- the website.

The newsletter continued to play a major role in communicating to more than 500 readers (as well as those who access it via the website). A survey of notable decisions made in each quarter is a regular feature of each edition. During the year under review, topics included:

- the need for informed debate on the role of regulation in broadcasting;
- the *20/20* ECPAT case referred to above;
- a profile on the Authority's most recently appointed member, Ms Tapu Misa of Auckland; and
- broadcasting trends across the Tasman.

The Authority's website, which continues to make a valuable contribution to our communications effort, was upgraded this year to improve its accessibility and to update its format and graphics. It provides a valuable resource for the public, broadcasters and academic and legal researchers.

Communication is not a one-way process. In order to hear at first hand more about what New Zealanders think about broadcasting standards, the Authority ran four "litmus

tests" during the year at which 10 or 12 people were invited to view and listen to types of programmes which were the subject of complaints. Each meeting was attended by an Authority member and staff. The tapes provided the framework for a discussion on standards and people's expectations about them. The events provided an excellent opportunity for Authority members to get direct, focused feedback from members of the public

### Conclusion

This annual report covers the period for which Evan Voyce was the Authority's chief executive - I took up the position as his replacement early in August 2003. Evan's legacy is a professional and highly competent organisation and it will be a challenge to match his achievements.



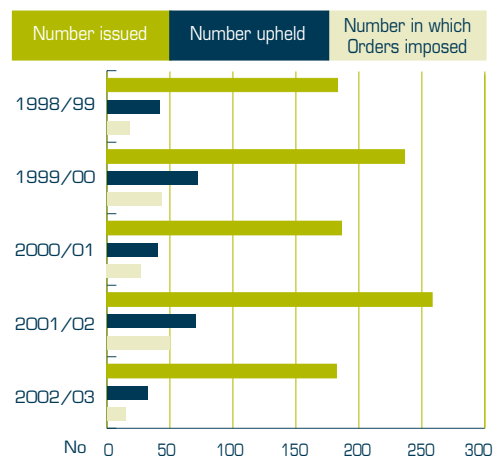
Jane Wrightson  
Chief Executive



## Complaints



### Decisions



A General Election was held in New Zealand on 27 July 2002. The complaints arising from broadcasts during the month of July have featured largely in the decisions issued by the Authority during the past financial year. The decision on seven complaints in regard to a *3 News Special* broadcast between 7.00 - 7.30pm on Wednesday 10 July 2002 was issued in July 2003, outside the period of this report.

Most advertisements are excluded from the Authority's jurisdiction. The standards which advertisements are required to meet are laid down by the Advertising Standards Authority (ASA), an industry body. Complaints that advertisements do not meet standards are determined by a body established by the ASA - the Advertising Standards Complaints Board (ASCB).

Complaints about programme promotions and about advertisements for a broadcaster are the responsibility of the BSA. Complaints about political advertisements on radio and television, known in the Broadcasting Act as

"Election Programmes", are also the responsibility of the BSA.

There is another important distinction between complaints about political advertisements and other programmes. If a broadcaster fails to respond to a programme complaint within 20 working days, the complainant may refer it to the Authority. With complaints about political advertisements, a complainant may refer it to the Authority if it does not receive a decision from the broadcaster within 48 hours. There is no time limit on the Authority. However, given the importance of making decisions promptly during an election campaign, the Authority has also undertaken to issue its decision within 48 hours. This standard has been met since 1990, the first General Election held after the Authority's establishment.

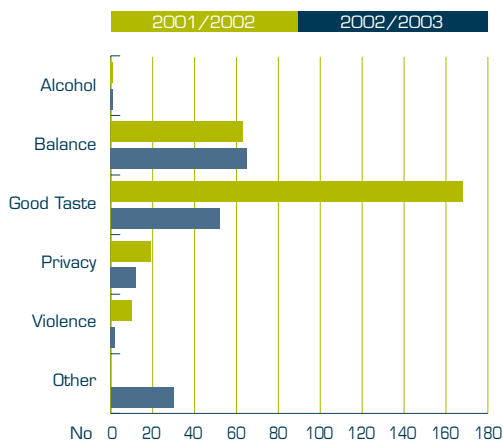
Careful planning is carried out by the BSA before each general election to ensure that it will be able to issue a decision within 48 hours of receiving the complaint - including

one which arrives by fax at 4.00pm on Friday. Only one complaint was received during the campaign in 2002.

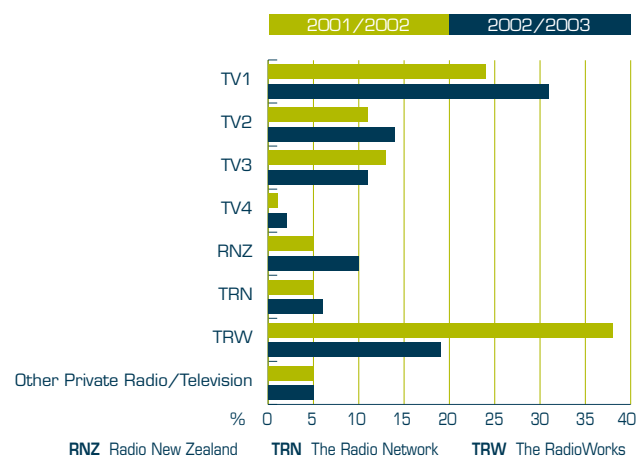
Complaints about news and current affairs programmes in the run up to an election - such as the *Leaders' Debate* - are treated like any other complaint in that the broadcaster has 20 working days within which to respond. After the election in 2002, the Authority determined a number of complaints where the complainants considered that a broadcast with an election focus had been unbalanced, inaccurate or unfair. It also determined a complaint that the "election special" episode of the satirical series *Spin Doctors* was offensive.

Nevertheless, the *3 News Special* broadcast on 10 July which included an interview of the Prime Minister by presenter John Campbell, was the programme which generated the most public interest. The Authority issued four interlocutory decisions in the past year determining procedural issues which had arisen. In view of the complexity

### Basis of Complaint



### Complaints by Broadcaster



of the issues raised, the Authority also held two special one day meetings during the weekend which focused solely on the resolution of issues raised by these complainants.

The Authority notes that the number of decisions issued in the past financial year has decreased considerably from the number issued in 2001-2002. The drop from 259 to 182 means that the total number of decisions is similar to the years to June 1996-1999 and also 2001.

It is inevitably a matter of speculation as to why the number of decisions fluctuates. The most dramatic difference apparent this year is the number of decisions relating to private radio and television - a decrease from 116 to 58. Many of the complaints last year focused on broadcasts by The Rock, a radio station within The RadioWorks group. Many of those complaints were from the same complainant. While some of the decisions in the current year also involved complaints from one complainant about broadcasts on The Rock, there have been no new complaints received in this financial year.

Other complainants who have featured reasonably regularly in the past appear to have been less active with complaints - at least in referring them to the Authority - which also accounts for some of the decline in the number of determinations.

Nevertheless, while the total number of determinations has declined, the Authority's complaints workload has not fallen away. The drop in complaints relating to good taste and decency (from 168 last year to 52 this year) has been accompanied by a smaller rise in complaints relating to fairness, balance and accuracy (from 53 last year to 75 this year). The latter class of complaints often tend to be more complex than the former, involving a higher level of staff and Authority research, consideration and determination time.

In addition to the complaint about the *3 News Special* and other programmes related to the general election, the Authority has dealt with difficult privacy issues raised by reality programmes such as *Motorway Patrol*, *Location, Location, Location*, *Private Investigators* and *Choppers*. Moreover

documentaries such as *Palestine is Still the Issue* and a range of news items have required thorough investigation and review by the Authority. Appendix 2 lists the decisions issued in the past year, noting the name of the complainant, the programme complained about, the nature of the complaint and the Decision.

Appendix 2 also records that of the 32 decisions in which the complaint was upheld, in 16 instances no order was imposed. Of the 16 in which orders were imposed, ten involved the broadcast of an approved statement and six involved payment of costs to the Crown. Four of the ten which required approved statements, also involved an order of payment of costs or compensation.

In one instance, the Authority declined to determine a complaint on the grounds that it was vexatious and ordered the complainant to pay costs of \$150 to the broadcaster.

# Research and Communications

Research plays an important role in assisting the Authority to ensure the broadcasting standards regime best serves the New Zealand viewing and listening public. It helps the Authority keep abreast of current community attitudes and concerns about broadcasting standards and of trends in broadcasting practice. Research also plays an important role during the review process of codes of broadcasting practice.

Community values and expectations are both constant and changing. They are constant in that there are some core principles about broadcasting standards that change little over time - for example, the need to protect the interests of children. In contrast, attitudes to 'bad' language and the portrayal of sex and nudity can change from generation to generation.

The Authority's task of considering complaints in the light of changing values and expectations is complex. Research that captures community attitudes about what people see and hear on radio and television assists Authority members in the determination of complaints.

## Privacy and informed consent research: milestones

In the year under review, the fieldwork for the privacy and informed consent research has been completed. The fieldwork encompassed qualitative and quantitative research approaches. The overall objectives of the privacy and informed consent research were threefold:

- to inform the Authority's decision-making when considering complaints involving matters of privacy and informed consent, in the context of the public interest and freedom of expression;
- to test the efficacy of the Authority's current Advisory Opinion - the Privacy Principles - with the option of developing a Privacy Code of Broadcasting Practice in the future in consultation with interested stakeholders; and
- to assess whether the Authority should lead the development of ethical guidelines

outlining the procedures for obtaining informed consent from participants in programmes.

The first phase of the qualitative research comprised in-depth interviews with 75 representatives from five different stakeholder groups: independent programme makers, radio and television broadcasters, academics and/or legal professionals, Māori broadcasters/programme makers and community leaders, and community advocacy organisations. While Authority staff conducted most interviews, the interviews with Māori community leaders were conducted by Tainui Stephens of Pito One Productions. This stakeholder opinion research was completed in October 2002.

The second phase of the qualitative research was a national public opinion survey on privacy and informed consent. This phase consisted of six focus group discussions in several centres managed by research company Colmar Brunton. The focus groups were held in January 2003.

The final phase of the research had a quantitative focus and concerned a nationally representative survey of 1,200 New Zealanders which included a Māori booster sample of 200. The quantitative research involved face-to-face interviews which were conducted during February and March 2003, also through Colmar Brunton.

The findings of the research on privacy and informed consent are currently being processed for publication in the second half of the new financial year. The research will assist the Authority in its deliberations regarding any review of the Privacy Principles and whether the adoption of ethical guidelines for obtaining informed consent from participants in programmes would be desirable.

## Authority's 'litmus' tests

Last year the Authority resolved to conduct regular focus groups to ascertain first hand the community attitudes towards a host of good taste and decency issues. During the year ended 30 June 2003, focus group discussions were held in Wellington, Dunedin,

Auckland and Christchurch.

The discussions are facilitated by the Authority's research and communications manager and, with an Authority member present, provide the opportunity for the Authority to receive feedback on decisions it had earlier issued. A typical focus group discussion would feature video and audio recordings of broadcasts which were the subject of a complaint.

As a relatively informal research exercise, the Authority has found the focus group discussions across New Zealand useful. The discussions expose Authority members to community attitudes, for example towards good taste and decency, which tend to have a subjective element of judgement.

The Authority plans to continue with the 'litmus' tests and has decided that for the next financial year the tests will cover some of the larger regional centres in both the North and South Islands.

## Communications

In April 2002, the Authority carried out a readership survey among individuals and organisations which receive *BSA Quarterly*.

In total, 341 questionnaires were sent out with reply-paid envelopes. Fifty-four questionnaires were returned, representing a 16% response rate. While this was a disappointing response rate, there was a consistency in the responses returned which would suggest that *BSA Quarterly* appears to be well received.

A great majority, or 94% of respondents, said they had read *BSA Quarterly* in the past year. Most respondents read *BSA Quarterly* in order to keep up-to-date with the Authority's decisions. Consequently, nine out of 10 respondents found the summaries of complaints most interesting followed by items on the Authority's research.

Finally, the Authority's website was redesigned in line with the Authority's corporate identity. To give effect to the Authority's Maori responsiveness strategy, significant parts of the website were translated into te reo.



## Staff



**Margaret Giannotti**

Administration Support Executive (part-time)

**Wiebe Zwaga MA, PhD**

Research and Communications Manager

**Sue Sowerby**

Administration Manager

**Trish Cross**

Receptionist (shared with NZ On Air)

**Jane Wrightson BA, MBA (Dist), Dip. Bus. Admin.**

Chief Executive

**Michael Stace LLM, DJur, JP**

Deputy Chief Executive and Complaints Manager

**Neela Clinton LLB**

Complaints Executive

**Susanne Hill LLB, Dip HSc,**

Complaints Executive (part-time)

Absent (on parental leave):

**Karen Scott-Howman LLB (Hons)**

Complaints Executive (part-time)



# **Financial Statements**

for the year ended 30 June 2003



## Statement of Responsibility

FOR THE YEAR ENDED 30 JUNE 2003

The board and management of the Broadcasting Standards Authority are responsible for the preparation of these financial statements and the judgements used herein.

The board and management of the Broadcasting Standards Authority are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the board and management, these financial statements fairly reflect the financial position and operations of the Broadcasting Standards Authority for the year ended 30 June 2003.

A handwritten signature in blue ink that reads 'Peter Cartwright'.

Peter Cartwright

Chairperson

A handwritten signature in blue ink that reads 'Jane Wrightson'.

Jane Wrightson

Chief Executive

19 September 2003

19 September 2003



## Report of the Auditor-General

FOR THE YEAR ENDED 30 JUNE 2003

To the readers of the Financial Statements of the Broadcasting Standards Authority  
For the year ended 30 June 2003

We have audited the financial statements on pages 19 to 32. The financial statements provide information about the past financial and service performance of the Broadcasting Standards Authority and its financial position as at 30 June 2003. This information is stated in accordance with the accounting policies set out on page 24.

### Responsibilities of the Board

The Public Finance Act 1989 and the Broadcasting Act 1989 require the Board to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of the Broadcasting Standards Authority as at 30 June 2003, the results of its operations and cash flows and service performance achievements for the year ended on that date.

### Auditor's responsibilities

Section 15 of the Public Audit Act 2001 and Section 43(1) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Board. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Ajay Sharma, of Audit New Zealand, to undertake the audit.

### Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Broadcasting Standards Authority's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered

Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Broadcasting Standards Authority.

### Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Broadcasting Standards Authority on pages 19 to 32:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Broadcasting Standards Authority's financial position as at 30 June 2003;
  - the results of its operations and cash flows for the year ended on that date; and
  - its service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 19 September 2003 and our unqualified opinion is expressed as at that date.

Ajay Sharma  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

#### Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Broadcasting Standards Authority for the year ended 30 June 2003 included on the Broadcasting Standards Authority website. The Authority is responsible for the maintenance and integrity of the Broadcasting Standards Authority's website. We have not been engaged to report on the integrity of the Broadcasting Standards Authority's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

We have not been engaged to report on any other electronic versions of the Broadcasting Standards Authority's financial statements, and accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 19 September 2003 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of Objectives and Service Performance 2002-2003

|  |  |                     |                     |
|--|--|---------------------|---------------------|
| <b>Output 1</b>                                    | <b>Determine Formal Complaints</b><br>Broadcasting Act 1989, s.21(1)(a) and (b)  |                     |                     |
| <b>Objective</b>                                   | <p>In determining complaints referred after consideration by the broadcaster, or privacy complaints sent directly to the Authority, the Authority will:</p> <ul style="list-style-type: none"> <li>• manage the process as promptly and informally as possible, acknowledging the quasi-judicial nature of the Authority; and</li> <li>• follow the principles of natural justice and the requirements of the Broadcasting Act 1989.</li> </ul>  |                     |                     |
| <b>Outcome</b>                                     | Broadcasters will have a better understanding of the importance of maintaining broadcasting standards and the public will be provided with a process for the consideration of complaints about broadcasting standards.   |                     |                     |
| <b>Description</b>                                 | <p>The Authority will recognise community standards and expectations, the broadcasters' operating environment, research findings, and, when relevant, international practices.</p> <p>The Authority considers that a prompt response in dealing with complaints is critical to the integrity and credibility of the Authority and its decisions. It considers that the creation of a backlog of complaints would be criticised by complainants and broadcasters. The Authority, however, cannot anticipate the number of complaints it will receive in any one year. Therefore, it is important that it manages its resources and directs its complaints process in such a way that it responds to incoming complaints promptly and avoids the creation of a backlog, while continuing to give each complaint sufficient time, attention and resources to ensure they receive full and careful consideration. Because of the statutory nature of the Authority's decisions, it is inappropriate to measure the Authority's decisions against quality performance criteria. Thus, an important measure of whether or not it has managed its resources and directed its complaints process efficiently and effectively, will be its timeliness in responding to, and processing, complaints.</p> <p>Decisions will be, and will be seen to be, principled, firm, just and relevant by the complainant, broadcasters and the wider community. They will be written in a clear, concise and logical manner and explain clearly the Authority's reasons supporting its determination. Parties to a complaint have a statutory right to appeal the Authority's decision to the High Court, but the Authority expects its decision-making to be of such a quality that successful appeals will be rare.</p> <p>The high quality of the decisions will be assisted by a quality management process incorporating an in-house review of the draft decision and a review by Authority members before the decision is signed and released by the Chairperson.</p> <p>Orders will be, and will be seen to be, fair and effective.</p> <p>The Authority will exercise its power to order a broadcaster to pay costs to the Crown in a fair and reasonable manner.</p> <p>The Authority will respond to all queries about formal complaints procedures in a helpful manner and provide accurate and full information while maintaining impartiality.</p> |                     |                     |
| <b>Activities for the year ending 30 June 2003</b> | The Authority will issue decisions arising from the volume of complaints received during the year. (History suggests the likely number of decisions issued will be between 175 and 225.)   |                     |                     |
| <b>Costs</b>                                       |  | Budget <sup>1</sup> | Actual <sup>1</sup> |
|  | Financial  | \$586,000           | \$633,984           |
|  | % of total resources   | 54%                 | 61.1%               |
|  | Members' time  | 80%                 | 80%                 |

<sup>1</sup> Includes a portion of overheads



**Performance  
Measures**

The Authority will:

- acknowledge a formal complaint within 3 working days of receipt and proceed to the information-gathering stage of the process;
  - Target: 100 percent
  - Actual: 100 percent - achieved
- issue decisions on formal complaints, other than complaints about election programmes, within 40 working days after receipt of the final correspondence, unless delayed by court proceedings;
  - Target: 90 percent
  - Actual: 79 percent - not achieved
  - Note: Target not met due to increase in more complex complaints, involving more than one Authority meeting, against lower numbers of other types of complaint which tend to be determined at one Authority meeting.
- issue decisions on formal complaints about election programmes within 48 hours;
  - Target: 100 percent
  - Actual: 100 percent - achieved
- once every 3 years, commission an independent audit of the complaints process to ensure it complies with best practice benchmarks for similar statutory or bureaucratic processes. A summary of that report will be provided to the Minister of Broadcasting, the Ministry for Culture and Heritage and, if required, Parliament's Commerce Committee;
  - Target: to be undertaken during 2002-03
  - Actual: Audit undertaken by an officer of the Australian Broadcasting Authority. Report was forwarded to the Minister of Broadcasting and the Ministry for Culture and Heritage - achieved.
- once every 3 years, commission an independent audit of broadcasters and complainants to determine their views of the fairness of the complaints process. A summary of that report will be provided to the Minister of Broadcasting, the Ministry for Culture and Heritage and, if required, Parliament's Commerce Committee.

Target: to be undertaken during 2003-04

|   | 1998/99 | 1999/00          | 2000/01 | 2001/02 | 2002/03 |
|---|---------|------------------|---------|---------|---------|
| <b>Complaints Received</b>              | 204     | 206              | 197     | 186     | 169     |
| <b>Complaints Determined</b>            |         |                  |         |         |         |
| Total Decisions Issued:                 | 184     | 239              | 189     | 259     | 182     |
| Upheld (all or in part)                 | 40      | 72               | 41      | 70      | 32      |
| Not upheld                              | 144     | 167 <sup>2</sup> | 148     | 189     | 139     |
| Interlocutory Decisions                 | -       | -                | 1       | 1       | 11      |
| Declined Jurisdiction (time bar, etc)   | 4       | 9                | 8       | 15      | 12      |
| Withdrawn                               | 15      | 17               | 11      | 5       | 10      |
| Orders                                  | 15      | 49               | 28      | 52      | 31      |
| Advisory Opinions                       | -       | 1                | -       | -       | -       |
| Decisions issued within 40 working days | 86%     | 88%              | 81%     | 86%     | 79%     |

<sup>2</sup> Includes 17 decisions which the Authority declined to determine

|  |  |                           |                           |
|--|--|---------------------------|---------------------------|
| <b>Output 2</b>                                    | <b>Review Codes of Broadcasting Practice</b>   |                           |                           |
|  | Broadcasting Act 1989, s.21(1)(e) and (g)  |                           |                           |
| <b>Objective</b>                                   | <p>On a continuing basis and mindful of the views of the public and broadcasters, local and international practices and research findings, the Authority will:</p> <ul style="list-style-type: none"> <li>• review the adequacy of the currently approved Codes;</li> <li>• where necessary, encourage broadcasters to develop new standards that meet the Authority's concerns; and</li> <li>• as a last resort, impose Codes.</li> </ul>   |                           |                           |
| <b>Outcome</b>                                     | The Authority's review of Codes of Broadcasting Practice will result in adequate and easily understood Codes which contribute to the development and maintenance of standards by broadcasters.   |                           |                           |
| <b>Description</b>                                 | <p>The Authority will conduct an annual review of all Codes and principles set out in Advisory Opinions. The review will involve:</p> <ul style="list-style-type: none"> <li>• an analysis of the upheld complaints and the Codes they have breached, and those complaints that would have been upheld had there been a relevant Code upon which to make a determination;</li> <li>• consultation with broadcasters to ascertain their views of the effectiveness of the current Codes; and</li> <li>• consultation with groups representing viewers and listeners to ascertain their views of the effectiveness of the current Codes.</li> </ul> <p>Should the annual review of Codes and relevant Advisory Opinions identify the need for revision of an existing Code or Advisory Opinion, or the development of a new Code, the Authority will advise broadcasters of the process and level of consultation the Authority requires in order to approve the Code.</p> <p>Should broadcasters not agree to proceed with the development of a new Code within the framework proposed by the Authority, the Authority may itself proceed with the development of a new Code, or the revision of an existing Code.</p> <p>When undertaking the development of a new Code or Advisory Opinion, the Authority will consult with all the relevant stakeholders to the same extent that it expects of broadcasters.</p> <p>In the case of new and significant trends in broadcasting, the Authority will encourage broadcasters to develop a Code to meet appropriate broadcasting standards.</p> |                           |                           |
| <b>Activities for the year ending 30 June 2003</b> | <p>The Authority will:</p> <ul style="list-style-type: none"> <li>• complete an annual review of all Codes and Advisory Opinions; and</li> <li>• aided by research, consider the development of a Code of broadcasting practice relating to issues of privacy and informed consent.</li> </ul>   |                           |                           |
| <b>Costs</b>                                       |  | <b>Budget<sup>1</sup></b> | <b>Actual<sup>1</sup></b> |
|  | Financial  | \$119,000                 | \$80,226                  |
|  | % of total resources   | 11%                       | 7.7%                      |
|  | Members' time  | 7.5%                      | 7.5%                      |
| <b>Performance Measures</b>                        | <p>The Authority will:</p> <ul style="list-style-type: none"> <li>• publish a summary of the annual review of all Codes and Advisory Opinions in the Authority's annual report; and</li> <li>• report progress against agreed milestones with broadcasters in its annual report, should the development of a new Code take place.</li> </ul>   |                           |                           |
| <b>Actual</b>                                      | <p>A review of the current Codes and Advisory Opinions was undertaken progressively throughout the year. The Radio Code was discussed in light of the tape retention issue (discussed elsewhere in this Report) but no amendment to the Code was ultimately determined necessary at this stage. Extensive discussions were held with the Television Broadcasters' Council regarding the Free-to-Air Television Code and with Sky regarding the Subscription Television Code.</p> <p>While there are some issues which may emerge over time, the Authority considered that, in general, the Codes remained appropriate for the period under review.</p> <p>No new Code is currently under development. The need for a Privacy Code is still being evaluated.</p>  |                           |                           |

<sup>1</sup> Includes a portion of overheads

|  |   |                           |                           |
|--|---|---------------------------|---------------------------|
| <b>Output 3</b>                                    | <b>Research</b>   |                           |                           |
|  | Broadcasting Act 1989, s.21(1)(h)   |                           |                           |
| <b>Objective</b>                                   | The Authority will: <ul style="list-style-type: none"> <li>conduct research on matters relating to standards of broadcasting practice in New Zealand.</li> </ul>  |                           |                           |
| <b>Outcome</b>                                     | The Authority's research will result in expanded knowledge which will: <ul style="list-style-type: none"> <li>enhance the Authority's ability to approve codes and determine complaints; and</li> <li>assist broadcasters in maintaining standards acceptable to the community.</li> </ul>  |                           |                           |
| <b>Description</b>                                 | <p>Research priorities will be carefully assessed based on the Authority's strategic goals and public concerns. Both internal and commissioned research will meet all the professional and ethical criteria for quality research.</p> <p>In determining its research programme, the Authority will consult relevant stakeholders, including representatives of the community, broadcasters and academics from appropriate disciplines.</p> <p>The Authority will use a range of research methodologies that take account of geographical spread and minority views, to keep in touch with the opinions of the wider community, specific audience segments and relevant stakeholders.</p> <p>The Authority will also research international trends in broadcasting and their likely impact on the New Zealand broadcasting environment in order to be prepared for the development of Codes of practice designed to take account of those trends on broadcasting standards in New Zealand.</p>   |                           |                           |
| <b>Activities for the year ending 30 June 2003</b> | <p>The Authority will undertake:</p> <ul style="list-style-type: none"> <li>a quantitative study of community views on matters of privacy and informed consent;</li> <li>four "litmus test" exercises designed to further Authority members' understanding of current community attitudes on matters of good taste and decency;</li> <li>a project designed to capture views on issues of fairness, balance and accuracy in news and current affairs; and</li> <li>a project designed to measure the representation of minorities in the New Zealand broadcast media.</li> </ul>  |                           |                           |
| <b>Costs</b>                                       |   | <b>Budget<sup>1</sup></b> | <b>Actual<sup>1</sup></b> |
|  | Financial   | \$249,000                 | \$226,612                 |
|  | % of total resources  | 23%                       | 21.8%                     |
|  | Members' time   | 10%                       | 7.5%                      |
| <b>Performance Measures</b>                        | <p>The Authority will:</p> <ul style="list-style-type: none"> <li>have all significant research projects peer reviewed by independent research experts;</li> <li>publish the results of that peer review in the Authority's annual report;</li> <li>competently manage all research projects with performance measured against pre-established milestones;</li> <li>publish the results of performance against milestones in the Authority's annual report.</li> </ul>  |                           |                           |
| <b>Actual</b>                                      | <p>The Authority convened a Research Advisory Committee consisting of representatives from the broadcasting industry plus BSA staff to review privacy research proposals submitted by external research companies. Ten companies were invited to tender.</p> <p>At critical phases in the research process, the Research Advisory Committee convened to evaluate progress and direction of the research.</p> <p>Privacy and informed consent research data collection has been completed.</p> <p>Milestones for the privacy and informed consent qualitative and quantitative data collection are noted in the research section of this report.</p> <p>Four 'litmus tests' were conducted with results reported to the Authority. These are noted in the research section of this report.</p> <p>The research project on representation of minorities in the New Zealand broadcast media will proceed in the new financial year.</p> <p>The proposed research project on fairness and balance in news and current affairs was not proceeded with as the Authority now believes the project above requires a higher focus.</p> |                           |                           |

<sup>1</sup> Includes a portion of overheads

## Output 4

### Communications and Information

Broadcasting Act 1989, s.21(1)(c) and [d]

#### Objective

The Authority will execute a communications strategy with the objectives of increasing awareness of:

- broadcasting standards issues;
- the role of the Broadcasting Standards Authority in developing and maintaining broadcasting standards acceptable to the community;
- the integrity of the Authority's complaints determination process; and
- the way members of the community can access the formal complaints process.

#### Outcome

The Authority's communications and information strategy will:

- enhance public and broadcaster awareness about standards matters;
- increase public awareness about the role of the Authority in broadcasting standards;
- recognise the integrity of the complaints determination process; and
- lead to a better understanding how members of the public can use the formal complaints process.

#### Description

Once a year, the Authority will formally review and, if necessary, amend its communications strategy.

The strategy will reflect the Authority's wide group of stakeholders through the use of a range of communications mechanisms designed to reach each stakeholder effectively, efficiently and in a way that ensures maximum impact.

Communications tools will include:

- face-to-face consultation and representation with key stakeholders through the research process and other activities;
- the professional presentation of a wide range of Authority publications, including complaints brochures in English, te Reo and Samoan, codes of broadcasting practice, the annual report, a quarterly newsletter and the decisions;
- members and staff making themselves available to speak to community groups, sector conferences and seminars, the broadcasting and general media and other opportunities; and
- the professional use of electronic communications, including the Authority's web site and its 0800 number.

#### Activities for the year ending 30 June 2003

The Authority will undertake the following activities:

- review its communications strategy;
- implement its communications strategies, using a wide range of appropriate tools and techniques;
- conduct a readership satisfaction survey of its quarterly newsletter; and
- commission an independent audit of the Authority's communications.

#### Costs

|                      | Budget <sup>1</sup> | Actual <sup>1</sup> |
|----------------------|---------------------|---------------------|
| Financial            | \$131,000           | \$97,401            |
| % of total resources | 12%                 | 9.4%                |
| Members' time        | 2.5%                | 5%                  |

#### Performance Measures

The Authority will:

- conduct an annual survey of a sample of its quarterly newsletter readers to measure reader satisfaction and readers' general awareness of the role of the Authority, and its contribution to the development and maintenance of broadcasting standards in New Zealand. The results of that annual survey will be published in the Authority's annual report;
- every three years, commission an independent qualitative communications audit designed to measure the effectiveness of its communication to its stakeholders. The results of the audit will be published in the Authority's annual report; and
- wherever possible, include questions about its role and contribution to broadcasting standards in quantitative public surveys. Survey results will be published in the Authority's annual report.

#### Actual

In April 2002, the Authority conducted a readership survey of its quarterly newsletter. The results were published in *BSA Quarterly No. 15* (September 2002).

An independent qualitative communications audit is planned for 2004-05.

A useful opportunity to include questions about the Authority's role and contribution to broadcasting standards in public surveys did not present itself.

<sup>1</sup> Includes a portion of overheads

# Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2003

## Reporting entity

The Broadcasting Standards Authority was established by the Broadcasting Act 1989 which sets out the functions and responsibilities of the Authority. These financial statements have been prepared in accordance with the First Schedule of the Broadcasting Act and section 41 of the Public Finance Act 1989. The Authority is a Crown entity in terms of the Public Finance Act.

## Measurement system

The measurement base adopted is that of historical cost unless otherwise stated.

## Accounting policies

The following particular accounting policies that materially affect the measurement of financial performance and financial position of the Authority have been applied:

### 1. Plant, Property and Equipment

Plant, property and equipment are recorded at historical cost less accumulated depreciation.

### 2. Depreciation

Depreciation of Plant, Property and Equipment is provided on a straight line basis on all plant, property and equipment, at rates which will write off the assets to their residual value, over their useful lives:

|                              |         |
|------------------------------|---------|
| Partitions, Office Equipment | 5 years |
| Furniture and Fittings       | 5 years |
| Photocopier                  | 3 years |
| Computer Hardware            | 3 years |

### 3. Receivables

Accounts receivable are stated at their estimated net realisable value.

### 4. Lease Payments

Operating lease payments, where lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating result in equal instalments over the lease terms.

### 5. Taxation

- a) Income tax: Exempt from the payment of income tax in accordance with Section 33 of the Broadcasting Act 1989
- b) FBT: FBT is payable on all fringe benefits
- c) GST: The Authority is a registered trader for GST purposes and is liable for GST on all goods and services supplied. The financial statements are prepared GST exclusive except for accounts receivable and accounts payable which is GST inclusive.

### 6. Financial Instruments

The Broadcasting Standards Authority is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are

recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

### 7. Provision for Employee Entitlement

Annual leave is recognised on an entitlement basis.

### 8. Budget Figures

The budget figures are those approved at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted for the preparation of the financial statements.

### 9. Revenue

The Broadcasting Standards Authority derives revenue through the provision of outputs to the Crown; from the levy imposed by the legislation on broadcasters; for services to third parties; and income from its investments. Such revenue is recognised when earned and is reported in the financial period to which it relates.

### 10. Statement of Cash Flows

*Cash* means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Broadcasting Standards Authority invests as part of its day-to-day cash management.

*Operating activities* include cash received from all income sources of the Broadcasting Standards Authority and records the cash payments made for the supply of goods and services.

*Investing activities* are those activities relating to the acquisition and disposal of non-current assets.

*Financial activities* comprise the change in equity and debt capital structure of the Broadcasting Standards Authority.

### 11. Cost of Service Statements

The Cost of Service Statements, as reported in the Statement of Objectives and Service Performance, report the net cost of services for the outputs of the Broadcasting Standards Authority and are represented by the costs of providing the output less all the revenue that can be allocated to these activities.

#### *Cost Allocation*

Broadcasting Standards Authority has derived the net cost of service for each significant activity using the cost allocation system outlined below.

#### *Cost Allocation Policy*

Direct costs are charged directly to significant activities.

Indirect costs are charged to significant activities based on estimated usage.

### 12. Changes in accounting policies

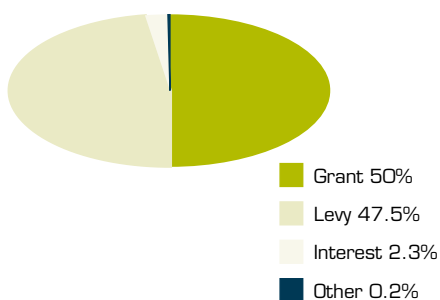
There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

## Statement of Financial Performance

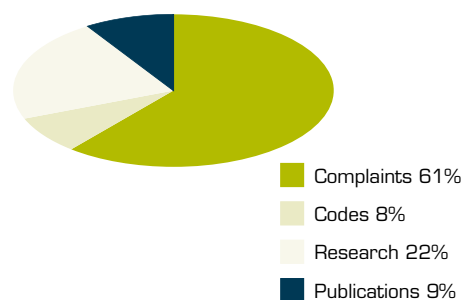
FOR THE YEAR ENDED 30 JUNE 2003

|                                      | NOTES       | 2003<br>Actual<br>\$   | 2003<br>Budget<br>\$   | 2002<br>Actual<br>\$ |
|--------------------------------------|-------------|------------------------|------------------------|----------------------|
| <b>REVENUE</b>                       |             |                        |                        |                      |
| Grant                                |             | 564,444                | 565,000                | 564,444              |
| Broadcasting Levy                    |             | 538,223                | 410,000                | 419,028              |
| Interest                             |             | 26,564                 | 17,000                 | 21,234               |
| Publication Sales                    |             | 100                    | 2,000                  | 670                  |
| Other                                |             | 2,424                  | -                      | 3,119                |
| <b>TOTAL OPERATING REVENUE</b>       |             | <b>1,131,755</b>       | <b>994,000</b>         | <b>1,008,495</b>     |
| <b>LESS EXPENDITURE</b>              |             |                        |                        |                      |
| Human Resources                      | 1&2         | 576,276                | 595,000                | 554,398              |
| Other Expenses                       | 3           | 444,062                | 470,000                | 289,752              |
| Depreciation                         | 4           | 17,535                 | 20,000                 | 15,920               |
| Loss on Assets Disposal              |             | 350                    |                        |                      |
| <b>TOTAL EXPENDITURE</b>             |             | <b>1,038,223</b>       | <b>1,085,000</b>       | <b>860,070</b>       |
| <b>NET OPERATING SURPLUS/DEFICIT</b> |             |                        |                        |                      |
| Transferred to Equity                |             | \$93,532               | (\$91,000)             | \$148,425            |
| <b>OUTPUTS</b>                       |             |                        |                        |                      |
|                                      |             | <b>2003<br/>ACTUAL</b> | <b>2003<br/>BUDGET</b> | <b>VARIANCE</b>      |
| OUTPUT 1<br>COMPLAINTS               | 61.1%       | 633,984                | 586,000                | (47,984)             |
| OUTPUT 2<br>CODES                    | 7.7%        | 80,226                 | 119,000                | 38,774               |
| OUTPUT 3<br>RESEARCH                 | 21.8%       | 226,612                | 249,000                | 22,388               |
| OUTPUT 4<br>PUBLICATIONS             | 9.4%        | 97,401                 | 131,000                | 33,599               |
| <b>TOTAL OUTPUTS</b>                 | <b>100%</b> | <b>1,038,223</b>       | <b>1,085,000</b>       | <b>46,777</b>        |

**Income 2002-2003**



**Expenditure by Output 2002-2003**



The statement of accounting policies and the notes form an integral part of and should be read in conjunction with these financial statements.

## Statement of Movements In Equity

FOR THE YEAR ENDED 30 JUNE 2003

|  | NOTES | 2003<br>Actual<br>\$ | 2003<br>Budget<br>\$ | 2002<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| Net operating surplus(deficit)                             |       | 93,532               | (91,000)             | 148,425              |
| <b>Total Recognised revenues and expenses for the year</b> |       | 93,532               | (91,000)             | 148,425              |
| Equity as at 1 July 2002                                   |       | 231,552              | 250,000              | 83,127               |
| <b>TOTAL EQUITY AS AT 30 JUNE 2003</b>                     |       | <b>\$325,084</b>     | <b>\$159,000</b>     | <b>\$231,552</b>     |

## Statement of Financial Position

AS AT 30 JUNE 2003

|  | NOTES | 2003<br>Actual<br>\$ | 2003<br>Budget<br>\$ | 2002<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| <b>CURRENT ASSETS</b>                  |       |                      |                      |                      |
| Cash, Bank & Term Deposits             | 5     | 414,389              | 192,000              | 285,644              |
| Accounts Receivable & Accrued Interest |       | 1,390                | -                    | 3,735                |
| Prepayments                            |       | 1,155                | 2,000                | 2,005                |
| GST Receivable                         |       | 15,681               | 5,000                | 4,616                |
|  |       | 432,615              | 199,000              | 296,000              |
| <b>LESS CURRENT LIABILITIES</b>        |       |                      |                      |                      |
| Accounts Payable & Accruals            |       | 108,673              | 55,000               | 70,919               |
| Employee Entitlements                  |       | 21,900               | 14,000               | 14,270               |
| <b>WORKING CAPITAL</b>                 |       | <b>302,042</b>       | <b>130,000</b>       | <b>210,811</b>       |
| <b>NON CURRENT ASSETS</b>              |       |                      |                      |                      |
|  | 7     | 23,042               | 29,000               | 20,741               |
| <b>NET ASSETS</b>                      |       | <b>325,084</b>       | <b>159,000</b>       | <b>231,552</b>       |
| <b>EQUITY</b>                          |       |                      |                      |                      |
|  |       | 325,084              | 159,000              | 231,552              |
| <b>TOTAL EQUITY</b>                    |       | <b>325,084</b>       | <b>\$159,000</b>     | <b>\$231,552</b>     |



Peter Cartwright

Chairperson

Wellington 19 September 2003



Jane Wrightson

Chief Executive

*The statement of accounting policies and the notes form an integral part of and should be read in conjunction with these financial statements.*

## Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2003

|   | NOTES    | 2003<br>Actual<br>\$ | 2003<br>Budget<br>\$ | 2002<br>Actual<br>\$ |
|---|----------|----------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>     |          |                      |                      |                      |
| <b>Cash was provided from:</b>                  |          |                      |                      |                      |
| Grants, Publication Sales & Other               |          | 566,968              | 567,000              | 568,953              |
| Broadcasting Levy                               |          | 538,223              | 410,000              | 418,688              |
| Interest Received                               |          | 28,909               | 17,000               | 17,882               |
| Net GST Received from IRD                       |          |                      | -                    | -                    |
| <b>Cash was disbursed to:</b>                   |          |                      |                      |                      |
| Payments to Employees & Members                 |          | (562,530)            | (595,000)            | (553,373)            |
| Payments to Suppliers & Other                   |          |                      |                      |                      |
| Operating Expenses                              |          | (331,122)            | (473,000)            | (276,010)            |
| Net GST Paid to IRD                             |          | (91,517)             | -                    | (1,499)              |
| <b>Net Cash Flow From Operating Activities</b>  | <b>8</b> | <b>148,931</b>       | <b>(74,000)</b>      | <b>174,641</b>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>     |          |                      |                      |                      |
| <b>Cash was provided from:</b>                  |          |                      |                      |                      |
| Sale of Fixed Assets                            |          | -                    | -                    | -                    |
| <b>Cash was disbursed to:</b>                   |          |                      |                      |                      |
| Purchase of Fixed Assets                        |          | (20,186)             | (15,000)             | (2,927)              |
| <b>Net Cash Flows From Investing Activities</b> |          | <b>(20,186)</b>      | <b>(15,000)</b>      | <b>(2,927)</b>       |
| <b>NET INCREASE (DECREASE) IN CASH HELD</b>     |          | <b>128,745</b>       | <b>(89,000)</b>      | <b>171,714</b>       |
| <b>PLUS</b> Opening Cash Brought Forward        |          | <b>285,644</b>       | <b>281,000</b>       | <b>113,930</b>       |
| <b>ENDING CASH CARRIED FORWARD</b>              | <b>5</b> | <b>\$414,389</b>     | <b>\$192,000</b>     | <b>\$285,644</b>     |

*The statement of accounting policies and the notes form an integral part of and should be read in conjunction with these financial statements.*



## Statement of Commitments

FOR THE YEAR ENDED 30 JUNE 2003

The following significant future commitments have been incurred by the Broadcasting Standards Authority against future years' income.

### Leased Premises

The Authority has a lease from the NZ Lotteries Commission for the rental of the premises comprising part of the second floor; 54-56 Cambridge Terrace, Wellington from 1 April 2002 until 31 March 2005.

|   | 2003            | 2002            |
|---|-----------------|-----------------|
|   | \$              | \$              |
| Less than one year                      | 34,212          | 34,212          |
| One to two years                        | 25,658          | 34,212          |
| Three to five years                     | -               | 25,658          |
| <b>Total Rent Expenditure Committed</b> | <b>\$59,870</b> | <b>\$94,082</b> |

## Statement of Contingent Liability

FOR THE YEAR ENDED 30 JUNE 2003

As at 30 June 2003, two decisions of the Authority are in various stages of appeal in the High Court and judicial review has been sought on one decision. The basis of the appeal is to overturn a decision by the Authority. The awarding of legal costs will be the only potential impact on the Authority. As at 30 June 2002 there were four decisions in appeal.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2003

| 1. HUMAN RESOURCES            | 2003<br>Actual   | 2003<br>Budget   | 2002<br>Actual   |
|-------------------------------|------------------|------------------|------------------|
|                               | \$               | \$               | \$               |
| Consultancy/Contract Services | 1,385            | 2,000            | 1,705            |
| Staff Remuneration            | 412,593          | 421,000          | 376,463          |
|                               | <b>\$413,978</b> | <b>\$423,000</b> | <b>\$378,168</b> |

The Chief Executive's remuneration was in the band \$100,000-\$110,000

| 2. MEMBERS' FEES      | 2003<br>Actual   | 2003<br>Budget   | 2002<br>Actual   |
|-----------------------|------------------|------------------|------------------|
|                       | \$               | \$               | \$               |
| P Cartwright          | 67,634           |                  | 71,471           |
| R Bryant              | 39,170           |                  | 39,424           |
| J McGregor            | 18,651           |                  | 32,879           |
| To HRC for J McGregor | 14,708           |                  | -                |
| B Hayward             | 507              |                  | 32,456           |
| T Misa                | 21,628           |                  | -                |
|                       | <b>\$162,298</b> | <b>\$172,000</b> | <b>\$176,230</b> |

| 3. OTHER EXPENSES                | 2003<br>Actual   | 2003<br>Budget   | 2002<br>Actual   |
|----------------------------------|------------------|------------------|------------------|
|                                  | \$               | \$               | \$               |
| Fees paid to auditors:           |                  |                  |                  |
| - Audit of Financial Statements  | 9,800            | 9,800            | 9,770            |
| - Other Services                 | -                | -                | 1,000            |
| Complaints                       | 93,837           | 64,000           | 51,817           |
| Information and Promotion        | 45,458           | 65,000           | 39,130           |
| Research                         | 131,984          | 152,000          | 22,451           |
| Code Reviews                     | 1,306            | 17,000           | 7,919            |
| Travel, Accommodation & Training | 72,903           | 73,000           | 65,544           |
| Rent                             | 34,212           | 34,300           | 30,946           |
| Office Expenses                  | 54,562           | 54,900           | 62,175           |
|                                  | <b>\$444,062</b> | <b>\$477,100</b> | <b>\$289,752</b> |

## Appendix 2

### Analysis of Decisions July 2002 - June 2003

| Decision No | Name of Complainant                         | Programme  | Nature of Complaint                              | Decisions   |
|-------------|---|--|--|---|
| 2002-088    | Marcel Spencer                              | <i>Labour Party Election Advertisement</i> , TVNZ                | Inaccurate                                       | Not Upheld  |
| 2002-089    | Right to Life New Zealand Inc.              | Comments from Family Planning Association on Newstalk ZB, TRN    | Inaccurate                                       | Not Upheld  |
| 2002-090    | Monarchist League Inc                       | Monarchy versus Republic debate, <i>Insight</i> , RNZ            | Unbalanced, Inaccurate, Unfair                   | Not Upheld  |
| 2002-091    | Paul Schwabe                                | <i>Country Life</i> , RNZ  | Offensive Language                               | Declined to Determine Complaint<br>vexatious<br>Costs of \$150 to broadcaster |
| 2002-092    | Bob Syron                                   | References to Australians on Radio Pacific, The RadioWorks       | Offensive Language                               | Not Upheld  |
| 2002-093    | PG  | <i>Office Goss</i> , The Edge, The RadioWorks                    | Inaccurate, Unfair, Breach of Privacy            | Declined to Determine<br>No tape available                                    |
| 2002-094    | Belle Townsend                              | <i>One News</i> item about road accident, TVNZ                   | Inaccurate, Unfair, Encouraged Discrimination    | Not Upheld  |
| 2002-095    | Carol Irwin                                 | <i>Unsolved</i> , TVNZ   | Breach of Privacy                                | Not Upheld  |
| 2002-096    | Viewers for Television Excellence Inc       | <i>One News</i> item about sexual assault trial, TVNZ            | Unnecessarily Violent, Disturbing for Children   | Not Upheld  |
| 2002-097    | Peter Zohrab on behalf of NZ Equality Party | <i>One News</i> pronunciation of Waikato, TVNZ                   | Inaccurate                                       | Declined to Determine   |
| 2002-098    | Gordon Hayes                                | <i>Moving On</i> , TVNZ  | Offensive Language, Unsuitable for Children      | Not Upheld  |
| 2002-099    | Bryan and Catherine Yates                   | Interview of impersonator Jeremy Yates, The Edge, The RadioWorks | Unfair, Encouraged Denigration                   | Upheld in Part<br>No Order  |
| 2002-100    | Elaine Hadfield                             | Upheld complaint about promo for <i>Mercy Peak</i> , TVNZ        | Action Taken Insufficient                        | Not Upheld  |
| 2002-101    | Elaine Hadfield                             | <i>The Swap</i> , promo, TVNZ                                    | Offensive Language, Excessive Violence           | Not Upheld  |
| 2002-102    | Elaine Hadfield                             | <i>Mercy Peak</i> , promo, TVNZ                                  | Offensive Language, Excessive Violence           | Not Upheld  |
| 2002-103    | Elaine Hadfield                             | <i>Bad Girls</i> , promo, TVNZ                                   | Offensive Language, Excessive Violence           | Not Upheld  |
| 2002-104    | Elaine Hadfield                             | <i>Mercy Peak</i> , promo, TVNZ                                  | Offensive Language, Excessive Violence           | Not Upheld  |
| 2002-105    | PM McGrath                                  | <i>What Now?</i> , TVNZ  | Offensive Language, Unsuitable for Children      | Not Upheld  |
| 2002-106    | Graham Jacobsen                             | <i>Six Feet Under</i> , TVNZ                                     | Offensive Nudity, Unsuitable for Children        | Not Upheld  |
| 2002-107    | Rob Hodgkinson                              | <i>Six Feet Under</i> , TVNZ                                     | Offensive Behaviour                              | Not Upheld  |
| 2002-108    | St Paul's Presbyterian Church, Katikati     | <i>Saturday Morning</i> , RNZ                                    | Offensive Language                               | Not Upheld  |
| 2002-109    | John Lowe                                   | <i>Nightline</i> item about "Puppetry of the Penis", TV3         | Inaccurate, Failure to Respect Principles of Law | Not Upheld  |
| 2002-110    | Children's Media Watch                      | <i>Cyberzone</i> , promo, TV4                                    | Inappropriate Classification                     | Not Upheld  |

| Decision No          | Name of Complainant  | Programme   | Nature of Complaint  | Decisions   |
|----------------------|--|---|--|---|
| 2002-111             | Children's Media Watch                                     | <i>Angel</i> , promo, TV4   | Inappropriate Classification   | Not Upheld  |
| 2002-112             | Children's Media Watch                                     | <i>Star Hunter</i> , promo, TV4   | Inappropriate Classification   | Not Upheld  |
| 2002-113             | Children's Media Watch                                     | <i>Freakylinks</i> , promo, TV4   | Inappropriate Classification   | Not Upheld  |
| 2002-114             | Children's Media Watch                                     | <i>The Strip</i> , promo, TV3   | Inappropriate Classification   | Upheld<br>No Order  |
| 2002-115             | Shaun Wakelin  | News Item about arrest of a kidnapper, Channel Z  | Offensive, Unfair, Unbalanced, Failed to Distinguish Fact and Opinion  | Not Upheld  |
| 2002-116             | Samantha Guzzo   | Upheld complaint about timing of broadcast of <i>The Happy Hooker Goes to Hollywood</i> , TelstraClear                | Action Taken Insufficient  | Not Upheld  |
| 2002-117             | M Charlton   | Upheld complaint that warning not broadcast before <i>Marathon Man</i> , Prime  | Action Taken Insufficient  | Not Upheld  |
| 2002-118             | D Hong and M J Chung                                       | <i>Motorway Patrol</i> , TVNZ   | Unfair, Encouraged Discrimination  | Not Upheld  |
| 2002-119             | D Hong and M J Chung                                       | <i>Motorway Patrol</i> , TVNZ   | Breach of Privacy  | Not Upheld  |
| 2002-120             | Michael Hooker   | <i>Scream</i> , TV3   | Offensive behaviour; Failure to Respect Principles of Law, Inappropriate Classification, Unsuitable for Children, Excessive Violence | Upheld in Part<br>No Order  |
| 2002-121 to 2002-127 | R K Watkins  | Comments by announcers during <i>Morning Rumble</i> on The Rock, Two Complaints Upheld by broadcaster, The RadioWorks | Offensive Language, Offensive Behaviour, Unsuitable for Children<br>Action Taken Insufficient  | Upheld - 5<br>Not Upheld - 2<br>Orders: Costs to Crown ordered on each upheld complaint. Total: \$3000  |
| 2002-128 to 2002-143 | R K Watkins  | Comments by Announcers during <i>Morning Rumble</i> on The Rock, The RadioWorks                                       | Breach of Privacy<br>Unfair, Encouraged Denigration  | Upheld - 3<br>Not Upheld - 13<br>Orders: Broadcast Of Approved Statement, Costs to Complainant of \$250 |
| 2002-144             | B  | Upheld Complaint about Competition when details about B disclosed on <i>More FM</i> in Dunedin, The RadioWorks        | Action Taken Insufficient  | Not Upheld  |
| 2002-145             | B  | Competition, details about B disclosed on <i>More FM</i> in Dunedin, The RadioWorks                                   | Breach of Privacy  | Upheld<br>No Order  |
| 2002-146             | Robin Powell   | <i>Insight</i> about issues facing overseas students in New Zealand, RNZ  | Inaccurate   | Not Upheld  |
| 2002-147             | Monarchist League of New Zealand                           | <i>Insight</i> about republicanism, RNZ   | Unbalanced and Inaccurate  | Not Upheld  |
| 2002-148             | Simon Boyce  | <i>Nine to Noon</i> discussion about political events, RNZ  | Inaccurate   | Not Upheld  |
| 2002-149             | Peter Zohrab on behalf of NZ Equality Education Foundation | <i>One News</i> item about different pay rates for men and women, TVNZ  | Unbalanced, Inaccurate, Encouraged Denigration   | Not Upheld  |
| 2002-150             | Stan Fitchett  | <i>Holmes</i> item about sexual abuse in Catholic order, TVNZ   | Unbalanced, Unfair   | Not Upheld  |
| 2002-151             | Glen Lee   | News item on Radio Pacific about woman swept away in flood, The RadioWorks  | Offensive Manner of Delivery   | Upheld<br>No Order  |
| 2002-152             | Kathleen & Patrick McCartain, & Irene Angus                | Comment about Catholic Church & Pope on <i>Paul Holmes Breakfast</i> , TRN  | Encouraged Denigration   | Not Upheld  |
| 2002-153             | Roger H Powell   | <i>One News</i> item about costs for police officer charged with murder, TVNZ   | Unbalanced, Inaccurate, Unfair   | Not Upheld  |
| 2002-154             | Rod Valenta  | Music Video shown on <i>M2</i> "One Night in New York City", TVNZ   | Offensive  | Upheld<br>No Order  |
| 2002-155             | Pat Turley   | <i>Crimebusters</i> item about a shoplifter, TVNZ   | Offensive  | Not Upheld  |
| 2002-156             | Pat Turley   | Upheld complaint that item on <i>Crimebusters</i> about a shoplifter was unfair, TVNZ                                 | Action Taken Insufficient  | Upheld<br>Order: Broadcast of Statement   |

| Decision No | Name of Complainant      | Programme  | Nature of Complaint  | Decisions                  |
|-------------|--------------------------|--|--|----------------------------|
| 2002-157    | The Prime Minister       | Scope of referral of complaint about <i>3 News Special</i> , TV3                               | Interlocutory Decision   | Order made                 |
| 2002-158    | Mike Munro               | Scope of referral of complaint about <i>3 News Special</i> , TV3                               | Interlocutory Decision   | Order made                 |
| 2002-159    | Wakefield Associates     | Hearing sought on complaint about item on <i>Fair Go</i> , TVNZ                                | Interlocutory Decision   | Application Declined       |
| 2002-160    | Tina Swenson             | Music Video "Kiss Kiss" on <i>Coca-Cola RTR Countdown</i> , TVNZ                               | Offensive, Inappropriately Classified, Unsuitable for Children | Not Upheld                 |
| 2002-161    | Tina Swenson             | Music Video "Hot in Here" on <i>Coca-Cola RTR Countdown</i> , TVNZ                             | Offensive, Inappropriately Classified, Unsuitable for Children | Not Upheld                 |
| 2002-162    | Tina Swenson             | Music Video "Are You In" on <i>Coca-Cola RTR Countdown</i> , TVNZ                              | Offensive, Inappropriately Classified, Unsuitable for Children | Not Upheld                 |
| 2002-163    | Tina Swenson             | Music Video "Without Me" on <i>Most Wanted</i> , TV4   | Offensive, Inappropriately Classified, Unsuitable for Children | Not Upheld                 |
| 2002-164    | Tina Swenson             | Music Video "Kiss Kiss" on <i>Most Wanted</i> , TV3  | Offensive, Inappropriately Classified, Unsuitable for Children | Not Upheld                 |
| 2002-165    | Tina Swenson             | Music Video "In the Middle" on <i>Most Wanted</i> , TV4  | Offensive, Inappropriately Classified, Unsuitable for Children | Not Upheld                 |
| 2002-166    | Angela Niumata           | <i>Behind the Scenes - Ali G In Da House</i> , TVNZ  | Offensive Behaviour  | Not Upheld                 |
| 2002-167    | H B McMeekin             | <i>Morning Grill</i> on Radio Pacific, The RadioWorks  | Offensive, Encouraged Denigration                              | Not Upheld                 |
| 2002-168    | Hugh Webb                | <i>Holmes Election Special: Prime Ministerial Debate</i> , TVNZ                                | Unbalanced, Unfair   | Not Upheld                 |
| 2002-169    | Simon Boyce              | <i>Assignment</i> , TVNZ   | Inaccurate, Unfair   | Upheld in Part<br>No order |
| 2002-170    | Diane Ranger             | <i>Saturday Morning</i> , RNZ  | Unfair   | Not Upheld                 |
| 2002-171    | Rev DP Collins           | News item about canonisation, RNZ  | Inaccurate   | Not Upheld                 |
| 2002-172    | Elaine Hadfield          | <i>Spin Doctors Election Special</i> , TVNZ  | Offensive, Unsuitable for Children                             | Not Upheld                 |
| 2002-173    | Christian Heritage Party | <i>Holmes Leaders' Debate</i> , TVNZ   | Unbalanced   | Not Upheld                 |
| 2002-174    | R L Kahukura             | <i>Havoc &amp; Newsboy's Sellout Tour</i> , TVNZ   | Unfair   | Not Upheld                 |
| 2002-175    | Syd Mannion              | Interview with Naval Officer on Radio Pacific, The RadioWorks                                  | Unbalanced, Unfair, Encouraged Denigration                     | Not Upheld                 |
| 2002-176    | Jackie Sanders           | Comments on <i>Breakfast Show</i> , 531PI  | Breach of Privacy  | Not Upheld                 |
| 2002-177    | Jackie Sanders           | Comments on <i>Breakfast Show</i> , 531PI  | Unfair   | Upheld<br>No Order         |
| 2002-178    | Rodney Hide MP           | <i>One News</i> item which referred to some of Mr Hide's activities, TVNZ                      | Unbalanced, Inaccurate, Unfair                                 | Upheld in Part<br>No Order |
| 2002-179    | Wakefield Associates     | Application for Disclosure in regard to complaint about item on <i>Fair Go</i> , TVNZ          | Interlocutory Decision   | Application Declined       |
| 2002-180    | The Prime Minister       | Process to be followed by broadcaster in regard to complaint about <i>3 News Special</i> , TV3 | Interlocutory Decision   | Process Laid Down          |
| 2002-181    | Mike Munro               | Process to be followed by broadcaster in regard to complaint about <i>3 News Special</i> , TV3 | Interlocutory Decision   | Process Laid Down          |
| 2002-182    | N N Rodley               | <i>Six Feet Under</i> , TVNZ   | Offensive Behaviour  | Not Upheld                 |
| 2002-183    | Lyall Philip             | <i>The Last Boy Scout</i> , film, TVNZ   | Offensive Language   | Not Upheld                 |
| 2002-184    | David Robb               | Interview on Newstalk ZB about "National Penis Day" TRN  | Offensive  | Not Upheld                 |
| 2002-185    | Simon Buckingham         | <i>Shortland Street</i> , storyline about ADHD child, TVNZ                                     | Offensive, Illegal, Inaccurate                                 | Not Upheld                 |
| 2002-186    | Victor Paul              | <i>One News</i> item about US Armed Forces, TVNZ   | Unbalanced, Inaccurate   | Not Upheld                 |
| 2002-187    | Stella Anne McArthur     | Live to Air: An Election Drama, play, RNZ  | Offensive Use of Holy Names                                    | Not Upheld                 |

| Decision No | Name of Complainant         | Programme   | Nature of Complaint  | Decisions                                       |
|-------------|-----------------------------|---|--|---|
| 2002-188    | Wayne Smith                 | Use of word "mongrel" by host on Newstalk ZB, TRN                                   | Offensive, Racist  | Not Upheld                                      |
| 2002-189    | Kristian Harang             | <i>Strippers</i> , TVNZ   | Offensive, Unsuitable for Children   | Not Upheld                                      |
| 2002-190    | R F James                   | Comments about HRT on <i>Nine to Noon</i> , RNZ                                     | Unbalanced   | Not Upheld                                      |
| 2002-191    | Brent Morrissey             | <i>Holmes</i> item about Winston Peters MP, TVNZ                                    | Unfair   | Not Upheld                                      |
| 2002-192    | Dr Beverley Lawton          | <i>Sunday</i> item about HRT, TVNZ  | Unbalanced, Inaccurate, Unfair   | Not Upheld                                      |
| 2002-193    | BQ                          | <i>Location, Location, Location</i> , TVNZ  | Breach of Privacy  | Not Upheld                                      |
| 2002-194    | BQ                          | <i>Location, Location, Location</i> , TVNZ  | Unfair   | Declined to Determine                           |
| 2002-195    | CR                          | <i>Location, Location, Location</i> , TVNZ  | Breach of Privacy  | Not Upheld                                      |
| 2002-196    | CR                          | <i>Location, Location, Location</i> , TVNZ  | Unfair   | Declined to Determine                           |
| 2002-197    | Mark Bray                   | <i>Overboard</i> , film, TVNZ   | Offensive Language, Unsuitable for Children  | Not Upheld                                      |
| 2002-198    | Alastair Duff               | <i>Willy Nilly</i> , TVNZ   | Offensive Behaviour  | Not Upheld                                      |
| 2002-199    | Warren Healy                | <i>Newsbreak</i> item about violent murder during <i>Thunderbirds</i> , TV3         | Unsuitable for Children  | Not Upheld                                      |
| 2002-200    | WJ & JA Kearney             | <i>Holmes</i> reference to Noam Chomsky, TVNZ                                       | Inaccurate, Unfair   | Not Upheld                                      |
| 2002-201    | Janet Armstrong             | <i>Off The Wire</i> , RNZ   | Offensive Content  | Not Upheld                                      |
| 2002-202    | Reg Mundy                   | News item about miracle healing claims, RNZ   | Unfair   | Not Upheld                                      |
| 2002-203    | Athana Johns                | <i>One News</i> item about murder trial, TVNZ                                       | Inaccurate, Unfair   | Not Upheld                                      |
| 2002-204    | Athana Johns                | <i>Late Edition</i> item about murder trial, TVNZ                                   | Inaccurate, Unfair   | Not Upheld                                      |
| 2002-205    | B Jobe                      | <i>Love Thy Neighbour</i> , TVNZ  | Breach of Privacy  | Not Upheld                                      |
| 2002-206    | Victoria del la Varis       | <i>3 News</i> item about film, TV3  | Offensive, Inappropriately Classified, Unsuitable for Children, Excessive Violence     | Not Upheld                                      |
| 2002-207    | Simon Boyce                 | <i>Secret New Zealand</i> , TVNZ  | Inaccurate, Unfair   | Not Upheld                                      |
| 2002-208    | R F James                   | <i>Taste New Zealand</i> , TVNZ   | Unbalanced   | Not Upheld                                      |
| 2002-209    | Doug McElwain               | News item about Labour Party, RNZ   | Inaccurate   | Not Upheld                                      |
| 2002-210    | Te Marunui Toki             | Name Game Competition on Lite FM, The RadioWorks                                    | Encouraged Discrimination  | Not Upheld                                      |
| 2002-211    | R J Young                   | <i>Morning Grill</i> on Radio Pacific, The RadioWorks                               | Offensive Language   | Declined to Determine                           |
| 2002-212    | Paul Le Comte               | Reference to homosexuality on Radio Sport, TRN                                      | Encouraged Denigration   | Not Upheld                                      |
| 2002-213    | The Prime Minister          | Application for Disclosure in regard to complaint about <i>3 News Special</i> , TV3 | Interlocutory Decision   | Application granted in Part                     |
| 2002-214    | Mike Munro                  | Application for Disclosure in regard to complaint about <i>3 News Special</i> , TV3 | Interlocutory Decision   | Application granted in Part                     |
| 2003-001    | Lois Durward                | <i>Mo Show</i> , TVNZ   | Offensive Visuals, Unsuitable for Children   | Upheld in Part<br>No Order                      |
| 2003-002    | Topline International       | <i>Fair Go</i> , TVNZ   | Unbalanced, Inaccurate, Unfair   | Not Upheld                                      |
| 2003-003    | Francis Fielding            | <i>The Tribe</i> , TV3  | Offensive, Unbalanced, Inaccurate, Unfair, Unsuitable for Children, Excessive Violence | Not Upheld                                      |
| 2003-004    | Kingdom Residential Housing | Discussion about leaky building syndrome on Newstalk ZB, TRN                        | Unfair   | Not Upheld                                      |
| 2003-005    | Dr Patrick Mulhern          | Discussion about trial on Newstalk ZB, TRN  | Encouraged Denigration and Vigilante Justice   | Not Upheld                                      |
| 2003-006    | Doug Smith                  | <i>20/20</i> item about prison emergency response squad, TV3                        | Unbalanced, Inaccurate, Unfair   | Upheld in Part<br>Order: Broadcast of Statement |

| Decision No | Name of Complainant        | Programme   | Nature of Complaint                           | Decisions   |
|-------------|----------------------------|---|---|---|
| 2003-007    | Julia Malcolm              | Reference to Incest on The Edge, The RadioWorks   | Offensive                                     | Upheld<br>Order: Broadcast of Statement   |
| 2003-008    | Julia Malcolm              | Reference to Incest on The Edge, The RadioWorks   | Breach of Privacy                             | Not Upheld  |
| 2003-009    | Jacqueline Grenfell        | Promo for play <i>Plato's Cave</i> , RNZ  | Offensive, Unsuitable for Children            | Not Upheld  |
| 2003-010    | Anne Shearer               | <i>Mercy Peak</i> , TVNZ  | Offensive, Unsuitable for Children            | Not Upheld  |
| 2003-011    | Christine Diamond          | <i>Choppers</i> , TVNZ  | Breach of Privacy                             | Declined to Determine   |
| 2003-012    | Christine Diamond          | <i>Choppers</i> , TVNZ  | Inaccurate and Unfair                         | Not Upheld  |
| 2003-013    | Daphne Wong                | <i>Flipside</i> , TVNZ  | Inaccurate, Unfair                            | Not Upheld  |
| 2003-014    | Dr L Exton                 | Promo for film <i>American Beauty</i> , TVNZ  | Offensive, Inappropriately Classified         | Not Upheld  |
| 2003-015    | Dr M C McGrath             | <i>Breakfast</i> item about America's Cup, TVNZ   | Offensive                                     | Not Upheld  |
| 2003-016    | Ken Turner Motors Ltd      | <i>Target</i> , TV3   | Unbalanced, Inaccurate, Unfair                | Not Upheld  |
| 2003-017    | Mr and Mrs B Radford       | <i>Private Investigators</i> , TVNZ   | Breach of Privacy                             | Upheld<br>Order: Broadcast of Statement and \$750 compensation to each complainant. |
| 2003-018    | John Kelcher               | Upheld Complaint about <i>Maximum Exposure - International Fight Club</i> , Prime               | Action Taken Insufficient                     | Upheld<br>Order: Broadcast of Statement   |
| 2003-019    | John Kelcher               | <i>Maximum Exposure - International Fight Club</i> , Prime                                      | Offensive, Unfair, Unsuitable for Children    | Upheld<br>Order: Broadcast of Statement   |
| 2003-020    | Bernard Maney              | <i>Jagud Guru Speaks</i> , Triangle   | Offensive, Unfair                             | Not Upheld  |
| 2003-021    | Graham Fox                 | <i>An Audience With The King</i> , TVNZ   | Offensive, Unsuitable for Children            | Not Upheld  |
| 2003-022    | Orion New Zealand Ltd      | <i>One News</i> item about electricity pricing, TVNZ  | Inaccurate                                    | Upheld<br>No Order  |
| 2003-023    | Murray Baylis              | <i>American Beauty</i> , Film, TVNZ   | Offensive, Unsuitable for Children            | Not Upheld  |
| 2003-024    | Jane Hulst                 | <i>Off The Wire</i> , RNZ   | Offensive, Inaccurate, Encouraged Denigration | Not Upheld  |
| 2003-025    | The Prime Minister         | Application by broadcaster for hearing in regard to complaint about <i>3 News Special</i> , TV3 | Interlocutory Decision                        | Application Declined  |
| 2003-026    | Mike Munro                 | Application by broadcaster for hearing in regard to complaint about <i>3 News Special</i> , TV3 | Interlocutory Decision                        | Application Declined  |
| 2003-027    | Stephen Peat               | Reference to Matthew Ridge on <i>Radio Hauraki</i> , TRN  | Offensive and Unfair                          | Upheld in Part<br>No Order  |
| 2003-028    | George and Eileen Anderson | <i>DNZ World Extra: Palestine is Still the Issue</i> , TVNZ                                     | Unbalanced, Inaccurate, Unfair                | Not Upheld  |
| 2003-029    | Auckland Jewish Council    | <i>DNZ World Extra: Palestine is Still the Issue</i> , TVNZ                                     | Unbalanced, Inaccurate, Unfair                | Not Upheld  |
| 2003-030    | Tony Leverton              | <i>DNZ World Extra: Palestine is Still the Issue</i> , TVNZ                                     | Unbalanced, Inaccurate, Unfair                | Not Upheld  |
| 2003-031    | David Currie               | <i>One Late Edition</i> news item about cannabis, TVNZ  | Unbalanced, Inaccurate, Unfair                | Not Upheld  |
| 2003-032    | Colin Ellis                | <i>Liberation Talkback</i> on Radio Waatea, UMA Broadcasting                                    | Unbalanced, Encouraged Discrimination         | Not Upheld  |
| 2003-033    | Kristian Harang            | <i>Hot Property</i> , TVNZ  | Offensive, Unsuitable for Children            | Not Upheld  |
| 2003-034    | Russell Vickery            | <i>One News</i> item about signage on former brothel, TVNZ                                      | Inaccurate, Unfair                            | Not Upheld  |
| 2003-035    | Ian Penrice                | <i>One News</i> item about Waitangi Day, TVNZ   | Offensive, Breach of Privacy                  | Not Upheld  |
| 2003-036    | Colleen Pollard            | <i>Breakfast</i> item about Easter, TVNZ  | Unfair  | Not Upheld  |
| 2003-037    | Sylvia Shepherd            | <i>Paul Holmes Breakfast</i> jokes about French and German troops, TRN                          | Encouraged Denigration                        | Not Upheld  |

| Decision No | Name of Complainant                                      | Programme  | Nature of Complaint  | Decisions  |
|-------------|--|--|--|--|
| 2003-038    | James Cone   | <i>Morning Report</i> item about Maternity Services, RNZ | Offensive, Causing Alarm                                       | Not Upheld   |
| 2003-039    | David Galbraith  | Comments of ZM 89.8, TRN                                 | Encouraged Denigration   | Not Upheld   |
| 2003-040    | John Lowe  | Promo for <i>Always Greener</i> , TVNZ                   | Offensive, Unsuitable for Children                             | Not Upheld   |
| 2003-041    | John McLellan  | Reference on <i>Holmes</i> to Wellington Stadium, TVNZ   | Derogatory   | Declined to Determine                                |
| 2003-042    | Chris Clarke   | <i>One News</i> item about drug overdose, TVNZ           | Inaccurate   | Not Upheld   |
| 2003-043    | Paul Clarke  | <i>Bea Arthur On Broadway</i> , RNZ                      | Offensive  | Not Upheld   |
| 2003-044    | M D Sharp  | <i>The Racing Show</i> on Radio Pacific, The RadioWorks  | Offensive  | Upheld<br>No Order                                   |
| 2003-045    | C R Turner   | Live Coverage of racing, TVNZ                            | Incidental Liquor Promotion,<br>Saturation of Liquor Promotion | Upheld in Part:<br>Order: Costs of \$750<br>to Crown |
| 2003-046    | Linda Beattie  | <i>The Assignment</i> , film, TVNZ                       | Offensive, Unsuitable for Children                             | Upheld in Part<br>No Order                           |
| 2003-047    | Barbara Calvert  | <i>Issues 101</i> , film, Triangle                       | Offensive, Unsuitable for Children                             | Upheld in Part<br>Order: Broadcast of<br>Statement.  |
| 2003-048    | John Blackaby  | <i>Holmes</i> item about probation service, TVNZ         | Unbalanced, Unfair   | Not Upheld   |
| 2003-049    | Cherry Smith   | <i>Eyes Wide Shut</i> , film, TVNZ                       | Offensive, Unsuitable for Children                             | Not Upheld   |
| 2003-050    | TG   | <i>Sunday</i> item about prison officer, TVNZ            | Breach of Privacy  | Not Upheld   |
| 2003-051    | Society for Protection of Unborn Child                   | <i>Inside NZ: The Hardest Decision</i> , TV3             | Unbalanced and Inaccurate about law                            | Not Upheld   |
| 2003-052    | David Wakim on behalf of Palestine Human Rights Campaign | <i>Morning Report</i> item about Bethlehem, RNZ          | Inaccurate   | Upheld<br>No Order                                   |
| 2003-053    | Des Casey  | Comments about cricket on <i>Radio Sport</i> , TRN       | Offensive, Unfair, Sexist                                      | Not Upheld   |
| 2003-054    | Lynley Claridge  | News item on Blue Skies FM, Blue Skies FM                | Unbalanced, Inaccurate, Unfair                                 | Upheld in Part<br>No Order                           |



## Notes to the Financial Statements continued

**4. DEPRECIATION**

| <b>Asset Class</b>        | <b>2003<br/>Actual</b> | <b>2003<br/>Budget</b> | <b>2002<br/>Actual</b> |
|---------------------------|------------------------|------------------------|------------------------|
|                           | <b>\$</b>              | <b>\$</b>              | <b>\$</b>              |
| Computer Equipment        | 3,692                  | 6,000                  | 4,538                  |
| Furniture and Fittings    | 3,602                  | 3,000                  | 1,665                  |
| Partitioning and Fitout   | 2,267                  | 2,000                  | 1,626                  |
| Photocopier               | 6,569                  | 7,000                  | 6,569                  |
| Office Equipment          | 1,405                  | 2,000                  | 1,522                  |
| <b>TOTAL DEPRECIATION</b> | <b>\$17,535</b>        | <b>\$20,000</b>        | <b>\$15,920</b>        |

**5. CASH, BANK & TERM DEPOSITS**

This comprises cash balances held on hand and in deposits with New Zealand banks.

|                             | <b>2003<br/>Actual</b> | <b>2003<br/>Budget</b> | <b>2002<br/>Actual</b> |
|-----------------------------|------------------------|------------------------|------------------------|
|                             | <b>\$</b>              | <b>\$</b>              | <b>\$</b>              |
| Cash on hand:               |                        |                        |                        |
| Petty Cash                  | 100                    | 100                    | 100                    |
| Banks:                      |                        |                        |                        |
| WestpacTrust:               |                        |                        |                        |
| - Current Accounts          | 18,138                 | 10,900                 | 10,131                 |
| - Ready Access/Term Deposit | 396,151                | 181,000                | 275,413                |
|                             | <b>\$414,389</b>       | <b>\$192,000</b>       | <b>\$285,644</b>       |

The weighted average interest rate was 5.23% per annum (2002 5.12%)

**6. BANK OVERDRAFT**

The bank overdraft is unsecured. The facility available totals \$5,000. (2002 \$5,000)

The current interest rate on the bank overdraft is 13.25% per annum. (2002 13.25%) This is a floating rate set quarterly by the bank.

## Notes to the Financial Statements continued

| 7. NON CURRENT ASSETS |                           |                          |               |
|-----------------------|---------------------------|--------------------------|---------------|
| 2001/02               |                           |                          | 2002/03       |
| 5,687                 | Artworks                  | At cost                  | 5,687         |
| (5,687)               |                           | Accumulated Depreciation | (5,687)       |
| -                     |                           | Net Current Value        | -             |
| 77,295                | Computer Equipment        | At cost                  | 79,990        |
| (74,761)              |                           | Accumulated Depreciation | (78,453)      |
| 2,534                 |                           | Net Current Value        | 1,537         |
| 58,733                | Furniture & Fittings      | At cost                  | 71,104        |
| (54,985)              |                           | Accumulated Depreciation | (58,587)      |
| 3,748                 |                           | Net Current Value        | 12,517        |
| 64,210                | Partitioning & Fitout     | At cost                  | 67,705        |
| (60,843)              |                           | Accumulated Depreciation | (63,110)      |
| 3,367                 |                           | Net Current Value        | 4,595         |
| 36,490                | Photocopier               | At cost                  | 36,490        |
| (28,261)              |                           | Accumulated Depreciation | (34,830)      |
| 8,229                 |                           | Net Current Value        | 1,660         |
| 28,471                | Office Equip/Televisions  | At cost                  | 29,746        |
| (25,608)              |                           | Accumulated Depreciation | (27,013)      |
| 2,863                 |                           | Net Current Value        | 2,733         |
| 270,886               | <b>TOTAL FIXED ASSETS</b> | At cost                  | 290,722       |
| (250,145)             |                           | Accumulated Depreciation | 267,680       |
| <b>20,741</b>         |                           | <b>Net Current Value</b> | <b>23,042</b> |

## Notes to the Financial Statements continued

**8. RECONCILIATION OF THE NET OPERATING SURPLUS/DEFICIT WITH  
NET CASH FLOWS FROM OPERATING ACTIVITIES FOR THE YEAR**

|  | 2003           | 2002             |
|--|----------------|------------------|
|  | Actual         | Actual           |
|  | \$             | \$               |
| Reported Surplus/(Deficit) For The Year            | 93,532         | 148,425          |
| Add Non-Cash Items:                                |                |                  |
| Depreciation                                       | 17,535         | 15,920           |
| Add Movements In Other Working Capital Items:      |                |                  |
| (Increase) Decrease in Accounts Receivable         | 2,345          | (2,189)          |
| Increase (Decrease) in Accounts Payable            | 37,754         | 14,939           |
| Increase (Decrease) in Provision for Holiday Pay   | 7,630          | 242              |
| (Increase) Decrease in Net GST Receivable          | (11,065)       | (1,499)          |
| (Increase) Decrease in Prepayments                 | 850            | (1,197)          |
| Add Activities Classified As Investing Activities: |                |                  |
| Loss of disposal                                   | 350            | -                |
| <b>Net Cash Flow From Operating Activities</b>     | <b>148,931</b> | <b>\$174,641</b> |

**9. FINANCIAL INSTRUMENTS**

Broadcasting Standards Authority is party to financial instrument arrangements as part of its everyday operations. These financial instruments include instruments such as bank balances, investments and accounts receivable.

**Credit Risk**

In the normal course of its business, the Authority incurs credit risk from trade debtors, and transactions with financial institutions.

The Authority does not require any collateral or security to support financial instruments with financial institutions that the Authority deals with, as these entities have high credit ratings. For its other financial instruments the Authority does not have significant concentrations of credit risk.

**Fair Value**

The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

**Currency and Interest Rate Risk**

The Authority does not consider that it has any significant exposure to interest rate or currency risk on its financial instruments.

**10. RELATED PARTY INFORMATION**

The Broadcasting Standards Authority is a wholly owned entity of the Crown. The Government provides a major source of revenue (Grant) via the Ministry for Culture and Heritage.

The provision of these funds is on an arm's-length basis and is not considered to be a related party transaction. There were no other related party transactions.

## Appendix 1

### Analysis of Decisions July 2002 - June 2003

|                       |                           |                        |
|-----------------------|---------------------------|------------------------|
| July 2002 - June 2003 | Complaints Received: 169  | Decisions Issued: 182  |
| July 2001 - June 2002 | Complaints Received: 186  | Decisions Issued: 259  |
| July 2000 - June 2001 | Complaints Received: 197  | Decisions Issued: 189  |
| July 1999 - June 2000 | Complaints Received: 206  | Decisions Issued: 239  |
| July 1998 - June 1999 | Complaints Received: 204  | Decisions Issued: 184  |
| July 1997 - June 1998 | Complaints Received: 174  | Decisions Issued : 177 |
| July 1996 - June 1997 | Complaints Received : 206 | Decisions Issued : 199 |
| July 1995 - June 1996 | Complaints Received : 179 | Decisions Issued : 171 |
| July 1994 - June 1995 | Complaints Received : 162 | Decisions Issued : 144 |
| July 1993 - June 1994 | Complaints Received : 168 | Decisions Issued : 151 |
| July 1992 - June 1993 | Complaints Received : 159 | Decisions Issued : 144 |
| July 1991 - June 1992 | Complaints Received : 106 | Decisions Issued : 76  |
| July 1990 - June 1991 | Complaints Received : 52  | Decisions Issued : 45  |

### July 2002 - June 2003 Basis Of Complaint (2001 - 2002 figures in brackets)

|                         | Total                      |       | Good Taste & Decency<br>(including language) |       | Balance, Fairness<br>and Accuracy |      |
|-------------------------|----------------------------|-------|--|-------|-----------------------------------|------|
| Declined <sup>2</sup>   | 139                        | (189) | 39   | (128) | 63                                | (42) |
| Upheld (all or in part) | 32                         | (70)  | 14   | (40)  | 12                                | (13) |
| Interlocutory Decisions | 11                         | (-)   |  |       |                                   |      |
| Declined Jurisdiction   | 12                         | (15)  |  |       |                                   |      |
| Complaint Withdrawn     | 10                         | (5)   |  |       |                                   |      |
|                         | <b>Alcohol Advertising</b> |       | <b>Violence</b>                              |       | <b>Privacy</b>                    |      |
| Declined                | -                          | (1)   | 2  | (-)   | 10                                | (9)  |
| Upheld (all or in part) | 1                          | (-)   | -  | (3)   | 2                                 | (10) |
|                         | <b>Discrimination</b>      |       | <b>Protection of Children</b>                |       | <b>Other</b>                      |      |
| Declined                | 9                          | (5)   | 17   | (4)   | (-)                               |      |
| Upheld (all or in part) | -                          | (1)   | 4  | (3)   | (-)                               |      |

<sup>2</sup> This category includes the 6 decisions that the Authority, after investigating the complaint to the extent possible, issued a decision in which it declined to determine the complaint.

**By Broadcaster and Programme  
(2001 - 2002 figures in brackets)**

|                                     | Total   | News    | Current Affairs        | Holmes | Talkback | Documentary | Other   |
|-------------------------------------|---------|---------|------------------------|--------|----------|-------------|---------|
| <b>TVNZ</b>                         |         |         |                        |        |          |             |         |
| Declined                            | 71 (71) | 14 (21) | 2 (6)                  | 7 (3)  |          | 3 (3)       | 45 (38) |
| Upheld (all or in part)             | 9 (18)  | 2 (7)   | 1 (-)                  | - (6)  |          | - (2)       | 6 (3)   |
| <b>TV3</b>                          |         |         |                        |        |          |             |         |
|                                     |         |         | <b>Current Affairs</b> |        |          |             |         |
| Declined                            | 13 (28) | 3 (7)   | 1 (2)                  |        |          | - (7)       | 9 (19)  |
| Upheld (all or in part)             | 3 (8)   | - (1)   | 1 (2)                  |        |          | - (1)       | 2 (4)   |
| <b>Sky</b>                          |         |         |                        |        |          |             |         |
| Declined                            | - (5)   |         |                        |        |          | - (1)       | 5 (1)   |
| Upheld (or in part)                 | - (-)   |         |                        |        |          | - (-)       | - (-)   |
| <b>RNZ</b>                          |         |         |                        |        |          |             |         |
| Declined                            | 18 (13) | 5 (3)   | 2 (-)                  |        |          | - (-)       | 11 (10) |
| Upheld (all or in part)             | 1 (-)   | 1 (-)   | - (-)                  |        |          | - (-)       | - (-)   |
| <b>Other Radio &amp; Television</b> |         |         |                        |        |          |             |         |
| Declined                            | 37 (72) | 3 (2)   |                        |        | 1 (7)    | - (3)       | 33 (63) |
| Upheld (all or in part)             | 19 (44) | 1 (-)   |                        |        | - (5)    | - (-)       | 18 (39) |



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