

BROADCASTING STANDARDS AUTHORITY

STATEMENT OF INTENT

2003 – 2006

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Foreword

Broadcasting has a significant and positive impact on New Zealand society. It has an important role in entertaining, informing and educating its citizens.

However, because of broadcasting's impact on society, most countries have instituted some legislative constraints on the content that may be broadcast. The constraints range from censorship to more light-handed forms of regulation.

Internationally, New Zealand is recognised as having a light-handed legislative framework which encourages broadcasters to develop codes of practice that are approved by the regulator. It provides an avenue for members of the public to seek redress when they believe that broadcasting standards have been infringed.

In general, complaints about alleged breaches of the codes are first heard by the broadcaster and, only if the complainant is dissatisfied with the broadcaster's response, can the complaint be referred to a statutory body with a quasi-judicial function – the Broadcasting Standards Authority. Privacy complaints may be referred to the Authority in the first instance.

1.0 Introduction

1.1 This Statement of Intent for the years 2003 to 2006 has been produced in accordance with s.41(d) of the Public Finance Act 1989.

1.2 It deals with the following matters:

- the Authority's legislative mandate;
- the Authority's mission statement;
- the Authority's four principal objectives;
- an analysis of the critical sector issues, or the operating environment, impacting on the Authority and its functions;
- a detailed description of the nature and scope of the activities to be undertaken by the Authority, including a description of outputs, outcomes, performance standards, activities and performance measures;
- the principal management procedures; and
- a statement of financial performance and accounting policies.

2.0 The Authority's legislative mandate

2.1 The Broadcasting Standards Authority (BSA) is a Crown Entity established by and exercising a statutory function under the Broadcasting Act 1989.

2.2 In summary, the main functions of the Authority outlined in s.21 of the Act are:

- to receive and determine complaints about alleged breaches of codes of broadcasting practice;
- to encourage broadcasters to develop codes of broadcasting practice for the Authority's approval on a range of matters, including
 - good taste and decency
 - the protection of children
 - the portrayal of violence
 - fairness, balance and accuracy
 - privacy of the individual
 - safeguards against discrimination; and
- to conduct research and publish findings on matters relating to broadcasting standards.

3.0 The Authority's Mission Statement

3.1 The Authority's Mission Statement reads as follows:

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

3.2 The Authority's Mission Statement is intended to provide its stakeholders with a clear view of how the Authority sees itself and its role in broadcasting standards, and to provide the Authority with a clear statement of the philosophy and values that defines its role in maintaining broadcasting standards in New Zealand.

4.0 The Authority's objectives

4.1 The Authority's Mission Statement is supported by four operational objectives which are reflected in the output classes. While the Mission Statement defines the Authority's role, the four objectives provide a focus and framework for the discharge of the Authority's functions.

4.2 The four operational objectives are:

- to determine formal complaints as promptly and informally as possible while acknowledging the Authority's statutory function, which includes following the principles of natural justice and the other requirements of the Broadcasting Act 1989;
- to ensure broadcasting codes of practice and advisory opinions are developed and maintained which encourage the development of standards of broadcasting acceptable to the community;
- to initiate research into broadcasting standards matters that will enhance the Authority's ability to approve codes of broadcasting practice and issue advisory opinions, to determine complaints, and to assist broadcasters in maintaining standards acceptable to the community; and
- to ensure the community is aware of broadcasting standards matters, the complaints process, how individuals can access it, the role of the Authority and the integrity of its decision-making processes.

5.0 The Authority's operating environment

5.1 Legislative mandates, mission statements and operating objectives do not stand in isolation from the environment they seek to regulate, influence or guide. Some operating environments are relatively constant; others are less so.

- 5.2 The broadcasting environment is one of frequent changes. These include changes in the values and expectations of the community and broadcasters, changes in technology and programme genres, changes in broadcaster standards and practices and, finally, ever increasing demands for consumer participation. This is the dynamic environment within which the Broadcasting Standards Authority operates.

Complaint trends

- 5.3 During the financial year 2001-2002, the Authority released 259 decisions – the highest number in any financial year. The number of complaints referred to the Authority have increased over the last five years.
- 5.4 A noticeable recent trend is that complaints before the Authority have become more complex. While it is expected that the Authority's complaints function will remain at approximately 80% of members' time for the foreseeable future, the resource allocation required for complaints determination has been increased to ensure members continue to receive the best possible advice and support services from the Authority's secretariat.
- 5.5 Whether the Authority or the Advertising Standards Complaints Board should consider complaints about the placement of advertisements within programmes is another factor that may have an impact on the Authority's complaints workload. This matter is the subject of a High Court hearing in 2003 and a Court determination that the Authority must consider complaints about the placement of advertisements within programmes may have a consequent impact on the Authority's workload.
- 5.6 The proportion of complaints relating to the categories of good taste and decency, balance, fairness and accuracy, privacy, violence, alcohol promotion, and discrimination has remained similar to previous years. About 40 percent of complaints involve alleged breaches of good taste and decency which is matched by a similar percentage involving complaints about balance, fairness and accuracy. Around 10 percent comprise privacy complaints, with the remaining 10 percent involving violence, discrimination and alcohol promotion.
- 5.7 In 2003, the Authority will review the complaints process to ensure it complies with best practice benchmarks for similar statutory or bureaucratic processes. In the 2004/05 year, it will commission an independent audit of broadcasters and complainants to determine their views of the fairness of the process. These reviews will be conducted every three years to ensure the complaints process meets the highest possible standards.

Community and broadcaster expectations

- 5.6 On a regular basis, Authority members and staff speak to community and broadcasting industry representatives on broadcasting standards and the role of the Authority. These meetings often illustrate a wide range of opinion about the role of regulation in the maintenance of broadcasting standards. As might be expected, consensus on regulation is often hard to achieve. This debate is also apparent in media comment.

- 5.7 Such debates are healthy and to be expected. The Authority recognises that there are people in the community who adhere to standards that differ from the majority, just as there are broadcasters who view critically every decision of the Authority particularly when a complaint is upheld.
- 5.8 An additional consideration is that community values and expectations change. The Authority attempts to monitor such changes through its research and community liaison programmes.
- 5.9 The Authority has the difficult task of balancing often-conflicting perspectives in coming to a considered view on a complaint. By its very nature, any degree of regulation places a constraint on the broadcaster in that it prevents broadcasting any material without fear of formal censure.
- 5.10 The more complex complaints are those which raise issues of balance, fairness and accuracy. Community expectations for these values remain relatively constant, while the details listed by some complainants require the Authority to give careful and intense consideration when applying these values to specific broadcasts.

Legal developments

- 5.11 A continuing development in the Authority's decision-making in recent years with respect to its complaints determination is the impact of the New Zealand Bill of Rights Act 1990.
- 5.12 The development of jurisprudence surrounding the Bill of Rights legislation is apparent in two landmark Court of Appeal decisions, *Moonen v Film and Literature Board of Review* [2000] 2 NZLR 9 and *Moonen v Film and Literature Board of Review* [2002] 2 NZLR 754. These judgments concern a process that organisations like the Authority might adopt in the determination of complaints where a decision may impose constraints on freedom of expression.
- 5.13 The Authority views this matter as critical to its task of managing the tension between freedom of expression and the statutory framework provided by the Broadcasting Act 1989. It will continue to appraise the developing jurisprudence in this area to assist in its determination of complaints.
- 5.14 As discussed in paragraph 5.5 of this document, the Authority anticipates that another jurisdictional matter which involves the conjunction of programmes and advertising will be resolved in a High Court judgment to be heard in 2003.

Research

- 5.16 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.

- 5.17 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.
- 5.18 Over the past four years, the Authority's public opinion research has focused on a benchmark study of community attitudes towards a range of broadcasting standards matters. Specific research projects have been designed to capture the views of particular groups within the community (for example children and parents) or have dealt with a specific broadcasting standards issue such as privacy. The projects are designed to complement the wider research strategy.
- 5.19 Over the next three years, the Authority intends to continue this two-pronged strategic approach to its research programme.
- 5.20 The Authority will embark on another major public opinion survey of attitudes towards a range of broadcasting standards in 2004-2005. This study will replicate the 1993 and 1999 benchmark surveys and will provide a comparative base to demonstrate the ways in which public opinion has, or has not, changed over a six-year period. However, to assist the Authority keep abreast with more immediate trends in community attitudes, community focus group discussions - with Authority members participating in the exercise - will be carried out on a regular and on-going basis.
- 5.21 This long-term research will be supplemented with special projects designed to provide the Authority with information on particular broadcasting topics.
- 5.22 During 2003-2004, the Authority intends to commission a study on the portrayal of Māori and minorities in the New Zealand broadcast media. It will be designed to inform the Authority when it considers complaints alleging breaches of standards relating to discrimination. This study will be in two parts: the first part of the study will consider the portrayal of Māori in the broadcast media and the second part of study will consider the portrayal of minority groups as described in s.21(1)(e)(iv) of the Broadcasting Act 1989.
- 5.23 During 2005-2006, the Authority plans to research the family viewing and listening dynamics in the digital age. It is anticipated that this study will provide an in-depth analysis of media use habits in digital households, and keeps the Authority abreast of matters concerning the impact of new technology in New Zealand families.

Changes in broadcaster standards and practices

- 5.24 Changing community standards, changes in technology and changes in broadcaster standards and practices must be reflected in the codes of broadcasting practice against which broadcasters and the Authority receive and determine complaints.
- 5.25 Currently, there are five codes and one advisory opinion. The codes are:

- free-to-air television – reviewed and introduced in January 2002;
- subscription television – reviewed and introduced in 2000;
- radio – reviewed and introduced in 1999;
- the promotion of liquor programme code – last reviewed in 1995. The Authority agreed that the public submission process undertaken for the review of the liquor advertising code could be utilised by the broadcasters to review the promotion of liquor programme code before placing any recommendations for change before the Authority for the Authority's approval under s. 21(g) of the Broadcasting Act 1989. This process is expected to take place during the second half of the 2003 calendar year; and
- election advertising – reviewed in 1996.

5.26 The Authority issued an advisory opinion on privacy in 1992. This was last amended in 1999.

5.27 An amendment to the Broadcasting Act 1989 in 2000 enables the Authority to issue a code on privacy.

5.28 The research project on privacy and informed consent, completed in the first half of 2003, will play an important role when the Authority decides to review the privacy principles.

5.29 The Authority conducts an internal review of each code on an annual basis to ensure its continued relevance.

Serving citizens

5.30 A principal function of the Authority is to provide the community with a means of registering its concern about broadcasting standards.

5.31 While the number of complaints will differ from year to year, overall it has risen steadily during the Authority's 14-year existence.

5.32 Part of this upward trend over the years might be attributed to changes in the wider social environment where citizens expect to be able to register their concerns and have those concerns addressed.

5.33 Section 21(1)(c) of the Broadcasting Act 1989 requires the Authority to publicise its procedures in relation to complaints. This task will continue to be an important part of the Authority's communications strategy in the period 2003 to 2006.

5.34 The Authority is committed to the principles of the Treaty of Waitangi and the Government's strategic priorities for Māori. This will be particularly important given the increase in the availability of iwi radio stations in many areas and the establishment in 2003 of the Māori Television Service.

- 5.36 During 2003, the Authority will be conducting an internal assessment of the likely social and economic environment for broadcasting over the medium to longer term. An important factor in that assessment will be the possible impact of the realignment of Television New Zealand as a Crown owned company with a public broadcasting charter.

6.0 In conclusion

- 6.1 Despite the significant changes in the broadcasting environment over the past 13 years, the Authority has provided a quality and consistent service to citizens and broadcasters.
- 6.2 This Statement of Intent for the years 2003 to 2006 predicts further changes in that environment, but it also details the manner in which the Broadcasting Standards Authority proposes to meet those challenges.
- 6.3 The Authority is in good heart, is prepared for the future and looks forward to providing a quality service for the community in the years ahead.

Peter Cartwright
Chair
July 2003

Hon Steve Maharey
Minister of Broadcasting
July 2003

Appendix I	The Authority's statement of objectives and service performance for the year ending 30 June 2004
Output 1	Determine Formal Complaints
Objective	<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"> • manage the process as promptly and informally as possible, acknowledging the quasi-judicial nature of the Authority; and • follow the principles of natural justice and the other requirements of the Broadcasting Act 1989.
Outcome	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.
Description	<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.</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.

Penalties will be, and will be seen to be, fair and effective.

The Authority will exercise its power to order a broadcaster to pay costs to the Crown in a fair and reasonable manner.

The Authority will respond to all queries about formal complaints procedures in a helpful manner and provide accurate and full information while maintaining impartiality.

Activities for the year ending 30 June 2004

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 to 225).

Costs

		Budget	% of total resources
Financial	Personnel	387,500	
	Operating	285,200	
	Depreciation	<u>12,400</u>	
		\$685,100	62%

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

- 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

- issue decisions on formal complaints about election programmes within 48 hours;

Target: 100 percent

- 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. It will also be available to the public, on request; and
- 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. It will also be available to the public, on request.

Output 2 Review Codes of Broadcasting Practice

Objective On a continuing basis and mindful of the views of the public and broadcasters, and local and international practices and research findings, the Authority will:

- review the adequacy of the currently approved Codes;
- where necessary, encourage broadcasters to develop new standards that meet the Authority's concerns; and
- as a last resort, impose Codes.

Outcome 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.

Description The Authority will conduct an annual review of all Codes and principles set out in Advisory Opinions. The review will involve:

- consultation with broadcasters to ascertain their views of the effectiveness of the current Codes; and
- consultation with groups representing viewers and listeners to ascertain their views of the effectiveness of the current Codes.

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.

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.

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.

In the case of new and significant trends in broadcasting, the Authority will encourage broadcasters to develop a Code to meet appropriate broadcasting standards.

**Activities for
the year ending
30 June 2004**

The Authority will:

- complete an annual review of all Codes and Advisory Opinions; and
- aided by research, consider the development of a Code of broadcasting practice relating to issues of privacy and informed consent.

Costs

		Budget	% of total resources
Financial	Personnel	50,000	
	Operating	36,800	
	Depreciation	<u>1,600</u>	
		\$88,400	8%

**Performance
Measures**

The Authority will:

- publish a summary of the annual review of all Codes and Advisory Opinions in the Authority's annual report; and
- report progress against agreed milestones with broadcasters in its annual report, should the development of a new Code take place.

Output 3 Research**Objective** The Authority will:

- conduct research on matters relating to standards of broadcasting practice in New Zealand.

Outcome The Authority's research will result in expanded knowledge which will:

- enhance the Authority's ability to approve codes and determine complaints; and
- assist broadcasters in maintaining standards acceptable to the community.

Description 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.

In determining its research programme, the Authority will consult relevant stakeholders, including representatives of the community, broadcasters and academics from appropriate disciplines.

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.

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.

**Activities for
the year ending
30 June 2004**

The Authority will undertake:

- four "litmus test" exercises designed to further Authority members' understanding of current community attitudes on matters of good taste and decency;
- a project designed to research the portrayal of Māori and minorities in the New Zealand broadcast media.

Costs

		Budget	% of total resources
Financial	Personnel	125,000	
	Operating	92,000	
	Depreciation	<u>4,000</u>	
		\$221,000	20%

Performance Measures

The Authority will:

- have all significant research projects peer reviewed by independent research experts;
- publish the results of that peer review in the Authority's annual report;
- competently manage all research projects with performance measured against pre-established milestones;
- publish the results of performance against milestones in the Authority's annual report.

Output 4 Communications and Information

Objective	<p>The Authority will execute a communications strategy with the objectives of increasing awareness of:</p> <ul style="list-style-type: none"> • 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	<p>The Authority's communications and information strategy will:</p> <ul style="list-style-type: none"> • 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	<p>Once a year, the Authority will formally review and, if necessary, amend its communications strategy.</p> <p>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.</p> <p>Communications tools will include:</p> <ul style="list-style-type: none"> - 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 2004**

The Authority will undertake the following activities:

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

Costs

		Budget	% of total resources
Financial	Personnel	62,500	
	Operating	46,000	
	Depreciation	<u>2,000</u>	
		\$110,500	10%

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.

Appendix II Principal Management Procedures

This Statement of Intent records that most of the Authority's financial resources are expended in the determination of complaints. However, the Authority cannot anticipate the number of complaints which are received and, therefore, the number of decisions issued. The number of decisions has been increasing steadily, and the Authority's three year objectives are based on that trend continuing.

The Authority's decisions are appealable, as of right, to the High Court and its processes are subject to judicial review. The Authority will continue to budget for reasonable legal fees. However, should it be involved in a matter which involves considerable expense beyond budget, it may be necessary for the Authority seek additional funds by way of appropriation.

Management of Risk

The Authority carries comprehensive insurance covering all normal business risks.

Insured values are reviewed annually and adjusted to reflect changes in business operations.

Human Resources

While section 56 of the State Sector Act 1988 is restricted to Government Departments, the Authority uses that legislation as a guide to its employment practices.

Conflicts of Interest

Potential conflict of interest within the Authority can arise from the determination of complaints where an Authority member has an interest. Conflicts of interest are managed by maintaining a register of the interests of each Authority member. This register is updated annually. Authority members are also required to withdraw from the consideration of any complaint in which they have an interest, or a potential conflict.

Investment

Periodically the Authority has the requirement to invest surplus funds on a short term basis. These investments are made in keeping with the requirements of the Public Finance Act 1989.

Advice to the Minister

The Authority will keep the Minister of Broadcasting informed about its performance as set out in the Memorandum of Understanding signed by the Minister and the chair of the Broadcasting Standards Authority.

Appendix III

**STATEMENT OF FINANCIAL PERFORMANCE
FORECAST FOR 2002/2003 AND BUDGETS FOR THE NEXT 3
FINANCIAL YEARS UNTIL 30 JUNE 2006**

		2002/03	2003/04	2004/05	2005/06
		\$	\$	\$	\$
Revenue					
	Crown	565,000	609,000	609,000	609,000
	Levy	535,000	470,000	450,000	450,000
	Other	1,000	1,000	1,000	1,000
	Interest	19,000	15,000	15,000	15,000
TOTAL		1,120,000	1,095,000	1,075,000	1,075,000
Expenditure					
	Personnel	550,000	625,000	625,000	625,000
	Operating	500,000	460,000	460,000	460,000
	Depreciation	20,000	20,000	20,000	20,000
TOTAL		1,070,000	1,105,000	1,105,000	1,105,000
Surplus (Deficit) for the year		50,000	(10,000)	(30,000)	(30,000)
Public Equity 1 July		231,000	281,000	271,000	241,000
Public Equity 30 June		281,000	271,000	241,000	211,000

PROJECTED OUTPUTS 2003 – 2004 SUMMARY

		%
Output 1 – Determine Formal Complaints	685,100	62
Output 2 – Review Codes of Broadcasting Practice	88,400	8
Output 3 – Research	221,000	20
Output 4 – Communications and Information	110,500	10
	TOTAL	<u>100</u>
		<u>1,105,000</u>

Appendix IV**STATEMENT OF FINANCIAL POSITION****FORECASTS FOR THE YEARS ENDED 30 JUNE 2003 AND 2004**

	2003	2004
	\$	\$
Current Assets		
Cash Bank & Term Deposits	335,000	327,000
Accounts Receivable & Prepayments	2,000	2,000
GST Receivable	5,000	5,000
Non Current Assets		
Fixed Assets	21,000	21,000
	<u>363,000</u>	<u>355,000</u>
Current Liabilities		
Accounts Payables & Accruals	67,000	69,000
Employee Entitlements	14,000	14,000
Public Equity	282,000	272,000
	<u>363,000</u>	<u>355,000</u>

Appendix V

**STATEMENT OF CASHFLOWS
FORECASTS FOR THE YEARS ENDED 30 JUNE 2003 & 2004**

	2002/03	2003/04
	\$	\$
Cash Flows from Operating Activities		
Cash was provided from:		
Grants and Publication Sales and Misc	566,000	610,000
Broadcasting Levy	535,000	470,000
Interest Received	19,000	15,000
Cash was disbursed to:		
Payments to Employees and Members	(550,000)	(625,000)
Payments to Suppliers & Other Operating Expenses	(504,000)	(458,000)
Net Cashflow from Operating Activities	<u>66,000</u>	<u>12,000</u>
Cash Flows From Investing Activities		
Cash was disbursed to:		
Purchase of Fixed Assets	(20,000)	(20,000)
Net Increase (Decrease) in Cash Held	46,000	(8,000)
Plus Opening Cash at 1 July	286,000	332,000
Closing Cash as at 30 June	<u>332,000</u>	<u>324,000</u>

Appendix VI Broadcasting Standards Authority Statement of Accounting Policies for the year ending 30 June 2004

Reporting Entity

The Broadcasting Standards Authority was established by the Broadcasting Act 1989 which sets out the functions and responsibilities of the Authority. The financial statements are 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:

a Plant, Property and Equipment

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

b 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 estimated useful lives:

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

c Receivables

Accounts receivables are stated at their estimated net realisable value.

d 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.

e Taxation

- i) Income tax: Exempt from the payment of income tax in accordance with Section 33 of the Broadcasting Act 1989
- ii) FBT: FBT is payable on all fringe benefits
- iii) 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 which is GST inclusive.

- f **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.
- g **Provision for Employee Entitlement**
Annual leave is recognised on an entitlement basis.
- h **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.
- i **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.
- j **Statement of Cashflows**
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.
- k **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.

I 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.

Appendix VII**DIRECTORY****Members**

Peter Cartwright	of Wellington	Chair
Judy McGregor	of Wellington	
Rodney Bryant	of Dunedin	
Tapu Misa	of Auckland	

Staff

Evan Voyce	Chief Executive
Michael Stace	Complaints Manager/Deputy Chief Executive
Wiebe Zwaga	Research and Communications Manager
Neela Clinton	Complaints Executive
Karen Scott-Howman	Complaints Executive (Part time)
Sue Sowerby	Administration Manager
Margaret Giannotti	Administration Support Executive
Trish Cross	Receptionist

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