

**TE MANA WHANONGA KAIPĀHO
BROADCASTING STANDARDS AUTHORITY**

**TAUĀKĪ Ā-WHĀINGA
WHAKATUTUKI**

**STATEMENT OF
PERFORMANCE
EXPECTATIONS**

FOR THE YEAR ENDING 30 JUNE 2020

STATEMENT OF AUTHORISATION

This Statement of Performance Expectations (SPE) is presented to the House of Representatives in accordance with the Crown Entities Act 2004.

This SPE sets out our proposed performance targets and forecast financial information for the year ahead. It is produced in accordance with section 149E of the Crown Entities Act 2004.

The forecast financial statements and underlying assumptions in this document have been authorised as appropriate for issue by the Board of the Broadcasting Standards Authority in accordance with its role under the Crown Entities Act 2004. It is not intended to update the forecast financial statements subsequent to presentation.



Judge Bill Hastings
Chair



Paula Rose QSO
Member

June 2019

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STRATEGIC FRAMEWORK

SECTOR VISION	Promoting a confident and connected culture	
BSA VISION & PURPOSE	↑	OUR VISION IS FREEDOM IN BROADCASTING WITHOUT HARM ↑
	Our purpose is to prevent harm to New Zealanders, while fairly balancing the broadcasters' right to freedom of expression and reflecting the values of New Zealand's liberal democratic society	
OVERARCHING OUTCOME/GOAL	↑	What we intend to achieve: ↑
	New Zealanders can confidently engage with broadcast content that does not cause harm	
IMPACTS OVER TIME	↑	How we contribute and influence: ↑
	<ul style="list-style-type: none"> • Providing an effective and efficient complaints service which is accessible, fair, agile and modern • Issuing decisions on complaints that are fair, clear, robust and timely, and reflect our changing media environment and the culture, attitudes and values of our diverse communities • Overseeing broadcasting standards that are fit for purpose in the modern media environment to which they apply • Engaging with and educating broadcasters so that they understand and meet their broadcasting standards obligations • Engaging with and educating the public so they make informed decisions and safely manage broadcast content in their homes, and can access the complaints system 	
MEASURE OUR IMPACT	↑	How we know we are succeeding: ↑
	<ul style="list-style-type: none"> • Public awareness of the broadcasting standards system is maintained • Understanding of standards by broadcasters and the public is improved • A high level of trust and confidence in the system is maintained • Public awareness and use of the tools available to safely manage broadcast content is increased • There is a reduction in the number of upheld and not upheld complaints • Our decisions reflect the attitudes and values of our liberal democratic society 	
ACTIVITIES & SERVICES	↑	How we deliver: ↑
	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="border: 1px solid #0070C0; padding: 10px; width: 30%;"> <p style="text-align: center;">OVERSIGHT AND DEVELOPMENT OF THE BROADCASTING STANDARDS SYSTEM</p> <p>We oversee the broadcasting standards regime, work with broadcasters and others to set clear broadcasting standards, keep codes under review to reflect the contemporary environment, issue guidance, and undertake research which is relevant to the broadcasting standards regime</p> </div> <div style="border: 1px solid #0070C0; padding: 10px; width: 30%;"> <p style="text-align: center;">COMPLAINTS DETERMINATION</p> <p>We receive complaints about breaches of the Codes of Broadcasting Practice and aim to offer an efficient and effective service and issue robust, soundly reasoned, timely decisions that reflect the boundaries between freedom of expression and harm</p> </div> <div style="border: 1px solid #0070C0; padding: 10px; width: 30%;"> <p style="text-align: center;">EDUCATION AND ENGAGEMENT</p> <p>We engage with, and educate, the public and broadcasters so that they understand and can use the protections and guidance provided through the broadcasting standards system</p> </div> </div>	

INTRODUCTION

This SPE sets out how we measure our performance, and reports on the progress of that performance against our performance targets. Performance results against these SPE targets and also against the longer-term goals set out in our SOI are reported in our Annual Report.

The BSA's tribunal decision making function is a core part of what we do. It must be efficient, effective, responsive and modern. Equally important is our role in engaging with broadcasters and the public to promote the standards system, which enables New Zealanders to connect with broadcast content without harm. This is particularly important for tamariki and rangatahi, and their parents and caregivers, who are faced with navigating a wide range of digital content. Our role includes educating the public on how to use the standards system to make good decisions about what they choose to see and hear in the broadcasting environment. In this SPE we have refreshed our strategic framework to reflect our commitment to increase our focus on engagement and education to prevent harm, alongside our continuing work of responding to complaints brought to us, and ensuring our services are accessible and efficient.

We also have a critical role to play in supporting the review of content regulation in New Zealand to ensure that we have a regulatory system which supports public media and a healthy democracy and promotes the wellbeing of all New Zealanders.

In our role, we contribute to the wellbeing of New Zealanders and their families by supporting a standards framework designed to keep New Zealanders connected and safe. We do this by promoting a standards system that does not unduly

restrict broadcasters' right to freedom of expression, but enables audiences to safely access broadcast content and make informed decisions about what they, and children in their care, watch and listen to. Healthy and confident engagement with broadcast content is relevant to the safety, security, connectedness, wellness and development of communities, and children within those communities. We are particularly focused on supporting children and young people, and ensuring that our services are known and accessible to our diverse communities.

In our work we support the public media objectives by providing a framework of ethical standards that promotes democracy, protects civil rights and guides media in their provision of news, information and entertainment to the community. Our independence is critical to our contribution to promoting an informed democracy and safeguarding the media's independence.

In the year ahead we will review and update the Election Programmes Code and undertake greater community and broadcaster engagement. We will implement changes to the television codes to enhance responsible programming and reflect the modern content environment in which we operate. We will also assess what further changes to the Codes may be required taking into account the unprecedented terrorist attack in Christchurch. In light of these planned core function projects a small deficit is forecast which will require BSA to draw on its reserves. The reserves have been built up overtime for activities such as these. Notwithstanding the anticipated deficit, we will continue to carefully manage our costs and have strong reserves in line with our financial management policy.



This SPE is provided in two parts:

PERFORMANCE MEASURES

This section sets out performance measures, targets, estimates and budgets for the year ending 30 June 2020, in accordance with the Crown Entities Act 2004, in relation to our three activities and services. This section explains how our activities link to, influence and contribute to longer-term outcomes and the impact we intend to achieve.

As shown in our strategic framework, the three activities and services we deliver work collectively. Together, they contribute to the overarching goal and outcome, and what we intend to achieve.

Our performance measures are all linked to the key impacts we aim to achieve, which are:

- Public awareness of the broadcasting standards system is maintained
- Understanding of standards by broadcasters and the public is improved
- A high level of trust and confidence in the system is maintained
- Public awareness and use of the tools available to safely manage broadcast content is increased
- There is a reduction in the number of upheld and not upheld complaints.
- Our decisions reflect the attitudes and values of our diverse liberal democratic society.

We contribute to these impacts through the delivery of our three activities and services:

- complaints determination
- oversight and development of the broadcasting standards system
- education and engagement.

FORECAST FINANCIAL STATEMENTS

The forecast financial statements provide all appropriate information and explanations needed to fairly reflect the forecast financial operations and financial position of the BSA for the year ending 30 June 2020 in accordance with s149G of the Crown Entities Act 2004.

PERFORMANCE ASSESSMENT AND ANNUAL EXPECTATIONS

1. Complaints Determination

We receive complaints about breaches by broadcasters of the Codes of Broadcasting Practice and aim to issue fair, clear, robust, soundly reasoned, timely decisions that reflect the boundaries between freedom of expression and harm, and the changing media environment. Decisions are made by the Authority with legal and administrative support provided by the staff. The Authority's decisions can be appealed to the High Court.

Complaints determination is one of our core activities. Through this we can investigate and respond to actual and potential harms caused by broadcasting. It is in this role that we can enforce compliance with broadcasting standards.

It is connected to the work we do to oversee broadcasting standards, prevent harm, and assist compliance through our education and engagement functions.

Through our complaints determination service we aim to issue high quality decisions that are well reasoned and reflect community attitudes so that broadcasters and the public understand the standards and how they ought to apply. Overall through our decisions we aim to maintain a high level of trust and confidence in the standards system. Our measures set out below focus on high performance in the delivery of the complaints service and high quality in the decisions themselves.

KEY DELIVERABLES	PERFORMANCE MEASURES	2019/20 TARGET	2018/19 FORECAST	2017/18 ACTUAL	2016/17 ACTUAL
1.1 We provide a high quality complaints determination service.	Complaints activities are undertaken in accordance with agreed timeframes and standards ¹	90%	Achieved	Revised measure	Revised measure
1.2 Decisions are soundly reasoned	(a) External assessment of up to 5 decisions conducted to assess whether the BSA's reasoning, processes and/or interpretation of a standard are appropriate and reasonable	An external assessor agrees that the BSA's reasoning, process and/or interpretation in up to 5 decisions are appropriate and reasonable	Achieved An external review was undertaken on the BSA's reasoning and interpretation of complaints under the Discrimination and Denigration standard	Achieved An external review was undertaken on the BSA's reasoning and interpretation of the Election Programmes Code	An external review was not undertaken. Instead feedback on BSA interpretation and approach was provided by external stakeholders and taken into account in the Code review process

¹ Timeframes and standards are set out in the BSA policy manual.



KEY DELIVERABLES	PERFORMANCE MEASURES	2019/20 TARGET	2018/19 FORECAST	2017/18 ACTUAL	2016/17 ACTUAL
	(b) High Court judgments on appeals taken against BSA decisions are analysed and applied in subsequent decisions to enable improvements to the BSA's reasoning and process	Achieved	Achieved 2 appeals filed, one dismissed by Court	Achieved No appeals were filed	2 court decisions received and analysed
1.3 BSA delivers high quality complaints service	Complainants are satisfied with the processes, system and quality of service provided by the BSA in an annual survey	70%	Achieved	Achieved Average of <ul style="list-style-type: none"> 84% were satisfied with BSA's written correspondence 91% were satisfied with BSA's telephone contact 93% were satisfied with BSA staff's professionalism 	Achieved Average of <ul style="list-style-type: none"> 80% were satisfied with BSA's written correspondence 90% were satisfied with BSA's telephone contact 88% were satisfied with BSA staff's professionalism
1.4 BSA decisions reflect community standards and are understood by members of the public	Litmus test up to 5 decisions with groups of mixed ethnicity, age and gender, as to BSA approach to a standard, clarity of reasoning and decision outcome and identify current community attitudes on issues addressed by standards	75% rank decisions as acceptable, good or very good on a 5-point scale in terms of how well the public understand the reasoning and support the complaint outcome	Achieved	Achieved – 90% 4 decisions relating to the fairness standard litmus tested	Achieved – 87% 5 decisions on classification and time bands (programme information) litmus tested

COST OF COMPLAINTS DETERMINATION

	2019/20 BUDGET	2018/19 FORECAST	2018/19 BUDGET	2017/18 ACTUAL	2016/17 ACTUAL
TOTAL REVENUE	747,000	704,530	683,550	835,052	727,084
TOTAL EXPENDITURE	777,400	714,654	715,568	660,196	552,690
% OF TOTAL BUDGET	50%	47%	45%	54%	45%

2. Oversight and Development of the Broadcasting Standards System

We oversee the broadcasting standards regime, work with broadcasters and others to set clear broadcasting standards, and review codes so that they reflect the modern media environment to which they apply. We undertake research and, where appropriate, provide resources to support broadcasters to understand their obligations. We work co-operatively and openly with other content standards regulators and provide advice to policy officials on issues of reform as required.

Critical to this service is our portfolio of research activity, designed to ensure that we understand changing attitudes and expectations of our diverse community, so these can be reflected in our decisions and the standards. Linked to this, maintaining public awareness of the standards and the complaints system, is critical to the successful delivery of our service. Our education and engagement programme is designed to ensure that we reach New Zealand's diverse communities. We measure our impact through a bi-annual survey.

Codes of Broadcasting Practice underpin the complaints system and are designed to respond to the changing media and social environment. The standards provide an ethical framework guiding broadcasters to avoid harm from broadcasting. The standards also require broadcasters to provide information to their audiences, so that audiences themselves can choose to not engage with content that might harm them. Working with broadcasters to promote use of the tools offered to protect audiences, is another aspect of our work. To ensure that the standards and tools remain relevant, the codes and guidance provided is reviewed regularly. This year we will consult with stakeholders and the public on the Election Programmes Code ahead of the 2020 General Election.

Supporting broadcasters to meet the standards, is another important role that we play. We do this through clearly reasoned decisions and the provision of education and guidance. We measure our impact through an annual broadcaster survey. This year we have set ourselves a target for engagement with broadcasters to measure our reach to the wide range of broadcasters that we support.

KEY DELIVERABLES	PERFORMANCE MEASURES	2019/20 TARGET	2018/19 FORECAST	2017/18 ACTUAL	2016/17 ACTUAL
2.1 Codes remain relevant to the media environment to which they apply	Codes are reviewed internally every two years against new media developments and, if appropriate, revised in conjunction with broadcasters and after public consultation	Achieved Review of Election Code planned	N/A Timeband and classification review progressed	Achieved Review of free-to-air television timebands and classifications undertaken	N/A New Codebook gazetted and published on 1 April 2016
2.2 Research is commissioned that is relevant to ensuring that standards are contemporary and community expectations are understood	Commission and publish one research project that analyses or examines the application of a standard, or an aspect of broadcasting, or community attitudes and/or informs any future regulatory system and is assessed as thorough and of value to development of standards and/or future regulatory system	1 research and/or public consultation project undertaken Feedback from 5 stakeholders received that the research is valuable	Achieved Research conducted into attitudes to, and harms arising from nudity in broadcasting	Achieved Research into use of social media in broadcasting completed and guidance issued	Achieved



KEY DELIVERABLES	PERFORMANCE MEASURES	2019/20 TARGET	2018/19 FORECAST	2017/18 ACTUAL	2016/17 ACTUAL
2.3 Broadcasters fulfil obligations to publicise the complaints process	Audit undertaken every two years and non-compliant broadcasters notified and relevant information provided to them to assist them to comply	Achieved	N/A (every two years)	Achieved	N/A (every two years)
2.4 New Zealanders are aware of the BSA and aware they can make a formal complaint	Survey of public awareness undertaken every two years	75% of New Zealanders are aware of the BSA and aware they can make a formal complaint	Achieved	N/A (every two years)	Achieved - 92% are aware of the BSA - 83% are aware they can make a formal complaint
2.5 Broadcasters are satisfied with the quality of BSA processes, services and working relationships	Broadcasters rate BSA processes and working relationships as good or better and identify any issues. Issues are addressed following consideration by BSA Board	80% or more of broadcasters surveyed rank BSA processes and working relationships as good or very good on a 5-point scale. Issues raised are analysed and addressed	Achieved	Achieved 80% - working relationships 100% - processes <i>[NB all broadcasters surveyed]</i>	Achieved 100% - working relationships 83% - processes <i>[NB only broadcasters who had been through the complaints process surveyed]</i>
2.6 Broadcasters understand the standards and meet their obligations	BSA provides workshops and/or seminars to broadcasters on issues relating to broadcasting standards	Workshops, presentations or meetings are held with 15 broadcasters by BSA staff annually	Achieved	New Measure	New Measure

COST OF OVERSIGHT AND DEVELOPMENT OF THE BROADCASTING STANDARDS SYSTEM

	2019/20 BUDGET	2018/19 FORECAST	2018/19 BUDGET	2017/18 ACTUAL	2016/17 ACTUAL
TOTAL REVENUE	373,500	434,710	531,650	463,918	532,915
TOTAL EXPENDITURE	388,700	440,957	556,552	360,330	405,314
% OF TOTAL BUDGET	25%	29%	35%	30%	33%

3. Education and Engagement

We provide clear, user-friendly information about the broadcasting standards, the complaints process system and our decisions to broadcasters and the public. We undertake activities to raise awareness and educate broadcasters and the public about the BSA, broadcasting standards, and the complaints system. Our focus in this area is to prevent harm and to assist broadcasters to meet the standards.

Particularly important is the need to engage with New Zealand's diverse communities, including Māori, Asian and Pasifika communities and those outside of the main centres.

We engage with the public and broadcasters through our website, written guidance, strategic press releases, seminars and workshops. The aim is to ensure broadcasters are aware of and understand the standards, and that the public are aware of their right to complain and how the right to freedom of expression may be exercised in our democratic society. This year we intend to work with television broadcasters to raise awareness about the tools that are available to help audiences make appropriate choices about the broadcast content that they, and children in their care, will watch and listen to.

Our aim is that all people from different cultures, backgrounds and abilities are able to access and benefit from broadcasting standards in New Zealand.

KEY DELIVERABLES	PERFORMANCE MEASURES	2019/20 TARGET	2018/19 FORECAST	2017/18 ACTUAL	2016/17 ACTUAL
3.1 Production of newsletter to keep stakeholders informed	Newsletters published regularly throughout the year	9	9	Achieved 10	Achieved 10
3.2 Strategic media releases are issued on matters of strategic importance	Decisions of high public interest or that provide particular guidance on the application of standards and the standards regime are regarded as strategic and are communicated by way of a media release	Releases for at least 10 decisions issued before 30 June annually	Achieved	Achieved 20	Achieved 20
3.3 Complainants and broadcasters indicate high satisfaction with the usability, value and clarity of the website	Complainants and/or broadcasters (as part of any other service surveys) rate the value and clarity of the BSA website as good or very good on a 5-point scale	At least 70% of those surveyed rate the BSA website as good or very good on a 5-point scale	Survey reports due by June 2019	Achieved 86% - Complainants 85% - Broadcasters	Achieved 75.5% - Complainants 83% - Broadcasters



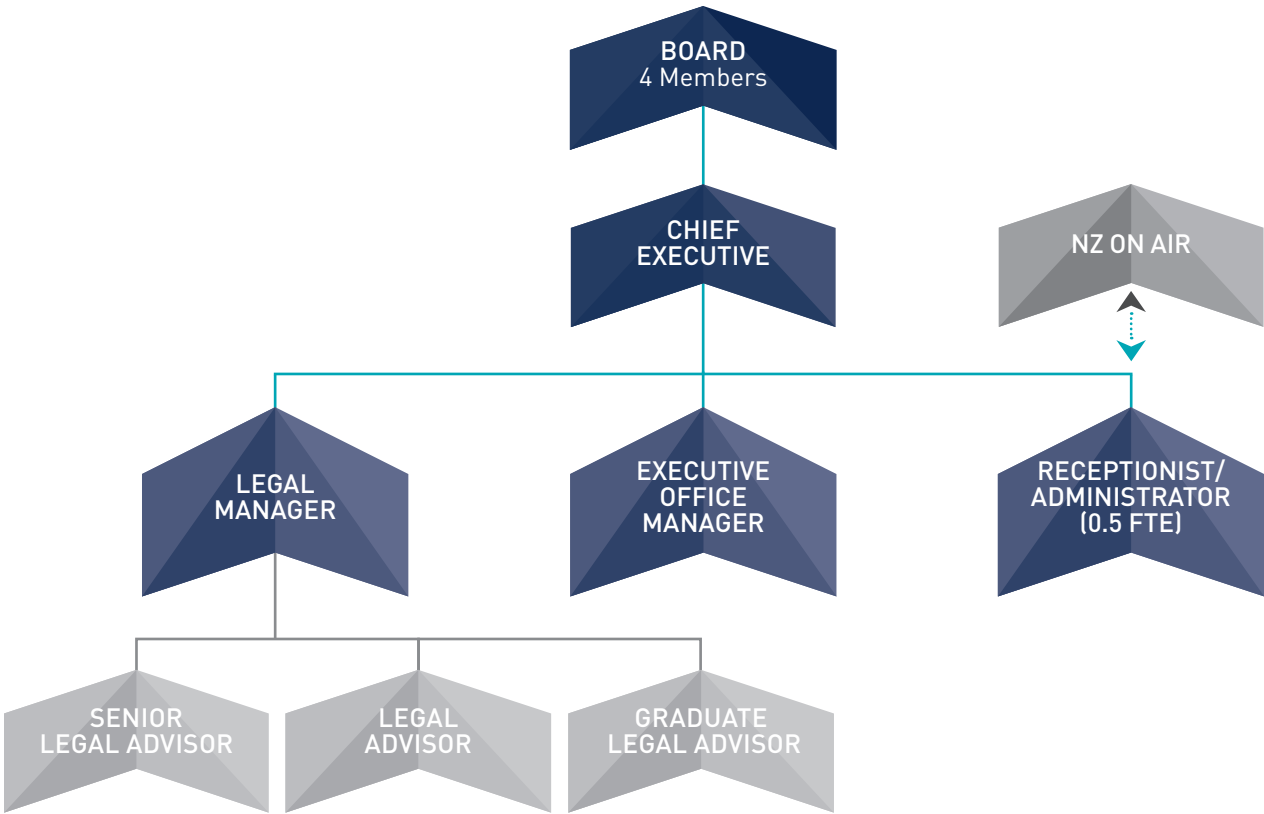
KEY DELIVERABLES	PERFORMANCE MEASURES	2019/20 TARGET	2018/19 FORECAST	2017/18 ACTUAL	2016/17 ACTUAL
3.4 Māori, Asian, and Pasifika community awareness of the BSA and the ability to make a complaint is increased	(a) Survey of public awareness undertaken every two years	75% of Māori, Asian and Pasifika are aware of the BSA and aware they can make a formal complaint ²	New Measure	New Measure	New Measure
	(b) Māori, Asian and Pasifika communities engage with BSA services	BSA provides 5 meetings, workshops or translated written guidance to Asian, Maori and/or Pasifika groups	New Measure	New Measure	New Measure

COST OF EDUCATION AND ENGAGEMENT

	2019/20 BUDGET	2018/19 FORECAST	2018/19 BUDGET	2017/18 ACTUAL	2016/17 ACTUAL
TOTAL REVENUE	373,500	359,760	303,800	247,423	355,384
TOTAL EXPENDITURE	388,700	364,930	318,030	190,375	270,248
% OF TOTAL BUDGET	25%	24%	20%	16%	22%

² Baseline: 2017 Awareness Survey: Awareness of the BSA: Maori – 93%; Pacific Island – 71%; Asian – 64%

ORGANISATIONAL HEALTH AND CAPABILITY



We are a small organisation that comprises specialist staff. We have formal good employer and personnel policies in place and a commitment to equal employment opportunities. We monitor all aspects that could affect service delivery: staff productivity; synergies between board, management, and staff; fluctuations in complaint numbers; compliance requirements; environmental factors; staff wellbeing; and funding.



To continue to enhance our capability we will work towards the following five objectives in the next 12 months:

OBJECTIVE 1:

Staff employment policies focus on retention and development of highly engaged, skilled, knowledgeable, adaptable, efficient team players with the tools, information, and training necessary to perform to a high level

Measures:

- Each staff member has an annual assessment of individual training needs and a professional development plan
- Board members undertake an annual self-assessment around their exercise of their quasi-judicial powers and governance
- Staff engagement surveys are conducted annually; results to be in the top quartile of the cultural sector

OBJECTIVE 2:

Maintain, seek and develop ongoing opportunities for agency collaboration and shared services in the cultural sector

Measures:

- Continue to share facilities and one front-of-house staff member with NZ On Air
- Explore other options for shared service arrangements
- Maintain appropriate referral processes and collaboration on issues of common interest with agencies which also have a role in the oversight of content standards (such as New Zealand Media Council, Advertising Standards Authority and Chief Censor) to avoid duplication of resource and cost

OBJECTIVE 3:

Our infrastructure is fit for purpose under existing legislative requirements

Measures:

- Our complaints data management system is reviewed to ensure it provides better reporting and other efficiencies
- Our hardcopy and electronic file structure reflects the current working environment

OBJECTIVE 4:

Our office environment and equipment are safe and well-maintained

Measures:

- Safety hazards reported are attended to promptly and significant hazards are attended to immediately
- Zero tolerance of harassment, bullying and discrimination

OBJECTIVE 5:

Equal employment opportunity principles are incorporated in staff selection and management, to achieve as diverse a workforce as possible within the limits of our small size

Measure:

- EEO principles are included in all relevant documents and practices

FORECAST FINANCIAL STATEMENTS

The forecast financial statements provide all appropriate information and explanations needed to fairly reflect the forecast financial operations and financial position of the Broadcasting Standards Authority for the year ending 30 June 2019 in accordance with s149G of the Crown Entities Act 2004.

Our activities contribute to the non-departmental output expense, Public Broadcasting Services, within Vote Arts, Culture and Heritage, administered by the Ministry for Culture and Heritage. We will receive \$609,000 (GST exclusive) in Crown funding in 2019/20 (\$609,000 in 2018/19).

The BSA does not propose to supply any class of outputs in the financial year that is not a reportable class of outputs (section 149E(1)(c) of the Crown Entities Act 2004).

This year we have forecast a deficit as a result of anticipated reduction in levy revenue from broadcasters and costs arising from planned projects relating to our core functions. We expect to draw on our reserves which have been built up for the purpose of supporting projects and responding to fluctuating levy income. Notwithstanding the anticipated deficit, we will continue to have strong reserves in line with our financial management policy. In previous years the BSA has returned a portion of its equity to the Crown. If income remains steady for this year, consideration will be given to whether a return of equity to the Crown ought to be made.



Broadcasting Standards Authority

Statement of Forecast Financial Performance

For the year ending 30 June 2020

	NOTE	2019/20 BUDGET \$	2018/19 BUDGET \$	2018/19 ESTIMATED ACTUAL \$
REVENUE				
Crown Revenue		609,000	609,000	609,000
Broadcasting levies		820,000	850,000	820,000
Interest income		65,000	60,000	65,000
Other Income		-	-	5,000
Total Revenue		1,494,000	1,519,000	1,499,000
LESS EXPENDITURE				
Personnel costs		821,000	732,650	705,040
Other expenses		683,800	807,500	765,500
Depreciation and amortisation		50,000	50,000	50,000
Total Expenditure		1,554,800	1,590,150	1,520,540
SURPLUS		(60,800)	(71,150)	(21,540)

Broadcasting Standards Authority

Statement of Forecast Changes in Equity

For the year ending 30 June 2020

	NOTE	2019/20 BUDGET \$	2018/19 BUDGET \$	2018/19 ESTIMATED ACTUAL \$
Public equity as at 1 July		2,212,845	1,970,292	2,234,385
Return of equity to the Crown		-	-	-
Surplus for the year ended 30 June		(60,800)	(71,150)	(21,540)
PUBLIC EQUITY AS AT 30 JUNE		2,152,045	1,899,142	2,212,845



Broadcasting Standards Authority

Statement of Forecast Financial Position

As at 30 June 2020

	NOTE	2019/20 BUDGET \$	2018/19 BUDGET \$	2018/19 ESTIMATED ACTUAL \$
CURRENT ASSETS				
Bank accounts and cash		256,545	103,642	312,345
Investments		2,000,000	1,900,000	2,000,000
Debtors and prepayments		7,500	7,500	7,500
Net GST		18,000	18,000	18,000
		2,282,045	2,029,142	2,337,845
Property, plant and equipment		33,000	33,000	33,000
Intangible		7,000	7,000	7,000
		40,000	40,000	40,000
Total Assets		2,322,045	2,069,142	2,377,845
LESS LIABILITIES				
Creditors and accrued expenses		120,000	120,000	120,000
Employee entitlements		50,000	50,000	45,000
		170,000	170,000	165,000
Assets less Liabilities		2,152,045	1,899,142	2,212,845
REPRESENTED BY PUBLIC EQUITY		2,152,045	1,899,142	2,212,845

Broadcasting Standards Authority

Statement of Forecast Cash Flows

For the year ending 30 June 2020

	NOTE	2019/20 BUDGET \$	2018/19 BUDGET \$	2018/19 ESTIMATED ACTUAL \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Revenue from Crown		609,000	609,000	609,000
Broadcasting levy		820,000	850,000	820,000
Interest received		65,000	60,000	65,000
Other income		-	-	5,000
GST (net)		-	-	8,594
Payments to employees & members		(816,000)	(727,650)	(729,049)
Payments to suppliers & other operating expenses		(683,800)	(807,500)	(687,887)
Net Cash Flow from Operating Activities		5,800	(16,150)	90,658
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(50,000)	(8,000)	(56,106)
Purchase of intangible assets		-	(2,000)	(1,438)
(Increase)/Decrease investments		-	100,000	63,413
Net Cash Flow from Investing Activities		(50,000)	90,000	5,869
CASH FLOWS FROM FUNDING ACTIVITIES				
Return of equity to the Crown		-	-	-
Net Cash Flow from Funding Activities		-	-	-
Net Increase/(decrease) in cash held		(55,800)	73,850	96,527
Opening cash brought forward		312,345	29,792	215,817
BALANCE CARRIED FORWARD		256,545	103,642	312,345

NOTES TO THE FORECAST FINANCIAL STATEMENTS

Statement Of Accounting Policies

For The Year Ending 30 June 2020

Reporting Entity

The Broadcasting Standards Authority (BSA) is a Crown Entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, the BSA's ultimate parent is the New Zealand Crown.

Our functions and responsibilities are set out in the Broadcasting Act 1989. The primary objective of the BSA is to provide services to the New Zealand public, as opposed to that of making a financial return. Accordingly, the BSA has designated itself as a public benefit entity (PBE) for the purposes of financial reporting.

The financial statements reflect the operations of the BSA only and do not incorporate any other entities. These forecast financial statements are for the year ending 30 June 2020.

Basis Of Preparation

Statement of Compliance

The forecast financial statements presented here have been prepared in accordance with New Zealand generally accepted accounting practice and are consistent with the accounting policies to be adopted for the preparation of financial statements. They have been prepared on the assumption that the BSA is a going concern.

The BSA has a total expenditure of less than \$2 million and is, therefore, eligible to report in accordance with Tier 3 PBE Accounting Standards. Accordingly, these forecast financial statements have been prepared in accordance with Tier 3 PBE accounting standards, using the criteria set out in Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) (PBE SFR-A (PS)).

These forecast financial statements have been prepared in accordance with the Crown Entities Act 2004, and may not be appropriate for purposes other than complying with the requirements of this Act.

The actual financial results for the period covered are likely to vary from the information presented and the variations may be material.

Measurement basis

The financial statements have been prepared on an historical cost basis. The accrual basis of accounting has been used unless otherwise stated.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and are rounded to the nearest dollar (\$). The functional currency of the BSA is New Zealand dollars (NZ\$).

Use of judgements, estimates and assumptions

In preparing these forecast financial statements, the BSA has made estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Where material, information on major assumptions is provided in the relevant accounting policy or will be provided in the relevant note. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following specific key assumptions have been used in the preparation of the forecast financial statements:

- Crown Revenue is based on the level of Crown funding as provided for in the Government's 2019/20 budget.

- Broadcasting levy revenue is dependent upon broadcaster revenue levels over which the BSA has no control. We expect the level of receipts to be down on previous years, but in line with receipts in 2018/19.
- Interest income depends on the available rates of return on bank investments.
- Personnel costs provide for annual increases to reflect outcomes of a planned role evaluation and remuneration review being undertaken in June 2019. Any increases will be implemented in line with the BSA remuneration framework. Some allowance has also been made for additional staff in the event that the scope of the BSA's services are expanded and/or complaint levels rise and additional resource is reasonably required.
- In light of planned projects relating to the BSA's core functions, and the anticipated reduction in levies, a deficit is forecast, which will require BSA to draw on its reserves. The reserves have been built up over time for the purpose of supporting such core function projects. Notwithstanding the anticipated deficit, we will continue to have strong reserves in line with our financial management policy.
- In the event that unexpected costs arise in this financial year reserves may be drawn upon.

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from the Crown

This revenue is restricted in use for the purpose of BSA meeting its objectives specified in the Broadcasting Act 1989 and the scope of the relevant appropriation of the funder. BSA considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

Broadcasting levy

Broadcasting levies are recognised on the occurrence of a recognition event, being the earlier of receipt of payment or receipt of levy return. Levies are paid by broadcasters in accordance with the Broadcasting Act 1989 and are based on broadcaster revenue for the qualifying period.

Interest

Interest income is recognised as it accrues on bank account balances, on-call bank deposits and investments.

Other income

Other income is recognised at the time the services are rendered.

Leases

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the BSA are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight line basis over the term of the lease in the Statement of Financial Performance.

Bank Accounts And Cash

Bank accounts and cash held by the BSA include bank balances and on-call bank deposits.

Debtors And Other Receivables

Debtors and other receivables are measured at fair value less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the BSA will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payment are all considered indicators that the debtor is impaired. Any impairment losses are recognised in the Statement of Financial Performance.

Investments In Bank Deposits

Investments in bank deposits are measured at fair value plus transaction costs.

For bank deposits, impairment is established when there is objective evidence that the BSA will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payment are all considered indicators that the deposit is impaired.

Property, Plant And Equipment

Property, plant and equipment asset classes consist of office equipment, furniture and fittings, leasehold improvements, photocopier, computer equipment, and artworks.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the BSA and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets. Gains and losses on disposals are included in the Statement of Financial Performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the BSA and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Financial Performance as they are incurred.

Depreciation

Depreciation is provided on a straight line basis on all fixed assets at a rate which will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Office equipment	5 years	20% straight line
Furniture and fittings	5 years	20% straight line
Leasehold improvements	5 years	20% straight line
Photocopier	3 years	33% straight line
Computer equipment	3 years	33% straight line

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Artworks are fully depreciated in the year of purchase.

Intangible Assets

Software acquisition

Computer software licenses are capitalised on the basis of the costs incurred to acquire and use the specific software.

Costs that are directly associated with the development of software for internal use by the BSA are recognised as an intangible asset. Direct costs include the software development, employee costs, and an appropriate portion of relevant overheads. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with the development and maintenance of the BSA's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is either fully amortised or no longer used. The amortisation charge for each period is recognised in the Statement of Financial Performance.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3 years	33% straight line
Copyright	3 years	33% straight line

Impairment of Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The total impairment loss is recognised in the Statement of Financial Performance, as is any subsequent reversal of an impairment loss.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the BSA would, if deprived of the asset, replace its remaining future economic benefits or service potential.

Creditors and Other Payables

Creditors and other payables are reflected at their face value.

Employee Entitlements

Provision is made in respect of the BSA's liability for annual leave that is expected to be settled within 12 months of the reporting date. Annual leave is measured at nominal values on an actual entitlement basis at current rates of pay.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. A liability and an expense is recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation. No liability is recognised for sick leave.

Superannuation Scheme

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the Statement of Financial Performance as incurred.

Goods and Services Tax (GST)

The BSA is registered. All items in the financial statements are exclusive of GST, with the exception of debtors and creditors, which are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

The BSA is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Cost Allocation

The BSA has determined the cost of outputs in the Statement of Performance Expectations using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on estimates of related activity or usage information.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

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