

Statement of Intent 2005-2008

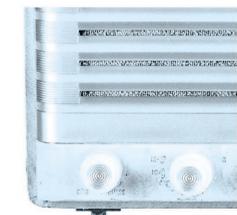
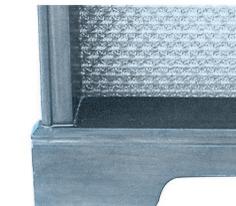


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1 Statements from the Chair and the Minister

This Statement of Intent for the years 2005 to 2008 is produced in accordance with the Public Finance Act 1989. Reporting under the Crown Entities Act 2004 does not come into force until 1 July 2006, but the Authority has anticipated those requirements where it is permitted and able to do so.

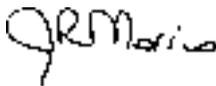
This Statement deals with the following matters:

- Key background information about the Broadcasting Standards Authority (the BSA) and its operating environment (section 2)
- The nature and scope of the BSA's functions and intended operations (section 2)
- Outcomes statements and how the BSA intends to contribute to those outcomes (section 3)
- Objectives and strategies (section 4)
- The organisational health and capability of the BSA (section 5)
- Forecast financial statements and performance measures, including the Statement of Service Performance (section 6)

The emphasis this year has been to create an outcomes-based focus where possible. While this creates special issues for a quasi-judicial organisation, it also assists us in new thinking on community involvement.

This approach has encouraged us to consider at length the role of broadcast regulation in a converging technology environment and, in particular, the role of the public in helping to set broadcast standards.

The BSA looks forward to charting a new direction in contributing to a broadcast regulatory environment which is impartial and fair.



Joanne Morris

Chair

June 2005

In accordance with section 41 of the Public Finance Act 1989 I agree to lay this Statement of Intent of the Broadcasting Standards Authority for the three years ending June 2008 before the House of Representatives.



Hon Steve Maharey

Minister of Broadcasting

June 2005

2 The BSA and our environment

Introduction

We develop a Statement of Intent (SOI) each year to provide information about the outcomes we intend to pursue, and how we will do this, over the next three years.

This SOI is divided into six sections. The first five sections acknowledge the broad environment surrounding the BSA over the next three years, how this shapes what we do and how both the outcomes we pursue and outputs we achieve are influenced.

Section 6 contains the financial and technical statements which outline our accountability for the funds we receive.

This SOI is a little different to those of previous years in that we are attempting to integrate the 'managing for outcomes' approach operated throughout the government sector.¹ In considering this framework, the requirements of the Broadcasting Act 1989 and wider societal factors, we have defined an outcome statement, which attempts to encapsulate our role in a wider context, and three intermediate outcomes.

Key Initiatives

For the first year of this Statement of Intent, ending 30 June 2006, key initiatives which we will undertake include:

- Reviewing the Pay Television Codes of Broadcasting Practice
- Convening a symposium to discuss balance and fairness issues and publishing its findings
- Publishing a new public attitudes monitor
- Continuing to support a media literacy web-based project
- Improving community consultation initiatives
- Improving complaints targets and performance
- Improving broadcaster-specific complaints information
- Continuing to develop board self-evaluation

Who we are and what we do

The BSA is an Independent Crown Entity established by the Broadcasting Act 1989 (the Act). It is also subject to the Crown Entities Act 2004.

It is one of the smallest Crown Entities, with four board members who meet regularly, six full time staff and three part-time/ shared staff.

¹ See www.ssc.govt.nz

Board members are appointed by the Governor-General and exercise quasi-judicial powers in determining complaints. Members have two key roles: governance of the BSA and quasi-judicial decision making.

The main functions of the BSA are outlined in s.21 of the Broadcasting Act. They are to:

- receive and determine complaints about alleged breaches of codes of broadcasting practice, referred by complainants following decisions made by broadcasters (NB: privacy complaints are directly referred)
- encourage broadcasters to develop codes of broadcasting practice for the Authority's approval
- publish research and advisory opinions on matters relating to broadcasting standards and ethical conduct in broadcasting.

We report to the Minister of Broadcasting on governance and operational performance matters. Formal reports are provided quarterly. Complaints determination powers are derived from the Broadcasting Act and are exercised independently of the Minister.

Vision and Mission Statements

The BSA's vision is:

Fostering fair broadcasting for New Zealanders

Te ahunga pāhotanga pono mō Aotearoa

The BSA's mission statement is:

To support fairness and freedom in broadcasting through impartial complaints determination and effective research and stakeholder engagement.

Ko te tautoko i te pono me te rangatiratanga i roto i te pāhotanga mā te whakatau tōkeke i ngā whakapae, mā te rangahau hāngai tonu, mā te taute i te hunga whai pānga.

Trends affecting us

The broadcasting environment

The broadcasting environment continues to be dynamic in a relatively deregulated marketplace. The Government is placing emphasis on aspects of public broadcasting delivery and evaluating how public broadcasting can add to the range of broadcasting experiences available to New Zealanders.

In the wider broadcasting world, advertising revenue continues to be strong, meaning a healthy business environment for broadcasters whose revenue, all or in part, derives from advertising. This is predicted to continue for at least another year. The health of the advertising market affects the BSA as nearly half our income is derived from a levy on broadcaster operating revenue.

The television environment is comparatively stable in that no new significant players appear to be emerging. Competition among the major free to air operators – TVNZ, TV3 and, increasingly, Prime – continues to be intense.

The advent of TVNZ's Charter does not appear to be affecting its ratings adversely, as some predicted, and the number of formal complaints remains relatively consistent. TVNZ continues to refine its schedules as it develops its Charter delivery, and TV One reintroduced children's programmes in 2005 after an absence of many years on that channel. TVNZ is reportedly considering a digital service, possibly with other free to air partners.

A significant portion of CanWest MediaWorks (NZ) Ltd (comprising its radio network plus TV3 and C4) was successfully listed on the stock exchange in 2004. CanWest has been eager to develop synergies between its activities: for example, it reported that in 2005 for the first time for a television news bulletin, *3 News* is being simulcast on radio on the Radio Live network.

Sky Television's dominance of the pay TV market continues to increase as its services and subscriber base (exceeding 600,000 subscribers, mostly on the digital platform) expand. New pay services are emerging slowly, the most influential probably being the upcoming introduction of set-top boxes allowing direct digital recording. Sky is also reportedly considering a free to air service.

Among the specialist channels, Māori Television received good feedback in its first year of operations; C4 has been a successful replacement for TV4; and the niche and regional channels appear relatively stable. The government announced the first regional television funding in May 2005.

Radio remains fiercely competitive with more than 280² national and regional stations broadcasting in a national market smaller than Sydney. Two companies dominate commercial radio, each with over 100 stations: The Radio Network (TRN) and CanWest RadioWorks.

TRN's Newstalk ZB continues to be a market leader in talkback radio, alongside its targeted Radio Sport network. TRN's several music radio networks include ZM, Classic Hits, Coast and Hauraki. TRN further segmented its music stable in 2004 with Flava, aimed at urban youth in Auckland, and Viva, aimed at women, in 2005.

The 2005 launch of CanWest radio talkback network Radio Live adds a talkback network targeted at a younger population than its stablemate Radio Pacific. CanWest has brought more regional stations under its More FM and The Rock brands, and continues to be successful with The Edge and Solid Gold. In early 2005 it replaced Channel Z with KiwiFM, playing 100% New Zealand music.

Public broadcaster Radio New Zealand, with its two networks, National Radio and Concert FM, plus its Pacific Islands broadcast service, is expanding its Auckland presence, its regional news coverage and its online services.

Twenty-one iwi radio stations continue to broadcast, 20 across the North Island and one in the South Island. There are two national and three regional Pacific Island stations, and 11 Access Radio stations.

Added to these specialist radio broadcasters are tiny, independent low power FM stations, with frequencies reaching only a few kilometres, which mostly broadcast niche music content.

2 Source: Radio Broadcasters' Association

Broadcasting of non-English language programming to diverse ethnic groups continues to increase in New Zealand. Formerly this was mostly the preserve of Access Radio, some programmes on regional channels such as Triangle Television and occasional New Zealand-based ventures such as Radio Tarana. These services have been joined by offshore digital television and radio channels, mostly from Asia and the Pacific. Some are broadcast in conjunction with New Zealand-based companies (eg. seven Asian-language channels of World TV on Sky digital), and others are accessible directly by private satellite dishes or through the internet.

Many New Zealand radio stations stream content on the internet (some through shared sites like www.audionet.co.nz, www.r2.co.nz and www.irirangi.net) or make downloads available for delayed listening.

New Zealand-based sites like Vision 100 (www.vision100.com) and Cool Blue (www.coolblue.co.nz) continue to stream their content solely over the internet. The latter internet-only services, like offshore-based radio and television channels received here, are not subject to the New Zealand broadcast standards regime.

The impact of digital and convergence developments continues to be unclear. What is certain is that as digital services, sources and delivery platforms increase, the basis of content regulation will need to adapt.

Thus, what can broadly be classed as 'broadcasting' is becoming increasingly diverse. This in turn will influence thinking about the continued evolution of the regulatory environment for New Zealand.

The societal environment

The 2004 Report to the Minister of Broadcasting of the Television Violence Working Group³, of which the BSA was a member, noted that broadcasters are under steady pressure to consider views of the community as they change over time. New Zealand society continues to evolve – census data tells us that the population is aging, our children are more ethnically diverse and that the varied Asian population now exceeds the Pasifika population.

In turn, this will influence the development of new broadcast offerings. The increasing diversity of people means an increasingly diverse range of views, values and expectations. Often what is seen on our screens and heard on the airwaves becomes a focal point for these different views. Thus broadcasting standards, in our pluralistic society, are subjected to increasing – and healthy – debate among cultures, genders, age groups, regions, lifestyles and other demographic and psychographic groupings.

What are the levels of tolerance which New Zealanders are prepared to display towards material which they might find personally distasteful or which they believe may detract from the good of society as a whole? For every New Zealander who believes standards are slipping there is probably another who will argue for freedom of expression. The balancing of a range of competing opinion, in the context of the dictates of a legal framework, is the most difficult – and interesting – task of regulators worldwide.

3 See www.tv-violence.org.nz

In addition, New Zealanders are increasingly technology and media-literate and have unprecedented access to electronic information and entertainment sources. In this context, the very ability of regulators to 'keep up' and operate to a sensible, generally accepted, set of rules is challenged.

The Government environment

The Government has been looking at options for further developing public broadcasting in New Zealand and how to deliver this.⁴ While this may ultimately affect aspects of our work, we will continue to adhere to the Broadcasting Act with an improved emphasis on community engagement.

The Election Code, governing broadcast advocacy and advertising for political parties and candidates, was reviewed in 2004/5. Several people who made submissions during that process felt there were areas that would benefit from a more coherent legislative approach. Most aspects would require a change to the Act. It is possible that a select committee may be convened to look at election matters in advance of the 2008 election. If so, we will develop possible options for processes relating to election programmes in a submission to that committee.

The introduction of the Crown Entities Act 2004 requires us to evaluate our existing policies and practices during the year to ensure that we are compliant and that we have best-practice procedures in place.



4 See *Building a strong and sustainable public broadcasting environment for New Zealand: A Programme Of Action (2005)* on www.mch.govt.nz

3 What outcomes will we pursue?

Managing for outcomes is being implemented across the state sector, providing a new way of thinking for entities such as the BSA which, by statutory requirement, have been mostly reactive rather than proactive.

This year, for the first time, we have concentrated on establishing an outcomes framework with objectives and tasks focused on contributing to this.⁵

The Government's vision at the heart of its broadcasting policy is:

New Zealand Broadcasting - a shared space, informing and enriching a changing society.⁶

The BSA's values, first articulated in this way last year, fit neatly into the broader concept of enriching society. Those values are:

fairness
integrity, and
respect.

These values make explicit the critical features of the quasi-judicial nature of the Authority's complaints role, and also underlie the Authority's role in helping improve understanding between broadcasters and their audiences.

An outcomes approach requires us to consider how the services provided by the BSA contribute to wider government and societal ambitions. Given the natural tensions described above between broadcasters and their public, between freedom of expression and individual reactions, and between various societal attitudes, we believe the end outcome can be expressed quite simply:

Outcome

Broadcasting that is independent and fair

⁵ The 'shared outcomes' approach suggested by the SSC for multi-agency collaboration poses special issues concerning our quasi-judicial complaints function. However the BSA's other functions, specifically research and public engagement, could well benefit from this strategy over time. We will consider these aspects in relation to other state broadcasting agencies in the following year.

⁶ A Programme of Action, p4. Op cit.

Two key factors underpin the BSA's efforts to contribute to this outcome:

- Broadcasting freedom is supported (independence)
- Public involvement is fostered (fair broadcasting is helped by informed input from various interested parties)

In relation to broadcasting regulation, these factors have two critical aspects. The first acknowledges the rights of broadcasters as enshrined in the Bill of Rights Act to impart, and the right of the public to receive, information. It also supports the idea that broadcasters are the first arbiters of their programming, delivered with the intention to satisfy their audiences.

The second acknowledges the right of the public both to protest and to influence broadcaster decisions. Opportunities for public involvement are currently mostly reactive, although we note that TVNZ is embarking on new interactions such as Talk Television. There is sometimes a knowledge gap between broadcaster activity, ways to access public information about the wider broadcasting environment and effective methods that the public can use to influence policy. For public feedback and input to be meaningful, new methods need to be devised.

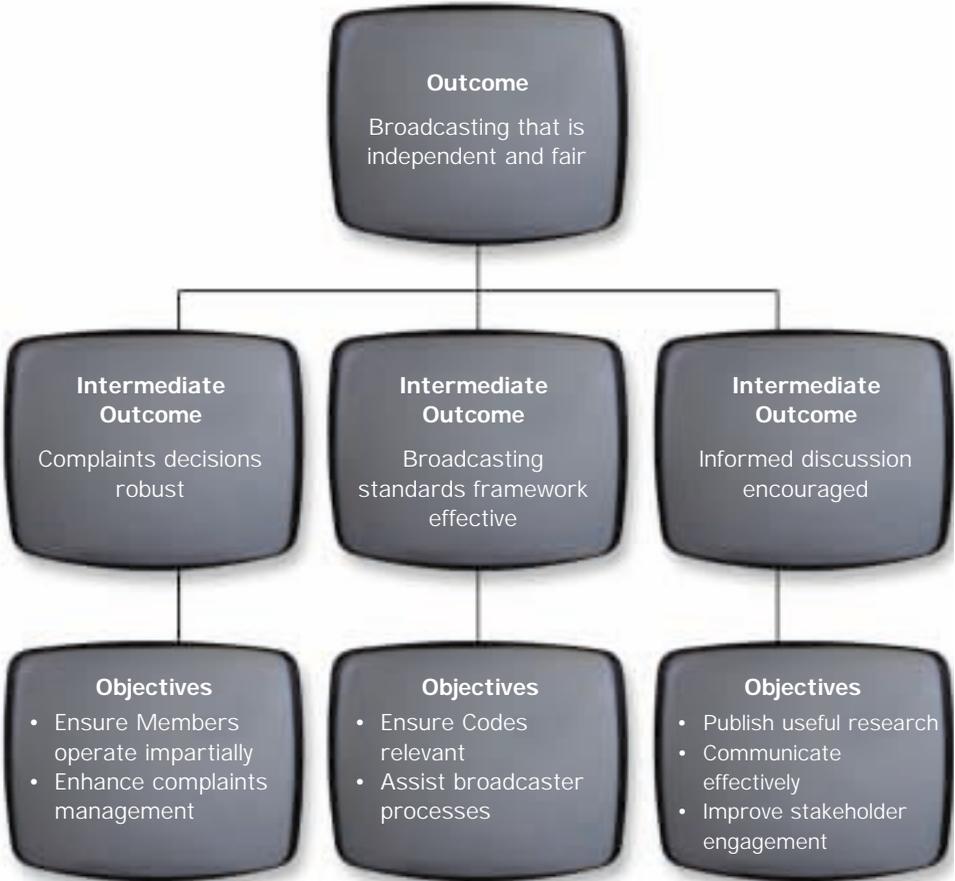
Taking the above observations into account, we have identified the intermediate outcomes, which in turn inform our operational objectives, as being:

Intermediate Outcomes

- One: Complaints decisions robust**
- Two: Broadcasting standards framework effective**
- Three: Informed discussion encouraged**

Figure 1 below summarises the high level and intermediate outcomes and strategies which drive our service delivery.

Fig. 1: BSA Outcomes and Objectives Structure



4 Objectives and strategies

To pursue our intermediate outcomes, we have identified operational objectives that will guide our efforts over the next three years. These are discussed below, linked to our intermediate outcomes.

Intermediate Outcome One: Complaints decisions robust

The number of decisions on complaints varies from year to year:

BSA Decisions Issued By Quarter

	First Qtr	Second Qtr	Third Qtr	Fourth Qtr	TOTAL
2004/5	57	61	49	38 (est.)	205 (est.)
2003/4	57	76	20	50	203
2002/3	67	60	25	30	182
2001/2	53	120	27	68	268

Our decisions on complaints are able to be appealed to the High Court and may also be judicially reviewed. The Broadcasting Act requires us to operate with as little formality and technicality as is permitted by the Act, proper consideration of each complaint and the principles of natural justice (s10(2)).

These factors, as well as considering our values of fairness and integrity, mean that processes and systems must operate with best practice principles in mind.

We have two objectives to ensure this:

Objective One: Ensure Members operate impartially

This objective primarily relates to members' quasi-judicial responsibilities. We will ensure that members discharge responsibilities to the highest professional standards and in accordance with natural justice. We will continue to adhere to a strict conflict of interest policy. The board will also review its own performance annually and undergo relevant training when required.

These activities are constant across financial years.

Objective Two: Enhance complaints management

To ensure members are well supported in their complaints decision-making role, complaints management must be efficient, effective and legally robust. We will continue modernising and enhancing systems which enable staff to provide high quality services to members and effective assistance to complainants and broadcasters.

In 2004 we completed a survey of complainants to ascertain how the complaints systems appear to users.⁷ The results, in general, were pleasing. Given that the statutory processes which the BSA and complainants are required to follow are not always simple, areas identified as important were:

- ensuring that complainants felt they had the opportunity to have their say
- ensuring BSA staff are objective yet make complainants feel like they are being listened to
- providing reasons that are clear and easy to understand
- making sure decisions are released as quickly as possible
- providing useful information to assist complainants in determining which standards may be relevant to their complaint

We undertook several changes to our systems last year, including staff training in plain-English writing. We will focus on timeliness this year by improving targets and measures. Other aspects are dealt with under communications goals.

We intend to repeat the survey in 2006/7 and will survey broadcasters in 2007/8.

⁷ See www.bsa.govt.nz



Intermediate Outcome Two: Broadcasting standards framework effective

The BSA is only a small part of the wider broadcasting standards framework. Broadcasters themselves have a lead role in establishing and operating effective communication and complaints systems, engaging with their audiences, and in developing acceptable broadcasting codes.

The framework is described in the Act. For the system to be generally accepted by stakeholders, the concepts behind the two intermediate outcomes must be supported – broadcaster freedom and public involvement.

The Act is fifteen years old. Over time we will evaluate the processes required by the Act, and the criteria specified, to ascertain if all the systems designed in 1989 remain relevant today.

Our objectives are intended to help keep two key aspects of the standards system efficient and effective.

Objective One: Ensure broadcasting codes are relevant

Broadcasting codes, as required by the Act, are the prime mechanism underpinning the standards regime. Codes are generally prepared by broadcasters and approved by the BSA with consultation expected of both parties. We will continue to review, revise and introduce new aspects as required to ensure that both broadcasters and the public accept the codes and their provisions as relevant, useful and comprehensive. In general we will review one code (or aspect of a code) annually.

We will review the Pay Television Codes in 2005/6 (last reviewed in 1999).

We will complete a review of the privacy principles commenced in 2004/5.

We will review the Free to Air TV Code (last reviewed in 2001) and Radio Code (last reviewed in 1999) in 2006/7.

Objective Two: Assist broadcaster complaints processes

The main broadcasters, in general, have very good procedures. Smaller and emerging broadcasters often need advice and assistance when formal complaints are lodged for the first time or infrequently. We will provide advice and assistance as required and provide clear public information on best practice processes.

We will introduce a new section on our website with information specific to broadcasters to assist them with statutory requirements and best practice processes.

We will also increase our opportunities to meet individually with smaller broadcasters.

In 2006/7 and 2007/8 we will target specific aspects of best practice complaints processes after consultation with broadcasters to identify areas where additional or improved information would be helpful.

Intermediate Outcome Three: Informed discussion encouraged

We have three objectives intended to stimulate public participation in the broadcasting areas where the BSA has influence.

Objective One: Publish useful research

Research is important to inform members, broadcasters and the public of the issues surrounding the broadcasting environment. These issues generally involve discussion and debate around various freedoms and constraints, and of societal attitudes and shifts. We will continue to commission and publish research which offers new insights, enables different voices to be heard and which adds to the body of knowledge available to those interested in relevant broadcasting issues.

The quality of that research is also critical. Research commissioning and selection will meet professional and ethical criteria and include the preparation of a clear brief, a requirement for academic rigour, proven methodology, peer review and clear contract conditions.

This year we will concentrate on issues around balance, fairness and accuracy. We will organise a symposium to enable informed discussion and debate among interested parties and will publish the proceedings of that event.

We will publish a new public attitudes monitor, completing research work begun in 2004/5. This will include a digest of decisions relating to good taste and decency, to assist knowledge of decision-making in this area.

We will ensure our research activities have appropriate linkages to other aspects of our work, such as code reviews or complaints interpretation, wherever possible.

In 2006/7 we will consider publishing an accessible digest of decisions and interpretations relating to fairness and balance, similar to some of the work contained in *Real Media, Real People*, the privacy research published by the BSA last year. This will improve understanding of the matters the Authority takes into account and the aspects on which it places particular importance in considering fairness and balance matters.

In 2007/8 this is likely to be repeated for another standards issue.

Objective Two: Communicate effectively

The standards regime can be complex in places and its procedures have legal constraints. The complexity was noted by respondents to our survey of complainants referred to earlier.

We will continue to communicate clear and relevant information to both general and targeted groups to ensure the broadcasting regime is understood, the complaints system is accessible and that the public knows where to find information.

Our main tool will be our website, supplemented with a quarterly newsletter, media comment as required and public speaking on request. Providing clear advice and directions for further assistance to the public will be a priority. The planned digests of decisions, referred to above, are intended to help here as well.

Our web-based media literacy project, begun in 2004/5, will be progressed once we have contracted a service provider.

We will conduct a full review of our website and its effectiveness in 2006/7 (last undertaken in 2004).

Objective Three: Improve stakeholder engagement

New Zealanders have few ways in which they can engage effectively with policy and decision making in the wider broadcasting environment. This is most apparent when debates arise on broad matters of policy and philosophy. We will develop new ways to make better information available and to engage actively with interested stakeholders in order to facilitate a broader societal dialogue.

As a first step we will convene, as a pilot exercise, a community advisory mechanism involving people who have expertise in issues affecting and networks into a range of communities in New Zealand. Various members of this group can serve several useful roles: from assisting members in reviewing completed complaints decisions, to providing broad insights into broadcasting standards issues, to forming an informed and interested stakeholder group with which the BSA and broadcasters can collaborate to discuss and debate approaches and possible solutions to broadcasting issues.

We will also convene annual meetings with broadcaster associations to ensure issues of strategic significance can be discussed effectively.

In 2006/7 and 2007/8 we will evaluate the success of the activities above and continue, with refinements, as necessary.

5 Our organisational health (capability objectives)

To achieve the objectives and strategies described above, we need to be nimble, focused and efficient. Our small size is both a boon and a challenge. Our experience to date is that objectives can be met provided there are no large unexpected projects combined with other special challenges (namely that complaints quantity and staffing are relatively stable, that staff are highly productive, that there are healthy synergies between board, management and staff and that we are adequately resourced).

As with most organisations, our most critical resource is our people. A positive, flexible organisational culture is a feature of our organisation, as is a clear appreciation of governance and management distinctions. We will continue to foster a collaborative organisation which values individual accountability and enjoyment of work.

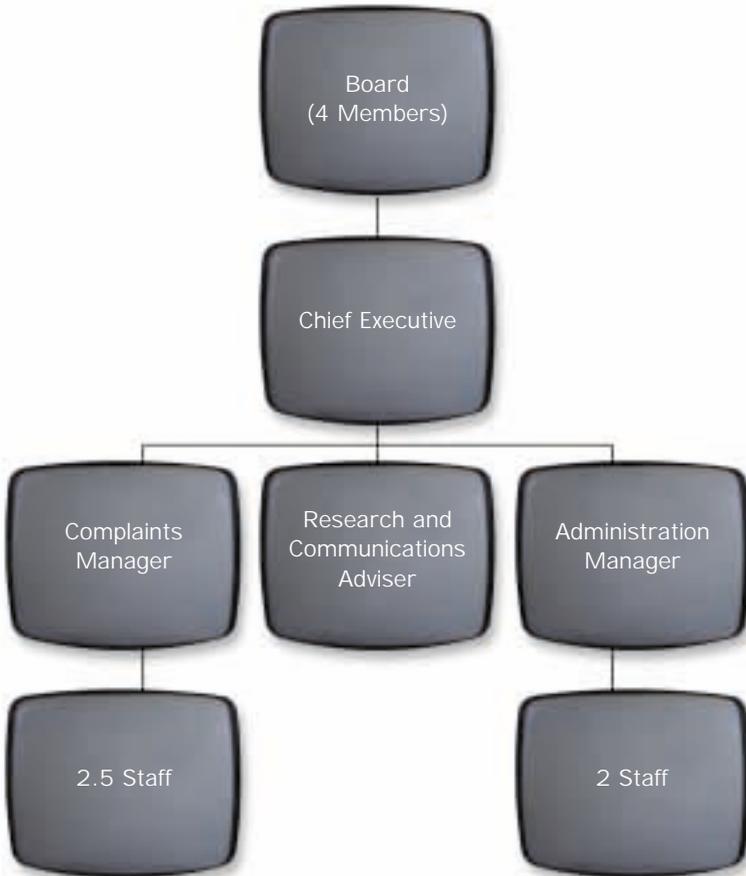
Our personnel policies are formally recorded in a policy manual. As part of our good employer initiatives, the BSA became a member of the State Sector Retirement Savings Scheme in 2005.

We have adopted a simple but effective risk management framework. It requires board and senior managers to consider, at least annually, key risks which face the organisation and the steps taken to mitigate them.

Our organisation chart follows:



Fig. 2. BSA Organisation



To enhance our capability over the next three years we will maintain and develop policies which ensure that:

- members continue to be aware of their duties of governance and how to discharge these successfully
- staff recruitment, training and retention policies focus on attracting and retaining skilled, flexible and knowledgeable team players
- staff have the tools, information and training necessary to perform to a high level

6 Financial and Service Performance Statements

The following statements are attached as appendices.

Appendix One: Statement of Service Performance for the year ending 30 June 2006

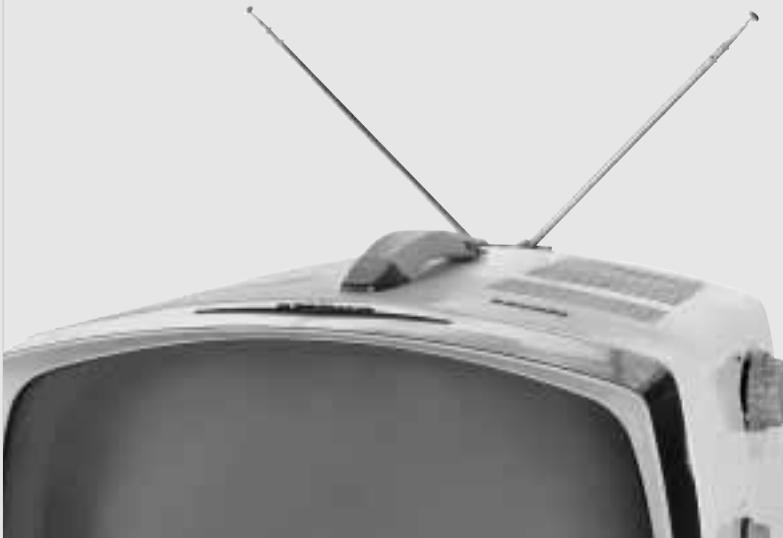
Appendix Two: Statement of Forecast Financial Performance for the year ending June 2006 and Budgets for the years to 30 June 2008

Appendix Three: Statement of Forecast Financial Position as at 30 June 2006

Appendix Four: Statement of Cashflows for the year ending 30 June 2006

Appendix Five: Statement of Significant Underlying Assumptions

Appendix Six: Statement of Accounting Policies



Statement of Service Performance

for the year ending 30 June 2006

Intermediate Outcome One: Complaints decisions robust

Description:

Decision making on formal complaints lodged under the Broadcasting Act is undertaken by the board, as set out in the Act, with administrative and legal support provided by staff. Decisions are subject to judicial review or appeal to the High Court.

Objective: Ensure Members operate impartially

The following activities have quality, quantity and timeliness measures, in addition to standard activities such as in-house peer review by staff.

Output 1a: The BSA will:

- convene formal board meetings ten times by 30 June 2006 in order that due process for complaints determination is followed

Measure: 10/10 meetings formally recorded

- declare, decide and record conflicts of interest formally at each meeting

Measure: Conflicts register maintained

- include a board assessment of its own complaints determination processes as part of an annual board self-assessment exercise

Measure: Exercise completed and recommendations actioned by 30 June 2006

- minimise threats to the integrity of the complaints regime by issuing soundly-reasoned decisions

Measure: Undertake an independent assessment of a sample of decisions and implement recommendations by 30 June 2006
Less than 0.5% of decisions issued are successfully appealed to the High Court by 30 June 2006

Intermediate Outcome Two: Broadcasting Standards framework effective

Description:

Formal complaints processes are followed by both broadcasters and the BSA as required by the Broadcasting Act. The Codes underpin the system and the broadcasters understand and accept both the Codes and the processes the Act requires them to follow when considering formal complaints.

Objective: Ensure Codes relevant

The following activity has a quantity, quality and timeliness measure.

Output 2a: The BSA will:

- review the two Pay Television Codes

Measure: Pay TV Codes reviewed and results published by 30 June 2006
Public comment and broadcaster agreement sought and considered prior to completion

- complete the review of the privacy principles commenced in 2005.

Measure: Submissions considered and review completed by 30 September 2005

Objective: Assist broadcaster complaints processes

The following activities have quantity and timeliness measures.

Output 2b: The BSA will:

- publish and promote a 'fact sheet' / advisory opinion to assist small broadcast operators to operate best practice systems

Measure: Fact sheet published on website and smaller broadcast operators advised by 30 June 2006

- meet with five small broadcast operators to discuss and advise on complaints process matters

Measure: 5 small broadcast operators visited by 30 June 2006
Feedback from broadcasters on usefulness of exercise ascertained and documented by 30 September 2006

Output 2 Cost:	Personnel	\$25,375
	Direct Operating	\$ 2,000
	Overheads	\$15,808
	% of total budget:	3%

Intermediate Outcome Three: Informed discussion encouraged

Description:

The broadcasting standards regime is more effective with public involvement as views other than the broadcasters must be taken into account. This is achieved both by research, to ascertain community attitudinal trends, and outreach strategies.

Objective: Publish useful research

The following activities have quality, quantity and timeliness measures.

Output 3: The BSA will:

- tender and commission significant (ie budget exceeds \$10k) external research in accordance with Audit Office purchasing guidelines

Measure: All tendering and commissioning processes recorded using Audit Office framework

- edit and publish the third major public attitudes survey begun in 2004/5

Measure: Publication released by 30 April 2006

- organise a symposium on balance and fairness issues and publish a record of proceedings

Measure: Symposium run by 31 March 2006
 Publication draft completed by 30 June 2006
 Peer review of draft completed by 30 September 2006

Output 3 Cost:	Personnel	\$66,875
	Direct operating	\$69,000
	Overheads	\$47,422
	% of total budget:	14%



Objective: Communicate effectively

The following activities have quality, quantity and timeliness measures.

Output 4a: The BSA will:

- Maintain and promote an up-to-date and accurate website

Measure: No complaints received regarding accuracy or timeliness of site content

- Publish decisions on website within 10 working days of sign-off by Chair

Measure: 100% of decisions published within 10 working days

- Publish four editions of BSA Quarterly

Measure: Four editions published by 30 June 2006

- Continue to support a web-based media literacy project with other funding partners

Measure: Website launched by 30 June 2006

Objective: Improve stakeholder engagement

The following activities have quality and timeliness measures.

Output 4b: The BSA will:

- Devise a pilot community advisory mechanism representative of various groups and specialist expertise in NZ

Measure: Terms of Reference and panel members confirmed by 30 November 2005
Action plan confirmed by 31 May 2006.

- Meet formally with broadcaster associations annually

Measure: Television Broadcasters Council and Radio Broadcasters Association meet with BSA board by 30 March 2006
Areas of cooperation identified and documented

Output 4 Cost:	Personnel	\$ 77,125
	Direct Operating	\$104,800
	Overheads	\$ 31,615
	% of total budget:	17%

Statement of Principal Management Procedures

This Statement of Intent records that most of the BSA's financial resources are expended in the determination of complaints. The Authority can only rely on data from previous years to estimate the number of complaints which are received and, therefore, the number of decisions issued.

BSA decisions can be appealed to the High Court and its processes are subject to judicial review. The BSA will continue to budget for reasonable legal fees. However, if it is involved in a matter which involves considerable expense beyond budget, it may be necessary for the BSA to seek additional funds by way of appropriation.

Management of Risk

The BSA carries comprehensive insurance covering all normal business risks. Insured values are reviewed annually and adjusted to reflect changes in business operations.

Human Resources

The BSA is bound by the Crown Entities Act 2004 in its employment practices. Its policies are included in a Policy Manual and also in individual employment agreements.

Conflicts of Interest

Potential conflict of interest within the BSA is most likely to arise from the determination of complaints where a member has an interest. Members are required to withdraw from the consideration of any complaint in which they have an interest, or a potential conflict. A conflict of interest declaration is included on each meeting agenda and a conflicts register is maintained.

Investment

Periodically the BSA invests 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 BSA 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 BSA. The BSA's quasi-judicial powers are exercised independently of the Minister.

Statement of Financial Performance

Forecast for 2004/05 and Budgets for the next three financial years until 30 June 2008

	2004/05 Forecast \$	2005/06 Budget \$	2006/07 Budget \$	2007/08 Budget \$
REVENUE				
Crown Revenue	609,000	609,000	609,000	609,000
Broadcasting Levy	601,494	625,000	625,000	625,000
Interest Income	51,000	40,000	35,000	30,000
Other Income	2,506	700	-	-
TOTAL REVENUE	1,264,000	1,274,700	1,269,000	1,264,000
LESS EXPENDITURE				
Personnel Expenses	685,160	693,000	706,860	720,997
Other Operating Expenses	528,744	514,600	514,600	514,600
Depreciation	36,096	67,100	70,000	70,000
TOTAL EXPENDITURE	1,250,000	1,274,700	1,291,460	1,305,597
NET SURPLUS / (DEFICIT) for the year	14,000	0	(22,460)	(41,597)
PLUS PUBLIC EQUITY 1 July	414,359	428,359	428,359	405,899
PUBLIC EQUITY 30 June	428,359	428,359	405,899	364,302

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

Summary: Forecast Outputs Expenditure 2005-2006

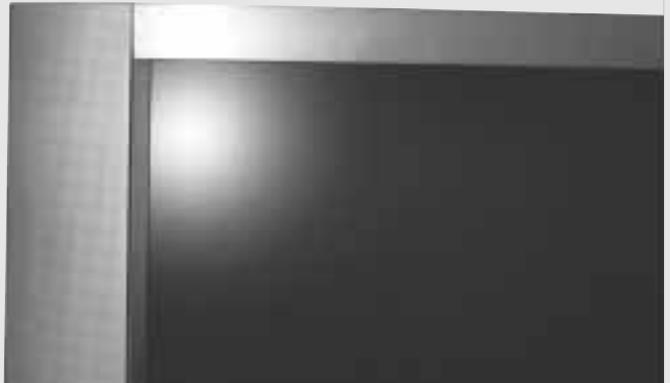
Output 1: Complaints	\$834,680	66%
Output 2: Codes	\$ 43,183	3%
Output 3: Research	\$183,297	14%
Output 4: Communications	\$213,540	17%
Total	\$1,274,700	100%

Statement of Financial Position

Forecast for 2004/05 and Budget for 2005/2006 financial years as at 30 June

	2004/05 Forecast \$	2005/06 Budget \$
CURRENT ASSETS		
Cash & Bank & Term Deposits	298,170	315,270
Accounts Receivable & Accrued Interest	6,000	6,000
Prepayments	3,000	3,000
GST Receivable	9,000	9,000
	316,170	333,270
LESS CURRENT LIABILITIES		
Accounts Payable & Accruals	(72,000)	(72,000)
Employee Entitlements	(15,000)	(15,000)
	WORKING CAPITAL	246,270
FIXED ASSETS	199,189	182,089
NET ASSETS	428,359	428,359
Represented by PUBLIC EQUITY	428,359	428,359

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



Statement of Cash Flows

Forecast for 2004/05 and Budget for 2005/2006 financial years ending 30 June

	2004/05 Forecast \$	2005/06 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Cash provided from:</i>		
Grants, Broadcasting Levy, and other income	1,213,094	1,234,700
Interest Received	51,000	40,000
<i>Cash disbursed to:</i>		
Payments to Employees and Members	(684,960)	(693,000)
Payments to Suppliers & Others	(573,533)	(514,600)
Net GST Paid	(126)	-
Net Cash From Operating Activities	5,475	67,100
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Cash disbursed to:</i>		
Purchase of Fixed Assets	(184,775)	(50,000)
Net Cash Flows from Investing Activities	(184,775)	(50,000)
NET INCREASE / (DECREASE) IN CASH HELD	(179,300)	17,100
PLUS OPENING CASH AS AT 1 JULY	477,470	298,170
YEAR END CASH AS AT 30 JUNE	298,170	315,270

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

Statement of Accounting Policies

Reporting Entity

The Broadcasting Standards Authority was established by the Broadcasting Act 1989 which sets out the functions and responsibilities of the BSA. These financial statements have been prepared in accordance with section 41 of the Public Finance Act 1989. The BSA is an Independent Crown Entity in terms of the Crown Entities Act 2004.

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 BSA have been applied:

1. Fixed Assets

Fixed assets are recorded at historical cost less accumulated depreciation.

2. Depreciation

Depreciation of fixed assets is provided on a straight line basis, at rates which will write off the assets to their residual value over their useful lives:

Office Equipment	5 years
Furniture & Fittings	5 years
Leasehold Improvements	5 years
Photocopier	3 years
Computer Equipment	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: The BSA is 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 BSA 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 BSA is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, accounts payable and accounts receivable. 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 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 BSA 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 term deposits in which the BSA invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the BSA 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 BSA.

11. Cost of Service Statements

The Cost of Service Statements, as reported in the Statement of Objectives and Service Performance, is the total cost of services allocated to each of the outputs of the BSA.

The BSA cost allocation policy is that direct costs are charged directly to output activity, and indirect costs are charged to significant output 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.



Directory

Members

Joanne Morris OBE	of Wellington	Chair
Tapu Misa	of Auckland	
Diane Musgrave	of Auckland	
Paul France	of Opuia	

Staff

Jane Wrightson	Chief Executive
John Sneyd	Complaints Manager
Christina Sophocleous	Complaints Executive
Genevieve O'Halloran	Complaints Executive
Michael Stace	Complaints Consultant (part time)
Kate Ward	Communications and Research Advisor
Julie Bath	Administration Manager
Margaret Giannotti	Administration Support Executive (part time)
Trish Cross	Receptionist (shared with NZ On Air)

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