

BROADCASTING STANDARDS AUTHORITY

STATEMENT OF INTENT

2002 – 2005

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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.

Broadcasting has the potential to impact on privacy, good taste and decency, and fairness and some material may be unsuitable for younger viewers.

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

Internationally, New Zealand is recognised as having a light-handed legislative framework that encourages broadcasters to develop codes of practice that are approved by the regulator.

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 2002 to 2005 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;
- encourage broadcasters to develop codes of broadcasting practice for the Authority's approval on a range of matters, including
 - the protection of children
 - the portrayal of violence
 - fairness and accuracy
 - anti-discrimination; and
- 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 Statement of Intent for 2001 – 2004 recorded a significant change to the Mission Statement. It was thought that the existing statement, which had been in place for more than a decade, did not reflect a changing broadcasting environment.

3.3 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.

3.4 Thus, it is important to review the Mission Statement regularly and, if necessary, amend it to reflect more accurately the Authority's place in a frequently changing broadcasting environment.

3.5 This year, the Authority has amended its Mission Statement, adding a public dimension to reflect more accurately the role the Authority has in discharging a regulatory function that involves two primary groups – citizens and broadcasters.

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 complaints as promptly and informally as possible, acknowledging the Authority's statutory function, which includes following the principles of natural justice, and the 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 change. 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 empowerment. This is the dynamic environment within which the Broadcasting Standards Authority operates.

Community and broadcaster values and expectations

5.3 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 reveal a wide range of opinion about the role of regulation in the maintenance of broadcasting standards. As might be expected, consensus on broadcasting standards is often hard to achieve.

5.4 Such debates are healthy and to be expected. The Authority recognises that there are people in the community who maintain different standards from the majority, just as there are broadcasters who view critically every decision of the Authority in which a complaint is upheld.

5.5 Complexity is added by the fact that community values and expectations change.

5.6 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 the broadcaster from broadcasting any material it likes without fear of formal censure.

Developing jurisprudence

5.7 An important development in the Authority's thinking in recent years and which will continue to play an important part in its complaints determination is the impact of the New Zealand Bill of Rights Act 1990.

5.8 The development of jurisprudence surrounding the Bill of Rights legislation is apparent in a landmark Court of Appeal decision, *Moonen v Film and Literature Board of Review* [2000] 2 NZLR 9. This judgment details a process that organisations like the Authority might adopt in the determination of complaints where a decision may impose constraints on freedom of expression.

5.9 Last year, the Authority was challenged by a broadcaster in respect of a decision where the broadcaster considered that the Authority had not followed the process prescribed by the Court of Appeal in the *Moonen* decision. In response, the Authority reviewed its complaints determination process to ensure the *Moonen* decision was fully taken into account.

5.10 Given the rapid development of the Bill of Rights jurisprudence, it is inevitable that there will be further court decisions which will refine the processes to be followed by organisations like the Authority.

5.11 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 maintain the quality of its decisions.

Research

5.12 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, values and expectations can change from generation to generation. That makes complex the Authority's task of considering complaints in the light of those values and expectations.

5.13 Research that captures community attitudes about what people see and hear and radio and television helps Authority members in the determination of complaints.

5.14 Over the past three 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. The projects are designed to complement the wider research strategy.

5.15 Over the next three years, the Authority intends to continue this two-pronged strategic approach to its research programme.

5.16 The Authority will embark on another major public opinion survey of attitudes towards a range of broadcasting standards in 2004. This study will replicate the 1999 benchmark survey and will provide a comparative base to demonstrate the ways in which public opinion has, or has not, changed over a five-year period. However, to help the Authority keep abreast with more immediate trends in community attitudes, community group discussions, with Authority members participating in the exercise, will be carried out on a regular and on-going basis.

5.17 This long term research will be supplemented with special projects designed to provide the Authority with information on particular broadcasting topics.

5.18 In the latter half of 2002, the Authority will conduct a national survey on attitudes towards privacy and informed consent in broadcasting. In the first half of 2003, the Authority intends to conduct research into matters of fairness, balance and accuracy in news and current affairs.

5.19 In the 2003/2004 financial year, the Authority intends to commission a study on the portrayal of minorities in the New Zealand broadcast media. This study will be designed to inform the Authority when it considers complaints alleging breaches of standards relating to discrimination.

Changes in technology and programme genres

5.20 An increasing uptake of digital broadcast services in New Zealand has occurred recently. This has been demonstrated by the increasing number of people subscribing to digital subscription television and the more recent decision of the publicly owned broadcaster, Television New Zealand, to use Sky Television's digital platform.

5.21 Digital television means more channels and a wider range of programme genres. Blocking devices allow subscription television broadcasters operating from a digital platform to broadcast explicit adult content.

5.22 In a competitive programming environment, free-to-air broadcasters have to compete for audience share with subscription television. In this environment, free-to-air broadcasters may feel pressured to screen programmes with content which could offend sections of the community.

5.23 That same competition has encouraged broadcasters to make or purchase programmes designed to capture the biggest audience for the lowest cost. In turn, this has had an impact on programme genres in what is called, for example, reality television.

5.24 Like changes in public attitudes to broadcasting standards, changes in technology and programme genres also have an impact on the broadcasting standards regime of the Authority.

5.25 The Authority ensures its decisions reflect changes in technology and programme genres in two ways.

5.26 From the public opinion perspective, it captures the public reaction to these changes through its public opinion research. In turn, significant changes in public attitudes guide the Authority's decisions.

5.27 From the broadcaster perspective, the changes are reflected in periodic reviews of the various codes of broadcasting practice to ensure they are relevant, robust, and easily understood by broadcasters and the community.

5.28 Last year, the Authority undertook some desk research and sought the opinions of broadcasters on the emergence of reality television. This genre has implications for both privacy and informed consent.

5.29 The Authority will be conducting research in these areas in the coming year to inform Authority decision-making. The research will also inform the Authority on whether the current privacy advisory opinion needs to be developed into a full code of broadcasting practice and whether the Authority needs to investigate the possibility of developing a set of guidelines for broadcasters in the area of informed consent.

Radio Broadcasting

5.30 Over recent years, there has been a consolidation of the ownership of the country's radio stations. At the same time, there has been a significant increase in the number of individual stations. Competition for audience share and advertising revenue is fierce.

5.31 In this environment, some broadcasters appeared to have pushed the boundaries of the radio code of broadcasting practice, particularly in respect of matters of good taste and decency. In some cases, broadcasters have argued that there was no breach because the material complained about would not have breached the standard of good taste and decency expected by the station's particular target audience.

5.32 While the Authority acknowledges that contextual matters, such as target audience, is one consideration in the determination of complaints, it is not the sole consideration. The Authority will continue to determine complaints on that basis.

Convergence

5.33 The convergence of the conventional broadcast media – television and radio – with other forms of communication, including the Internet and telecommunications – is posing major challenges for many countries. There is concern about the impact of these converging technologies on the broadcasting environment, particularly the possible impact of the world-wide web.

5.34 Currently, the Broadcasting Act 1989 gives the Authority only limited jurisdiction over content transmitted over the Internet. Practical jurisdiction is limited to the simultaneous Internet transmissions made by New Zealand broadcasters. This, of course, represents an extremely small proportion of total Internet content.

5.35 The Authority views this issue as an important matter of public policy. While public policy is not a matter for the Authority, it has written to the Government's principal broadcasting policy adviser, the Ministry for Culture and Heritage, advising the Ministry that the Authority would be available to provide input into any public policy initiatives the Ministry and the Government may wish to undertake.

Changes in broadcaster standards and practices

5.36 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. All codes are reviewed periodically to ensure their continued relevance.

5.37 Currently, there are five codes and one advisory opinion. The codes are:

- radio – last reviewed in 1999;
- subscription television – introduced in 1999;
- liquor advertising – approved 1992 . This has been the responsibility of the Advertising Standards Complaints Board since 1993, and the next review of that

code is scheduled for 2003. It is practice for the Authority to be represented on the review panel;

- election advertising – reviewed in 1996; and
- free-to-air television – introduced in January 2002.

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

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

5.40 The research projects on privacy and informed consent and balance, fairness and accuracy in news and current affairs, both scheduled to take place in 2003, will play an important role in the development of a privacy code in 2004/2005, should the Authority decide to review the privacy principles.

5.41 The Authority will conduct an internal review of each code on an annual basis to ensure its continued relevance.

Serving citizens

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

5.43 The number of complaints has risen steadily in the Authority's 12-year existence.

5.44 Part of this trend 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.

5.45 S. 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 2002 to 2005.

5.46 One of the Authority's important audiences is Māori. The Authority has developed its own responsiveness strategy to reinforce its commitment to the principles of the Treaty of Waitangi and the Government's strategic priorities for Māori.

5.47 The strategy, which will guide the Authority in the future, is particularly timely given the increase in the availability of iwi radio stations in many areas and the establishment of a new Māori television service.

6.0 In conclusion

6.1 Despite the significant changes in the broadcasting environment over the past 12 years, the Authority has provided a quality and consistent service to citizens and broadcasters.

6.2 This Statement of Intent for the years 2002 to 2005 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 future and looks forward to providing a quality service for the community in the years ahead.

Peter Cartwright
Chair
July 2002

Hon Marian Hobbs
Minister of Broadcasting
July 2002

Appendix I	The Authority's statement of objectives and service performance for the year ending 30 June 2003
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 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, but the Authority expects its decision-making to be of such a quality that successful appeals will be rare.</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 2003

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	321,000	
	Operating	254,000	
	Depreciation	<u>11,000</u>	
		\$586,000	54%

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; 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.

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:

- an analysis of the upheld complaints and the Codes they have breached, and those complaints that would have been upheld had there been a relevant Code upon which to make a determination;
- 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 2003**

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	65,000	
	Operating	52,000	
	Depreciation	<u>2,000</u>	
		\$119,000	11%

**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 2003**

The Authority will undertake:

- a quantitative study of community views on matters of privacy and informed consent;
- 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 capture views on issues of fairness, balance and accuracy in news and current affairs; and

- a project designed to measure the representation of minorities in the New Zealand broadcast media.

Costs

		Budget	% of total resources
Financial	Personnel	136,000	
	Operating	108,000	
	Depreciation	<u>5,000</u>	
		\$249,000	23%

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 2003**

The Authority will undertake the following activities:

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

Costs

		Budget	% of total resources
Financial	Personnel	72,000	
	Operating	57,000	
	Depreciation	<u>2,000</u>	
		\$131,000	12%

**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 the "good employer" requirements of 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 2001/2002 AND BUDGETS FOR THE NEXT 3
FINANCIAL YEARS UNTIL 30 JUNE 2005**

		2001/02	2002/03	2003/04	2004/05
		\$	\$	\$	\$
Revenue					
	Crown	565,000	565,000	565,000	565,000
	Levy	410,000	410,000	360,000	380,000
	Other	2,000	2,000	2,000	2,000
	Interest	17,000	17,000	13,000	15,000
TOTAL		994,000	994,000	940,000	962,000
Expenditure					
	Personnel	545,000	595,000	595,000	595,000
	Operating	262,000 ¹	470,000	395,000	390,000
	Depreciation	20,000	20,000	20,000	20,000
TOTAL		827,000	1,085,000	1,010,000	1,005,000
Surplus (Deficit) for the year		167,000	(91,000)	(70,000)	(43,000)
Public Equity 1 July		83,000	250,000	159,000	89,000
Public Equity 30 June		250,000	159,000	89,000	46,000

PROJECTED OUTPUTS 2002 – 2003 SUMMARY

		%
Output 1 – Determine Formal Complaints	586,000	54
Output 2 – Review Codes of Broadcasting Practice	119,000	11
Output 3 – Research	249,000	23
Output 4 – Communications and Information	131,000	12
	TOTAL	<u>100</u>
		<u>1,085,000</u>

¹ The operating expenditure for 2001/2002 financial year is projected to be \$134,500 less than the budgeted figure of \$396,500. This was due to a decision to delay part of a research project until the 2002/2003 year and lower than budget expenditure in other areas of operation

Appendix IV**STATEMENT OF FINANCIAL POSITION****FORECASTS FOR THE YEARS ENDED 30 JUNE 2002 AND 2003**

	2002	2003
	\$	\$
Current Assets		
Cash Bank & Term Deposits	281,000	192,000
Accounts Receivable & Prepayments	2,000	2,000
GST Receivable	5,000	5,000
Non Current Assets		
Fixed Assets	34,000	29,000
	<u>322,000</u>	<u>228,000</u>
Current Liabilities		
Accounts Payables & Accruals	58,000	55,000
Employee Entitlements	14,000	14,000
Public Equity	250,000	159,000
	<u>322,000</u>	<u>228,000</u>

Appendix V

**STATEMENT OF CASHFLOWS
FORECASTS FOR THE YEARS ENDED 30 JUNE 2002 & 2003**

	2001/2002	2002/2003
	\$	\$
Cash Flows from Operating Activities		
Cash was provided from:		
Grants and Publication Sales and Misc	567,000	567,000
Broadcasting Levy	410,000	410,000
Interest Received	17,000	17,000
Cash was disbursed to:		
Payments to Employees and Members	(545,000)	(595,000)
Payments to Suppliers & Other Operating Expenses	(262,000)	(473,000)
Net Cashflow from Operating Activities	<u>187,000</u>	<u>(74,000)</u>
Cash Flows From Investing Activities		
Cash was disbursed to:		
Purchase of Fixed Assets	(20,000)	(15,000)
Net Increase (Decrease) in Cash Held	167,000	(89,000)
Plus Opening Cash at 1 July	114,000	281,000
Closing Cash as at 30 June	<u>281,000</u>	<u>192,000</u>

Appendix VI Broadcasting Standards Authority Statement of Accounting Policies for the year ending 30 June 2003

Reporting Entity

The Broadcasting Standards Authority was established by the Broadcasting Act 1989 which sets out the functions and responsibilities of the Authority. The financial statements are prepared in accordance with the First Schedule of the Broadcasting Act and 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 **Fixed Assets**

Fixed assets are recorded at historical cost less accumulated depreciation.

b **Depreciation**

Depreciation of fixed assets is provided on a straight line basis on all fixed assets, at rates calculated to allocate the assets' cost, less estimated 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	

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
Trish Cross	Receptionist

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