

**BROADCASTING  
STANDARDS AUTHORITY  
STATEMENT OF INTENT**

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**TE MANA**

**WHANONGA KAIPĀHO  
TAUĀKĪ WHAKAMAUNGA ATU**

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**2009–2012**

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**BSA**

Broadcasting Standards Authority  
Te Mana Whanonga Kaipāho

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# STATEMENTS FROM THE BSA AND THE MINISTER

30 May 2009

**This Statement of Intent (SOI) is produced in accordance with sections 141 and 142 of the Crown Entities Act 2004. It sets out the outcomes the Broadcasting Standards Authority (BSA) will pursue, and how we intend to do this, over the next three years.**

This year the BSA marks its twentieth year of operation. It was set up in 1989 to provide oversight for content standards in New Zealand broadcasting. While the media environment has altered significantly since those early days, the commitment of the BSA to fairness and freedom in broadcasting remains strong and constant.

## KEY INITIATIVES

This year the BSA will:

- Continue to produce timely, well-reasoned and fair decisions on formal complaints, written in plain language.
- Publish two new practice notes explaining broadcasting standards issues.
- Commission an external review on the approach the BSA takes in applying the children's interest standard.
- Carry out a study of 'reality' television [study was commissioned in the 2008-2009 year].
- Commission and publish quantitative research on public attitudes to acceptability of swear-words in broadcasting.
- Improve the accessibility and ease of use of the BSA's website and 0800 number.
- Hold a symposium on issues arising from a journalist's assessment of BSA decisions [assessment was published in the 2008-2009 year].
- Audit broadcaster publicity of the complaints process.

- Undertake a satisfaction survey of all broadcasters involved in formal complaints referred to the BSA in the two previous years.

The forecast financial statements contained in this document have been authorized for issue by the board of the BSA. There is no intention to update the forecast financial statements subsequent to presentation.



**Joanne Morris, OBE** – Chair



**Paul France** – Member



**Tapu Misa** – Member



**Diane Musgrave** – Member

In accordance with section 149 of the *Crown Entities Act 2004* I agree to lay this Statement of Intent of the Broadcasting Standards Authority for the three years ended 30 June 2012 before the House of Representatives.



**Hon Dr Jonathan Coleman**  
Minister of Broadcasting

# **PART 1: INTRODUCTION AND OVERVIEW**



## THE BROADCASTING STANDARDS AUTHORITY

The BSA is a quasi-judicial tribunal established by the Broadcasting Act 1989, tasked with overseeing New Zealand's broadcasting standards regime. We provide the public with a free, independent complaints service.

Our jurisdiction covers programmes on broadcast media which encompasses television and radio. We do not determine complaints about advertising (apart from election advertising) or about any non-broadcast media, including print.

The BSA is an Independent Crown Entity which means, among other things, that the government cannot direct us in our work. Independence from government is essential because of our role deciding formal complaints by citizens against broadcasters: politicians, including members of the government can, and do, complain to the BSA. Our functions, as outlined in section 21 of the Broadcasting Act are to:

- receive and determine complaints:
  - \* about alleged breaches of the Codes of Broadcasting Practice, referred by complainants following decisions made by broadcasters
  - \* about privacy where the complainant has chosen to refer the complaint directly to the BSA
  - \* that election programmes have breached the Codes of Broadcasting Practice

- encourage the development and observation of Codes of Broadcasting Practice
- approve the Codes of Broadcasting Practice
- publicise procedures in relation to complaints.
- issue advisory opinions on broadcasting standards and ethical conduct in broadcasting
- conduct and publish research on matters relating to broadcasting standards.

## THE MEMBERS OF THE AUTHORITY

Members of the BSA are appointed by the Governor-General on the advice of the Minister of Broadcasting. Members have two key roles: governance of the BSA and quasi-judicial determination of complaints.

Members are required to declare any potential conflict and to withdraw from the consideration of any complaint where the BSA decides they are conflicted.

A conflict of interest declaration is included on each meeting agenda and a conflicts register is maintained. Each member also signs a Declaration of Interest form annually.

## OUR PROCESS

The BSA operates within a co-regulatory environment. This means that we share responsibility for regulation with the broadcasting industry. The BSA determines the areas where, and the extent to which, broadcasters' right to free expression should give way to other interests that are highly valued in our society.

We do this by applying the Codes of Broadcasting Practice. The standards specified in the Codes relate to such matters as treating people fairly, providing a range of views on controversial issues, ensuring accuracy in the news and current affairs, protecting the interests of children, protecting individual privacy, restricting certain portrayals of violence, and upholding norms of good taste and decency.

In most cases viewers and listeners who wish to make a complaint about content they have seen or heard must first complain to the broadcaster concerned. If dissatisfied with the result the complainant has the right to refer the matter to the BSA. The BSA may ask both parties for further information before the members of the Authority deliberate and reach a conclusion to either uphold or not uphold the complaint. Their reasoning is set out in a written decision that is required to be published. These decisions may be appealed to the High Court.

## REPORTING TO THE MINISTER

As required by law, complaints determination is performed by BSA members fully independent of the Minister of Broadcasting and government. Our status as an Independent Crown Entity means that no consultation with the Minister is undertaken when determining complaints. Nor is the Minister consulted about code reviews, research or communications activities except by way of intentions signaled in this SOI.

We provide the Minister with quarterly reports about performance against operational targets set out in this SOI, complaint decisions published in the quarter, and forecasts of our projected year-end financial performance.

We also sign a Memorandum of Understanding with the Minister which sets guidelines for the relationship between us. We operate on a mutual 'no surprises' policy to ensure that each party is fairly advised of potential issues.

The Ministry for Culture and Heritage provides support to the Minister. The Ministry is responsible for drafting all replies to parliamentary questions and ministerial correspondence. The BSA can withhold information from the Minister or the Ministry in accordance with section 134 of the Crown Entities Act.

Our staff consult with the Ministry on operational matters when appropriate and aim to work with Ministry staff on a basis of collegiality and good faith.

## VISION, MISSION AND VALUES



### Our vision is:

#### **Fairness and freedom in broadcasting**

The concept of fairness has a distinctly New Zealand flavour and reflects the idea that everyone should get 'a fair go'. Important elements of this are that the audience has the right to see and hear the truth from broadcasters of factual programmes and participants in those broadcasts have the right to honest and fair representation.

Complainants and broadcasters have the right to a fair complaints system in which their opinions are heard.

More broadly the concept of freedom highlights the fact that New Zealand is a modern democratic society where freedom of speech is not only highly valued but is protected by law in the Bill of Rights Act 1990.

Our vision reflects the need for the BSA to balance these two concepts when determining complaints – ensuring that broadcasters fulfil the obligations they have agreed to follow under the broadcasting codes while supporting their rights to free speech.

### Our mission, which explains how we intend to achieve our vision, is:

**To promote fairness and freedom in broadcasting through impartial complaints determination, useful research and effective communication.**

### We operate according to a set of core values.

These values express what is important to us and inform our approach to our functions. They reflect how we act, how we treat others and how we expect to be treated in return:

**Integrity** – we work in a principled, transparent and honest way.

**Fairness** – we believe in the equitable treatment of all people, holding firm to a sense of justice and reasonableness.

**Impartiality** – we act independently, without favour and in an informed manner.

**Respect** – we are responsive to the needs of our stakeholders and customers.

**Passion for our work** – we carry out our activities with enthusiasm and promote a culture of excellence in our organisation.

**Courage** – we take ownership of our decisions and actions and act without fear.

## STRATEGIC FRAMEWORK

This year we have revised the BSA’s Strategic Framework. Our Output Classes correlate to the functions of the Authority as set out in section 21 of the Broadcasting Act.



## OUR OPERATING ENVIRONMENT

### The Changing Face of Broadcasting

In the twenty years since the BSA was founded the broadcasting and telecommunications landscape has radically altered. The definition of ‘broadcasting’ in our enabling legislation, however, has remained the same.

We are aware of the pressures on broadcasters, including the migration to digital delivery, convergence, fragmentation of viewer patterns and competition from

new media, especially in the areas of entertainment and news. These same developments are transforming the nature of broadcasting worldwide and like content regulators in other countries we are aware that these changes need to be reflected in our own work.

Our jurisdiction extends to television and radio but arguably not to the majority of programme-like content on the internet. We have undertaken research on future issues for content regulation over the past few years and a government-led review was also undertaken in 2008. We have advised government that we consider our enabling legislation should

be modified to best reflect the reality of our current working environment and to ensure it remains relevant in the future.

Many commentators have been predicting the end of traditional broadcasting for several years. However, it appears there is much truth in the saying 'the more things change, the more they stay the same'. Television viewership in New Zealand posted its highest numbers ever in 2008 (figures released by AGB Nielsen Media Research show the average New Zealander watched 3 hours 8 minutes of television per day in 2008, a rise of 8.6% on the previous year) while radio remains a major force for providing talk, news and music.

The number of complaints referred to the BSA has also risen over the past year (131 complaints were received for the 2007 year, 148 for the 2008 year) and indications are that this upwards trend is continuing. We believe this means that members of the public are still engaged with the broadcasting standards regime and value the service we provide.

The changes to broadcasting have implications both in the short and long term, requiring us to continue to work to keep codes relevant, to ensure that New Zealand communities remain informed and to support broadcasters in their own complaints determination processes. And while we have one eye on the future we are also still very much committed to our current functions and responsibilities: we will continue to ensure that the public are able to access a first class complaints system.

## **The Changing Face of New Zealand**

New Zealand continues to grow in cultural and ethnic diversity, further cementing its nature as a Pacific nation that welcomes citizens from all around the world. This changing demographic also affects the types of broadcasting that the public demand, creating further diversification of content and audiences.

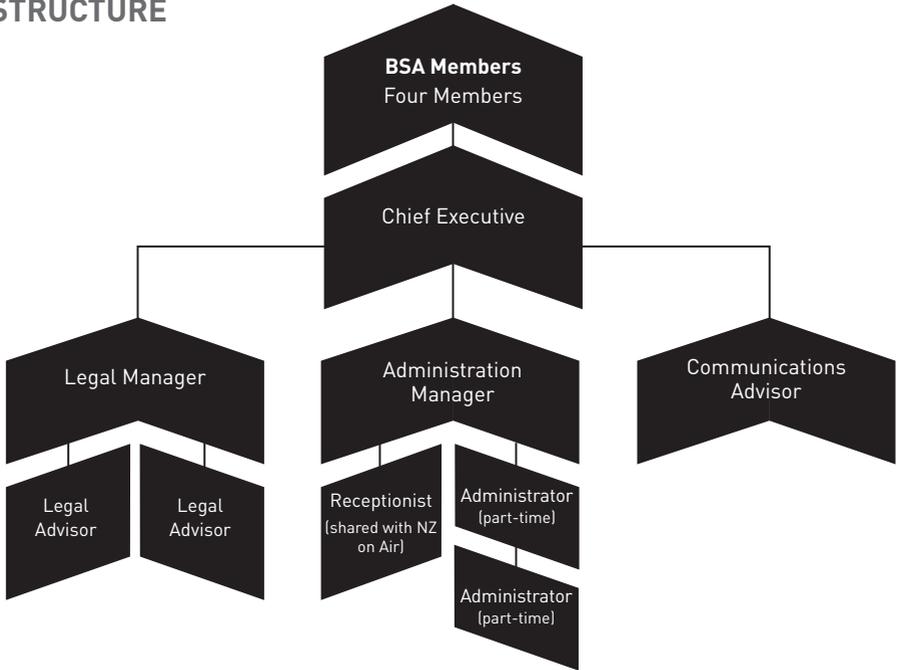
A result is that the BSA must work harder to ensure that all New Zealanders are aware of the broadcasting standards complaints processes and feel confident and comfortable in accessing them.

This type of work falls within what we call 'media literacy' – the ability of citizens to access, understand and create communications in order to control their relationship with the media.

# **PART 2: STRATEGIC ISSUES 2009-2012**



## STRUCTURE



## HEALTH

We are proud to foster a collaborative organisation that values the input of all participants. We encourage and enjoy a positive, flexible culture and have a clear appreciation of governance and management distinctions.

We have a commitment to being a good employer and providing equal employment opportunities. We do not permit harassment or discrimination of any kind.

In order to continue to attract, develop and retain quality staff we will maintain our focus on appropriate policies around recruitment, remuneration, development and training.

Our policies and procedures are consistent with the State Services Standards of Integrity and Conduct.

## CAPABILITY

In planning for capability and risk we take into account that we are a small organisation that comprises specialist staff.

We ensure that we actively monitor all the factors that affect our service delivery. This includes but is not limited to: complaints numbers and complexity; staff productivity; staffing changes; synergies between board, management and staff; state sector compliance requirements; and adequate funding.

Management reports to the board on risk assessment and legislative compliance. Formal reports are required every six months but trends, risks and compliance are monitored on an ongoing basis and the board is regularly kept informed of any issues.

## ORGANISATIONAL OBJECTIVES

To enhance our health and capability over the next three years we will maintain and develop the following policies.

| Goals  | Measures  |
|--|---|
| <b>Members</b>   |   |
| Members undertake an annual self-assessment exercise.  | Board self-assessment completed and recommendations actioned by 30 June 2010.   |
| Members continue to be knowledgeable both about their duties of governance and their quasi-judicial powers, and how to discharge these successfully. | Governance and questions relating to quasi-judicial functions included in annual board self-assessment, with training given as required.<br>Discussions on topics of governance take place on average every second board meeting. |
| Members continue to have a clear appreciation of the diversity of community views and public attitudes towards BSA decisions.                        | Board undertakes a programme of community engagement and litmus testing of BSA decisions on an annual basis.  |
| <b>Staff</b>   |   |
| Staff recruitment, training and retention policies focus on attracting and retaining skilled, flexible, knowledgeable and diverse team players.      | Full time staff turnover no more than one-third (two people) per annum.   |
| Staff members possess the tools, information and training necessary to perform to a high and multi-functional level.                                 | Each staff member has a professional development plan.  |
| <b>Office</b>  |   |
| Office space and equipment is safe and well-maintained.  | Annual capital expenditure and maintenance programmes as approved by board.   |

## WHAT WE WILL ACHIEVE – EXPLANATION AND OVERVIEW FOR THE 2009-10 YEAR

### Complaints Determination

Our processes for determining complaints are well developed and we constantly challenge ourselves to refine and improve these systems. The targets we have set for ourselves in relation to this output class are designed to balance the right of complainants to a fair service with realistic timeframes. The right of broadcasters or complainants to appeal our decisions to the High Court also acts as a quality control mechanism and ensures our decisions comply with the principles of natural justice and are legally sound.

The Broadcasting Act requires all broadcasters in New Zealand to publicise procedures for making complaints, including broadcasting notices about the process on each of their channels. This year we intend to audit broadcasters to ensure they are complying with their duties under the Act.

In line with our strategy for measuring stakeholder satisfaction with our systems and service this year we will survey broadcasters, seeking their experience and opinion of our processes.

### Codes of Broadcasting Practice

There are four existing Codes of Broadcasting Practice: Free-to-Air Television, Pay Television, Radio and Election Programmes. Each Code is reviewed at least once every five years to ensure it remains relevant.

No Codes are due for review this year and so our work in the next twelve months will concentrate on continuing to promote awareness of the Codes and building public understanding of the standards. To do this

more effectively, this year we will obtain some baseline measures this year through public surveys so we can demonstrate in the future that our efforts are improving awareness and understanding.

As in past years we will continue to publish practice notes on aspects of Code interpretation. These explain the BSA's likely approach to various standards to assist both broadcasters and the public.

We have previously sought an external assessment on an aspect of complaints determination at least once every two years. To improve performance measurement we will now undertake such an assessment once a year. In recent years we have commissioned:

- an assessment of the legal robustness and quality of legal reasoning in our decisions,
- an analysis of our decisions from a journalist's perspective, and
- an examination of how we are interpreting the privacy standard.

This year we will take a closer look at the way the BSA is applying the children's interest standard.

### Research

All our research flows from the research strategy we developed in 2006:

- To publish broad-based, innovative and practical research which adds to publicly available knowledge about a variety of broadcast and media content issues
- To be continuously curious about, and informed of, New Zealanders' views about broadcasting standards and related matters
- To consider longitudinal research where possible to maximise the value of the data and the consistency of the research programme
- To use research to measure stakeholder satisfaction.

Over the past few years we have invested significant resources towards research goals. This year our goals are more modest.

We will complete the research project that looks at 'reality' television that was commissioned in the previous SOI year. We also intend to update previous research on the acceptability of swear words. This work was carried out in 2000 and 2005 and must be regularly repeated to keep abreast of changes in community attitudes.

We will continue to involve our stakeholders wherever practicable when we plan, commission and release research.

## Information

Our communications strategies are:

- To seek new opportunities to enter the broadcasting regulatory debate
- To maintain and enhance existing communications
- To support existing media literacy initiatives, and create new ones.

We undertake a range of activities that ensure stakeholders are aware of what we do, to explain and publicise decisions and to highlight broadcasting standards related issues.

It is vital that we provide reliable information in accessible formats and two of our most accessible forms of communication are our website and 0800 number. Last year we reviewed both of these and developed a plan for improvements to them. This year we will carry out that work.

Last year we also commissioned an assessment of BSA decisions from a journalist's perspective. This year we intend to hold a symposium with working journalists on issues arising from that assessment.

It is very important to us that broadcasters, who first deal with most broadcasting standards related complaints as a matter of

course, receive sufficient information and support from us. We have specific targets relating to broadcaster communication to ensure we remain aware of and responsive to their needs.

We will, of course, continue all our other information activities including direct discussion with interested organisations and people, public speaking and participation in conferences, and providing useful information in a variety of forms and languages.

We have undertaken to measure the public's awareness of the Codes and standards. We will add this information to the baseline figures have already collected. We intend to use these figures to demonstrate in future how our information activities are improving awareness of broadcasting standards related matters.

In the past few years we have undertaken activities through our Community Advisory Panel (CAP), a consultative group of ten people from different and diverse communities around New Zealand. We have been pleased with the work arising from the CAP workplan which has included publicising free-to-air television timebands and classifications through a poster campaign that was delivered through community centres and on public transport, and a fridge magnet given away to parents to remind them of the AO 8:30 watershed.

The CAP was set up in late 2006 and was designed to last about two years. During the the past year we reviewed the group's input and considered how it contributed to our overall communications strategy. We decided that, while the CAP had been effective, the aims we had hoped to achieve through it could now be fulfilled through other means of communication and engagement.

While we do not intend to proceed with the CAP, one initiative that arose from it was for board members to meet with groups from

various and diverse communities. We intend to continue with that initiative as it is a way for members and staff to communicate directly

with groups not easily accessed by our other forms of communication.

## ONGOING MEASURES TOWARDS ACHIEVING SUCCESS

These five key goals will underpin all our work over the three year period ending 30 June 2012 in order to ensure our financial and non-financial success.

We will report on these measures in each annual report.

| Goals   | Measures   |
|---|--|
| <b><i>Non-financial</i></b>   |  |
| Maintain quality of the complaints determination processes.   | At least one external review on a complaints process is commissioned, completed and reported to the board every year.<br>Results of reviews are used to improve BSA processes where practicable. |
| Each Code of Broadcasting Practice is reviewed at least once every five years.  | Each Code review completed within 18 months of commencement.   |
| Five year research plan followed (and reviewed annually).   | Research projects commissioned and published according to plan.  |
| Communications strategy executed (and reviewed annually).   | Communications targets met.  |
| <b><i>Financial</i></b>   |  |
| Apply funding from the Crown and the broadcasting levy to activities described in the prospective financial statements. | Compliance reviewed by Board half-yearly.  |

# **PART 3: MEASURING PERFORMANCE 2009-2010**



**The following section presents a set of activities for the year ended 30 June 2010. It provides targets, budgets and performance measures in accordance with section 142 of the Crown Entities Act.**

- Forecast statement of financial performance
- Forecast statement of changes in equity
- Forecast statement of financial position
- Forecast statement of cash flows
- Notes to the forecast financial statements, including summary of significant accounting policies and the statement of key assumptions.
- Forecast statement of service performance

Performance against the targets and measures in this section will be reported in the Annual Report for 2009-10.

# FORECAST STATEMENT OF FINANCIAL PERFORMANCE

For the year ending 30 June 2010

|  | 2010 Forecast<br>\$ | 2009 Forecast<br>\$ |
|--|---------------------|---------------------|
| <b>REVENUE FOR ALL CLASSES OF OUTPUTS</b>      |                     |                     |
| Revenue from Crown                             | 609,000             | 609,000             |
| Broadcasting Levy                              | 725,000             | 751,000             |
| Interest Income                                | 30,000              | 47,000              |
| Other Revenue                                  | -                   | 590                 |
| <b>TOTAL REVENUE</b>                           | <b>1,364,000</b>    | <b>1,407,590</b>    |
| <b>LESS EXPENDITURE</b>                        |                     |                     |
| Output 1 - Complaints Determination            | 929,706             | 874,244             |
| Output 2 - Broadcasting Codes                  | 66,553              | 67,062              |
| Output 3 - Research                            | 150,209             | 241,623             |
| Output 4 - Information                         | 294,479             | 310,516             |
| <b>TOTAL EXPENDITURE</b>                       | <b>1,440,947</b>    | <b>1,493,445</b>    |
| <b>NET DEFICIT for the year</b>                | <b>(76,947)</b>     | <b>(85,855)</b>     |
| <b>Note: Expenditure consists of:</b>          |                     |                     |
| Members' Fees and Staff Remuneration           | 792,310             | 758,300             |
| Depreciation and Amortisation                  | 42,368              | 44,372              |
| Audit Fees                                     | 16,832              | 16,880              |
| Other Expenditure for Activities and Overheads | 589,437             | 673,893             |
|  | <b>1,440,947</b>    | <b>1,493,445</b>    |

*The statements of accounting policies and assumptions form an integral part of and should be read in conjunction with these forecast financial statements*

# FORECAST STATEMENT OF CHANGES IN EQUITY

For the year ending 30 June 2010

|                              | 2010 Forecast<br>\$ | 2009 Forecast<br>\$ |
|------------------------------|---------------------|---------------------|
| NET DEFICIT for the year     | (76,947)            | (85,855)            |
| PLUS PUBLIC EQUITY 1 July    | 300,790             | 386,645             |
| <b>PUBLIC EQUITY 30 June</b> | <b>223,843</b>      | <b>300,790</b>      |

*The statements of accounting policies and assumptions form an integral part of and should be read in conjunction with these forecast financial statements*

# FORECAST STATEMENT OF FINANCIAL POSITION

For the year ending 30 June 2010

|                                     | 2010 Forecast<br>\$ | 2009 Forecast<br>\$ |
|-------------------------------------|---------------------|---------------------|
| <b>CURRENT ASSETS</b>               |                     |                     |
| Cash and Cash Equivalents           | 16,964              | 12,818              |
| Investments                         | 370,000             | 400,000             |
| Debtors and Other Receivables       | 1,800               | 1,825               |
| Prepayments                         | 3,100               | 10,300              |
| Net GST                             | 13,000              | 10,500              |
|                                     | <b>404,864</b>      | <b>435,443</b>      |
| <b>LESS CURRENT LIABILITIES</b>     |                     |                     |
| Creditors and Other Payables        | 160,000             | 148,000             |
| Employee Entitlements               | 45,000              | 41,000              |
|                                     | <b>205,000</b>      | <b>189,000</b>      |
| <b>WORKING CAPITAL</b>              | <b>199,864</b>      | <b>246,443</b>      |
| <b>NON-CURRENT ASSETS</b>           |                     |                     |
| Property, Plant and Equipment       | 21,159              | 49,439              |
| Intangible Assets                   | 2,820               | 4,908               |
|                                     | 23,979              | 54,347              |
| <b>NET ASSETS</b>                   | 223,843             | 300,790             |
| <b>Represented by PUBLIC EQUITY</b> | <b>223,843</b>      | <b>300,790</b>      |

*The statements of accounting policies and assumptions form an integral part of and should be read in conjunction with these forecast financial statements*

# FORECAST STATEMENT OF CASH FLOWS

For the year ending 30 June 2010

|  | 2010 Forecast<br>\$ | 2009 Forecast<br>\$ |
|--|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>        |                     |                     |
| <b>Cash will be provided from:</b>                 |                     |                     |
| Grants, Broadcasting Levy, and Other Income        | 1,341,225           | 1,354,562           |
| Interest   | 30,000              | 64,536              |
| Net GST  | (2,500)             | 2,859               |
| <b>Cash will be disbursed to:</b>                  |                     |                     |
| Payments to Employees and Members                  | (788,310)           | (761,258)           |
| Payments to Suppliers and Other Operating Expenses | (594,269)           | (680,484)           |
| <b>Net Cash Flows From Operating Activities</b>    | <b>(13,854)</b>     | <b>(19,785)</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>        |                     |                     |
| <b>Cash will be disbursed to:</b>                  |                     |                     |
| Purchase of Property, Plant and Equipment          | (12,000)            | 0                   |
| Investments  | 30,000              | 17,536              |
| <b>Net Cash Flows From Investing Activities</b>    | <b>18,000</b>       | <b>17,536</b>       |
| Net Increase/Decrease in Cash Held                 | 4,146               | (19,785)            |
| PLUS Opening Cash Brought Forward                  | 12,818              | 32,603              |
| <b>BALANCE CARRIED FORWARD</b>                     | <b>16,964</b>       | <b>12,818</b>       |

*The statements of accounting policies and assumptions form an integral part of and should be read in conjunction with these forecast financial statements*

# NOTES TO THE FORECAST FINANCIAL STATEMENTS

## REPORTING ENTITY

The Broadcasting Standards Authority was established by the Broadcasting Act 1989 which sets out the functions and responsibilities of the BSA. The BSA is an Independent Crown Entity in terms of the Crown Entities Act 2004 (the Act).

## STATEMENT OF COMPLIANCE AND MEASUREMENT BASIS FOR PREPARATION

These forecast financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The information in the forecast financial statements may not be appropriate for purposes other than the requirements of the Act.

The forecast financial statements for the year ended 30 June 2010 are prepared in accordance with the Crown Entities Act, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Revenue

Revenues are derived and recognised as follows:

Crown revenue consists of a grant from the Government. This grant is recognised when it is received.

The Broadcasting Levy is recognised upon receipt of the payment from the broadcaster.

Interest is derived from held-to-maturity investments and is recognised on an accrual basis.

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

The BSA's revenue is of a generic nature and is not directly derived from the outputs disclosed in the Statement of Service Performance. For this reason the income is not allocated to the outputs.

### 2. Statement of cash flows

Cash comprises of cash on hand and demand deposits. Demand deposits include short-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 and records the cash payments made for the supply of goods and services and payments to employees.

Investing activities are those activities relating to the acquisition and disposal of long-term and other investments.

Financial activities comprise of the change in equity and borrowings of the entity.

### 3. 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 position.

### 4. Cash and cash equivalents

Cash and cash equivalents held by the BSA include bank balances, on-call bank deposits and short-term deposits with original maturities of three months or less.

### 5. Debtors and other receivables

Accounts receivable are stated at their expected realisable value.

### 6. Investments in bank deposits

Investments in bank deposits are measured at fair value.

### 7. Property, plant and equipment

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

### 8. Depreciation

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

|   |         |                   |
|---|---------|-------------------|
| Office Equipment .....                                  | 5 years | 20% straight line |
| Furniture & 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 |
| Artworks are fully depreciated in the year of purchase. |         |                   |

### 9. Intangible assets

#### Software acquisition

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

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life.

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

|                         |         |                   |
|-------------------------|---------|-------------------|
| Computer Software ..... | 3 years | 33% straight line |
|-------------------------|---------|-------------------|

## 10. Creditors and other payables

Creditors and other payables are stated at their expected realisable value.

## 11. 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 reporting date are measured at nominal values on an actual entitlement basis at current rates of pay.

## 12. Taxation

### Goods and Service Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable, 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 charge for income tax has been provided for.

## 13. Output cost allocation

This year the BSA has revised its Strategic Framework. Consequently output costs in the Statement of Service Performance have been reclassified.

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 / information.

## 14. Statement of key assumptions

The forecast financial statements are based on assumptions concerning the future and estimates which may vary from the information presented. The variations may be material, especially if income from the Broadcasting Levy was to decrease due to a significant decrease in broadcasters' revenue.

# FORECAST STATEMENT OF SERVICE PERFORMANCE

For the year ending 30 June 2010

Measures are for the 2009-2010 year unless otherwise indicated.  
*(figures for 2007-8 are given in brackets where relevant)*

## OUTPUT CLASS 1: COMPLAINTS DETERMINATION

Impacts: The public has an effective and efficient complaints process.  
 Complaints are determined in a principled and professional manner.

### Description

Decision making on formal complaints lodged under the Broadcasting Act is undertaken by the BSA, with legal and administrative support provided by staff. Decisions are subject both to judicial review and appeal to the High Court.

#### Impact: The public has an effective and efficient complaints process.

| Outputs   | Measures  |
|---|---|
| Written acknowledgement of formal complaints.   | 100% of complaints acknowledged in 3 working days.<br><i>(2007-2008 – 100% of complaints acknowledged in 3 working days.)</i>   |
| Completed decisions issued.   | 95% of all complaints decisions issued within 20 working days after board meeting at which decision is made.<br><i>(2007-2008 – 100% of single-meeting complaints decisions and 92% of multi meeting complaints decisions issued within 20 working days.)</i>   |
| Audit broadcaster publicity of the complaints process (including an audit of notices advertising the complaints process on each channel). | <b>2009-2010</b><br>Audit completed by 31 December 2009.<br>All broadcasters not complying with their obligations in the Act are notified and given information and/or assistance to comply where necessary.  |
|   | <b>2010-2012</b><br>A further audit shows improved compliance by broadcasters.  |
| Survey stakeholders to assess satisfaction with the quality of the BSA processes and service.   | <b>2009-2010</b><br>Survey all broadcasters involved in a formal complaint referred to the BSA in the two previous years to assess satisfaction with BSA processes.<br>Survey completed and published by 30 June 2010.<br><i>(2007-2008 – survey of all complainants involved in a formal complaint to the BSA in the 2006 calendar year completed by December 2007.)</i> |
|   | <b>2010-2012</b><br>Relevant recommendations from the survey actioned and changes made to BSA processes or policies as required.  |

**Impact – Complaints are determined in a principled and professional manner.**

| Outputs  | Measures   |
|--|--|
| Formal board meetings convened in order that due process for complaints determination is followed. | No fewer than 10 formal board meetings recorded by 30 June 2010).<br><i>(2007-2008 – 10 meetings formally recorded.)</i>   |
| Soundly-reasoned decisions are issued.   | In the event of an appeal, any advice or direction given by the Court is implemented into the appropriate procedures and practice notes within six months of the date of the decision.                   |
| Externally assess the quality of BSA reasoning.  | Commission an external review on the approach the BSA takes in applying the children’s interest standard.<br>Review published by 30 April 2010.<br>Relevant findings are applied in the BSA’s processes. |

**Output Class 1 Cost:**

|                   |           |
|-------------------|-----------|
| Personnel         | \$573,210 |
| Direct Operating  | \$114,200 |
| Overhead          | \$242,296 |
|                   | <hr/>     |
|                   | \$929,706 |
| % of total budget | 65%       |

## OUTPUT CLASS 2: CODES OF BROADCASTING PRACTICE

Impact: Codes of Broadcasting Practice are relevant for broadcasters and the New Zealand public.

### Description

The Codes of Broadcasting Practice underpin the complaints system. Each Code is reviewed at least once every five years to ensure it provides relevant guidance for both broadcasters and complainants.

Practice notes are designed to assist broadcasters and complainants understand the approach the BSA is likely to take in considering standards issues.

### Impact: Codes of Broadcasting Practice are relevant for broadcasters and the New Zealand public.

| Outputs  | Measures  |
|--|---|
| Codes of Broadcasting Practice are promoted to the public. | <b>2009-2010</b><br>A public survey of awareness of the Codes and the standards is undertaken to obtain baseline figures for measurement.   |
|  | <b>2010-2012</b><br>Promotion of the Codes and standards is undertaken. A survey shows that public awareness of the Codes and the standards has increased by no less than 5% by 30 June 2012. |
| Practice notes on aspects of code interpretation.          | Two new practice notes published by 30 June 2010.<br><i>(2007-2008 – Two practice notes, one on liquor and one on violence, were issued by 30 April 2008.)</i>                                |

### Output Class 2 Cost:

|                   |          |
|-------------------|----------|
| Personnel         | \$48,246 |
| Direct Operating  | \$1,000  |
| Overhead          | \$17,307 |
|                   | <hr/>    |
|                   | \$66,553 |
| % of total budget | 5%       |

## OUTPUT CLASS 3: RESEARCH

Impact: Useful and reliable research is undertaken and the results utilised.

### Description

Research on topics relevant to broadcasting standards provides information about community attitudes and behaviour. This assists the Authority when making decisions.

#### Impact: Useful and reliable research is undertaken and the results utilised.

| Outputs  | Measures  |
|--|---|
| A study of 'reality' television (study was commissioned in the 2008-2009 year).            | Research published by 30 June 2010.   |
| Quantitative research on public attitudes to acceptability of swear-words in broadcasting. | Results published by 30 April 2010.<br>Relevant findings are utilised by the Authority when determining complaints. |

### Output Class 3 Cost:

|                   |           |
|-------------------|-----------|
| Personnel         | \$65,096  |
| Direct Operating  | \$50,500  |
| Overhead          | \$34,613  |
|                   | <hr/>     |
|                   | \$150,209 |
| % of total budget | 10%       |

## OUTPUT CLASS 4: INFORMATION

Impacts: A range of accessible information is provided.

Broadcasters understand their obligations under the Broadcasting Act and their processes are assisted where necessary.

### Description

It is important for us, our stakeholders and the integrity of the standards regime, that a variety of material is available to assist the public and, when required, broadcasters.

Effective information on broadcasting standards processes and issues assists New Zealanders to understand their media environment. An informed and media literate public is better able to control their engagement with all forms of broadcasting content.

It is in the public interest that complainants have their complaints dealt with professionally by broadcasters. Broadcast organisations that receive the majority of complaints have resources and well-developed processes in place to meet their broadcasting standards obligations. Advice on processes from the BSA is therefore rarely required. However, to ensure the robustness and consistency of the overall complaints process there is value in an ongoing dialogue with these broadcasters.

Smaller broadcasters and those which rarely encounter formal complaints sometimes need specific support and tailored information.

### Impact: A range of accessible information is provided.

| Outputs  | Measures  |
|--|---|
| General communications to stakeholders and the public. | <p>100% of decisions published on BSA website within 10 working days of sign-off by Chair.</p> <p><i>(2007-2008 – 100% of decisions published on website within 10 working days of sign-off by Chair.)</i></p> <p>Publish by 30 June 2010 no fewer than four editions of a newsletter designed to keep stakeholders informed.</p> <p>Publish all newly reviewed Codes in both official languages of New Zealand – English and Te Reo Māori.</p> <p>Hold two community meetings with members of groups not easily accessible by other communication by 30 June 2010.</p> |
| Special communications projects.                       | <p>BSA's website and 0800 number are upgraded by 30 June 2010 to improve accessibility and ease of use.</p> <p>Hold a symposium with journalists to discuss issues relating to broadcasting standards. Symposium held by 31 December 2009.</p>  |

**Impact: Broadcasters understand their obligations under the Broadcasting Act and their processes are assisted where necessary.**

| <b>Outputs</b>   | <b>Measures</b>  |
|--|--|
| Meetings with the two broadcasters from which the BSA receives the most referred complaints in the preceding year (in 2008-9 this was TVNZ and Mediaworks).  | Two meetings each with TVNZ and Mediaworks by 30 June 2010.  |
| Meetings with broadcasters from which the BSA receives a significant number of referred complaints (including for the next twelve months at least Radio NZ, The Radio Network, Sky TV and Maori TV). | At least one meeting with each of the other significant broadcasters by 30 June 2010.  |
| Meetings with five additional broadcast organisations to discuss and advise on complaints process matters.   | Five meetings with various broadcasters by 30 June 2010.   |
| Meet formally with broadcaster associations.   | At least one meeting with each of the Television Broadcasters' Council, Radio Broadcasters Association and Regional Television Broadcasters Association by 30 June 2010.<br>Areas of cooperation agreed. |

**Output Class 4 Cost:**

|                   |           |
|-------------------|-----------|
| Personnel         | \$105,758 |
| Direct Operating  | \$136,800 |
| Overhead          | \$51,921  |
|                   | <hr/>     |
|                   | \$294,479 |
| % of total budget | 20%       |

# FORECAST OUTPUT AND EXPENDITURE SUMMARY

For the year ending 30 June 2010

|                                | Forecast<br>Income | Forecast<br>Expenditure |
|--------------------------------|--------------------|-------------------------|
| Complaints Determination       | \$845,680          | \$929,706               |
| Codes of Broadcasting Practice | \$54,560           | \$66,553                |
| Research                       | \$136,400          | \$150,209               |
| Information                    | \$327,360          | \$294,479               |
| <b>TOTALS</b>                  | <b>\$1,364,000</b> | <b>\$1,440,947</b>      |

# DIRECTORY

## MEMBERS

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

## STAFF

|                       |                                      |
|-----------------------|--------------------------------------|
| Dominic Sheehan       | Chief Executive                      |
| Christina Sophocleous | Legal Manager                        |
| Julie Bath            | Administration Manager               |
| Matthew Dearing       | Legal Advisor                        |
| Patricia Windle       | Legal Advisor                        |
| Kate Baker            | Communications Advisor               |
| Zhao Xiaofeng         | Administrator (part-time)            |
| Margaret Giannotti    | Administrator (part-time)            |
| Trish Cross           | Receptionist (shared with NZ On Air) |

## CONTACT DETAILS

2nd floor, Lotteries Commission Building  
54 - 56 Cambridge Terrace  
PO Box 9213, Wellington 6141, New Zealand  
Telephone: (04) 382 9508  
Facsimile: (04) 382 9543  
Infoline: 0800 366 996  
Email: [info@bsa.govt.nz](mailto:info@bsa.govt.nz)

[www.bsa.govt.nz](http://www.bsa.govt.nz)



LOTTERIES COMMISSION BUILDING 2ND FLOOR, 54-56 CAMBRIDGE TERRACE  
PO BOX 9213, WELLINGTON 6141, NZ PH: (04) 382 9508, INFOLINE: 0800 366 996

[www.bsa.govt.nz](http://www.bsa.govt.nz)