



**BROADCASTING STANDARDS AUTHORITY  
TE MANA WHANONGA KAIPĀHO**

# **STATEMENT OF PERFORMANCE EXPECTATIONS**

**FOR THE YEAR ENDING 30 JUNE 2019**

# STATEMENT OF AUTHORISATION

**For The Year Ending 30 June 2019**

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

This SPE sets out our proposed performance targets and forecast financial information for the year ahead. It is produced in accordance with section 149E of the Crown Entities Act 2004 and should be read together with our Statement of Intent 2017-2021 (SOI).

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



**Peter Radich** ONZM *Chair*

*30 May 2018*



**Paula Rose** QSO *Member*

*30 May 2018*

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# STRATEGIC FRAMEWORK

<b>SECTOR VISION</b>	<b>New Zealanders' distinctive culture enriches our lives</b>
<b>BSA VISION &amp; PURPOSE</b>	<p style="text-align: center;">↑ <b>OUR VISION IS FOR FAIRNESS AND FREEDOM IN BROADCASTING</b> ↑</p> <p>Our purpose is to oversee New Zealand's broadcasting standards regime so that it is fair to all New Zealanders by balancing the broadcasters' right to freedom of expression with their obligation to avoid harm</p>
<b>OVERARCHING OUTCOME/GOAL</b>	<p style="text-align: center;">↑ <b>What we intend to achieve:</b> ↑</p> <p>New Zealanders have increased confidence that the broadcasting standards regime fairly balances the broadcasters' right to freedom of expression with their obligation to avoid harm</p>
<b>IMPACTS OVER TIME</b>	<p style="text-align: center;">↑ <b>How we contribute and influence:</b> ↑</p> <p>We will actively engage with and educate all broadcasters and the public about broadcasting standards, so that:</p> <ul style="list-style-type: none"> <li>• broadcasters and the public are aware of and understand the broadcasting standards that apply</li> <li>• broadcasters meet their obligations under the broadcasting standards</li> <li>• the public understands how to complain</li> <li>• the system is developed with input from broadcasters and the public</li> <li>• standards are relevant to the media environment to which they apply</li> </ul> <p>We will issue decisions on complaints that are fair, clear, robust and timely, and reflect our changing media environment</p>
<b>MEASURE OUR IMPACT</b>	<p style="text-align: center;">↑ <b>How we know we are succeeding:</b> ↑</p> <ul style="list-style-type: none"> <li>• Public awareness of the existence of the broadcasting standards system is maintained</li> <li>• Understanding of standards by broadcasters and the public is improved</li> <li>• A high level of trust and confidence in the system is maintained</li> <li>• There is a reduction in the number of upheld and not upheld complaints</li> </ul>
<b>ACTIVITIES &amp; SERVICES</b>	<p style="text-align: center;">↑ <b>How we deliver:</b> ↑</p> <div style="display: flex; justify-content: space-around; align-items: flex-start; padding: 10px;"> <div style="border: 1px solid black; padding: 10px; width: 30%;"> <p style="text-align: center;"><b>OVERSIGHT AND DEVELOPMENT OF THE BROADCASTING STANDARDS SYSTEM</b></p> <p>We oversee the broadcasting standards regime, work with broadcasters and others to set clear broadcasting standards, and work to improve the complaint handling system at all levels by addressing systemic issues, reviewing codes, issuing guidance, and undertaking research</p> </div> <div style="border: 1px solid black; padding: 10px; width: 30%;"> <p style="text-align: center;"><b>COMPLAINTS DETERMINATION</b></p> <p>We receive complaints about breaches of the Codes of Broadcasting Practice and aim to issue robust, soundly reasoned, timely decisions that reflect the boundaries between freedom of expression and harm</p> </div> <div style="border: 1px solid black; padding: 10px; width: 30%;"> <p style="text-align: center;"><b>INFORMATION AND COMMUNICATION</b></p> <p>We provide clear, user-friendly information about the broadcasting standards system and our decisions</p> </div> </div>

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# INTRODUCTION

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

This is our fifth SPE and this year we have refined the number and improved the quality of our performance measures. The primary focus has been to reduce the overlap of some measures and to remove measures which simply counted activity rather than evaluating our impact and results. In the year ahead we are undertaking additional projects relating to the review of classifications and timebands in the Free-to-Air Television Code, and to refresh our website. In light of planned projects relating to the BSA's core functions, a deficit is forecast, which will require BSA to draw on its reserves. The reserves have been built up over time for the purpose of supporting such core function projects. Notwithstanding the anticipated deficit, we will continue to have strong reserves in line with our financial management policy.

This SPE is provided in two parts:

## Performance measures

This section sets out performance measures, targets, estimates and budgets for the year ending 30 June 2019 in accordance with the Crown Entities Act 2004 in relation to our three activities and services. This section explains how our activities link to, influence and contribute to longer-term outcomes and the impact we intend to achieve.

As shown in our strategic framework (page 2), the three activities and services we deliver work collectively. Together, they contribute to the overarching goal and outcome, and what we intend to achieve – namely, that New Zealanders have increased confidence that the broadcasting standards regime fairly and properly balances broadcasters' right to freedom of expression with their obligation to avoid harm.

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

- Public awareness of the existence of the broadcasting standards system is maintained
- Understanding of standards by broadcasters and the public is improved
- A high level of trust and confidence in the system is maintained
- There is a reduction in the number of upheld and not upheld complaints.

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

- complaints determination
- oversight and development of the broadcasting standards system
- information and communication.

## Forecast financial statements

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



# PERFORMANCE MEASURES

## 1. Complaints Determination

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

Complaints determination is our core activity. It is supported by and linked to the other two key activities and services we deliver – each is an integral part of the broadcasting standards system.

Through our complaints determination service we aim to issue high quality decisions that are well reasoned and reflect community attitudes so that broadcasters and the public understand the standards and how they ought to apply. Overall through our decisions we aim to maintain a high level of trust and confidence in the standards system. Our measures set out below focus on high performance in the delivery of the complaints service and high quality in the decisions themselves. We have removed some measures which simply counted activities, and revised some measures to ensure that these better measure the overall impact that we intend to achieve. We have continued to report against previous years, where past performance is relevant to the refreshed measure.

KEY DELIVERABLES	PERFORMANCE MEASURES	2018/19 TARGET	2017/18 FORECAST	2016/17 ACTUAL	2015/16 ACTUAL
1.1 We provide a high quality complaints determination service	Complaints activities are undertaken in accordance with agreed timeframes and standards <sup>1</sup>	90%	Revised measure	Revised measure	Revised measure
1.2 Decisions are soundly reasoned	(a) External assessment conducted to assess whether the BSA's reasoning, processes and/or interpretation of a standard are appropriate and reasonable <sup>2</sup>	An external assessor agrees that the BSA's reasoning, process and/or interpretation are appropriate and reasonable	Achieved	Achieved Programme information and children's interests standards decisions reviewed	Not achieved Feedback on BSA interpretation and approach from external stakeholders was taken into account in the Code review process
	(b) High Court judgments on appeals taken against BSA decisions are analysed and applied in subsequent decisions to enable improvements to the BSA's reasoning and process	Achieved	No appeal decisions issued	Achieved 2 Court decisions received and analysed	No appeal decisions issued

<sup>1</sup> Timeframes and standards are set out in the BSA policy manual which reflects previous measures 1.1, 1.2 and 3.2 from the SPE for the year ending 30 June 2018.

<sup>2</sup> Wording refreshed but overall the measure is the same as previous years. Our aim is to issue decisions and to offer a process that an external assessor agrees is of high quality.

KEY DELIVERABLES	PERFORMANCE MEASURES	2018/19 TARGET	2017/18 FORECAST	2016/17 ACTUAL	2015/16 ACTUAL
1.3 Complainant satisfaction	Complainants are satisfied with the processes, system and quality of service provided by the BSA in two-yearly survey <sup>3</sup>	70%	Achieved	Achieved Average of 80% were satisfied with BSA's written correspondence 90% were satisfied with BSA's telephone contact 88% were satisfied with BSA staff's professionalism	Achieved Average of 74% were satisfied with BSA's written correspondence 85% were satisfied with BSA's telephone contact 89% were satisfied with BSA staff's professionalism
1.4 BSA decisions reflect community standards and are understood by members of the public <sup>4</sup>	Litmus test up to 5 decisions with groups of mixed ethnicity, age and gender, as to BSA approach to a standard, clarity of reasoning and decision outcome and identify current community attitudes on issues addressed by standards	75% rank decisions as acceptable, good or very good on a 5-point scale in terms of how well the public understand the reasoning and support the complaint outcome	Achieved	Achieved 5 decisions on programme information and children's interests litmus tested An average of 87% of participants ranked the decisions as acceptable, good or very good on a 5-point scale	Achieved Focus groups litmus tested 5 decisions on good taste and decency An average of 89% of the participants ranked the decisions as acceptable, good or very good on a 5-point scale

## COST OF COMPLAINTS DETERMINATION

	2018/19 BUDGET	2017/18 FORECAST	2017/18 BUDGET	2016/17 ACTUAL	2015/16 ACTUAL
TOTAL REVENUE	683,550	657,271	759,500	727,084	1,015,061
TOTAL EXPENDITURE	715,568	626,377	728,400	552,690	681,266
<b>% OF TOTAL BUDGET</b>	<b>45%</b>	<b>43.27%</b>	<b>50%</b>	<b>45%</b>	<b>58.9%</b>

<sup>3</sup> Wording refreshed to better capture the purpose of the measure.

<sup>4</sup> Old measure 1.6, requiring BSA to reference research in decisions, removed as it did not measure performance. Research is referenced in decisions where relevant and appropriate.



## 2. Oversight and Development of the Broadcasting Standards System

We oversee the broadcasting standards regime, work with broadcasters and others to set clear broadcasting standards, and improve the complaint handling system at all levels by addressing systemic issues, reviewing codes, issuing practice guidance, and undertaking research. We work co-operatively and openly with other content standards regulators and provide advice to policy officials on issues of reform as required.

Critical to this service is our portfolio of research activity which is designed to ensure that we understand changing community attitudes and expectations, so that these can be reflected in our decisions. This year we have combined our previous two research measures into one overarching measure. Linked to this, maintaining public awareness of the standards and the complaints system is critical to the successful delivery of our service. Our information, communication and engagement programme is designed to ensure that we reach New Zealand’s diverse communities and we measure our impact through a bi-annual survey.

Codes of Broadcasting Practice underpin the complaints system and are designed to respond to the changing media and social environment. To ensure that they remain relevant, the codes and guidance provided will continue to be reviewed regularly. This year we will consult with the public on whether changes should be made to the classification and timeband requirements of the Free-to-Air Television Programme Information standard. This work is being undertaken in response to changes in technology, the availability of parental locks through digital set-top boxes and audience viewing behaviour. It will be carried out as part of our research portfolio. As part of this project, we will also work with broadcasters to raise awareness of the tools that are available to help audiences make appropriate choices about the broadcast content that they, and children in their care, consume.

Supporting broadcasters to meet the standards is another core role that we play. We do this through decisions and provision of education and guidance. We measure our impact through an annual broadcaster survey.

KEY DELIVERABLES	PERFORMANCE MEASURES	2018/19 TARGET	2017/18 FORECAST	2016/17 ACTUAL	2015/16 ACTUAL
2.1 Codes remain relevant to the media environment to which they apply	Codes are reviewed internally every two years against new media developments and, if appropriate, revised in conjunction with broadcasters and after public consultation	N/A	Achieved	N/A	New Codebook gazetted and published on 1 April 2016
2.2 Research is commissioned that is relevant to ensuring that standards are contemporary and community expectations are understood	Commission and publish one research project that analyses or examines the application of a standard, or an aspect of broadcasting, or community attitudes and/or informs any future regulatory system and is assessed as thorough and of value to development of standards and/or future regulatory system	1 research and/or public consultation project undertaken  Feedback from 5 stakeholders received that the research is valuable	Achieved	Achieved	Deferred



KEY DELIVERABLES	PERFORMANCE MEASURES	2018/19 TARGET	2017/18 FORECAST	2016/17 ACTUAL	2015/16 ACTUAL
2.3 Broadcasters fulfil obligations to publicise the complaints process	Audit undertaken every two years and non-compliant broadcasters notified and relevant information provided to them to assist them to comply	N/A (every two years)	Achieved	N/A (every two years)	Audit completed and 100% of non-compliant broadcasters notified and guidance provided within a month of completed audit
2.4 New Zealanders are aware of the BSA and aware they can make a formal complaint	Survey of public awareness undertaken every two years	75% of New Zealanders are aware of the BSA and aware they can make a formal complaint	N/A (every two years)	Achieved 92% aware of the BSA 83% aware they can make a formal complaint	N/A (every two years)
2.5 Broadcasters are satisfied with the quality of BSA processes, services and working relationships	Broadcasters rate BSA processes and working relationships as good or better and identify any issues. Issues are addressed following consideration by BSA Board	80% or more of broadcasters surveyed rank BSA processes and working relationships as good or very good on a 5-point scale. Issues raised are analysed and addressed	Achieved	Achieved 100% - Working relationship 83% - Processes	Achieved 100% - Working relationship 80% - Processes

## COST OF OVERSIGHT AND DEVELOPMENT OF THE BROADCASTING STANDARDS SYSTEM

	2018/19 BUDGET	2017/18 FORECAST	2017/18 BUDGET	2016/17 ACTUAL	2015/16 ACTUAL
TOTAL REVENUE	531,650	522,536	455,700	532,915	234,245
TOTAL EXPENDITURE	556,552	497,974	437,040	405,314	189,042
<b>% OF TOTAL BUDGET</b>	<b>35%</b>	<b>34.4%</b>	<b>30%</b>	<b>33%</b>	<b>16.34%</b>



### 3. Information and Communication

We provide clear, user-friendly information about the broadcasting standards system and our decisions to broadcasters and the public. We undertake activities to raise awareness about the BSA, broadcasting standards, and the complaints system. Activities include issuing strategic media releases about decisions, and the publication of a regular newsletter. Our focus in this area is increasingly on engagement rather than passive distribution of information. Particularly important is the need to engage with New Zealand's diverse communities, including Māori, Asian and Pasifika communities outside of the main centres.

We engage with the public and broadcasters through written material, seminars and workshops. We aim to ensure broadcasters are aware of and understand the standards, and that the public are aware of their right to complain and how the right to freedom of expression may be exercised in our democratic society.

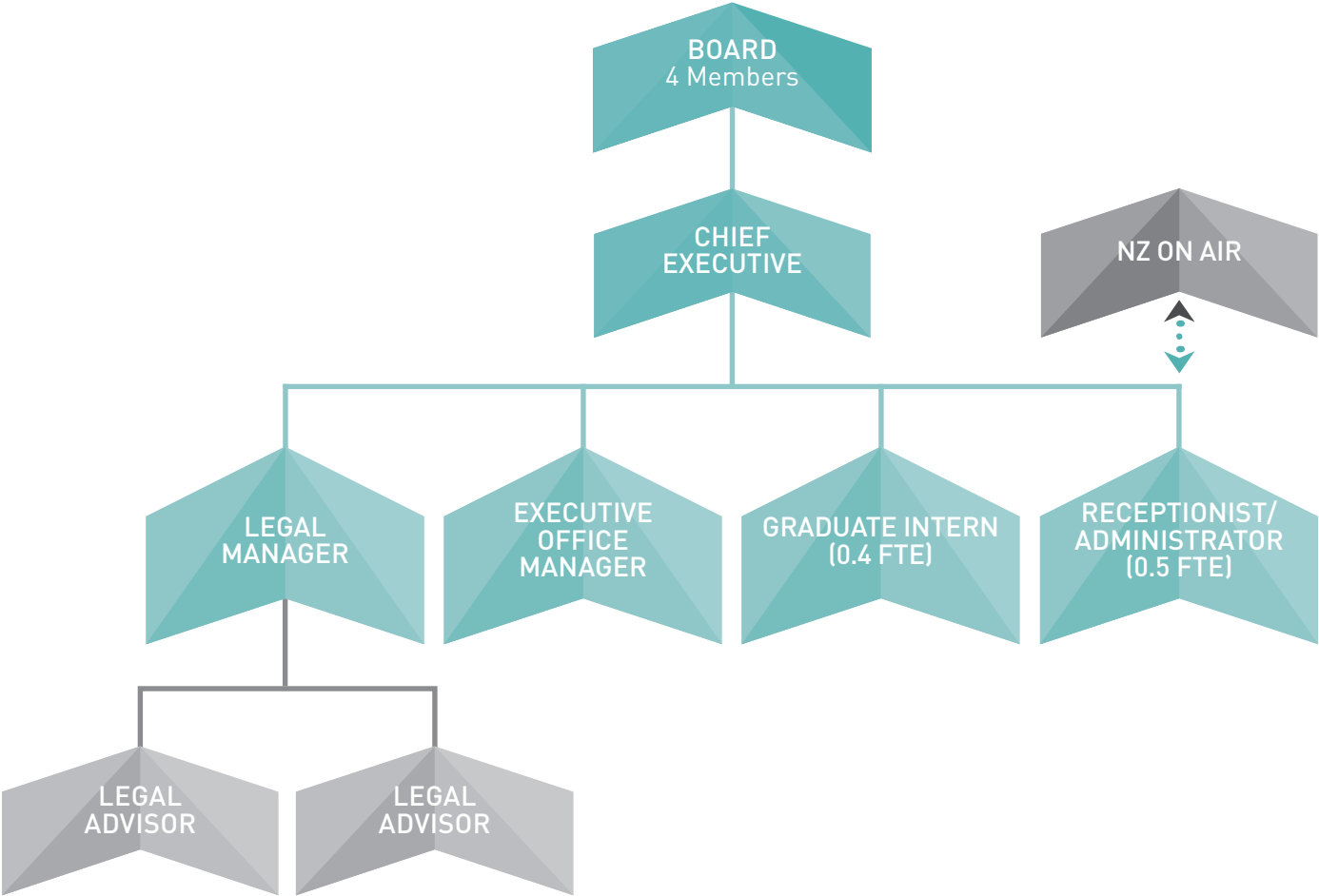
Our website remains our key interface with the public and we are committed to continuously improving it. This year, we are undertaking a project to refresh our website platform and content, in response to technology developments and feedback from users. This year we removed the website survey measure as we determined that more useful and relevant feedback is provided through direct feedback received via email and our annual broadcaster and complainant surveys. Our previous measure regarding timeframes and publications of decisions is captured in measure 1.1 above.

KEY DELIVERABLES	PERFORMANCE MEASURES	2018/19 TARGET	2017/18 FORECAST	2016/17 ACTUAL	2015/16 ACTUAL
3.1 Production of newsletter to keep stakeholders informed	Newsletters published regularly throughout the year	9	9	Achieved 10	Achieved 9
3.2 Strategic media releases issued	Decisions of high public interest or that provide particular guidance on the application of standards and the standards regime are regarded as strategic and are communicated by way of a media release	Releases for at least 10 decisions issued before 30 June 2019	Achieved	Achieved 20	Previous target of 15 not achieved - 14
3.3 Surveys of complainants and broadcasters indicate high satisfaction with the usability, value and clarity of the website	Complainants and/or broadcasters (as part of any other service surveys) rate the value and clarity of the BSA website as good or very good on a 5-point scale	At least 70% of those surveyed rate the BSA website as good or very good on a 5-point scale	Survey reports due by June 2018	Achieved 86% Complainants 85% Broadcasters	Achieved 75.5% Complainants 83% Broadcasters

#### COST OF INFORMATION AND COMMUNICATION

	2018/19 BUDGET	2017/18 FORECAST	2017/18 BUDGET	2016/17 ACTUAL	2015/16 ACTUAL
TOTAL REVENUE	303,800	339,193	303,800	355,384	312,327
TOTAL EXPENDITURE	318,030	323,249	291,360	270,248	286,347
% OF TOTAL BUDGET	20%	22.33%	20%	22%	24.76%

# ORGANISATIONAL HEALTH AND CAPABILITY



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



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

### Objective 1:

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

**Measures:**

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

### Objective 2:

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

**Measures:**

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

### Objective 3:

Our infrastructure is fit for purpose under existing legislative requirements

**Measures:**

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

### Objective 4:

Our office environment and equipment are safe and well-maintained

**Measures:**

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

### Objective 5:

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

**Measure:**

- EEO principles are included in all relevant documents and practices

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# FORECAST FINANCIAL STATEMENTS

The forecast financial statements provide all appropriate information and explanations needed to fairly reflect the forecast financial operations and financial position of the Broadcasting Standards Authority for the year ending 30 June 2018 in accordance with s149G of the Crown Entities Act 2004.

Our activities contribute to the non-departmental output expense, Public Broadcasting Services, within Vote Arts, Culture and Heritage, administered by the Ministry for Culture and Heritage. We will receive \$609,000 (GST exclusive) in Crown funding in 2018/19 (\$609,000 in 2017/18).

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

This year we have forecast a deficit as a result of costs arising from planned projects relating to our core functions. We expect to draw on our reserves which have been built up for the purpose of supporting projects. Notwithstanding the anticipated deficit, we will continue to have strong reserves in line with our financial management policy.



# STATEMENT OF FORECAST FINANCIAL PERFORMANCE

For The Year Ending 30 June 2019

	2018/19 Budget	2017/18 Budget	2017/18 Estimated Actual
	\$	\$	\$
<b>Revenue</b>			
Crown Revenue	609,000	609,000	609,000
Broadcasting levies	850,000	850,000	850,000
Interest income	60,000	60,000	60,000
<b>Total Revenue</b>	<b>1,519,000</b>	<b>1,519,000</b>	<b>1,519,000</b>
<b>Less Expenditure</b>			
Personnel costs	732,650	691,200	691,200
Other expenses	807,500	705,600	706,400
Depreciation and amortisation	50,000	60,000	50,000
<b>Total Expenditure</b>	<b>1,590,150</b>	<b>1,456,800</b>	<b>1,447,600</b>
<b>SURPLUS</b>	<b>(71,150)</b>	<b>62,200</b>	<b>71,400</b>

# STATEMENT OF FORECAST CHANGES IN EQUITY

For The Year Ending 30 June 2019

	2018/19 Budget	2017/18 Budget	2017/18 Estimated Actual
	\$	\$	\$
Public equity as at 1 July	1,970,292	1,891,661	2,101,892
Return of equity to the Crown	-	-	(203,000)
Surplus for the year ended 30 June	(71,150)	62,200	71,400
<b>PUBLIC EQUITY AS AT 30 JUNE</b>	<b>1,899,142</b>	<b>1,953,861</b>	<b>1,970,292</b>

# STATEMENT OF FORECAST FINANCIAL POSITION

As At 30 June 2019

	2018/19 Budget	2017/18 Budget	2017/18 Estimated Actual
	\$	\$	\$
<b>Current Assets</b>			
Bank accounts and cash	103,642	110,361	29,792
Investments	1,900,000	1,900,000	2,000,000
Debtors and prepayments	7,500	7,500	7,500
Net GST	18,000	18,000	18,000
	2,029,142	2,035,861	2,055,292
Property, plant and equipment	33,000	80,000	73,000
Intangible	7,000	8,000	7,000
	40,000	88,000	80,000
<b>Total Assets</b>	<b>2,069,142</b>	<b>2,123,861</b>	<b>2,135,292</b>
<b>Less Liabilities</b>			
Creditors and accrued expenses	120,000	120,000	120,000
Employee entitlements	50,000	50,000	45,000
	170,000	170,000	165,000
<b>Assets less Liabilities</b>	<b>1,899,142</b>	<b>1,953,861</b>	<b>1,970,292</b>
<b>REPRESENTED BY PUBLIC EQUITY</b>	<b>1,899,142</b>	<b>1,953,861</b>	<b>1,970,292</b>



# STATEMENT OF FORECAST CASH FLOWS

For The Year Ending 30 June 2019

	2018/19 Budget	2017/18 Budget	2017/18 Estimated Actual
	\$	\$	\$
<b>Cash Flows from Operating Activities</b>			
Revenue from Crown	609,000	609,000	609,000
Broadcasting levy	850,000	850,000	886,225
Interest received	60,000	60,000	85,408
Other income	-	-	-
GST (net)	-	-	4,953
Payments to employees & members	(727,650)	(686,200)	(704,177)
Payments to suppliers & other operating expenses	(807,500)	(705,600)	(718,767)
<b>Net Cash Flow from Operating Activities</b>	<b>(16,150)</b>	<b>127,200</b>	<b>162,642</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	(8,000)	(66,000)	(51,384)
Purchase of intangible assets	(2,000)	(2,000)	(1,000)
(Increase)/Decrease investments	100,000	(50,000)	-
<b>Net Cash Flow from Investing Activities</b>	<b>90,000</b>	<b>(118,000)</b>	<b>(52,384)</b>
<b>Cash Flows from Funding Activities</b>			
Return of equity to the Crown	-	-	(203,000)
<b>Net Cash Flow from Funding Activities</b>	<b>-</b>	<b>-</b>	<b>(203,000)</b>
<b>Net Increase/(decrease) in cash held</b>	<b>73,850</b>	<b>9,200</b>	<b>(92,742)</b>
Opening cash brought forward	29,792	101,161	122,534
<b>BALANCE CARRIED FORWARD</b>	<b>103,642</b>	<b>110,361</b>	<b>29,792</b>



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# NOTES TO THE FORECAST FINANCIAL STATEMENTS

## Statement Of Accounting Policies For The Year Ending 30 June 2019

### Reporting Entity

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

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

The financial statements reflect the operations of the BSA only and do not incorporate any other entities. These forecast financial statements are for the year ending 30 June 2019.

### Basis Of Preparation

#### Statement of Compliance

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

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

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

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

#### Measurement basis

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

### Functional and presentation currency

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

### Use of judgements, estimates and assumptions

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

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

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

- Crown Revenue is based on the level of Crown funding as provided for in the Government's 2018/19 budget.
- Broadcasting levy revenue is dependent upon broadcaster revenue levels over which the BSA has no control. We expect the level of receipts to be similar to that of previous years.
- Interest income depends on the available rates of return on bank investments.
- Personnel costs provide for moderate annual increases in line with the BSA remuneration framework and staff progression and an allowance for additional staff in the event that the scope of the BSA's services are expanded and/or complaint levels rise and additional resource is reasonably required.
- In light of planned projects relating to the BSA's core functions, a deficit is forecast, which will require BSA to draw on its reserves. The reserves have been built up over time for the purpose of supporting such core function projects. Notwithstanding the anticipated deficit, we will continue to have strong reserves in line with our financial management policy.
- In the event that unexpected costs arise in this financial year reserves may be drawn upon.



## Significant Accounting Policies

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

### Revenue

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

#### Revenue from the Crown

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

#### Broadcasting levy

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

#### Interest

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

#### Other income

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

### Leases

#### Operating leases

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

### Bank Accounts And Cash

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

### Debtors And Other Receivables

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

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

### Investments In Bank Deposits

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

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

### Property, Plant And Equipment

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

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

#### Additions

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

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

#### Disposals

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

#### Subsequent costs

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

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

#### Depreciation

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

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

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

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

Artworks are fully depreciated in the year of purchase.

## Intangible Assets

### Software acquisition

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

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

### Amortisation

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

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

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

## Impairment Of Property, Plant And Equipment And Intangible Assets

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

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

## Creditors And Other Payables

Creditors and other payables are reflected at their face value.

## Employee Entitlements

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

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

### Superannuation Scheme

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

## Goods And Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

## Income Tax

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

## Cost Allocation

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

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

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

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



BROADCASTING STANDARDS AUTHORITY  
TE MANA WHANONGA KAIPĀHO

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