

BROADCASTING STANDARDS AUTHORITY

# STATEMENT OF PERFORMANCE EXPECTATIONS

FOR THE YEAR ENDING 30 JUNE 2017



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# STATEMENT OF PERFORMANCE EXPECTATIONS

FOR THE YEAR ENDING 30 JUNE 2017

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

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



**Peter Radich**

*Chair*

*8 June 2016*



**Leigh Pearson**

*Member*

*8 June 2016*

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# INTRODUCTION

**This is the third Statement of Performance Expectations prepared by the Broadcasting Standards Authority. All information is provided in accordance with the Crown Entities Act 2004.**

**Performance results against these targets and also against the longer-term goals set out in our Statement of Intent will be provided in our Annual Report which will be published by early November 2017.**

**As is our usual practice, measures and targets are updated as required to reflect the changing environment in which we operate.**

This Statement of Performance Expectations is provided in two parts:

## **Performance assessment and annual expectations**

This section sets out performance measures, targets, estimates and budgets for the year ending 30 June 2017 in accordance with the Crown Entities Act in relation to our three activities and services. This section explains how our activities link to, influence and contribute to longer-term outcomes.

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

The specific impacts over time which we contribute to and influence are:

- We will actively engage with and educate all broadcasters and the public about broadcasting standards, so that:
  - o the public understands how to complain
  - o broadcasters willingly comply with standards
  - o the system can be developed with input from broadcasters and the public.
- We will issue decisions that are fair, clear, robust and timely, and reflect our changing media environment.

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 2017 in accordance with s149G of the Crown Entities Act 2004.



# PERFORMANCE ASSESSMENT AND ANNUAL EXPECTATIONS

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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>	↑	↑
	<b>OUR VISION IS FOR FAIRNESS AND FREEDOM IN BROADCASTING</b>	
	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	
<b>OVERARCHING OUTCOME/GOAL</b>	↑	↑
	<b>What we intend to achieve:</b>	
	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	
<b>IMPACTS OVER TIME</b>	↑	↑
	<b>How we contribute and influence:</b>	
	We will actively engage with and educate all broadcasters and the public about broadcasting standards, so that:	
	<ul style="list-style-type: none"> <li>• the public understands how to complain</li> <li>• broadcasters willingly comply with standards</li> <li>• the system can be developed with input from broadcasters and the public.</li> </ul>	
	We will issue decisions on complaints that are fair, clear, robust and timely, and reflect our changing media environment	
<b>MEASURE OUR IMPACT</b>	↑	↑
	<b>How we know we are succeeding:</b>	
	<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>	↑	↑
	<b>How we deliver:</b>	
	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="border: 1px solid black; padding: 10px; width: 30%;"> <p><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 practice notes, and undertaking research</p> </div> <div style="border: 1px solid black; padding: 10px; width: 30%; background-color: #e0f0ff;"> <p><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><b>INFORMATION AND COMMUNICATION</b></p> <p>We provide clear, user-friendly information about the broadcasting standards system and our decisions</p> </div> </div>	

# COMPLAINTS DETERMINATION

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

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. Decisions are made by the Authority with legal and administrative support provided by the staff. Decisions can be appealed to the High Court.

We issue decisions for all complaints that come to us and record and measure the timeliness and quality of our decisions and processes. We assess the quality of our decisions by seeking external assessment, monitoring any decisions overturned by the High Court, and litmus testing our decisions with members of the public to gauge how our decisions correspond to the diverse views of the community. We assess the quality of our processes by surveying complainants.

Key deliverables	Performance measures	Target 2016/17	Estimated 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
	Quantity					
Receive complaints	Formal complaints received and processed	Less than 150	140	151	149	136
Issue decisions	Issue decisions for all complaints that are within our jurisdiction in accordance with the Broadcasting Act 1989	100%	100%	100%	100%	100%

Key deliverables	Performance measures	Target 2016/17	Estimated 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Quantity</b>						
Commission research by way of a survey of complainants who have been through the broadcasting standards regime to assess their satisfaction with the processes and system	Commission summaries of the research into complainants' satisfaction with the complaints processes and system	New measure – 1 report provided by survey company to the BSA is analysed and appropriate improvements made  Previous measure changed as 1 report with larger sample size will give more meaningful results	1 report provided by survey company, as decision made not to receive December summary report due to small sample size (only 25 respondents)	2 reports provided by survey company to the BSA were analysed and appropriate improvements made	2 reports provided by survey company to the BSA were analysed and appropriate improvements made	2 reports provided by survey company to the BSA were analysed and appropriate improvements made
Commission independently facilitated focus groups to litmus test decisions and further our understanding of current community attitudes on standards, and to test the understanding of decisions	Litmus test decisions as to approach to a standard and decision presentation, with groups of mixed ethnicity, age and gender	Litmus test 5 decisions	Focus groups litmus tested 5 decisions on good taste and decency. Research will be published on our website	Focus groups litmus tested 5 decisions on accuracy (the distinction between fact and opinion). Research was published on our website in June 2015	Focus groups litmus tested 5 decisions on discrimination and denigration. Research was published on our website	Focus groups litmus tested 5 decisions on children's interests standard. Research was published on our website
<b>Timeliness</b>						
Acknowledgement of complaints in a timely manner	Complaints acknowledged in writing within 3 working days	100%	98% - small variance due to complaints which required follow-up with the broadcaster before being accepted	94% – 9 out of 151 complaints received acknowledged outside period – due to staff absence, or follow-up with broadcasters before being accepted	97% [2 complaints took 4 days to action, and 2 required follow-up with broadcasters before being accepted]	99.3% [1 out of 136 complaints received acknowledged outside period – due to staff absence]
Decisions issued in timely manner	Decisions issued within 20 working days of the board meeting at which final decision is made	90%	95%	92% (132 out of 143 decisions) – 5 decisions took between 21 and 25 days due to complexity in drafting of decisions; 5 had a planned delay due to Chair's absence; 1 delayed to avoid predetermination of related complaint	75% (10 delayed due to 21 July earthquake; 1 decision delayed at complainant's request pending Ombudsman and Privacy Commission decisions; 4 decisions delayed due to complexity in drafting of decisions; 10 decisions had planned delay of 3 days due to absence of key legal staff)	99.1% [1 out of 111 decisions was complex and required 37 working days to finalise]

Key deliverables	Performance measures	Target 2016/17	Estimated 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Quality</b>						
Decisions soundly reasoned	External assessment conducted to assess whether the BSA's reasoning, processes and/or interpretation of a standard are appropriate and reasonable	An external review of the way the BSA interprets a standard, or an aspect of the process by which the BSA determines complaints, shows that the reasoning, process and/or interpretation are appropriate and reasonable	An external review was not undertaken as past BSA reasoning and interpretation on the standards was incorporated into the code review. Further, as the new Codebook has now been released the focus will be to assess the BSA's decision-making applying the standards in the new Codebook	An external review of 10 BSA 'balance' decisions was conducted in April and published on the BSA website in June. The report concluded that all 10 of the decisions reviewed reached the correct outcome and were comparable with the approach of overseas jurisdictions. It found the BSA's interpretation of the balance standard and the general approach taken in the Codes and decisions, while liberal, is correct. The report also contained useful suggestions and recommendations which were applied in decision-making where appropriate	An external review of 11 BSA privacy decisions was conducted and published on the BSA website. The report noted the reviewed decisions were all correctly decided in terms of substantive privacy law, that the Authority was consistent in its approach, and that the decisions were clearly written and easy to follow. The report also contained useful suggestions and recommendations. Improvements were made where appropriate	An external review of 10 challenging BSA decisions was conducted and published on the BSA website. The Authority was commended on its well-written, accessible and thorough decisions. The review also included useful suggestions and recommendations which the Authority reviewed and implemented
	Decisions overturned by the High Court are analysed to enable improvements to the BSA's reasoning and process	Direction or advice provided by the High Court in any appeal are analysed and applied in subsequent decisions as appropriate	No appeal judgments issued since early 2012, and existing judgments not directly relevant to most complaints considered in period	High Court decisions referenced in 6 BSA decisions. No appeal judgments issued since early 2012, and existing judgments not directly relevant to most complaints considered in period	High Court decisions referenced in 3 BSA decisions. Target of 10 references no longer appropriate given fewer appeal judgments (none issued since early 2012), existing judgments not directly relevant to most complaints considered in period, and fewer decisions	High Court decisions referenced in 8 BSA decisions
BSA decisions reflect community standards and are understood by members of the public	Independently facilitated focus groups (litmus testing) show that decisions are understood by members of the public	75% or more rank decisions as acceptable, good or very good on a 5-point scale in terms of how well the reasoning is understood by the public and supports the outcomes	75% or more rank decisions on good taste and decency as acceptable, good or very good on a 5-point scale in terms of how well the reasoning is understood by the public and supports the outcomes	An average of 92% of the participants ranked the decisions on accuracy (distinguishing fact and opinion) as acceptable, good or very good on a 5-point scale (an average of 80% ranked this selection of decisions as good or very good) in terms of how well the reasoning is understood by the public and supports the outcomes	An average of 89% of the participants ranked the decisions on discrimination and denigration as acceptable, good or very good on a 5-point scale (an average of 68% ranked this selection of decisions as good or very good) in terms of how well the reasoning is understood by the public and supports the outcomes	79% of participants ranked the decisions on the children's interests standard as acceptable, good or very good on a 5-point scale. 53% ranked the decisions as good or very good. (Survey used 'very good' rather than 'excellent' as top of scale)

Key deliverables	Performance measures	Target 2016/17	Estimated 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Quality</b>						
	Decisions reference findings from research into community standards and/or litmus testing	5 decisions reference research on community standards and/or litmus testing	References to research/litmus testing included in more than 5 decisions	References to research/litmus testing included in 5 decisions	References to research/litmus testing included in 2 decisions – fewer decisions and different subject matter of complaints contributed to a low number of references	References included in 5 decisions. This was a new measure
High-quality service provided to complainants	Complainants rate individual aspects of their interaction with the BSA positively in yearly reports on complainants' satisfaction	70% or more of complainants rate each of the following aspects of interaction with the BSA as good or very good: written correspondence, telephone contact, and professionalism of BSA staff	70% or more of complainants rate each of the following aspects of interaction with the BSA as good or very good: written correspondence, telephone contact, and professionalism of BSA staff	An average of 71% of complainants who responded to the survey agreed or strongly agreed with positive statements about written correspondence, an average of 64% with positive statements regarding telephone contact (though only 20% of those surveyed had contact by phone), and 73% regarding the BSA's professionalism. It is likely these numbers are a reflection of complainants' dissatisfaction with the outcome of their BSA complaint – as only 8% of complainants surveyed had their complaints upheld (compared with 24% in the 2013/14 survey)	An average of 80% of complainants who responded to the survey agreed or strongly agreed with positive statements about written correspondence, an average of 94% with positive statements regarding telephone contact, and 100% agreed with positive statements about the BSA's professionalism	75% or more of complainants surveyed agreed or strongly agreed with four out of five positive statements about written correspondence with 67% agreeing or agreeing strongly with the fifth statement, more than 85% with positive statements regarding telephone contact, and more than 90% regarding the BSA's professionalism

## COST OF COMPLAINTS DETERMINATION

	Budget 2016/17	Estimate 2015/16	Budget 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Total Revenue</b>	983,450	976,620	915,850	1,007,880	994,736	1,113,217
<b>Total Expenditure</b>	925,600	759,341	877,500	748,865	698,638	790,621
<b>% of Total Budget</b>	65%	62.9%	65%	63.1%	65.7%	71%

# 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.

It is in the public interest that complainants have their complaints dealt with soundly by broadcasters. Those that receive the majority of complaints have resources and well-developed processes in place to meet their broadcasting standards obligations. Others need more support and assistance.

Research on topics relevant to broadcasting standards provides information about community attitudes and behaviour. It also provides analysis of the application or development of standards. This research assists the Authority and broadcasters when making decisions. Research will also be undertaken to inform any potential future regulatory system.

Codes of Broadcasting Practice underpin the complaints system. We issued a new codebook in April 2016. The codebook was produced in conjunction with broadcasters and is a user-friendly, principles-based codebook that allows for the range of delivery platforms. It includes the revised codes for Free-to-Air Television, Pay Television and Radio. The codes will continue to be reviewed regularly.

Practice guidance assists broadcasters and complainants to understand the approach the Authority will take in considering standards issues or process matters.

Key deliverables	Performance measures	Target 2016/17	Estimated 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Quantity and timeliness</b>						
Regular interactions with broadcasters to monitor and improve complaints handling systems, and to consult with, and agree areas of cooperation	Meetings held regularly	3 meetings with each of the main broadcasters or with groups of their representatives and 10 meetings with other broadcasters	At least 3 meetings with each of the main broadcasters or with groups of their representatives and 10 meetings with broadcasters who are not main broadcasters	At least 3 meetings with each of the main broadcasters or with groups of their representatives (and four meetings with broadcasters who are not main broadcasters)	At least 3 face-to-face meetings with each of the major broadcasters or with groups of their representatives took place in the year supporting ongoing open telephone communication on mutual issues	3 meetings

Key deliverables	Performance measures	Target 2016/17	Estimated 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Quantity and timeliness</b>						
Issue practice guidance on standards issues or process matters	Practice guidance consulted on with broadcasters and issued	N/A – measure removed as the codebook incorporates and supersedes all practice notes previously issued and we intend to review our new codes with greater frequency, which may mean we issue fewer practice notes	Guidance on standards issues and process matters has been incorporated into the code reviews rather than issued piecemeal	Guidance on standards issues and process matters has been incorporated into the code reviews rather than issued piecemeal	Guidance on standards issues and process matters is being incorporated into the code reviews rather than issued piecemeal	1 practice note completed and published in June 2013 on the BSA's power to determine trivial and vexatious complaints. Broadcasters consulted. Only 1 practice note was completed as we were focusing on including draft guidance on standards issues and process matters in our revised codes
Continue process to modernise and review Pay, Radio, and Free-to-Air Codes	Review and modernise codes in conjunction with broadcasters and after public consultation	N/A – target removed as Codes gazetted and codebook published in April 2016	New Codes gazetted and codebook published	Process of consultation with broadcasters on code reviews complete, with public consultation on draft codes, launched 20 July 2015	Process of consultation underway with broadcasters on form of modernised codes. First draft of codebook developed. Revised approach agreed	Process of consultation underway with broadcasters on form of modernised codes. First draft of codebook developed. Revised approach agreed
Commission research that analyses or examines the relevant application of a standard, or an aspect of broadcasting, and/ or informs any future regulatory system	Commission and publish research in one of these areas	At least one piece of research or analysis produced by June 2017	1 piece of research or analysis initiated by June 2016	Research on children's media use commissioned with NZ On Air and published in March. This updates previous research and helps provide useful longitudinal data	We undertook an examination and commissioned legal analysis of the application of the Bill of Rights to the definition of 'election programme' and received 2 opinions on the issue	This piece of research was put on hold pending government response to Law Commission report on news media regulation and the need for any research to be relevant and valuable in the context

Key deliverables	Performance measures	Target 2016/17	Estimated 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Quantity and timeliness</b>						
	Commission research on attitudes to acceptability of swear words in broadcasting, with diverse participants	N/A – Target removed due to changed priorities for the Authority’s research programme	Research deferred due to changed priorities for the Authority’s research programme	N/A – new measure in 2015/16	N/A – not a measure this year	Research completed in March 2013 and findings published in September 2013
Following audit of broadcaster publicity of the complaints process, notify any not complying and provide information and/or assistance where necessary	Non-compliant broadcasters notified and relevant information provided to them	N/A (every two years)	Audit completed and 100% of non-compliant broadcasters notified within a month of the completed audit	N/A (every two years)	Audit completed and 100% of non-compliant broadcasters notified within a month of the completed audit	N/A (every two years)
Commission survey measuring percentage of New Zealanders aware of the BSA and aware they can make a formal complaint	Survey complete and analysed in Annual Report against benchmark set in 2010	Survey completed and analysed against benchmark set in 2010	N/A (every two years)	Survey completed November-December 2014 and analysed against benchmark. The survey shows 81% of New Zealanders are aware of the BSA, and 79% are aware they can make a formal complaint	N/A (every two years)	Survey completed and analysed against benchmark set in 2010
<b>Quality</b>						
Survey broadcasters to assess satisfaction 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	80% or more of broadcasters surveyed rank BSA processes and working relationships as good or very good on a 5-point scale	80% or more of broadcasters surveyed rank BSA processes and working relationships as good or very good on a 5-point scale	88% of broadcasters surveyed rate BSA working relationships as good or very good on a 5-point scale  88% also rated BSA processes as neither good nor bad, good or very good (with 63% good or very good)	88% of broadcasters surveyed rate BSA working relationships as good or very good on a 5-point scale  88% also rated BSA processes as neither good nor bad, good or very good (with 63% good or very good)	88% of broadcasters surveyed ranked BSA processes and working relationships as good or very good on a 5-point scale

Key deliverables	Performance measures	Target 2016/17	Estimated 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Quality</b>						
	Any issues identified considered by board, and appropriate changes made and recorded or raised with broadcasters	100% of issues discussed with broadcasters and resolved to satisfaction of both broadcasters and the BSA or explanation provided by the BSA	100% of issues discussed with broadcasters and resolved to satisfaction of both broadcasters and the BSA or explanation provided by the BSA	Reports have been analysed and raised no issues not already under consideration, or outside the BSA's control	Reports have been analysed and raised no issues not already under consideration, or outside the BSA's control	Analysis of issues demonstrated that two issues raised were discussed with broadcasters and resolved to satisfaction of both broadcasters and the BSA
Research on standards or regulatory system is assessed as thorough, and of value to discussion and debate on standards and/or any future regulatory system	Research adds value for policy makers, broadcasters, and the BSA in developing and assessing standards and aspects of any future regulatory scheme	Feedback is received (and recorded) from at least three key stakeholders that the research is valuable	Feedback is received (and recorded) from at least three key stakeholders that the research is valuable	Feedback received (and recorded) from 5 broadcasters as part of satisfaction survey that the children's media use research is valuable (with 100% of those 5 rating it as 'somewhat valuable' or 'valuable')	Feedback from the opinions/analysis of 'electoral programme' put on hold pending further policy work on interpretation	This research was put on hold pending government response to Law Commission report on news media regulation and the need for any research to be relevant and valuable in the context

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

	Budget 2016/17	Estimate 2015/16	Budget 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Total Revenue</b>	226,950	181,040	211,350	232,588	210,120	228,743
<b>Total Expenditure</b>	213,600	140,762	202,500	196,321	147,575	141,717
<b>% of Total Budget</b>	15%	11.7%	15%	16.5%	14%	13%

# INFORMATION AND COMMUNICATION

We provide clear, user-friendly information about the broadcasting standards system and our decisions.

Effective information on broadcasting standards processes and issues helps New Zealanders understand their media environments. An informed and media-literate public is better able to control its engagement with all forms of broadcasting content within the standards.

It is particularly important that, when people come to us, we provide clear and accessible information about the standards system and how to make a quality complaint at the right level.

Our website remains our key interface with the public. We are committed to continuously improving our website.

We also raise awareness of the broadcasting standards system through strategic media releases of decisions, and the publication of a regular newsletter.

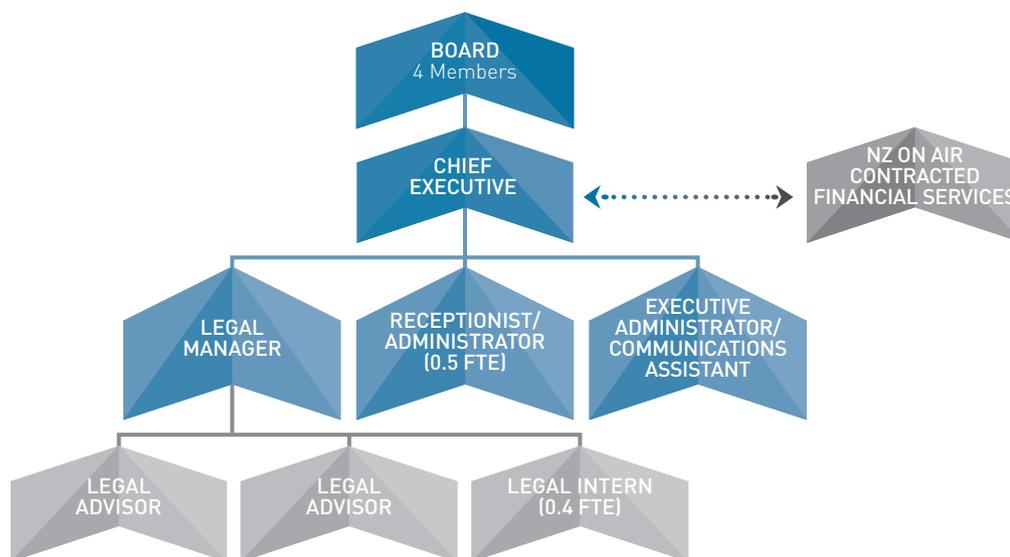
Key deliverables	Performance measures	Target 2016/17	Estimated 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Quantity and timeliness</b>						
Assessment of website shows it is easy to use with clear content and high accessibility	Assessment of website against other government websites undertaken and shows website: <ul style="list-style-type: none"> <li>is easy to use, clear in content and high in accessibility</li> <li>ranks in the top 10 websites assessed against usability, clarity and accessibility criteria</li> </ul>	N/A – Previous measure removed as it is considered that the deliverable is currently better measured by users in complainants and broadcaster surveys, which is already measured in the qualitative measure below in this section	Assessment not undertaken as a comprehensive review was completed in 2015, with resulting improvements implemented and it is considered that the deliverable is now better measured by users through the complainants and broadcaster surveys	Assessment of website undertaken by e-Gov Watch and website ranking remains 1st out of over 160 sites assessed. Platform has been upgraded and made more responsive, and other recommendations have been analysed and where appropriate, implemented	Website assessment by e-Gov Watch was reviewed and reassessment showed improvements – not a measure, but site ranked 1st out of 108 sites assessed	N/A
	Visitors to website indicate that they can find the information that they need	80% of those that complete an online website question say that they have found what they need	54% of those that complete an online website question say that they have found what they need	54% (407 out of 753) of respondents said they had found what they needed – however, results are skewed because 83% of responses saying they could not find what they needed were spam. This fault has now been fixed	N/A – previous measure of ‘unique hits’ could not demonstrate deliverable	N/A

Key deliverables	Performance measures	Target 2016/17	Estimated 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Quantity and timeliness</b>						
Decisions published on the BSA website	Decisions published on website within 10 working days of sign off by Chair	100%	100%	100%	100%	100%
Production of newsletter to keep stakeholders informed	Newsletters published	9	9	8. One less newsletter published due to transition to new format	9	10
Strategic media releases	Decisions of high public interest or particular educational interest communicated by way of a media release	Releases for at least 15 decisions issued before 30 June 2017	15	14. One less media release due to delayed decision (complex case)	15	15
<b>Quality</b>						
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 2016	Between 68% and 71% of complainants surveyed rated the value, ease of use and clarity of the website as good or very good on a 5-point scale.  Between 67% and 100% (average 83%) of broadcasters surveyed rated the value, ease of use and clarity of the website as good or very good on a 5-point scale	85% of complainants surveyed rated the value, ease of use and clarity of the BSA website as good or very good on a 5-point scale.  Between 63% and 88% (average 78%) of broadcasters surveyed rated the value, ease of use and clarity of the website as good or very good on a 5-point scale	Between 67% and 75% of complainants surveyed said the content of the website was clear, the website is easy to use, and it is a valuable resource.  Between 75% and 87% of broadcasters surveyed said the content of the website was clear, the website is easy to use and it is a valuable resource

## COST OF INFORMATION AND COMMUNICATION

	Budget 2016/17	Estimated 2015/16	Budget 2015/16	Actual 2014/15	Actual 2013/14	Actual 2012/13
<b>Total Revenue</b>	302,600	394,995	281,800	310,117	309,829	182,995
<b>Total Expenditure</b>	284,800	307,117	270,000	242,273	217,604	174,673
<b>% of Total Budget</b>	20%	25.4%	20%	20.4%	20%	16%

# 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 exercise 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
- Continue to receive financial services and associated professional advice from NZ On Air
- Explore other options for shared service arrangements

**Objective 3: Our infrastructure is fit for purpose**

Measures:

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

**Objective 4: Our office environment and equipment are safe and well maintained**

Measures:

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

**Objective 5: Equal employment opportunity principles are incorporated in staff selection and management, to achieve as diverse a workforce as possible within the limits of our small size**

Measure:

- EEO principles are included in all relevant documents and practices



# FORECAST FINANCIAL STATEMENTS

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**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 2017 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 2016/17 (\$609,000 in 2015/16).

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)].

# STATEMENT OF FORECAST COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDING 30 JUNE 2017

	Note	2016/17 Budget	2015/16 Budget	2015/16 Estimated Actual
		\$	\$	\$
<b>Revenue</b>				
Crown Revenue		609,000	609,000	609,000
Broadcasting levy		850,000	760,000	878,057
Interest income		54,000	40,000	65,598
Other revenue		-	-	-
<b>Total Revenue</b>		<b>1,513,000</b>	<b>1,409,000</b>	<b>1,552,655</b>
<b>Less Expenditure</b>				
Personnel costs		663,000	680,000	628,700
Other expenses		701,000	615,000	523,914
Depreciation and amortisation		60,000	55,000	54,606
<b>Total Expenditure</b>		<b>1,424,000</b>	<b>1,350,000</b>	<b>1,207,220</b>
<b>Net Surplus for the year</b>		<b>89,000</b>	<b>59,000</b>	<b>345,435</b>
Other comprehensive revenue and expense		-	-	-
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>89,000</b>	<b>59,000</b>	<b>345,435</b>

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# STATEMENT OF FORECAST MOVEMENTS IN EQUITY

FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Budget	2015/16 Budget	2015/16 Estimated Actual
	\$	\$	\$
Public equity as at 1 July	1,858,218	1,561,657	1,715,783
Return of equity to the Crown	(203,000)	(203,000)	(203,000)
Total Comprehensive Revenue and Expense	89,000	59,000	345,435
<b>PUBLIC EQUITY AS AT 30 JUNE</b>	<b>1,744,218</b>	<b>1,417,657</b>	<b>1,858,218</b>

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# STATEMENT OF FORECAST FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2016/17 Budget \$	2015/16 Budget \$	2015/16 Estimated Actual \$
<b>Current Assets</b>				
Cash and cash equivalents		125,988	66,157	89,988
Investments		1,600,000	1,340,000	1,700,000
Debtors and other receivables		2,500	2,500	2,500
Prepayments		5,000	5,000	5,000
Net GST		18,000	18,000	18,000
		1,751,488	1,431,657	1,815,488
<b>Less Current Liabilities</b>				
Creditors and other payables		30,000	80,000	20,000
Employee entitlements		40,000	40,000	40,000
		70,000	120,000	60,000
<b>Working Capital</b>		<b>1,681,488</b>	<b>1,311,657</b>	<b>1,755,488</b>
<b>Non-Current Assets</b>				
Property, plant and equipment		62,730	95,000	96,730
Intangible assets		-	11,000	6,000
		62,730	106,000	102,730
<b>Net Assets</b>		<b>1,744,218</b>	<b>1,417,657</b>	<b>1,858,218</b>
<b>REPRESENTED BY PUBLIC EQUITY</b>		<b>1,744,218</b>	<b>1,417,657</b>	<b>1,858,218</b>

# STATEMENT OF FORECAST CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2017

	Note	2016/17 Budget \$	2015/16 Budget \$	2015/16 Estimated Actual \$
<b>Cash Flows from Operating Activities</b>				
Revenue from Crown		609,000	609,000	609,000
Broadcasting levy		850,000	760,000	878,057
Interest received		54,000	40,000	66,113
Other income		-	-	-
GST (net)		-	-	-
Payments to employees & members		(663,000)	(680,000)	(622,787)
Payments to suppliers & other operating expenses		(691,000)	(625,000)	(558,840)
<b>Net Cash Flow from Operating Activities</b>		<b>159,000</b>	<b>104,000</b>	<b>371,543</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment		(20,000)	(24,000)	(25,000)
Purchase of intangible assets		-	-	-
Decrease investments		100,000	110,000	(200,000)
<b>Net Cash Flow from Investing Activities</b>		<b>80,000</b>	<b>86,000</b>	<b>(225,000)</b>
<b>Cash Flows from Funding Activities</b>				
Return of equity to the Crown		(203,000)	(203,000)	(203,000)
<b>Net Cash Flow from Funding Activities</b>		<b>(203,000)</b>	<b>(203,000)</b>	<b>(203,000)</b>
<b>Net Increase/(decrease) in cash held</b>		<b>36,000</b>	<b>(13,000)</b>	<b>(56,457)</b>
Opening cash brought forward		89,988	79,157	146,445
<b>BALANCE CARRIED FORWARD</b>		<b>125,988</b>	<b>66,157</b>	<b>89,988</b>

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# NOTES TO THE FORECAST FINANCIAL STATEMENTS

## 1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDING 30 JUNE 2017

### 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 2017.

### 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.

### 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 upon receipt of the payment from the broadcaster.

##### 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.

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## 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 Comprehensive Revenue and Expense.

## 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.

## 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 Comprehensive Revenue and Expense.

## 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 Comprehensive Revenue and Expense.

### 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 Comprehensive Revenue and Expense 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.

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## 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 Comprehensive Revenue and Expense.

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 Comprehensive Revenue and Expense, 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 Comprehensive Revenue and Expense as incurred.

## GOODS AND SERVICES TAX (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

## INCOME TAX

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

## COST ALLOCATION

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

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

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

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

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## FINANCIAL INSTRUMENTS

The BSA is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term trade payables and trade and other receivables. There are no known significant concentrations of credit risks.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which cases the transaction costs are recognised in the Statement of Comprehensive Revenue and Expense.

### Financial assets categories

#### (a) Loans and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense. Loans and receivables are classified as 'trade and other receivables' in the statement of financial position.

#### (b) Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that we intend to hold to maturity. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense. Investments in this category are term deposits.

### Other liabilities and provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value, if significant.

### Changes in accounting policies

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

### Comparatives

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

### Related parties

The BSA transacts with other government agencies on an arm's length basis. Any transactions not conducted at arm's length will be disclosed in the financial statements (Annual Report).

## 2. CRITICAL JUDGEMENTS IN APPLYING OUR ACCOUNTING POLICIES

In preparing these financial statements the BSA has made estimates and assumptions about the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and, in particular, when estimating the useful life and residual value of property, plant and equipment.

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 2016/17 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 assume no substantive change to the staffing levels of the BSA.

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