

Broadcasting Standards Authority

STATEMENT OF INTENT

2007 – 2010



Table of Contents

Statements from the BSA and the Minister	2
Introduction	3
Key initiatives	3
Part 1: Strategic issues 2007 - 2010	4
1. Our environment	4
2. What we do	5
3. Outcome and Impacts	6
4. What we will achieve	8
5. Organisational health and capability	10
6. Reporting to the Minister	12
7. Key measures	12
Part 2: Measuring performance 2007 - 2008	13
Forecast income statement	14
Forecast statement of movements in equity	15
Forecast balance sheet	16
Forecast cash flow statement	17
Notes to the forecast financial statements	18
Forecast statement of service performance	21
Output Class 1: Complaints determination	21
Output Class 2: Broadcasting codes	23
Output Class 3: Stakeholder information	24
Appendix: SSC State Sector Development Goals	27
Directory	28



Statements from the BSA and the Minister

This Statement of Intent for the years ending 30 June 2007 to 2010 is produced in accordance with sections 141 and 142 of the Crown Entities Act 2004 (the Act).

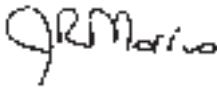
As required by that Act, this statement covers:

- key background information about the Broadcasting Standards Authority (the BSA) and its operating environment
- the nature and scope of the BSA's functions and intended operations
- impacts, outcomes and objectives
- operating intentions
- how we report to Government

- the organisational health and capability of the BSA
- forecast financial statements and a forecast statement of service performance.

Our focus for this period, alongside doing our core business well, will be to continue developing useful approaches to broadcast regulatory issues in an increasingly diverse and complex technological and social environment.

The forecast financial statements contained in this document have been authorised for issue by the board of the BSA in accordance with its role under the Act. There is no intention to update the forecast financial statements subsequent to presentation.



Joanne Morris, OBE
Chair



Tapu Misa
Member

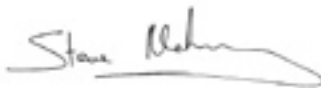


Diane Musgrave
Member



Paul France
Member

In accordance with section 149 of the Crown Entities Act 2004 I agree to lay this Statement of Intent of the Broadcasting Standards Authority for the three years ended 30 June 2010 before the House of Representatives.



Hon Steve Maharey
Minister of Broadcasting

Introduction

This Statement of Intent (SOI) provides information about the outcomes the BSA will pursue and how we intend to do this over the next three years.

The SOI is divided into two main parts. The first part describes our broad environment and how we are addressing various issues over three years. The second part provides detailed information on our activities over the next year.

Key initiatives

For the first year of this Statement of Intent, ending 30 June 2008, our focus will be on the following areas.

- Continuing to produce timely, well-reasoned and fair decisions on formal complaints, written in plain English.
- Reviewing the Free-to-Air Television Code of Broadcasting Practice.
- Publishing two new practice notes interpreting broadcasting code issues.
- Conducting the second survey of complainants' satisfaction with the complaints process.
- Introducing complaints information on our website in eight further languages.
- Developing a comprehensive media literacy strategy.
- Commissioning a specific media literacy research project.
- Commissioning qualitative research to study in-depth areas of concern identified by the 2007 children's media use and response research.
- Publishing a major children's media use survey.
- Maintaining a programme of action for our community advisory panel to improve the range and quality of community involvement in issues affecting broadcasting standards.

Part 1: Strategic issues 2007 - 2010

1. Our environment

Last year we posed a question: in the face of various technological and industry developments, what restraints on the distribution of electronic media content are desired by New Zealanders in the 21st century? In 2006 we published two papers discussing this issue and we are now considering the best ways to move forward.

New ways to access broadcast-like content continue to mushroom. As broadband becomes more accessible the speed of this change will increase.

Different platforms for accessing television content have started to become a reality in New Zealand. In late 2006 TVNZ announced initiatives in internet and mobile television delivery. TVNZ ondemand went live in March 2007 with a combination of streamed and downloadable shows – some free, some requiring payment.

Freeview, the digital free-to-air consortium, launched its satellite platform in May 2007, with the terrestrial component of the platform likely to be fully rolled out to the majority of New Zealand's population in early 2008. The first of TVNZ's two new digital channels is expected to be launched on the Freeview platform in late 2007. Work on a digital broadcasting policy for New Zealand is being led by the Ministry for Culture and Heritage.

Sky, which has been offering a digital satellite service since late 1998 and its MY SKY service including personal video recorder (PVR) capability since 2005, now operates a mobile broadcasting service via Vodafone and announced it will launch a true movie-on-demand service in 2007 and IPTV (television across broadband) and the next generation MY SKY boxes in 2008.

Broadband improvements will see an increase in IPTV channel offerings generally. The launch of a New Zealand-based iTunes store in late 2006 is a further addition to the audio-visual content landscape.

Some of these services are not 'broadcasting' as defined in the Broadcasting Act 1989 and thus are outside the BSA's jurisdiction. We understand the statutory definition of broadcasting will be reviewed, along with an examination of broadcast regulatory policy, as outlined in the government's programme of action. We too will continue to look at these developments and discuss possible approaches, and public good implications, with the Ministry for Culture and Heritage. Widespread public discussion of social impacts, and of the best public policy and legislative approaches, is highly desirable.

Radio streaming and podcasting has been a reality for several stations for some time. One significant recent development has been the relaunch of Radio New Zealand's website which, among other things, now provides audio in on-demand and downloadable formats. Many websites, including newspaper-originated sites, are now also offering audio-visual content.

In other technological developments, digital radio broadcast trials have commenced but digital radio may not gather significant momentum until VHF spectrum is freed up by the (yet-undecided) date for analogue TV switch off. Thus significant take-up of mobile reception may be the next major radio market development. While consumer adoption of new radio technology is uncertain, FM licences expire in 2011 and this may affect decisions about the adoption of digital radio in New Zealand.

The business environment for commercial broadcasters is predicted to slow a little after several years of strong advertising revenue. This affects us as around half our revenue is obtained from a levy on broadcasting operating revenue. The further fragmentation of the broadcast market, as noted above, also has implications for audience size and, consequently, revenue.

Over the past few years many radio channels have consolidated into the ownership of two major companies, The Radio Network (TRN)

and CanWest RadioWorks, though there may be changes following the sale of CanWest's properties to Australian private equity firm Ironbridge Capital.

Changes in ownership may affect content if, for example, new owners seek synergies in further aggregating content across different platforms. Thus, taking a small example, if a news story printed under print media rules is replicated on radio under broadcast rules, anomalies may arise.

Smaller radio broadcast operations also dot the spectrum around the country. There are over 100 Low Power FM (LPFM) niche stations, many solely playing music. Eleven community access radio stations and 21 iwi stations continue to serve enthusiastic target audiences. Internet-only radio is also now easily accessible.

Community television is available in 15 different regions across New Zealand, offering a varied diet of local and international fare. For example, Triangle TV, now broadcasting in Wellington as well as Auckland, began screening selected Al Jazeera English programming in 2006.

Public broadcasters TVNZ, Radio New Zealand, Maori Television, and the National Pacific Radio Trust continue to serve their particular audiences under varied funding arrangements in a vigorous market.

In the legislative arena, two current activities may impact on our work in due course. The Review of Alcohol Advertising was completed in 2007 and presented to the Associate Minister of Health (our former chief executive was part of the steering group). Alongside this review, two private members' bills proposed changes to complaints processes for broadcast alcohol advertising. We will not include these matters in our operating plans until the final form of any legislative change becomes clear.

Also, the Law Commission is undertaking a major review of privacy legislation. We have offered our assistance, if required, given our

work in developing robust privacy principles for broadcasting over nearly two decades.

Finally, we note the Government has identified three main strategic priorities: national identity, economic transformation and families young and old. While as an Independent Crown Entity we are outside most government directives, we note that the increasing diversity of choice for media entertainment and information discussed in our SOI has implications for the national identity goal. This goal includes an aspiration for a cohesive society. Broadcasting has an impact on social cohesion because of its prevalence and power.

A cohesive society, that nevertheless appreciates diversity and freedom of expression, needs to be underpinned by frameworks that respect and support this. Our core service, providing a low-cost complaints mechanism, is a practical method of encouraging cohesion. It allows arguments, debate and distress arising from challenges to diversity, or to particular points of view, to be channelled into an accessible and independent adjudication.

2. What we do

The BSA is a broadcast content regulator established by the Broadcasting Act 1989. We are an Independent Crown Entity, also subject to the Crown Entities Act 2004.

The current functions of the BSA relate to specific aspects of radio and television content regulation outlined in s21 of the Broadcasting Act. They are to:

- receive and determine complaints about alleged breaches of codes of broadcasting practice, referred by complainants following decisions made by broadcasters (NB: privacy complaints can be directly referred)
- encourage broadcasters to develop codes of broadcasting practice, and to approve those codes

- publish research and advisory opinions on matters relating to broadcasting standards and ethical conduct in broadcasting.

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

We are one of the smallest Crown entities with four board members who meet regularly, five full time staff, and three part-time/ shared staff.

Conflicts of Interest

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

Each member signs a Declaration of Interest form annually.

3. Outcome and Impacts

Our vision, which is our interpretation of the most important outcome for broadcast content regulation in New Zealand society, is that:

Fair broadcasting is fostered for all New Zealanders

Kia tōkeke tonu te whakatupu i te pāhotanga, mā ngā tāngata katoa o Aotearoa.

Our mission, how we marshal our activities to achieve our vision, is that we will:

Support fairness and freedom in broadcasting through impartial complaints determination, effective research and informing stakeholders.

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

Our values of fairness, integrity and respect inform our approach to the quasi-judicial role of determining complaints, and to the role we play in helping to improve understanding between broadcasters and audiences.

These values also reflect one of the development goals determined by the State Services Commission for the state services: 'trusted state services'.*

Outcome

The Crown Entities Act requires us to outline the specific outcomes, impacts or objectives which we seek to achieve or to which we intend to contribute. The key outcome (societal condition) we seek to influence in the broadcasting sector is:

Broadcasting that is independent and fair

Two concepts underpin our efforts to contribute to this outcome.

- Freedom of expression for broadcasters and their audiences in delivering and accessing programme content is supported (independence).
- Public awareness of broadcasting issues is fostered (fair broadcasting is helped by informed contributions from diverse interested parties).

In relation to broadcasting regulation, the first concept acknowledges the rights of broadcasters to impart information, and the right of the public to receive it, as enshrined in the Bill of Rights Act 1990. This objective also acknowledges that broadcasters are the first arbiters of their programming, delivered with the intention to satisfy their audiences. The BSA (unlike a censorship body) is mainly a 'second tier' review organisation, with determination powers relevant only after broadcasts have taken place.

The second concept acknowledges the right of the public both to protest and to influence broadcaster decisions. There is sometimes a knowledge gap between, on the one hand, broadcaster activity, and on the other, ways to access information about the wider broadcasting environment and effective methods the public can use to influence broadcast content and policy.

An important aspect of public awareness is the need for viewers and listeners to equip themselves to filter their content choices in an increasingly borderless world. Media literacy is important to us and will provide focus to our research and outreach efforts. We have already begun to investigate the best approaches in a New Zealand context.

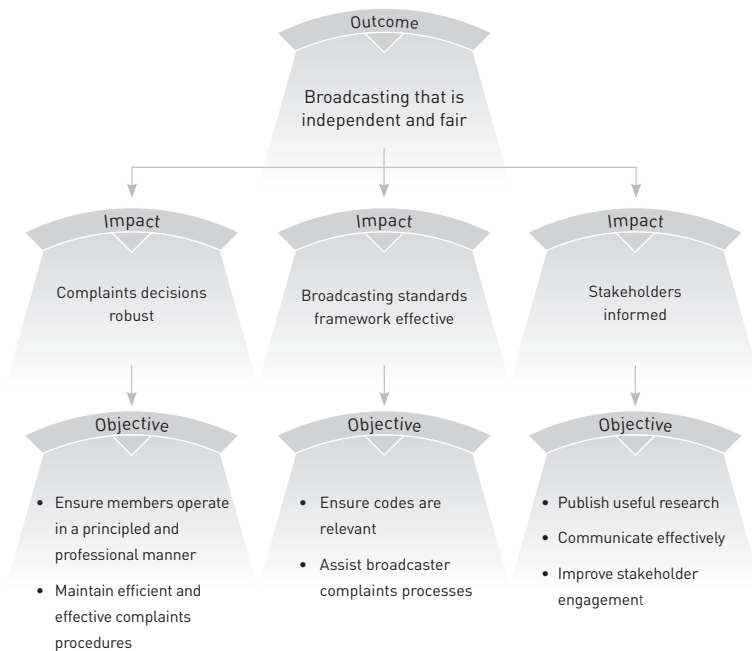
While there is no single agreed definition of media literacy the key concepts that recur in definitions are the ability to access, analyse, evaluate, understand, create and communicate information in a variety of contexts and formats. These skills empower people to control their engagement with the media.

Our ‘impacts’ (specific contributions that the BSA can make to this outcome), are separated into three categories as illustrated below, each with specific objectives.

Each impact also involves a Broadcasting Act requirement and reflects state sector development goals (accessible, and trusted, state services).*

* See appendix

Fig. 1: BSA Outcome, Impacts and Objectives Structure



4. What we will achieve

Stakeholder engagement

For many years, we have conducted a research programme and modest outreach activities.

As a small organisation we have tended to rely on print and web material for the latter, along with various speaking and media engagements.

For some time we have been unsure about the best way to reach people who may be interested in our work but less confident about some aspects of it (eg limited access to or experience of technology, written proficiency, capability in English) or who are simply busy, for example parents.

Therefore, we are developing an over-arching media literacy strategy to inform and link our research and communications programmes.

Media audiences need to be well informed as technology continues to enable almost unlimited access to globally-sourced content. This means that audience members themselves are more responsible for what they (and their families) see and hear on screen and online.

UK regulator Ofcom is taking a leadership role in promoting media literacy in the context of regulatory activities. As it says:

Changes in technology mean that parents may have to take more responsibility for what they and their children see and hear on screen and online. Media literacy will provide some of the tools they need to make full use of the opportunities offered, to manage their expectations and to protect themselves and their families from the risks involved. Through confident use of communications technologies people will gain a better understanding of the world around them and be better able to engage with it.

The BSA has been considering these issues over the past two years. We have co-funded

an information portal www.mediascape.ac.nz and created a resource for secondary school media studies students and teachers for our website. This year we will use the insights gained from these projects, along with the results of some preliminary research undertaken last year which scopes existing services and knowledge, to frame our media literacy strategy.

Media literacy is especially important because traditional tools of regulation and protection will become less effective as content choices increase. Watersheds (timebands marking the beginning of adult viewing periods, for example) are mostly confined to free-to-air television; classifications vary across media and cause confusion; the ability to time-shift viewing and listening across newer and simpler platforms weakens traditional broadcast protection mechanisms even more; and the imminent upsurge in broadband uptake means the easy ability to access audio-visual content from the web will finally become a reality in New Zealand.

For a discussion of regulatory impacts, see *Issues facing broadcast content regulation* (Millwood-Hargrave, Norris, Lealand and Stirling, BSA, 2006) as well as *The future of media regulation in New Zealand: is there one?* (Steven Price and Russell Brown, BSA 2006). We commissioned both papers to stimulate discussion in New Zealand about the best options for change. They are available on our site www.bsa.govt.nz

This year we will develop a comprehensive strategy to promote media literacy in New Zealand. Key elements will include:

- **gap analysis** - identifying where information is needed but not easily available
- **partnership** - joining with other relevant organisations where possible to maximise reach and ensure wise expenditure
- **targeting** - ensuring the most relevant audiences are included

The second main aspect to our work in improving stakeholder engagement is our Community Advisory Panel. The panel, comprising ten people from around New Zealand, was convened in 2006 and has met formally twice to date. We convened the panel to improve our community networks and raise interest in broadcasting standards issues – we know how to have discussions with broadcasters, but it is important to also foster useful and ongoing relationships with people from the community.

We have devised a work plan with the Community Advisory Panel and costed various outreach activities, some of which will form part of our media literacy strategy.

These two special initiatives add to our usual communication and consultation work. This includes direct discussion with interested organisations and people, public speaking, calling for submissions during code reviews, research, and provision of various print and electronic information resources. We are extending complaints information on our website to a further eight languages.

Research

In 2006 we developed a new research strategy and adopted a five-year research plan. Our overall research strategy is:

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

We decide research priorities by identifying important data gaps, by determining which stakeholders have the greatest need for particular research findings and by ensuring projects assist us to meet our own objectives.

Our major research interest for 2007/08 will be qualitative research to study in-depth areas of concern identified by the children's media use and response studies conducted in 2007 (a literature review and survey).

A second study will relate to media literacy needs in New Zealand and will be determined once our preliminary scoping is complete.

Smaller studies are likely to include a commissioned think-piece from a journalism commentator on balance and impartiality following on from our recent publication *Significant Viewpoints*, which will assist our preparation for the review of the free-to-air television code.

Complaints determination

We strive for continual improvement in this, our core business. Our targets, set out in our statement of service performance, are ambitious, focusing on timely administrative processes and robust written decisions.

We will continue publishing practice notes, introduced in 2005, to explain the BSA's likely approach to various standards matters. These are to assist both complainants and broadcasters, sharing knowledge we have developed over nearly two decades. We have had excellent feedback to date on this initiative.

We use research funds to measure stakeholder satisfaction with our systems and processes. In 2007 we will survey complainants again following on from the first such survey conducted in 2004. This is a valuable measure of whether we are continuing to provide useful, well-explained services. Over each three year period we now survey complainants in one year, broadcasters in the next, and undertake a specialist

assessment of a complaints determination aspect in the remaining year. Any necessary system changes are implemented within 12 months of receipt of each report.

Broadcasting Codes

It is an important year for code review activities. Each major code is now fully reviewed at least once every five years, with particular standards considered in the intervening period if significant issues arise.

We began a review of the Radio Code of Broadcasting Practice in 2006 (last reviewed in 1999) which will be completed in 2007.

We are commencing the free-to-air television code review in mid-2007 (last fully reviewed in 2002). This code is the most-cited in complaints, reflecting the popularity of free-to-air television channels, and it is important that the code remains useful and credible.

After the TV code review is completed, the next formal code review will be the Election Programmes Code in 2010 (last reviewed in 2005) unless any legislative change requires earlier consideration.

Ad hoc issues may arise at any time and we will discuss these with broadcasters as required.

It is also important that broadcasters understand the codes and their obligations under the Broadcasting Act. We talk with broadcasters as often as possible and provide briefings to newer or smaller companies which may not have encountered formal complaints processes.

5. Organisational health and capability

The first two State Services Commission development goals are to ensure the state services are an 'employer of choice', and develop 'excellent state servants' by maintaining a strong culture of constant

learning in the pursuit of excellence.* These goals underpin our human resources policies.

Health

To achieve all our objectives and strategies, we need to be nimble, focused and efficient. Along with most organisations, our most critical resource is our people. We enjoy and encourage a positive, flexible culture, and have a clear appreciation of governance and management distinctions.

We will continue to foster a collaborative organisation that values individual accountability and enjoyment of work.

Our personnel policies are formally recorded in a policy manual including commitment to equal employment opportunities (given the constraints of a very small entity comprising mainly specialist staff). We do not permit harassment or discrimination of any type.

Our prime employment criterion is selection based on merit. When hiring, we advertise our small number of vacancies carefully, and balance interviewing personnel so an appropriate mix of gender, age, and professional expertise is represented.

In employment, we support flexible hours, where possible, and working from home where necessary, and we are sensitive to the needs of caregivers.

We currently have no Māori representation at board or staff level which remains a concern. We partly mitigate this by co-opting Māori membership on specific complaints, and commissioning advice as and when required.

Capability

Our small size is both a strength and a weakness. Our experience to date is that objectives can be met provided there are no large unexpected projects combined with other special challenges.

** See appendix*

To function at a high level we need: complaints quantity and staffing to be relatively stable; staff to be highly productive; healthy synergies between board, management and staff; state sector compliance requirements to take account of the fact that our size limits our capacity to respond; and adequate funding. Simultaneous changes to more than one of these factors will challenge the quality of service delivery.

We have adopted a simple but effective risk management framework, which now includes pandemic planning. Our board and senior managers formally consider, at least annually and more often if required, key risks which face us and the steps we take to mitigate them.

Capability objectives

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

- Members continue to be knowledgeable both about their duties of governance and their quasi-judicial powers, and how to discharge these successfully.

Measure: Governance and quasi-judicial questions included in annual board

self-assessment, with training given as required.

- Staff recruitment, training and retention policies focus on attracting and retaining skilled, flexible, knowledgeable and diverse team players.

Measures: Full time staff turnover no more than one-third (two people) per annum.

- Staff have the tools, information and training necessary to perform to a high and multi-functional level.

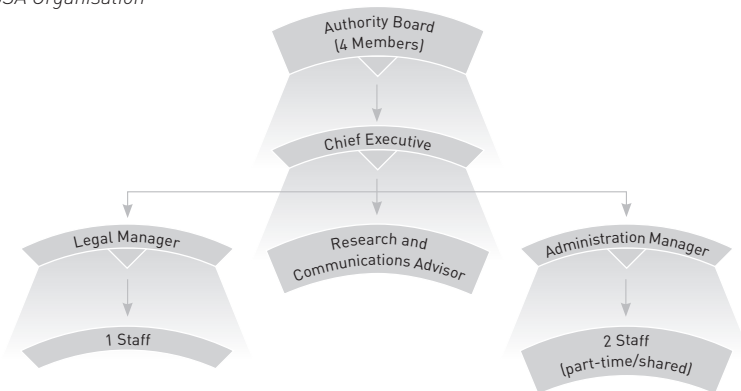
Measure: Findings from staff survey and annual performance reviews will be included in a review of our good employer strategy, with any changes implemented by 2008.

Each staff member will have a professional development plan.

- Our office space and equipment is safe and well-maintained.

Measure: Annual capital expenditure and maintenance programme as approved by board.

Fig. 2: BSA Organisation



6. Reporting to the Minister

As required by law, complaints determination is performed by BSA members fully independent of the Minister of Broadcasting and Government. Our status as an Independent Crown Entity means that no consultation with the Minister is undertaken when determining complaints. Neither is the Minister consulted about code reviews, research or communications activities except by way of intentions signalled in this SOI.

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

We also sign a Memorandum of Understanding with the Minister which the Ministry for Culture and Heritage holds on the Minister's behalf. The Ministry is responsible for drafting all replies to parliamentary questions and ministerial correspondence. The BSA can withhold information from the Minister or the Ministry in accordance with s134 of the Crown Entities Act.

Our staff consults with the Ministry for Culture and Heritage on operational matters when appropriate.

7. Key measures

We plan to achieve five key goals in order to ensure our financial and non-financial success over the three year period ending 30 June 2010. We will report on these measures in each annual report.

Non-financial

Impact: Complaints decisions robust

Goal 1: Maintain quality of the complaints determination processes.

Measures: At least one external review on a complaints process is commissioned, completed and reported to the board at least every two years.

No more than one issued decision is successfully appealed to the High Court in each financial year.

Impact: Broadcasting standards framework effective

Goal 2: Each broadcasting code of practice is reviewed at least once every five years.

Measure: Each code review completed within 18 months of commencement.

Impact: Stakeholders informed

Goal 3: Five year research plan adhered to (and reviewed annually).

Measure: Research projects commissioned and published according to plan.

Goal 4: Communications strategy executed (and reviewed annually).

Measure: Communications targets met.

Financial

Goal 5: Apply funding from the Crown and the broadcasting levy to activities described in the prospective financial statements.

Measure: Compliance reviewed by board half-yearly.

Part 2: Measuring performance 2007 - 2008

The following statements provide targets, budgets and performance measures for the year ended 30 June 2008, in accordance with s142 of the Crown Entities Act.

- Forecast income statement
- Forecast statement of movements in equity
- Forecast balance sheet
- Forecast cash flow statement
- Notes to the financial statements, including summary of significant accounting policies and the statement of key assumptions.
- Forecast statement of service performance

Taking into account our small size, there are no other relevant performance measures which need to be devised or disclosed.



Forecast income statement

For the year ending 30 June 2008

	2008 Forecast \$	2007 Forecast \$
REVENUE FOR ALL CLASSES OF OUTPUTS		
Crown Revenue	608,889	608,889
Broadcasting Levy	685,000	688,000
Interest Income	35,000	65,000
Other Income	700	6,100
TOTAL REVENUE	1,329,589	1,367,989
LESS EXPENDITURE (Note)		
Output 1 - Complaints Determination	914,608	900,286
Output 2 - Broadcasting Codes	60,943	50,322
Output 3 - Stakeholder Information	621,818	584,134
TOTAL EXPENDITURE	1,597,369	1,534,742
NET DEFICIT for the year	(267,780)	(166,753)
Note: Expenditure consists of:		
Members' Fees & Staff Remuneration	758,172	721,164
Depreciation	42,599	53,078
Audit Fees	16,880	15,200
Other Expenditure for Activities and Overheads	779,718	745,300
	1,597,369	1,534,742

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

Forecast statement of movements in equity

For the year ending 30 June 2008

	2008 Forecast \$	2007 Forecast \$
NET DEFICIT for the year	(267,780)	(166,753)
PLUS PUBLIC EQUITY 1 July	383,830	550,583
PUBLIC EQUITY 30 June	116,050	383,830

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

Forecast balance sheet

As at 30 June 2008

	2008 Forecast \$	2007 Forecast \$
CURRENT ASSETS		
Cash & Bank & Short Term Deposits	232,198	359,244
Trade and other receivables	6,000	28,237
GST Receivable	19,666	15,906
	257,864	403,387
LESS CURRENT LIABILITIES		
Accounts Payable & Accruals	184,887	79,800
Employee Entitlements	36,072	31,500
	36,905	292,087
PLUS NON-CURRENT ASSETS – Property, Plant and Equipment	79,145	91,743
NET ASSETS	116,050	383,830
Represented by PUBLIC EQUITY	116,050	383,830

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

Forecast cash flow statement

For the year ending 30 June 2008

	2008 Forecast \$	2007 Forecast \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash will be provided from:		
Grants, Broadcasting Levy, and Other Income	1,316,826	1,301,644
Interest Received	35,000	65,000
Net GST Received	0	0
Cash will be disbursed to:		
Payments to Members and Employees	(753,600)	(725,101)
Payments to Suppliers & Others	(691,512)	(865,386)
Net GST Paid	(3,760)	(757)
Net Cash From Operating Activities	(97,046)	(224,600)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash will be disbursed to:		
Purchase of Fixed Assets – Property, Plant and Equipment	(30,000)	0
Net Cash Flows from Investing Activities	(30,000)	0
NET DECREASE IN CASH HELD	(127,046)	(224,600)
PLUS OPENING CASH AS AT 1 JULY	359,244	583,844
YEAR END CASH & BANK & SHORT TERM DEPOSITS AS AT 30 JUNE	232,198	359,244

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

Notes to the forecast financial statements

Reporting entity

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

Statement of compliance and measurement basis for preparation

For the purposes of complying with NZ GAAP the BSA is designated as a public benefit entity. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and comply with the New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to public benefit entities.

The forecast financial statements comply with FRS – 42 and the Crown Entities Act 2004. The information in the forecast financial statements may not be appropriate for purposes other than the requirements of the Act.

These are the Broadcasting Standard Authority's first NZ IFRS financial statements and NZ IFRS 1 has been applied.

The financial statements also comply with the Public Finance Act 1989 and the Crown Entities Act 2004.

The transition to NZ IFRS has had no effect on the reported financial position, financial performance and cash flow of the Broadcasting Standards Authority.

The financial statements have been prepared on the historical cost basis except where assets and liabilities are stated as being at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS balance sheet as at 1 July 2006 for the purpose of the transition to NZ IFRS.

Summary of significant accounting policies

1. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. No allowance is made for impairment losses because the future economic benefit of these assets is not directly related to their ability to generate net cash inflow.

2. Depreciation

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

Office Equipment	5 years
Furniture & Fittings	5 years
Leasehold Improvements.....	5 years
Photocopier	3 years
Computer Equipment	3 years

Artworks are fully depreciated in the year of purchase.
A nil residual value has been applied to all assets.

The residual value, depreciation method, and useful life of the assets are reviewed at the end of each financial year.

3. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less any provision for impairment.

4. Operating leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement over the lease term as a integral part of total lease expenses.

5. Taxation

- a) Income tax: The BSA is exempt from the payment of income tax in accordance with Section 33 of the Broadcasting Act 1989.
- b) FBT: FBT is payable on all fringe benefits
- c) GST: The financial statements are prepared GST exclusive except for accounts receivable and accounts payable which are GST inclusive.

6. Financial instruments

The BSA is a party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits with a maturity date of no more than 3 months from the date of acquisition, accounts payable, and trade and other receivables.

As at balance date there are no known significant concentrations of credit risks.

For financial instruments the carrying amount in the balance sheet is adjusted to fair value if the carrying value is not a reasonable approximation of fair value. All revenues and expenses in relation to financial instruments are recognised in the income statement.

7. Provision for employee entitlement

Annual leave is recognised as a cost on an entitlement basis and unused accumulated sick leave is recognised as a cost on an expected usage basis. Both costs are calculated using present values.

8. Revenue

Revenues are derived and recognised as follows:

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

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

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

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

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

9. Statement of cash flows

Cash comprises cash on hand and demand deposits. Demand deposits include short-term deposits in which the BSA invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources other than interest and records the cash payments made for the supply of goods and services and payments to employees.

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

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

10. Cost of outputs

The cost of outputs, as reported in the Forecast Statement of Service Performance, is the total cost of services allocated to each of the output classes of the BSA.

The BSA cost allocation policy is that direct costs are charged directly to the output class, and indirect costs are charged to the significant output class based on estimated usage.

11. Statement of key assumptions

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

Forecast statement of service performance

For the year ending 30 June 2008

See *Outcomes Framework at Figure 1.*

Output Class 1: Complaints determination

Description

Decision making on formal complaints lodged under the Broadcasting Act is undertaken by the board, with administrative and legal support provided by staff. Decisions are subject both to judicial review and appeal to the High Court. We are required by the Act to operate with as little formality and technicality as possible.

We have two objectives to achieve this output.

Objective: Ensure members operate in a principled and informed manner

This objective primarily relates to members' quasi-judicial responsibilities. Measures for these activities are constant across financial years.

Members will discharge responsibilities to the highest professional standards and in accordance with natural justice. Members will continue to adhere to a strict conflict of interest policy. The board will also continue to review its own performance annually and undergo relevant training when it deems necessary.

We measure the following activities against quality, quantity and timeliness targets.

Measures

- Convene ten formal board meetings by 30 June 2008 in order that due process for complaints determination is followed.

Measure: 10/10 meetings formally recorded.

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

Measure: Conflicts register maintained.

- Undertake an annual board self-assessment exercise.

Measure: Board self-assessment completed and recommendations actioned by 30 June 2008.

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

Measure: No more than one issued decision is successfully appealed to the High Court by 30 June 2008.

- Apply the principles of natural justice by ensuring procedural fairness.

Measure: No issued decision has adverse judicial review findings on complaint determination procedures by 30 June 2008

Objective: Maintain efficient and effective complaints procedures

Efficient and effective complaints management assists public confidence in the system. BSA staff report performance against targets at each board meeting.

We measure the following activities against quantity and timeliness targets.

Measures

- Acknowledge formal complaints in writing within 3 working days.

Measure: 100% of complaints acknowledged in 3 working days.

- Ensure complaints are placed on the agenda of the next board meeting following receipt of final correspondence (agenda closes on tape copying day).

Measure: 100% of processed complaints on next board agenda.

- For complaints requiring only one board meeting for determination, issue completed decisions within 20 working days of first working day after board meeting.

Measure: 95% of single-meeting complaints decisions issued within 20 working days.

- For complaints requiring more than one board meeting for determination, issue completed decisions within 15 working days of last board meeting.

Measure: 100% of multi-meeting complaints decisions issued within 15 working days of last board meeting.

- Ensure only complaints involving complex issues or procedures, or where further information is required from the parties, require more than one board meeting for consideration.

Measure: 95% of non-complex complaints require one board meeting for decision.

- In election years, issue decisions on complaints about election programmes within 48 hours.

Measure: 100% of decisions issued within 48 hours of receipt of final correspondence.

- Undertake a survey of all complainants involved in a formal complaint referred to the BSA in the 2006 calendar year to assess satisfaction with BSA processes.

Measure: Survey completed by 30 June 2008.

Output 1 Cost:

Personnel	\$ 563,530
Direct Operating	\$ 109,300
Overheads	\$ 241,778
	<hr/>
	\$ 914,608
% of total budget:	57%

Output Class 2: Broadcasting codes

Description

The codes of broadcasting practice underpin the complaints system. As the wider environment changes the provisions of the codes must be reviewed to ensure they provide relevant guidance for broadcasters and complainants alike. Each major code is reviewed at least once every five years. It is also important that broadcasters understand their statutory obligations.

Objective: Ensure codes are relevant

The free-to-air television code review will be completed in the period. Two further practice notes explaining various code interpretation matters will be published. The following activities have quantity, quality and timeliness measures.

Measures

- Complete the review of the Radio Code.

Measure: Radio code review completed by 30 June 2008.

- Complete the review of the Free-to-Air Television Code.

Measure: Free-to-air television code review completed by 30 June 2008.

- Produce at least two new practice notes on an aspect of code interpretation

Measures: Two new practice notes published by 30 April 2008.

Objective: Assist broadcaster complaints processes

It is in the public interest that complainants have their complaints dealt with professionally by broadcasters. Large broadcast organisations have resources and well-developed processes in place to meet their broadcasting standards obligations. Advice on processes from the BSA is therefore rarely required. Smaller organisations, and those which encounter few formal complaints, sometimes need tailored information.

The following activity has a quantity and timeliness measure.

Measures

- Ensure a minimum of three face-to-face meetings with medium-small size broadcast organisations to discuss and advise on complaints process matters.

Measures: Three visits by 30 June 2008.

Output 2 Cost:

Personnel	\$ 33,673
Direct Operating	\$ 10,000
Overheads	\$ 17,270
	<hr/>
	\$ 60,943
% of total budget:	4%

Output Class 3: Stakeholder information

Description

It is important for us, our stakeholders, and the integrity of the standards regime, that a variety of material is available to inform opinion. Such material ranges from commissioning and publishing formal academic research to providing simple, effective information on complaints issues and processes. Stakeholder information is not one-way: we also need to ensure that we have access to a variety of voices, particularly so members can have a clear appreciation of the diversity of community views. The long term goal is acceptable media literacy levels for New Zealanders.

Objective: Publish useful research

Quantitative and qualitative research provides information about community attitudes and various topics relevant to broadcasting standards. Such research is only rarely conducted and made public by other New Zealand organisations.

The following activities have quantity, quality and timeliness measures.

Measures

- Commission qualitative research to study issues of concern identified by the 2007 children's media use and response studies.

Measures: Relevant tendering and commissioning procurement processes recommended by the Office of the Auditor General followed.

Research published by 31 December 2008.

- Commission a media literacy-related project arising from an identified data gap.

Measures: Relevant tendering and commissioning procurement processes recommended by the Office of the Auditor General followed.

Draft is peer reviewed and recommendations are addressed (if over \$50k).

Published by 30 June 2008.

- Commission a think-piece on balance and impartiality.

Measure: Published by 31 December 2007.

- Publish the quantitative children's research commissioned earlier in 2007.

Measure: Research published by 30 June 2008.

Objective: Provide accessible information

Providing simple and effective information on broadcasting standards processes and issues assists New Zealanders to understand their media environment and exercise their right to protest if they wish. Web-based information is the primary on-going tool.

The following activities have quality, quantity and timeliness measures.

Measures

- Develop a comprehensive media literacy strategy.

Measure: Strategy in place by 30 September 2008.

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

Measure: 100% of decisions published within 10 working days.

- Publish BSA Quarterly newsletter.

Measure: Four editions published by 30 June 2008.

- Continue to support a web-based media clearinghouse to encourage media literacy.

Measures: www.mediascape.ac.nz used and updated as required.

Satisfactory twice-yearly progress reports received from CPIT.

- Publish complaints information on our website in eight further languages.

Measure: Information in ten languages published on website by 30 June 2008.

Objective: Improve stakeholder engagement

The following activities have quality and timeliness measures.

Measures

- Implement a work plan for the Community Advisory Panel.

Measures: Work plan with targets and measures completed according to deadlines by 30 June 2008.

- Meet formally with broadcaster associations annually.

Measures: Television Broadcasters' Council and Radio Broadcasters Association meet with BSA board by 30 June 2008.

Areas of cooperation agreed.

Output 3 Cost:

Personnel	\$ 160,968
Direct Operating	\$ 374,500
Overheads	\$ 86,350
	<hr/>
	\$ 621,818
% of total budget:	39%

Forecast outputs summary

For the year ending 30 June 2008

	Personnel	Direct Operating	Overhead	Total	%
Complaints	563,530	109,300	241,778	914,608	57
Codes	33,673	10,000	17,270	60,943	4
Stakeholder Information	160,968	374,500	86,350	621,818	39
Total	758,171	493,800	345,398	1,597,369	100%

Appendix: State Services Commission State Sector Development Goals

Overall Goal:

A system of world class professional State Services serving the government of the day and meeting the needs of New Zealanders.

The overarching goal is supported by six Development Goals for the State Services



Directory

Members

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

Staff

Dominic Sheehan	Chief Executive
Christina Sophocleous	Legal Manager
Matthew Dearing	Legal Advisor
Kate Ward	Communications and Research Advisor
Julie Bath	Administration Manager
Jo Wilkinson	Administrator (part time)
Trish Cross	Receptionist (shared with NZ On Air)

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