

**BROADCASTING STANDARDS AUTHORITY
STATEMENT OF INTENT 2012–2015
TE MANA WHANONGA KAIPĀHO TAUĀKĪ
WHAKAMAUNGA ATU 2012–2015**



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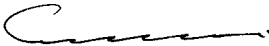
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STATEMENT FROM THE BSA

4 MAY 2012

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

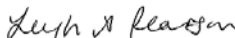
The forecast financial statements contained in this document have been authorised for issue by the board of the BSA. There is no intention to update the forecast financial statements subsequent to presentation.




Peter Radich *Chair*



Mary Anne Shanahan *Member*



Leigh Pearson *Member*



Te Raumawhiti Kupenga *Member*

STATEMENT FROM THE MINISTER

4 MAY 2012

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 ending 30 June 2015 before the House of Representatives.

A handwritten signature in black ink, appearing to read 'C Foss', with a long horizontal flourish extending to the right.

Hon Craig Foss

Minister of Broadcasting

INTRODUCTION

This Statement of Intent sets out the direction that the BSA intends to take over the next three years with a particular focus on the activities we will concentrate on over the next twelve months.

We are mindful that we are doing this in the context of dynamic change; the media regulatory regime is under review at the same time as the media environment is evolving rapidly.

We are fully aware that changes to the regulatory framework are likely. At the same time, we are charged with working in the current structures to the best of our ability.

Our focus therefore over the next three years is to ensure that the current system works as effectively as it can – both at BSA level and at broadcaster level – and that our decisions are robust and clear, with a view to improvements underpinning any future regulatory system.

Vision

Fairness and freedom in broadcasting

Purpose

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 to individuals and society.



PART ONE
STRATEGIC
OVERVIEW
2012-2015

1. OUR PURPOSE

New Zealand is a modern democratic society. A robust broadcast media plays a vital role in a democracy.

The BSA regulates the balance between freedom of expression and harm to New Zealand society in the broadcasting environment. It sits uncomfortably, but vitally, in the space between the broadcasters' freedom of expression and the rights of viewers and listeners.

This right to freedom of expression is not only highly valued in New Zealand but is protected by law in the New Zealand Bill of Rights Act 1990. It is not unlimited. It must be justified in our free and democratic society. As a regulator, the BSA legitimately restricts the right to freedom of expression where the benefits of doing so outweigh the harm caused by such a restriction.

When undertaking all our work, whether setting standards or determining complaints, we must balance these two concepts justly – ensuring that the broadcasters' right to free speech is supported whilst they fulfil obligations under the broadcasting codes to avoid harm and be fair.

2. WHO WE ARE

The BSA is a quasi-judicial tribunal established by the Broadcasting Act 1989 (the Act), tasked with overseeing New Zealand's broadcasting standards regime, and required to fulfil the relevant functions under the Act.

We are funded by the government and through broadcaster levies to provide the public with a free, independent complaints service. We operate within a coregulatory content regulation environment. This means that in most cases viewers and listeners who wish to make a formal complaint about content that has been broadcast must first complain to the broadcaster concerned. If the complainant is dissatisfied with the result they have the right to refer the matter to the BSA. BSA decisions, in turn, may be appealed, by either complainants or broadcasters, to the High Court.

The BSA is an Independent Crown Entity which means, among other things, that the government cannot direct or seek to influence us in our work.

Members of the BSA are appointed by the Governor-General on the advice of the Minister of Broadcasting. Members have two key roles: governance of the BSA and quasi-judicial determination of complaints. Members are required to declare any potential conflict and withdraw from consideration of any complaint where they are conflicted. Each member also signs a Declaration of Interest annually.

3. OUR STRATEGIC CONTEXT

3.1 Current environment

The environment in which we work is fast-changing and ever-changing. While the media has always been a dynamic industry, technological advances, convergence of different forms of media, the migration to digital delivery, and the fragmentation of the audience's viewing patterns have all increased the rate of change over recent years.

The existing media regulatory structures are under review. This is well overdue given that our legislation was put in place in 1989 when the broadcasting environment was entirely different from what it is today. Then there was no internet. Now we have media convergence where one story is transmitted on multiple platforms. While the telecommunications landscape has altered dramatically, the definition of 'broadcasting' in our legislation remains the same. A new regulatory regime is likely to be debated and possibly implemented within the period of this Statement of Intent. What is not clear is the form it will take.

New Zealand continues to grow in ethnic and cultural diversity. This changing demographic affects the type of broadcasting the public demands, creating further diversification of audience and content, and also of community attitudes as to what are appropriate services.

We are also in a tight fiscal environment and the government's expectations are that we continue

to review our services with a view to finding more innovative and cost-effective ways of delivering services within existing funding.

3.2 How will we respond to this environment?

In the meantime business continues. The BSA must be prepared to meet the realities of this changing environment and also ensure we remain relevant and responsive in carrying out our current responsibilities. To do so, we must fully understand the areas in which we work and the expectations of the key stakeholders. We must examine our activities and, indeed, our very operating model, to truly reflect modern media. In each of our activities we will make sure that what we do, and the improvements we make, could underpin a future regulatory system. In particular we will:

- Continue to improve the efficiency and effectiveness of our complaints processes and look for innovative ways to deliver our services.
- Continue to work on and improve both the presentation and robustness of our decisions, and ensure these are independently critiqued.
- Explore public attitudes to broadcasting standards and use these to inform our decisions.
- Work with broadcasters with a view to developing a principle-based single code that may be transferred to a new regime.
- Ensure that we communicate effectively so that the public has easy access to information about the standards regime and how to complain.

- Provide advice to officials and fully engage in the review process on proposed new regulatory structures from the position of our experience and expertise.
- Manage costs within existing funding streams.
- Receive back-office financial services and advice from New Zealand On Air as an additional element of our existing shared service arrangements.

3.3 Our contribution to the Cultural Sector

We are part of the Cultural Sector and contribute to the sector's 'Engage' outcome, aiming to achieve the goal that New Zealanders consider their culture to be relevant and distinctive, and to make it part of their daily lives. The BSA contributes to this outcome by ensuring that the broadcasting standards regulation system is accessible and easily understood.

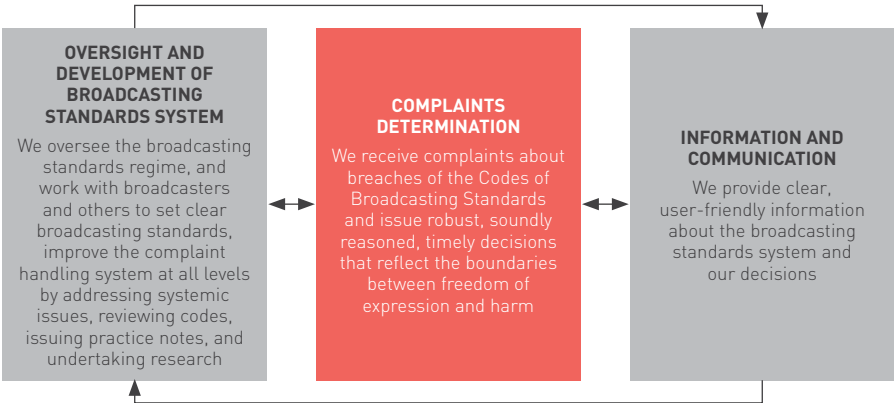
As a regulator, however, we necessarily stand apart from the key thrust of the Cultural Sector's outcomes to 'create' and 'preserve' so that cultural activity flourishes and culture can be enjoyed by future generations. Our role in the sector, one of keeping the balance between important rights, does, however, enhance New Zealanders' ability to enjoy their broadcasting media and culture.

4. OUTCOME FRAMEWORK – OUR PERFORMANCE STORY

This year we have revised our outcome framework to better reflect the outcomes we seek, how we contribute to and influence those goals in the medium term, how we measure them, and how our services and activities (outputs) relate to the outcomes/impacts.

While the type of work we do and the services we provide have remained similar over the years, we have revised the presentation of the output classes to reflect their interrelationship as part of the system of regulation that we oversee, monitor, develop, make decisions in, and inform people about.

SECTOR OUTCOME: New Zealanders' engagement in cultural activities is increasing			
VISION: OUR VISION IS FOR FAIRNESS AND FREEDOM IN BROADCASTING			
PURPOSE:	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.		
OVERARCHING OUTCOME:	<p>↑ The change the BSA contributes to New Zealanders ↑</p> <p>New Zealanders have increased confidence that the broadcasting standards regime fairly balances the broadcasters' right to freedom of expression with their obligation to avoid harm.</p>		
OUTCOME AREAS/ IMPACTS:	<p>↑ The difference we make ↑</p> <table border="1"> <tr> <td>Reduction of unjustified complaints from members of the public</td> <td>Increased compliance with standards by broadcasters</td> </tr> </table>	Reduction of unjustified complaints from members of the public	Increased compliance with standards by broadcasters
Reduction of unjustified complaints from members of the public	Increased compliance with standards by broadcasters		
IMPACT MEASURES:	<p>↑ How we know we are succeeding ↑</p> <ul style="list-style-type: none"> • A reduction in the number of upheld and not upheld complaints • No proportionate increase in the number of BSA decisions overturned by the High Court on appeal • Improved public awareness of the existence of the broadcasting standards system 		
OUTPUT CLASSES:	<p>↑ The activities we undertake ↑</p>		



4.1 What outcomes do we want to see?

Our *overarching outcome* is that 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.

The BSA will contribute to this outcome by making a difference in the following two outcome (or impact) areas:

Outcome/Impact 1

Reduce unjustified complaints

The BSA will reduce unjustified complaints by providing information that enables viewers and listeners to respond to broadcasting in a more informed manner, understand how to make quality complaints to the right place, and have trust and confidence in the robustness of BSA decisions and its processes.

Outcome/Impact 2

Increase broadcaster compliance

The BSA will work to increase broadcaster compliance by working on the development and enhancement of the broadcasting system – where appropriate with broadcasters – so that:

- the standards and codes are robust and fit for the operating environment and reflect New Zealand's diversity
- broadcasters understand their obligations
- broadcasters can resolve more complaints earlier.

4.2 Our approach – what will we actually do?

4.2.1 How our outputs link to the outcomes we seek

The broadcast media reaches into the lives of New Zealanders on a day-by-day, hour-by-hour, minute-by-minute basis, whether Free-to-air or Pay TV, at home, on a radio in the car, beside the bed or in the garden. It informs us and entertains us. Broadcasters have agreed to meet certain standards as they do this. The BSA monitors these standards on behalf of New Zealanders in a number of ways – by making decisions on complaints, by overseeing and enhancing the regulation system, and by providing information about the system and its decisions.

Our key activity is complaints determination but this doesn't occur in a vacuum. We provide two other critical services and activities to support and enhance the broadcasting content regulation system: oversight and development of the broadcasting standards system, and the provision of information about the system and our decisions.

All three parts interrelate, build on and strengthen the system as a whole. For example, research-informed decision making applies and interprets standards, which in turn informs broadcasters and viewers about the balance between freedom of expression and the rights of the media as against the rights and expectations of New Zealanders. Determining this balance, in turn, can impact on viewer behaviour and broadcaster compliance.

In this way, all outputs contribute to the two identified outcome areas: reduction of unjustified complaints and increased broadcaster compliance.

Overall, given the uncertainty in the sector, we know we have to remain adaptable. Our general approach is to undertake the following activities in the three interrelated output classes with a view that they could underpin any future regulatory system.

4.2.2 Our three interrelated output classes

Complaints determination

Determination of complaints is the critical point of the regulation system where we aim to strike the balance between the right to freedom of expression and the responsibility to avoid harm.

We will ensure our decisions are robust and soundly reasoned. We will make the boundaries between the right to freedom of expression and the responsibility to avoid harm clearer through well articulated decisions. We will work on ensuring that our decisions are presented clearly and are easily understood by readers.

Each year we assess the clarity, robustness and fairness of our decision making by seeking an independent review and also by litmus testing our decisions with members of the public. We will continue to do so.

Our processes for determining complaints are well developed and we constantly challenge ourselves to refine and improve these systems. The targets we have set for ourselves in relation to this output class are designed to balance the right of complainants to a fair and timely service with realistic timeframes that ensure complaints are dealt with thoroughly and thoughtfully.

Oversight and development of the broadcasting standards system

Notwithstanding the reality that the regulatory system is under review and likely to change, business must continue. We will, however, continue to adapt our processes, within the boundaries of legislative restraints, to best meet the needs of New Zealanders and underpin any future regulatory system.

The BSA is effectively an appeal body. Broadcasters deal with complaints in the first instance. This means that the content regulation system depends on their complaints processes working effectively and efficiently to minimise complaint referrals to us.

Our role is to support broadcasters in this area, provide them with information, and improve processes between us. Strong relationships with broadcasters are crucial to performing well in this area. We have initiated regular working group meetings with representatives of the broadcasters to facilitate these relationships, and to work on system improvements.

The Pay TV code is due for review. However, our view is that it would be of more value to combine the Codes of Broadcasting Practice, which have developed in an ad hoc manner, into a single code since many principles could be expressed generically. Any future regulator will need to tackle this issue. We anticipate that some broadcasters will prefer the status quo with all its deficiencies because of their familiarity with it. Our challenge is to persuade broadcasters to see the advantages of a single code and also to see that this is a probable outcome of any regulatory rationalisation.

We will continue to publish practice notes on aspects of Code interpretation or on the way we carry out our processes. These will be developed in consultation with the broadcasters. As expected by the Minister, we will provide advice to officials and fully engage in the review process on proposed new regulatory structures.

We will also commission and publish research that will inform the future direction and development of broadcasting standards, and ensure that our decision making and policy are informed by diverse community attitudes and opinions. We will consult with broadcasters and other stakeholders on this research.

Information and communication

It is equally important that we provide useful information to the public and that those who choose to make a complaint understand how to go about this.

At a minimum, the public needs to be aware that there is a broadcasting standards system, have some idea how to go about finding out how to complain, and know that the BSA exists. There are a number of ways that this occurs – for example, through the broadcasters' responsibilities to advertise their complaints function (which we audit every two years) and also through media engagement in our decisions.

The first point of contact for most of those who want to make a complaint will be our website. While it has recently been updated it needs further review and modification to provide accessible, clear information to all who land on it. Upgrading this will be a focus for the 2012 year.

The website is the critical tool for searching our decisions and helping viewers and listeners understand the broadcasting regime. It needs to provide clear information to enable the public to understand their rights, manage their media use within the agreed standards, and to make quality complaints. Rather than create hardcopy and costly resources that are difficult to disseminate widely, we will focus on ensuring that if people seek information and guidance from us, the website will be fit for purpose.

4.3 How do we know that we are having an impact?

We have identified three key measures to determine if we are having an impact over time through the activities in our three interrelated output classes.

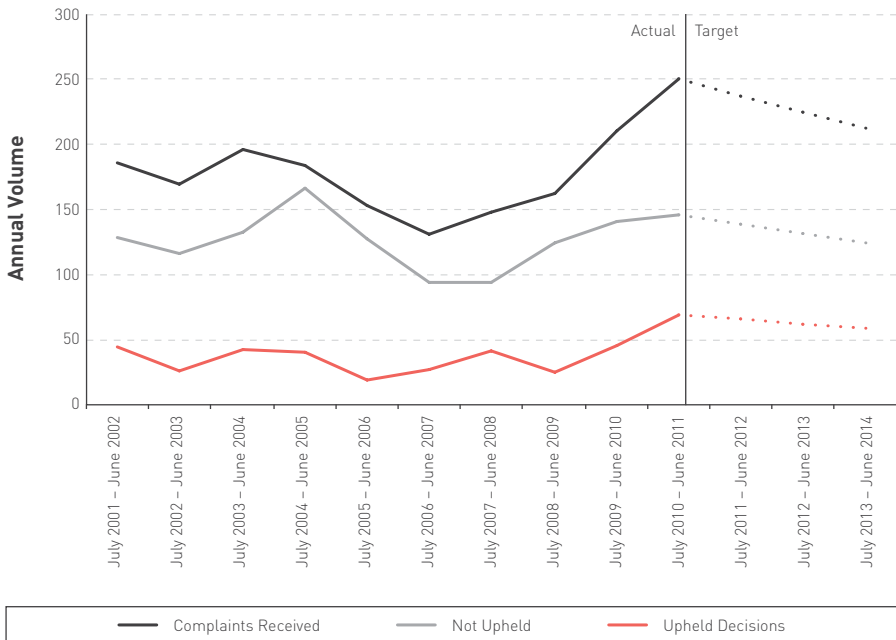
Many factors will influence these medium-term outcomes, a number of which are outside our control.

We cannot achieve these outcomes alone – it will take the involvement and focus of all our stakeholders.

The measures themselves are also open to different interpretations, particularly quantitative measures.

For example, a reduction in complaints could mean less awareness or confidence in our decisions, or it could mean that the system is working very effectively and only threshold and challenging decisions are getting to us. The latter is harder to achieve but we think it is a better goal to aim for. Notwithstanding their potential ambiguities, we think, taken together, that the following three measures provide a good indication of whether the broadcasting standards system is working as efficiently and effectively as it should.

FIG 1. BSA System Performance Indicators



Measure 1 – A reduction in the number of complaints both upheld and not upheld, with a consequential decline in overall complaint numbers

When the system is working well:

- the number of **upheld** complaints declines over time which implies broadcasters breach the codes less often
- the number of **not upheld** complaints declines which implies that members of the public better identify breaches and make better quality complaints
- the total number of complaints declines reflecting effective broadcaster complaints processes and improvements in the above two indicators. This in turn means lower BSA costs.

In this well functioning system, the public will manage their viewing and their children’s viewing within the standards regime and will make fewer complaints. They will understand better how – and where – to complain, so trivial complaints will be reduced. The system (which includes broadcasters’ complaints systems as well as ours) will enable easier disposal of trivial, frivolous and routine complaints.

All broadcasters will understand their obligations and resolve complaints effectively so that fewer complaints come to the BSA. Those that are

referred to the BSA will be increasingly at the boundaries of freedom of expression and the avoidance of harm, and therefore more challenging.

Measure 2 – No proportionate increase in the number of BSA decisions overturned by the High Court

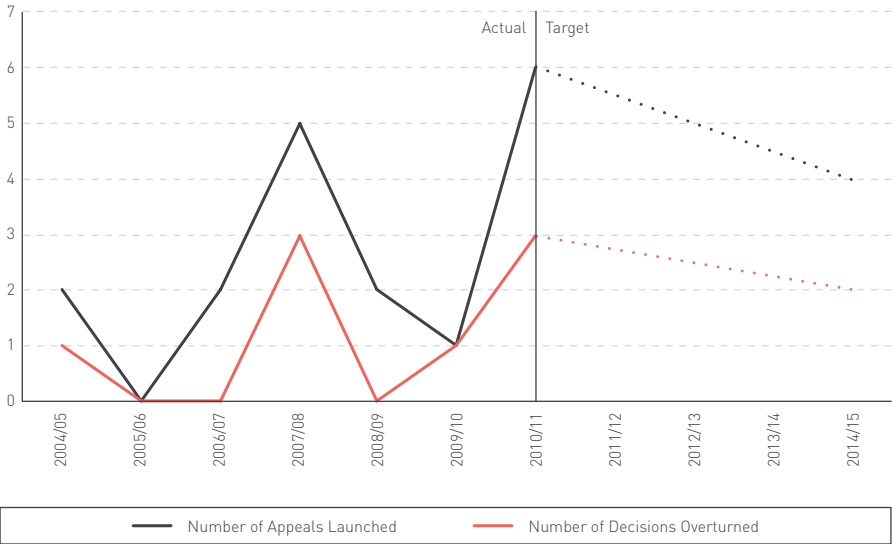
BSA’s decisions can be and sometimes are appealed. This is a valuable part of the process as it is important for parties to have recourse to the courts. Valuable jurisprudence is generated through the appeal process.

The number of decisions overturned by the High Court remains low (with three in the 2010/2011 year out of a total of 250 complaints). However, the number of decisions overturned by the High Court will be monitored. A real increase in overturned decisions, particularly if they go to matters of process, would be a concern and indicate that our decision-making process may need improvement. If they go to substance, they may indicate that the BSA is not in tune with community standards as assessed by the High Court.

For that reason, High Court decisions are an important overall indicator of how the broadcasting standards system balances the broadcasters’ right to freedom of expression with their obligation to avoid harm.

We will measure, over time, the number of appeals we receive against our decisions, and the proportion of upholds.

FIG 2. High Court Appeals



Measure 3 – Public awareness that individuals can make a formal complaint about television and radio content is increased to, and maintained at, over 90%

Every two years we will complete a survey measuring the percentage of New Zealanders aware of the BSA, aware that they can make a formal complaint, and able to identify a course of action which would lead them to find out about the correct process for making a formal complaint.

We will also monitor a breakdown of these figures by age, region, ethnicity and gender.

A benchmark survey was completed in 2010 which showed:

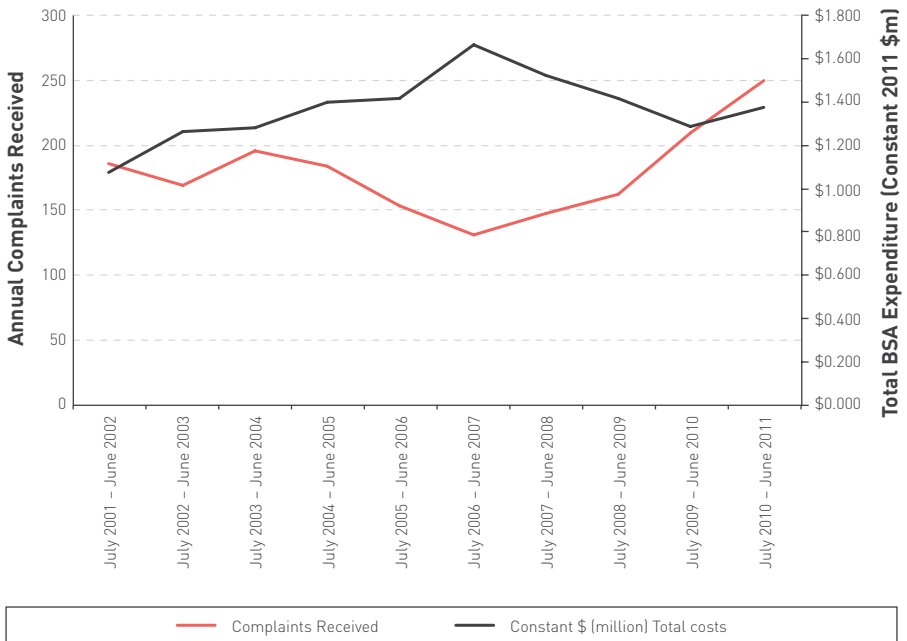
- 89% of New Zealanders are aware that they can make a formal complaint about television and radio content
- 96% of New Zealanders could take a course of action which would lead them to finding out about the correct process for making a formal complaint
- 95% of New Zealanders are aware of the BSA.

In 2015 our target is that over 90% of New Zealanders are aware that they can complain about broadcasting, can find out how to make a formal complaint, and know about the BSA.

4.4 Overall performance and cost analysis

4.4.1 Performance summary

FIG 3. BSA Total Costs and Complaints Received



BSA expenditure is positively correlated with the performance of the broadcasting standards system. In the year 2006-2007, increasing expenditure seems to be matched by decreased complaints about broadcasting breaches. The increase in complaints received is largely made up of an increase in complaints not upheld, including more routine and trivial complaints. This suggests that when people want to complain they need to be better able to understand

the basis on which they can complain, and how to complain, so that they make higher-quality complaints.

The reversal of expenditure trend and system performance in the year 2007-2008 is significant. A reduction in expenditure has been matched by increasing complaints. There are other reasons for increased numbers of complaints, such as the ease with which people can complain more quickly through email and the internet (and organise to complain – through

social media, for example). This makes it vital that the interface with the standards system (such as our website) makes it clear what is necessary to make a quality complaint.

The graph below also indicates a recent reduction in costs. In the current tight fiscal environment, and given the expectations of the public sector, we are focusing on reducing costs and increasing efficiency. This has seen some restructuring of staff, and the adoption of new procedures

and processes within our complaints process. In turn, this has enabled a reduction in board sitting days and associated costs. We will continue to look for ways to improve this.

4.4.2 Costs of BSA decisions

Since 2007-2008 our total costs and unit 'decision' costs have declined from a cost spike between 2004 and 2007. This spike may well have been caused by normal variation in volume data, and management has done well to bring costs back to the pre-spike levels.

FIG 4. BSA Cost Trends



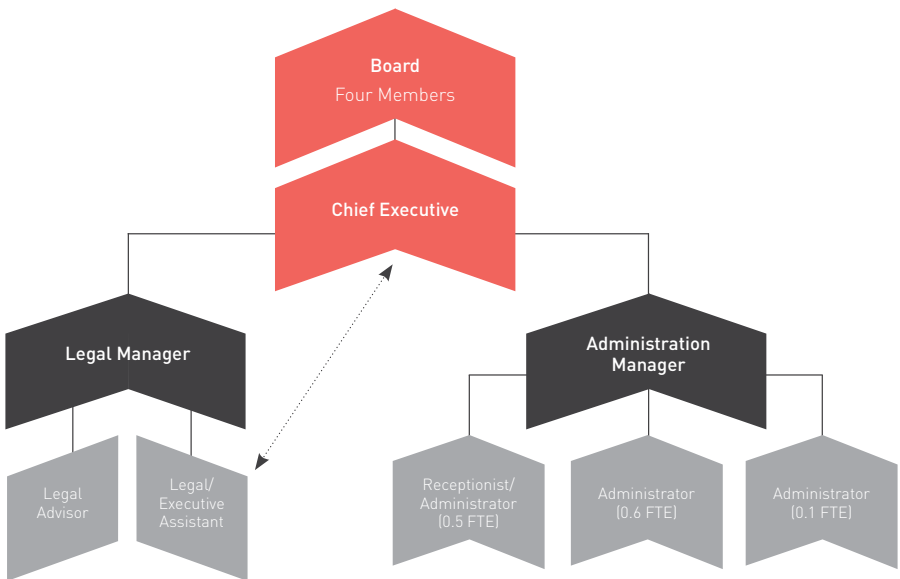
Note: This analysis uses 2011 constant \$ to fair comparison over the 10 year period. It is based on a 2.5% pa inflation average for each year.

5. ORGANISATIONAL CAPABILITY

5.1 Structure and people

The BSA is a small organisation and we foster a collaborative culture and we foster a collaborative culture that values the input of all participants. We encourage and have a positive, flexible culture and have a clear appreciation of governance and management distinctions.

5.2 Organisational structure



5.3 Capability

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

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

We are also aware that complaint numbers have typically risen and fallen over time and that the current record level of complaints is not significantly greater than other historic highs. However, our capability planning must ensure we remain able to continue to carry out our core services within current resources.

5.4 Capability objectives

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

Objective 1: Opportunities for agency collaboration and shared services in the cultural sector are explored and developed where appropriate

Measures:

- Continue to share facilities and one front-of-house staff member
- Receive back-office financial services and associated professional advice from NZ On Air

Objective 2: Staff employment policies focus on retention and development of 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 professional development plan
- Board members undertake an annual self-assessment exercise around their exercise of their quasi-judicial powers and governance

Objective 3: Our infrastructure is fit for purpose

Measures:

- Our 2004 complaints data management system is replaced to gain efficiencies and improve reporting
- Our hardcopy and electronic file structure is reviewed and improved to better reflect the current working environment
- We move from paper-based board papers to an electronic system

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
- Our building is at an acceptable earthquake risk level
- 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

6. REPORTING

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

We provide the Minister with regular reports, both formal and informal, about activities, performance against operational targets set out in this SOI, and forecasts of our projected year-end financial performance.

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

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

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



PART TWO
SERVICE
PERFORMANCE
AND FINANCIAL
INFORMATION

FORECAST STATEMENT OF SERVICE PERFORMANCE

For the year ending 30 June 2013

The forecast statements in this section provide performance measures, targets and budgets for the year ending 30 June 2013 in accordance with section 142 of the Crown Entities Act in relation to each of our output classes.

Outcomes and impacts

As described in our outcome framework, the three output classes work in a virtuous circle and all contribute to the overarching outcome 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 outcome areas/impacts are:

- reduction of unjustified complaints from members of the public
- increased compliance with standards by broadcasters.

These outcome areas/impacts are contributed to by our three output classes:

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

OUTPUT CLASS: COMPLAINTS DETERMINATION

Complaints determination is our core activity. It is supported by and linked to the other two output classes – each one is an integral part of the broadcasting standards system.

We receive complaints about breaches of the Codes of Broadcasting Practice and 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 the 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 2012/2013	Estimated 2011/2012*	2010/2011	2009/2010
Quantity					
Receive complaints	Formal complaints received and processed	200	200	250	210
Issue decisions	Issue decisions for all complaints that are within our jurisdiction in accordance with the Broadcasting Act 1989	100%	100%	100%	100%
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 biannual summaries of the research into complainants' satisfaction with the complaints processes and system	2 reports provided by survey company to BSA are analysed and appropriate improvements implemented	2 reports provided by survey company to BSA have been analysed	1 report produced for period 1 July 2010 - 28 February 2011	N/A
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	Litmus test 5 decisions	N/A	(Last completed in May 2009)

* Final results for 2011-2012 year not available at date of completion.

† New measure.

Key deliverables	Performance measures	Target 2012/2013	Estimated 2011/2012*	2010/2011	2009/2010
Timeliness					
Acknowledgement of complaints in a timely manner	Complaints acknowledged in writing within 3 working days	100%	100%	100%	100%
Decisions issued in timely manner	Decisions issued within 20 working days of the board meeting at which final decision is made	98%	98%	98%	100%
Quality					
Decisions soundly reasoned	External assessment conducted to assess whether BSA reasoning, processes and/or interpretation of a standard is appropriate and reasonable	An external review of the way BSA interprets a standard or an aspect of the process by which BSA determines complaints shows that the reasoning, process and/or interpretation is appropriate and reasonable	External review conducted of way BSA incorporates freedom of expression into its decisions	External review of the four Codes of Broadcasting Practice commissioned with focus on BSA's application of the Balance standard	External review of the approach BSA takes in applying the Children's Interest standard published on 4 June 2010
	Decisions overturned by the High Court are analysed to enable improvements to BSA's reasoning and process	Direction or advice provided by the High Court from each appeal is analysed and applied in subsequent decisions as appropriate, as evidenced by reference to appeals in at least 10 decisions	Direction or advice provided by the High Court from each appeal is analysed and applied in subsequent decisions as appropriate	Of 5 High Court judgments released, 2 provided relevant guidance that was incorporated into our decision-making process immediately	No direction or advice given by Court in the year

* Final results for 2011-2012 year not available at date of completion.

Key deliverables	Performance measures	Target 2012/2013	Estimated 2011/2012*	2010/2011	2009/2010
Quality					
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	50% or more of those surveyed rank the decisions as good or excellent on a five-point scale†			
	Decisions reference findings from research into community standards and/or litmus testing	A selection of 20 varied decisions shows references to research of community standards and/or litmus testing†			
High-quality service provided to complainants	Complainants rate BSA processes overall as good or very good in the biannual reports on complainants' satisfaction	45% or more of complainants rank BSA service overall as good or very good on a five-point scale	40% (target 30%)	33%	N/A
	Complainants rate individual aspects of their interaction with BSA positively	70% or more of complainants rate each of the following aspects of interaction with BSA as good or very good: written correspondence, telephone contact, and professionalism of BSA staff†			

* Final results for 2011-2012 year not available at date of completion.

† New measure.

COST OF COMPLAINTS DETERMINATION

	Budget 2012/2013	Estimated* 2011/2012	Budget 2011/2012	2010/2011	2009/2010
Total Cost	1,000,984	906,015	1,054,096	968,053	823,051
% of Total Budget	73%	67%	66%	70%	66%

* Final results for 2011-2012 year not available at date of completion.

OUTPUT CLASS: OVERSIGHT AND DEVELOPMENT OF BROADCASTING STANDARDS SYSTEM

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.

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. Each Code is to be reviewed every five years to ensure it provides relevant guidance. The Pay TV Code is due for review. However, our view is that it would be of more value to combine the Codes of Broadcasting Practice into a single code since many principles could be expressed generically. Any future regulator will need to tackle this issue. This year we aim to persuade broadcasters to see the advantages (and probability) of a single code, and, in conjunction with them, produce at least the first draft of a single code.

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

Key deliverables	Performance measures	Target 2012/2013	Estimated 2011/2012*	2010/2011	2009/2010
Quantity and timeliness					
Coordinate and facilitate a working group of broadcaster representatives to monitor and improve complaints handling systems, consult with, and agree areas of cooperation	Meetings held regularly	3 meetings before 30 June 2013 [†]			
Issue practice notes on standards issues or process matters	Practice notes consulted on with broadcasters and issued	2 practice notes published before 30 June 2013	2 practice notes published by June 2012	2 practice notes issued on Privacy Principles 1 and 4	2 practice notes issued on the Controversial Issues and Privacy standards in television
Develop Single Code of Broadcasting Practice	Develop single code in conjunction with broadcasters	Prepare 1st draft (at least) before June 2013 [†]			
Commission quantitative research on public attitudes to standards	Commission research on attitudes to acceptability of swear words in broadcasting with diverse participants	Research complete and published by June 2013	N/A	N/A	<i>What Not to Swear</i> published on 28 March 2010

* Final results for 2011-2012 year not available at date of completion.

[†] New measure.

Key deliverables	Performance measures	Target 2012/2013	Estimated 2011/2012*	2010/2011	2009/2010
Quantity and timeliness					
Commission research that analyses or examines the relevant application of a standard, an aspect of broadcasting, and/or informs any future regulatory system	Commission and publish research of this nature	At least one piece of such research is complete and published by June 2013†	Research on talkback radio published in July 2011 Research on reality television published in September 2011	Research related to talkback radio commissioned	Research on reality TV commissioned
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	100% of non-compliant broadcasters notified within a month of the completed audit	Audit completed by 30 May 2012	N/A	Audit completed on 18 December 2009. Broadcasters overwhelmingly in compliance with their obligations
Quality					
Survey broadcasters to assess satisfaction with the quality of the 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 five-point scale†	Not completed	N/A	Survey carried out and published in June 2010

* Final results for 2011-2012 year not available at date of completion.

† New measure.

Key deliverables	Performance measures	Target 2012/2013	Estimated 2011/2012*	2010/2011	2009/2010
Quality					
	Any issues identified considered by board, and appropriate changes made and recorded or placed on the agenda of the broadcaster/BSA working group	Issues discussed at working group meetings and where appropriate resolved to satisfaction of both broadcasters and 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 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†			

* Final results for 2011-2012 year not available at date of completion

† New measure

COST OF OVERSIGHT AND DEVELOPMENT OF BROADCASTING STANDARDS SYSTEM

	Budget 2012/2013	Estimated 2011/2012	Budget 2011/2012*	2010/2011†	2009/2010‡
Total Cost	207,632	165,128	142,169	N/A	218,317
% of Total Budget	15%	12%	9%		17%

* In 2011/2012 this was named 'media' and included work with broadcasters.

† In 2010/2011 everything other than complaints determination was in an output class of information.

‡ In 2009/2010 this combined two earlier output classes codes and research.

OUTPUT CLASS: 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 their 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 is our key interface with the public. We are reviewing and upgrading it to ensure it is accessible and user friendly, that the content is clear and accurate, and decisions are easily searchable.

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 2012/2013	Estimated 2011/2012*	2010/2011	2009/2010
Quantity and timeliness					
Upgrade website to improve ease of use, through clearer content and greater accessibility	Website upgrade launched	By 31 December 2012 [†]	N/A	N/A	Previous upgrade completed
	Increase of unique hits to website	Benchmark under development [†]			
Decisions published on BSA website	Decisions published on website within 10 working days of sign off by Chair	100%	100%	100%	100%
Production of newsletter to keep stakeholders informed	Newsletters published	9	8	10	9

* Final results for 2011-2012 year not available at date of completion.

[†] New measure.

Key deliverables	Performance measures	Target 2012/2013	Estimated 2011/2012*	2010/2011	2009/2010
Quantity and timeliness					
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 June 30 2013 [†]			
Quality					
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 BSA website as good or very good on a five-point scale	At least 70% [†] of those surveyed rate the BSA website as good or very good on a five-point scale [†]			

* Final results for 2011-2012 year not available at date of completion

[†] New measure

COST OF INFORMATION AND COMMUNICATION

	Budget 2012/2013	Estimated 2011/2012	Budget 2011/2012*	2010/2011 [†]	2009/2010 [‡]
Total Cost	157,332	278,448	302,832	407,672	211,563
% of Total Budget	12%	21%	20%	30%	17%

* In 2011/2012 this was named 'public' and included work relating to resources and the public.

[†] In 2010/2011 everything other than complaints determination was in this output class of information (including research and work with broadcasters).

[‡] This included general and special communications projects with the public.



PART THREE
FINANCIAL
INFORMATION

The forecast statements in this section provide targets, budgets and performance measures for the year ending 30 June 2013 in accordance with s142 of the Crown Entities Act. There are no other relevant performance measures which need to be devised or disclosed (ss142(1) (c) and (e)).

The following section presents a set of finances for the year ending 30 June 2013:

- Forecast Statement of Comprehensive Income
- Forecast Statement of Changes in Equity
- Forecast Statement of Financial Position
- Forecast Statement of Cash Flows
- Notes to the forecast financial statements, including a Summary of Significant Accounting Policies and Statement of key assumptions

FORECAST STATEMENT OF COMPREHENSIVE INCOME

For the year ending 30 June 2013

	2013 Forecast	2012 Forecast
	\$	\$
REVENUE FOR ALL CLASSES OF OUTPUTS		
Revenue from Crown	609,000	609,000
Broadcasting Levy	760,000	790,000
Interest Income	40,000	45,000
Other Income	-	4,200
TOTAL REVENUE	1,409,000	1,448,200
LESS EXPENDITURE (Note)		
Output Class – Complaints Determination	1,000,984	906,015
Output Class – Oversight and Development of System	207,632	165,128
Output Class – Information and Communication	157,332	278,448
TOTAL EXPENDITURE	1,365,949	1,349,592
NET Surplus / (Deficit) for the year	43,051	98,608

Note: Expenditure consists of:

Members' Fees & Staff Remuneration	670,150	639,925
Depreciation	25,106	19,902
Amortisation	17,726	5,444
Audit Fees	18,000	18,000
Other Expenditure for Activities and Overheads	634,967	666,321
	1,365,949	1,349,592

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

FORECAST STATEMENT OF CHANGES IN EQUITY

For the year ending 30 June 2013

	2013 Forecast \$	2012 Forecast \$
NET Surplus / (Deficit) for the year	43,051	98,608
PLUS PUBLIC EQUITY 1 July	753,206	65,598
PUBLIC EQUITY at 30 June 2013	796,257	753,206

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

FORECAST STATEMENT OF FINANCIAL POSITION

For the year ending 30 June 2013

	2013 Forecast \$	2012 Forecast \$
CURRENT ASSETS		
Cash and Cash Equivalents	45,511	58,628
Investments	800,000	750,000
Debtors & Other Receivables	1,800	1,800
Prepayments	4,000	5,000
Net GST	18,000	18,000
	869,311	833,428
LESS CURRENT LIABILITIES		
Creditors and Other Payables	120,000	12,000
Employee Entitlements	50,000	50,000
	170,000	170,000
WORKING CAPITAL	699,311	663,428
Non-Current Assets		
Property, Plant and Equipment	41,200	66,326
Intangible Assets	55,726	23,452
	96,946	89,778
NET ASSETS	796,257	753,206
Represented by PUBLIC EQUITY	796,257	753,206

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

FORECAST STATEMENT OF CASH FLOWS

For the year ending 30 June 2013

	2013 Forecast \$	2012 Forecast \$
CASHFLOWS FROM OPERATING ACTIVITIES		
Cash provided from:		
Grants, Broadcasting Levy, and Other Income	1,369,000	1,406,999
Interest	40,000	45,000
Cash disbursed to:		
Payments to Employees and Members	(670,150)	(646,142)
Payments to Suppliers & Other Operating Expenses	(651,967)	(721,186)
Net GST	0	6,050
Net Cash Flow from Operating Activities	86,883	90,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash disbursed from:		
Investments	(50,000)	(50,000)
Cash disbursed to:		
Purchase of Property, Plant and Equipment	0	(41,380)
Purchase of Intangible Assets	(50,000)	(22,342)
	(50,000)	(22,342)
Net Cash Flow from Investing Activities	(100,000)	(113,722)

Net (Decrease) / Increase in Cash Held	(13,117)	(23,001)
PLUS Opening Cash Brought Forward	58,628	81,629
BALANCE CARRIED FORWARD	45,511	58,628

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 BASIS OF PREPARATION

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

The forecast financial statements for the year ending 30 June 2013 are prepared in accordance with the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally, accepted accounting practice ("NZ GAAP").

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Revenue

Revenues are derived and recognised as follows:

- Crown revenue consists of a grant from the Government. This grant is recognised when it is received.
- The Broadcasting Levy is recognised upon receipt of the payment from the broadcaster.
- Interest is derived from held-to-maturity investments and is recognised on an accrual basis.
- Other income is recognised at the time the services are rendered.

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

2. Statement of cash flows

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

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

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

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

3. Operating leases

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

4. Cash and cash equivalents

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

5. Debtors and other receivables

Accounts receivable are stated at their expected realisable value.

6. Investments in bank deposits

Investments in bank deposits are measured at fair value.

7. Property, plant and equipment

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

8. Depreciation

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

Office Equipment	5 years	20% straight line
Furniture and fittings	5 years	20% straight line
Leasehold Improvements	5 years	20% straight line
Photocopier	3 years	33% straight line
Computer Equipment	3years	33% straight line

Artworks are fully depreciated in the year of purchase.

9. Intangible assets

Software acquisition

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

Amortisation

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

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

Computer Software	3years	33% straight line
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10. Creditors and other payables

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

11. Employee entitlements

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

12. Taxation

Goods and Service Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable, which are stated inclusive of GST.

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

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

13. Outcome areas cost allocation

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

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

Direct costs are charged directly to output classes. Indirect costs are charged to output classes based on estimates of related activity/information.

14. Statement of key assumptions

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



DIRECTORY

MEMBERS

Peter Radich of Blenheim, Chair
Mary Anne Shanahan of Auckland
Leigh Pearson of Wellington
Te Raumawhitu Kupenga of Wellington

STAFF

Susan Freeman-Greene
Patricia Windle
[Vacant]
Miro Booth
Lana Guest
Margaret Haughey
Margaret Giannotti
Trish Cross

Chief Executive
Legal Manager
Administration Manager
Legal Advisor
Legal/Executive Assistant
Administrator (part-time)
Administrator (part-time)
Receptionist (shared with NZ On Air)

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