

TE PŪRONGO MŌ NGĀ MAHI MŌ TE TAU STATEMENT OF PERFORMANCE EXPECTATIONS

MŌ TE TAU KA MUTU 30 PIPIRI 2023
FOR THE YEAR ENDING 30 JUNE 2023

Tauākī Whakamana

Statement of Authorisation

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

This SPE sets out our proposed performance targets and forecast financial information for the year ahead. It is produced in accordance with section 149E of the Crown Entities Act 2004 and should be read together with our Statement of Intent 2020-2024 (SOI).

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



Susie Staley
Toihau | Chair
June 2022



Tupe Solomon-Tanoa'i
Mema | Member
June 2022

Ngā Ihirangi

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TE ANGA RAUTAKI STRATEGIC FRAMEWORK

SECTOR VISION	Promoting a confident and connected culture	
BSA VISION & PURPOSE	OUR VISION IS FREEDOM IN BROADCASTING WITHOUT HARM	
	Our purpose is to prevent harm to New Zealanders, while fairly balancing the broadcasters' right to freedom of expression and reflecting the values of New Zealand's liberal democratic society	
OVERARCHING OUTCOME/GOAL	What we intend to achieve:	
	New Zealanders can confidently engage with broadcast content that does not cause harm	
IMPACTS OVER TIME	How we contribute and influence:	
	<ul style="list-style-type: none"> • Providing an efficient complaints service which is accessible, agile and modern • Making decisions about complaints that are fair, clear, robust and timely • Ensuring they reflect the culture, attitudes and values of our diverse communities • The standards and decisions are fit for purpose in a changing media environment 	<ul style="list-style-type: none"> • Engaging with and educating broadcasters so that they understand and meet their standards obligations • Engaging with and educating the public so they make informed decisions and safely manage broadcast content in their homes • Work collaboratively on regulatory sector reform which reduces the risk of harm, protects free speech and makes sense to audiences
MEASURE OUR IMPACT	How we know we are influential:	
	<ul style="list-style-type: none"> • The public are aware of the broadcasting standards system • Broadcasters and the public understand the standards • Broadcasters and the public have a high level of trust and confidence in the system 	<ul style="list-style-type: none"> • The public are aware of and use the tools available to safely manage broadcast content • Broadcaster conduct, practices, policies and/or procedures are improved following the issue of a decision • Our decisions reflect the attitudes and values of our diverse liberal democratic society
ACTIVITIES & SERVICES	How we deliver:	
	<p>OVERSIGHT AND DEVELOPMENT OF THE BROADCASTING STANDARDS SYSTEM</p> <p>We oversee the broadcasting standards regime, work with broadcasters and others to set clear broadcasting standards, keep codes under review to reflect the contemporary environment, issue guidance, and undertake research which is relevant to the broadcasting standards regime.</p>	<p>COMPLAINTS DETERMINATION</p> <p>We make determinations on breaches of the Codes of Broadcasting Practice and aim to offer an efficient service and issue robust, soundly reasoned, timely decisions that reflect the boundaries between freedom of expression and harm.</p> <p>ENGAGEMENT AND EDUCATION</p> <p>We engage with, and educate, the public and broadcasters so that they understand and can use the protections and guidance provided through the broadcasting standards system.</p>

TE WHAKATAKINGA INTRODUCTION

This SPE sets out how we measure our performance, and reports on progress against our targets. Results against these and the longer-term goals set out in our SOI are reported in our Annual Report.

Taking stock

As we look to the future, we remain constrained by the past.

In 2022/23 the BSA, broadcasters, audiences and community groups will have a revised Code of Broadcasting Standards to work with. It was created with their input to further reflect the modern environment and make the Code simpler to use.

There are many changes, but there is consistency with previous formats. There are two reasons for this:

- The system has proven repeatedly that it works well, creating standards which are understood and adhered to.
- The Broadcasting Act 1989 has remained mostly unchanged for 33 years.

Society, of course, has not stood still, with major changes in the environment in which the Code operates. The internet, and the technologies it has enabled, have led to dramatic shifts in modes of communication, and to the sheer amount and variety of information and content accessible.

While there have been immense benefits, there is also much discussion and concern about the role these changes play in the spread of misinformation and disinformation, harmful material, polarisation, impact on 'traditional' elements of the media sector, like broadcasting, and on democracy itself.

The technological change has helped supercharge the debates around numerous issues in recent years – how to deal with the pandemic being a perfect example.

We are also a far more diverse society (more than 160 languages are spoken in Aotearoa) with a resulting range of perspectives and approaches to dealing with

disagreements. This has been reflected in our research and decisions, which show quite different attitudes to issues like discrimination and denigration and good taste and decency.

People's habits continue to change at pace, with audience research consistently showing the shift from linear to on-demand consumption; from traditional to a hugely diverse range of information and entertainment sources. The question of who and what to trust constantly arises.

It all means we are operating in a startlingly changed environment from when the Broadcasting Act was passed in 1989.

Democracies around the world are beginning to confront the question of what kind of regulatory settings are appropriate. New Zealand is no different, with the content regulatory system under review. We have long advocated such a move and are focused on providing the lessons learnt from our system.

These can provide some comfort – co-regulatory systems like ours work. Our purpose, free speech without harm, supports social cohesion and a vibrant democracy. We help build people's trust in the information they receive – a cornerstone of how they interact with others, build and contribute their knowledge.

People's habits continue to change at pace, with audience research consistently showing the shift from linear to on-demand consumption; from traditional to a hugely diverse range of information and entertainment sources.

Broadcasters play a crucial part in helping keep the public safe, providing them with life-saving information, shining a light on Government actions as well as delivering much-needed entertainment and distraction.

The risk of damage to our democracy from other areas, which are not subject to some form of co-regulatory environment, remains ever present. While change needs to come, we will focus on providing a robust, highly responsible and efficient service which does its best to reflect New Zealand's changing society.

We will also continue adapting where we can within our existing remit. In particular, this SPE looks to refocus research spend on internal benchmarks, which have been very consistent over a long period of time, towards external engagement and education. We see this as a must given the continual shifts in the media market and audience habits.

Our focus

With a formal process in place to drive regulatory reform, we are focused on the activity we can undertake to support it and the reforms which may follow. Our three key levers are complaints determination; oversight and development of the broadcasting standards system and education and engagement.

Over the next year, we will give particular focus to:

Ngā Whakaminenga

Audiences

We want New Zealanders to have the information they need to make good decisions about the content they consume. Confident engagement with content is relevant to the safety, security, connectedness, wellness and development of communities.

The release and use of our new Code is key to this and something we will promote and monitor over the next two years.

Ngā Whakapae

Complaints

We need to be excellent at our core job – maintaining an effective, responsive and quality complaints service. We will deliver robust, well-reasoned, timely and relatable decisions with the appropriate level of resource. We continue to review and adjust how we work to ensure this.

Mahitahi

Working collaboratively

At the heart of what we are trying to achieve is our work with a wide group of people – complainants, broadcasters, similar bodies, officials and community groups. While we are an independent regulator, change and impact comes through working with others. The relationships we maintain and develop are key. They are a feature of our support for the review of content regulation. We want a refreshed, modern system which reflects the contemporary environment, supports public media and a healthy democracy, and promotes the wellbeing of all New Zealanders.

Ngā mahi pāhekoheko

Education and engagement

We need to ensure our external communications are appropriate, help educate people and show the value of free speech without harm. Awareness and informed engagement in the broadcasting standards system are particularly important for tamariki and rangatahi, and their parents and caregivers, who are faced with navigating a wide range of content. Our role includes educating the public on how to use the standards system to make good decisions about what they choose to watch and listen to. This includes ongoing work to build our cultural capability and reflect our commitment to the principles of Te Tiriti o Waitangi and Maihi Karauna. We will be focusing on our refreshed communications and engagement strategy. To enable this we are making changes to our research spend, which will result in most being conducted on an alternating, biennial basis. This makes sense as much of it is internally focused and the results very consistent over many years. Doing this will provide more funding for work which is externally important, like engaging with a diverse range of audiences and broadcasters.

Te Tahua Pūtea

Value for money

The trend for levy returns is downward while workload is up due to more complaints, their complexity and our role in advising and supporting reform activities. We are forecasting a deficit in the next year. The COVID-19 pandemic and systemic industry change is likely to have an ongoing impact on broadcasters and their revenue, in addition to the challenges they are already facing.

It means we will continue to keep a watchful eye on the levy trend over the next year and manage our costs to maintain healthy reserves in line with our policy. In the meantime, we will work with other government agencies and identify efficiencies to ensure taxpayers and broadcasters receive value for money.

Te huringa o te rangi
Climate change

While a small agency, we have and will continue to make changes to reduce waste and our climate footprint. This includes measures like moving to digital filing systems, reducing and off-setting our flights, sharing transport when needed, virtual meetings, flexible working arrangements and recycling.

Ā mātou Tāngata
Our people

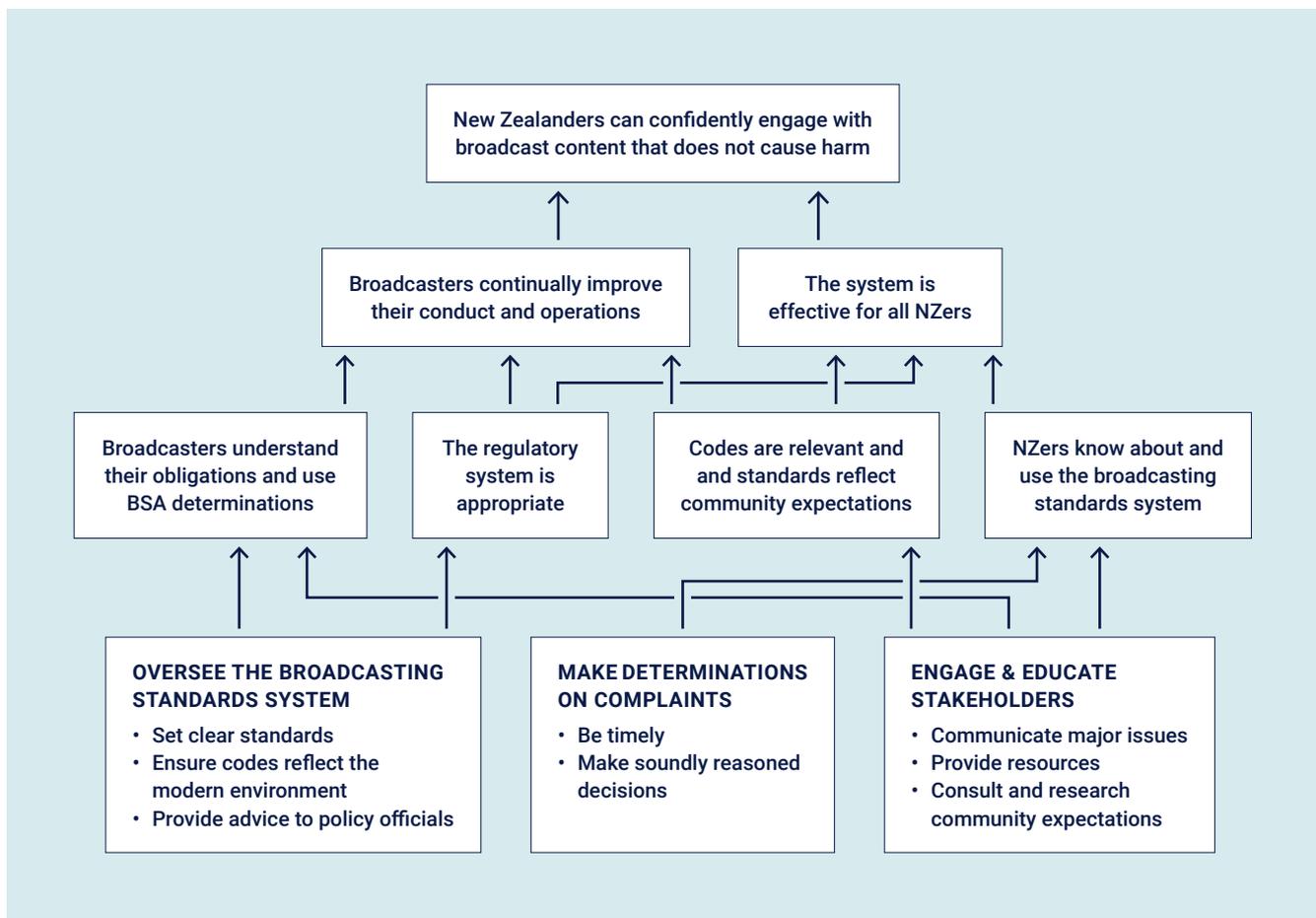
The well-being of those we interact with, our staff and board are of utmost importance. Internally we have built an open, supportive and trusting environment which encourages the exchange of ideas. Put simply, our people care. We value our reputation for acting professionally at all times, which we benchmark regularly. And we seek external advice to help us make the best decisions.

Ā mātou Paearu Mahi
Performance measures

This section sets out performance measures, targets, estimates and budgets for the year ending 30 June 2023, in accordance with the Crown Entities Act 2004, in relation to our core activities and services. It explains how our activities link to, influence and contribute to longer-term outcomes and the impact we intend to achieve as per our strategic framework (page 2).

Te Matapae Pūtea
Forecast financial statements

The forecast financial statements provide all appropriate information and explanations needed to fairly reflect the forecast financial operations and financial position of the BSA for the year ending 30 June 2023 in accordance with s149G of the Crown Entities Act 2004.



TE PAEARU MAHI ME NGĀ KAWATAU

PERFORMANCE ASSESSMENT AND ANNUAL EXPECTATIONS

1

Te Hātepe Whakapae Complaints Determination

We deal with complaints that broadcasters have breached the Codes of Broadcasting Practice. Most complaints go first to the broadcaster, and may be referred to the Authority if the complainant is not satisfied with the broadcaster's decision.

It is important that our decisions are of a high quality, fair, clear, robust, soundly reasoned and timely. They need to reflect the boundaries between freedom of expression and harm, and the changing media environment. They provide guidance to broadcasters and the public about how the standards apply. They should reflect the attitudes and values of our diverse liberal democratic society.

Through our decisions we aim to maintain a high level of trust and confidence in the system so that New Zealanders can willingly and safely engage with content.

Output	Measure	Target 2022/23	Target 2021/22	Actual 2020/21	2019/20 Actual
	Number of complaints and enquiries received.	An estimated 150-180 formal complaints. 800-950 enquiries*	An estimated 115-130 formal complaints. 800-950 enquiries*	New measure N/A	N/A
	Timeliness	95% of complaints acknowledged within 3 working days.	95% of complaints acknowledged within 3 working days.	Achieved – 95%	Achieved – 98%
		90% of decisions issued within 20 working days of the board meeting at which the final decision is made.	90% of decisions issued within 20 working days of the board meeting at which the final decision is made.	Achieved – 90%	Achieved – 100%
Decisions are soundly reasoned	Quality	External assessor agrees that the BSA's reasoning, process and/or interpretation in up to 5 decisions are appropriate and reasonable. Will take place in 2022/23 and then biennially.	External assessor agrees that the BSA's reasoning, process and/or interpretation in up to 5 decisions are appropriate and reasonable.	Achieved An external review was undertaken on the BSA's reasoning and interpretation of complaints under the balance standard.	Achieved An external review was undertaken on the BSA's reasoning and interpretation of complaints under the accuracy standard.

Output	Measure	Target 2022/23	Target 2021/22	Actual 2020/21	2019/20 Actual
Decisions are soundly reasoned	Quality	High Court judgments on appeals taken against BSA decisions are analysed and applied in subsequent decisions to enable improvements to the BSA's reasoning and process.	High Court judgments on appeals taken against BSA decisions are analysed and applied in subsequent decisions to enable improvements to the BSA's reasoning and process.	Awaiting decisions still	Achieved
Level of service		N/A this year as moving to biennial: 70% of complainants are satisfied with the BSA's service, processes and working relationships including telephone contact, written correspondence and staff professionalism.	In an annual survey an average of 70% of complainants are satisfied with the BSA's service, including telephone contact, written correspondence and staff professionalism.	In an annual survey an average of 70% of complainants are satisfied with the BSA's service, including telephone contact, written correspondence and staff professionalism.	Achieved
BSA decisions reflect community standards and are understood by the public		N/A this year as moving to biennial: 75% of a diverse group we litmus test decisions on relating to a particular standard, rank them as acceptable, good or very good on a 5-point scale in terms of how well they understand the reasoning and support the complaint outcome.	75% of a diverse group we litmus test decisions on relating to a particular standard, rank them as acceptable, good or very good on a 5-point scale in terms of how well they understand the reasoning and support the complaint outcome.	Achieved 5 decisions relation to discrimination and denigration	Achieved 4 decisions relating to violence

* These numbers are an estimate based on recent averages. As the BSA cannot control the number of complaints it receives, the figure is being used as a measure to monitor workload and the resourcing needing to match it over time.

TE UTU MŌ NGĀ MAHI WHAKAPAE COST OF COMPLAINTS DETERMINATION

	2022/23 Budget	2021/22 Budget	2021/22 Forecast
Total Revenue	\$749,424	\$711,700	\$741,902
Total Expenditure	\$858,970	\$840,632	\$829,987
% of Total Budget	52%	55%	55%

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Te Tirohanga Whānui me te Whakawhanaketanga o Te Punaha Whanonga Kaipāho

Oversight and Development of the Broadcasting Standards System

We oversee the broadcasting standards regime, work with broadcasters and others to set clear broadcasting standards, and review Codes so they reflect the modern media and audience environment.

We undertake research and, where appropriate, provide resources to support broadcasters to understand their obligations. We work co-operatively and openly with other regulators and provide advice to policy officials on reform issues.

Our research enables us to understand the changing attitudes and expectations of our diverse community, so these can be reflected in our decisions and the standards. Maintaining public awareness of the BSA, the standards and complaints system is critical. We measure our impact through a biennial survey.

This year we will finish our review of the Codebook to ensure it is fit for purpose. A key aspect of the standards system is enabling audiences to make informed decisions about what they choose to watch and listen to without harm.

Our decisions should lead to improvements in broadcaster conduct, policies, practices and/or procedures.

Output	Measure	Target 2022/23	Target 2021/22	Actual 2020/21	2019/20 Actual
Codes remain relevant to the media environment to which they apply	Quality	Newly released Broadcasting Code is monitored. Success will be reflected through responses in biennial survey of broadcasters.	Codes reviewed every two years against media and societal developments and revised if necessary. 2021/22: Codes reviewed and final version released by 30 June 2022.	Achieved Commence review of Codebook.	N/A Free-to-air television Code review (timebands and classifications) completed. Refreshed Election Programmes Code gazetted in March 2020.
Research is commissioned that is relevant to ensuring the standards are contemporary and community expectations are understood.		One research and/or public consultation project is undertaken. It can be in conjunction with another entity and may contribute to the development of standards/or a future regulatory system. Five stakeholders provide feedback that research is valuable.	One research and/or public consultation project is undertaken. It can be in conjunction with another entity and may contribute to the development of standards/or a future regulatory system. Five stakeholders provide feedback that research is valuable.	Achieved	Achieved
Awareness of BSA and complaint process	Impact	65% of New Zealanders are aware of the BSA and that they can make a formal complaint. Survey undertaken every two years. Will take place in 2022/23.*	N/A this year: 75% of New Zealanders are aware of the BSA and that they can make a formal complaint. Survey undertaken every two years.	Achieved in part 75% of New Zealanders are aware of the BSA and 68% aware they can make a formal complaint.	N/A

Output	Measure	Target 2022/23	Target 2021/22	Actual 2020/21	2019/20 Actual
Broadcasters are satisfied with the BSA's processes, services and working relationships		80% or more of broadcasters surveyed biennially rank BSA services (including processes) and working relationships as good or very good on a 5-point scale. Issues raised are analysed and addressed. Will take place in 2022/23.	80% or more of broadcasters surveyed annually rank BSA processes and working relationships as good or very good on a 5-point scale. Issues raised are analysed and addressed.	Achieved	Achieved
Broadcasters understand the standards and meet their obligations		Broadcaster conduct, practices, and/or procedures are improved following issue of a decision or new guidelines. Assessed via three case studies.	Broadcaster conduct, practices, and/or procedures are improved following issue of a decision. Assessed via three case studies.	Broadcaster conduct, practices, and/or procedures are improved following issue of a decision. Assessed via three case studies.	New measure
An agent for change in relation to the regulatory sector.		Advice on regulatory sector reform is provided to and considered by officials. Evidence of collaborative work with others in the sector. Assessed via case study.	Advice on regulatory sector reform is provided to and considered by officials. Evidence of collaborative work with others in the sector. Assessed via case study.	New measure	New measure

* Awareness goal has been dropped from 75% to 65% due to changes in audience habits. This is reflected in NZ On Air research which reveals an increasing number of people do not consume linear TV or radio content. This directly impacts awareness of the BSA's role and relevance.

TE UTU MŌ NGĀ MAHI O TE PUNAHA WHANONGA KAIPĀHO

COST OF OVERSIGHT AND DEVELOPMENT OF THE BROADCASTING STANDARDS SYSTEM

	2022/23 Budget	2021/22 Budget	2021/22 Forecast
Total Revenue	\$360,300	\$325,500	\$337,228
Total Expenditure	\$412,966	\$382,560	\$377,627
% of Total Budget	25%	25%	25%

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Ngā Mahi Pāhekoheko

Education and Engagement

To ensure that the broadcasting standards system is effective for all New Zealanders we have an important role in engaging with and educating broadcasters and the public on the standards and how they apply.

We also advise and inform the Government on issues relevant to the content regulatory framework. We strive to make our services accessible to all of our diverse New Zealand communities through digital and non-digital channels. We provide information and guidance through our website, BSA Pānui, Twitter and LinkedIn, press releases, seminars and public consultation processes. We undertake activities to raise awareness of the BSA, broadcasting standards, and the complaints system. Our focus in this area is to prevent harm and to assist broadcasters to meet the standards.

Our aim is that all people from different cultures, backgrounds and abilities are able to access and benefit from the broadcasting standards system in New Zealand.

Output	Measure	Target 2022/23	Target 2021/22	Actual 2020/21	2019/20 Actual
Success of Communication and Engagement	Impact	Decisions and issues of high public interest or that provide particular guidance on the application of the standards are communicated effectively – whether via feedback to broadcasters; media releases; newsletters or social media. Assessed via a case study.	(measure adapted) Decisions and issues of high public interest or that provide particular guidance on the application of the standards are communicated effectively – whether via feedback to broadcasters; media releases; newsletters or social media. Assessed via a case study.	Newsletters published regularly through the year, with a minimum of 9. Releases for at least 10 decisions issued before 30 June annually.	Achieved 12
Broadcasters understand the standards and meet their obligations	Quality	The BSA meets with, provides workshops and/or seminars 15 times annually to broadcasters or training institutions on issues relating to broadcasting standards so they understand them and meet their obligations.	The BSA meets with, provides workshops and/or seminars 15 times annually to broadcasters or training institutions on issues relating to broadcasting standards so they understand them and meet their obligations.	Achieved	Achieved
Māori, Asian, and Pasifika community awareness of the BSA and the ability to make a complaint is increased		65% of Māori, Asian, and Pasifika communities surveyed are aware of the BSA and the ability to make a complaint. Assessed every two years.* Will take place in 2022/23.	N/A in this year: 75% of Māori, Asian, and Pasifika communities surveyed are aware of the BSA and the ability to make a complaint. Assessed every two years.	Not achieved	N/A (every two years)
		BSA provides 10 meetings, workshops or translated written guidance to Māori, Asian, and or Pasifika groups.	BSA provides 5 meetings, workshops or translated written guidance to Māori, Asian, and or Pasifika groups.	Achieved	Achieved

Output	Measure	Target 2022/23	Target 2021/22	Actual 2020/21	2019/20 Actual
Complainants and broadcasters indicate high satisfaction with the usability and clarity of the website		At least 70% of broadcasters or complainants surveyed rate the BSA website as good or very good on a 5-point scale. Broadcasters and complainants will be surveyed in alternate years.	At least 70% of broadcasters or complainants surveyed rate the BSA website as good or very good on a 5-point scale.	Achieved	Achieved (website build finished)

* Awareness goal has been dropped from 75% to 65% due to changes in audience habits. This is reflected in NZ On Air research which reveals an increasing number of people do not consume linear TV or radio content. This directly impacts awareness of the BSA's role and relevance.

TE UTU MŌ NGĀ MAHI PĀHEKOHEKO COST OF EDUCATION AND ENGAGEMENT

	2022/23 Budget	2021/22 Budget	2021/22 Forecast
Total Revenue	\$331,476	\$258,800	\$269,782
Total Expenditure	\$379,929	\$302,048	\$301,813
% of Total Budget	23%	20%	20%

TE ORANGA TŌPŪTANGA ME TE ĀHEINGA

ORGANISATIONAL HEALTH AND CAPABILITY

We are a small entity with specialist staff. We have formal good employer and personnel policies in place and a commitment to equal employment opportunities.

We do not tolerate harassment or discrimination. We are focused on being a resilient, connected and adaptable organisation, one where staff can grow and contribute their knowledge. Our measures to help achieve this are summarised below:

Goal	Measure	Target 2020/21
Our people are skilled and professional.	Individual staff training needs are assessed and a range of options developed.	Achieved
	Staff are offered lessons in te reo Māori.	Achieved
	Staff feedback is regularly sought using a range of tools.	Achieved
	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.	Achieved
We maintain, seek and develop ongoing opportunities for collaboration and engagement.	Work with agencies which also have a role in the oversight of content standards to increase understanding, share ideas and reduce cost and complication.	Achieved
	Maintain regular contact with broadcasters and stakeholder groups.	Achieved
Our infrastructure is fit for purpose and helps us work efficiently.	New ways of working are explored and implemented where appropriate.	Achieved
	We have the right mix of flexible technology to help this happen.	Achieved
	Where possible we share resources.	Achieved

TE MATAPAE PŪTEA

FORECAST FINANCIAL STATEMENTS

The forecast financial statements provide all appropriate information and explanations needed to fairly reflect the forecast financial operations and financial position of the Broadcasting Standards Authority for the year ending 30 June 2023 in accordance with s149G of the Crown Entities Act 2004.

Our activities contribute to the non-departmental output expense, Public Broadcasting Services, within Vote Arts, Culture and Heritage, administered by the Ministry for Culture and Heritage. We will receive \$759,000 (GST exclusive) in Crown funding in 2022/23 (\$609,000 in 2021/22).

The BSA does not propose to supply any class of outputs in the financial year that is not a reportable class of outputs (section 149E(1)(c) of the Crown Entities Act 2004). This year we have forecast a deficit as a result of anticipated reduction in levy revenue from broadcasters and costs arising from planned projects relating to our core functions.

We expect to draw on our reserves which have been built up for the purpose of supporting projects and responding to fluctuating levy income. Notwithstanding the anticipated deficit, we will continue to have strong reserves in line with our financial management policy.

Statement of Forecast Financial Performance

Broadcasting Standards Authority
For the year ended 30 June 2023

Account	2022/23 Budget \$	2021/22 Budget \$	2021/2022 Estimated Actuals \$
Income			
Broadcasting Levy	653,200	650,000	710,000
Crown Revenue	759,000	609,000	609,000
Interest Revenue	29,000	35,000	29,912
Total Income	1,441,200	1,294,000	1,348,912
Less Expenditure			
Personnel costs	1,094,239	971,790	1,032,641
Other expenses	548,626	533,450	457,579
Depreciation and amortisation	9,000	20,000	18,847
Total Expenditure	1,651,865	1,525,240	1,509,068
Surplus/(Deficit)	(210,665)	(231,240)	(160,156)

Statement of Forecast Changes in Equity

Broadcasting Standards Authority
As at 30 June 2023

Account	30-Jun-23	30-Jun-22	Estimated Actual
Public equity as at 1 July	2,262,492	2,327,126	2,422,648
Return of equity to the Crown	0	0	0
Surplus for the year ended 30 June	(210,665)	(231,240)	(160,156)
Public Equity as at 30 June	2,051,828	2,095,886	2,262,492

Statement of Forecast Financial Position

Broadcasting Standards Authority

As at 30 June 2023

Account	30-Jun-23	30-Jun-22	Estimated Actual
Assets			
Bank accounts and cash	555,384	147,186	380,042
Investments	1,500,000	1,950,000	1,877,000
Debtors and prepayments	82,000	47,500	82,000
Net GST	30,000	30,000	30,000
	2,167,384	2,174,686	2,369,042
Property, plant and equipment	47,000	47,100	50,000
Intangible	4,000	100	5,000
	51,000	47,200	55,000
Total Assets	2,218,384	2,221,886	2,424,042
Less Liabilities			
Creditors and accrued expenses	123,760	95,000	119,000
Employee entitlements	42,796	31,000	42,550
	166,556	126,000	161,550
Assets less Liabilities	2,051,828	2,095,886	2,262,492
Represented By Public Equity	2,051,828	2,095,886	2,262,492

Statement of Forecast Cash Flows

Broadcasting Standards Authority
As at 30 June 2023

Account	30-Jun-23	30-Jun-22	Estimated Actual
Cash Flows from Operating Activities			
Revenue from Crown	759,000	609,000	609,000
Broadcasting Levy	661,200	651,000	674,959
Interest Received	21,000	37,500	22,108
Other Income			
GST	0	(2,000)	(7,528)
Payments to employees & members	(1,088,993)	(968,790)	(1,027,864)
Payments to suppliers & other operating expenses	(548,866)	(533,450)	(453,550)
Net Cash Flow from Operating Activities	(196,659)	(206,740)	(182,875)
Cash Flows from Investing Activities			
Purchase of PPE	(6,000)	(50,000)	(53,014)
Purchase of Intangible Assets	1,000	0	1,242
(Increase)/Decrease in investments	377,000	250,000	175,416
Net Cash Flow from Investing Activities	372,000	200,000	123,644
Cash Flows from Funding Activities			
Return of Equity to the Crown	0	0	0
Net Cash Flow from Funding Activities	0	0	0
Net Increase/(decrease) in cash held	175,341	(6,740)	(59,232)
Opening cash brought forward	380,042	153,926	439,274
Balance Carried Forward	555,384	147,186	380,042

NOTES TO THE FORECAST FINANCIAL STATEMENTS

REPORTING ENTITY

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

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

The financial statements reflect the operations of the BSA only and do not incorporate any other entities. These forecast financial statements are for the year ending 30 June 2023.

BASIS OF PREPARATION

Statement of Compliance

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

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

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

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

Measurement basis

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

Functional and presentation currency

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

Use of judgements, estimates and assumptions

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

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

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

- Crown Revenue is based on the level of Crown funding as provided for in the Government's 2022/23 budget.
- Broadcasting levy revenue is directly linked to broadcaster revenue levels over which the BSA has no control. We expect the level of receipts to be down on previous years.
- Interest income depends on the available rates of return on bank investments, and these will be down on previous years.

- In light of planned projects relating to the BSA's core functions, and the anticipated reduction in levies, a deficit is forecast, which will require BSA to draw on its reserves. The reserves have been built up over time for the purpose of supporting such core function projects. Notwithstanding the anticipated deficit, we will continue to have strong reserves in line with our financial management policy.

SIGNIFICANT ACCOUNTING POLICIES

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

REVENUE

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

Revenue from the Crown

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

Broadcasting levy

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

Interest

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

Other income

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

LEASES

Operating leases

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

BANK ACCOUNTS AND CASH

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

DEBTORS AND OTHER RECEIVABLES

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

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

INVESTMENTS IN BANK DEPOSITS

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

Additions

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

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

Disposals

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

Subsequent costs

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

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

Depreciation

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

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

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

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

Artworks are fully depreciated in the year of purchase.

INTANGIBLE ASSETS

Software acquisition

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

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

Amortisation

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

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

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

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

CREDITORS AND OTHER PAYABLES

Creditors and other payables are reflected at their face value.

EMPLOYEE ENTITLEMENTS

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

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

Superannuation Scheme

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

GOODS AND SERVICES TAX (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

INCOME TAX

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

COST ALLOCATION

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

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

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

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

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