

Broadcasting Standards Authority

STATEMENT OF INTENT 2006-2009

Business, Balance
Children's Interests
Accuracy, Privacy,
Balance, Social Respo
Social Responsibility,
Liquor, Accuracy, Childre
Children's Interests, Good Taste
Balance, Accuracy, Social Respo
Liquor, Children's Interests, Violence
Good Taste and Decency, Liquor
Fairness, Balance, Accuracy
Privacy, Social Responsibility
Accuracy, Good Taste
Fairness, Balance





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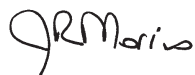


Statements from the BSA and the Minister

This Statement of Intent for the years 2006 to 2009 is produced in accordance with sections 141 and 142 of the Crown Entities Act 2004.

As required by the Crown Entities Act, this statement covers:

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

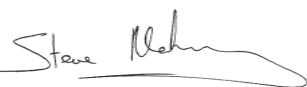


Joanne Morris
Chair



Diane Musgrave
Member

In accordance with section 149 of the Crown Entities Act 2004 I agree to lay this Statement of Intent of the Broadcasting Standards Authority for the three years ended 30 June 2009 before the House of Representatives.



Hon Steve Maharey
Minister of Broadcasting

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

The BSA is looking forward to a year where we will improve our outreach activities. We are proud of the quality of our complaints decision-making, and our focus on continuous improvement. We are now working to ensure that the ways we engage with our stakeholders are improved, and innovative, in keeping with the increasing sophistication of the media and its audiences.



Tapu Misa
Member



Paul France
Member

Introduction

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

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

In previous SOIs we have noted the ongoing changes to the broadcasting environment which are happening both internationally and in New Zealand. In particular, the impact of digital developments on a content regulation framework remains unclear. We do assume, however, that as broadcast content becomes increasingly available on different platforms, traditional solutions to implementing rules around content will not be easily applied. Thus, an emphasis on upskilling audiences and consumers to assist them to make informed choices becomes increasingly important.

Key initiatives

For the first year of this Statement of Intent, ending 30 June 2007, the BSA has initiatives planned or underway in the following areas.

- Implementing a programme of action for our new community advisory panel to improve the range and quality of

community involvement in issues affecting broadcasting standards.

- Reviewing the Radio and Free to Air Television Codes of Broadcasting Practice.
- Publishing a record of a symposium held in May 2006 discussing balance issues in broadcast media, in part to assist with the review above.
- Supporting the growth of a comprehensive website promoting and helping media literacy www.mediascape.ac.nz.
- Conducting the first-ever survey of all broadcasters involved in a formal complaint referred to the BSA in two calendar years, to assess satisfaction with BSA processes.
- Focusing on the continual improvement of our written complaints decisions by implementing recommendations from an external academic review.
- Commencing at least two significant research projects to add to publicly available information on issues relating to broadcast content and standards.
- Introducing an EEO programme to monitor and assist staff, to ensure the BSA complies with its responsibility under the Crown Entities Act.

Part 1: Strategic issues 2006–2009

1. Our environment

It is inevitable that the Broadcasting Act 1989, devised nearly 20 years ago, will need to be considered afresh as the media environment continues to converge and fragment. While a review is outside our responsibilities, and we must continue to carry out our functions as set out in the Act, technological and audience changes mean that, increasingly, we need to prepare for the challenges ahead.

Historically, we have been almost exclusively focused on complaints determination. This is what was envisaged in 1989 – a time when the first major private TV broadcaster was just about to go to air; when Sky was launching the first national pay TV service on UHF; when radio was dominated by Radio New Zealand operating both commercial and non-commercial networks; when no offshore TV channels were able to be received; and when few New Zealanders had experienced the internet. In that environment, the influence of broadcasting was in the hands of a few, and broadcasting (and its rival, the print media) was the main information source used by most people.

Thus, a formal broadcast complaints system was seen as the main protection for the public against a dominant broadcast media with a small number of outlets.

Now New Zealanders have access to an unprecedented variety of information and

entertainment sources, via a range of technologies. That choice is again set to increase exponentially over the next five years or so, with advances in digital and mobile content delivery. This means that in the future, content 'rules' may not be able to be applied after the fact, and in isolation, with any real expectation that the public good is adequately being served. Neither is broadcast censorship a solution. Ideas for new regulatory frameworks need to be examined, acknowledging that compliance requirements for New Zealand-based broadcasters should also recognise the multi-faceted global competitive environment in which those broadcasters operate.

In short, the current regulation framework for broadcasting content is unlikely to remain as relevant over time without in-depth policy analysis of its appropriate place in a converging environment.

Orthodox responses, for example changes to domestic regulation, are unlikely to be the sole answer. Instead, partnerships, industry agreements and accords may be more likely mechanisms, assuming parties can reach a mutually acceptable landing point between the needs of business and the public good.

Turning to other aspects of broadcasting's business environment, commercial broadcasting may feel the impact of a softening advertising market after a comparatively long

period of healthy growth. Both commercial and public broadcasters will continue to grapple with the capital implications of technology innovation against the ever-increasing requirement of their audiences to view and listen to programmes on different platforms and at times of their choice.

It is likely that pay television will continue to be dominated by Sky, whose purchase of the free to air Prime network, approved in 2006, creates a further shift in the New Zealand television ownership landscape. The initial content-related influence from that move is likely to be on sporting coverage.

A path for digital free to air television conversion in New Zealand is emerging with plans for a "Freeview" service being developed by a consortium of broadcasters.

Developments in mobile broadcast applications will be one of the more interesting technological moves over the next few years, joining an increase in online broadcasting in a further quantum shift in consumer choice. But traditional free to air television and radio will remain the staple broadcast diet for many people for a little longer yet.

As well as technology change, societal developments both in New Zealand and abroad mean the media plays an important part in informing the various groups in our society. The freedom of the media to report and comment is vital to a healthy democracy. Yet with freedom comes responsibility. We expect increasing debate among groups in our community about what is, and is not, appropriate content for broadcast. This debate is healthy and we will

increase our efforts to provide dispassionate and useful information about some of the issues to help interested citizens make informed judgments.

The critical issue facing the BSA is this: in the face of the developments above, what restraints on the distribution of electronic media content are desired by New Zealanders in the 21st century?

2. What we do

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

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

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

- receive and determine complaints about alleged breaches of codes of broadcasting practice, referred by complainants following decisions made by broadcasters (NB: privacy complaints can be directly referred)
- encourage broadcasters to develop codes of broadcasting practice, and to approve those codes
- publish research and advisory opinions on matters relating to broadcasting standards and ethical conduct in broadcasting.

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

Conflicts of Interest

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

Each member signs a Declaration of Interest form annually.

3. Outcome and Impacts

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

Fair broadcasting is fostered for all New Zealanders.

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

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

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

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

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

Outcome

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

Broadcasting that is independent and fair

Two concepts underpin our efforts to contribute to this outcome.

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

In relation to broadcasting regulation, the first concept acknowledges the rights of broadcasters to impart information, and the right of the public to receive it, as enshrined in the Bill of Rights Act 1990. This objective also acknowledges that broadcasters are the

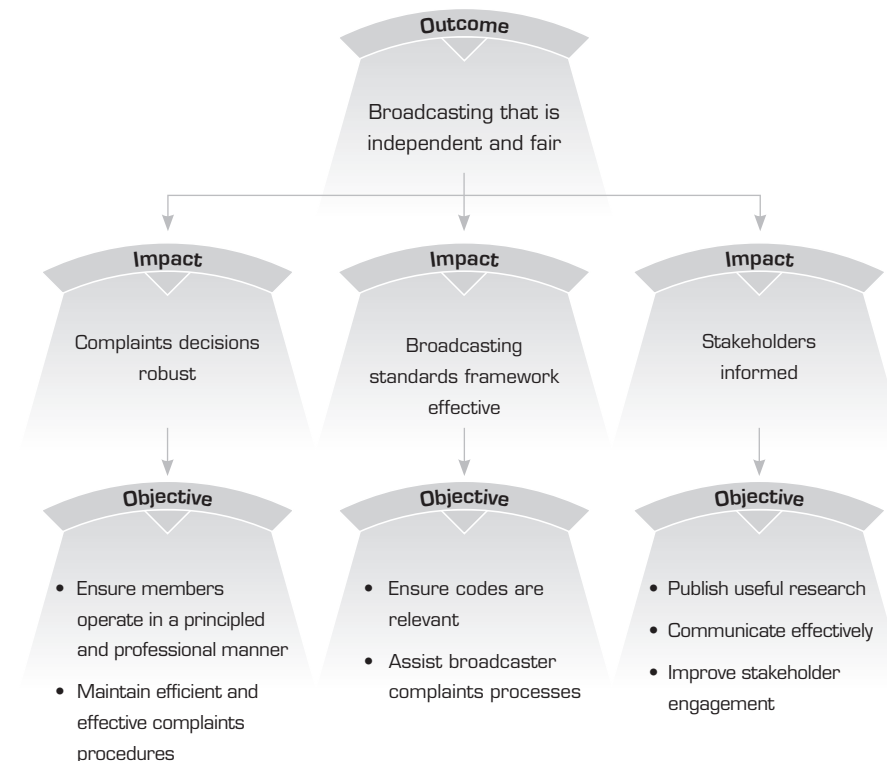
first arbiters of their programming, delivered with the intention of satisfying their audiences. The BSA, unlike a censorship authority, is mainly a 'second tier' review organisation, with determination powers relevant only after broadcasts have taken place.

The second concept acknowledges the right of the public both to protest and to influence broadcaster decisions. There is sometimes a knowledge gap between, on the one hand, broadcaster activity and, on the other, ways the public can access information about the

wider broadcasting environment and effective methods they can use to influence broadcast content and policy. For public feedback and input to be meaningful, new methods need to be continually developed. The BSA can play a useful role in this development.

Our 'impacts' (specific contributions that the BSA can make to this outcome), can be separated into three categories as illustrated below, each with specific objectives. Each impact also reflects a Broadcasting Act requirement.

Fig. 1: BSA Outcome, Impacts and Objectives Structure



4. What we will achieve

As noted earlier, possible approaches to broadcast regulatory issues are being debated internationally. They also form part of the Ministry for Culture and Heritage's broadcasting programme of action. With the Ministry for Culture and Heritage, we have jointly commissioned a research project to provide information on various regulatory trends and issues which are emerging internationally. This will assist in future policy development.

Alongside this, for its part the BSA intends, within its current framework and in concert with the programme of action, to continue to develop new methods of engaging with the public and with our various stakeholders. Such work was also considered critically important by the 2004 Ministerial Working Party into television violence.

Public engagement

Complaints determination will still be our 'core business', but we will gradually be increasing delivery of other services to equip New Zealanders with information and knowledge to deal with a changing media environment. Thus, an important focus for the next three years will be on improving service delivery surrounding our third 'impact': Stakeholders informed.

We already know some things about New Zealanders with an interest in broadcasting issues:

- media use and access, of all types, is important and enjoyed by almost everyone
- those denied access face significant challenges in becoming informed and participating citizens

- people care about protecting the vulnerable, including children
- people care that broadcast information about important issues is fair and accurate
- people take comfort when sensible decisions are made by effective watchdogs (whether created by statute or industry self-regulated).

Observations can also be made about New Zealand broadcasters:

- they want to satisfy their various audiences with an increasing diversity of products and services
- they want to be free to make their editorial decisions
- private broadcasters have clear and primary obligations to their shareholders which, mostly, can be achieved by satisfying the audiences they target
- public broadcasters have varying legislative mandates, funding arrangements and operating environments, but have clear obligations to cater for diverse communities
- their business and economic environment is volatile, high-risk, complex and competitive.

Dialogue between mainstream broadcasters and different communities is intermittent, often generated by larger-scale protests, and is rarely strategic. When challenged about upcoming programmes, for instance, most broadcasters will not resile from broadcasting controversial content, citing media freedom as more important. It is often difficult for people in the community to find ways to effect useful discussion.

To help address this, by the middle of 2006 we will have created the BSA's first community advisory panel. The work plan for this panel will be a focus for us in the next twelve months as we develop a way to ensure various community voices are consistently included in significant discussions about broadcasting content issues. We look forward to involving broadcasters in this initiative in due course.

Research

We add to publicly available information about broadcasting matters through our research programme. Our research strategy for the next three years is to embark on at least one substantial qualitative and/or quantitative project every 18-24 months, supplemented by smaller projects as the need arises. Making our research relevant to different audiences is a key criterion, as is providing new information for the media literacy website we support (along with other agencies) to help New Zealanders know more about media matters. See www.mediascape.ac.nz

At the time of writing, we had just launched *Freedoms and Fetters*, a significant new research publication on community attitudes to broadcasting content that took 18 months to research and produce. Areas of interest we will be scoping as potential research topics for the next three years include children's media behaviour, reality television and related fairness and consent issues, and the quantification of aspects of media literacy in New Zealand. We will also be working with the Ministry for Culture and Heritage in considering how to develop the best regulatory options in New Zealand as we

consider our changing environment. Specific issues are also likely to arise from complaints determination, unknown at present, which will benefit from additional study.

Each year, once we have scoped options, we discuss quantitative research approaches with a consultative committee of broadcasters and relevant experts to ensure we are addressing original, useful topics and planning the research well.

Finally, we will publish a report on the symposium held in May 2006 on issues surrounding the legal requirement for 'balance' in broadcast material. This, in turn, will feed information into our code reviews (see below) and is also likely to contribute to an Advisory Opinion to help complainants and broadcasters more easily understand the key issues.

Complaints determination

In our complaints determination activities, we strive for continual improvement, both in decisions quality and decisions processing. In the past two years, we have introduced a complainants' survey looking at process matters, and an academic assessment of decisions quality.

In the next year, to measure the effectiveness of our processes in a different way, we will, for the first time, survey all broadcasters involved in a formal complaint referred to the BSA in the last two calendar years, and action recommendations where possible.

At least one such critical evaluation will be undertaken every two years, with results considered and any necessary system changes implemented within 12 months of receipt of each report.

Broadcasting codes

It is also an important year for code review activities. Each major code should be reviewed at least once every five years (with consideration of particular standards in the intervening period if significant issues arise).

We will begin a review of the Radio Code of Broadcasting Practice at the beginning of the period and will commence one for free to air television by the end of the period. The last substantial review for the radio code was in 1999, the last free to air television review was completed in 2001.

5. Organisational health and capability

Health

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

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

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

When hiring, we advertise our small number of vacancies carefully, and balance interviewing

personnel so an appropriate mix of gender, age and professional expertise is represented.

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

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

Capability

Our small size is both a boon and a challenge. Our experience to date is that objectives can be met provided there are no large unexpected projects combined with other special challenges. To function at a high level we need: complaints quantity and staffing to be relatively stable, staff to be highly productive, healthy synergies between board, management and staff, state sector compliance requirements to recognise our size, and adequate resources. Simultaneous changes to more than one of these factors will challenge the quality of service delivery.

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

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

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

Measure:
Governance and quasi-judicial questions are included in annual board self-assessment, with training given as required.

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

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

A formal EEO programme is developed by 2007, commencing with a staff survey in late 2006 designed to evaluate the EEO Commissioner's seven key employment elements.

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

Measure:
Findings from staff survey and annual performance reviews will be included in a review in 2007 of our good employer strategy, with any changes implemented by 2008.

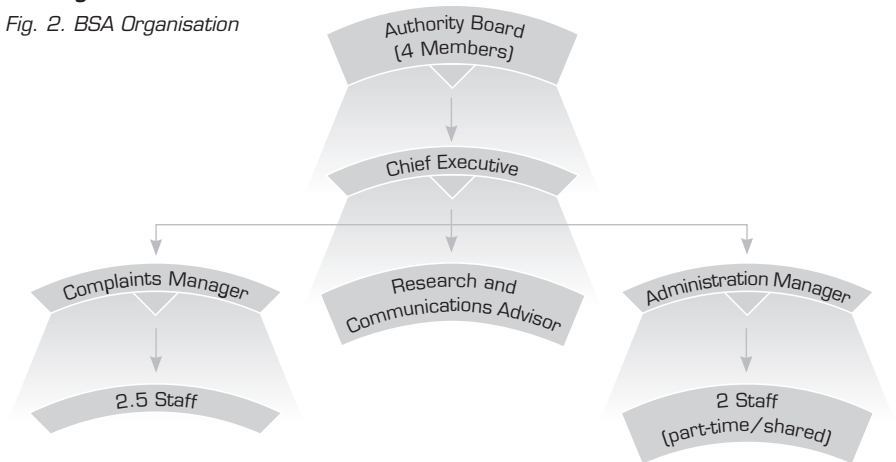
Each staff member will have a professional development plan.

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

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

Our organisation chart is below:

Fig. 2. BSA Organisation



6. Reporting to the Minister

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

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

We also sign a Memorandum of Understanding with the Ministry for Culture and Heritage. The Ministry is responsible for drafting all replies to Parliamentary Questions and Ministerial correspondence. The BSA can withhold information from the Minister or the Ministry in accordance with s134 of the Crown Entities Act.

Our staff consults with the Ministry for Culture and Heritage on operational matters during the year, when appropriate, and endeavours to ensure that BSA staff co-operate in good faith with Ministry staff.

7. Key measures

We have three key performance indicators to measure our overall success over the medium-term (three-five years):

1. Non-financial:

- To maintain the quality of the complaints determination processes by periodically commissioning external reviews on aspects of the process.

Measure:

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

- To ensure the three main broadcasting codes remain fit for purpose at least every two years.

Measure:

Each code review completed within 18 months of commencement.

2. Financial:

- To apply funding from the Crown and the broadcasting levy to activities prescribed in the prospective financial statements.

Measure:

Compliance reviewed by Board quarterly.

Part 2: Measuring performance 2006–2007

The following statements provide targets, budgets and performance measures for the year ended 30 June 2007, in accordance with s142 of the Crown Entities Act.

- Prospective statement of financial performance
- Prospective statement of movements in equity
- Prospective statement of financial position
- Prospective statement of cashflows
- Statement of accounting policies
- Statement of significant assumptions
- Prospective statement of service performance

Taking into account the small size of the BSA, there are no other relevant performance measures which need to be devised or disclosed. (ss142(1)(c) and (e))

Prospective Statement of Financial Performance

For the year ending 30 June 2007

	2007 Forecast \$	2006 Forecast \$
REVENUE FOR ALL CLASSES OF OUTPUTS		
Crown Revenue	608,889	608,889
Broadcasting Levy	704,160	656,000
Interest Income	25,000	50,000
Other Income	1,200	3,850
TOTAL REVENUE	1,339,249	1,318,739
LESS EXPENDITURE (Note)		
Output 1 – Complaints Determination	928,454	783,932
Output 2 – Broadcasting Codes	60,171	52,180
Output 3 – Stakeholder Information	631,059	423,088
TOTAL EXPENDITURE	1,619,684	1,259,200
NET (DEFICIT)/SURPLUS for the year	(280,435)	59,539
Note: Expenditure consists of:		
Members Fees & Staff Remuneration	757,027	639,000
Depreciation	63,457	62,512
Audit Fees	15,200	14,350
Other Expenditure for Activities and Overheads	784,000	543,338
	1,619,684	1,259,200

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

Prospective Statement of Movements in Equity

For the year ending 30 June 2007

	2007 Forecast \$	2006 Forecast \$
NET (DEFICIT)/SURPLUS for the year	(280,435)	59,539
PLUS PUBLIC EQUITY 1 July	533,115	473,576
PUBLIC EQUITY 30 June	252,680	533,115

Prospective Statement of Financial Position

As at 30 June 2007

	2007 Forecast \$	2006 Forecast \$
CURRENT ASSETS		
Cash & Bank & Short Term Deposits	239,859	477,487
Accounts Receivable & Accrued Interest	13,650	13,000
GST Receivable	6,300	6,000
	259,809	496,487
LESS CURRENT LIABILITIES		
Accounts Payable & Accruals	79,800	76,000
Employee Entitlements	31,500	30,000
WORKING CAPITAL	148,509	390,487
PLUS FIXED ASSETS	104,171	142,628
NET ASSETS	252,680	533,115
Represented by PUBLIC EQUITY	252,680	533,115

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

Prospective Statement of Cash Flows

For the year ending 30 June 2007

	2007 Forecast \$	2006 Forecast \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash will be provided from:		
Grants, Broadcasting Levy, and Other Income	1,313,599	1,261,525
Interest Received	25,000	50,000
Net GST Received	-	18,184
Cash will be disbursed to:		
Payments to Members and Employees	(717,850)	(699,707)
Payments to Suppliers & Others	(833,077)	(612,777)
Net GST Paid	(300)	-
Net Cash From Operating Activities	(212,628)	17,225
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash will be disbursed to:		
Purchase of Fixed Assets	(25,000)	(32,995)
Net Cash Flows from Investing Activities	(25,000)	(32,995)
NET INCREASE / (DECREASE) IN CASH HELD	(237,628)	(15,770)
PLUS OPENING CASH AS AT 1 JULY	477,487	493,257
YEAR END CASH AND SHORT TERM DEPOSITS AS AT 30 JUNE	239,859	477,487

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

Statement of Accounting Policies

Reporting entity and use of the prospective financial statements

The BSA was established by the Broadcasting Act 1989 which sets out our functions and responsibilities. These prospective financial statements have been prepared in accordance with section 142 of the Crown Entities Act 2004 and generally accepted accounting practice. The information in the prospective financial statements may not be appropriate for purposes other than that required in the Crown Entities Act 2004.

Measurement system

The measurement base is that of historical cost unless otherwise stated.

Accounting policies

The following particular accounting policies that materially affect the measurement of our financial performance and financial position have been applied:

1. Fixed Assets

Fixed assets are recorded at historical cost less accumulated depreciation.

2. Depreciation

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

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

3. Receivables

Accounts receivable are stated at their estimated net realisable value.

4. Lease Payments

Operating lease payments, where lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating result in equal instalments over the lease terms.

5. Taxation

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

6. Financial Instruments

We are party to financial instruments as part of our normal operations. These financial instruments include bank accounts, short-term deposits, accounts payable and accounts receivable. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

7. Employee Benefits

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

8. Forecast Figures

The forecast figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted for the preparation of the prospective financial statements, including complying with Financial Reporting Standard No.42 (FRS-42) relating to the preparation of prospective financial statements.

Actual financial results achieved for the period covered by the prospective financial statements could vary from the forecast information presented, and the variations may be material.

9. Revenue

Revenues are derived and recognised as follows:

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

10. Prospective Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and short-term deposits in which we invest as part of 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.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financial activities comprise the change in our equity and debt capital structure.

11. Cost Allocation

The cost of output classes reported in the Prospective Statement of Service Performance is the total cost of services allocated to each of our outputs. Cost allocation policy is to charge direct costs to output class and charge indirect costs to output classes based on estimated usage.

12. Changes in accounting policies and the impact of adopting the New Zealand International Financial Reporting Standards (NZ IFRS)

The full requirements of Employee Benefits (NZ IAS 19) have been adopted for the year-ended 30 June 2006. The application of this standard and the consequential change to the accounting policies has resulted in no changes to liabilities or expenditure.

We will adopt NZ IFRS for the first time for the year-ended 30 June 2008. There would not have been any material difference in the financial results, and the assets and liabilities, had the forecasts provided in these statements been prepared using NZ IFRS.

There have been no other changes in accounting policies. All other policies have been applied on bases consistent with those used in previous years.

Statement of Significant Assumptions

For the year ending 30 June 2007

The prospective financial statements have been based on the following assumptions as at the date that the statements were prepared.

Revenue

Crown Revenue: We expect that funding from the Crown will not increase from that received for 2006.

Broadcasting Levy Revenue: The Broadcasting Act 1989 (ss30A-C) requires us to collect levies from broadcasters. The levy is calculated as 0.00051 of the broadcaster's total operating revenue. The amount of the levy received is dependent on the revenues of the broadcasters. We have assumed that the levy will increase by 8% from that received in 2006. This is the same level of increase in the levy that occurred in 2006. This assumption reflects the continuing level of growth in broadcasting revenue expected during the year ending 30 June 2006, for which the levy calculations apply.

Interest Income: Interest earned from bank deposits is expected to decrease because of the reduction in bank deposits. The decrease in bank deposits is necessary to pay for the increased research activity.

Expenditure

Operating Expenditure: Allowances have been made for price increases for operating expenditure, members' fees (set by the Remuneration Authority), salary reviews, the cost of increases in research activity and the review of the broadcasting codes.

Operating Deficit: The operating deficit arises primarily because of one-off expenditure on research projects. This expenditure does not occur every year and the resulting operating deficit for 2007 will be funded from accumulated public equity which has been built up in previous years for this purpose.

Capital Expenditure: An allowance of \$25,000 has been made for the upgrade and replacement of computers and office equipment.

Prospective Statement of Service Performance

For the year ending 30 June 2007

See Outcome Framework on page 7

Output Class 1: Complaints determination

Description

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

We have two objectives to achieve this output.

Objective:	Ensure members operate in a principled and professional manner
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This objective primarily relates to members' quasi-judicial responsibilities. Measures for these activities are constant across financial years.

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

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

Measures

- Convene ten formal board meetings by 30 June 2007 in order that due process for complaints determination is followed.

Measure: 10/10 meetings formally recorded.

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

Measure: Conflicts register maintained.

- Undertake an annual board self-assessment exercise.

Measure: Board self-assessment completed and recommendations actioned by 30 June 2007.

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

Measure: No more than one issued decision is successfully appealed to the High Court by 30 June 2007.

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

Measure: No issued decision has adverse judicial review findings on complaint determination procedures by 30 June 2007.

Objective: Maintain efficient and effective complaints procedures

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

We measure the following activities against quantity and timeliness targets.

Measures

- Acknowledge formal complaints in writing within 3 working days.

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

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

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

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

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

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

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

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

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

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

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

- Undertake a survey of all broadcasters involved in a formal complaint referred to the BSA in two calendar years to assess satisfaction with BSA processes.

Measure: Survey completed and recommendations actioned by 30 June 2007.

Output 1 Cost:	Personnel	\$565,194
	Direct Operating	\$126,200
	Overheads	\$237,060
		\$928,454
	% of total budget:	57%

Output Class 2: Broadcasting codes

Description

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

It is also important that broadcasters understand their statutory obligations.

Objective: Ensure codes are relevant

The two main codes are to have reviews commenced in the period. The following activities have quantity, quality and timeliness measures.

Measures

- Review the Radio and Free to Air Television Codes.
- Include consultation with a range of individuals and interest groups including Māori.

Measures: Code review process, including consultation process, agreed with broadcaster representatives by 31 October 2006.

Draft Radio Code amendments (if any) available for public consultation by 31 March 2007.

Draft FTA TV Code amendments (if any) to be on track for public consultation by 1 December 2007.

Both Code reviews to be on track for completion by 30 June 2008.

Objective: Assist broadcaster complaints processes

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

The following activity has a quantity and timeliness measure.

Measure

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

Measure: 3 visits by 30 June 2007.

Output 2 Cost:	Personnel	\$33,238
	Direct Operating	\$10,000
	Overheads	\$16,933
		\$60,171
	% of total budget:	4%

Output Class 3: Stakeholders informed

Description

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

Objective: Publish useful research

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

The following activities have quantity, quality and timeliness measures.

Measures

- After consultation with relevant stakeholders, devise and commission at least two significant research projects which will add to publicly available information about issues relating to broadcasting standards.

Measures: Projects with a budget exceeding \$50,000 will follow the relevant tendering and commissioning procurement processes recommended by the Office of the Auditor General.

Projects with a budget exceeding \$50,000 will be peer reviewed and recommendations addressed.

All projects will be published.

At least one project will be completed in draft form, ready for peer review, by 30 June 2007.

- Publish a record of proceedings of a symposium on balance and fairness issues (held earlier in 2006).

Measure: Report published by 30 November 2006.

Objective: Communicate effectively

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

The following activities have quality, quantity and timeliness measures.

Measures

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

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

- Develop and implement a new communications plan.

Measure: Plan agreed and implemented by 30 June 2007.

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

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

Satisfactory twice-yearly progress reports received from service provider.

 **Directory****Members**

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

Staff

Jane Wrightson	Chief Executive
John Sneyd	Complaints Manager
Christina Sophocleous (one position vacant)	Complaints Executive
Michael Stace	Complaints Consultant (part time)
Kate Ward	Communications and Research Advisor
Julie Bath	Administration Manager
Margaret Walker	Administrator (part time)
Trish Cross	Receptionist (shared with NZ On Air)

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Accuracy, Social Responsibility, Good Taste and Decency
Children's Interests, Privacy, Fairness, Balance, Accuracy, Responsibility
Balance, Social Responsibility, Privacy, Fairness, Balance, Accuracy, Social Responsibility
Social Responsibility, Privacy, Fairness, Balance, Accuracy, Social Responsibility
Liquor, Accuracy, Children's Interests, Privacy, Fairness, Good Taste
Children's Interests, Privacy, Fairness, Good Taste
Balance, Accuracy, Good Taste and Decency, Privacy
Liquor, Children's Interests, Violence, Privacy
Good Taste and Decency, Social Responsibility
Fairness, Balance, Accuracy, Liquor
Privacy, Social Responsibility
Accuracy, Good Taste
Fairness, Balance



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