

BROADCASTING STANDARDS AUTHORITY

STATEMENT OF INTENT

2013-2016 TE MANA WHANONGA KAIPĀHO
TAUĀKĪ WHAKAMAUNGA ATU 2013-2016



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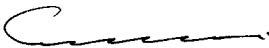


STATEMENT FROM THE BSA

1 MAY 2013

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.

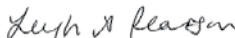
The forecast financial statements contained in this document have been authorised for issue by the board of the BSA. There is no intention to update the forecast financial statements subsequent to presentation.




Peter Radich *Chair*



Mary Anne Shanahan *Member*



Leigh Pearson *Member*



Te Raumawhiti Kupenga *Member*

STATEMENT FROM THE MINISTER

1 MAY 2013

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 2016 before the House of Representatives.



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, as with last year, 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 required. 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 remains 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**
2013-2016



1. OUR PURPOSE

New Zealand is a modern democratic society. A robust broadcast media plays a vital role in our vibrant democracy. We all have a strong interest in protecting this cornerstone. But sometimes the media can harm individuals and society. A balance needs to be struck between broadcasters' right to freedom of expression and the harm that exercising this right may cause. This is where the BSA sits – uncomfortably, but vitally – as it regulates the balance between freedom of expression and harm to New Zealand society in the broadcasting environment.

This right to freedom of expression is a fundamental right in our society. It is embodied in the New Zealand Bill of Rights Act 1990. The right belongs to the media and to individuals. But it is not unlimited. It must be justified in our free and democratic society. As a regulator, the BSA asks whether the benefits of freedom of expression in each case outweigh any harm caused. But in doing so, it also recognises that restricting free speech can be harmful in itself. This means that the threshold for upholding a complaint is high.

When undertaking all our work, whether setting standards or determining complaints, we must balance these two concepts justly – ensuring that 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 jointly funded by government and through broadcaster levies to provide the public with a free, independent complaints service.

Broadcasting standards complaints are the responsibility of broadcasters and the BSA. In this co-regulatory environment, viewers and listeners who wish to make a formal complaint about a broadcast must first complain to the broadcaster concerned. Most are satisfied with the outcome. If the complainant is dissatisfied with the result they have the right to effectively 'appeal' the matter to the BSA through a referral. Complainants and broadcasters can then appeal BSA decisions in the High Court.

The BSA is an Independent Crown Entity. This status is a clear signal that its work should be conducted at 'arm's length' from the government. The government cannot direct or seek to influence the work of the BSA.

Members of the BSA are appointed by the Governor-General on the advice of the Minister of Broadcasting. Members have two roles: governance of the BSA and quasi-judicial determination of complaints. Members declare potential conflicts of interest 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 single constant in the media industry is change. This change is accelerating with ongoing evolution in technology, media convergence, a myriad of platforms and the migration to digital delivery. Viewers and listeners are fragmenting and receiving their media in ways that were not anticipated when the Broadcasting Act was enacted in 1989. Their expectations and demands are evolving rapidly.

Media fragmentation also reflects our diversity and changing demographics. One of our three official languages, te Reo Māori, is strongly represented in television and radio broadcasting. Broadcasters also offer access-style radio and TV and some channels exclusively broadcast in different languages and support ethnic communities. For example, there are, Samoan, Hindi and Chinese broadcast operations. Others, such as the New Zealand Racing Board, specialise in subject matter. Some broadcasts are exclusively live on the internet. Some activity in the telecommunications arena also fits the definition of 'broadcasting'.

As a result of these changes, aspects of our regulation of media content is out of date. Media regulation and its structures are under review and have been for some years. Change is well overdue. The BSA continues to operate under its 1989 legislation with an outmoded definition of 'broadcasting' that creates increasing difficulties around the scope of our jurisdiction.

The appropriate shape of any regulatory change is uncertain and will be the subject of debate here as it is in Europe and Australia. The Law Commission Report, *The News Media Meets 'New Media': Rights, Responsibilities and Regulation in the Digital Age*, has been released. In the meantime, some broadcasters have joined together to create another organisation, the Online Media Standards Authority, to fill a small identified gap for online news and current affairs media content. This increases the number of organisations that consumers have to navigate to have a complaint about a media standards breach determined.

We also remain in a tight fiscal environment and the government's expectations are that we continue to review our services as part of a wider programme of delivering better public services. This programme focuses on delivering better results and improved services for New Zealanders through initiatives such as shared services and opportunities that maximise sector-wide efficiency and effectiveness.

3.2 How will we respond to this environment?

Any change to the regulatory structure will require a change in legislation. Our assessment is that given the time needed to work through the legislative process, we have at least three years of the status quo. This means business continues as usual. The BSA must continue to meet the realities of this changing environment and ensure we remain relevant and responsive in carrying out our current responsibilities. We will continue to operate as effectively as we can within

the current law, making improvements to the system and structure to ensure that the current system works as effectively as it can with a view to improvements for the broadcasters and their consumers underpinning any future regulatory system.

To do this, we must fully understand the areas in which we work and the expectations of the key stakeholders. We must examine and review our activities and our operating model to reflect the realities of modern media. We will make sure that any 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 the robustness of our decisions, present them with clarity and invite independent critique.
- Explore public attitudes to broadcasting standards and use these to inform our decisions.
- Work with broadcasters to review the three Codes due, or almost due, for review. These need updating with the intent, if possible, to develop a principle-based consumer-friendly codebook that could be used in a new standards 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 perspective of our experience and expertise.
- Manage costs within existing funding streams.
- Continue to receive financial services from New Zealand On Air as part of our shared service arrangements and commence co-location with them and one other agency in the sector.
- Continue to look for other opportunities to work with, or share services with, others in the sector.

3.3 Our contribution to the Cultural Sector

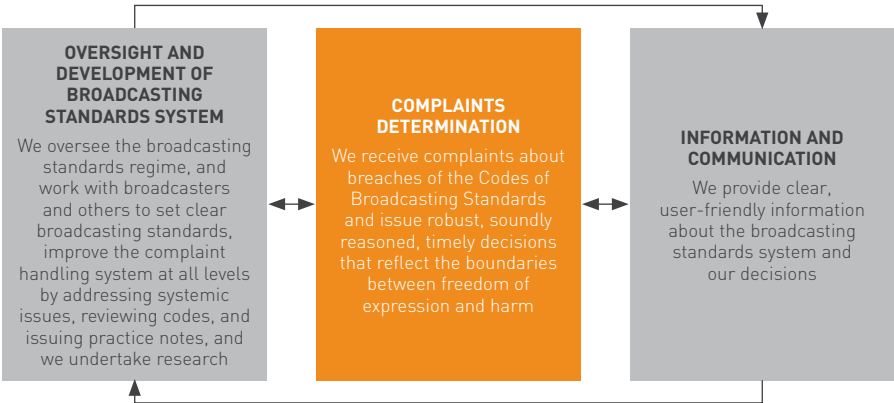
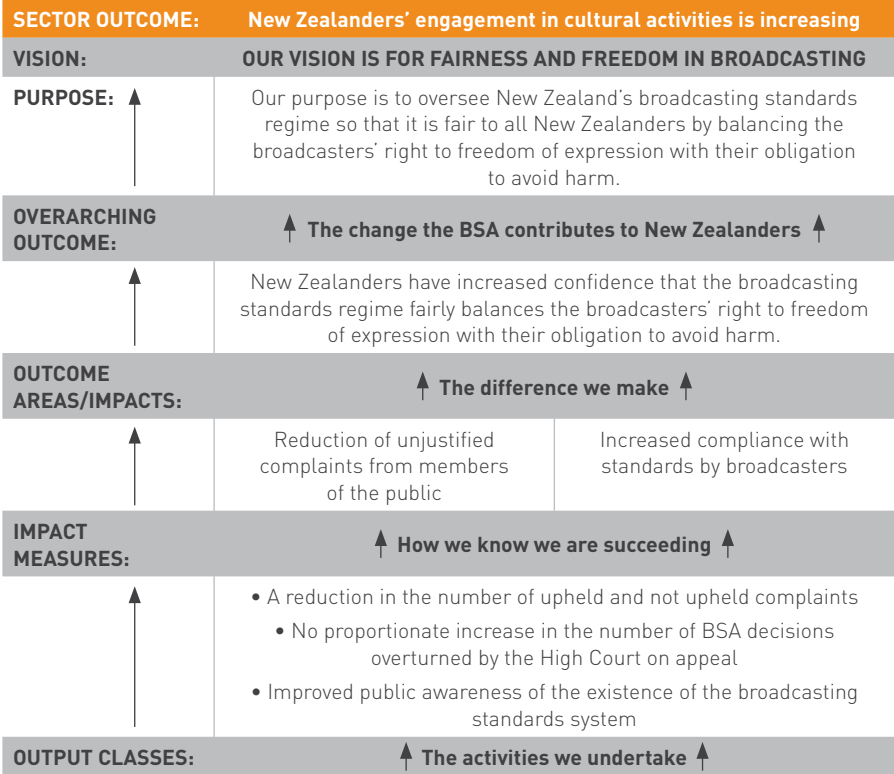
We are part of the Cultural Sector and contribute to the sector's 'Engage' outcome. The goal of this outcome is that New Zealanders consider their culture to be relevant and distinctive and part of their daily lives. The BSA contributes to this outcome by ensuring that the broadcasting standards regulation system is accessible, responsive 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' which aim for cultural activity to flourish so that 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 is the second year we have used the following outcome framework to 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.

The framework reflects the interrelationship of the outputs as part of the system of regulation that we oversee, monitor, develop, make decisions in, and inform people about. It also shows how, together, these contribute to the impacts and outcomes we seek.



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, online, 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. Some of these are prescribed by the Broadcasting Act 1989, others are set out in the Codes.

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 the view that they could underpin any future regulatory system.

4.2.2 Our three interrelated activities ('outputs')

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 increasingly clear 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 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 at 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. 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 overdue for its review. The Radio Code is due for review this year and the Free-to-Air Code is due for review in 2014. Our view is that it would be of value to consumers and broadcasters to modernise and improve the Codes into a user-friendly principles-based codebook that allows for the range of delivery platforms. The existing Codes of Broadcasting Practice, which have developed in an ad hoc manner, could be expressed more generically.

We will continue to provide practice guidance on aspects of Code interpretation or on the way we carry out our processes. Such guidance will continue to be developed in consultation with the broadcasters and other stakeholders.

As expected by the Minister, we will provide advice to officials in the course of any reform of the regulation of broadcast and other content, including in response to any recommendations of the Law Commission on the regulation of the media.

We will also commission and publish research that will inform the application 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' responsibility 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 is our website. 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 make quality complaints.

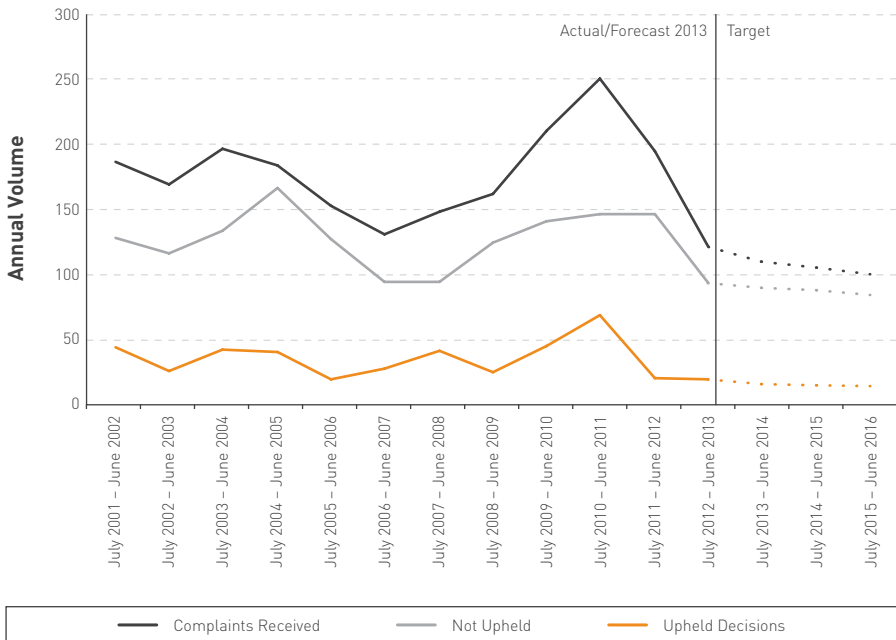
Our new improved website went live last year. This year we will test its accessibility, review its users, and monitor where it receives the most traffic in order to continue to make improvements. Rather than create hardcopy and costly resources that are difficult to disseminate widely, we will focus 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 outputs. Many factors will influence the 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.

Since identifying these measures last year, we have seen a reduction in complaints overall. Complaints not upheld have risen fractionally but that is related to the fall in upheld complaints. The reduced number of upheld complaints reflects the changing emphasis on freedom of expression in our society, seen in jurisprudence relating to the Bill of Rights Act 1990.

Leaving aside the anomalous numbers in 2010/2011 (where there were a number of complaints about the same programmes), it appears the figures are trending down. We see these initial numbers as a positive indicator that the system is working well.

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.

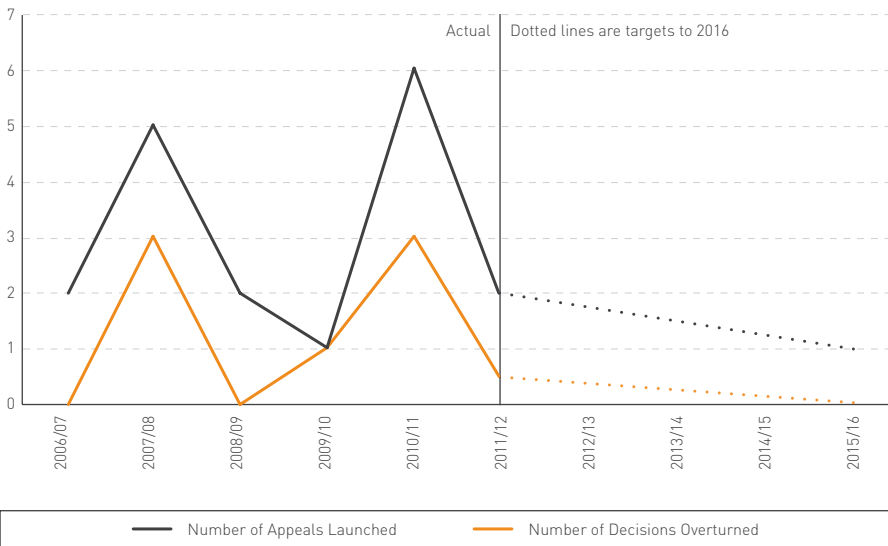
Over the years the number of decisions overturned by the High Court has been low (with only three in the 2010/2011 year out of a total of 250 complaints). In the 2011/2012 year only two appeals were made against our decisions (out of a total of 195 complaints), only one of which was upheld in part. The other was withdrawn.

We will continue to measure, over time, the number of appeals we receive against our decisions, and particularly the number of decisions overturned by the High Court. 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.

The drop in appeals lodged and upheld is a positive indicator that the system is working well although it is too early to draw any conclusions from it.

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 second year from now 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. The value of measuring public awareness of these elements is that it demonstrates that New Zealanders know they have rights in this area. Any significant decline in awareness would signal that we may need to take steps to raise awareness.

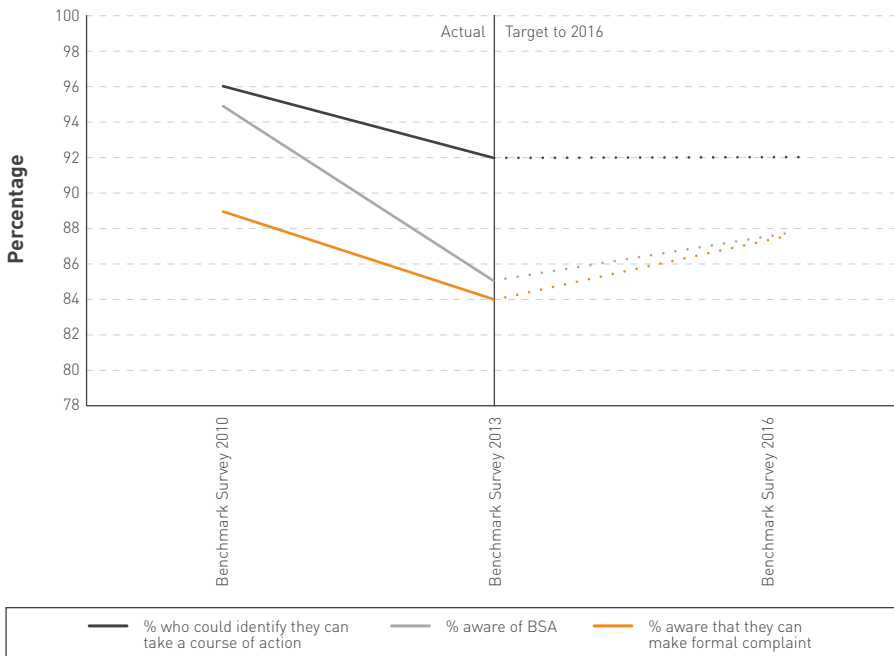
A survey completed in 2013 showed:

- 85% of New Zealanders are aware that they can make a formal complaint about television and radio content (compared to the 89% benchmark of 2010)

- 92% 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 (compared to the 96% benchmark of 2010)
- 85% of New Zealanders are aware of the BSA (compared to the 95% benchmark of 2010).

The recent drop in percentage is not significant but we will continue to monitor this. Our target remains 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.

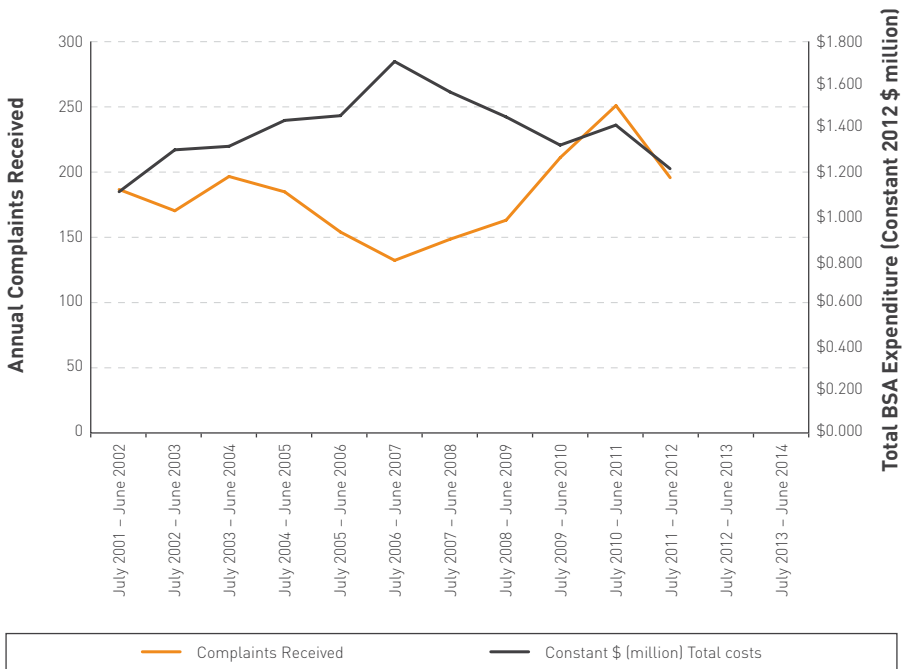
FIG 3. Public Awareness



4.4 Overall performance and cost analysis

4.4.1 Performance summary

FIG 4. BSA Total Costs and Complaints Received



BSA expenditure appears correlated with the performance of the broadcasting standards system. Increasing expenditure was matched by decreasing complaints about broadcasting breaches as seen to the year 2006-2007. The increase in complaints received over those years was 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 was matched by increased 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 information we provide about the standards system (such as our website) makes it clear what is necessary to make a quality complaint.

The graph on page 18 shows that in the last year both costs and complaint numbers have reduced for the first time. In the current tight fiscal environment, and given the expectations of the public sector, we are focusing on reducing costs and increasing efficiency in our complaints process as well as improving our interface with the standards system.

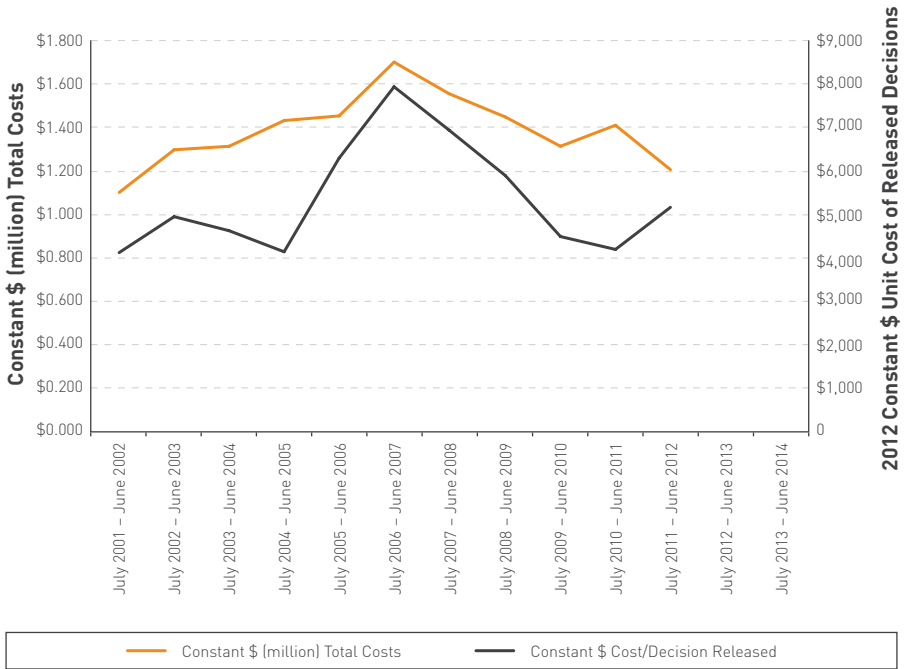
We are aware that we hold relatively high reserves compared to our budget. This has arisen for a number of reasons – refocused priorities, cost efficiencies, shared services, and variable levies. Some of our reserves

will be used through our planned relocation. Some reserves will be retained pending potential changes to the regulation of broadcasting and variable levy returns. Nevertheless, in this financial year we will look at making a small one-off return to the Crown.

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 complaint volume, and management has done well to bring costs back to the pre-spike levels. The unit cost of individual decisions has increased at the same time. This is because, in line with our stated performance goals, we have fewer decisions and also some overall fixed costs.

FIG 5. BSA Cost Trends



Note: This analysis uses 2012 constant \$ to fair comparison over the 10 year period. It is based on a 2.5% pa inflation average for each year.

PART TWO

REPORTING



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.

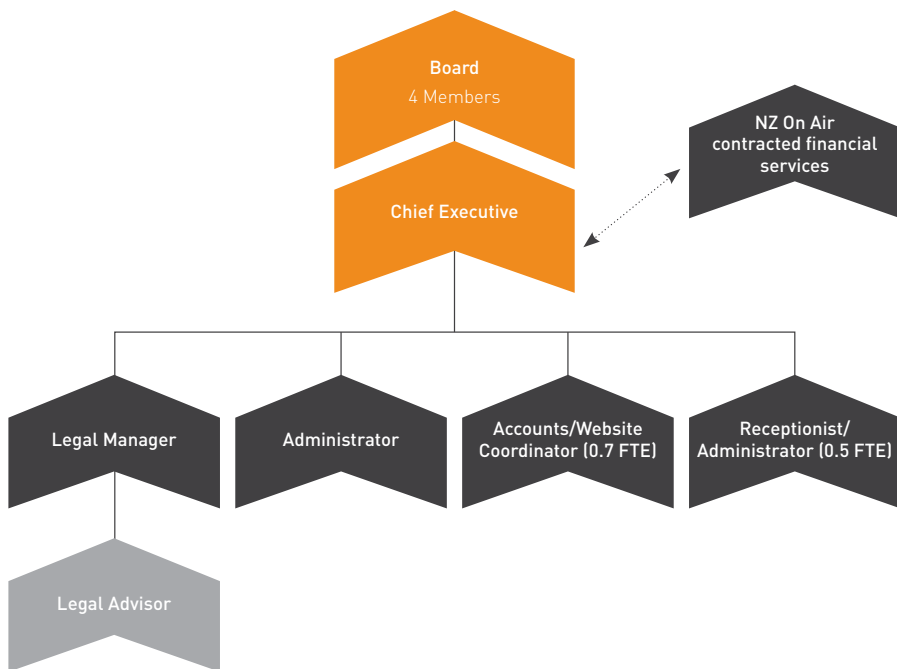
PART THREE

ORGANISATIONAL CAPABILITY



1. STRUCTURE AND PEOPLE

The BSA is a small organisation 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.



2. 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 reduced level of complaints is not guaranteed to continue as it is influenced by factors outside our control. Our capability planning must ensure we remain able to continue to carry out our core services allowing for fluctuations in numbers.

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
- Progress plans to move into a building with NZ On Air and another Cultural Sector agency
- 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 a 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 better reflects the current working environment

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

Measures:

- Safety hazards reported are attended to promptly and significant hazards are attended to immediately
- 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

PART FOUR
SERVICE
PERFORMANCE
AND FINANCIAL
INFORMATION



FORECAST STATEMENT OF SERVICE PERFORMANCE

For the year ending 30 June 2014

The forecast statements in this section provide performance measures, targets and budgets for the year ending 30 June 2014 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 outputs 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: COMPLAINTS DETERMINATION

Complaints determination is our core activity. It is supported by and linked to the other two outputs – each 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 appealed in 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 2013/2014	Estimated 2012/2013	2011/2012	2010/2011
Quantity					
Receive complaints	Formal complaints received and processed	175	170	195	250
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 made	2 reports provided by survey company will be analysed and any appropriate improvements made	2 reports produced	1 report produced for period 1 July 2010 - 28 February 2011

Key deliverables	Performance measures	Target 2013/2014	Estimated 2012/2013	2011/2012	2010/2011
Quantity cont.					
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 tested 5 decisions on children's interests	Litmus tested 5 decisions on good taste and decency	N/A [last completed May 2009]
Timeliness					
Acknowledgement of complaints in a timely manner	Complaints acknowledged in writing within 3 working days	100%	100%	98.5%	100%
Decisions issued in timely manner	Decisions issued within 20 working days of the board meeting at which final decision is made	98%	98%	99%	98%
Quality					
Decisions soundly reasoned	External assessment conducted to assess whether BSA reasoning, processes and/or interpretation of a standard are appropriate and reasonable	An external review of the way BSA interprets a standard or aspect of the process by which BSA determines complaints shows that the reasoning, process and/or interpretation are appropriate and reasonable	Review completed in June 2013 by external panel of three assessing the reasoning, robustness and clarity of selected BSA decisions	An external review of the way BSA incorporates freedom of expression into its decisions was completed by Steven Price of Victoria University. The review found the BSA does a very good job and the 'proportionality' reasoning (that around freedom of expression) is getting better and better	External review of the four Codes of Broadcasting Practice commissioned with focus on BSA's application of the balance standard

Key deliverables	Performance measures	Target 2013/2014	Estimated 2012/2013	2011/2012	2010/2011
Quality cont.					
	Decisions appealed in the High Court are analysed to enable improvements to BSA's reasoning and process	Direction or advice provided by the High Court in any appeal are analysed and applied in subsequent decisions as appropriate, as evidenced by reference to appeals in at least 10 decisions	No appeals this year. Previous appeals have been analysed and referenced, where appropriate, in 10 decisions	2 appeals. One upheld in part and the other withdrawn Measure counting the references was new in 2012/13	Of 5 High Court judgments released, 2 provided relevant guidance that was incorporated into our decision-making process immediately
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	70% or more rank decisions as acceptable, good or very good on 5-point scale in terms of how well the reasoning is understood by public and supports the outcomes	79% rank selected challenging decisions as acceptable, good or very good on 5-point scale in terms of how well the reasoning is understood by public and supports the outcomes (53% ranked this selection of decisions as good or very good)	N/A – new measure in 2012/2013	N/A
	Decisions reference findings from research into community standards and/or litmus testing	A selection of 10 varied decisions shows references to research of community standards and/or litmus testing	8 decisions reference research of community standards or litmus testing	N/A – new measure in 2012/2013	N/A

Key deliverables	Performance measures	Target 2013/2014	Estimated 2012/2013	2011/2012	2010/2011
Quality cont.					
High-quality service provided to complainants	Complainants rate BSA processes overall as good or very good in the biannual reports on complainants' satisfaction	45% of complainants rank BSA service overall as good or very good on a 5-point scale	43% of complainants rank BSA service overall as good or very good on a 5-point scale	43% [target 30%]	33%
	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	70% or more of complainants surveyed agreed or strongly agreed with four out of five positive statements about written correspondence, 85% with positive statements regarding telephone contact, and 87% regarding BSA's professionalism	N/A	N/A

COST OF COMPLAINTS DETERMINATION

	Budget 2013/2014	Estimated 2012/2013	Budget 2012/2013	2011/2012	2010/2011
Total Revenue	922,350	1,039,500	1,028,570	998,899	988,608
Total Expenditure	860,209	780,000	1,000,984	836,065	968,053
% of Total Budget	65%	70%	73%	69%	70%

OUTPUT: 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 guidance, and undertaking research.

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

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

Codes of Broadcasting Practice underpin the complaints system. Each Code is generally reviewed every five years to ensure it provides relevant guidance. The Pay TV Code is overdue for review. The Radio Code is due for review in 2013 and the Free-to-Air Code is due for review in 2014. However, our view is that all the Codes need to be modernised and that it would be of value to develop them into a user-friendly principles-based codebook that allows for the range of delivery platforms. The existing Codes of Broadcasting Practice, which have developed in an ad hoc manner, could be expressed more generically.

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

Key deliverables	Performance measures	Target 2013/2014	Estimated 2012/2013	2011/2012	2010/2011
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 2014	4 meetings before 30 June 2013 [target 3]	N/A – new measure in 2012/2013	N/A

Key deliverables	Performance measures	Target 2013/2014	Estimated 2012/2013	2011/2012	2010/2011
Quantity and timeliness cont.					
Issue practice guidance on standards issues or process matters	Practice guidance consulted on with broadcasters and issued	Guidance on two standards, issues or process matters issued	1 practice note issued	1 practice note issued	2 practice notes issued on Privacy Principles 1 and 4
Continue process to modernise and review Pay, Radio, and Free-to-Air Codes	Review and modernise Codes in conjunction with broadcasters	Process of consultation underway on form of modernised Code/s	First draft of codebook developed	N/A	N/A
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 research produced by June 2014	Research/analysis into meaning of 'broadcasting' proposed	Research on talkback radio published in July 2011 Research on reality television published in September 2011	Research related to talkback radio 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	Audit completed and 100% of non-compliant broadcasters notified within a month of the completed audit	N/A (biannual)	Audit completed by 30 May 2012	N/A

Key deliverables	Performance measures	Target 2013/2014	Estimated 2012/2013	2011/2012	2010/2011
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 5-point scale	89% of broadcasters surveyed rank BSA processes and working relationships as good or very good on a 5-point scale	N/A – new measure in 2012/2013	N/A
	Any issues identified considered by board, and appropriate changes made and recorded or placed on the agenda of the broadcaster/ BSA working group	100% of issues discussed with broadcasters and resolved to satisfaction of both broadcasters and BSA or explanation provided by BSA	100% of issues arising from survey discussed with broadcasters and resolved to satisfaction of both broadcasters and BSA or explanation provided by BSA	N/A – new measure in 2012/2013	N/A
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	Research due for completion and feedback sought by end of June	N/A – feedback and assessment is new measure for 2012/2013	N/A

COST OF OVERSIGHT AND DEVELOPMENT OF BROADCASTING STANDARDS SYSTEM

	Budget 2013/2014	Estimated 2012/2013	Budget 2012/2013	2011/2012*	2010/2011†
Total Revenue	212,850	148,500	211,350	144,308	N/A
Total Expenditure	198,051	112,000	207,632	118,495	N/A
% of Total Budget	15%	10%	15%	10%	N/A

* 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.

OUTPUT: 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 have reviewed and upgraded 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 2013/2014	Estimated 2012/2013	2011/2012	2010/2011
Quantity and timeliness					
Website is easy to use with clear content and high accessibility	e-government website assessment shows website is easy to use, clear in content and high accessibility	e-government website assessment analysed and where appropriate improvements implemented	e-government website assessment undertaken	N/A	N/A
Website is increasingly main vehicle for accessing BSA resources and information	Increase of unique hits to website	Benchmark monitored and any increase recorded	Benchmark to be ascertained by mid-May	N/A – new measures from 2012/2013	N/A
Decisions published on BSA website	Decisions published on website within 10 working days of sign off by Chair	100%	100%	100%	100%

Key deliverables	Performance measures	Target 2013/2014	Estimated 2012/2013	2011/2012	2010/2011
Quantity and timeliness cont.					
Production of newsletter to keep stakeholders informed	Newsletters published	9	9	8	10
Strategic media releases	Decisions of high public interest or particular educational interest communicated by way of a media release	Releases for at least 15 decisions issued before 30 June 2014	9	N/A – new measure 2012/2013	N/A
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 the value and clarity of the BSA website as good or very good on a 5-point scale	At least 70% of those surveyed rate the BSA website as good or very good on a 5-point scale	67% of complainants surveyed rated the value and clarity of the website as good or very good on a 5-point scale	N/A	N/A

COST OF INFORMATION AND COMMUNICATION

	Budget 2013/2014	Estimated 2012/2013	Budget 2012/2013	2011/2012*	2010/2011†
Total Revenue	283,800	297,000	169,080	303,046	423,689
Total Expenditure	257,740	219,000	157,332	253,271	407,672
% of Total Budget	20%	20%	12%	21%	30%

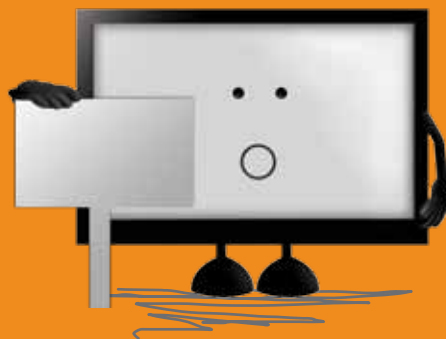
* In 2011/2012 this was named 'public' and included work relating to resources and the public.


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

PART FIVE

FINANCIAL

INFORMATION





The forecast statements in this section provide targets, budgets and performance measures for the year ending 30 June 2014 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)).

Our activities contribute to the non-departmental output expense, Public Broadcasting Services, within Vote Arts, Culture and Heritage, administered by the Ministry for Culture and Heritage. We will receive \$609,000 (GST exclusive) in Crown funding in 2013/14 (\$609,000 in 2012/13).

FORECAST STATEMENT OF COMPREHENSIVE INCOME

For the year ending 30 June 2014

	2014 Budget \$	2013 Budget \$	2013 Estimated \$
REVENUE FOR ALL CLASSES OF OUTPUTS			
Revenue from Crown	609,000	609,000	609,000
Broadcasting Levy	780,000	760,000	820,000
Interest Income	30,000	40,000	42,000
Other Revenue	-	-	14,000
TOTAL REVENUE	1,419,000	1,409,000	1,485,000
LESS EXPENDITURE (NOTE)			
Outcome area 1 - Complaints Determination	860,209	1,000,984	780,000
Outcome area 2 - Oversight & Development	198,051	207,632	112,000
Outcome area 3 - Information & Communications	257,740	157,332	219,000
TOTAL EXPENDITURE	1,316,000	1,365,948	1,111,000
NET Surplus for the year	103,000	43,052	374,000
Note: Expenditure consists of:			
Members Fees & Staff Remuneration	690,500	670,150	615,000
Depreciation	50,000	25,106	54,900
Amortisation	12,000	17,726	20,000
Audit Fees	20,000	18,000	18,000
Other Expenditure for Activities and Overheads	543,500	634,967	403,100
	1,316,000	1,365,949	1,111,000

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

FORECAST STATEMENT OF MOVEMENTS IN EQUITY

For the year ending 30 June 2014

	2014 Budget \$	2013 Budget \$	2013 Estimated \$
NET Surplus for the year	103,000	43,052	374,000
PLUS PUBLIC EQUITY 1 July	1,263,845	889,845	889,845
PUBLIC EQUITY at 30 June	1,366,845	932,897	1,263,845

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

As at 30 June 2014

	2014 Budget \$	2013 Budget \$	2013 Estimated \$
CURRENT ASSETS			
Cash and Cash Equivalents	28,403	153,409	46,000
Investments	1,230,000	800,000	1,140,000
Debtors and Other Receivables	1,800	1,800	1,800
Prepayments	5,000	5,000	5,000
Net GST	18,000	18,000	18,000
	1,283,203	978,209	1,210,800
LESS CURRENT LIABILITIES			
Creditors and Other Payables	120,000	80,000	78,000
Employee Entitlements	50,000	50,000	50,000
	170,000	130,000	128,000
WORKING CAPITAL	1,113,203	848,209	1,082,800
Non-Current Assets			
Property, Plant and Equipment	232,000	35,075	131,432
Intangible Assets	21,642	49,613	49,613
	253,642	84,688	181,045
NET ASSETS	1,366,845	932,897	1,263,845
Represented by PUBLIC EQUITY	1,366,845	932,897	1,263,845

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 2014

	2014 Budget \$	2013 Budget \$	2013 Estimated \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Grants, Broadcasting Levy, and Other Income	1,367,300	1,369,000	1,429,000
Interest	40,000	40,000	40,000
Cash was disbursed to:			
Payments to Employees and Members	(690,500)	(740,150)	(615,000)
Payments to Suppliers & Other Operating Expenses	(541,397)	(646,854)	(484,520)
Net GST	(3,000)	(3,000)	-
Net Cash Flow from Operating Activities	172,403	18,996	369,480
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was disbursed from:			
Investments	-	62,893	-
Cash was disbursed to:			
Investments	(90,000)	-	(290,000)
Purchase of Property, Plant and Equipment	(95,000)	-	(105,000)
Purchase of Intangible Assets	(5,000)	-	-
	(190,000)	-	(395,000)
Net Cash Flow from Investing Activities	(190,000)	62,893	(395,000)
Net Increase / (Decrease) in Cash Held	(17,597)	81,889	(25,520)
PLUS Opening Cash Brought Forward	46,000	71,520	71,520
BALANCE CARRIED FORWARD	28,403	153,409	46,000

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 2014 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.

MEMBERS

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

STAFF

Susan Freeman-Greene	Chief Executive
Patricia Windle	Legal Manager
Miro Booth	Legal Advisor
Lana Guest	Administrator
Margaret Haughey	Accounts/Website Coordinator (part-time)
Trish Cross	Receptionist/Administrator (shared with NZ On Air)

OTHER

Financial services contracted from NZ On Air

CONTACT DETAILS

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