



STATEMENT OF INTENT

2004 – 2007

Broadcasting Standards Authority

Fairness

Integrity

Respect

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Chair's Foreword

The Broadcasting Standards Authority's time and resources are dominated by its role of determining formal complaints about alleged breaches of broadcasting standards. For several years now, approximately 200 formal complaints have been received and determined annually. Among them is an increasing number of complex complaints, where the factual or legal issues involved demand particularly close scrutiny.

The fact that the Authority's decisions are appealable to the High Court, and that its decision-making process is liable to judicial review, provide a strong incentive for quality decision-making by the Authority's (part-time) members. In all the circumstances, it is inevitable that the Authority has a more reactive than proactive role in the wider arena of broadcasting and its regulation. An accompanying risk, however, is that the Authority may dedicate too little of its limited time and resources to critical analysis of its performance and role.

As the 2004/05 year approaches, conditions have never been so ripe for the Authority - with 14 years' experience and a very healthy organisational culture to draw upon - to take stock of its systems, the performance of its functions, and its place in the wider arena. The first step in that review process (the more specific elements of which are described in this Statement of Intent) is the Authority's adoption of three principles to guide our operations throughout the next three years.

They are the principles of fairness, integrity and respect.

These principles not only make explicit the critical features of the quasi-judicial nature of the Authority's complaints role; they also underlie the Authority's role in facilitating improved understanding between broadcasters and their audiences through, for example, consultative code-development processes and the conduct and dissemination of research on topical broadcast issues.

This Statement of Intent charts a challenging course for the Authority over the next three years. All members and staff look forward to the journey and are confident that it will enhance the range of services that the Authority provides to New Zealand communities and their broadcasters.

Joanne Morris
Chair

In accordance with Section 41 of the Public Finance Act 1989, I agree to lay this Statement of Intent of the Broadcasting Standards Authority for the 3 years ending June 2007 before the House of Representatives.

A handwritten signature in blue ink, appearing to read "Steve Maharey", with a long horizontal flourish extending to the right.

Hon. Steve Maharey
Minister of Broadcasting

Introduction

1. This Statement of Intent for the years 2004 to 2007 has been produced in accordance with s.41(d) of the Public Finance Act 1989. It deals with the following matters:
 - the Authority's legislative mandate
 - the strategic context
 - the Authority's mission statement
 - the Authority's four principal objectives
 - a description of the activities to be undertaken by the Authority, including a description of outputs, outcomes, performance standards, activities and performance measures
 - the principal management procedures; and
 - a statement of financial performance and accounting policies.

Key Activities

2. For the first year of this Statement, ending 30 June 2005, key activities undertaken by the Authority will include:
 - Evaluate interpretative issues arising from the Bill of Rights Act (see para. 21)
 - Complete an independent survey of complainants and broadcasters (para. 31)
 - Assess the Election Programmes and Advertisements Code (para. 37)
 - Conduct a new public attitudes benchmark research study (para. 45)
 - A pilot exercise in producing relevant media literacy education materials (para. 52).

Legislative mandate

3. The Broadcasting Standards Authority (BSA) is a Crown Entity established by and exercising a statutory function under the Broadcasting Act 1989. It will also be subject to the Public Finance (State Sector Management) Act when the bill is enacted. The BSA is an independent crown entity ("ICE") in terms of that legislation.

4. The main functions of the Authority outlined in s.21 of the Broadcasting Act are:
- to receive and determine complaints about alleged breaches of codes of broadcasting practice
 - to encourage broadcasters to develop codes of broadcasting practice for the Authority's approval on a range of matters, including
 - good taste and decency
 - the protection of children
 - the portrayal of violence
 - fairness, balance and accuracy
 - privacy of the individual
 - safeguards against discrimination
 - restrictions on the promotion of liquor; and
 - to conduct research and publish findings on matters relating to broadcasting standards.

Strategic context

The broadcasting environment

5. The broadcasting environment is characterised by constant change. These include changes in the values and expectations of the community and broadcasters, changes in technology and programme genres, fragmentation of the broadcast market, changes in broadcaster standards and practices and, finally, increasing expectations for community involvement and consultation.
6. Maori Television is creating one of the most significant changes to New Zealand's broadcasting landscape for many years. The Authority has no Maori representation at board level. When faced with complaints with a particular Maori dimension, the practice is generally to co-opt a person with the required expertise in tikanga or te reo. We are not predicting a significant change in the volume or substance of complaints relating to Maori programming during 2004 but this may change in subsequent years as Maori Television establishes an audience and a profile.
7. The advent of the TVNZ Charter, another recent and significant environmental change, does not seem to be affecting the quantity of or bases for complaints to date. The Charter is often interpreted as a 'quality' measure and it is possible that the attention on such aspects could trigger additional complaints alleging breaches of the Code. Numbers of complaints against TVNZ programmes remain higher than for other broadcasters, but this is still most likely to be a function of TVNZ's substantial audience share.
8. A call for self-regulation by a private television broadcaster does not seem to be widely shared by other broadcasters or by the public at large. In essence there is a significant element of self-regulation already: the

broadcasters propose the Codes and Standards which underpin the complaints system (which the Authority negotiates and approves), and operate complaints systems through which almost all complainants must travel before they can approach the BSA. In effect the BSA offers a safeguard that encourages broadcasters to deal with complaints fairly and effectively.

9. The broadcast advertising market is predicted to remain healthy for at least a further twelve months. Thus levy revenue for the BSA is predicted to remain at current levels for between one to two years. The forecast for the third year has been also held at this level but, in reality, is too hard to predict. Given the cyclical nature of the market it is quite possible that revenue from this source could reduce.
10. The fragmentation of the television and radio market (into multi-channel and both mainstream and niche providers) continues to provide interesting challenges. These range from procedural complaints matters (can we get small radio stations which are not members of the Radio Broadcasters Association (RBA) to adhere to collective agreements such as tape retention practices without resorting to regulation? How can we impart information about the standards regime to new broadcasters when no central database exists?) to more complex matters concerning complaints determination.
11. Therefore the need for clear, accessible communication and information about broadcasting standards, for broadcasters and the community, has never been more acute. A logical progression from this is the increasing importance of accessible programmes designed to enhance media literacy and enable media consumers to analyse content effectively.

The Government environment

12. The results of the review of broadcasting policy instigated by the Minister are unknown at the time of writing. So, too, is the Government's response to the Report from the Working Group on Television Violence. As action from these possible strategic developments is outside the Authority's current mandate, we have predicated outputs on a business-as-usual basis.

The public environment

13. It is the public, by exercising a statutory right to protest against particular broadcast content, which drives a key part of the standards regime. Balancing views from various sectors of the public with the freedoms protected by the Bill of Rights Act is a fundamental task of a regulator.
14. The proportion of complaints relating to the categories of good taste and decency, balance, fairness and accuracy, privacy, violence, alcohol promotion, and discrimination has remained relatively similar across the years. Based on history, approximate figures are:
 - 40% of complaints involve alleged breaches of balance, fairness and accuracy
 - 30% involve complaints about good taste and decency
 - 10% comprise privacy complaints
 - 10% invoke the protection of children

- all other categories together comprise the remaining 10% (eg violence, liquor promotion, discrimination).
15. On a regular basis, Authority members and staff speak to community and broadcasting industry representatives on broadcasting standards and the role of the Authority. These meetings, together with BSA research, normally reveal a wide range of opinion about the role of regulation in the maintenance of broadcasting standards. As might be expected, consensus on regulation is often hard to achieve.
 16. Such debates are healthy and to be expected. The Authority recognises that there are people in the community who adhere to standards that differ from the majority, just as there are broadcasters who view critically decisions of the Authority particularly when a complaint is upheld.
 17. Diversity of opinion is a hallmark of a healthy democracy. The Authority responds to this diversity by aiming for decisions and communications based on the principles of integrity, fairness and respect. These will be underpinned by a quality research programme to ensure that the Authority is in tune with current public opinion.

The legal environment

18. A continuing development in the Authority's decision-making in recent years with respect to its complaints determination is the impact of the New Zealand Bill of Rights Act 1990.
19. The development of jurisprudence surrounding the Bill of Rights legislation is apparent in two landmark Court of Appeal decisions, *Moonen v Film and Literature Board of Review* [2000] 2 NZLR 9 and *Moonen v Film and Literature Board of Review* [2002] 2 NZLR 754. These judgments offer a process that organisations like the Authority might adopt in the determination of complaints where a decision may impose constraints on freedom of expression. The Authority has outlined its approach to the Bill of Rights in Decision numbers 2002-071/072.
20. The Authority views its task of managing the tension between freedom of expression and the statutory framework provided by the Broadcasting Act 1989 as critical. It will continue to appraise the developing jurisprudence in this area to assist in its determination of complaints.
21. In mid 2004, the Authority will conduct a stakeholder workshop on the Bill of Rights Act and its impact on its decision-making and will subsequently continue to refine its approach.
22. The New Zealand Court of Appeal *Hosking* case and the Privy Council *Campbell* case both provide varying views on the status and interpretation of legal principles relating to privacy. The Authority will consider these issues over the coming months.

Operations and Activities: An Overview

23. Based on the strategic drivers above, the Authority has developed its mission, goals and action plan. Details are outlined in the Statement of Objectives and Service Performance attached. General comments are as follows.

Mission Statement

24. The Authority's Mission Statement is:

To encourage broadcasters to develop and maintain programme standards which respect human dignity, current social values and research findings, while providing an independent process for determining complaints about alleged breaches of those standards.

Ki te whakatenatena i te hunga p p ho ki te whakawhanake me te pupuri i ng paerewa e whakanui ana i te mana tangata, e whakaata ana i ng uara p poro nei r , me te aro ki ng putanga rangahau, i a r tou e whakarato ana i tetahi h tepe hei whakatau i ng nawe mai i te iwi wh nui e p ana ki ng paerewa p p ho

25. This Mission Statement is intended to:

- provide its stakeholders with a clear view of how the Authority sees itself and its role in broadcasting standards, and
- provide the Authority with a clear statement which reflects its values of:
 - integrity
 - fairness
 - respect

Principal Objectives

26. The Authority's Mission Statement is supported by four operational objectives (outputs) which provide the framework for the discharge of the Authority's functions.

27. The four operational objectives are:

- to determine formal complaints as promptly and informally as possible, consistent with the Authority's statutory function, its integrity and the principles of natural justice (Output 1)
- to assist broadcasters to observe Codes of Broadcasting Practice by effective Code development and reviews and by issuing Advisory Opinions and practice notes which inform both broadcasters and the public about the BSA's interpretation of particular standards (Output 2)

- to initiate and publish research relating to broadcasting standards issues which will assist with complaints determination and encourage broadcasters and the public to appreciate the context and issues which underpin the standards regime (Output 3)
- to ensure communications from the Authority clearly describe the broadcasting standards regime, complaints processes and activities, and provide high-quality contextual information on relevant standards-related issues (Output 4).

Objective 1: Determining Formal Complaints

28. During 2002/03 the Authority received 169 complaints and released 182 decisions. In 2003 - 2004 the figures are likely to be higher.
29. The timely consideration and issuing of decisions is a hallmark of an effective organisation. In the case of an organisation with quasi-judicial powers, timeliness must be balanced with another requirement, that of sound legal reasoning.
30. A distinct trend is that complaints before the Authority are becoming more complex. By this we mean that legal issues are raised which require careful consideration; and/or the number of complainants and/or the number of breaches alleged is high; and/or the issues themselves are sensitive or controversial and require careful and dispassionate thought. These factors have a clear impact on timeliness, workflow planning and resourcing.
31. To date the BSA has avoided a backlog through increased commitment by members and staff. Nevertheless we will need to increase complaints staff capacity from 2.5 to 3 people with a possible further impact on administrative support. This will affect accommodation requirements.
32. In 2004/05 the Authority will have completed an independent survey of broadcasters and complainants to determine their views of the fairness of the process and consider any necessary procedural improvements. These reviews will be conducted every three years to ensure the complaints process meets the highest possible standards.
33. In 2005/06 the Authority will again review the complaints process to ensure it complies with best practice benchmarks for similar processes. The last review was conducted in 2002/03.
34. In 2006/07 it will implement any procedural changes identified as necessary from the review above.

Objective 2: Codes of Broadcasting Practice

35. Changing community standards, changes in technology and changes in broadcaster practices must be reflected in the codes of broadcasting practice against which broadcasters and the Authority receive and determine complaints.
36. Currently, there are five Codes and one advisory opinion. The Codes are:
 - free-to-air television - reviewed in January 2002
 - subscription television - reviewed in 2000
 - radio - reviewed in 1999
 - promotion of liquor - last reviewed in 1995. The Authority agreed that the public submission process undertaken for the review of the liquor advertising code in 2003 could also be used by the broadcasters to review the promotion of liquor programme code. A request by broadcasters to abolish the Code and replace it with a Standard is currently being worked through. This process is expected to be completed in 2004; and
 - election programmes and advertisements - reviewed in 1996.
 - An Advisory Opinion issued in 1992 and last revised in 1999 sets out the Privacy Principles. The Authority's privacy research monograph will be published in mid-2004 and the Authority will then decide whether additions or alterations to the principles are desirable.
37. The Authority conducts a review of each Code on a regular basis as required to ensure its continued relevance, assuming no such review has been instigated by broadcasters. Normally at least one Code will be reviewed each year. In 2004/05 the Election Programmes and Advertisements Code will be reviewed.
38. The Authority will also investigate providing trends and guidance information on Code interpretation. These may take the form of 'practice notes' or a form of policy statement to advise, for example, of elements the Authority is likely to take into account. There are legal issues yet to be evaluated; nevertheless there is no simple current mechanism, especially for the public (lay people), to ascertain how various Code provisions may be interpreted.
39. In 2005/06 the Subscription Television Code will be reviewed.
40. In 2006/07 either or both of the Radio Code and Free To Air Television Code will be reviewed.

Objective 3: Research

41. Sound research plays a key role in ensuring that the Authority has robust information to guide its deliberative processes, thereby enhancing the integrity of decision-making.
42. Community values and expectations are both constant and changing. They are constant in that there are some core principles about broadcasting standards that change little over time - for example, the need to protect the interests of children. In contrast, attitudes to 'bad' language and the portrayal of sex and nudity can change from generation to generation.
43. Over the past four years, the Authority's public opinion research has included three types of study:
 - **benchmark studies** of community attitudes towards a range of broadcasting standards matters
 - **specific audience barometers** to capture the views of particular groups within the community (for example, children and parents, Maori and Pacific peoples)
 - **special topics** relating to specific broadcasting standards issue (for example, privacy).
44. Over the next three years, the Authority intends to continue this three-pronged approach to its research programme.
45. In 2004/05 the Authority's benchmark study will be another major public opinion survey of attitudes towards a range of broadcasting standards. This study will replicate the 1993 and 1999 benchmark surveys (last published as *Monitoring Community Attitudes in Changing Mediascapes*, 2000, Dunmore Press) and will provide a comparative base to demonstrate the ways in which public opinion has, or has not, changed over a twelve-year period. This project will be the largest research project undertaken in this year and is a valuable longitudinal barometer.
46. To assist the Authority to keep abreast of more immediate trends in community attitudes, community focus groups will be carried out on a regular basis at different locations around New Zealand. In 2004/5 the key theme to be explored will surround New Zealanders' attitudes to balance, fairness and accuracy matters in factual programming.
47. There may also be, from time to time, consultation and/or research designed to provide the Authority with information on particular broadcasting topics where members believe they need additional information, or where a topic may be usefully canvassed in an industry forum.
48. During 2003/04, the Authority commissioned a study on the portrayal of Maori issues in the New Zealand broadcast media. It is designed to inform the Authority when it considers particular complaints alleging breaches of standards relating to balance, fairness and accuracy. That study will be released in 2004/05. Following the completion and assessment of this

research, the Authority will consider undertaking a project that would examine attitudes of and about ethnic minorities in the community,

49. During 2005/06 and 2006/07, the Authority will continue to develop an ongoing strategy for research and information relevant to broadcasting standards.

Objective 4: Communications

50. This output is a key driver in our goal to serve citizens fairly. BSA communications will be the subject of ongoing reassessment during the 2004/5 period. The website is a vital tool in providing clear and accessible information to the public and will continue to be upgraded and expanded after its substantial redesign in 2003/04.
51. An internal review of the effectiveness of BSA print materials will also be completed.
52. There is also new work which can be done in public education. A pilot exercise in producing relevant media literacy education materials will be investigated. This aspect of media research is under-developed in New Zealand and has the potential to provide useful information to sectors of the public interested in considering broadcasting standards and their relationship to their own viewing patterns. A pilot exercise considering what information could be made available to parents to assist them in monitoring their children's viewing will be developed. A web-based tool is the most likely first step.
53. Members and staff will continue to make themselves available for speaking opportunities as requested.

Conclusion

54. Despite the significant changes in the broadcasting environment over the past 14 years, the Authority has provided a consistently fair and robust regulatory service to citizens and to broadcasters. We intend to continue our commitment to a high level of service delivery and look forward to serving the community and broadcasters in the years ahead.

Joanne Morris
Chair
July 2004

**Statement of Objectives and Service Performance
for the year ending 30 June 2005**

Output 1 Determine Formal Complaints

Objective	To determine formal complaints as promptly and informally as possible, consistent with the Authority's statutory function, its integrity and the principles of natural justice.
Outcome	Broadcasters will have a clear understanding of the current boundaries of acceptable broadcasting standards; the public will be provided with an independent process for determining complaints about broadcasting standards; and all complaints will be dealt with efficiently and fairly.
Description	<p>Specific quality measures are inappropriate given the quasi-judicial function of the Authority. Nevertheless decisions will be, and will be seen to be, principled, firm and just and will be written in a clear, concise and logical manner clearly explaining the Authority's reasons for its determination.</p> <p>Quality assessment includes a quality management process incorporating peer reviewing of the draft decision by staff, a review of each decision by Authority members and a final review and confirmation by the Chair.</p> <p>Quality assessment will also include taking into account the results of the survey of complainants begun in 2003/04. The BSA will consider those findings against its current processes.</p> <p>Timeliness is a key measure of whether or not the Authority has managed its complaints process efficiently and effectively. It is critical to the integrity and credibility of the Authority and its decisions. The BSA is demand-driven and cannot control the number of complaints it will receive in any one year. Therefore it is important that it manages its resources and directs its complaints process in such a way that it responds to incoming complaints promptly and avoids the creation of a backlog. This is balanced with the need to deliver soundly-reasoned decisions.</p> <p>Decision-making processes and support systems will be carefully monitored to ensure alignment of operational processes with consistency and robustness of decision making. The results of the complainants' survey will be incorporated into process reviews as appropriate.</p>

Activities for
the year ending
June 2005

The Authority will:

- meet formally at least eleven times during the year to determine complaints
- issue decisions arising from the volume of complaints received during the year. (History suggests the likely number of decisions issued will be between 175 to 225)
- ensure best-practice procedures are being adopted; that Authority members are provided with concise, clear information to inform their decision-making and that timely, robust and clear decisions are issued
- ensure complaints staff have up-to-date technology and tools to process, consider and report on complaints effectively

Cost

		Budget	% of total resources
Financial	Personnel	\$426,465	
	Operating	\$320,320	
	Depreciation	<u>\$ 13,000</u>	
		\$759,785	65%

Performance
Measures

The Authority will:

- acknowledge a formal complaint in writing within 3 working days of receipt and proceed to the information-gathering stage of the process

Target: 100%

- convene at least eleven formal Authority meetings to determine complaints

Target: 100%

- issue decisions on formal complaints (other than complaints about election programmes) within 40 working days after receipt of the final correspondence unless delayed by court proceedings

Target: 85%

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

Target: Less than 0.5% of decisions issued are successfully appealed to the High Court

- issue decisions on formal complaints about election programmes within 48 hours

Target: 100%

- complete an internal systems review to ensure procedures and processes follow best practice, taking into account findings of the independent survey of complainants

Target: Review completed to board satisfaction

Output 2 Codes of Broadcasting Practice

Objective	To assist broadcasters to observe Codes of Broadcasting Practice by effective Code development and reviews and by issuing Advisory Opinions and practice notes which inform both broadcasters and the public about the BSA's interpretation of particular standards.
Outcome	The development and interpretation of Codes of Broadcasting Practice by broadcasters and the Authority will result in robust Codes which are easily understood by broadcasters and the public.
Description	<p>The Authority conducts a review of each Code on a regular basis as required to ensure its continued relevance, assuming no such review has been instigated by broadcasters. Normally at least one Code will be reviewed each year. Reviews generally involve:</p> <ul style="list-style-type: none"> • consultation with broadcasters to ascertain their views of the effectiveness of the current Code • seeking submissions from individuals or groups representing viewers and listeners, where relevant, to ascertain their views of the effectiveness of the current Code; and • independent legal advice, if necessary, on interpretative matters <p>Advisory opinions on the interpretation of the Codes will be issued as required, as will practice notes if procedural matters need to be clarified.</p>

Should reviews of Codes identify the need for revision of an existing Code or the development of a new Code, the Authority will advise broadcasters of the need for a review, and the level of consultation the Authority requires, in order to revise or approve the Code.

Should broadcasters not agree to proceed with the development of a new Code within the framework proposed by the Authority, the Authority may itself proceed with the development of a new Code, or the revision of an existing Code.

When undertaking the development of a new Code the Authority will consult with the relevant stakeholders to the same level that is expected of broadcasters.

In the case of new and significant trends in broadcasting, the Authority will encourage broadcasters to develop a Code to meet appropriate broadcasting standards.

Activities for the year ending 30 June 2005

The Authority will:

- complete and publish the results of the review of the Promotion of Liquor Code
- review the Code of Election Programmes and Advertising

Costs

		Budget	% of total resources
Financial	Personnel	\$32,805	
	Operating	\$24,640	
	Depreciation	<u>\$ 1,000</u>	
		\$58,445	5%

Performance Measures

The Promotion of Liquor Code is updated and published.

Target: Completed document published by September 2004

The Code of Election Programmes and Advertising is reviewed and any necessary modifications made.

Target: Review completed by June 2005

Output 3 Research

Objective To initiate and publish research relating to broadcasting standards issues which will assist complaints determination and encourage broadcasters and the public to appreciate the broad context and issues which underpin the standards regime.

Outcome The Authority's research will result in expanded knowledge which will:

- enhance the Authority's ability to approve Codes and determine complaints
- assist broadcasters in maintaining standards acceptable to the community
- assist the public by providing data and information relevant to the broadcasting standards regime

Description Research priorities are carefully assessed based on the Authority's strategic goals, broadcaster feedback and public concerns. Both internal and commissioned research will meet all the professional and ethical criteria for quality research. These criteria include:

- a clear and agreed brief
- academic rigour
- proven methodology
- independent thought supported by peer assessment
- clear and specific contract conditions

The Authority will use a range of research methodologies that take account of geographical spread and minority views where relevant, to keep in touch with the opinions of the wider community, specific audience segments, and relevant stakeholders.

In the case of significant commissioned written research, at least three potential providers will be asked to tender for the project to ensure the BSA can effectively assess quality, methodology and cost.

**Activities for
the year ending
30 June 2005**

The Authority will undertake:

- a third major public opinion survey of attitudes towards a range of broadcasting standards. This study will be based on the 1993 and 1999 benchmark surveys and will provide a

comparative base to demonstrate the ways in which public opinion has, or has not, changed over a twelve-year period

- independently-facilitated focus groups designed to further Authority members' understanding of current community attitudes on balance, fairness and accuracy
- to publish a project designed to research the portrayal of Maori issues in the New Zealand broadcast media and determine whether a related project on minority audiences should proceed
- in consultation with broadcasters, at least one further project which adds to the knowledge of public opinion on important issues (eg, the content of promos; classification systems and time-bands)
- to support, if suitable opportunities arise, occasional broadcasting industry seminars intended to upskill practitioners in standards-related topics and inform members about various industry practices

Costs

		Budget	% of total resources
Financial	Personnel	\$131,220	
	Operating	\$ 98,560	
	Depreciation	<u>\$ 4,000</u>	
		\$233,780	20%

Performance Measures

The Authority will:

- have all significant research projects peer reviewed by independent research experts

Target: All substantive issues identified by peer reviewers identified and addressed.

- establish quality and timeliness milestones for all research projects and assess progress accordingly

Target: All projects have milestones identified and agreed prior to commencement. Significant milestones for external research have funding drawdowns attached.

- ensure completed research results are made widely available

Target: All research projects published within six months of delivery.

Output 4 Communications and Information

Objective	To ensure communications from the Authority clearly describe the broadcasting standards regime, complaints processes and activities, and provide high-quality contextual information on relevant standards-related issues.
Outcome	BSA communications and information will enhance public and broadcaster understanding about the broadcasting standards regime.
Description	<p>The professional presentation of a wide range of information and publications is critical to a responsible and responsive organisation. This includes a comprehensive and accessible website, complaints brochures in English and te reo, printed Codes of Broadcasting Practice, the annual report, a quarterly newsletter, an 0800 info line and easy access to all decisions.</p> <p>The BSA will also encourage broadcasters to fulfil one of their statutory duties by broadcasting accurately and regularly details of how the complaints process works.</p> <p>Members and staff make themselves available to speak to community groups, sector conferences and seminars, broadcasting personnel and various other opportunities. The Chair and the Chief Executive are authorised to speak with the media as appropriate.</p> <p>Direct contact with the public will be characterised by a culture of staff courteousness, clear, accurate information on complaints mechanisms and correct broadcaster referrals.</p>

Activities for the year ending 30 June 2005

The Authority will:

- maintain and upgrade information on its website and 0800 line
- complete an internal review of all print materials and reissue as required
- publish decisions and informational material with no material errors as required and in accordance with individual deadlines
- conduct a pilot exercise in producing relevant media literacy education information which focuses on parental information and decide action plan
- ensure all publications conform to a standard presentation and style, incorporating the new logo

Costs

		Budget	% of total resources
Financial	Personnel	\$ 65,610	
	Operating	\$ 49,280	
	Depreciation	<u>\$ 2,000</u>	
		\$116,890	10%

Performance

Measures

The Authority will:

- publish decisions on its website within 10 working days of sign-off by Chair

Target: 100%

- publish four editions of the *BSA Quarterly*

Target: 100%

- have no substantive complaints received about the quality or accuracy of information on the website or 0800 line

Target: 100%

- have no substantive complaints received about the accuracy of information provided by staff or their courtesy in providing information

Target: 100%

- ensure, where possible, that all known broadcasters are aware of the Codes by contacting them all individually by 30 June 2005

Target: 100% of all known broadcasters contacted by letter.

- complete and publish a pilot exercise on a web-based media literacy project and decide whether to proceed with further such activity

Target: Pilot completed by June 2005

Principal Management Procedures

This Statement of Intent records that most of the Authority's financial resources are expended in the determination of complaints. However, the Authority cannot anticipate the number of complaints which are received and, therefore, the number of decisions issued.

The Authority's decisions are appealable, as of right, to the High Court and its processes are subject to judicial review. The Authority will continue to budget for reasonable legal fees. However, should it be involved in a matter which involves considerable expense beyond budget, it may be necessary for the Authority to seek additional funds by way of appropriation.

Management of Risk

The Authority carries comprehensive insurance covering all normal business risks.

Insured values are reviewed annually and adjusted to reflect changes in business operations.

Human Resources

The Authority is bound by the first schedule of the Broadcasting Act 1989 in its employment practices. These legislative provisions are in the process of being replaced by the Public Finance (State Sector Management) Bill.

Conflicts of Interest

Potential conflict of interest within the Authority can arise from the determination of complaints where an Authority member has an interest. Conflicts of interest are managed by maintaining a register of the interests of each Authority member. This register is updated annually. Authority members are also 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.

Investment

Periodically the Authority has the requirement to invest surplus funds on a short term basis. These investments are made in keeping with the requirements of the Public Finance Act 1989.

Advice to the Minister

The Authority will keep the Minister of Broadcasting informed about its performance as set out in the Memorandum of Understanding signed by the Minister and the chair of the Broadcasting Standards Authority.

Appendix III

Statement of Financial Performance

Forecast for 2003/2004 and Budgets for the next three
financial years until 30 June 2007

	2003/04	2004/05	2005/06	2006/07
	\$	\$	\$	\$
Revenue				
Crown	609,000	609,000	609,000	609,000
Levy	520,000	520,000	500,000	500,000
Other	1,000	2,200	2,000	2,000
Interest	15,000	20,000	15,000	15,000
TOTAL	1,145,000	1,151,200	1,126,000	1,126,000
Expenditure				
Personnel	638,500	656,100	660,000	660,000
Operating	466,500	492,800	490,000	490,000
Depreciation	20,000	20,000	20,000	20,000
TOTAL	1,125,000	1,168,900	1,170,000	1,170,000
Surplus (Deficit) for the year	20,000	(17,700)	(44,000)	(44,000)
Public Equity 1 July	325,084	345,084	327,384	283,384
Public Equity 30 June	345,084	327,384	283,384	239,384

PROJECTED OUTPUTS 2004 - 2005 SUMMARY

Output 1 - Determine Formal Complaints	759,785	65
Output 2 - Review Codes of Broadcasting Practice	58,445	5
Output 3 - Research	233,780	20
Output 4 - Communications and Information	116,890	10
TOTAL	<u>1,168,900</u>	<u>100</u>

Statement of Financial Position

Forecast for the years ended 30 June 2004 and 2005

	2004	2005
	\$	\$
Current Assets		
Cash Bank & Term Deposits	388,084	363,384
Accounts Receivable & Prepayments	5,000	5,000
GST Receivable	5,000	5,000
Non Current Assets		
Fixed Assets	39,000	39,000
	<u>437,084</u>	<u>412,384</u>
Current Liabilities		
Accounts Payables & Accruals	70,000	70,000
Employee Entitlements	22,000	15,000
Public Equity	345,084	327,384
	<u>437,084</u>	<u>412,384</u>

Statement of Cashflows

Forecast for the years ended 30 June 2004 & 2005

	2004	2005
	\$	\$
Cash Flows from Operating Activities		
Cash was provided from:		
Grants and Publication Sales and Misc	607,545	611,200
Broadcasting Levy	520,000	520,000
Interest Received	15,000	20,000
Net GST Received	10,681	0
Cash was disbursed to:		
Payments to Employees and Members	(638,400)	(663,100)
Payments to Suppliers & other Operating Expenses	(505,173)	(492,800)
Net Cashflow from Operating Activities	<u>9,653</u>	<u>(4,700)</u>
Cash Flows From Investing Activities		
Cash was disbursed to:		
Purchase of Fixed Assets	(35,958)	(20,000)
Net Cash Flow From Investing Activities	<u>(35,958)</u>	<u>(20,000)</u>
Net Decrease in Cash Held	(26,305)	(24,700)
Plus Opening Cash as at 1 July	414,389	388,084
Closing Cash as at 30 June	<u>388,084</u>	<u>363,384</u>

**Statement of Accounting Policies
for the year ending 30 June 2005**

Reporting Entity

The Broadcasting Standards Authority was established by the Broadcasting Act 1989 which sets out the functions and responsibilities of the Authority. The financial statements are prepared in accordance with the First Schedule of the Broadcasting Act and section 41 of the Public Finance Act 1989. The Authority is an Independent Crown Entity in terms of the draft legislation governing crown entities.

Measurement System

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

Accounting Policies

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

a Plant, Property and Equipment

Plant, property and equipment are recorded at historical cost less accumulated depreciation.

b Depreciation

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

Partitions, Office Equipment	5 years
Furniture and Fittings	5 years
Photocopier	3 years
Computer Hardware and Software	3 years

c Receivables

Accounts receivables are stated at their estimated net realisable value.

d 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.

e Taxation

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

- f Financial Instruments**
The Broadcasting Standards Authority is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. 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.
- g Provision for Employee Entitlement**
Annual leave is recognised on an entitlement basis.
- h Budget Figures**
The budget figures are those approved at the beginning of the financial year. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted for the preparation of the financial statements.
- i Revenue**
The Broadcasting Standards Authority derives revenue through the provision of Outputs to the Crown; from the levy imposed by the legislation on broadcasters; for services to third parties; and income from its investments. Such revenue is recognised when earned and is reported in the financial period to which it relates.
- j Statement of Cashflows**
Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Broadcasting Standards Authority invests as part of its day-to-day cash management.
Operating activities include cash received from all income sources of the Broadcasting Standards Authority 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 equity and debt capital structure of the Broadcasting Standards Authority.
- k Cost of Service Statements**
The Cost of Service Statements, as reported in the Statement of Objectives and Service Performance, report the net cost of services for the outputs of the Broadcasting Standards Authority and are represented by the costs of providing the output less all the revenue that can be allocated to these activities.
- Cost Allocation*
The Broadcasting Standards Authority has derived the net cost of service for each significant activity using the cost allocation system outlined below.
- Cost Allocation Policy*
Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on estimated usage.
- l Changes in accounting policies**
There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Directory

Members

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

Staff

Jane Wrightson	Chief Executive
Michael Stace	Complaints Manager
Neela Clinton	Complaints Executive
Karen Scott-Howman	Complaints Executive (part time)
Kate Ward	Communications and Research Advisor
Julie Bath	Administration Manager
Margaret Giannotti	Administration Support Executive (part time)
Trish Cross	Receptionist (shared with NZ On Air)

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