

BROADCASTING STANDARDS AUTHORITY
STATEMENT OF
PERFORMANCE
EXPECTATIONS
FOR THE YEAR ENDING 30 JUNE 2018



STATEMENT OF PERFORMANCE EXPECTATIONS

For the Year Ending 30 June 2018

This Statement of Performance Expectations reflects our proposed performance targets and forecast financial information for the year ahead. It is produced in accordance with section 149E of the Crown Entities Act 2004.

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

A handwritten signature in black ink, appearing to read 'Peter Radich'.

Peter Radich ONZM *Chair*

14 June 2017

A handwritten signature in black ink, appearing to read 'Te Raumawhitu Kupenga'.

Te Raumawhitu Kupenga *Member*

14 June 2017

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INTRODUCTION

This is the fourth Statement of Performance Expectations prepared by the Broadcasting Standards Authority. All information is provided in accordance with the Crown Entities Act 2004.

Performance results against these targets and also against the longer-term goals set out in our Statement of Intent will be provided in our 2017/18 Annual Report.

As is our usual practice, measures and targets are updated as required to reflect the changing environment in which we operate.

This Statement of Performance Expectations is provided in two parts:

Performance assessment and annual expectations

This section sets out performance measures, targets, estimates and budgets for the year ending 30 June 2018 in accordance with the Crown Entities Act in relation to our three activities and services. This section explains how our activities link to, influence and contribute to longer-term outcomes.

As shown in our strategic framework, the three activities and services we deliver work collectively. Together, they contribute to the overarching goal and outcome, and what we intend to achieve – namely, 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 impacts over time which we contribute to and influence are:

- We will actively engage with and educate all broadcasters and the public about broadcasting standards, so that:
 - o broadcasters and the public are aware of and understand the broadcasting standards that apply
 - o broadcasters meet their obligations under the broadcasting standards
 - o the public understands how to complain
 - o the system can be developed with input from broadcasters and the public
 - o standards are relevant to the media environment to which they apply.
- We will issue decisions on complaints that are fair, clear, robust, and timely, and reflect our changing media environment.

We contribute to these impacts through the delivery of our three activities and services:

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

Forecast financial statements

The forecast financial statements provide all appropriate information and explanations needed to fairly reflect the forecast financial operations and financial position of the BSA for the year ending 30 June 2018 in accordance with s149G of the Crown Entities Act 2004.

PERFORMANCE ASSESSMENT AND ANNUAL EXPECTATIONS



STRATEGIC FRAMEWORK

SECTOR VISION	New Zealanders’ distinctive culture enriches our lives
BSA VISION & PURPOSE	<p>OUR VISION IS FOR FAIRNESS AND FREEDOM IN BROADCASTING</p> <p>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</p>
OVERARCHING OUTCOME/GOAL	<p>What we intend to achieve:</p> <p>New Zealanders have increased confidence that the broadcasting standards regime fairly balances the broadcasters’ right to freedom of expression with their obligation to avoid harm</p>
IMPACTS OVER TIME	<p>How we contribute and influence:</p> <p>We will actively engage with and educate all broadcasters and the public about broadcasting standards, so that:</p> <ul style="list-style-type: none"> • broadcasters and the public are aware of and understand the broadcasting standards that apply • the public understands how to complain • broadcasters meet their obligations under the broadcasting standards • the system is developed with input from broadcasters and the public • standards are relevant to the media environment to which they apply <p>We will issue decisions on complaints that are fair, clear, robust and timely, and reflect our changing media environment</p>
MEASURE OUR IMPACT	<p>How we know we are succeeding:</p> <ul style="list-style-type: none"> • Public awareness of the existence of the broadcasting standards system is maintained • Understanding of standards by broadcasters and the public is improved • A high level of trust and confidence in the system is maintained • There is a reduction in the number of upheld and not upheld complaints
ACTIVITIES & SERVICES	<p>How we deliver:</p> <pre> graph TD A["OVERSIGHT AND DEVELOPMENT OF THE BROADCASTING STANDARDS SYSTEM We oversee the broadcasting standards regime, work with broadcasters and others to set clear broadcasting standards, and work to improve the complaint handling system at all levels by addressing systemic issues, reviewing codes, issuing guidance and undertaking research"] --> B["COMPLAINTS DETERMINATION We receive complaints about breaches of the Codes of Broadcasting Practice and aim to issue robust, soundly reasoned, timely decisions that reflect the boundaries between freedom of expression and harm"] B --> C["INFORMATION AND COMMUNICATION We provide clear, user-friendly information about the broadcasting standards system and our decisions"] C --> A </pre>

1. COMPLAINTS DETERMINATION

Complaints determination is our core activity. It is supported by and linked to the other two key activities and services we deliver – each is an integral part of the broadcasting standards system.

We receive complaints about breaches of the Codes of Broadcasting Practice and aim to 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 assess the quality of our processes by surveying complainants. Over recent years we have increased our focus on the system as a whole, which has included updating the Codes and undertaking research which can inform our decision making and the application of the standards by broadcasters. Accordingly, we have adjusted our cost allocation to reflect this.

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, taking into account any guidance provided by the High Court in any appeals against our decisions, and litmus testing our decisions with members of the public to gauge how our decisions correspond to the diverse views of the community.

This year we have refreshed some of our measures and combined previous measures, to reduce duplication and to ensure that we are measuring the most important aspects of our operations.¹ We have continued to report against previous years, where past performance is relevant to the refreshed measure.

Key Deliverables	Performance Measures	Target 2017/18	Estimated 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
1.1 Complaints are acknowledged in a timely manner	Complaints acknowledged in writing within 3 working days	100%	96%	97%	94%	97%
1.2 Decisions are issued in timely manner	Decisions issued within 20 working days of the board meeting at which final decision is made	90%	95%	97%	92%	75% (including 10 delayed due to 21 July earthquake)

¹ Refreshed measures in the Complaints Determination activity area are: 1.3(b), 1.4 and 1.5.



Key Deliverables		Performance Measures	Target 2017/18	Estimated 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
1.3	Decisions are soundly reasoned	<p>(a) External assessment conducted to assess whether the BSA's reasoning, processes and/or interpretation of a standard are appropriate and reasonable</p> <p>(b) High Court judgments on appeals taken against BSA decisions are analysed to enable improvements to the BSA's reasoning and process <i>(Measure revised to capture all appeals not just those that overturn a decision)</i></p>	<p>An external review of the way the BSA interprets a standard, or an aspect of the process by which the BSA determines complaints, shows that the reasoning, process and/or interpretation are appropriate and reasonable</p> <p>Direction or advice provided by the High Court in any appeal is analysed and applied in subsequent decisions as appropriate</p>	<p>An external review was undertaken on the BSA's reasoning and interpretation of the programme information standard</p>	<p>An external review was not undertaken. Instead feedback on BSA interpretation and approach was provided by external stakeholders and taken into account in the Code review process</p>	<p>An external review of 10 BSA 'balance' decisions was conducted in April and published on the BSA website</p>	<p>An external review of 11 BSA privacy decisions was conducted and published on the BSA website</p>
1.4	Complainants are satisfied with the processes, system and quality of service provided by the BSA	<p>Commission two-yearly survey into complainants' satisfaction with the complaints processes, system and quality of service provided by the BSA</p>	<p>One report for the period 2016-2018 provided by survey company to the BSA is analysed and appropriate improvements made</p> <p>70% of complainants rate each of the following aspects of interaction with the BSA as good or very good: clear and timely communication and professional service</p>	<p>On track</p> <p>One interim report for the period 2016-2017 provided by survey company to the BSA</p>	Achieved	Achieved	Achieved

Key Deliverables	Performance Measures	Target 2017/18	Estimated 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
1.5	BSA decisions reflect community standards and are understood by members of the public	Litmus test decisions with groups of mixed ethnicity, age and gender, as to BSA approach to a standard, clarity of reasoning and decision outcome and identify current community attitudes on issues addressed by standards	Litmus test 5 decisions and publish report on outcomes 75% rank decisions as acceptable, good or very good on a 5-point scale in terms of how well the public understand the reasoning and support the complaint outcome	Achieved Focus groups litmus tested 5 decisions on good taste and decency of the participants ranked the decisions as acceptable, good or very good on a 5-point scale	Achieved Focus groups litmus tested 5 decisions on accuracy of the participants ranked the decisions on accuracy as acceptable, good or very good on a 5-point scale	Achieved Focus groups litmus tested 5 decisions on discrimination and denigration An average of 89% of the participants ranked the decisions on discrimination as acceptable, good or very good on a 5-point scale
1.6	Research and litmus testing is relevant to the standards system	Decisions reference findings from research into community standards and/or litmus testing	5 decisions reference research on community standards and/or litmus testing	References to research/litmus testing included in 5 decisions	References to research/litmus testing included in 5 decisions	References to research/litmus testing included in 2 decisions

Cost of Complaints Determination

	Budget 2017/18	Estimate 2016/17	Budget 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
Total Revenue	759,500	807,337	983,450	1,015,061	1,007,880	994,736
Total Expenditure	728,400	712,943	925,600	681,266	748,865	698,638
% of Total Budget	50%	53.36%	65%	58.9%	63.1%	65.7%



2. OVERSIGHT AND DEVELOPMENT OF THE BROADCASTING STANDARDS SYSTEM

We oversee the broadcasting standards regime, work with broadcasters and others to set clear broadcasting standards, and improve the complaint handling system at all levels by addressing systemic issues, reviewing codes, issuing practice guidance, and undertaking research. We provide input, as required, to policy work undertaken to review and improve the content regulation regime in light of convergence across the media market. We work co-operatively and openly with co-regulators.

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 guidance from the BSA.

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 applying the standards and making decisions. Research will also be undertaken that is relevant to the changing converged media environment and future regulatory systems.

Codes of Broadcasting Practice underpin the complaints system and are designed to respond to the changing media and social environment. To ensure that they remain relevant, the codes and guidance provided will continue to be reviewed regularly.

We undertake activities to ensure that the public and broadcasters are aware of and understand the standards, and that the public are aware of their right to complain. We will encourage the development and observance by broadcasters of the codes by working with broadcasters so that the co-regulatory approach is effective and efficient.

Over recent years, we have increased our time spent in the oversight role. This has been necessary to respond to the rapidly changing environment and to provide input on the future of the content standards regime. This year we will continue to apply our resources as required to the convergence reforms and to respond to issues that may arise in election programmes in the 2017 election year. We have adjusted our time allocation for this output in line with this shift. We have also refreshed some of our previous performance measures in this area of activity, combining measures to avoid duplication and to improve the description of the deliverable and our performance target.² Where appropriate and relevant to the refreshed measure we have reported on the outcomes for previous years.

2 Refreshed measures are: 2.2, 2.3 and 2.5.

Key Deliverables		Performance Measures	Target 2017/18	Estimated 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
2.1	Codes remain relevant to the media environment to which they apply	New Measure ³ . Codes are reviewed internally every two years against new media developments and, if appropriate, revised in conjunction with broadcasters and after public consultation	Achieved	N/A – Codes gazetted and Codebook published in April 2016	New Codebook gazetted and published on 1 April 2016	Code review in progress	Code review commenced
2.2	Research is commissioned that analyses or examines the application of a standard, or an aspect of broadcasting, and/or informs any future regulatory system and is assessed as thorough and of value to development of standards and/or future regulatory system	(a) Commission and publish research in one of these areas annually and receive feedback from stakeholders on utility of research	1 research project Feedback from 5 stakeholders received	Achieved	Research activity was deferred. Code review process incorporated analysis and examination of the application of standards and views provided by broadcasters and external stakeholders	Achieved	We undertook an examination and commissioned legal analysis of the application of the Bill of Rights to the definition of 'election programme' and received 2 opinions on the issue
		(b) Commission research on attitudes to acceptability of swear words in broadcasting, with diverse participants every three years ⁴	Achieved	N/A – Target removed due to changed priorities for the Authority's research programme	Research deferred due to changed priorities for the Authority's research programme	N/A – new measure in 2015/16	N/A – not a measure this year
2.3	Broadcasters fulfil obligations to publicise the complaints process	Audit undertaken every two years and non-compliant broadcasters notified and relevant information provided to them to assist them to comply	Achieved	N/A (every two years)	Audit completed and 100% of non-compliant broadcasters notified and guidance provided within a month of completed audit	N/A (every two years)	Audit completed and 100% of non-compliant broadcasters notified within a month of completed audit

3 New measure replaces old measure which provided "Continue process to modernise and review Pay, Radio and Free-to-Air Codes". New Codebook launched in April 2016. Outcomes for previous years reported against the old measure.

4 This measure has been reintroduced following analysis of most frequently reviewed BSA webpages and anecdotal feedback that the research is used widely, including in organisations that have assessed acceptable communication and culture.



Key Deliverables	Performance Measures	Target 2017/18	Estimated 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
2.4 New Zealanders are aware of the BSA and aware they can make a formal complaint	Survey of public awareness undertaken every two years	N/A – two yearly survey 75% of New Zealanders are aware of the BSA and aware they can make a formal complaint	Survey completed and analysed	N/A (every two years)	Achieved	N/A (every two years)
2.5 Broadcasters are satisfied with the quality of BSA processes, services and working relationships	Broadcasters rate BSA processes and working relationships as good or better and identify any issues. Issues are addressed following consideration by BSA Board	80% or more of broadcasters surveyed rank BSA processes and working relationships as good or very good on a 5-point scale. Issues raised are analysed and addressed	Achieved	Achieved	Achieved	Achieved

Cost of Oversight and Development of the Broadcasting Standards System

	Budget 2017/18	Estimate 2016/17	Budget 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
Total Revenue	455,700	338,458	226,950	234,245	232,588	210,120
Total Expenditure	437,040	298,886	213,600	189,042	196,321	147,575
% of Total Budget	30%	22.37%	15%	16.34%	16.5%	14%

3. INFORMATION AND COMMUNICATION

We provide clear, user-friendly information about the broadcasting standards system and our decisions, and undertake communication activities to raise awareness about the BSA, broadcasting standards, and the complaints system. Activities include issuing strategic media releases about decisions, and the publication of a regular newsletter.

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 its 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 remains our key interface with the public. We are committed to continuously improving our website and all information and communication materials.

Key Deliverables	Performance Measures	Target 2017/18	Estimated 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
3.1 Website is easy to use, with clear content and high accessibility	Website visitors surveyed say that they can find the information they need	80% of those that complete an online website question say that they have found what they need	TBC	52% (356 out of 684) said 'yes' they had found what they needed. However, the overall response rate represents only 0.6% of total visits (120,966) to BSA web pages in this financial year	54% (407 out of 753) of respondents said they had found what they needed – however, results were skewed by spam responses	N/A – previous measure of 'unique hits' could not demonstrate deliverable
3.2 Decisions published on the BSA website	Decisions published on website within 10 working days of sign-off by Chair	100%	100%	100%	100%	100%



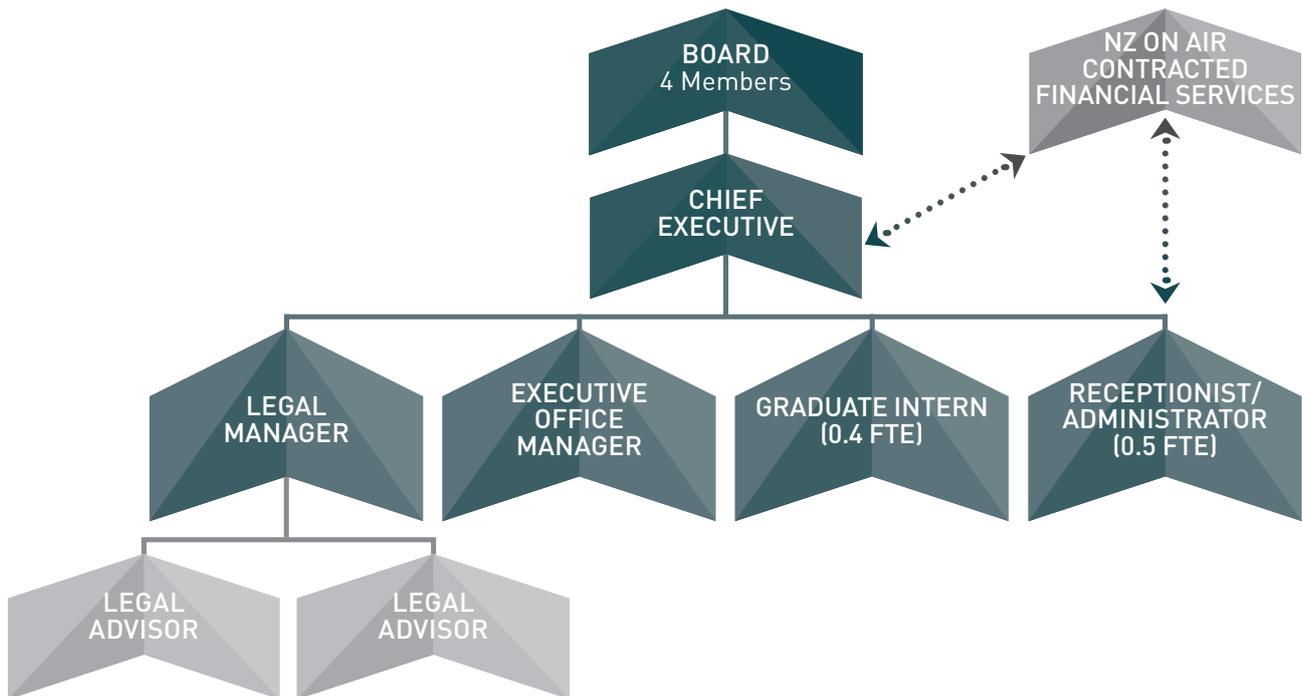
Key Deliverables	Performance Measures	Target 2017/18	Estimated 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
3.3 Production of newsletter to keep stakeholders informed	Newsletters published	9	9	9	8	9
3.4 Strategic media releases issued	Decisions of high public interest or particular guidance on the application of standards and the standards regime are regarded as strategic and are communicated by way of a media release	Releases for at least 10 decisions issued before 30 June 2017 ⁵	Previous target achieved	Previous target of 15 not achieved – 14	Achieved - 15	Achieved - 15
3.5 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	Survey reports due by June 2017	Achieved	Achieved	Achieved

Cost of Information and Communication

	Budget 2017/18	Estimate 2016/17	Budget 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
Total Revenue	303,800	367,205	302,600	312,327	310,117	309,829
Total Expenditure	291,360	324,271	284,800	286,347	242,273	217,604
% of Total Budget	20%	24.27%	20%	24.76%	20.4%	20%

⁵ Previous target was 15. Number of press releases reduced to reflect that releases are issued when justified by the decision and not volume-driven.

ORGANISATIONAL HEALTH AND CAPABILITY



We are a small organisation that comprises specialist staff. We have formal good employer and personnel policies in place and a commitment to equal employment opportunities. We monitor all aspects that could affect service delivery: staff productivity; synergies between board, management, and staff; fluctuations in complaint numbers; compliance requirements; environmental factors; and funding.

To continue to enhance our capability we will work towards the following five objectives in the next 12 months:

Objective 1:

Staff employment policies focus on retention and development of highly engaged, 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 around their exercise of their quasi-judicial powers and governance
- Staff engagement surveys are conducted annually; results to be in the top quartile of the cultural sector



Objective 2:

Maintain, seek and develop ongoing opportunities for agency collaboration and shared services in the cultural sector

Measures:

- Continue to share facilities and one front-of-house staff member with NZ On Air
- Continue to receive financial services and associated professional advice from NZ On Air
- Explore other options for shared service arrangements

Objective 3:

Our infrastructure is fit for purpose under existing legislative requirements

Measures:

- Our complaints data management system is reviewed to ensure it provides better reporting and other efficiencies
- Our hardcopy and electronic file structure 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
- 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

FORECAST FINANCIAL STATEMENTS

The forecast financial statements provide all appropriate information and explanations needed to fairly reflect the forecast financial operations and financial position of the Broadcasting Standards Authority for the year ending 30 June 2018 in accordance with s149G of the Crown Entities Act 2004.

Our activities contribute to the non-departmental output expense, Public Broadcasting Services, within Vote Arts, Culture and Heritage, administered by the Ministry for Culture and Heritage. We will receive \$609,000 (GST exclusive) in Crown funding in 2017/18 (\$609,000 in 2016/17).

The BSA does not propose to supply any class of outputs in the financial year that is not a reportable class of outputs [section 149E (1)(c)].



STATEMENT OF FORECAST FINANCIAL PERFORMANCE

For the Year Ending 30 June 2018

	2017/18 Budget	2016/17 Budget	2016/17 Estimated Actual
	\$	\$	\$
Revenue			
Crown Revenue	609,000	609,000	609,000
Broadcasting levies	850,000	850,000	850,000
Interest income	60,000	54,000	54,000
Total Revenue	1,519,000	1,513,000	1,513,000
Less Expenditure			
Personnel costs	691,200	663,000	655,400
Other expenses	705,600	701,000	627,700
Depreciation and amortisation	60,000	60,000	53,000
Total Expenditure	1,456,800	1,424,000	1,336,100
SURPLUS	62,200	89,000	176,900

STATEMENT OF FORECAST CHANGES IN EQUITY

For the Year Ending 30 June 2018

	2017/18 Budget	2016/17 Budget	2016/17 Estimated Actual
	\$	\$	\$
Public equity as at 1 July	1,891,661	1,858,218	1,917,761
Return of equity to the Crown	-	(203,000)	(203,000)
Surplus for the year ended 30 June	62,200	89,000	176,900
PUBLIC EQUITY AS AT 30 JUNE	1,953,861	1,744,218	1,891,661

STATEMENT OF FORECAST FINANCIAL POSITION

As at 30 June 2018

	2017/18 Budget	2016/17 Budget	2016/17 Estimated Actual
	\$	\$	\$
Current Assets			
Bank accounts and cash	110,361	125,988	101,161
Investments	1,900,000	1,600,000	1,850,000
Debtors and prepayments	7,500	7,500	7,500
Net GST	18,000	18,000	18,000
	2,035,861	1,751,488	1,976,661
Property, plant and equipment	80,000	62,730	73,000
Intangible	8,000	-	7,000
	88,000	62,730	80,000
Total Assets	2,123,861	1,814,218	2,056,661
Less Liabilities			
Creditors and accrued expenses	120,000	30,000	120,000
Employee entitlements	50,000	40,000	45,000
	170,000	70,000	165,000
Assets less Liabilities	1,953,861	1,744,218	1,891,661
REPRESENTED BY PUBLIC EQUITY	1,953,861	1,744,218	1,891,661



STATEMENT OF FORECAST CASH FLOWS

For the Year Ending 30 June 2018

	2017/18 Budget	2016/17 Budget	2016/17 Estimated Actual
	\$	\$	\$
Cash Flows from Operating Activities			
Revenue from Crown	609,000	609,000	609,000
Broadcasting levy	850,000	850,000	850,000
Interest received	60,000	54,000	54,000
Other income	-	-	22,309
GST (net)	-	-	(1,009)
Payments to employees & members	(686,200)	(663,000)	(641,636)
Payments to suppliers & other operating expenses	(705,600)	(691,000)	(627,906)
Net Cash Flow from Operating Activities	127,200	159,000	264,758
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	(66,000)	(20,000)	(52,233)
Purchase of intangible assets	(2,000)	-	-
(Increase)/Decrease investments	(50,000)	100,000	(100,000)
Net Cash Flow from Investing Activities	(118,000)	80,000	(152,233)
Cash Flows from Funding Activities			
Return of equity to the Crown	-	(203,000)	(203,000)
Net Cash Flow from Funding Activities	-	(203,000)	(203,000)
Net Increase/(decrease) in cash held	9,200	36,000	(90,475)
Opening cash brought forward	101,161	89,988	191,636
BALANCE CARRIED FORWARD	110,361	125,988	101,161

NOTES TO THE FORECAST FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDING 30 JUNE 2018

Reporting Entity

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

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

The financial statements reflect the operations of the BSA only and do not incorporate any other entities. These forecast financial statements are for the year ending 30 June 2018.

Basis Of Preparation

Statement of Compliance

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

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

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

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

Measurement basis

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

Functional and presentation currency

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

Use of judgements, estimates and assumptions

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

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

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

- Crown Revenue is based on the level of Crown funding as provided for in the Government's 2017/18 budget.
- Broadcasting levy revenue is dependent upon broadcaster revenue levels over which the BSA has no control. We expect the level of receipts to be similar to that of previous years.
- Interest income depends on the available rates of return on bank investments.
- Personnel costs assume no substantive change to the staffing levels of the BSA.
- In the event that reforms or unexpected costs arise in this financial year reserves may be drawn upon.



Significant Accounting Policies

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

Revenue

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

Revenue from the Crown

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

Broadcasting levy

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

Interest

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

Other income

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

Leases

Operating leases

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

Bank Accounts And Cash

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

Debtors And Other Receivables

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

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

Investments In Bank Deposits

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

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

Property, Plant And Equipment

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

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

Additions

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

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

Disposals

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

Subsequent costs

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

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

Depreciation

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

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

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

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

Artworks are fully depreciated in the year of purchase.

Intangible Assets

Software acquisition

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

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

Amortisation

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

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

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

Impairment Of Property, Plant And Equipment And Intangible Assets

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

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

Creditors And Other Payables

Creditors and other payables are reflected at their face value.

Employee Entitlements

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

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

Superannuation Scheme

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

Goods And Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

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

Cost Allocation

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

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

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

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



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