

Special Broadcasting Service Corporation

**Agency resources and planned
performance**

SPECIAL BROADCASTING SERVICE CORPORATION

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SPECIAL BROADCASTING SERVICE CORPORATION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Special Broadcasting Service Corporation (SBS) is a national broadcasting service that provides multicultural and multilingual services that inform, educate and entertain all Australians. Its mission is to contribute to a more cohesive, equitable and harmonious Australia through its television, radio and online services. SBS occupies a unique place in broadcasting in Australia and the world.

SBS is an integral part of the Australian broadcasting industry. The national television service is broadcast in both analogue and digital (including standard and high definition) mode and is viewed by around 8.5 million Australians each week. Around half of the programming on the SBS main channel service is in languages other than English. With access to over 600 international and local program makers and suppliers, programs are culturally and linguistically diverse and made accessible to all Australians through English language subtitling.

The radio service broadcasts in 68 languages on a network which includes two frequencies in Sydney, Melbourne, Canberra and Wollongong as well as a national signal in the other capital cities, major regional centres and an increasing number of transmitters servicing remote areas. SBS also has a significant online presence with news, sport and entertainment sites related to SBS programming.

SBS has identified the following strategic priorities:

- To provide content that is relevant to all Australians by strengthening SBS's slate of original, distinctive, Australian and international multicultural programming across television, radio and online. This will be achieved by commissioning more Australian content, offering a broad range of programming including multichannel services and continuing to provide multilingual programming across all platforms.
- To focus attention on growing audiences and revenues while managing costs to ensure that SBS continues to provide improved services to audiences by realising the commercial opportunities afforded by the *Special Broadcasting Service Act 1991* and, where possible, increasing efficiencies through outsourcing and investment in new technologies.
- To be agile so that SBS can respond to a rapidly changing media environment through the continued integration of existing television, radio and online

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services. In addition, SBS will explore opportunities on new platforms that will enable it to reach more Australians.

- To build stronger relationships and partnerships with external stakeholders by continuing to focus on building Australia's creative talent through support of the Australian independent production sector.

SBS is innovative, takes risks with original content and is committed to quality broadcasting whatever the delivery platform. SBS consistently performs exceptionally well given its resources, and attracts discerning and committed audiences.

The media landscape in Australia and, indeed the world, is fundamentally changing. Broadcasters are no longer able to dictate to an audience what they should watch or listen to and when. The improvements to, and increased take-up of, broadband services and the move to digital technology for radio and television have opened the way for a wide variety of content to be delivered over an ever-increasing array of devices. Consumers can source content from a myriad of suppliers all around the world, and consequently expect high standards from media organisations.

SBS cannot be quarantined from change and must embrace the opportunities thrown up by global technological shifts and the largest shake-up of the Australian media landscape in two decades. Most importantly, SBS must constantly find new ways to offer all Australians the chance to explore the real, multicultural Australia.

This presents challenges for Australia's media industry but, more importantly, it gives rise to opportunities for quality content providers such as SBS, to meet audience requirements for integrated digital cross-platform offerings.

The key directions outlined above will be pursued during 2008–09 and into the next triennium.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by departmental classification. The total revenue from Government for the SBS in the 2008-09 Budget is \$193.714 million, including an equity injection of \$2.586 million. The Digital Transmission and Distribution revenue has been adjusted to reflect actual contractual arrangements and the anticipated rollout schedule.

Table 1.1: Agency resource statement — Budget estimates for 2008-09 as at Budget May 2008

Source	Estimate of prior year amounts available in 2008-09 \$'000	Proposed at Budget 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Available Appropriation 2007-08 \$'000
Opening Balance/Reserves at Bank³	3,295	-	3,295	2,509
REVENUE FROM GOVERNMENT				
Ordinary Annual Services¹				
Outcome 1: Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society	-	191,128	191,128	188,601
Total ordinary annual services	-	191,128	191,128	188,601
Other services²				
<i>Non-Operating</i>	-	2,586	2,586	3,636
Total other services	-	2,586	2,586	3,636
Total Annual Appropriations	-	193,714	193,714	192,237
Payments from related entities				
Total	-	-	-	-
Special Appropriations				
Total Special Appropriations	-	-	-	-
Special Accounts				
Total Special Account	-	-	-	-
Total Funds from Government	-	193,714	193,714	192,237
FUNDS FROM INDUSTRY SOURCES				
Total	-	-	-	-
FUNDS FROM OTHER SOURCES				
<i>Interest</i>	-	1,000	1,000	2,800
<i>Royalties</i>	-	3,078	3,078	3,209
<i>Sale of goods and services</i>	-	64,446	64,446	55,603
<i>Other</i>	-	7,774	7,774	7,582
Total	-	76,298	76,298	69,194
Total net resourcing for Agency	3,295	270,012	273,307	263,940

All figures are GST exclusive

SBS is not directly appropriated as it is a CAC Act body. Appropriations are made to the Department of Broadband, Communications and the Digital Economy which are then paid to SBS and are considered 'departmental' for SBS.

1. Appropriation Bill (No. 1) 2008-09
2. Appropriation Bill (No. 2) 2008-09
3. Represents opening cash at bank from all sources.

1.3 BUDGET MEASURES

Budget measures relating to SBS are detailed in Budget Paper No. 2. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: Agency 2008-09 Budget measures

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measures					
Digital Radio - introduction extended ¹	nfp				
Departmental outputs		nfp	nfp	nfp	nfp
Total		nfp	nfp	nfp	nfp
Total expense measures	Departmental	nfp	nfp	nfp	nfp
	Total	nfp	nfp	nfp	nfp
Capital measures					
Digital Radio - introduction extended ¹	nfp				
Departmental capital		nfp	nfp	nfp	nfp
Total		nfp	nfp	nfp	nfp
Total capital measures	Departmental	nfp	nfp	nfp	nfp
	Total	nfp	nfp	nfp	nfp

Prepared on a Government Financial Statistics (fiscal) basis

1. 'nfp' = not for publication. These estimates have been included in the Contingency Reserve.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by outputs, specifying the performance indicators and targets used to assess and monitor the performance of SBS in achieving government outcomes.

2.1.1 Outcome 1: Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society

Outcome 1 Strategy

SBS is a national broadcasting service that provides multicultural and multilingual services that inform, educate and entertain all Australians. Its mission is to contribute to a more cohesive, equitable and harmonious Australia through its television, radio and online services.

Outcome 1 Resource statement

Table 2.1 provides additional detail of Budget funding and the total resourcing for Outcome 1.

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Table 2.1: Total resources for Outcome 1

Outcome 1:	2008-09	2007-08
	Total	Estimated
Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society	estimate of	actual
	available	
	resources	
	\$'000	\$'000
Output 1.1: Television		
Departmental Output		
Revenue from Government	92,751	92,706
Revenues from other sources	64,192	57,833
Subtotal for Output 1.1	156,943	150,539
Output 1.2: Radio		
Departmental Output		
Revenue from Government	23,188	23,176
Revenues from other sources	5,582	5,029
Subtotal for Output 1.2	28,770	28,205
Output 1.3: Analogue transmission and distribution		
Departmental Output		
Revenue from Government	17,941	17,503
Revenues from other sources	6,524	6,332
Subtotal for Output 1.3	24,465	23,835
Output Group 1.4: Digital transmission and distribution		
Departmental Output		
Revenue from Government	57,248	55,216
Subtotal for Output 1.4	57,248	55,216
Total resources for Outcome 1	267,426	257,795
	2008-09	2007-08
Average staffing level (number)	770	770

Departmental revenue from Government splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as Government priorities change.

The SBS is not directly appropriated as it is a CAC Act body. Appropriations are made to Department of Broadband, Communications and the Digital Economy, which are then paid to the SBS and are considered 'departmental' for the SBS.

Contributions to Outcome 1

Output 1.1: Television	
<p>The key results to be achieved by Output 1.1 Television are:</p> <p><u>Quality</u> Positive viewer and community feedback; and Alignment of programs with Australia's multicultural society and perspective.</p> <p><u>Quantity</u> Hours of programming in languages other than English; Hours of subtitled programs; and Audience reach.</p> <p>These results contribute to the overall achievement of Outcome 1 by delivering multilingual and multicultural services that reflect Australia's multicultural society.</p> <p>Components of Output 1.1: Television</p> <ul style="list-style-type: none"> • Total Price of outputs \$156.943m • Departmental revenue from Government \$92.751m • Revenue from Other Sources \$64.192m 	
Key Performance Indicators	2008-09 Target
Quality	Viewer and community feedback. Audience reach data, using the average weekly reach figure. Tenor of media comment. Number of hours of appropriate programming.
Quantity	Percentage of programs broadcast in languages other than English. Number of hours of subtitled programs - making programs accessible to all Australians. Number of hours of locally produced programs.
Price	\$156.943m

Output 1.2: Radio	
<p>The key results to be achieved by Output 1.2 Radio are:</p> <p><u>Quality</u> Positive listener and community feedback; and Alignment of programs with Australia’s multicultural society and perspective.</p> <p><u>Quantity</u> Hours of broadcast in languages other than English.</p> <p>These results contribute to the overall achievement of Outcome 1 by delivering multilingual and multicultural services that reflect Australia’s multicultural society.</p> <p>Components of Output 1.2: Radio</p> <ul style="list-style-type: none"> • Total Price of Outputs \$28.770m • Departmental revenue from Government \$23.188m • Revenue from other Sources \$5.582m 	
Key Performance Indicators	2008-09 Target
Quality	Listener and community feedback. Audience surveys.
Quantity	Number of hours broadcast in languages other than English.
Price	\$28.770m

Output 1.3: Analogue Transmission and Distribution	
<p>The key results to be achieved by Output 1.3 Analogue Transmission and Distribution are:</p> <p><u>Quality</u> Aggregate performance measured by availability.</p> <p><u>Quantity</u> Viewer calls regarding transmission are logged.</p> <p>These results contribute to the overall achievement of Outcome 1 by delivering multilingual and multicultural services that reflect Australia's multicultural society.</p> <p>Components of Output 1.3: Analogue Transmission and Distribution</p> <ul style="list-style-type: none"> • Total Price of Outputs \$24.465m • Departmental revenue from Government \$17.941m • Revenue from other Sources \$6.524m 	
Key Performance Indicators	2008-09 Target
Quality	Aggregate performance measured by availability of analogue signal.
Quantity	<p>Measure of real time by fault management system reported daily and monthly.</p> <p>Primary performance measure is transmitter power.</p> <p>Viewer calls regarding transmission are logged.</p>
Price	\$24.465m

Output 1.4: Digital Transmission and Distribution	
<p>The key results to be achieved by Output 1.4 Digital Transmission and Distribution are:</p> <p><u>Quality</u> Aggregate performance measured by availability.</p> <p><u>Quantity</u> Primary performance measure is transmitter power.</p> <p>These results contribute to the overall achievement of Outcome 1 by delivering multilingual and multicultural services that reflect Australia's multicultural society.</p> <p>Components of Output 1.4: Digital Transmission and Distribution</p> <ul style="list-style-type: none"> • Total Price of Outputs \$57.248m • Departmental revenue from Government \$57.248m 	
Key Performance Indicators	2008-09 Target
Quality	Aggregate performance measured by availability of digital signal.
Quantity	<p>Measure of real time by fault management system reported daily and monthly.</p> <p>Primary performance measure is transmitter power.</p> <p>Viewer calls regarding transmission are logged.</p>
Price	\$57.248m

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in government indigenous expenditure.

3.1 EXPLANATORY TABLES

Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

Outcome	Revenue from Government				Other \$'000	Total \$'000	Output Group
	Bill	Bill	Special	Total			
	No. 1 \$'000	No. 2 \$'000	Approp \$'000	Approp \$'000			
SBS							
Outcome 1							
Departmental 2008-09	1,767	-	-	1,767	-	1,767	1.1,1.2
<i>Departmental 2007-08</i>	<i>1,725</i>	-	-	<i>1,725</i>	-	<i>1,725</i>	<i>1.1,1.2</i>
Total Outcome 2008-09	1,767	-	-	1,767	-	1,767	
<i>Total Outcome 2007-08</i>	<i>1,725</i>	-	-	<i>1,725</i>	-	<i>1,725</i>	
Total Departmental 2008-09	1,767	-	-	1,767	-	1,767	
<i>Total Departmental 2007-08</i>	<i>1,725</i>	-	-	<i>1,725</i>	-	<i>1,725</i>	
Total AGIE 2008-09	1,767	-	-	1,767	-	1,767	
<i>Total AGIE 2007-08</i>	<i>1,725</i>	-	-	<i>1,725</i>	-	<i>1,725</i>	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.2 Analysis of budgeted financial statements

SBS is forecasting a modest surplus of \$0.648 million for 2008-09.

Total revenue is budgeted at \$267.426 million for the year. The main source of revenue is derived from Government funding. The other source of revenue is largely generated through the sale of goods and services most of which is advertising revenue. The sale of goods and services amount for 2008-09 is forecast at \$64.446 million and is expected to grow steadily over the next few years.

The proportion of total revenue obtained from Government sources is budgeted to be 71.47% in 2008-09.

The main expenses from ordinary activities are costs related to employees and suppliers. The suppliers' expenses are \$179.491 million for 2007-08 and \$185.180 million for 2008-09. The finance costs are related to the loan repayments for the Artarmon Building. For 2008-09, the budgeted amount is \$0.786 million and will gradually decline in future years as the loan principal is reduced.

SBS' budgeted total assets for 2008-09 are \$228.395 million which consist of \$46.954 million in financial assets and \$181.441 million in non-financial assets. Total current assets and non-current assets are budgeted at \$114.585 million and \$113.810 million respectively.

Total liabilities for 2008-09 are budgeted at \$77.928 million.

For the budget year 2008-09, there is no material change in the cash held at the end of the reporting period from the cash held at the beginning of the reporting period.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	188,601	191,128	195,442	199,087	203,095
Goods and services	54,743	63,586	85,868	76,970	78,410
Fees and fines	-	-	-	-	-
Interest	2,800	1,000	990	950	500
Dividends	-	-	-	-	-
Rents	860	860	860	860	879
Royalties	3,209	3,078	2,978	2,978	3,044
Other	7,582	7,774	7,971	7,620	7,806
Total revenue	257,795	267,426	294,109	288,465	293,734
Total income	257,795	267,426	294,109	288,465	293,734
EXPENSE					
Employees	69,945	71,693	73,390	74,818	76,444
Suppliers	179,491	185,180	209,435	202,232	206,917
Grants	-	-	-	-	-
Depreciation and amortisation	7,184	9,119	9,381	9,314	9,042
Finance costs	929	786	636	586	276
Write-down of assets and impairment of assets	-	-	-	-	-
Losses from sale of assets	-	-	-	-	-
Foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	257,549	266,778	292,842	286,950	292,679
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-
Surplus (Deficit) before income tax	246	648	1,267	1,515	1,055
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	246	648	1,267	1,515	1,055
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	246	648	1,267	1,515	1,055

Prepared on Australian Accounting Standards basis

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	3,295	1,019	4,431	4,185	4,335
Trade and other Receivables	13,882	13,869	18,146	18,912	19,912
Investments accounted for under the equity method	3,539	3,539	3,539	3,539	3,539
Investments	48,827	28,527	23,657	22,657	15,657
Total financial assets	69,543	46,954	49,773	49,293	43,443
Non-financial assets					
Land and buildings	65,525	64,057	62,589	61,121	59,653
Infrastructure, plant and equipment	18,644	30,688	34,970	37,554	37,430
Inventories	63,831	67,535	67,146	63,068	58,392
Intangibles	3,438	2,999	2,560	2,130	1,680
Other	11,101	16,162	7,858	6,220	12,220
Total non-financial assets	162,539	181,441	175,123	170,093	169,375
Total assets	232,082	228,395	224,896	219,386	212,818
LIABILITIES					
Interest bearing liabilities					
Loans	11,343	8,755	6,010	3,095	-
Total interest bearing liabilities	11,343	8,755	6,010	3,095	-
Provisions					
Employees	16,216	16,266	16,366	16,866	16,866
Other	2,308	2,442	2,584	2,846	3,004
Total provisions	18,524	18,708	18,950	19,712	19,870
Payables					
Suppliers	17,776	17,883	17,996	17,134	16,334
Other	37,206	32,582	27,461	20,536	13,555
Total payables	54,982	50,465	45,457	37,670	29,889
Total liabilities	84,849	77,928	70,417	60,477	49,759
Net assets	147,233	150,467	154,479	158,909	163,059
EQUITY*					
Parent entity interest					
Contributed equity	82,570	85,156	87,901	90,816	93,911
Reserves	36,654	36,654	36,654	36,654	36,654
Retained surpluses or accumulated deficits	28,009	28,657	29,924	31,439	32,494
Total parent entity interest	147,233	150,467	154,479	158,909	163,059
Total equity	147,233	150,467	154,479	158,909	163,059
Current assets	110,109	114,585	111,581	104,385	104,859
Non-current assets	121,973	113,810	113,315	115,001	107,959
Current liabilities	44,575	44,182	44,495	43,633	42,833
Non-current liabilities	40,274	33,746	25,922	16,844	6,926

*Note: 'equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	61,046	68,933	87,099	80,737	82,158
Revenue received from Government	188,601	191,128	195,442	199,087	203,095
Interest	4,900	2,900	2,590	950	500
Other	15,712	16,419	18,143	17,522	17,000
Total cash received	270,259	279,380	303,274	298,296	302,753
Cash used					
Employees	69,137	70,864	72,511	74,318	76,444
Suppliers	175,960	194,644	201,435	197,405	209,041
Borrowing costs	776	625	467	297	118
Other	15,844	16,565	18,563	17,522	17,000
Total cash used	261,717	282,698	292,976	289,542	302,603
Net cash from or (used by) operating activities	8,542	(3,318)	10,298	8,754	150
INVESTING ACTIVITIES					
Cash received					
Investments	48,744	32,800	29,800	16,000	27,000
Total cash received	48,744	32,800	29,800	16,000	27,000
Cash used					
Purchase of property, plant and equipment	12,500	19,256	11,756	10,000	7,000
Investments	45,200	12,500	24,930	15,000	20,000
Total cash used	57,700	31,756	36,686	25,000	27,000
Net cash from or (used by) investing activities	-8,956	1,044	-6,886	(9,000)	-
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	3,636	2,586	2,745	2,915	3,095
Total cash received	3,636	2,586	2,745	2,915	3,095
Cash used					
Repayments of debt	2,436	2,588	2,745	2,915	3,095
Total cash used	2,436	2,588	2,745	2,915	3,095
Net cash from or (used by) financing activities	1,200	(2)	-	-	-
Net increase or (decrease) in cash held					
	786	(2,276)	3,412	(246)	150
Cash at the beginning of the reporting period	2,509	3,295	1,019	4,431	4,185
Cash at the end of the reporting period	3,295	1,019	4,431	4,185	4,335

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	28,009	36,654	-	82,570	147,233
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	28,009	36,654	-	82,570	147,233
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	648	-	-	-	648
Total income and expenses recognised directly in equity	648	-	-	-	648
Transactions with owners					
<i>Contribution by owners</i>					
Equity injection	-	-	-	2,586	2,586
Sub-total transactions with owners	-	-	-	2,586	2,586
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2009	28,657	36,654	-	85,156	150,467

Prepared on Australian Accounting Standards basis.