

**SPECIAL BROADCASTING SERVICE  
CORPORATION**



## PART C: AGENCY ADDITIONAL ESTIMATES STATEMENTS

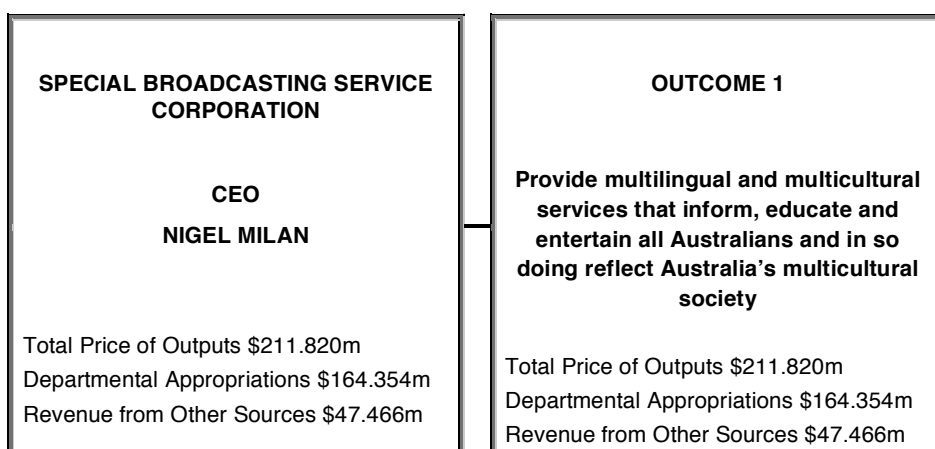
### SPECIAL BROADCASTING SERVICE CORPORATION

#### Section 1: Overview, variations and measures

##### OVERVIEW

There have been no significant changes to the Special Broadcasting Service Corporation's (SBS) role/mission, outcomes and outputs since the 2004-05 Portfolio Budget Statements (PBS) except for some adjustments to the price of outputs, which are explained in the following pages.

Map 2: Outcomes and output groups for the agency



##### ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

There are no new measures affecting SBS.

##### Other variations to appropriations

	2004-05 (\$'000)	2005-06 (\$'000)	2006-07 (\$'000)	2007-08 (\$'000)
<b>Variations in departmental appropriations</b>				
Indexation adjustment	-	707	1,103	1,124
SBS Digital implementation plan	4,434	4,979	5,082	5,189

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.2: Appropriation Bill (No. 3) 2004-05**

	2003-04 available \$'000	2004-05 budget \$'000	2004-05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society	145,776	159,920	164,354	4,434	-
<b>Total</b>	<b>145,776</b>	<b>159,920</b>	<b>164,354</b>	<b>4,434</b>	<b>-</b>

**Note 1:** 2003-04 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year.

Available appropriation is the amount available to be drawn down, and is equal to:  
*Budget Appropriation + Additional Estimates Appropriation + DIAB + AFM - Savings - Rephasings - Other Reductions +/- Section 32*

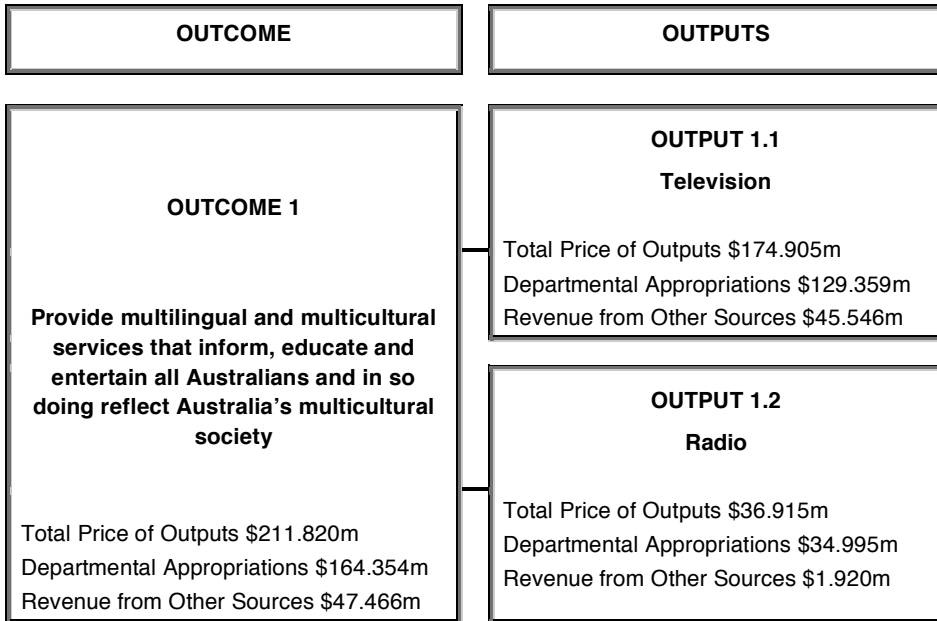
## REVENUE FROM INDEPENDENT SOURCES

**Table 1.6: Revenue from independent sources**

	Budget estimate 2004-05 \$'000	Revised estimate 2004-05 \$'000
<b>DEPARTMENTAL REVENUE</b>		
Sales of Goods and Services	34,000	38,600
Interest	1,650	1,600
Net gains from sales of assets	10	-
Other non-appropriations revenue	6,743	7,266
<b>Total non-appropriation departmental revenue</b>	<b>42,403</b>	<b>47,466</b>



**Map 3: Outcome 1 – contributing outputs**



Note: Revenue from Government (Appropriations) contributes 77.59% to the Total Price of Outputs for Outcome 1

## Section 3: Budgeted financial statements

### ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

#### Departmental

An analysis of SBS's budgeted financial statements is provided below.

#### Statement of Financial Performance

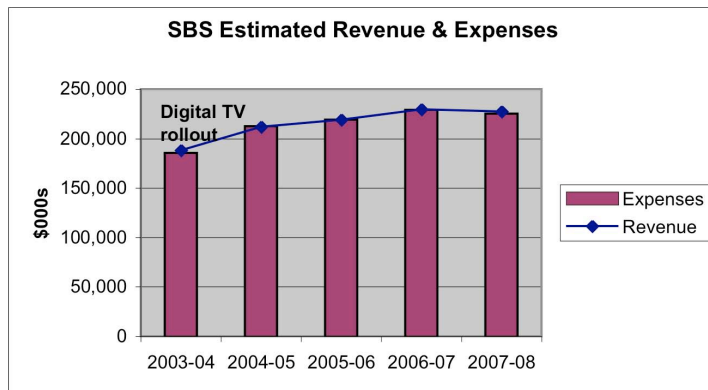
SBS is budgeting for a small surplus of \$0.025m in 2004-05 and \$0.058m in 2005-06. The surplus is predicted to be greater in the out-years due to the nature of the funding arrangements of the programming rights for some productions.

Total revenue in 2004-05 is estimated to be \$211.820m, an increase of \$23.739m on the 2003-04 actual figures. The most significant for this movement is increased appropriated revenue from Government to meet the cost of the continuing regional rollout of digital television.

The proportion of total revenue obtained from Government sources is budgeted to be 77.59% in 2004-05.

Revenue from the sale of Goods and Services, the majority of which is revenue from television advertising, is budgeted to increase by \$4.572m to \$38.6m. Revenue classified as "Other" mainly relates to the recognition of income received from funds managed by SBS which came from the part-sale of Telstra. The managed funds are utilised to extend analogue television transmission to population centres of up to 10,000 people.

Total expenses from ordinary activities in 2004-05 are estimated to be \$211.092m, an increase of \$27.042m on the actual figure recorded in 2003-04. Costs paid to suppliers are estimated to increase by \$23.262m over the 2003-04 figure, the main increase being the cost of the rollout of digital television. Employee costs are predicted to rise in line with the SBS Enterprise Agreement.



### **Statement of Financial Position**

The Corporation's estimated total asset position of \$211.863m on 30 June 2005 represents a small decrease (\$1.664m) on the actual level on 30 June 2004.

The main components of SBS's assets as at 30 June 2005 are projected to be:

- Investments – the bulk of which is the managed fund for the purpose of analogue television transmission to population centres greater than 10,000.
- Land and building – mainly comprising SBS headquarters in Artarmon, Sydney.
- Inventories – the stock of commissioned and overseas purchased programs to which SBS owns the broadcast rights.
- Infrastructure, plant and equipment – which is production and broadcast equipment for Television and Radio.

SBS's liabilities are estimated to decrease by \$7.309m to \$84.985m in 2004-05 and continue to decrease by around \$5.000m per annum in the subsequent years. The main components of SBS's liability are:

- A loan from the Commonwealth relating to the purchase of the Artarmon building. The amount owing is projected to decrease as repayments are made.
- Suppliers' liabilities are budgeted to remain consistent.
- Other payables relate largely to SBS debt to the Commonwealth to rollout analogue television services to regional areas in accordance with the funding SBS is managing. This liability decreases as the funding is exhausted and the services provided.

### **Statement of Cash Flows**

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of the cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

### **Capital Budget**

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded either through capital appropriations for additional equity or borrowings, or from funds from internal sources.

## **BUDGETED FINANCIAL STATEMENTS**

### **Departmental financial statements**

#### **Budgeted departmental statement of financial performance**

This statement provides a picture of the expected financial results for the Special Broadcasting Service Corporation by identifying full accrual expenses and revenues, which highlights whether the Special Broadcasting Service Corporation is operating at a sustainable level.

**Budgeted departmental statement of financial position**

This statement shows the financial position for the Special Broadcasting Service Corporation. It helps decision-makers to track the management of the Special Broadcasting Service Corporation's assets and liabilities.

**Budgeted departmental statement of cash flows**

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

**Departmental capital budget statement**

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

**Departmental non-financial assets – summary of movement**

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

**Table 3.1: Budgeted departmental statement of financial performance for the period ended 30 June**

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
<b>REVENUE</b>					
<b>Revenues from ordinary activities</b>					
Revenue from government	145,776	164,354	168,007	170,269	173,600
Goods and services	34,028	38,600	42,600	50,580	44,582
Interest	1,593	1,600	1,650	1,650	1,660
Dividends	-	-	-	-	-
Revenue from sale of assets	8	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Net foreign exchange gains	34	-	-	-	-
Rents	-	-	-	-	-
Royalties	904	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other revenues	5,738	7,266	6,910	7,088	7,268
<b>Revenues from ordinary activities</b>	<b>188,081</b>	<b>211,820</b>	<b>219,167</b>	<b>229,587</b>	<b>227,110</b>
<b>EXPENSE</b>					
<b>Expenses from ordinary activities (Excluding borrowing costs expense)</b>					
Employees	62,027	63,768	65,681	67,650	69,684
Suppliers	114,042	137,304	142,357	150,639	144,545
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation	7,896	10,020	10,020	10,020	10,020
Write-down of assets	37	-	-	-	-
Value of assets sold	47	-	-	-	-
Net foreign exchange losses	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other expenses	1	-	-	-	-
<b>Expenses from ordinary activities (Excluding borrowing costs expense)</b>	<b>184,050</b>	<b>211,092</b>	<b>218,058</b>	<b>228,309</b>	<b>224,249</b>
Borrowing costs expense	1,321	1,203	1,051	917	776
Share of net profits or (losses) of associates and joint ventures accounted for using the equity method	283	500	-	-	-
Correction of fundamental error	-	-	-	-	-
<b>Operating surplus or (deficit) from ordinary activities</b>	<b>2,993</b>	<b>25</b>	<b>58</b>	<b>361</b>	<b>2,085</b>
Gain or loss on extraordinary items	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
<b>Net surplus or (deficit)</b>	<b>2,993</b>	<b>25</b>	<b>58</b>	<b>361</b>	<b>2,085</b>
Outside equity interests in net surplus or (deficit)	-	-	-	-	-
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>2,993</b>	<b>25</b>	<b>58</b>	<b>361</b>	<b>2,085</b>
Net credit (debit) to asset revaluation reserve	12,249	-	-	3,000	-
Net exchange difference recognised as a direct debit (credit) to equity	-	-	-	-	-
Adjustments arising from standards recognised as direct debit (credit) to equity	(3,886)	-	-	-	-
Initial adjustments from transitional IIG consensus view recognised as direct debit (credit) to equity	-	-	-	-	-
<b>Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity</b>	<b>8,363</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>-</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>11,356</b>	<b>25</b>	<b>58</b>	<b>3,361</b>	<b>2,085</b>

Table 3.2: Budgeted departmental statement of financial position

Table 3.2: Budgeted departmental statement of financial position as at 30 June

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	5,471	5,489	5,629	6,427	7,587
Receivables	9,622	7,829	9,221	9,505	9,793
Investments accounted for under the equity method	3,015	3,515	3,515	3,515	3,515
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	63,732	63,732	57,732	65,732	66,732
Accrued revenues	-	-	-	-	-
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>81,840</b>	<b>80,565</b>	<b>76,097</b>	<b>85,179</b>	<b>87,627</b>
<b>Non-financial assets</b>					
Land and buildings	60,883	59,523	58,163	59,803	58,443
Infrastructure, plant and equipment	26,612	26,612	26,612	27,112	27,612
Heritage and cultural assets	-	-	-	-	-
Inventories	31,252	32,152	32,652	31,452	30,752
Intangibles	2,038	2,109	2,180	2,251	2,322
Other non-financial assets	10,902	10,902	17,902	10,902	10,902
<b>Total non-financial assets</b>	<b>131,687</b>	<b>131,298</b>	<b>137,509</b>	<b>131,520</b>	<b>130,031</b>
<b>Total assets</b>	<b>213,527</b>	<b>211,863</b>	<b>213,606</b>	<b>216,699</b>	<b>217,658</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Loans	20,274	18,237	16,075	13,780	11,344
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other interest bearing liabilities	-	-	-	-	-
<b>Total interest bearing liabilities</b>	<b>20,274</b>	<b>18,237</b>	<b>16,075</b>	<b>13,780</b>	<b>11,344</b>
<b>Provisions</b>					
Employees	16,680	15,180	15,695	16,225	16,775
Capital use charge	-	-	-	-	-
Other provisions	-	-	-	-	-
<b>Total provisions</b>	<b>16,680</b>	<b>15,180</b>	<b>15,695</b>	<b>16,225</b>	<b>16,775</b>
<b>Payables</b>					
Suppliers	10,171	8,862	8,974	8,084	8,196
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other payables	45,169	42,706	40,076	37,268	34,280
<b>Total payables</b>	<b>55,340</b>	<b>51,568</b>	<b>49,050</b>	<b>45,352</b>	<b>42,476</b>
<b>Total liabilities</b>	<b>92,294</b>	<b>84,985</b>	<b>80,820</b>	<b>75,357</b>	<b>70,595</b>
<b>EQUITY</b>					
<b>Parent entity interest</b>					
Contributed equity	62,269	67,889	73,739	78,934	82,570
Reserves	27,971	27,971	27,971	30,971	30,971
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	30,993	31,018	31,076	31,437	33,522
<b>Total parent entity interest</b>	<b>121,233</b>	<b>126,878</b>	<b>132,786</b>	<b>141,342</b>	<b>147,063</b>
<b>Outside equity interest</b>					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
<b>Total outside equity interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>121,233</b>	<b>126,878</b>	<b>132,786</b>	<b>141,342</b>	<b>147,063</b>
Current assets	72,847	56,372	65,404	58,226	58,910
Non-current assets	140,680	155,491	148,202	158,473	158,748
Current liabilities	29,370	30,899	31,136	30,380	30,632
Non-current liabilities	62,924	54,086	49,684	44,977	39,963

**Table 3.3: Budgeted departmental statement of cash flows  
for the period ended 30 June**

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	31,763	44,369	45,701	54,750	48,823
Appropriations	145,776	164,354	168,007	170,269	173,600
Interest	4,257	4,800	4,850	4,850	4,860
Dividends	-	-	-	-	-
Other	6,638	7,420	7,101	7,031	6,984
Extraordinary items	-	-	-	-	-
<b>Total cash received</b>	<b>188,434</b>	<b>220,943</b>	<b>225,659</b>	<b>236,900</b>	<b>234,267</b>
<b>Cash used</b>					
Employees	60,315	65,268	65,166	67,120	69,134
Suppliers	126,643	149,306	160,259	153,734	154,166
Grants	-	-	-	-	-
Borrowing costs	1,321	1,203	1,051	917	776
Other	38	-	-	-	-
Extraordinary items	-	-	-	-	-
<b>Total cash used</b>	<b>188,317</b>	<b>215,777</b>	<b>226,476</b>	<b>221,771</b>	<b>224,076</b>
<b>Net cash from/ (used by)</b>	<b>117</b>	<b>5,166</b>	<b>(817)</b>	<b>15,129</b>	<b>10,191</b>
<b>Operating activities</b>					
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	8	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Repayments of loans made	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	27,618	24,000	26,000	17,000	22,000
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
<b>Total cash received</b>	<b>27,626</b>	<b>24,000</b>	<b>26,000</b>	<b>17,000</b>	<b>22,000</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	5,982	8,731	8,731	9,231	9,231
Purchase of financial Instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Loans made	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	25,413	24,000	20,000	25,000	23,000
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
<b>Total cash used</b>	<b>31,395</b>	<b>32,731</b>	<b>28,731</b>	<b>34,231</b>	<b>32,231</b>
<b>Net cash from/ (used by) investing activities</b>	<b>(3,769)</b>	<b>(8,731)</b>	<b>(2,731)</b>	<b>(17,231)</b>	<b>(10,231)</b>

Table 3.3: Budgeted departmental statement of cash flows (continued)

**Table 3.3: Budgeted departmental statement of cash flows  
for the period ended 30 June (continued)**

	Actual	Revised	Forward	Forward	Forward
	2003-04	Budget	estimate	estimate	estimate
	\$'000	2004-05	2005-06	2006-07	2007-08
		\$'000	\$'000	\$'000	\$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	7,490	5,620	5,850	5,195	3,636
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
<b>Total cash received</b>	<b>7,490</b>	<b>5,620</b>	<b>5,850</b>	<b>5,195</b>	<b>3,636</b>
<b>Cash used</b>					
Repayments of debt	1,919	2,037	2,162	2,295	2,436
Capital use charge paid	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	18	-	-	-	-
Extraordinary items	-	-	-	-	-
<b>Total cash used</b>	<b>1,937</b>	<b>2,037</b>	<b>2,162</b>	<b>2,295</b>	<b>2,436</b>
<b>Net cash from/ (used by) financing activities</b>	<b>5,553</b>	<b>3,583</b>	<b>3,688</b>	<b>2,900</b>	<b>1,200</b>
<b>Net increase or (decrease) in cash held</b>	<b>1,901</b>	<b>18</b>	<b>140</b>	<b>798</b>	<b>1,160</b>
Cash at the beginning of the reporting period	3,570	5,471	5,489	5,629	6,427
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
<b>Cash at the end of the reporting period</b>	<b>5,471</b>	<b>5,489</b>	<b>5,629</b>	<b>6,427</b>	<b>7,587</b>

Table 3.4: Departmental capital budget statement

**Table 3.4: Departmental capital budget statement**

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	7,490	5,620	5,850	5,195	3,636
Total loans	-	-	-	-	-
<b>Total</b>	<b>7,490</b>	<b>5,620</b>	<b>5,850</b>	<b>5,195</b>	<b>3,636</b>
<b>Represented by</b>					
Purchase of non-current assets	5,600	3,600	3,700	2,900	1,200
Other	1,890	2,020	2,150	2,295	2,436
<b>Total</b>	<b>7,490</b>	<b>5,620</b>	<b>5,850</b>	<b>5,195</b>	<b>3,636</b>
<b>PURCHASE OF NON CURRENT ASSETS</b>					
Funded by capital appropriation	5,600	3,600	3,700	2,900	1,200
Funded internally by Departmental resources	382	5,131	5,031	6,331	8,031
<b>Total</b>	<b>5,982</b>	<b>8,731</b>	<b>8,731</b>	<b>9,231</b>	<b>9,231</b>

**Table 3.5: Departmental non-financial assets - summary of movement (Budget year 2004-05)**

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at the start of year</b>								
Additions	-	60,883	-	26,612	-	2,038	-	89,533
Disposals	-	600	-	7,620	-	511	-	8,731
Net Revaluation increment / decrement	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(1,960)	-	(7,620)	-	(440)	-	(10,020)
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Carrying amount at the end of year</b>								
<b>Total additions</b>								
Self funded	-	600	-	4,020	-	511	-	5,131
Appropriations	-	-	-	3,600	-	-	-	3,600
<b>Total</b>	-	600	-	7,620	-	511	-	8,731

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Budgeted departmental statement of financial performance**

The Revised 2004-05 Budget for Revenue from Government represents an increase of \$4.434m on the 2004-05 Budget. This increase in appropriation is to fund the continued roll-out of SBS digital television transmission into regional areas. An equivalent increase in Suppliers expenses is also included in the Revised 2004-05 Budget.

### **Adjustments arising from standards**

SBS conducted a revaluation of Non-Current assets including Land, Building, Plant and Equipment at 30 June 2004. Following the revaluation the movement in the Asset Revaluation Reserve was \$12.249m and the movement in accumulated results on application of transitional provisions in accounting standard AASB 1041 'Revaluation of Non Current Assets' was -\$3.886m. This figure is shown as an adjustments arising from standards recognised as direct debit (credit) to equity item in the Statement.