

**SPECIAL BROADCASTING
SERVICE CORPORATION**

SPECIAL BROADCASTING SERVICE CORPORATION

Section 1: Agency overview and resources; variations and measures

OVERVIEW

There have been no significant changes to the Special Broadcasting Service Corporation's (SBS) output and outcomes since the 2005-06 Portfolio Budget Statements (PBS).

Table 1.1: Agency outcomes and output groups

Outcome	Output
Outcome 1	Output 1.1
Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society	Television
	Output 1.2
	Radio
	Output 1.3
	Analogue Transmission & Distribution
	Output 1.4
	Digital Transmission & Distribution

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

Other variations to appropriations

Table 1.3: Additional estimates and variations to outcomes – other variations

	2005-06 (\$'000)	2006-07 (\$'000)	2007-08 (\$'000)	2008-09 (\$'000)
Outcome 1				
Variations in departmental appropriations				
Super Supplementation - Continuation	-	-	779	779
Digital Transmission Roll-Outs	3,990	5,832	5,758	5,662
Parameter Adjustments	-	(115)	(470)	(600)
Non-Digital Appropriation Correction	(484)	(463)	(568)	(582)

MEASURES

There have been no new measures since the 2005-06 Budget affecting the SBS.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2005-06

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	additional estimates \$'000	reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society	164,354	176,975	180,481	3,506	-
Total	164,354	176,975	180,481	3,506	-

SUMMARY OF STAFFING CHANGES

There have been no changes to staffing since the 2005-06 Budget.

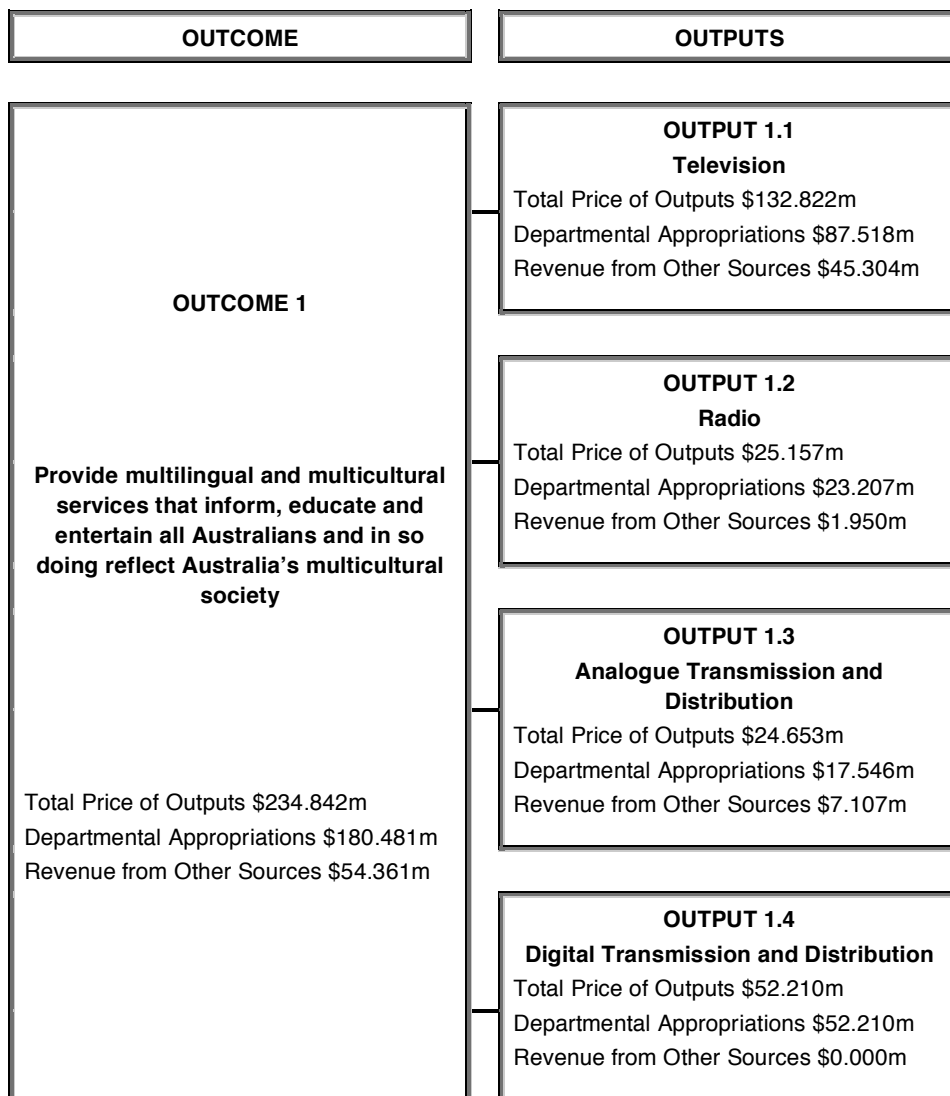
OTHER RESOURCES AVAILABLE TO BE USED**Table 1.9: Other resources available to be used**

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
Departmental other resources		
Sales of Goods and Services	48,065	42,025
Interest	1,650	1,400
Net gains from sales of assets	-	-
Other non-appropriations revenue	6,910	10,936
Total departmental other resources available to be used	56,625	54,361

Section 2: Agency resources for 2005-06

OUTCOMES AND OUTPUTS

Figure 2: Outcome and output structure for Outcome 1



Note: Revenue from Government (Appropriations) contributes 76.85% to the Total Price of Outputs for Outcome 1.

Outcome 1

There have been minor changes to the funding of Outcome and Outputs as a result of Additional Estimates. However the Outcome/Output structure is not affected.

Output cost attribution

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

Explanation of variations

Digital Distribution and Transmission

For Digital Distribution and Transmission, there have been funding adjustments for the costs of the extension of digital services to regional areas.

Revised performance information – 2005-06

Table 2.1: Performance information for outputs affected by additional estimates – outcome 1

Outputs	Performance information 2005-06 Budget	Performance information 2005-06 revised
Performance Information for Departmental Output 1.1		
Television	Quality Viewer and community feedback. Audience reach data, using the average weekly reach figure. Tenor of media comment. Number of hours of appropriate programming.	Quality No change - as per budget
	Quantity % of programs broadcast in languages other than English (LOTE). Number of hours of subtitled programs - making programs accessible to all Australians. Number of hours of locally produced programs.	Quantity No change - as per budget
	Price \$136.745m	Price \$132.822m
	Performance Information for Departmental Output 1.2	
Radio	Quality Listener and community feedback. Audience surveys.	Quality No change - as per budget
	Quantity Number of hours broadcast in languages other than English.	Quantity No change - as per budget
	Price \$25.259m	Price \$25.157m
Performance Information for Departmental Output 1.3		
Analogue Transmission and Distribution	Quality Aggregate performance measured by availability of analogue signal.	Quality No change - as per budget
	Quantity Measure of real time by fault management system reported daily and monthly. Primary performance measure is transmitter power. Viewer calls regarding transmission are logged.	Quantity No change - as per budget
	Price \$23.376m	Price \$24.653m
Performance Information for Departmental Output 1.4		
Digital Transmission and Distribution	Quality Aggregate performance measured by availability of digital signal.	Quality No change - as per budget
	Quantity Measure of real time by fault management system reported daily and monthly. Primary performance measure is transmitter power. Viewer calls regarding transmission are logged.	Quantity No change - as per budget
	Price \$48.220m	Price \$52.210m

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted departmental income statement

SBS is budgeting for a modest surplus of \$0.037m in 2005-06 and \$0.084m in 2006-07 which are consistent with the PBS 2005-06 estimates. The increases in revenue and expenses are mainly related to the increased funding for the extension of Digital Distribution and Transmission to regional areas across the country.

The proportion of total revenue obtained from Government sources is budgeted to be 76.85% in 2005-06.

Revenue from the sale of Goods and Services, the majority of which is from television advertising, is budgeted to increase to \$42.025m. Revenue classified as "Other" mainly relates to 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 and between 3,000 to 5,000 people.

Total expenses from ordinary activities in 2005-06 are estimated to be \$234.805m. Costs paid to suppliers are estimated to increase by \$26.382m over the 2004-05 figures, the main increase being the cost of the rollout of digital television and the increased costs of sporting rights. Employee costs are predicted to rise in line with the SBS Enterprise Agreement.

Budgeted departmental balance sheet

The Corporation's estimated total assets position of \$213.129m in June 2006 represented a small change in liquidity composition from the previous year. The current assets estimated have increased with the estimated value of receivables increasing by \$4.986m from the PBS 2005-06 due to the timing of advertising receipts.

The main components of SBS's assets as at 30 June 2006 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 and between 3,000 to 5,000 people.
- 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 \$9.206m to \$84.847m in 2005-06 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.
- Employee provisions are projected to generally increase over time.

- Suppliers' liabilities are budgeted to remain consistent.
- "Other" liabilities 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.

Budgeted departmental statement of cash flows

The timing of rights payments resulted in a net outflow of \$6.969m in the Cashflows from Operating Activities.

Departmental statement of changes in equity – summary of movement

There are no significant movements in the statement of changes in equity.

BUDGETED FINANCIAL STATEMENTS TABLES

For an explanation of the Budgeted Financial Statements tables, please see the User Guide.

Table 3.1: Budgeted departmental income statement

Table 3.1: Budgeted departmental income statement (for the period ended 30 June)

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
INCOME					
Revenues					
Revenues from Government	162,394	180,481	178,729	182,473	186,104
Goods and services	37,471	42,025	37,758	35,792	36,616
Interest	1,498	1,400	1,650	1,660	1,660
Dividends	280	-	-	-	-
Rents	-	-	-	-	-
Royalties	963	-	-	-	-
Other	6,040	10,936	8,178	8,370	8,569
Total Revenue	208,646	234,842	226,315	228,295	232,949
Gains					
Net foreign exchange gains	15	-	-	-	-
Reversals of previous asset write-downs	2	-	-	-	-
Revenue from sales of assets	-	-	-	-	-
Other	5	-	-	-	-
Total Gains	22	-	-	-	-
Total Income	208,668	234,842	226,315	228,295	232,949
EXPENSE					
Employees	64,352	65,350	67,400	70,201	72,189
Suppliers	131,777	158,159	147,708	146,476	147,772
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation	10,350	10,132	10,086	9,529	10,538
Finance costs	1,315	1,164	1,037	902	759
Write-down of assets and impairment of assets	9	-	-	-	-
Net losses from assets sold	497	-	-	-	-
Net foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	208,300	234,805	226,231	227,108	231,258
Share of net profits or (losses) of associates and joint ventures accounted for using the equity method	-	-	-	-	-
Operating result from continuing operations	368	37	84	1,187	1,691
Operating result from discontinued operations	-	-	-	-	-
Gain (loss) on remeasuring discounted operations	-	-	-	-	-
Operating result	368	37	84	1,187	1,691
Monitory interest in net surplus (or deficit)	-	-	-	-	-
Net surplus (or deficit) attributable to the Australian Government	368	37	84	1,187	1,691

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
ASSETS					
Financial assets					
Cash	4,555	4,637	4,571	4,913	4,624
Receivables	10,843	19,672	14,316	15,165	15,852
Investments accounted for under the equity method	3,020	3,020	3,020	3,020	3,020
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	66,393	51,393	57,893	56,593	54,593
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	84,811	78,722	79,800	79,691	78,089
Non-financial assets					
Land and buildings	60,720	59,248	60,736	59,184	57,592
Infrastructure, plant and equipment	20,451	23,048	28,059	29,996	30,250
Investment properties	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Inventories	35,219	33,029	31,329	30,629	30,929
Intangibles	2,089	2,160	2,191	2,222	2,253
Biological assets	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Other	13,467	16,922	13,467	13,467	13,467
Total non-financial assets	131,946	134,407	135,782	135,498	134,491
Total assets	216,757	213,129	215,582	215,189	212,580
LIABILITIES					
Interest bearing liabilities					
Loans	18,237	16,075	13,780	11,344	8,756
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	18,237	16,075	13,780	11,344	8,756
Provisions					
Employees	14,587	13,183	13,578	13,907	12,907
Other	-	-	-	-	-
Total provisions	14,587	13,183	13,578	13,907	12,907
Payables					
Suppliers	10,442	10,556	9,658	9,763	9,869
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Finance costs	-	-	-	-	-
Other	50,787	45,033	42,005	38,791	35,387
Total payables	61,229	55,589	51,663	48,554	45,256
Total liabilities	94,053	84,847	79,021	73,805	66,919
EQUITY					
Parent entity interest					
Contributed equity	67,889	73,739	78,934	82,570	85,156
Reserves	27,662	27,662	30,662	30,662	30,662
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	27,153	26,881	26,965	28,152	29,843
Total parent entity interest	122,704	128,282	136,561	141,384	145,661
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	122,704	128,282	136,561	141,384	145,661
Current assets	64,084	74,260	63,683	64,174	64,872
Non-current assets	152,673	138,869	151,899	151,015	147,708
Current liabilities	32,479	32,718	31,953	32,199	32,457
Non-current liabilities	61,574	52,129	47,068	41,606	34,462

Table 3.3: Budgeted departmental statement of cash flows

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

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	41,884	40,526	48,093	40,160	41,234
Appropriations	164,354	180,481	178,729	182,473	186,104
Interest	3,966	4,600	4,850	4,860	4,860
Dividends	280	-	-	-	-
Other	8,964	6,843	6,144	6,113	6,245
Total cash received	219,448	232,450	237,816	233,606	238,443
Cash used					
Employees	66,445	66,754	67,004	69,093	72,410
Suppliers	146,368	171,614	152,745	155,950	158,464
Grants	-	-	-	-	-
Financing costs	1,203	1,051	917	776	625
Other	-	-	-	-	-
Total cash used	214,016	239,419	220,666	225,819	231,499
Net cash from or (used by) operating activities	5,432	(6,969)	17,150	7,787	6,944
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	2	-	-	-	-
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)	38,679	26,000	17,000	24,000	22,000
Other	-	-	-	-	-
Total cash received	38,681	26,000	17,000	24,000	22,000
Cash used					
Purchase of property, plant and equipment	3,043	11,328	13,616	9,945	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)	41,359	11,000	23,500	22,700	20,000
Other	-	-	-	-	-
Total cash used	44,402	22,328	37,116	32,645	29,231
Net cash from or (used by) investing activities	(5,721)	3,672	(20,116)	(8,645)	(7,231)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	5,620	5,850	5,195	3,636	2,586
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	5,620	5,850	5,195	3,636	2,586
Cash used					
Repayments of debt	2,037	2,162	2,295	2,436	2,588
Dividends paid	-	-	-	-	-
Other	4,210	309	-	-	-
Total cash used	6,247	2,471	2,295	2,436	2,588
Net cash from/(used by) financing activities	(627)	3,379	2,900	1,200	(2)
Net increase or (decrease) in cash held	(916)	82	(66)	342	(289)
Cash at the beginning of the reporting period	5,471	4,555	4,637	4,571	4,913
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	4,555	4,637	4,571	4,913	4,624

**Table 3.4: Departmental statement of changes in equity – summary of movement
(Budget year 2005-06)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balances as at 1 July 2005					
Balance carried forward from previous period	27,153	27,662	-	67,889	122,704
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balances	27,153	27,662	-	67,889	122,704
Income and expenses					
Income and expenses recognised directly in equity	-	-	-	-	-
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expenses	27,153	27,662	-	67,889	122,704
Net operating result	37	-	-	-	37
Total income and expenses recognised directly in equity	27,190	27,662	-	67,889	122,741
Transactions with owners					
Distribution to owners					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	(309)	-	-	-	(309)
Other	-	-	-	-	-
Contribution by owners					
Appropriation (equity injection)	-	-	-	5,850	5,850
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	(309)	-	-	5,850	5,541
Transfers between equity components	-	-	-	-	-
Closing balance as at 30 June 2006	26,881	27,662	-	73,739	128,282

Table 3.5: Departmental capital budget statement

Table 3.5: Departmental capital budget statement

	Actual 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	5,620	5,850	5,195	3,636	2,586
Total loans	-	-	-	-	-
Total capital appropriations	5,620	5,850	5,195	3,636	2,586
Represented by:					
Purchase of non-financial assets	3,043	3,700	2,900	1,200	-
Other	2,020	2,150	2,295	2,436	2,586
Total represented by	5,063	5,850	5,195	3,636	2,586
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	3,043	3,700	2,900	1,200	-
Funded internally by	-	7,628	10,716	8,745	9,231
Departmental resources					
Total	3,043	11,328	13,616	9,945	9,231

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)

	Land	Investment property	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	\$'000
As at 1 July 2005									
Gross book value	19,250	-	57,287	-	70,872	-	-	4,192	151,601
Accumulated depreciation	-	-	15,817	-	50,421	-	-	2,103	68,341
Opening net book value	19,250	-	41,470	-	20,451	-	-	2,089	83,260
Additions:									
by purchase	-	-	600	-	10,217	-	-	511	11,328
by finance lease	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	2,072	-	7,620	-	-	440	10,132
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-
As at 30 June 2006									
Gross book value	19,250	-	57,887	-	81,089	-	-	4,703	162,929
Accumulated depreciation	-	-	17,889	-	58,041	-	-	2,543	78,473
Closing net book value	19,250	-	39,998	-	23,048	-	-	2,160	84,456

NOTES TO THE FINANCIAL STATEMENTS

Departmental

Budgeted departmental statement of financial performance

The revised 2005-06 Budget for Revenue from Government represents a net increase of \$3.506m on the 2005-06 Budgets. 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 2005-06 Budget.

Budgeted departmental statement of financial position

Under the new Australian Equivalent to International Reporting Standards (AEIFRS), Provision for restoration costs has been included under "Payables Other" as a liability.

