

**SPECIAL BROADCASTING
SERVICE CORPORATION**

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SPECIAL BROADCASTING SERVICE CORPORATION

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

The Special Broadcasting Service Corporation (SBS) is a national multicultural and multilingual broadcaster. Its mission is to contribute to a more cohesive, equitable and harmonious Australia through its television and radio services.

The radio service broadcasts in 68 languages on a network which includes both AM and FM services in Sydney and Melbourne as well as a national signal and it occupies a unique place in broadcasting in Australia and the world.

The television service is a national service viewed by six million Australians each week and broadcasts over half of its programs in languages other than English. With access to over 600 international and local program makers and suppliers programs are culturally and linguistically diverse yet made accessible to all Australians through English subtitling.

APPROPRIATIONS

The total appropriation, equity injection and loan for SBS in the 2002-03 Budget is \$169.907m.

Special Broadcasting Service Corporation — appropriations 2002-03

Table 1.1: Appropriations and other revenue ('000)

Outcome	Departmental (price of outputs) ('\$000)					Administered (\$'000)				
	Revenue from Government (appropriations)			Revenue from other sources ⁽⁴⁾	Price of outputs ⁽³⁾	Annual appropriations (\$'000)		Special appropriations	Total administered appropriations	Total appropriations
	Bill No. 1	Special approps	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs) ⁽²⁾			
	(A)	(B)	(C = A+B) (C1) ⁽¹⁾	(D)	(E = C+D) (E1) ⁽¹⁾	(F)	(G)	(H)	(I = F+G+H) (I1) ⁽¹⁾	(J=C+I)
1. Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society	137,327	-	137,327	38,245	175,572	-	-	-	-	137,327
			(K1) ⁽¹⁾		78.2%					
Total	137,327	-	137,327	38,245	175,572	-	-	-	(K2)⁽¹⁾	137,327
						Departmental capital (equity injections and loans)			(K3) ⁽¹⁾	32,580
						Administered capital			(K4) ⁽¹⁾	-
						Total appropriations				169,907

- Cells C1, E1 and I1 refer to information provided in Table 2.1.1. Amounts K1, K2 to Budgeted Statement of Financial Performance, and amounts K3, K4 to Capital Budget Statements.
 - Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPP's), New Agency Outcomes (NAO's), administered capital and departmental capital via departmental injections and loans.
 - Refer to Budgeted Statement of Financial Performance for application of agency revenue.
 - Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from other sources. Non-appropriated departmental and administered revenues are details in Appendix 1.
- Note: Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

MEASURES – AGENCY SUMMARY

Table 1.2: Summary of measures disclosed in the 2002-03 Budget

Measure	Outcome	Output affected	Appropriations budget			Appropriations forward estimate 2003-04			Appropriations forward estimate 2004-05			Appropriations forward estimate 2005-06		
			2002-03 (\$'000)			2003-04 (\$'000)			2004-05 (\$'000)			2005-06 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expense	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Extension of SBS Television to population areas with 5,000 to 10,000 people	1	1.1	Nil	278	278	Nil	1,434	1,434	Nil	1,992	1,992	Nil	2,042	2,042
Special Broadcasting Service Corporation - refinancing of Artarmon property loan	1	1.1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The Special Broadcasting Service Corporation will receive a digital funding equity injection of \$4.0 million in 2002-03 under Phase 1 of the Digital Conversion Plan (this is the fifth year of this first phase). The funding will be used to purchase digital equipment. The capital injection is being supplemented by internal funding. SBS will also receive \$2.8 million in 2002-03 to continue to implement the second phase of its digital plan following the introduction of digital transmission on 1 January 2001. The digital investment will enable SBS to continue to operate effectively in a broadcasting environment being transformed by digital technology.

SBS will also receive an amount of \$1.78 million in 2002-03 for the repayment of a capital component of the loan to purchase the Artarmon building.

In addition to the equity injection above, SBS will draw down \$24 million in loan funding from the budget to refinance the balance of an existing loan.

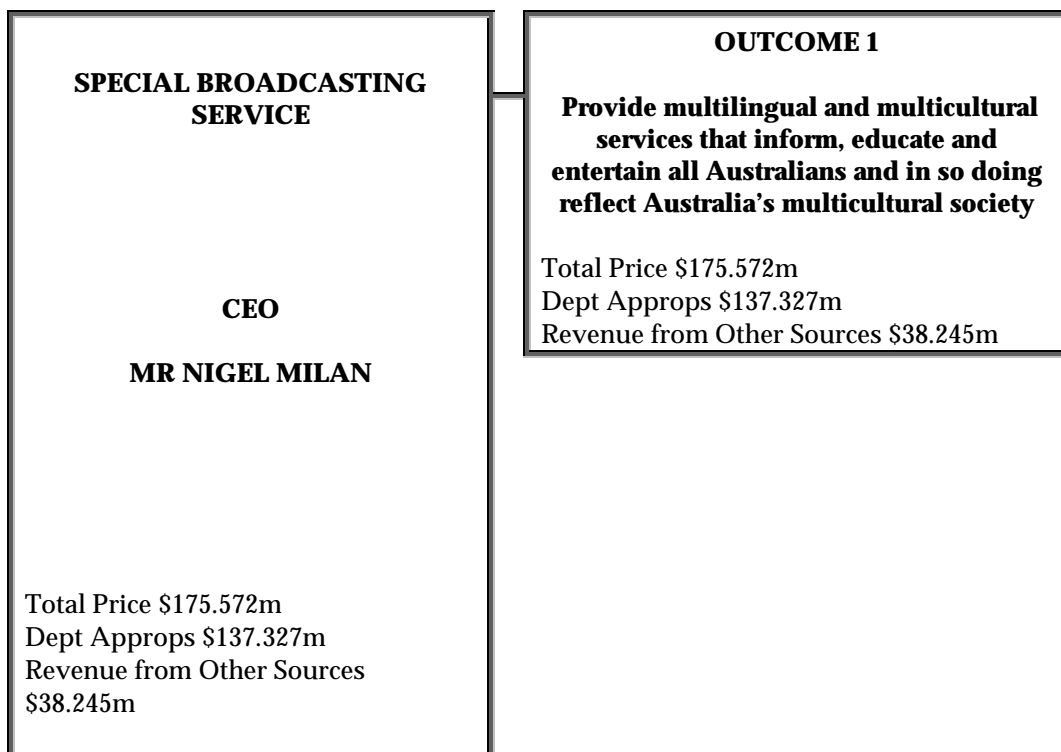
Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUTS

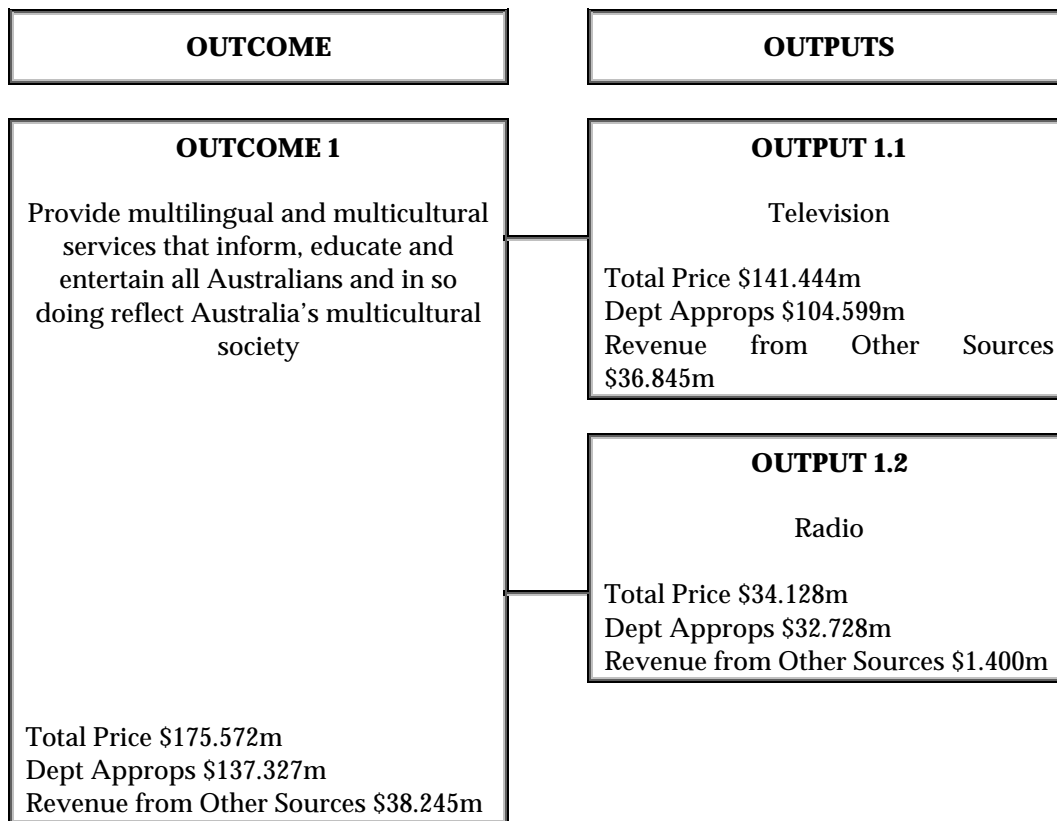
Map 1 below shows Outcome 1.

Map 2 on the following page shows the relationship between the outcome and the contributing outputs for the SBS. Financial details for Outcome 1 by outputs appear in Table 2.1.1, while non-financial information for Outcome 1 appears in Table 2.2.1.

Map 1: Outcome Structure



Map 2: Outcome 1 – contributing outputs



Note: Revenue for Government (Appropriations) contributes 78.2% to the Total Price of Outputs for Outcome 1 for 2002-03.

OUTCOME 1 – DESCRIPTION

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

The main objective of the Special Broadcasting Service Corporation (SBS) is to contribute to a more cohesive, equitable and harmonious Australian society through the provision of multilingual and multicultural radio and television services.

Measures affecting Outcome 1

Extensions of SBS Television to population areas with 5,000 to 10,000 people

Expenses (\$m)

			2002-03	2003-04	2004-05	2005-06
Special Corporation	Broadcasting	Service	0.3	1.4	2.0	2.0

Explanation

The Government will provide \$5.7 million to fund new SBS television extension services to towns with populations of 5,000 to 10,000 people. This funding will also meet the costs of maintaining existing SBS television services in areas where services were established through self-help arrangements (which require local community groups and Councils to meet establishment and maintenance costs).

Special Broadcasting Service Corporation – refinancing of Artarmon property loan

Capital (\$m)

			2002-03	2003-04	2004-05	2005-06
Special Corporation	Broadcasting	Service	-	-	-	-

Explanation

The Government has allowed the Special Broadcasting Service Corporation (SBS) to borrow funds from the private sector until July 2002.

The Government will provide a loan of \$24 million in 2002-03 to the SBS, to be repaid over ten years. Funding will be used to refinance the above private sector loan which becomes due on 1 July 2002.

The provision of loans from the Budget only affects the composition of the Commonwealth's financial assets. As such this measure has a zero impact on the fiscal balance.

SBS took out a private sector loan in 1992 in order to consolidate its Sydney properties from Bondi Junction and Milson's Point to Artarmon. The loaned funds were used to purchase, refurbish and enhance the Artarmon property.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2002-03 appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs. Cell references **C1**, **E1** and **I1** show the links back to Table 1.1, the Appropriations Table.

Table 2.1.1: Total resources for Outcome 1 (\$'000)

	Estimated actual 2001-02 \$'000	Budget estimate 2002-03 \$'000	
Administered appropriations	-	-	
Total administered expenses	-	-	(I1)
Departmental appropriations			
Output 1.1 - Television	96,906	104,599	
Output 1.2 - Radio	30,321	32,728	
Total revenue from government (appropriations)	127,227	137,327	(C1)
Contributing to price of departmental outputs	76.2%	78.2%	
Revenue from other sources			
Output 1.1 - Television	38,362	36,845	
Output 1.2 - Radio	1,380	1,400	
Total revenue from other sources	39,742	38,245	
Total price from departmental outputs (Total revenue from government and from other sources)	166,969	175,572	(E1)
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	166,969	175,572	
	2001-02	2002-03	
Average staffing level (number)	770	771	

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

The SBS has two outputs – Television and Radio. SBS broadcasts provide multilingual and multicultural services to achieve the SBS outcome of informing, educating and entertaining all Australians and in doing so reflecting Australia's multicultural society.

More details on the performance information for each output is contained in Table 2.2.1

Table 2.2.1: Performance information for Outcome 1 & Evaluations

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2.1: Performance information for Outcome 1

Effectiveness - Overall achievement of the Outcome (Measures, indicators and targets used as appropriate)	
Delivery of multilingual and multicultural services that reflect Australia's multicultural society	Broadcast services which inform, educate and entertain all Australians.
Television	<p>Quality Positive viewer and community feedback. Alignment of programs with Australia's multicultural society and perspective.</p> <p>Quantity Hours of programming in languages other than English. Hours of subtitled programs. Audience reach.</p>
Radio	<p>Quality Positive listener and community feedback. Alignment of programs with Australia's multicultural society and perspective.</p> <p>Quantity Hours of broadcast in languages other than English.</p>
Performance information for departmental outputs	
Output 1.1 - Television	<p>Quality Viewer and community feedback. Audience reach data, using the average weekly reach Tenor of media comment. Number of hours of appropriate programming.</p> <p>Quantity % of programs broadcast in languages other than English (LOTE). Number of hours subtitled programs - making programs accessible to all Australians. Number of hours of locally produced programs.</p> <p>Price Total price of outputs - \$141.444m</p>
Output 1.2 - Radio	<p>Quality Listener and community feedback. Audience surveys.</p> <p>Quantity Number of hours broadcast in language other than English.</p> <p>Price Total price of outputs - \$34.128m</p>

EVALUATIONS

An annual internal audit and evaluation program is conducted by the corporation. Over a period all areas are covered by the program.

Section 3: Budgeted financial statements

- Budgeted Statement of Financial Performance
- Budgeted Statement of Financial Position
- Budgeted Statement of Cash Flows
- Capital Budget Statement
- Non-financial Assets – Summary of Movement

Table 3.1: Budgeted Departmental Statement of Financial Performance

**Table 3.1: Budgeted Departmental Statement of Financial Performance
for the period ended 30 June**

	Estimated actual 2001-02 \$'000	Budget estimate 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
Revenues from ordinary activities					
Revenues from government	127,227	137,327	140,000	143,020	143,773
Sales of goods and services	25,683	27,396	28,372	28,997	29,996
Interest	3,500	2,000	2,000	2,000	2,000
Dividends	-	-	-	-	-
Proceeds from sales of assets	10	10	10	10	10
Other	10,549	8,839	9,003	9,248	9,348
Total revenues from ordinary activities	166,969	175,572	179,385	183,275	185,127
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	54,268	55,447	57,713	60,069	62,519
Suppliers	86,454	94,690	95,979	97,145	95,701
Grants	-	-	-	-	-
Depreciation and amortisation	9,500	8,994	9,810	10,010	10,010
Write-down of assets	100	100	100	100	100
Value of assets sold	-	-	-	-	-
Other	20	20	20	20	20
Total expenses from ordinary activities (excluding borrowing costs expense)	150,342	159,251	163,622	167,344	168,350
Borrowing costs expense	4,350	1,480	1,370	1,240	1,110
Net surplus or deficit from ordinary activities	12,277	14,841	14,393	14,691	15,667
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit	12,277	14,841	14,393	14,691	15,667
Capital use charge	10,312	11,627	12,625	13,381	14,190
Net surplus or deficit after capital use charge	1,965	3,214	1,768	1,310	1,477

**Table 3.2: Budgeted Departmental Statement of Financial Position
as at 30 June**

	Estimated actual 2001-02 \$'000	Budget estimate 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
ASSETS					
Financial assets					
Cash	2,624	1,528	745	1,315	3,734
Receivables	11,870	12,669	13,565	14,778	15,778
Investments	71,810	65,479	60,628	57,173	51,774
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	86,304	79,676	74,938	73,266	71,286
Non-financial assets					
Land and buildings	50,311	51,111	50,211	49,011	47,811
Infrastructure, plant and equipment	30,890	33,470	34,850	33,170	31,490
Inventories	20,019	29,419	35,819	40,349	44,250
Intangibles	914	1,100	1,382	1,382	1,332
Other	6,725	6,835	7,835	8,824	9,824
Total non-financial assets	108,859	121,935	130,097	132,736	134,707
Total assets	195,163	201,611	205,035	206,002	205,993
LIABILITIES					
Debt					
Loans	24,044	22,220	20,330	18,310	16,160
Leases	397	104	-	-	-
Deposits	-	-	-	-	-
Overdrafts	-	-	-	-	-
Other	-	-	-	-	-
Total debt	24,441	22,324	20,330	18,310	16,160
Provisions and payables					
Employees	14,515	15,576	16,659	17,735	18,366
Suppliers	7,355	7,576	8,300	9,097	9,297
Grants	34	34	34	34	34
Other	55,308	50,797	45,150	39,334	33,317
Total provisions and payables	77,212	73,983	70,143	66,200	61,014
Total liabilities	101,653	96,307	90,473	84,510	77,174
EQUITY					
Capital	46,199	54,779	62,269	67,889	73,739
Reserves	15,722	15,722	15,722	15,722	15,722
Accumulated surpluses or deficits	31,589	34,803	36,571	37,881	39,358
Total equity	93,510	105,304	114,562	121,492	128,819
Current liabilities	68,677	63,487	58,564	53,545	47,728
Non-current liabilities	32,976	32,820	31,909	30,965	29,446
Current assets	30,846	39,949	46,462	52,775	60,095
Non-current assets	164,317	161,662	158,573	153,227	145,898

Table 3.3: Budgeted Departmental Statement of Cash Flows

**Table 3.3: Budgeted Departmental Statement of Cash Flows
for the period ended 30 June**

	Estimated actual 2001-02 \$'000	Budget estimate 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	127,227	137,327	140,000	143,020	143,773
Sales of goods and services	24,683	26,396	27,372	27,997	28,996
Interest	6,976	4,643	4,484	4,224	4,200
Other	9,828	10,389	10,537	10,663	10,797
Total cash received	168,714	178,755	182,393	185,904	187,766
Cash used					
Employees	50,268	53,947	56,213	58,569	60,019
Suppliers	97,821	100,872	100,978	99,674	96,690
Grants	-	-	-	-	-
Interest	4,350	1,480	1,370	1,240	1,110
Other	9,743	10,306	10,455	10,582	11,090
Total cash used	162,182	166,605	169,016	170,065	168,909
Net cash from operating activities	6,532	12,150	13,377	15,839	18,857
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	10	10	10	10	10
Repayments of loans made	-	-	-	-	-
Other	16,829	8,418	7,581	5,749	5,149
Total cash received	16,839	8,428	7,591	5,759	5,159
Cash used					
Purchase of property, plant and equipment	13,780	12,680	10,692	7,250	7,200
Loans made	-	-	-	-	-
Other	4,513	4,063	4,034	3,997	3,907
Total cash used	18,293	16,743	14,726	11,247	11,107
Net cash from investing activities	(1,454)	(8,315)	(7,135)	(5,488)	(5,948)
FINANCING ACTIVITIES					
Cash received					
Proceeds from issuing equity instruments	-	-	-	-	-
Proceeds from debt	-	24,000	-	-	-
Other	8,000	8,580	7,490	5,620	5,850
Total cash received	8,000	32,580	7,490	5,620	5,850
Cash used					
Repayments of debt	2,165	25,780	1,890	2,020	2,150
Capital use and dividends paid	10,312	11,627	12,625	13,381	14,190
Other	397	104	-	-	-
Total cash used	12,874	37,511	14,515	15,401	16,340
Net cash from financing activities	(4,874)	(4,931)	(7,025)	(9,781)	(10,490)

**Table 3.3: Budgeted Departmental Statement of Cash Flows
for the period ended 30 June (continued)**

	Estimated actual 2001-02 \$'000	Budget estimate 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
Net increase (decrease) in cash held	204	(1,096)	(783)	570	2,419
Cash at the beginning of the reporting period	2,420	2,624	1,528	745	1,315
Cash at the end of the reporting period	2,624	1,528	745	1,315	3,734

Table 3.4: Departmental Capital Budget Statement

Table 3.4: Departmental Capital Budget Statement

	Estimated actual 2001-02 \$'000	Budget estimate 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	8,000	(K3) 8,580	7,490	5,620	5,850
Total loans	-	(K3) ⁽¹⁾ 24,000	-	-	-
Represented by					
Purchase of non-current assets	6,800	6,800	5,600	3,600	3,700
Other	1,200	25,780	1,890	2,020	2,150
Total	8,000	32,580	7,490	5,620	5,850
PURCHASE OF NON CURRENT ASSETS					
Funded by capital appropriation	6,800	6,800	5,600	3,600	3,700
Funded internally by					
Departmental resources	6,980	5,880	5,092	3,650	3,500
Total purchase of non-current assets	13,780	12,680	10,692	7,250	7,200

¹ These two lines link to (K3) in Table 1.1

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2002-03)

	Land	Buildings	Total land and buildings	Other infrastructure plant and equipment	Total infrastructure plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	9,700	40,611	50,311	30,890	30,890	914	82,115
Additions	-	2,500	2,500	9,700	9,700	480	12,680
Disposals	-	-	-	50	50	-	50
Revaluation increments	-	-	-	-	-	-	-
Recoverable amount w rite-dow ns	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	1,700	1,700	7,000	7,000	294	8,994
Write-off of assets	-	-	-	70	70	-	70
Carrying amount at the end of year	9,700	41,411	51,111	33,470	33,470	1,100	85,681
Total additions							
Self funded	-	2,500	2,500	2,900	2,900	480	5,880
Appropriations	-	-	-	6,800	6,800	-	6,800
Total	-	2,500	2,500	9,700	9,700	480	12,680

NOTES TO THE FINANCIAL STATEMENTS

(Table 3.1) BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

The increase in 'Suppliers expenses' in 2002-03 is largely due to payments relating to the transmission and distribution of analogue television services. There is a corresponding increase in Revenue from government.

(Table 3.2) BUDGETED STATEMENT OF FINANCIAL POSITION

The level of the loan liability in relation to the Artarmon Building decreases throughout the period covered by these forward estimates as repayments are made which reduce the loan.

The increase in capital (equity) throughout the period relates partly to the injection of capital from government to fund the conversion of technical equipment from analogue to digital.

The rate of increase in the level of inventories is partly related to SBSI commissioned programs prior to broadcast.

(Table 3.3) BUDGETED STATEMENT OF CASH FLOWS

The variations in cash inflows and outflows for operating activities during the period covered by the estimates, are due to the same factors outlined above in the explanation to the Statement of Financial Performance (Table 3.1).

(Table 3.4) CAPITAL BUDGET

SBS is receiving capital via equity injections to fund the conversion of technical equipment from analogue and digital (Digital Phase 1), as well as for the capital component of costs associated with digital transmission (Digital Phase 2). 'Other' capital funding during the period covered by the estimates represents the injection of capital from government to fund the repayment of the capital component of the loan in relation to the Artarmon building (\$1.78 million in 2002-03).

APPENDIX 1: REVENUES FROM INDEPENDENT SOURCES

Revenues from independent sources

	Estimated revenue 2001-02 \$'000	Estimated revenue 2002-03 \$'000
Departmental Revenue		
Sales of goods and services	25,683	27,396
Interest	3,500	2,000
Other non-appropriation revenue	10,559	8,849
Total estimated revenue	39,742	38,245