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Special Broadcasting Service Corporation

AGENCY OVERVIEW, APPROPRIATIONS, BUDGET MEASURES

AGENCY 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 for the Special Broadcasting Service Corporation in the

1999-2000 Budget is \$114.242m.

SPECIAL BROADCASTING SERVICE APPROPRIATIONS 1999-2000

Table 1.1 Appropriations (\$ 000)

OUTCOMES	ADMINISTERED EXPENSES			PRICE OF OUTPUTS						TOTAL APPROPS	TOTAL ESTIMATED EXPENSES	
	Special Approps	Annual Approps		Total Admin Approps	Total Price of Outputs	Revenue from other sources	Revenue from Government (Approps)			R		
		Â•	Bill 1				Bill 2 (SPP s & NAO's) Â•	Special	Annual Bill 1			Total
Outcome 1: Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society.	nil	nil	nil	nil	128,507 (E1)	22,164	nil	106,343	106,343	106,343	106,343	121,702
Total	nil	nil	nil	nil	128,507	22,164	nil	106,343	106,343	106,343	106,343	121,702

Bill 2 Administered Capital	7,899
Bill 2 Departmental Equity Injections and Loans	7,899
TOTAL APPROPRIATIONS	114,242

Amounts in shading are included in Appropriation Bills.

Links from appropriations to budgeted financial statements include: Amount K1 and amount K3 to Budgeted Statement of Revenues and Expenses (see Table 3.1); and amount K2 to Capital Budget (Tables 3.4 & 3.5)

Under the proposed Appropriation Structure, Bill 2 includes Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans

Refer to Budgeted Statement of Revenue and Expense for application of agency revenue (see Table 3.1)

Other Revenue includes other revenue from Government (e.g. resources free of charge) and revenue from other sources (e.g. sales of goods and services by agencies such as the Australian Bureau of Statistics (ABS) or the Australian Broadcasting Corporation (ABC)). *Note: Cells D1, E1 and I1 refer to information provided in Table 2.2. Administered Revenues collected on behalf of Government are shown in Appendix 1.*

Estimated expenses from individual Special Appropriations are shown in Appendix 2

Percentage figure indicates the percentage contribution of Total Departmental Appropriations to the Total Output Price, by outcome. The overall percentage for this agency is 82.7%

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

Special Broadcasting Service Corporation will receive digital funding capital injection of \$2.6m in 1999-2000. The capital injection will be significantly supplemented by internal funding, and will be used to purchase digital equipment. The digital investment will enable SBS to continue to operate effectively in a broadcasting environment transformed by digital technology. An amount of \$5.299m will also be provided in 1999-2000 as a capital injection to fund the relocation of the SBS Sydney Television transmission service from Gore Hill to Artarmon.

SECTION 2

OUTCOMES AND OUTPUTS INFORMATION

OUTCOMES AND OUTPUTS

The map on the following page shows the relationship between the outcome and the contributing outputs for the SBS. Financial detail for Outcome 1 by outputs appear in table 2.2.1, while non-financial information for Outcome 1 appears in table 2.3.1.

SPECIAL BROADCASTING SERVICE CORPORATION

OUTCOMES AND OUTPUTS

OUTCOME 1	
Table 2.1.1: Relationship between old Program structure and new Outcome structure for Outcome 1	
PROGRAM MANAGEMENT BUDGETING	ACCRUAL BUDGETING
PROGRAM 3 To support the development of information, communication, broadcasting and online services responsive to the Government's overall economic social and cultural policy objectives.	OUTCOME 1 Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society

<p>Sub-program</p> <p>Sub program 3.4 Special Broadcasting Service</p> <ul style="list-style-type: none"> To contribute to a more cohesive, equitable and harmonious Australian society through the provision of multilingual and multicultural radio and television services. To provide a constantly fresh perspective on the cultural diversity of Australia and the world. 	<p>Output</p> <p>Output 1.1, 1.2</p>
<p>Appropriations for Program 3</p>	<p>Appropriations for Outcome 1</p>
<p>Sub-program 3.4</p> <p>Special Broadcasting Service Corporation (SBS)</p> <p><i>Appropriation Bill No. 1</i></p> <p>Div 151 Broadcasting and Television Service</p> <p>2: SBS Operating Expenses (\$ 000) 83,948</p> <p><i>Appropriation Bill No. 2</i></p> <p>Div 811 Capital Works and Services Broadcasting & Television</p> <p>3: SBS Capital (\$ 000) 3,705</p> <p>TOTAL OUTLAYS (\$ 000) 87,653</p>	<p><i>Appropriation Bill No. 1</i></p> <ul style="list-style-type: none"> Agency outputs \$ 000 106,343 <p><i>Appropriation Bill No. 2</i></p> <ul style="list-style-type: none"> Equity Injection \$ 000 7,899

OUTCOME 1

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 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.

1999-2000 BUDGET MEASURES AFFECTING OUTCOME 1

There are no Budget Measures applicable in 1999-00 for SBS.

MEASURES SINCE LAST BUDGET AFFECTING OUTCOME 1

A non-budget Measure that will impact on the price of outputs in 1999-2000 is the transfer of funding from the National Transmission Authority (NTA), previously Sub Program 3.2 in the Communications, Information Technology and the Arts portfolio in 1998-99 to SBS. The transfer of responsibility for transmission matters results from the sale of the NTA.

The impact of this non-Budget Measure is an increase in appropriation and a corresponding increase in expenditure.

RESOURCES FOR OUTCOME 1

Table 2.2.1. shows how the 1998-99 appropriation and program structure translate to total resourcing for Outcome 1 including, Revenue from Government (Appropriation) for Outputs, and the Total Price of Outputs. Cell references **E1** and **I1** show the links back to Table 1.1., the Appropriations Table. Table 2.3.2 also compares cash with accrual figures for 1998-99.

Table 2.2.1 Total Resources for Outcome 1 (\$ 000)

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

Administered Expenses (Including third party outputs)	Estimated Payments 1998-99 CASH \$ 000	Estimated Expenses 1998-99 ACCRUAL \$ 000	Estimated Expenses 1999-00 \$ 000
The SBS has no administered expenses	nil	nil	nil
Total Administered Expenses	nil	nil	nil
Price of Agency Outputs			
Output 1.1 Television	87,038	88,743	99,632
Subtotal Output 1.1	87,038	88,743	99,632
Output 1.2 Radio	26,087	26,519	28,875
Subtotal Output 1.2	26,087	26,519	28,875
Revenue from Government (Appropriation) for Agency Outputs	87,653	88,790	106,343 82.7% (11)
Revenue from other Sources	25,472	26,472	22,164
Total Price of Outputs	113,125	115,262	128,507 (E1)
TOTAL FOR OUTCOME 1 (Total Price of Outputs and Admin Expenses)	113,125	115,262	128,507
STAFF YEARS (NUMBER)	1998-99	1999-00	
	730	730	

CONTRIBUTION OF OUTPUTS TO OUTCOME 1

SBS's outputs are grouped into two output groups Television and Radio. SBS broadcasts provide multilingual and multicultural services which 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 group is contained in Table 2.3.1.

PERFORMANCE INFORMATION FOR OUTCOME 1**Table 2.3.1: Performance Information and Planned Level of Achievement,****1999-2000**

Effectiveness Overall Achievement of the Outcome - (Measures, indicators and targets used as appropriate)
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Delivery of multilingual and multicultural services that reflect Australia's multicultural society	Broadcast services which inform, educate and entertain all Australians.
Performance Information for Administered Items (Including third party outputs)	
SBS has no administered items	
Performance Information for Agency Outputs	
Output 1	
Output 1.1: Television	<p>Quality:</p> <ul style="list-style-type: none"> • Viewer and community feedback. • Audience reach data; using the average weekly reach figure. • Tenor of media comment. • Number of hours of appropriate programming <p>Quantity:</p> <ul style="list-style-type: none"> • % 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>Price:</p> <ul style="list-style-type: none"> • Total price of outputs - \$99.632m
Output 1.2: Radio	<p>Quality:</p> <ul style="list-style-type: none"> • Listener and community feedback. • Audience surveys. <p>Quantity:</p> <ul style="list-style-type: none"> • Number of hours broadcast in languages other than English . <p>Price:</p> <ul style="list-style-type: none"> • Total price of outputs - \$28.875m

EVALUATIONS

The SBS has extensively evaluated its outputs over time in order to achieve the most efficient and effective delivery of service.

During 1999-2000 SBS will conduct an evaluation of the provision of its web site. The evaluation will examine alternative means for the provision of this Service.

There are no other major specific evaluations planned for 1999-2000. A major area of review and strategic development for SBS in the next twelve months will be in respect to digital operation for SBS.

COMPETITIVE TENDERING AND CONTRACTING

The extensive evaluation of its outputs has resulted in the outsourcing of several major areas of activity as follows:

Advertising services

Commissioned Programs

Transmission Services

Support Services: - Telephony

- Cleaning

- Security

- Internal audit

- Building maintenance

- Merchandise Sales

- International Representation

Two of the major activities listed above that are indicative of the extent and success of the approach are Advertising Services and Commissioned Programs.

Advertising services:

The *Special Broadcasting Service Act, 1991* allows SBS to supplement its revenue from Government through advertising activities. Since 1992, SBS has outsourced its sales advertising unit, initially with two marketing firms. Following a review of this activity, a new contract was signed (in August 1997) with one of the two firms to provide exclusive media representation of SBS (in respect of television advertising).

Under this arrangement revenue from advertising has increased significantly.

Commissioned programs:

In 1994 the Government provided \$13m to SBS (over four years) to commission high quality programs from independent producers throughout Australia. SBS Independent (SBSI) was established as SBS's commissioning arm. In the period 1994 to 1998, SBSI commissioned about 300 hours of innovative programs reflecting contemporary multicultural Australia.

In 1998, an extensive review of SBSI's activities was undertaken, including its role in fostering the independent Australian production industry (through the commissioning and pre-purchasing of programs, as well as the establishment of co-financing arrangements with Federal and State film funding organisations). A submission to Government was well received, and funding for SBSI was renewed in 1998, with the Government providing a further \$19m to SBS over the next four years.

SBS also contributes \$2.5m annually from its own resources to support SBSI.

The SBSI arrangement represents a very successful outsourcing model.

SECTION 3

BUDGETED FINANCIAL STATEMENTS

The budgeted financial statements for the SBS are presented in this section.

Budgeted Statement of Revenues and Expenses (Budgeted Operating Statement)

This statement provides a picture of the expected financial results for the SBS by identifying full accrual expenses and revenues, which highlights whether the SBS is operating at a sustainable level in the short run.

Budgeted Statement of Assets and Liabilities (Budgeted Balance Sheet)

Shows the expected financial position of the SBS.

Budgeted Cash Flow Statement

Budgeted cash flows, as reflected in the statement of cash flows, provides 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.

Capital Budget

Shows all proposed capital expenditure funded either through the Budget as appropriation by equity injections or as loans, and/or appropriations for administered capital, or as funds from internal sources or as funds from other sources.

Non-financial Assets - Summary of Movement

Table 3.1 Budgeted Statement of Revenue and Expenses
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	Estimated		Estimated	Estimated	Estimated
	Actual 1998-99	1999-2000	2000-01	2001-02	2002-03
DEPARTMENTAL REVENUE AND EXPENSES	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES					
Revenue from Government	88,790	106,343	108,357	110,661	110,993
Ordinary Annual Appropriations (net appropriations)	0	0	0	0	0
Other Services	0	0	0	0	0
Resources received free of charge	0	0	0	0	0
Revenue from independent sources:					
Sales from goods and services	21552	21,667	21,906	22,103	22,306
Revenues of trust account businesses	0	0	0	0	0
Other sources of non-taxation revenue	4450	0	0	0	0
Other revenues from independent sources	470	497	450	450	450
Total Revenue	115,262	128,507	130,713	133,214	133,749
EXPENSES					
Employees	44,094	45,638	47,463	47,500	48,000
Depreciation and amortisation	4,492	5,173	5,900	6,452	6,994
Other costs of providing goods and services	57653	66240	66811	68944	69015
Expenses of trust account businesses	0	0	0	0	0
Interest and other financing costs	4608	4531	4449	3293	2004
Other	120	120	120	120	120
Total Expenses	110,967	121,702	124,743	126,309	126,133
Operating result before capital use charge	4,295	6,805	5,970	6,905	7,616
Capital use charge	0	4,968	5,656	6,186	6,752
Transfers and Dividends					
Accumulated Results at year end	4,295	6,132	6,446	7,165	8,029

Table 3.2 Budgeted Statement of Assets and Liabilities

	Estimated		Estimated	Estimated	Estimated	
	Actual		Estimated	Estimated	Estimated	
	Note	1998-99	1999-2000	2000-01	2001-02	2002-03
DEPARTMENTAL ASSETS AND LIABILITIES		\$'000	\$'000	\$'000	\$'000	\$'000
DEBTS						
Loans		31346	30446	28346	26246	24146
Leases		1202	856	485	87	0
Total debt		32548	31302	28831	26333	24146
PROVISIONS AND PAYABLES						
Employees		10583	10497	10500	10500	10500
Suppliers		5516	5574	5534	5650	5375
Other		100	100	0	0	0
Total provisions and payables		16199	16171	16034	16150	15875

EQUITY					
Accumulated Results	23441	25278	25593	26312	27176
Reserves	10056	10056	10056	10056	10056
Equity	0	7899	11799	15899	19899
Total equity	33497	43233	47448	52267	57131
Total liabilities and equity	82244	90706	92313	94750	97152
FINANCIAL ASSETS					
Cash	2443	6785	4955	6205	9512
Receivables	7112	8234	8924	9277	9077
Investments	2000	0	0	0	0
Other	0	0	0	0	0
Total Financial Assets	11555	15019	13879	15482	18589
NON-FINANCIAL ASSETS					
Land and buildings	39599	39149	38699	38249	37799
Infrastructure, Plant & Equipment	19404	25,030	26280	26778	26734
Intangibles	505	555	605	655	705
Inventories	10452	10002	10664	11064	11964
Other	728	951	2186	2522	1361
Total non-financial assets	70688	75687	78434	79268	78563
Total assets	82243	90706	92313	94750	97152

Table 3.3 Budgeted Cash Flow Statement

	Note	Estimated				
		Actual 1998-99	1999-2000	2000-01	2001-02	2002-03
		\$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL CASH FLOWS						
Operating activities						
Cash received						
Appropriations		88790	106343	108357	110661	110993
Sales of goods and services		15730	16226	15980	16547	16708
From Trust account businesses		0	0	0	0	0
Other		620	647	600	600	600
Total cash received		105140	123216	124937	127808	128301
Cash Used						
Employees		44180	45726	47555	47000	47300
Suppliers		45541	61643	63610	65043	65098
Other		4608	4531	4449	3293	2,004
Total cash used		94329	111900	115614	115336	114,402
Net cash from operating activities		10811	11316	9323	12472	13899
Investing activities						
Cash received						
Appropriations		0	0	0	0	0
Proceeds from sale of property, plant		30	30	30	30	30

and equipment					
Other	0	2000	0	0	0
Total cash received	30	2030	30	30	30
Cash used					
Purchase of property, plant and equipment					
Other	2000	0	0	0	0
Total cash used	7780	10429	6780	6580	6580
Net cash from investing activities	(7750)	(8399)	(6750)	(6550)	(6550)
Financing activities					
Cash received					
Cash from Consolidated Revenue Fund	0	7899	3900	4100	4000
Proceeds from borrowings	0	0	0	0	0
Other	0	0	0	0	0
Total cash received		7899	3900	4100	4000
Cash used					
Capital use charge paid	0	4968	5656	6186	6752
Repayment of borrowings	5937	1083	2226	2165	1200
Other	422	423	421	421	90
Total cash used	6359	6474	8303	8772	8042
Net cash from financing activities	(6359)	1425	(4403)	(4672)	(4042)
Net Increase/Decrease in Cash Held	(3298)	4342	(1830)	1250	3307
Add Cash at 1 July	5741	2443	6785	4955	6205
Cash at 30 June	2443	6785	4955	6205	9512

Table 3.4 Capital Budget

CAPITAL APPROPRIATION	Estimated			
	1999-00	2000-01	2001-02	2002-03
	\$'000	\$'000	\$'000	\$'000
TOTAL EQUITY INJECTIONS	7899	3900	4100	4000
TOTAL LOANS	0	0	0	0
TOTAL CAPITAL APPROPRIATION	7899	3900	4100	4000
Represented by:				
Purchase of non-current assets	7899	3900	4100	4000
Other	0	0	0	0
TOTAL	7899	3900	4100	4000

PURCHASE OF NON-CURRENT ASSETS	Estimated			
	1999-00	2000-01	2001-02	2002-03
	\$'000	\$'000	\$'000	\$'000
Funded by Capital Appropriation	7899	3900	4100	4000
Funded internally by Departmental resources	2530	2880	2480	2580
TOTAL	10429	6780	6580	6580

Table 3.5 Non-Financial Assets - Summary of movement

Budget Year 1999-2000

			Other			Total		Intangibles	Total
			Total	Specialist	Infrastructure	Infrastructure			
			Land and	military	plant and	plant and			
	Land	Buildings	Buildings	equipment	equipment	equipment			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Gross Value	8675	34294	42969	0	41232	41232	1217	85418	
<i>As at 1 July 1999</i>									
<i>(opening)</i>									
Additions	0	500	500	0	9849	9849	80	10429	
Disposals	0	0	0	0	(30)	(30)	0	(30)	
Other movements									
<i>As at 30 June 2000</i>	8675	34794	43469	0	51051	51051	1297	95817	
Accumulated									
Depreciation									
<i>As at 1 July 1999</i>	0	3370	3370	0	21828	21828	712	25910	
<i>(opening)</i>									
Disposals	0	0	0	0	(3)	(3)	0	(3)	
Charge for the reporting period	0	943	943	0	3748	3748	29	4720	
Acc Depn/Amort-Change on Additions	0	7	7	0	448	448	1	456	
Other movements									
<i>As at 30 June 2000</i>	0	4320	4320	0	26021	26021	742	31083	
Net book value as at 30 June 2000 (closing book value)	8675	30474	39149	0	25030	25030	555	64734	
Net book value as at 1 July 1999 (opening book value)	8675	30924	39599	0	19404	19404	505	59508	
TOTAL ADDITIONS									
			Other			Total		Intangibles	Total
			Total	Specialist	Infrastructure,	Infrastructure,			
			Land and	military	plant and	plant and			
	Land	Buildings	Buildings	equipment	equipment	equipment			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	

Self funded	0	500	500	0	1950	1950	80	2530
Appropriations	0	0	0	0	7899	7899	0	7899
TOTAL	0	500	500	0	9849	9849	80	10429

NOTES TO THE FINANCIAL STATEMENTS

(Table 3.1) BUDGETED STATEMENT OF REVENUE AND EXPENSES

The increase in Revenue from Government in 1999-2000 is largely due to funding provided to SBS to meet the costs of transmission services (\$13m). This is in line with Government policy to transfer responsibility for transmission services to the national broadcasters (funds previously provided to NTA). A related increase in expenses is shown against the line item Other costs of providing goods and services .

The increase also reflects the inclusion of funding provided for the capital usage charge and depreciation, as a result of the move to accrual budgeting in the Commonwealth.

In the 1998-99 figures, the amount of \$4.4m appearing in Other sources of non-taxation revenue relates to the funding to meet payments for transmission costs for the period May to June 1999 (following the sale of the NTA) and funding received from the Office of Government On-line (OGO) for year 2000 issues.

Throughout the period covered by these forward estimates, there is an increase in Depreciation and amortisation expenses resulting from additional depreciation associated with capital equity injections for conversion to digital equipment, and the relocation of the SBS Sydney television transmission service. There is also an increase in the amount of amortisation of programs commissioned by SBS Independent (SBSI).

(Table 3.2) BUDGETED STATEMENT OF ASSETS AND LIABILITIES

The level of loan liability is decreasing throughout the period covered by these forward estimates as payments are made against borrowings related to the SBS Sydney headquarters.

The increase in equity throughout the period covered by the estimates relates to the injection of capital from government to fund the conversion of technical equipment from analogue to digital and the cost of the relocation of the SBS Sydney television transmission service. This also flows through as an increase in Assets (in the Infrastructure, Plant and Equipment category).

(Table 3.3) BUDGETED STATEMENT OF CASH FLOWS

As stated above, the increase in government appropriation in 1999-2000 is largely due to funding provided to SBS to meet the costs of transmission. A related increase is incorporated in expenses in cash used for Suppliers . Appropriation is also provided to meet the capital usage charge and depreciation expenses.

The increase in cash used for the Purchase of Property, Plant and Equipment in 1999-2000 is largely due to the cost of the relocation of the SBS Sydney television transmission service from Gore Hill to Artarmon and the costs of converting technical equipment from analogue to digital.

The amounts in Cash from Consolidated Revenue Fund in 1999-2000, and future years are a result of capital equity injections referred to earlier.

(Table 3.4) CAPITAL BUDGET

As outlined above, SBS is receiving capital equity injections in 1999-2000 to fund the conversion of technical equipment from analogue to digital and the cost of the relocation of the SBS Sydney television transmission service. The capital equity injections in future years are for the conversion of technical equipment from analogue to digital.