

**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 for the Special Broadcasting Service Corporation in the 2001-2002 Budget is \$133.100m.

Special Broadcasting Service Corporation — Appropriations 2001-02

Table 1.1: Appropriations and Other Revenue (\$'000)

Outcome	Departmental (price of outputs)					Administered				
	Revenue from Government (appropriations)			Revenue from other sources ⁽⁴⁾	Price of outputs ⁽³⁾	Annual appropriations		Special approps ⁽⁵⁾	Total administered appropriations	Total appropriations
	Bill No. 1	Special approps ⁽⁵⁾	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs) ⁽²⁾			
	(A)	(B)	(C = A+B)	(D)	(E = C+D)	(F)	(G)	(H)	(I = F+G+H)	(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.	125,100	-	125,100 ⁽¹⁾	32,382	157,482 ⁽¹⁾	-	-			125,100
					79.4%					
Total	125,100	-	125,100	32,382	157,482					125,100
				Departmental capital (equity injections and loans)						8,000
								Administered capital		-
								Total appropriations		133,100

1. Amount refers to information provided in Table 2.1.1. Amounts refer to the Budgeted Statement of Financial Performance, and Capital Budget Statement.
2. 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.
3. Refer to Budgeted Statement of Financial Performance (Operating Statement) for application of agency revenue.
4. Revenue from other sources includes other revenue from government (eg resources free of charge) and revenue from other sources. Non-appropriated departmental and administered revenues are shown in Appendix 1.
5. Percentage figure indicates the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The Special Broadcasting Service Corporation will receive digital funding equity injection of \$4.1 million in 2001-2002 under Phase 1 of the Digital Conversion Plan (this is the fourth year of this first phase). The funding will be used to purchase digital equipment, and the capital injection is being significantly supplemented by internal funding. SBS will also receive \$2.7 million in 2001-2002 to continue to implement the second phase of its digital plan following the introduction of digital transmission on 1 January 2001. This includes upgrading to HDTV and to the 16:9 format. 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 \$1.2 million in 2001-2002 for the repayment of a capital component of the loan to purchase the Artarmon building.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

The chart 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.

Chart 1: Outcome Structure

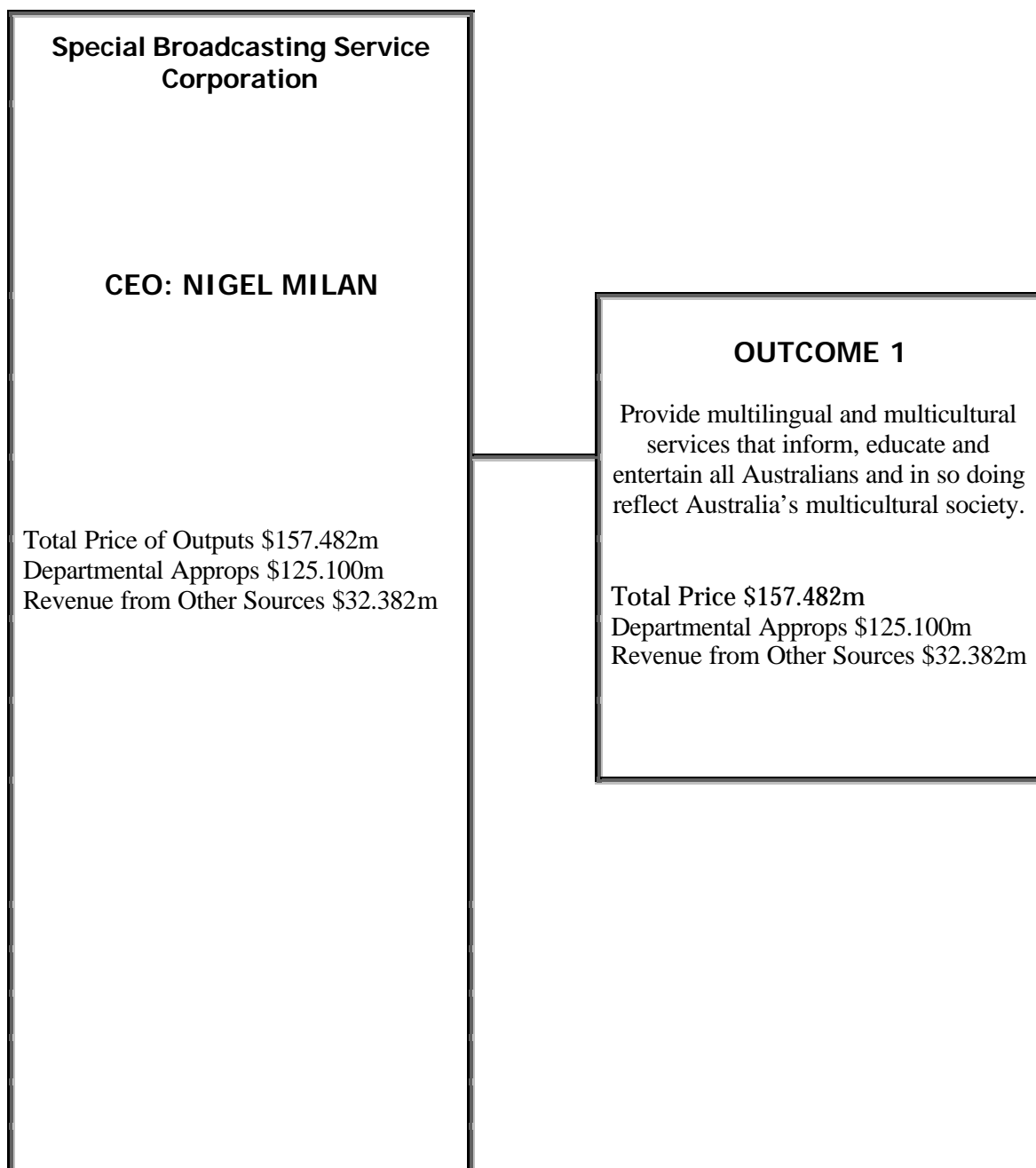
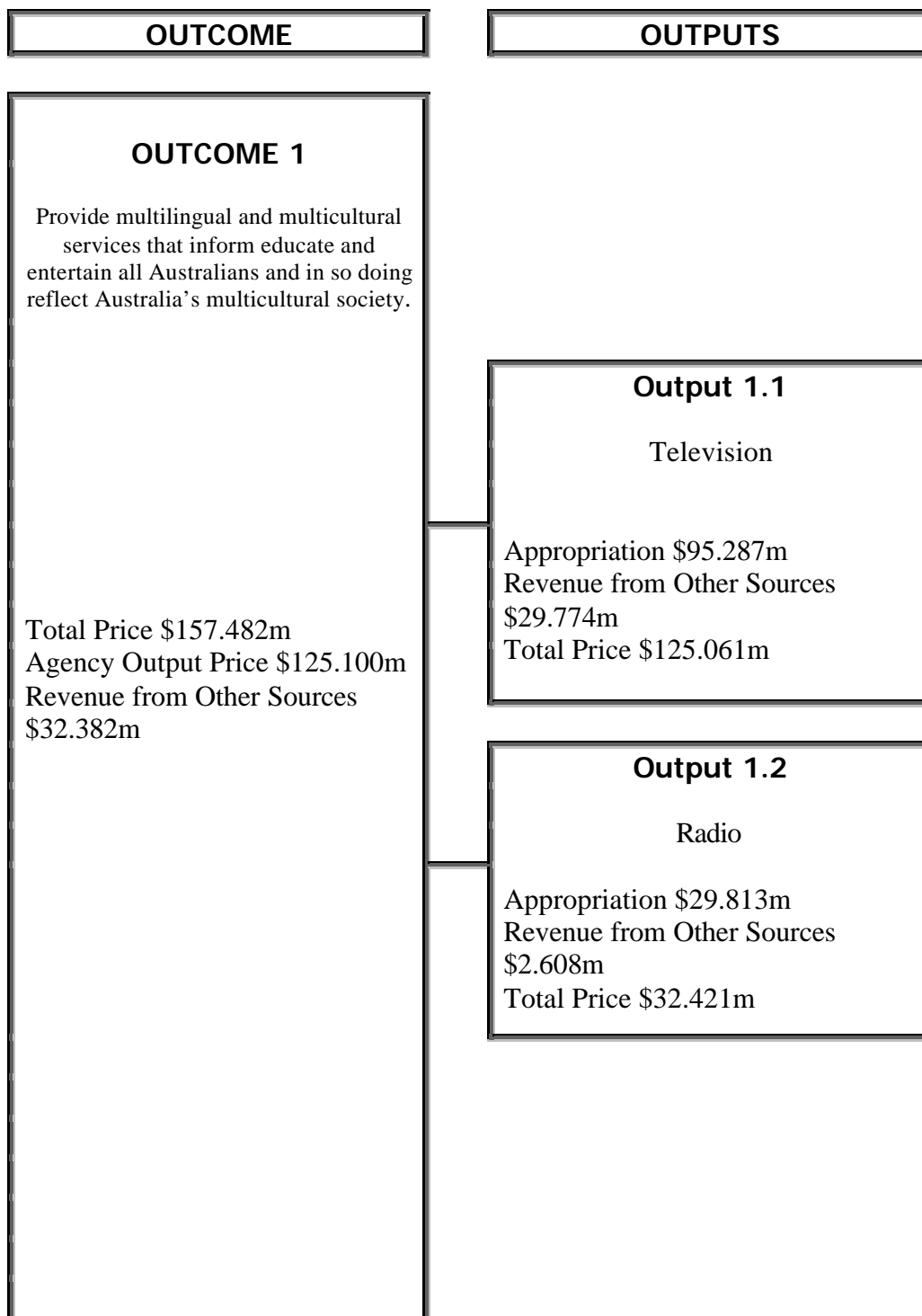


Chart 2: Outcome 1 — Contributing Outputs



Note: Revenue from Government (Appropriations) contributes 79.4 per cent to the Total Price of Output for Outcome 1 for 2001-02.

OUTCOME 1 — DESCRIPTION

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.

MEASURES AFFECTING OUTCOME 1

There are no Budget Measures affecting Outcome 1.

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

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OUTCOME 1 — RESOURCING

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

	Estimated actual 2000-01 \$'000	Budget estimate 2001-2002 \$'000
Administered appropriations		
The SBS has no administered expenses	-	-
Total administered appropriations	-	-
Departmental appropriations		
Output Group 1.1 - Television		
Output 1.1.1 - Television	92,991	95,287
Subtotal output group 1.1	92,991	95,287
Departmental appropriations		
Output Group 1.2 - Radio		
Output 1.2.1 - Radio	29,095	29,813
Subtotal output group 1.2	29,095	29,813
Total revenue from government (appropriations)	122,086	125,100
Contributing to price of departmental outputs	69.9%	79.4%
Revenue from other sources		
Output 1.1 Television	48,346	29,774
Output 1.2 Radio	4,235	2,608
Total revenue from other sources	52,581	32,382
Total price from departmental outputs (Total revenue from Government and from other sources)	174,667	157,482
Total estimated resourcing for outcome 1 (Total price of outputs and admin expenses)	174,667	157,482
	2000-01	2001-02
Average staffing level (number)	728	730

Table 2.1.1 shows how the 2001-02 appropriations translate to total resourcing for Outcome 1, including Revenue from Government (Appropriation) for Outputs, Revenue from other sources, and the Total Price of Outputs.

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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	Quality: Positive viewer and community feedback; alignment of programs with Australia's multicultural society and perspective.
	Quantity: Hours of programming in languages other than English; hours of subtitled programs; audience reach.
Radio	Quality: Positive listener and community feedback; alignment of programs with Australia's multicultural society and perspective.
	Quantity: Hours of broadcast in languages other than English.
Performance information for departmental outputs	
Output 1.1: Television	
Output 1.1.1 - 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.
	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.
	Price: Total price of outputs - \$125.061m
Output 1.2: Radio	
Output 1.2.1 - Radio	Quality: Listener and community feedback. Audience surveys.
	Quantity: Number of hours broadcast in languages other than English.
	Price: Total price of outputs - \$32.421m

Evaluations

The SBS continuously monitors the performance indicators included in Table 2.2.1. The results will be shown in the annual report.

Competitive Tendering and Contracting

SBS has undertaken extensive evaluation of its outputs over time. This has resulted in the outsourcing of several major areas of activity, including advertising services, commissioned programs, transmission services, new media applications and other support services such as telephony, cleaning, security, internal audit, building maintenance, merchandise sales and international representation. SBS will continue to test the provision of its support services against outsourced and other models, and use the most appropriate mix of internal and external resources in the provision of its services.

During 2001-2002 SBS will review existing and potential contracted services, especially those services for which the contracts are due to lapse.

Section 3: Budgeted Financial Statements

DEPARTMENTAL STATEMENTS

Budgeted Statement of Financial Performance (Operating Statement)

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

Budgeted Statement of Financial Position (Balance Sheet)

This statement shows the financial position of the SBS Corporation. It enables decision-makers to track the management of the Corporation's assets and liabilities.

Budgeted Statement of Cash Flows

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 Statement

Shows all planned 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.

Non-financial Assets – Summary of Movement

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

**Table 3.1: Budgeted Statement of Financial Performance
(Operating Statement)
for the period ended 30 June**

	Estimated actual 2000-01 \$'000	Budget estimate 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
Revenues from ordinary activities					
Revenue from government (C1)	122,086	125,100	122,714	121,488	123,003
Sales of goods and services	23,487	23,683	24,885	25,876	26,500
Interest	400	400	400	450	500
Net foreign exchange gains	50	50	50	50	50
Other	28,644	8,249	6,839	7,003	7,248
Total revenues from ordinary activities	174,667	157,482	154,888	154,867	157,301
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	48,634	49,532	50,165	50,630	51,000
Suppliers	105,476	86,043	86,374	85,594	83,977
Depreciation and amortisation	5,900	6,952	8,294	9,110	9,310
Write down of assets	120	120	120	100	60
Interest	4,449	4,493	4,504	2,000	2,000
Total expenses from ordinary activities (excluding borrowing costs expense)	164,579	147,140	149,457	147,434	146,347
Borrowing cost expense					
Net surplus or deficit from ordinary activities	10,088	10,342	5,431	7,433	10,954
Gain or loss on extraordinary items					
Net surplus or deficit					
Capital use charge	(9,258)	(9,463)	(9,792)	(10,251)	(10,832)
Net surplus or deficit after capital use charge	19,346	879	(4,361)	(2,818)	122

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**Table 3.2: Budgeted Statement of Financial Position (Balance Sheet)
as at 30 June**

	Estimated actual 2000-01 \$'000	Budget estimate 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
ASSETS					
Financial assets					
Cash	2,978	4,587	3,769	5,460	12,422
Receivables	9,734	10,088	10,887	10,687	10,900
Investments	60,025	55,709	52,354	46,807	43,055
Total financial assets	72,737	70,384	67,010	62,954	66,377
Non-financial assets					
Land and buildings	37,908	37,458	37,008	36,558	35,583
Infrastructure, plant and equipment	40,975	42,944	44,429	48,881	47,546
Inventories	12,770	16,170	18,570	18,470	18,000
Intangibles	325	375	425	475	475
Other	7,736	7,801	6,911	6,911	6,900
Total non-financial assets	99,714	104,748	107,343	111,295	108,504
Total assets	172,451	175,132	174,353	174,249	174,881
LIABILITIES					
Debt					
Loans	21,913	19,813	18,613	17,413	16,213
Leases	495	97	10	10	10
Total debt	22,408	19,910	18,623	17,423	16,223
Provisions and payables					
Employees	14,178	14,678	15,178	15,678	16,148
Suppliers	7,347	7,463	7,187	7,348	7,540
Other	51,480	47,164	43,809	40,262	36,510
Total provisions and payables	73,005	69,305	66,174	63,288	60,198
Total liabilities	95,413	89,215	84,797	80,711	76,421
EQUITY					
Capital	38,199	46,199	54,199	60,999	65,799
Reserves	10,056	10,056	10,056	10,056	10,056
Accumulated surpluses or deficits	28,783	29,662	25,301	22,483	22,605
Total equity	77,038	85,917	89,556	93,538	98,460
Current liabilities	64,807	60,607	56,076	52,690	49,130
Non-current liabilities	30,606	28,608	28,721	28,021	27,291
Current assets	21,815	27,178	29,559	30,950	37,655
Non-current assets	150,636	147,954	144,794	143,299	137,226

Part C: Agency Budget Statements — SBS

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

	Estimated actual 2000-01 \$'000	Budget estimate 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	122,086	125,100	122,714	121,488	123,003
Sales of goods and services	18,981	19,547	19,709	20,145	22,612
Interest	4,736	2,913	2,463	2,484	2,500
Other	8,545	9,800	9,915	10,032	10,150
Total cash received	154,348	157,360	154,801	154,149	158,265
Cash used					
Employees	47,226	46,132	47,965	49,589	49,335
Suppliers	102,875	85,927	82,941	81,153	79,199
GST payments to suppliers	9,600	9,715	9,832	9,950	10,069
Interest	4,449	4,493	4,504	2,000	2,000
Other					
Total cash used	164,150	146,267	145,242	142,692	140,603
Net cash from operating activities	(9,802)	11,093	9,559	11,457	17,662
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	30	30	30	30	30
Investments	29,080	6,829	5,418	7,581	5,749
Total cash received	29,110	6,859	5,448	7,611	5,779
Cash used					
Purchase of property, plant and equipment	25,080	9,780	10,680	10,692	7,250
Investments	6,336	2,513	2,063	2,034	1,997
Total cash used	31,416	12,293	12,743	12,726	9,247
Net cash from investing activities	(2,306)	(5,434)	(7,295)	(5,115)	(3,468)

Part C: Agency Budget Statements — SBS

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

	Estimated actual 2000-01 \$'000	Budget estimate 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2003-04 \$'000
FINANCIAL ACTIVITIES					
Cash received					
Other	23,400	8,000	8,000	6,800	4,800
Total cash received	23,400	8,000	8,000	6,800	4,800
Cash used					
Repayments of debt	2,226	2,165	1,200	1,200	1,200
Capital use and dividends paid	9,258	9,463	9,792	10,251	10,832
Other	422	422	90		
Total cash used	11,906	12,050	11,082	11,451	12,032
Net cash from financing activities	11,494	(4,050)	(3,082)	(4,651)	(7,232)
Net increase in cash held					
	(614)	1,609	(818)	1,691	6,962
Cash at the beginning of the reporting period	3,592	2,978	4,587	3,769	5,460
Cash at the end of the reporting period	2,978	4,587	3,769	5,460	12,422

Part C: Agency Budget Statements — SBS

Table 3.4: Capital Budget Statement

	Estimated actual 2000-01 \$'000	Budget estimate 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	23,400	8,000	8,000	6,800	4,800
Total loans					
Represented by:					
Purchase of non-current assets	22,200	6,800	6,800	5,600	3,600
Other	1,200	1,200	1,200	1,200	1,200
Total	23,400	8,000	8,000	6,800	4,800
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	22,200	6,800	6,800	5,600	3,600
Funded internally by	2,880	2,980	3,880	5,092	3,650
Departmental resources					
Total	25,080	9,780	10,680	10,692	7,250

Table 3.5: Non-financial Assets — Summary of Movement (Budget Year 2001-02)

	Land	Buildings	Total Land and Buildings	Specialist Military Equipment	Other Infrastructure Plant and Equipment	Total Infrastructure Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROSS VALUE								
<i>As at 1 July 2001 (opening)</i>	8,675	32,035	40,710		67,762	67,762	1,418	109,890
Additions		500	500		9,200	9,200	80	9,780
Disposals					(30)	(30)		(30)
Other movements					(1,229)	(1,229)		(1,229)
<i>As at 30 June 2002 (closing)</i>	8,675	32,535	41,210		75,703	75,703	1,498	118,411
ACCUMULATED DEPRECIATION								
<i>As at 1 July 2001 (opening)</i>		2,802	2,802		26,787	26,787	1,093	30,682
Disposals								
Charge for the reporting period		950	950		5,972	5,972	30	6,952
Other movements								
<i>As at 30 June 2002 (closing)</i>		3,752	3,752		32,759	32,759	1,123	37,634
Net book value								
As at 30 June 2002 (closing book value)	8,675	28,783	37,458		42,944	42,944	375	80,777
Net book value as at 1 July 2001 opening book value)								
	8,675	29,233	37,908		40,975	40,975	325	79,208
TOTAL ADDITIONS								
Self funded		500	500		2,400	2,400	80	2,980
Appropriations					6,800	6,800		6,800
Total		500	500		9,200	9,200	80	9,780

NOTES TO THE FINANCIAL STATEMENTS

(Table 3.1) BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

The decrease in 'Suppliers expenses' in 2001-02 is partly due to the program to extend analogue television services to centres with a population of greater than 10,000 and the costs associated with the introduction of digital transmission. These expenses were higher in 2000-2001 than in subsequent years.

The decrease in 'Revenue from Government' between 2002-03 and 2003-04 relates partly to the lapsing of the SBS Independent (SBSI) Production funding agreement which had been extended for four years from 1998-1999. There is however no immediate corresponding decrease in 'Suppliers expense' as the commissioned programs purchased by the SBSI Production fund are capitalised and expensed when they are broadcast. It is anticipated that the amortisation of these programs will result in deficits in the financial years 2002-03 and 2003-04.

The decrease in 'Operating revenues from independent sources – Other' in 2001-02 relates to amounts received for the extension of analogue television services referred to above. The amount received in the first year of the expansion program was higher than in subsequent years.

Throughout the period covered by the forward estimates, there is an increase in depreciation and amortisation expenses resulting from additional depreciation associated with capital equity injections for the conversion to digital equipment. There is also an increase in the amount of amortisation of programs commissioned by SBSI. The decrease in 'Suppliers expenses' in 2001-2002 is partly due to the one-off provision in 2000-2001 for digital distribution costs.

(Table 3.2) BUDGETED STATEMENT OF FINANCIAL POSITION

The level of the loan liability to purchase the Artarmon building decreases throughout the period covered by these forward estimates as sinking fund deposits are made which are offset against the loan.

The increase in capital (equity) to the year 2003-04 relates mainly to the injection of capital from government to fund the conversion of technical equipment from analogue to digital, and a reduction in the capital component of the Artarmon building loan.

The rate of increase in the level of inventories is affected by (a) the increase in the amount of amortisation of programs commissioned by SBSI (as they are broadcast), offset by (b) the end of the SBSI funding arrangement.

The increase in cash used for the 'Purchase of Property, Plant and Equipment' in 2001-02 is largely due to funding received for the second phase of conversion to digital.

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(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 in the explanation to the Statement of Revenues and Expenses (Table 3.1).

The increase in cash used for the ‘Purchase of Property, Plant and Equipment’ in 2000-2001 is largely due to funding received for the second phase of conversion to digital (Phase 2).

(Table 3.4) CAPITAL BUDGET

SBS is receiving capital equity injection 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 to purchase the Artarmon building (\$1.2 million annually).

Appendix 1

Non-Appropriation Departmental and Administered Revenue

	Estimated Revenue	Estimated Revenue
	2000-01	2001-02
	\$'000	\$'000
Departmental Revenue		
Sales of goods and services	23,487	23,683
Interest	400	400
Other non-appropriation revenue	28,694	8,299
Total Non-Appropriation departmental revenue	52,581	32,382