

**SPECIAL BROADCASTING SERVICE
CORPORATION**

**ADDITIONAL ESTIMATES
STATEMENTS 2015-16**

**Entity resources and planned
performance**

SPECIAL BROADCASTING SERVICE CORPORATION

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SPECIAL BROADCASTING SERVICE CORPORATION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Special Broadcasting Service Corporation (SBS) is a national broadcasting service that provides multicultural and multilingual services that inform, educate and entertain all Australians. Its mission is to contribute to a more cohesive, equitable and harmonious Australia through its television, radio and digital media services. SBS's functions are guided by its Charter (in Section 6 of the *Special Broadcasting Service Act 1991*).

In the Additional Estimates, SBS will receive \$4.1 million in 2015-16 to replace revenue that could not be raised as legislation to allow the SBS further advertising flexibility was not passed by the Parliament.

A full outline of SBS's Strategic Direction can be found in the 2015-16 Portfolio Budget Statements (PB Statements).

1.2 AGENCY RESOURCE STATEMENT

The Agency Resource Statement details the resourcing for SBS at Additional Estimates. Table 1.1 shows the total resources from all sources for the 2015-16 Budget year, including variations through Appropriation Bill No 3.

Table 1.1: Special Broadcasting Service Corporation resource statement – Additional Estimates February 2016

	Actual available appropriation	Estimate as at Budget	Proposed Additional Estimates	Total estimate at Additional Estimates
	2014-15	2015-16	2015-16	2015-16
	\$'000	\$'000	\$'000	\$'000
Opening balance/Reserves at bank	12,048	13,944	-	13,944
REVENUE FROM GOVERNMENT				
Ordinary annual services(a)				
Outcome 1	285,859	283,270	4,100	287,370
Total ordinary annual services	285,859	283,270	4,100	287,370
Other services				
Total annual appropriations	285,859	283,270	4,100	287,370
Total funds from Government	285,859	283,270	4,100	287,370
FUNDS FROM OTHER SOURCES				
Interest	3,682	3,428	(578)	2,850
Sale of goods and services	101,662	87,107	1,090	88,197
Total	105,344	90,535	512	91,047
Total net resourcing for agency	403,251	387,749	4,612	392,361

(a) *Appropriation Act (No. 1) 2015-16* and *Appropriation Bill (No. 3) 2015-16*.

1.3 ENTITY MEASURES

Table 1.2 summarises new Government measures taken since the 2015-16 Budget.

Table 1.2: Special Broadcasting Service Corporation 2015-16 measures since Budget

	Programme	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Expense measures					
Special Broadcasting Service - Additional Funding	1.1				
Departmental expenses		4,100	-	-	-
Total		4,100	-	-	-

1.4 BUDGET MEASURES

The following tables detail the changes to the resourcing for SBS at Additional Estimates, by outcome. Table 1.3 details the Additional Estimates and variations resulting from new measures since the 2015-16 Budget in Appropriation Bill No 3. Table 1.4 details variations through other factors, such as parameter adjustments.

Table 1.3: Additional estimates and variations to outcomes from measures since 2015-16 Budget

	Programme impacted	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Outcome 1					
Increase in estimates (departmental)					
Special Broadcasting Service Corporation - Additional Funding	1.1	4,100	-	-	-
Net impact on estimates for Outcome 1 (departmental)					
		4,100	-	-	-

Table 1.4: Additional estimates and variations to outcomes from other

Variations					
	Programme impacted	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Outcome 1					
Decrease in estimates (departmental)					
Whole of Government savings	1.1	-	(64)	(65)	(64)
Indexation adjustment	1.1	-	(365)	(540)	(911)
Indexation adjustment	1.2	-	(170)	(257)	(431)
Net impact on estimates for Outcome 1 (departmental)					
		-	(599)	(862)	(1,406)

(a) Estimates in brackets indicate a reduction. No brackets indicate an increase.

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for SBS through Appropriation Bill No. 3.

Table 1.5: Appropriation Bill (No. 3) 2015-16

	2014-15 Available \$'000	2015-16 Budget \$'000	2015-16 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Departmental programmes					
Outcome 1:					
Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society	285,859	283,270	287,370	4,100	-
Total departmental	285,859	283,270	287,370	4,100	-

2014-15 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

There have been no revisions to SBS's outcomes and programme structure, strategy or performance information as a result of Additional Estimates.

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

Outcome 1 strategy

There have been no changes since the 2015-16 Budget Estimates.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia's multicultural society	2014-15 Actual expenses \$'000	2015-16 Revised estimated expenses \$'000
Programme 1.1: SBS General Operating Activities		
Revenue from Government		
Ordinary annual services (<i>Appropriation Act No. 1</i> and Bill No. 3)	196,729	199,136
Revenues from other independent sources	99,824	89,581
Total for Programme 1.1	296,553	288,717
Program 1.2: SBS Transmission and Distribution		
Revenue from Government		
Ordinary annual services (<i>Appropriation Act No. 1</i> and Bill No. 3)	89,130	88,234
Revenues from other independent sources	(1,652)	-
Total for Programme 1.2	87,478	88,234
Outcome 1 Totals by resource type		
Revenue from Government		
Ordinary annual services (<i>Appropriation Act No. 1</i> and Bill No. 3)	285,859	287,370
Revenues from other independent sources	98,172	89,581
Total expenses for Outcome 1	384,031	376,951
	2014-15	2015-16
Average Staffing Level (number)	1,040	1,020

Contributions to Outcome 1

Programme 1.1: SBS General Operational Activities

Programme Objective

Delivering multilingual and multicultural television, radio and digital media services that reflect Australia's multicultural society and inspire all Australians to explore and celebrate our diverse world, and in doing so promote social cohesion amongst the many cultures of our nation.

Programme expenses 1.1

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward year 1 \$'000	2017-18 Forward year 2 \$'000	2018-19 Forward year 3 \$'000
Annual departmental expenses:					
Departmental item	196,729	199,136	185,902	183,040	185,147
Expenses not requiring appropriation in the Budget year	99,824	89,581	86,290	94,139	89,343
Total programme expenses	296,553	288,717	272,192	277,179	274,490

Programme 1.1 Deliverables

There has been no change to the programme deliverables.

Programme 1.1 Key Performance Indicators

There has been no change to key performance indicators.

Programme 1.2: SBS Transmission and Distribution Services

Programme Objective

To make SBS Television and Radio services available to all Australians

Programme expenses 1.2

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward year 1 \$'000	2017-18 Forward year 2 \$'000	2018-19 Forward year 3 \$'000
Annual departmental expenses: Departmental item	87,478	88,234	86,539	87,307	87,535
Total programme expenses	87,478	88,234	86,539	87,307	87,535

Programme 1.2 Deliverables

There has been no change to the programme deliverables.

Programme 1.2 Key Performance Indicators

There has been no change to key performance indicators.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

SBS's predicted operating result for 2015-16 is a modest surplus of \$0.4 million.

It should be noted that an efficiency savings measure of \$53.7 million has been applied to SBS funding from 2014-15.

Of the announced funding reduction of \$53.7 million, \$25.2 million was based on back-office efficiency opportunities agreed as part of the Government's Efficiency Study. A further \$28.5 million was predicated on successful legislative amendment to the SBS Act, which would provide SBS with additional advertising and sponsorship flexibility and allow SBS to deliver this portion of the appropriation reduction via an annual revenue increase. In the 2015-16 Additional Estimates, \$4.1 million of this amount has been appropriated to SBS to replace the revenue that could not be raised as the SBS advertising flexibility legislation was not passed by the Parliament. The remaining \$24.4 million reduction linked to the amendment to the advertising and sponsorship flexibility for the three years from 2016-17 is reflected in SBS's forward estimates. In the absence of further supplementation, SBS will need to reconsider its expenditure with a view to operating within its current funding.

Revenue from own-source is budgeted at \$89.9 million for 2015-16. This is largely generated from sales of goods and services, the main component being advertising revenue. The advertising revenue forecast in the estimates from 2016-17 to 2018-19 does not include additional gross advertising and sponsorship revenue based on successful legislative amendment to the SBS Act due to this bill not being passed in 2015.

3.2.2 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	121,654	118,200	120,291	121,494	122,709
Suppliers	250,204	246,455	225,558	231,373	228,198
Depreciation and amortisation	11,820	12,230	12,826	11,597	11,118
Finance costs	141	66	56	22	-
Write-down and impairment of assets	2	-	-	-	-
Losses from asset sales	29	-	-	-	-
Other expenses	181	-	-	-	-
Total expenses	384,031	376,951	358,731	364,486	362,025
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	88,309	81,336	78,006	85,661	80,657
Interest	3,698	2,850	2,950	3,050	3,100
Rental income	1,113	1,116	1,148	1,155	1,188
Royalties	4,597	3,698	4,199	4,329	4,461
Other	780	947	452	445	412
Total own-source revenue	98,497	89,947	86,755	94,640	89,818
Gains					
Sale of assets	20	-	-	-	-
Total gains	20	-	-	-	-
Total own-source income	98,517	89,947	86,755	94,640	89,818
Net cost of/contribution by) services	285,514	287,004	271,976	269,846	272,207
Revenue from Government	285,859	287,370	272,441	270,347	272,682
Surplus/(Deficit) attributable to the Australian Government	345	366	465	501	475
OTHER COMPREHENSIVE INCOME	-	-	-	-	-
Total comprehensive income/(loss)	345	366	465	501	475
Total comprehensive income/(loss) attributable to the Australian Government	345	366	465	501	475

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	13,944	5,219	9,393	7,122	4,628
Trade and other receivables	19,187	17,088	17,088	17,088	17,088
Other investments	15,934	5,934	5,934	5,934	5,934
Total financial assets	49,065	28,241	32,415	30,144	27,650
Non-financial assets					
Land and buildings	71,639	70,184	68,729	67,274	65,819
Property, plant and equipment	27,053	31,377	25,606	21,064	22,001
Intangibles	18,860	21,860	22,260	27,660	33,060
Inventories	71,677	79,675	75,704	78,715	89,233
Other non-financial assets	23,144	23,144	31,252	32,287	20,556
Total non-financial assets	212,373	226,240	223,551	227,000	230,669
Assets held for sale					
Total assets	261,438	254,481	255,966	257,144	258,319
LIABILITIES					
Payables					
Suppliers	29,118	26,118	26,118	26,118	26,118
Other payables	9,343	5,242	5,692	5,692	5,692
Total payables	38,461	31,360	31,810	31,810	31,810
Interest bearing liabilities					
Leases	395	224	44	-	-
Total interest bearing liabilities	395	224	44	-	-
Provisions					
Employee provisions	22,381	22,282	22,982	23,682	24,382
Other provisions	1,166	1,214	1,264	1,285	1,285
Total provisions	23,547	23,496	24,246	24,967	25,667
Total liabilities	62,403	55,080	56,100	56,777	57,477
Net assets	199,035	199,401	199,866	200,367	200,842
EQUITY*					
Parent entity interest					
Contributed equity	110,403	110,403	110,403	110,403	110,403
Reserves	60,542	60,542	60,542	60,542	60,542
Retained surplus/(accumulated deficit)	28,090	28,456	28,921	29,422	29,897
Total parent entity interest	199,035	199,401	199,866	200,367	200,842
Total non-controlling interest	-	-	-	-	-
Total Equity	199,035	199,401	199,866	200,367	200,842

Prepared on Australian Accounting Standards basis.

(a) 'Equity' is the residual interest in assets after deduction of liabilities.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	28,090	60,542	-	110,403	199,035
Adjusted opening balance	28,090	60,542	-	110,403	199,035
Comprehensive income					
Surplus/(deficit) for the period	366	-	-	-	366
Total comprehensive income	366	-	-	-	366
Estimated closing balance as at 30 June 2016	28,456	60,542	-	110,403	199,401
Closing balance attributable to the Australian Government	28,456	60,542	-	110,403	199,401

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	285,937	287,370	272,441	270,348	272,682
Sale of goods and rendering of services	101,662	88,197	83,805	91,589	86,718
Interest	3,682	2,850	2,950	3,050	3,100
Net GST received	10,524	10,500	10,500	10,500	10,500
Total cash received	401,805	388,917	369,696	375,487	373,000
Cash used					
Employees	124,349	123,919	121,436	122,664	123,615
Suppliers	252,424	266,453	238,745	244,919	236,484
Borrowing costs	200	18	6	1	-
Other	2,767	1	1	-	1
Total cash used	379,740	390,391	360,188	367,584	360,100
Net cash from/(used by) operating activities	22,065	(1,474)	9,508	7,903	12,900
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	1	-	-	-	-
Investments	188,350	170,000	160,000	160,000	160,000
Total cash received	188,351	170,000	160,000	160,000	160,000
Cash used					
Purchase of property, plant, equipment and intangibles	5,337	17,081	5,155	10,130	15,394
Investments	183,022	160,000	160,000	160,000	160,000
Total cash used	188,359	177,081	165,155	170,130	175,394
Net cash from/(used by) investing activities	(8)	(7,081)	(5,155)	(10,130)	(15,394)

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June) (continued)

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
FINANCING ACTIVITIES					
Cash received					
Other	(3)	-	-	-	-
Total cash received	(3)	-	-	-	-
Cash used					
Repayments of borrowings	20,000	-	-	-	-
Other	158	170	180	44	-
Total cash used	20,158	170	180	44	-
Net cash used by financing activities	(20,161)	(170)	(180)	(44)	-
Net increase/(decrease) in cash held	1,896	(8,725)	4,173	(2,271)	(2,494)
Cash and cash equivalents at the beginning of the reporting period	12,048	13,944	5,219	9,392	7,121
Cash and cash equivalents at the end of the reporting period	13,944	5,219	9,392	7,121	4,627

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	5,337	18,099	6,000	11,000	16,000
TOTAL AMOUNT SPENT	5,337	18,099	6,000	11,000	16,000
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	5,337	18,099	6,000	11,000	16,000
TOTAL CASH REQUIRED TO ACQUIRE ASSETS	5,337	18,099	6,000	11,000	16,000

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2015					
Gross book value	32,590	49,107	77,139	30,156	188,992
Accumulated depreciation/amortisation and impairment	-	(10,058)	(50,086)	(11,296)	(71,440)
Opening net book balance	32,590	39,049	27,053	18,860	117,552
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase - appropriation ordinary annual services(b)	-	600	12,499	5,000	18,099
Total additions	-	600	12,499	5,000	18,099
Other movements					
Depreciation/amortisation expense	-	(2,055)	(8,175)	(2,000)	(12,230)
Total other movements	-	(2,055)	(8,175)	(2,000)	(12,230)
As at 30 June 2016					
Gross book value	32,590	49,707	89,638	35,156	207,091
Accumulated depreciation/amortisation and impairment	-	(12,113)	(58,261)	(13,296)	(83,670)
Closing net book balance	32,590	37,594	31,377	21,860	123,421

Prepared on Australian Accounting Standard basis