

Special Broadcasting Service Corporation

Entity resources and planned performance

SPECIAL BROADCASTING SERVICE CORPORATION

SECTION 1: ENTITY OVERVIEW AND RESOURCES	283
1.1 Strategic direction statement	283
1.2 Entity resource statement	285
1.3 Budget measures.....	286
SECTION 2: OUTCOMES AND PLANNED PERFORMANCE	287
2.1 Budgeted expenses and performance for Outcome 1.....	288
SECTION 3: BUDGETED FINANCIAL STATEMENTS.....	291
3.1 Budgeted financial statements	291
3.2 Budgeted financial statements tables.....	292

SPECIAL BROADCASTING SERVICE CORPORATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Special Broadcasting Service Corporation (SBS) is a national broadcasting service that provides multicultural and multilingual television, radio and digital media services that inform, educate and entertain all Australians. SBS's purpose is to inspire all Australians to explore, appreciate and celebrate our diverse world and in doing so, contribute to a cohesive society. The SBS's functions are guided by its Charter in Section 6 of the *Special Broadcasting Service Act 1991* (SBS Act).

The SBS Charter, hybrid funding model, multi-platform content offering, and breadth of in-language content set SBS apart from broadcasters in Australia and indeed the world. SBS was established to positively influence Australian social outcomes following a prolonged period of sustained and significant immigration. Maintaining Australia as a healthy, vibrant, diverse yet highly cohesive society is key to our nation's future success. SBS seeks to inspire social cohesion amongst our many cultures by exploring and celebrating both our rich diversity and those common threads that make us uniquely Australian.

Content creation (covering in-house and commissioned content), acquisition and curation are at the heart of SBS's purpose. Through content across all our platforms, SBS inspires a richer understanding of our world and presents surprising perspectives in entertaining and innovative ways. Through our core content activities we create and curate inspired content for our audiences. Content creation, acquisition and curation activities are carried out by SBS Television and Online, News and Current Affairs, Sport, Radio, National Indigenous Television (NITV), and Marketing.

SBS will strive to create and commission content which explores issues in a way that captures the interest and imagination of as many Australians as possible. SBS will exploit all of its platforms: free-to-air and subscription television, radio and online, while exploring other means of reaching audiences in partnership with other platform providers such as social media.

SBS will acquire the best programming from around the world and, where it is in a language other than English, make it accessible through English language subtitling. With extensive access to international and local program makers and suppliers, SBS programs are culturally and linguistically diverse.

As part of the SBS family, NITV is broadcast free-to-air with national coverage, including through the Viewer Access Satellite Television (VAST) service. NITV is an important platform for the celebration of the unique languages and culture of Indigenous Australians, produced by Indigenous Australians, and available to every Australian household.

Special Broadcasting Service Corporation

The SBS radio service broadcasts a wide range of languages, reflecting Australia's significant cultural diversity. The analogue radio network transmits on two frequencies in Canberra, Melbourne, Sydney, and Wollongong, as well as a national signal in the other capital cities, major regional centres and a number of transmitters servicing regional and remote areas. SBS's digital radio services span eight digital (DAB+) radio channels. SBS currently provides digital radio to listeners in Sydney, Canberra (on a trial basis), Melbourne, Adelaide, Perth and Brisbane. SBS will continue to focus on improving service delivery to the largest language groups while also tailoring specific services to small groups with high needs. SBS will also seek to improve the quality of its audio services on radio and online.

In a world of growing audience choice, SBS continues to make a vital difference to Australia's cultural and media landscape. The network's unique industry position allows it to offer distinctive and thought-provoking content that no other Australian media organisation will provide. Some of SBS's content will be targeted to the needs of particular groups or communities, whether by language or subject matter. Other content will be of broader appeal. SBS will leverage a multi-platform experience for all Australians across the genres for which it has established an esteemed reputation: news and current affairs; football; cycling; documentary; food; and film.

Changing technology continues to allow audiences to consume SBS's content across multiple platforms and at a time and place of their choosing. SBS will accordingly continue to develop its SBS On Demand and online services to adapt to shifting audience consumption patterns.

Through established links, SBS will actively engage culturally and linguistically diverse (CALD) communities to understand their needs and facilitate their participation in Australian social and political discourse. SBS's content will seek to lead debate and exploration of multiculturalism, diversity and social cohesion issues.

In an increasingly competitive market, SBS will continue to explore commercial opportunities consistent with the SBS Act to generate returns that support the creation and commissioning of distinctive Australian content.

SBS will also continue its determined focus on improving workflows and finding more efficient ways to run its operations in order to direct as much of its available resources to the creation of content that delivers on the purpose of the organisation.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to SBS for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by departmental (for SBS's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: SBS resource statement — Budget estimates for 2017–18 as at Budget May 2017

	2016–17 estimated actual \$'000	2017–18 estimate \$'000
Opening balance/cash reserves at 1 July	16,814	11,831
Funds from Government		
Annual appropriations - ordinary annual services ^(a)		
Outcome 1	281,598	280,058
Total annual appropriations	281,598	280,058
Total funds from Government	281,598	280,058
Funds from other sources		
Interest	2,500	3,000
Royalties	2,600	1,530
Sale of goods and services	104,164	98,626
Other	755	445
Total funds from other sources	106,664	101,626
Total net resourcing for SBS	405,076	393,515
	2016–17	2017–18
Average staffing level for SBS	1,070	1,095

(a) Appropriation Bill (No. 1) 2017–18.

SBS is not directly appropriated as it is a Corporate Commonwealth Entity. Appropriations are made to the Department of Communications and the Arts (a Non-Corporate Commonwealth Entity), which are then paid to SBS and are considered "departmental" for all purposes.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

Prepared on a resourcing (that is, appropriations available) basis.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to SBS are detailed in *Budget Paper No. 2* and are summarised below.

Table 1.2: SBS 2017–18 Budget measures

Part 1: Measures announced since the 2016–17 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000
Expense Measures						
Broadcasting and Content Reform Package – funding for Australian film and television content and SBS	1.1					
Departmental expenses		-	8,800	-	-	-
Total		-	8,800	-	-	-
Total Expense measures						
Departmental		-	8,800	-	-	-
Total		-	8,800	-	-	-

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

SBS' outcome is described below together with its related programs. The following provides detailed information on expenses for the outcome and programs, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for SBS can be found at:

www.media.sbs.com.au/home/upload_media/site_20_rand_1547504738_sbs_corporate_plan_fy17_20.pdf

The most recent annual performance statement can be found at:

www.media.sbs.com.au/aboutus/upload_media/SBSAnnualReport2016.pdf

2.1 BUDGETED EXPENSES AND PERFORMANCE 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

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: SBS General Operational Activities					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	204,853	204,571	199,267	205,334	208,825
Revenues from other independent sources	106,664	101,626	98,677	79,696	81,154
Total expenses for Program 1.1	311,517	306,197	297,944	285,030	289,979
Program 1.2: SBS Transmission and Distribution Services					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	76,745	75,487	73,759	73,729	74,982
Total expenses for Program 1.2	76,745	75,487	73,759	73,729	74,982
Outcome 1 totals by resource type					
Revenue from Government Ordinary annual services (Appropriation Bill No. 1)	281,598	280,058	273,026	279,063	283,807
Revenues from other independent sources	106,664	101,626	98,677	79,696	81,154
Total expenses for Outcome 1	388,262	381,684	371,703	358,759	364,961
Average staffing level (number)					
	2016-17	2017-18			
	1,070	1,095			

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.1.2: Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

Outcome 1 – Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia’s multicultural society		
Program 1.1 – SBS General Operational Activities 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.		
Delivery Providing programs aligned with Australia’s multicultural society and perspective. Broadcasting in languages other than English. Delivering these services ensures Australians have access to multilingual and multicultural television, radio and digital media services.		
Performance information		
Year	Performance criteria	Targets
2016–17	Number of hours of TV programming broadcast in culturally and linguistically diverse (CALD). Number of hours of locally commissioned programs broadcast (first run) SBS One and SBS Viceland. Percentage of radio broadcasts in languages other than English.	Expected to meet criterion 9,000 hours of CALD programming broadcast. 80 hours. 86%
2017–18	Number of hours of TV programming broadcast in CALD. Number of hours of locally commissioned programs broadcast (first run) SBS One and SBS Viceland. Percentage of radio broadcasts in languages other than English.	9,000 hours of CALD programming broadcast. 80 hours. 86%
2018–19 and beyond	Number of hours of TV programming broadcast in CALD.	9,000 hours of CALD programming broadcast.
Purposes SBS inspires all Australians to explore, appreciate and celebrate our diverse world and in doing so, contributes to a cohesive society.		

Outcome 1 – Provide multilingual and multicultural services that inform, educate and entertain all Australians and in so doing reflect Australia’s multicultural society		
Program 1.2 – SBS Transmission and Distribution Services To make SBS Television and Radio services available to all Australians to enable them to receive multilingual and multicultural services that inform, educate and entertain.		
Delivery Maintaining and improving the availability of SBS digital transmissions. Extending the reach of the SBS digital network. By delivering these services, all Australians are able to receive multilingual and multicultural services.		
Performance information		
Year	Performance criteria	Targets
2016–17	Population reach – Digital transmission sites (including VAST Satellite). Availability of digital television transmission services (fully managed services). Population reach for terrestrial services (excluding satellite).	Expected to meet criterion 100% 99.82% 97%
2017–18	Population reach – Digital transmission sites (including VAST Satellite). Availability of digital television transmission services (fully managed services). Population reach for terrestrial services (excluding satellite).	100% 99.82% 97%
2018–19 and beyond	As per 2017–18	As per 2017–18
Purposes SBS inspires all Australians to explore, appreciate and celebrate our diverse world and in doing so, contributes to a cohesive society.		

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There is no material difference between the entity resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The SBS predicted operating result for 2017-18 is a modest surplus of \$0.4 million.

In the 2015-16 Budget, a \$28.5 million funding reduction over four years was applied to the SBS. This was predicated on the successful legislative amendment of the SBS Act to provide additional advertising and sponsorship flexibility from 2015-16. Of the \$28.5 million, \$4.1 million was appropriated to the SBS in the Portfolio Additional Estimates Statements 2015-16, \$6.9 million was appropriated to SBS in the 2016-17 Budget, and a further \$8.8 million will be appropriated in the 2017-18 Budget. The funding appropriated in these years is to replace the revenue that could not be raised as the SBS advertising flexibility legislation has not been passed by the Parliament.

Own-source revenue is budgeted at \$101.6 million for 2017-18. This is largely generated from sales of goods and services, the main component being advertising revenue.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
EXPENSES					
Employee benefits	127,802	130,120	125,043	125,130	127,509
Suppliers	248,757	239,111	234,267	221,117	224,712
Depreciation and amortisation	11,305	12,030	11,918	12,018	12,246
Finance costs	7	1	-	-	-
Other	60	21	-	-	-
Total expenses	387,931	381,283	371,228	358,265	364,467
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	100,809	96,651	93,865	74,884	76,307
Interest	2,500	3,000	3,000	3,000	3,000
Rental income	755	445	412	412	420
Royalties	2,600	1,530	1,400	1,400	1,427
Total own-source revenue	106,664	101,626	98,677	79,696	81,154
Total own-source income	106,664	101,626	98,677	79,696	81,154
Net (cost of)/contribution by services	(281,267)	(279,657)	(272,551)	(278,569)	(283,313)
Revenue from Government	281,598	280,058	273,026	279,063	283,807
Surplus/(deficit) attributable to the Australian Government	331	401	475	494	494
Total comprehensive income/(loss)	331	401	475	494	494
Total comprehensive income/(loss) attributable to the Australian Government	331	401	475	494	494

Prepared on Australian Accounting Standards basis.

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

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	11,831	5,248	6,309	7,208	6,403
Trade and other receivables	34,854	27,438	36,251	38,551	38,856
Other investments	6,534	2,534	9,534	4,534	4,534
Total financial assets	53,219	35,220	52,094	50,293	49,793
Non-financial assets					
Land and buildings	68,178	66,747	65,316	63,885	62,454
Property, plant and equipment	25,690	24,591	24,104	23,517	20,702
Intangibles	23,360	25,860	27,860	29,860	31,860
Inventories	74,365	84,681	90,113	86,975	82,770
Other non-financial assets	28,386	29,759	17,359	25,809	34,259
Total non-financial assets	219,979	231,638	224,752	230,046	232,045
Total assets	273,198	266,858	276,846	280,339	281,838
LIABILITIES					
Payables					
Suppliers	41,978	34,561	43,373	45,671	45,975
Other payables	7,339	7,339	7,339	7,339	7,339
Total payables	49,317	41,900	50,712	53,010	53,314
Interest bearing liabilities					
Leases	46	-	-	-	-
Total interest bearing liabilities	46	-	-	-	-
Provisions					
Employee provisions	22,853	23,554	24,255	24,956	25,657
Other provisions	1,264	1,285	1,285	1,285	1,285
Total provisions	24,117	24,839	25,540	26,241	26,942
Total liabilities	73,480	66,739	76,252	79,251	80,256
Net assets	199,718	200,119	200,594	201,088	201,582
EQUITY					
Parent entity interest					
Contributed equity	110,403	110,403	110,403	110,403	110,403
Reserves	59,354	59,354	59,354	59,354	59,354
Retained surplus (accumulated deficit)	29,961	30,362	30,837	31,331	31,825
Total parent entity interest	199,718	200,119	200,594	201,088	201,582
Total Equity	199,718	200,119	200,594	201,088	201,582

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017–18)

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	29,961	59,354	110,403	199,718
Adjusted opening balance	29,961	59,354	110,403	199,718
Comprehensive income				
Surplus/(deficit) for the period	401	-	-	401
Total comprehensive income	401	-	-	401
of which:				
Transfers between equity				
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2018	30,362	59,354	110,403	200,119
Closing balance attributable to the Australian Government	30,362	59,354	110,403	200,119

Prepared on Australian Accounting Standards basis

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations services	281,598	280,058	273,026	279,063	283,807
Interest	104,164	98,626	95,677	76,696	78,153
Net GST received	2,500	3,000	3,000	3,000	3,000
	10,365	10,500	10,501	10,501	10,500
Total cash received	398,627	392,184	382,204	369,260	375,460
Cash used					
Employees	126,753	129,420	124,341	124,429	126,806
Suppliers	271,271	261,300	237,802	236,932	239,459
Borrowing costs	6	1	-	-	-
Total cash used	398,030	390,721	362,143	361,361	366,265
Net cash from/(used by) operating activities	597	1,463	20,061	7,899	9,195
INVESTING ACTIVITIES					
Cash received					
Investments	148,000	165,000	165,000	165,000	160,000
Total cash received	148,000	165,000	165,000	165,000	160,000
Cash used					
Purchase of property, plant and equipment and intangibles	14,400	12,000	12,000	12,000	10,000
Investments	139,000	161,000	172,000	160,000	160,000
Total cash used	153,400	173,000	184,000	172,000	170,000
Net cash from/(used by) investing activities	(5,400)	(8,000)	(19,000)	(7,000)	(10,000)
FINANCING ACTIVITIES					
Cash used					
Repayments of borrowings	180	46	-	-	-
Total cash used	180	46	-	-	-
Net cash from/(used by) financing activities	(180)	(46)	-	-	-
Net increase/(decrease) in cash held	(4,983)	(6,583)	1,061	899	(805)
Cash and cash equivalents at the beginning of the reporting period	16,814	11,831	5,248	6,309	7,208
Cash and cash equivalents at the end of the reporting period	11,831	5,248	6,309	7,208	6,403

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	14,400	12,000	12,000	12,000	10,000
TOTAL	14,400	12,000	12,000	12,000	10,000
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	14,400	12,000	12,000	12,000	10,000
Total cash used to acquire assets	14,400	12,000	12,000	12,000	10,000

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017–18)

	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017					
Gross book value	32,590	41,705	35,669	37,259	147,223
Accumulated depreciation/ amortisation and impairment	-	(6,117)	(9,979)	(13,899)	(29,995)
Opening net book balance	32,590	35,588	25,690	23,360	117,228
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase - appropriation ordinary annual services ^(a)	-	600	6,400	5,500	12,000
Total additions	-	600	6,400	5,500	12,000
Other movements					
Depreciation/amortisation expense	-	(2,031)	(7,499)	(2,500)	(12,030)
Total other movements	-	(2,031)	(7,499)	(2,500)	(12,030)
As at 30 June 2018					
Gross book value	32,590	42,305	42,069	42,259	159,223
Accumulated depreciation/amortisation and impairment	-	(8,148)	(17,478)	(16,399)	(42,025)
Closing net book balance	32,590	34,157	24,591	25,860	117,198

(a) "Appropriation ordinary annual services" refers to funding provided through Appropriation Bill (No.1) 2017–18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.