

**SPECIAL BROADCASTING SERVICE
CORPORATION**

**ENTITY RESOURCES AND PLANNED
PERFORMANCE**

SPECIAL BROADCASTING SERVICE CORPORATION

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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. 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 other Australian and global broadcasters and media providers.

Maintaining Australia as a healthy, vibrant, diverse and highly cohesive society is key to our nation's future success. SBS inspires social cohesion by exploring and celebrating both our rich diversity and those common threads that make us uniquely Australian, as well as facilitating social and civic participation for those Australians who speak a language other than English (LOTE).

Content creation (covering in-house productions and commissioned content), acquisition and curation is at the heart of achieving the SBS purpose. Through its multiplatform offerings, SBS inspires a richer, deeper, understanding of our nation and our world, and presents different perspectives in entertaining and innovative ways. Through our core content activities SBS creates and curates inspired content for our audiences that inspires inclusivity and social cohesion; enriches and entertains; offers different perspectives; and provokes with purpose.

Content creation, acquisition and curation includes SBS One, SBS Viceland, SBS On Demand, NITV, Food Network and SBS Radio.

SBS aims to create and commission content which explores issues in a way that captures the interest and imagination of as many Australians as possible with the objective of encouraging greater understanding of the value of culture and diversity. SBS will also continue to share content across all of its platforms: free-to-air television, subscription services, radio and online, while exploring other means of reaching audiences.

With extensive access to international program makers and suppliers, SBS will continue to acquire the best programming from around the world and where this is in a language other than English, will provide English language subtitling where possible.

As part of the SBS family, the National Indigenous Television (NITV) is the home of Indigenous storytelling, delivering Australia's only national Aboriginal and Torres Strait Islander television news service. NITV aims to inform, educate and entertain its

Indigenous and non-Indigenous audiences. With programs that inspire, instil pride and lead to greater understanding of Indigenous Australians and cultures, NITV helps all Australians to connect with our rich Indigenous history. Stories, including children's stories, culture, languages, aspirations and development are key components of its content. NITV is broadcast free-to-air with national coverage, including through the Viewer Access Satellite Television (VAST) service.

SBS is the world's most linguistically diverse public broadcaster, bringing 68 radio language programs and services, and dedicated digital music channels, to the 21 percent of Australians who speak a LOTE at home.

SBS Radio communicates a diversity of views and perspectives to Australian audiences. While migrants to Australia now have access to homeland news and information via satellite television and the internet, SBS Radio plays a fundamental role in providing Australian news and information, celebrating audiences' cultures, and giving multicultural voices a key platform within the Australian community—all in the migrants' first language. SBS's language services have historically been referred to as 'the great translator' of life in Australia, and SBS continues this tradition with the broadcast and publication of SBS Settlement Guides, which assist new migrants to navigate life in Australia.

In a world where audience choice and platforms of consumption continue to multiply, SBS continues to make a vital difference to Australia's cultural and media landscape. The network's unique position in the industry allows it to present compelling, distinctive and thought-provoking content that no other Australian media organisation provides.

Through established links with culturally and linguistically diverse (CALD) communities, SBS actively engages these groups to understand their needs and facilitate participation in Australian social and political discourse. Using these insights, SBS seeks to lead debate and exploration of issues concerning multiculturalism, diversity and social cohesion.

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, and the continued delivery of quality and innovative services to Australian audiences.

SBS has an ongoing commitment to 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 SBS Charter and its unique purpose.

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 the SBS's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by 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 2018–19 as at Budget May 2018

	<i>2017–18 estimated actual \$'000</i>	2018–19 estimate \$'000
Opening balance/cash reserves at 1 July	9,817	6,299
Funds from Government		
Annual appropriations—ordinary annual services ^(a)		
Outcome 1	280,058	281,726
<i>Total annual appropriations</i>	<i>280,058</i>	<i>281,726</i>
Total funds from Government	280,058	281,726
Funds from other sources		
Sale of goods and services	112,692	99,504
Interest	2,350	2,300
Rental income	1,168	1,161
Royalties	1,765	1,400
Other	196	412
Total funds from other sources	118,171	104,777
Total net resourcing for SBS	408,046	392,802
	2017–18	2018–19
Average staffing level (number)	1,154	1,149

(a) Appropriation Bill (No.1) 2018–19.

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

Table 1.2: SBS 2018–19 Budget measures

Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
Expense measures						
Funding for Australian Film and Television Content and the National Broadcasters	1.1					
Departmental expenses		-	8,700	5,900	-	-
Total		-	8,700	5,900	-	-
Total expense measures						
Departmental		-	8,700	5,900	-	-
Total		-	8,700	5,900	-	-

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.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, 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:

http://media.sbs.com.au/sbscorporate/documents/SBS_Corporate_Plan_FY18-21_vF.pdf.

The most recent annual performance statement can be found at:

http://media.sbs.com.au/home/upload_media/site_20_rand_224099426_sbs_annual_report_2017.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 program, as well as by Administered and Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
Program 1.1: SBS General Operational Activities					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	205,571	207,967	211,032	209,030	212,793
Revenues from other independent sources	117,870	104,302	93,302	90,460	91,124
Total expenses for Program 1.1	323,441	312,269	304,334	299,490	303,917
Program 1.2: SBS Transmission and Distribution Services					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	74,487	73,759	73,657	75,056	76,407
Total expenses for Program 1.2	74,487	73,759	73,657	75,056	76,407
Outcome 1 totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	280,058	281,726	284,689	284,086	289,200
Revenues from other independent sources	117,870	104,302	93,302	90,460	91,124
Total expenses for Outcome 1	397,928	386,028	377,991	374,546	380,324
	2017–18	2018–19			
Average staffing level (number)	1,154	1,149			

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 2018–19 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
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.	Expected to meet criterion 9,000 hours of CALD programming broadcast. Expected to meet criterion 80 hours Expected to meet criterion 86%
2018–19	Number of hours of TV programming broadcast in CALD Number of hours of locally commissioned programs broadcast (first run) SBS One and SBS Viceland Number of hours of locally commissioned programs broadcast (first run) NITV Percentage of radio broadcasts in languages other than English	9,000 hours of CALD programming broadcast. 80 hours 25 hours 86%
2019–20 and beyond	Number of hours of TV programming broadcast in CALD Number of hours of locally commissioned programs broadcast (first run) SBS One and SBS Viceland Number of hours of locally commissioned programs broadcast (first run) NITV Percentage of radio broadcasts in languages other than English	9,000 hours of CALD programming broadcast. 80 hours 25 hours 86%
Purposes	SBS inspires all Australians to explore, appreciate and celebrate our diverse world and in doing so, contributes to a cohesive society.	

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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
2017–18	Population reach—Digital transmission sites (including VAST Satellite)	Expected to meet criterion 100%
	Availability of digital television transmission services (fully managed services)	Expected to meet criterion 99.82%
	Population reach for terrestrial services (excluding satellite)	Expected to meet criterion 97%
2018–19	Population reach—Digital transmission sites (including VAST Satellite).	100%
	Availability of digital television transmission services (fully managed services).	99.82%
	Population reach for terrestrial services (excluding satellite).	97%
2019–20 and beyond	Population reach—Digital transmission sites (including VAST Satellite).	100%
	Availability of digital television transmission services (fully managed services).	99.82%
	Population reach for terrestrial services (excluding satellite).	97%
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 SBS's finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Explanatory notes and analysis of budgeted financial statements

The SBS predicted operating result for 2018-19 is a modest surplus of \$0.5 million.

In the 2015-16 Budget, a \$28.5 million funding reduction over four years was applied to SBS. This was predicated on the successful legislative amendment of the SBS Act to provide additional advertising and sponsorship flexibility from 2015-16. In lieu of increased advertising revenue that SBS was unable to earn as the legislative amendment did not pass the Parliament, funding of \$8.7 million has been reinstated in 2018-19. \$5.9 million has been provided in 2019-20.

Own-source revenue is budgeted at \$104.7 million for 2018-19. 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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
EXPENSES					
Employee benefits	135,300	132,543	132,130	134,642	137,335
Suppliers	251,130	241,567	233,843	227,658	230,498
Depreciation and amortisation	11,472	11,918	12,018	12,246	12,491
Finance costs	26	-	-	-	-
Total expenses	397,928	386,028	377,991	374,546	380,324
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	112,692	99,504	88,500	85,400	85,502
Interest	2,350	2,300	2,300	2,500	3,000
Rental income	1,168	1,161	1,184	1,207	1,231
Royalties	1,765	1,400	1,400	1,427	1,455
Other	196	412	412	420	428
Total own-source revenue	118,171	104,777	93,796	90,954	91,616
Total own-source income	118,171	104,777	93,796	90,954	91,616
Net (cost of)/contribution by services	(279,757)	(281,251)	(284,195)	(283,592)	(288,708)
Revenue from Government	280,058	281,726	284,689	284,086	289,200
Surplus/(deficit) attributable to the Australian Government	301	475	494	494	492
Total other comprehensive income	301	475	494	494	492
Total comprehensive income/(loss) attributable to the Australian Government	301	475	494	494	492

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	6,299	5,195	5,020	4,207	3,640
Trade and other receivables	30,580	24,680	24,680	24,680	24,680
Other investments	2,513	9,513	4,513	4,513	4,513
Total financial assets	39,392	39,388	34,213	33,400	32,833
Non-financial assets					
Land and buildings	76,322	74,714	73,106	71,498	69,890
Property, plant and equipment	25,930	25,620	25,210	24,572	23,689
Intangibles	24,415	26,415	28,415	30,415	32,415
Inventories	81,815	90,312	88,248	82,050	75,852
Other non-financial assets	22,686	15,286	23,736	32,186	40,636
Total non-financial assets	231,168	232,347	238,715	240,721	242,482
Total assets	270,560	271,735	272,928	274,121	275,315
LIABILITIES					
Payables					
Suppliers	29,997	29,996	29,997	29,997	29,997
Other payables	6,533	6,534	6,535	6,535	6,537
Total payables	36,530	36,530	36,532	36,532	36,534
Provisions					
Employee provisions	25,069	25,769	26,469	27,169	27,869
Other provisions	1,193	1,193	1,193	1,193	1,193
Total provisions	26,262	26,962	27,662	28,362	29,062
Total liabilities	62,792	63,492	64,194	64,894	65,596
Net assets	207,768	208,243	208,734	209,227	209,719
EQUITY					
Contributed equity	110,403	110,403	110,403	110,403	110,403
Reserves	68,555	68,555	68,555	68,555	68,555
Retained surplus (accumulated deficit)	28,810	29,285	29,776	30,269	30,761
Total equity	207,768	208,243	208,734	209,227	209,719

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity—summary of movement
(Budget year 2018–19)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2018					
Balance carried forward from previous period	28,810	68,855	(300)	110,403	207,768
Adjusted opening balance	28,810	68,855	(300)	110,403	207,768
Comprehensive income					
Surplus/(deficit) for the period	475	-	-	-	475
Total comprehensive income	475	-	-	-	475
Estimated closing balance as at 30 June 2019	29,285	68,855	(300)	110,403	208,243
Closing balance attributable to the Australian Government	29,285	68,855	(300)	110,403	208,243

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	280,058	281,726	284,689	284,086	289,200
Sale of goods and rendering of services	112,924	108,377	91,496	88,453	88,617
Interest	2,350	2,300	2,300	2,500	3,000
Net GST received	11,500	11,500	11,500	11,500	11,500
Total cash received	406,832	403,903	389,985	386,539	392,317
Cash used					
Employees	134,900	131,843	131,431	133,942	136,634
Suppliers	272,660	254,164	251,729	241,410	244,250
Borrowing costs	4	-	-	-	-
Total cash used	407,564	386,007	383,160	375,352	380,884
Net cash from/(used by) operating activities	(732)	17,896	6,825	11,187	11,433
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of financial instruments	223,000	195,000	195,000	160,000	160,000
Total cash received	223,000	195,000	195,000	160,000	160,000
Cash used					
Purchase of property, plant and equipment and intangibles	15,340	12,000	12,000	12,000	12,000
Purchase of financial instruments	210,400	202,000	190,000	160,000	160,000
Total cash used	225,740	214,000	202,000	172,000	172,000
Net cash from/(used by) investing activities	(2,740)	(19,000)	(7,000)	(12,000)	(12,000)
FINANCING ACTIVITIES					
Cash used					
Lease payments	46	-	-	-	-
Total cash used	46	-	-	-	-
Net cash from/(used by) financing activities	(46)	-	-	-	-
Net increase/(decrease) in cash held	(3,518)	(1,104)	(175)	(813)	(567)
Cash and cash equivalents at the beginning of the reporting period	9,817	6,299	5,195	5,020	4,207
Cash and cash equivalents at the end of the reporting period	6,299	5,195	5,020	4,207	3,640

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ^(a)	15,340	12,000	12,000	12,000	12,000
TOTAL	15,340	12,000	12,000	12,000	12,000
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	15,340	12,000	12,000	12,000	12,000
Total cash used to acquire assets	15,340	12,000	12,000	12,000	12,000

(a) Includes the following sources of funding current Bill 1 and prior year Act 1 appropriations, donations and contributions, gifts, internally developed assets and proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

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Table 3.6: Statement of asset movements (Budget year 2018–19)

	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2018					
Gross book value	39,860	40,700	37,150	40,418	158,128
Accumulated depreciation/ amortisation and impairment	-	(4,238)	(11,220)	(16,003)	(31,461)
Opening net book balance	39,860	36,462	25,930	24,415	126,667
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase—appropriation ordinary annual services ^(a)	-	600	6,400	5,000	12,000
Total additions	-	600	6,400	5,000	12,000
Other movements					
Depreciation/amortisation expense	-	(2,208)	(6,710)	(3,000)	(11,918)
Total other movements	-	(2,208)	(6,710)	(3,000)	(11,918)
As at 30 June 2019					
Gross book value	39,860	41,300	43,550	45,418	170,128
Accumulated depreciation/ amortisation and impairment	-	(6,446)	(17,930)	(19,003)	(43,379)
Closing net book balance	39,860	34,854	25,620	26,415	126,749

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2018–19 for depreciation expenses.

Prepared on Australian Accounting Standards basis.