

Goal 2: Grow resources available for content and services

In ensuring that SBS informs, educates and entertains all Australians, SBS will grow its resources by increasing revenue, achieving efficiencies and allocating resources strategically in accordance with its Charter.

Objectives	Strategies
Grow Government and commercial revenue	<p>Explore Government funding opportunities in light of regulatory and industry change</p> <p>Optimise commercial and other revenue opportunities that draw on SBS's unique content and services</p>
Increase efficiencies in all of SBS's activities	<p>Have the right people, in the right places across the organisation</p> <p>Employ processes that maximise the use of existing SBS resources</p>
Allocate and manage resources that support SBS's goals	<p>Maintain the highest standards in budgetary planning and financial management</p> <p>Build long-term strategies that utilise and optimise SBS's content and services</p>

2.1 Grow government and commercial revenue

- **Explore Government funding opportunities in light of regulatory and industry change**
- **Optimise commercial and other revenue opportunities that draw on SBS's unique content and services**

Performance

Our value recognised by increased Government funding

In the 2009/10 Federal Budget SBS received a total appropriation for the 2009/10 year of \$192.879m, including an equity injection of \$1.586m. SBS received \$20m additional funding for the 2009-2012 period in the Budget.

Growth in commercial and other revenue

In 2008/09, SBS's commercial activities (including advertising and other sales of goods and services) generated gross revenues of \$64.3m. This is an increase of 13 per cent on 2007/08. This performance was driven by growth in all businesses.

How we have achieved this objective

Explore Government funding opportunities in light of regulatory and industry change

The Australian Government considers SBS's funding every three years. SBS submitted its Triennial Funding Submission 2009-2012 to Government in October 2008. The outcome was announced in the 2009/10 Federal Budget. In recognition of our contribution to commissioning content that reflects the true, multicultural Australia, SBS received additional funding of \$20m to invest in local content. See also under Goal 4 below.

Optimise commercial and other revenue opportunities that draw on SBS's unique content and services

In a difficult financial climate, SBS continued to grow its share of commercial revenue and was the only television broadcasters to do so in 2008/09. Our 13 per cent increase on 2007/08 gross revenues was driven by growth in all SBS Commercial Affairs' businesses. To help us strengthen our position amongst advertisers as an effective commercial destination, in 2008/09 SBS appointed a dedicated insights manager to develop and lead research projects.

Improve commercial performance

Television sales

SBS achieved revenue growth of 13 per cent for television advertising sales, delivering \$52.5m of gross revenue in an increasingly difficult market. Key drivers of growth were the broadcast of the Olympics, and the launch of separate regional market advertising. SBS's largest advertiser was the Government, which accounted for six per cent of SBS's television advertising revenue.

See Appendix 15 for details of SBS Television advertisers. SBS Television sponsors, and programs sponsored, are set out in Appendix 16.

Online sales

Online revenue grew 36 per cent, to \$1.8m, as audiences to SBS's website, www.sbs.com.au, grew throughout the year. The key drivers of our online revenue growth were the continued increase in the volume of quality video, and the availability of cross-platform opportunities for our key properties and specialised content areas.

See Appendix 17 for details of SBS Online advertisers.

Content Sales and Distribution

SBS Content Sales and Distribution (CSD) is the consumer products and distribution arm of SBS, showcasing SBS-commissioned programming for export to markets around the world, as well as enabling products for SBS programs to be made available for sale to consumers and the educational market via Australian retailers.

CSD's gross revenue for the 2008/09 was \$4.8m, an increase of 2.9 per cent on its 2007/08 results. CSD's priority for 2009/10 is to continue to expand its product portfolio and retail profiling across its consumer products range within Australia, and to increase sales, promotion and product awareness amongst content buyers for its program sales catalogue.

SBS DVDs

SBS DVD's delivered gross revenue of \$1.9 million, a 30 per cent increase against the comparable revenue figure for 2007/08.

CSD released 62 new and re-versioned titles during the year, and more than 240,000 DVDs were sold through Australian retailers. A strong mixture of Australian content was among the best selling titles – including sales for drama, comedy and documentaries led by strong demand for the award-winning series, *First Australians*.

Non-theatrical distribution of SBS titles also experienced a solid year, reflecting the calibre of SBS content and its appeal to the educational market.

Top selling SBS DVD titles 2008/09

- 1 First Australians
- 2 Skins – Series 2
- 3 Skins – Series 1
- 4 Bogan Pride
- 5 Skins – Box Set – Series 1 & 2
- 6 Swift & Shift Couriers
- 7 Food Safari – Series 2
- 8 Food Safari – Series 3
- 9 Food Safari – Series 1
- 10 Food Safari – Box Set

SBS Content Sales

SBS Content Sales continues to expand its catalogue and program representation. Catalogue promotion via electronic direct mail was introduced and a new stand layout was introduced at the major television buying markets, MIPCOM and MIPTV. New contacts were established and many sales were made to first time buyers of SBS programs during 2009/10.

SBS Music

SBS Music released 106 titles in 2008/09. A number of releases drawn from SBS programming – including *Carla Cametti*, *Bogan Pride*, *Shameless* and *Skins* were released and themed ranges under the Adagios, Café Series and Eloquence sub-brands were expanded. SBS Music achieved revenue growth of 47 per cent over the previous year.

Top selling SBS Music releases 2008/09

- 1 Andre Rieu: The Fairytale
- 2 Classical Destinations 2
- 3 Classic Love – Various Artists
- 4 Songs from the Labyrinth - Sting
- 5 Outside In – Russell Watson
- 6 Raising Sand – Alison Krauss & Robert Plant
- 7 Lang Lang: Olympian of the Piano
- 8 First & Foremost – David Campbell
- 9 Into Paradise – All Angels
- 10 Inside I'm Singing – Secret Garden

SBS Books

SBS Books released 12 new titles in 2008/09. Key titles included the Andre Rieu biography *My Music*, *My Life*, *Bogan Pride*, and the richly visual, *Classical Destinations 2*.

SBS Retail

SBS's preferred retail partners, Dymocks and JB Hi-Fi, again showcased SBS products in dedicated SBS Shop sections in their stores and via targeted promotions during the year. For the first time, Dymocks held a dedicated SBS Month in July with special promotions, in-store signage and product offers. Both partners received strong consumer support for their SBS product ranges.

The SBS Shop online (www.sbs.com.au/shop) was re-launched in May with a new look and a raft of new features, including:

- Homepage features: featured product marquee, What's New section, product finder, video spotlight.
- Product lists: view by text or cover art.
- Up to date pricing and availability information.
- Detailed product information and associated media: large picture, track listing, recommendations links, video and audio samples, digital downloads.
- User-generated content through customer ratings and user reviews.
- Enhanced presentation of best sellers list (throughout site).
- WeatherWatch and Coming Soon listings.

There was an immediate response from SBS online users to the new SBS Shop website with significant growth in unique browsers and page impressions.

SBS In Language

SBS In Language provides a unique service in the multicultural communications market. In addition to being an in-language production house, SBS In Language also offers advertising solutions to reach Australia's linguistically diverse communities through SBS Radio.

Gross revenue for the year was \$5.1 million, an increase of 13 per cent over 2007/08.

SBS Radio Direct Sales

The recently established (2007/08) Radio Direct Sales team had a successful full first year, in spite of many clients being seriously impacted by the global financial crisis. The results from this new team were the main contribution to revenue growth of 11 per cent in airtime sales.

See Appendix 18 for details of SBS Radio advertisers.

SBS developed material presenting SBS Radio audience insights and Census data on local communities to assist SBS Radio direct sales representatives.

In Language Production Unit

SBS In Language provides the most comprehensive range of in language services in Australia, including translation, typesetting, subtitling, video re-versioning and radio production.

More than 1000 jobs were completed this year for clients from a wide range of industries including finance, health, technology and government. The unit's revenue grew by 17 per cent over the previous year, continuing its double digit growth pattern of recent years.

Corporate activities

Major investing and financing activities

SBS actively manages its finances. This involves preparation of estimates for appropriation and equity injection funding taking into account movements in the inflation parameter applicable to SBS. Cash holdings are monitored throughout the year and where funds are not immediately required for operational activities, investments are made. All investments have been made in accordance with the investing requirements of the Special Broadcasting Service Act 1991 and the Commonwealth Authorities and Companies Act 1997.

On 1 July 2002, SBS entered into a fully amortising loan with the Commonwealth. The amount of \$24m has a loan period of 10 years and SBS makes total annual payments of \$3.2m.

On 1 June 2009, SBS entered into a fully amortising loan with the Commonwealth. The amount of \$15m has a loan period of 5 years and in 2010 SBS will repay \$3.6m including interest.

Financial Results

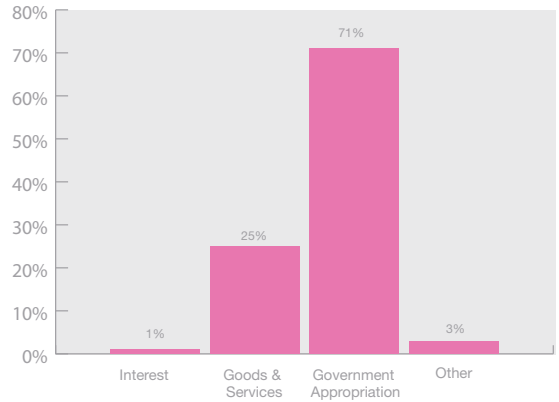
The Corporation and its controlled entity, Multilingual Subscriber Television Ltd, ended the 2008/09 financial year with a surplus of \$4.006m (1.5 per cent of available resources).

The Corporation's total assets increased during the financial year from \$231.195m to \$257.489m. The main reasons for this were an increase in program inventory from \$53.278m to \$71.252m, an increase in property, plant and equipment from \$10.487m to \$21.887m, an increase in intangibles from \$3.664m to \$13.106m, offset by a decrease in financial assets from \$80.060m to \$64.073m.

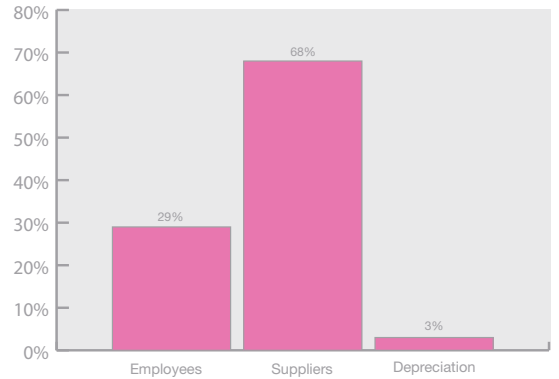
The investments amounting to \$28.370m at 30 June 2009 relate to funds provided previously by the Government through the part sale of Telstra which are being progressively used for the analogue transmission extension program.

The level of contributed equity by Government decreased from \$3.636m to \$2.586m. This decrease reflects the winding down of funding for capital costs relating to digital conversion.

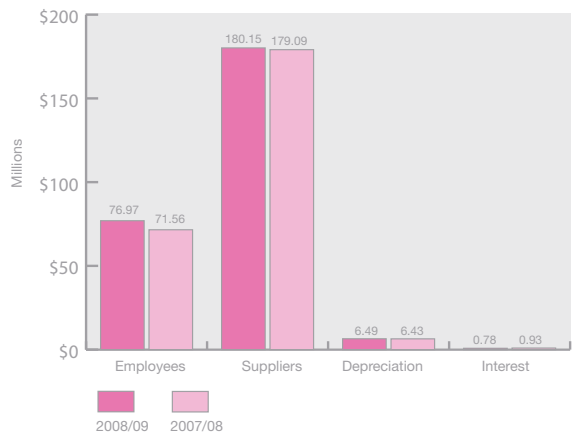
Operating Revenue



Expenditure by Classification



Expenditure by Classification 2007/08 & 2008/09



2.2 Increase efficiencies in all of SBS's activities

- **Have the right people, in the right places across the organisation**
- **Employ processes that maximise the use of existing SBS resources**

Performance

SBS optimises internal workflows, increasing agility and responsiveness

Strategies undertaken or implemented this year to increase efficiencies in internal workflows and our agility and responsiveness were:

- divisional restructure of SBS Technology and Distribution;
- multi-skilling and cross-training of the presentation coordinators in SBS Technology and Distribution;
- integrating SBS Radio's multicultural current affairs program, World View, into the SBS News and Current Affairs division;
- multi-skilling our journalists in a number of states around Australia;
- in-sourcing the Sydney and Melbourne television and online sales teams;
- development by SBS Legal of an improved range of precedent agreements for cross-divisional projects.
- implementing the SBS Radio restructure as reported in 2007/08;
- introducing an editorial projects coordinator role in SBS Radio; and
- initiating an upgrade to the web-publishing function of SBS Radio's audio production tool.

Program of continual improvement undertaken

Projects undertaken or implemented this year to improve operations were:

- an Australia-wide digital upgrade to SBS's presentation and playout system;
- a review of SBS's accounts processes and workflows;
- a rights management project;
- a web hosting upgrade; and
- an upgrade to SBS's online streaming capabilities.

Optimal level of overheads as a percentage of total expense achieved

SBS regularly conducts benchmarking exercises to ensure that it is meeting industry standards. In 2008/09 the percentage of SBS's total budget spent on administrative overheads was 10.1 per cent. Concerted effort is made each year to minimise the funds spent on administrative overheads.

How we have achieved this objective

Have the right people, in the right places across the organisation

Employing the right people

SBS actively recruits people who have an affinity for our organisation and what we are trying to achieve. All new employees are familiarised with the SBS Purpose and Values which articulates who we are, what we do as an organisation, how we do it and how we engage with each other as colleagues. SBS employees are also required to have knowledge of and respect for our Charter.

Television and online sales

SBS decided to in-source its Sydney and Melbourne television and online sales teams, to come into effect on 1 July 2009, bringing SBS's sales functions in line with Radio Direct Sales and Content Sales and Distribution. The process will involve the transition of staff from SBS's external sales agency The Stenmark Organisation to SBS in both Sydney and Melbourne. Stenmark will continue to represent SBS in the Queensland, South Australian and West Australian markets.

SBS Technology and Distribution

SBS's Technology and Distribution division was restructured to prepare SBS for the technological changes that were initiated during the year, particularly in respect of the new non-linear presentation and playout system.

A new staffing structure, involving multi-skilling and cross-training to minimise staffing risks created by industry shortages for presentation coordinators, was implemented for SBS's presentation coordinators.

A review of the IT department recommended changes to the department's structure and staffing levels, and these were implemented during the year, with business service levels and application support responsibilities now defined within the department.

SBS News and Current Affairs

News and Current Affairs is developing multi-skilled journalists in a number of states around Australia to provide cross-platform content. The multi-media correspondents in Brisbane and Adelaide in particular performed at a high level, producing news and feature content for Radio, Television and Online, ranging from features for *Living Black*, news features for Radio which are broadcast online and translated for use on SBS Radio's language programs to a series of stories for *World News Australia*.

SBS Radio

SBS Radio implemented the divisional restructure begun in 2007/08 to achieve more efficient broadcast and administrative operations.

A new management position of deputy content manager, operating out of our Melbourne offices, was created to support the content manager and provide ongoing leadership for the editorial team in Melbourne.

A new role of editorial projects coordinator has been introduced into the content team to improve inter- and intra-divisional content sharing opportunities. The role will be responsible for managing the variety of components and stakeholders of Radio and cross-divisional content projects within agreed time frames and budgets.

Employ processes that maximise the use of existing SBS resources

Upgrade to SBS's presentation and playout system

SBS is implementing an upgrade of its presentation and playout system, to facilitate more efficient production and management of content, and to enable us to take advantage of a national schedule and offer new opportunities for sales in regional Australia. There were a number of steps and outcomes.

In January, an Australia-wide upgrade to the digital television service took place, with new equipment installed, enabling SBS to increase the resolution of its High Definition programs and provide a seven day electronic program guide. In May new and more efficient digital presentation and playout processes went live to air across Australia, replacing a large proportion SBS's ageing television equipment. The next stage is the implementation of SBS's new non-linear news and sports facility allowing for more efficient production of SBS's news and sport content.

Importantly, the upgrade provided SBS with the capability of providing different services into metropolitan and regional areas, an increase from seven to 12 markets across Australia. This has enabled SBS to offer new opportunities for regional advertisers to reach the 36 per cent of Australians who live in regional areas.

SBS TWO

SBS TWO was launched in June 2009 with a small incremental budget and using many existing resources from SBS ONE. SBS TWO operates with an additional headcount of only 7.5.

Learning initiatives

SBS recognises improved employee capabilities correlate with business success. To this end the performance review process identifies individual learning needs and employees can access a suite of learning options. SBS Human Resources established a system of utilising working groups and in-house subject matter experts in the development of HR learning initiatives.

Web hosting upgrade

A major upgrade of SBS's web hosting infrastructure was completed to provide an effective doubling of capacity for our existing sites and the provision of a stand alone special events environment for large scale events such as the Tour de France and Eurovision. SBS's web hosting was also migrated to a new provider, Macquarie Telecom.

Extending SBS News and Current Affairs resources

In June 2009 SBS Radio's flagship multicultural current affairs English-language program *World View* was integrated into the News and Current Affairs division, giving it greater access to the division's stories and resources.

SBS Radio and News and Current Affairs collaborated to develop a new *World View* program brief as part of SBS Radio's overall content strategy to define the editorial future of the current affairs program. The move reinforces the cross-platform approach being adopted within News and Current Affairs to extend its resources for greater reach. *World View* will evolve into a news and current affairs format and remain as an integral part of SBS Radio's overall content strategy. SBS Radio has facilitated a two-way flow of relevant stories, coverage and expertise between its in-language programs and SBS News and Current Affairs and *World View*.

SBS's online news team further expanded the range of content on SBS's news and current affairs websites with increased graphics, video clips, blogs and extended versions of interviews.

Streamlining SBS Radio

An upgrade to the web-publishing function of SBS Radio's audio production tool, Netia, began in May. The upgrade will streamline SBS Radio's broadcasters' daily web-related tasks and will result in improved podcasting functionality for broadcasters and listeners as well as ensure conformity with worldwide podcasting standards.

Financial management

SBS Finance initiated a review of SBS's accounts processes and workflows in order to improve efficiencies and facilitate new activities. Matters under review include: automating payment of invoices; formalising workflows and processes for the management of capital projects including identification of assets to be capitalised at the planning and project implementation state; utilising PILAT to better track, analyse and manage revenues from SBS's equity in programs.

SBS Finance reviewed SBS's accounting processes to ensure they continue to be in line with best practice.

Rights management

In October 2008 SBS began working with PILAT Media in developing a world-leading IBMS Rights Management Module to ensure efficient and effective management of all rights across SBS. The partnership will create a comprehensive centralised rights management system that will enable SBS to exploit its content including archives. Ultimately, it will also deliver a licensing system for SBS.

Throughout the year the development of the Rights Management Module's scope and detailed specifications has been a highly consultative process led by SBS Legal and SBS Technology and Distribution across Divisions.

Cross-Divisional precedent agreements

SBS Legal has continued to work closely with various Divisions to develop an improved range of precedent agreements for cross-Divisional projects.

2.3 Allocate and manage resources that support SBS's goals

- **Maintain the highest standards in budgetary planning and financial management**
- **Build long-term strategies that utilise and optimise SBS's content and services**

Performance

Resources are optimally allocated to new opportunities

SBS undertook a review of prospective investments aimed at enhancing our ability to meet our long-term objectives. Business case proposals were submitted from managers across SBS and assessed as part of our annual full-year budgeting process. Prospective investments were prioritised alongside current projects to determine the optimal use of SBS resources.

Divisional budgets are met

In 2008/09 all divisional budgets were met.

Content and services resources increase as a percentage of total expense

Resources for content and production were able to be supplemented by increasing commercial revenue in 2008/09.

Through the central management of overheads introduced in 2007/08, SBS Content (Television and Online) has been able to identify savings and divert them into investing in content, allowing a higher percentage spend on programs this year.

Successful implementation of long-term strategic planning which is reviewed annually

A review of SBS's Strategic Plan – which provides a link between the SBS Corporate Plan and the practicalities faced by SBS – was undertaken early in the year culminating in the development of a five year vision for SBS's Television, Radio and Online services. Strategic planning sessions were conducted in December and June to assess SBS's long-term future

with consideration to SBS's resources and funding outcomes. The outcome was set out in SBS's Plans for the Future document and SBS's Triennial Funding Submission.

How we have achieved this objective

Maintain the highest standards in budgetary planning and financial management

SBS Finance reviewed its budget information in line with Operation Sunlight, the Government's program to increase the transparency of Commonwealth Budgetary Operations.

SBS Finance initiated improvements in SBS's key performance indicators and better forecasting of the amortisation of programs.

SBS Legal coordinated on a project with SBS Finance, SBS Content (Television and Online) and SBS Commercial Affairs to ensure that SBS complies with its financial obligations to commissioning partners. The project has resulted in upgraded management practices and the greater realisation of SBS's investment funds.

Build long-term strategies that utilise and optimise SBS's content and services

Upgrade to SBS's presentation and playout system

SBS's upgrade of its presentation and playout system has enabled it to better cater for audiences throughout Australia. With the increase in the number of broadcast markets, from seven to 12 markets across Australia, SBS now has the ability to provide different services into metropolitan and regional areas. As a result, SBS has been able offer new opportunities for regional advertisers to reach the 36 per cent of Australians who live in regional areas, and to further grow its revenue.

SBS Sport – investment in online production

Responding to the popularity of its websites, SBS Sport built on its investment in online production to increase the volume, quality and publishing cycles for SBS's most popular website, The World Game, and to allow for more sites, including Cycling Central, SBS Sport, Speedweek and various special event websites. Four new staff members were hired, including two new multimedia journalists, a deputy editor for The World Game website, and a dedicated multimedia editor to produce audiovisual content for SBS Content (Television and Online).

SBS Sport content strategy

SBS Sport is developing its on-going sport content strategy for SBS TWO based on prime-time complementary coverage of major events and key

sports properties such as the UEFA Champions League, the Tour de France and the FIFA World Cup.

SBS Sport and SBS Radio have agreed to adopt a streamlined sports strategy to complement their cross-platform offerings and to build audience appeal and brand position, as occurred this year with our live broadcasts of the six Soccerroos FIFA World Cup qualifying matches and the A-League Grand Final series, both broadcast simultaneously on SBS Radio and SBS Online with commentary provided by SBS Sport's expert talent.

SBS branding

SBS has taken a pro-active approach to promoting and protecting SBS's branding so that it is readily identifiable in the global media environment. SBS Legal has advised on all the legal issues relating to protection of SBS's intellectual property assets. SBS Legal coordinates a committee composed of representatives from all Divisions to better manage SBS's trade marks, domain names and other insignia.

Other long-term strategies developed during 2008/09

Long-term strategies developed during the year were:

- SBS Commercial Affairs has developed a business case strategy to support incremental rights acquisition for implementation where the opportunity arises;
- SBS Technology and Distribution is developing a TV disaster recovery site which will ensure that SBS can remain on air in the event of a disaster at its Artarmon site, with one standard definition market delivered correctly to all time zones;
- SBS News and Current Affairs developed detailed plans in preparation for the implementation in 2009 of the Digishift project, SBS's server based news and sport content aggregation and delivery platform;
- As part of SBS's non-linear presentation and playout project, SBS Legal established a media asset retention policy to ensure that SBS preserves and protects its content archive and facilitate greater and more efficient and effective use, as well as identify revenue opportunities;
- SBS has committed to a long-term Indigenous language strategy to integrate the use and promotion of Indigenous languages across all platforms; and
- SBS Radio developed and implemented consistent news standards for all programs.