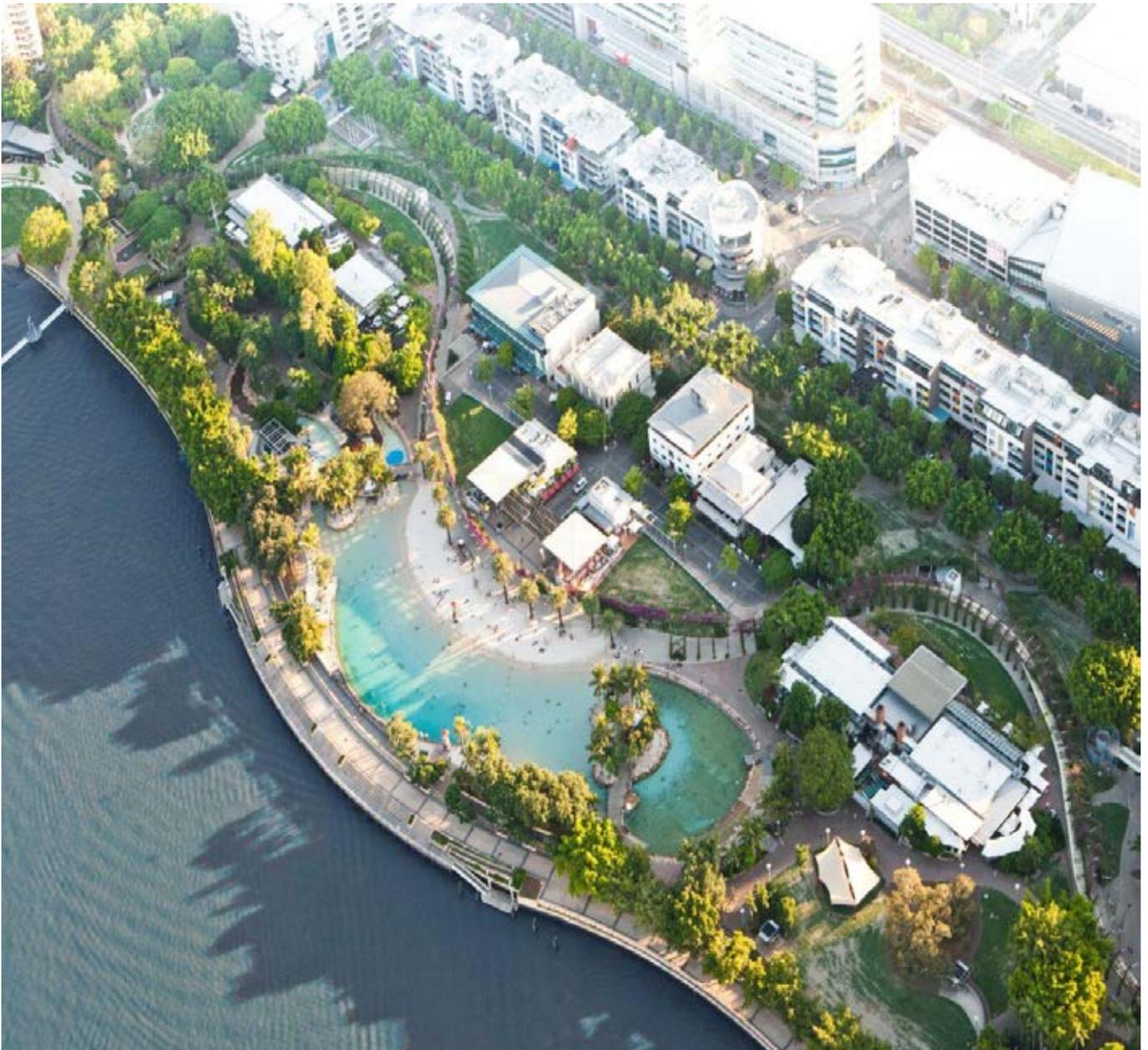


south bank
corporation

South Bank Corporation

Annual Report 2014 – 2015



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Letter of Compliance

3 September 2015

The Honourable Jackie Trad MP
Deputy Premier
Minister for Infrastructure, Local Government and Planning
100 George Street
Brisbane QLD 4000

Dear Deputy Premier,

I am pleased to present the Annual Report 2014-2015 and financial statements for South Bank Corporation.

I certify that this Annual Report complies with:

- The prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*; and
- The detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found as item 11 of this annual report.

Yours sincerely,



Victor P Hoog Antink
Chair of Board
South Bank Corporation

Availability of interpreter services



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For further information go to the Queensland Government Multicultural Policy 2011 incorporating the Queensland Government Language Services Policy <http://www.multicultural.qld.gov.au/services-resources/translating-interpreting-services>

More information

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Copies of this report can be obtained by contacting the Corporation. Online copies can be accessed at www.southbankcorporation.com.au/resources/annual-reports.

To provide feedback about this annual report please visit www.qld.gov.au/annualreportfeedback.

A number of annual reporting requirements are now addressed through publication of information through the Queensland Government Open Data website www.qld.gov.au/data in lieu of inclusion in this annual report.

ISSN: 2204-0269

Glossary

The Act	South Bank Corporation Act 1989 (Qld)
ARRs	Annual report requirements for Queensland government agencies
BCC	Brisbane City Council
BCEC	Brisbane Convention & Exhibition Centre
FAA	<i>Financial Accountability Act 2009</i>
FPMS	<i>Financial and Performance Management Standard 2009</i>
FTE	Full-time equivalent
QTC	Queensland Treasury Corporation
SBC	South Bank Corporation
SBE0	South Bank Employing Office

South Bank Corporation Overview

A message from the Chair

As expected the G20 Leaders Summit at the Brisbane Convention and Exhibition Centre dominated the Corporation's 2014-15 year. The Summit was attended by 27 world leaders including: Tony Abbott Prime Minister of Australia, Xi Jinping President of China, Angela Merkel Chancellor of Germany, Narendra Modi Prime Minister of India, Barack Obama President of United States of America, Vladimir Putin President of Russia and Joko Widodo President of Indonesia.

As Tony Abbott said at the time "Australia has never seen a meeting of this scale and scope".

The past year has also seen the successful sale of the Corporation's investment property, the Plough Inn, and the opening of *The Charming Squire* which has proven to be a very popular addition to our leasing portfolio on Grey St. I am also pleased to report the Southpoint hotel and residential development continues to take shape as it rises out of the ground. This development which is due for completion in 2017 will also incorporate a new entrance to South Bank station, a supermarket and restaurants thus further enriching the overall amenity of South Bank.

The financial return from the Corporation's sale of the Plough Inn together with its other commercial performances has enabled the Corporation to fully repay its Qld Treasury Corporation loan, leaving it debt free and in a strong position to take on new initiatives within the South Bank precinct.

The corporation is in the early planning stages of revitalising the South Bank parklands café and takeaway precincts which are now over 20 years old and is also reviewing options of how best to refresh the Brisbane Convention and Exhibition Centre to remain competitive with interstate and international centres. Plans are also progressing for the redevelopment of the Riverside Restaurants that have remained closed since the Brisbane flood. We also welcome the announcement of the new casino and in particular the planned new pedestrian bridge that will make South Bank even more accessible to Brisbane's city centre.

I wish to thank the Minister for her support during the year and the staff of South Bank Corporation, its executives and my Board colleagues – past and present - for all their work during the year. I look forward to an exciting future for South Bank.



Victor P Hoog Antink
Chair South Bank Corporation

A message from the CEO

I am pleased to report that the Southpoint project is continuing to develop well, with South Bank Corporation working closely with the developers and builders. Southpoint, situated on the corner of Grey and Tribune Streets, around and above the South Brisbane railway station, is being delivered on the Corporation's final piece of development land and completes its development of Grey Street. Stage A is a hotel and residential development on the corner of Grey and Tribune Streets and will contain the Emporium brand hotel. It is expected to be completed in mid-2017. Stage B is a commercial tower with lower level retail which will largely house the headquarters of Flight Centre. It is planned to be completed in late 2016. Stage C will be a residential tower constructed on the corner of Grey and Vulture Streets. Construction will commence later in 2015 with completion expected in 2017.

On completion this development will include a variety of retail uses, an enhanced pedestrian connection to the South Bank train station and integrate the heritage listed Collins Place within its design.

The highlight of the year was undoubtedly the G20 Leaders Summit held at the Brisbane Convention and Exhibition Centre, which is owned by the Corporation. The statistics from the event are quite impressive. In addition to the world leaders, it was attended by 7,000 members of delegations and media. Attendees used 64 hotels with some 10,000 beds contracted. It generated an estimated \$100 million in economic benefit.

For the Centre itself, the Summit used 649 staff employed over the event - including 100 chefs and 75 audio visual operators - 100,000 meals were served, 70,000 bottles of water were used, 100km of cabling was installed and the 'event order' consisted of 1,800 pages. Financially it helped drive the Centre to its most successful result since its opening twenty years ago.

On the South Bank side of the precinct, a very successful leasing program has seen the opening of exciting new outlets such as the Charming Squire, Tomahawk Bar, Che Asado Restaurant, Sangria Bar, Hop and Pickle and Livefire. The renewed leasing program will increase revenue by more than \$1.9 million per annum and lift net asset value on the balance sheet in the order of \$26 million.

The Corporation's efforts were recognised by the Property Council of Australia, Queensland Division, with the Corporation in 2014 winning:

- Retail Property of the Year
- Excellence in Food Retailing award
- Excellence in Marketing Neighbourhood and Strip Centres award - South Bank Concierge program, and
- Overall winner of the 2014 Queensland Retail Property of the Year.

Finally the success of the Charming Squire in the Corporation's retail space in Grey Street has become an important link between our Little Stanley Street retail precinct and the other end of Grey Street with the Performing Arts Centre and the exciting offers on Melbourne Street. The operators of the Charming Squire, need to be commended for the quality and professionalism of the venue.

Thank you to all South Bank Corporation staff for their continued loyalty, hard work and focus, and thank you to the South Bank Corporation Chairman and Board Members for their support and guidance during the year. I look forward to another productive and successful year in 2015-2016.



Jeff Weigh
Chief Executive Officer

1. Agency role and main functions

Our role

South Bank Corporation was established pursuant to the *South Bank Corporation Act 1989*. The Corporation's objects as set out in the Act are to:

- Promote, facilitate, carry out and control the development, disposal and management of land and other property within the Corporation area;
- Achieve an appropriate balance between the Corporation's commercial and non-commercial functions;
- Ensure the Corporation area complements, rather than duplicates, other public use sites in the inner city Brisbane area;
- Provide for a diverse range of recreational, cultural and educational pursuits for local, regional and international visitors;
- Accommodate public events and entertainment that benefit the general community; and
- Achieve excellence and innovation in the management of open space and park areas.

In all of the above aims, there is an express objective to be 'world-class' and an exemplar for Queensland.

Our vision

Our vision is to create and manage the best urban precinct in the world.

Our values

Bold – We create an innovative variety of places and experiences.

Inclusive – We welcome everyone to our places.

Collaborative – We strive for mutual benefit.

Sustainable – We will be a responsible steward of our places.

Our purpose

Our purpose is for the South Bank reach of the river to be the centre of Brisbane.

The river will unite South Bank and the CBD, linking the city's green and commercial places and provide a vibrant platform for visitor activities for the whole community. South Bank will strengthen its connections with West End, Highgate Hill and Woolloongabba, along with the neighbouring arts, educational, sporting and convention facilities.

As the South Bank precinct matures, the Corporation - together with its precinct partner the Brisbane City Council - will strive to ensure it offers great authentic places which contribute to the recognition of Brisbane as a vibrant and forward thinking city.

We will continue to gain local, national and international recognition of South Bank.

Our corporate goals

The seven corporate goals we strive for are to:

- 1) Place commercial success and visitor experience at the core of our business;
- 2) Create distinctive Queensland visitor experience layers;
- 3) In collaboration with our precinct partners improve visitor and customer satisfaction;
- 4) Attract, develop and retain the best people in their field;
- 5) Provide a positive 'return on investment';
- 6) Achieve excellence in sustainability and urban design; and
- 7) Ensure sound governance and astute financial management.

Operating environment

As a statutory authority, South Bank Corporation is subject to State Government policies. Accordingly, we integrate whole-of-government targets into our strategic direction and day-to-day activities. As a forward thinking authority, South Bank Corporation dedicates a significant proportion of its decision making to Brisbane's increasing population growth. We are well aware that Queensland is one of the fastest growing states in Australia, meaning that our development projects and community initiatives are created to accommodate Brisbane's burgeoning population, with accessible entertainment and leisure opportunities in the heart of the city. We analyse and interpret urban trends and accommodate salient predictions into our place making to ensure that visitors of all ages and diverse backgrounds can socialise and relax in our modern, inspiring places and come away feeling that they have taken respite from their busy urban lives.

South Bank, incorporating the Parklands, Little Stanley Street, Grey Street and River Quay is Brisbane's place of celebration opposite the Central Business District and linked by the Brisbane River, one of the city's best assets. It comprises the composite 42 hectare site which sits at the heart of a rich enclave of cultural and educational establishments at the forefront of architecture, music and the visual and performing arts.

The precinct is unique both in its physical and social makeup. It amplifies South-East Queensland's quintessential qualities: climate, landscape, character, diversity and lifestyle. Operation 365 days a year, South Bank has evolved to become one of Queensland's major local and tourist destinations. Our dynamic urban precinct is located in an increasingly diverse part of Brisbane with estimated annual visitation rates exceeding 9 million. Except for inner-city apartment towers, it is one of the closest residential areas to the CBD but with greater diversity. Our visitors, patrons, partners and stakeholders are attracted to the ambience, surrounds, cultural and leisure-time appeal of our rich and varied subtropical public place.

Our places are like nowhere else in Queensland. A day or night at South Bank will reveal original and surprising experiences. With high levels of infrastructure and services located within the immediate vicinity, our precinct is not only attractive but seamlessly accessed both locally, and through bus, ferry, bikeway and train connections right across South-East Queensland. The precinct is home to over 10,000 employees and residents who can access an array of services including hotels, retail outlets, educational institutions, public transport, car parking and entertainment.

Our places

South Bank is a rare lifestyle precinct located just a few minutes from Brisbane's CBD. A unique mix of world-class restaurants and pristine natural surrounds, the precinct attracts more than 9 million local and international visitors each year.

Visitors are attracted to South Bank for an endless list of reasons, including its stunning views, an ever-changing program of entertainment, a diverse selection of restaurants, and close proximity to the cultural precinct, which is the heart of art and culture in Brisbane, including the world-renowned Gallery of Modern Art. Major community events, including Riverfire and New Year's Eve, also see South Bank become a hive of activity as the community comes together in celebration.

The Precincts

South Bank can be thought of as being four main precincts – the Parklands, Little Stanley Street, Grey Street and River Quay – and each precinct has been strategically created to attract a diverse range of visitors to the area.

The Parklands

The Parklands open spaces and public areas are managed under lease by the Brisbane City Council, while South Bank Corporation is responsible for the cafes, restaurants and retail outlets.

Take a dip at Streets Beach, explore the shops and cafes along the cobbled laneways of Stanley Street Plaza, and take in the sweeping views of the Brisbane River and the city skyline as you stroll through this urban oasis.

The Parklands is a haven of natural beauty offering more than 17 hectares of riverfront parkland featuring 20 landscaped spaces as well as our iconic, man-made Streets Beach. The Parklands is a place to learn about healthy, active and modern living through our many experiences and initiatives. We welcome visitors and locals to come to an urban oasis, where they can be energised and fill their minds with fresh ideas. The Parklands, South Bank is a place which provides an escape from the frenetic pace of city living. It is an oasis where locals and visitors can take time out, relax and enjoy a delightful, natural setting in the middle of the city.

Little Stanley Street

Everyone has a sacred ritual – from a morning coffee and newspaper session, to weekly brunch dates with friends, or enjoying a glass of wine at the end of a long day. Perfectly framed by the lush surrounds of the Parklands and brimming with contemporary charm, Little Stanley Street is a place where sacred rituals are born. Meander along this cosmopolitan strip and discover a favourite new coffee haunt, where the aroma of freshly roasted coffee beans fills the air. Continue the journey to find a perfect spot for a long lazy sun-drenched lunch, or maybe a new bar to congregate with friends.

Little Stanley Street is a place of chance discoveries, urban exoticism and contemporary cool. Created as a beacon for the smart and chic, it offers an array of contemporary and international cuisine styles including Turkish, Indian, Malaysian, Japanese, Mediterranean, Modern Australian and Italian. Increasingly known as one of Brisbane's best dining streets, Little Stanley Street encapsulates the energy and vibrancy of our city in a contemporary setting overlooking the Parklands. Little Stanley is a celebration of subtropical street life unmatched in Australia.

Grey Street

To truly partake in the culture of a city, the experience of simply wandering through bustling precincts, exploring popular local haunts and cultural alcoves, will uncover endless insights and delights. Nestled in the heart of Brisbane's cultural precinct, the Grey Street boulevard stretches from the Cultural Centre – which is home to the Gallery of Modern Art, Queensland Art Gallery, Queensland Museum, Queensland Performing Arts Centre and State Library of Queensland – past the Queensland Conservatorium and along to the Cineplex cinemas. Grey Street is Brisbane's cultural boulevard where commerce combines with creativity to create a truly diverse and unique street. With arts organisations showcasing international artistry and many prestigious commercial businesses and retail opportunities.

River Quay

River Quay is a striking contemporary dining destination at the foot of the Parklands that delivers a new dining paradigm for Brisbane. Restaurants sit side-by-side, luring diners of all persuasions to partake in a celebration of fresh ingredients prepared with honesty and integrity.

Each of the restaurants, the Stokehouse, Aquitaine, Popolo, The Jetty and Cove Bar + Dining have been designed to integrate seamlessly with the natural surrounds and the soothing riverscape that fringes the precinct. Decorated with elaborate fit-outs, and offering the finest service alongside cutting-edge contemporary cuisine, the restaurants create unique dining experiences.

Commercial asset groups

The Parklands tenancies - predominately food based property portfolio comprising 50 tenants that include the high-end dining offer at River Quay, the traditional fast service dining offers of Central and Arbour View Cafes, and the casual plaza style food, retail and office portfolio of Stanley Street Plaza.

Little Stanley / Grey Street tenancies - a predominately restaurant and cafe based portfolio comprising 42 tenants.

South Bank Car Park - 850 bay two-level public parking facility.

Brisbane Convention and Exhibition Centre - a multi-purpose convention, exhibition and event facility, including 147,650 square meters fronting Merivale Street and the new 24,580 square metre expansion fronting Grey Street. The BCEC is ranked as one of the best convention venues in the world, evidenced by the 137 awards it has received.

2. Operational highlights

Brisbane Convention & Exhibition Centre (BCEC)

On Queensland Day June 6, 2015 BCEC celebrated 20 years of continuous and successful operation. In that time the Centre has hosted more than 17,000 events and 12 million visitors, making an economic impact on the Queensland economy in excess of \$3.4 billion.

During the 2014-15 Financial Year BCEC hosted a total of 1,022 events including 109 conventions, bringing 67,800 delegates to Brisbane, many for the first time, and delivering in excess of 250,000 room nights for the city's hotels.

The headline event on the calendar was the 2014 G20 Leaders Summit, the largest gathering of world leaders in Australia's history and considered the world's most significant business event.

The G20 provided:

- The largest event in scale and complexity ever held at BCEC
- 27 world leaders, heads of 8 international organisations and 2,500 of the world's leading business and political media
- The event occupied the entire centre as well as its car parks for a period of four weeks, and
- BCEC provided catering to world leaders, heads of international organisations, delegations and 2,500 of the world's media for the duration of the event delivering over 100,000 meals in total.

Staffing requirements for G20 were exceptional with 649 staff employed over the event and 14,000 hours worked over three days. Demands for Audio Visual were intense with 74 Audio Visual operators working concurrently during the Summit. Food & Beverage kitchen staffing was augmented to provide almost 100 chefs to meet the requirements of three meals per day for the workforce, delegates and media. These meals were augmented by 24 snack stations which were available 24 hours a day.

Following the event, Bernadette Welch, Head of the G20 Taskforce, wrote:

"When world leaders and other international influencers talk about the success of the Brisbane G20 Leaders Summit, it will be the BCEC that everyone will remember."

Among the other 1,021 events hosted by the BCEC during the year were 11 back-to-back conferences during the month of August including the 29th International Horticultural Congress for 3,500 delegates. This major event had particular significance to the BCEC coming 16 years after the initial bid by BCEC to bring the event to Brisbane.

Other highlight events were the 17th World Congress of the International Association of Applied Linguistics with 1,400 delegates from 80 different countries, Royal College of Obstetricians and Gynaecologists World Congress 2015 for 2,000 delegates, Land Forces 2014 and AWISA 2015, the Australian Woodworking Industry Suppliers Association Show – the biggest industrial style exhibition hosted by the Centre in 20 years.

BCEC Convention Advocates Partnership celebrated its fifth anniversary with outstanding results. Fifty-one advocate assisted bid wins provided a value of \$73.2 million to Queensland's economy, supporting the Queensland Government's commitment to grow overnight visitor expenditure and showcase Brisbane as a leading business destination.

Queensland's scientific, research and allied health sectors received a boost following the confirmation of \$156 million worth of new conferences confirmed by BCEC, for Brisbane, during the 2014-15 Financial Year.

Other BCEC Major Achievements

BCEC was named Australia's Best Meeting Venue, winning for the second successive year, the Australian meetings industry's top accolade - Australia's Best Meeting Venue 500 Delegates or More - at the National Meetings & Events Australia (MEA) Awards,.

BCEC was also named winner of the Association or Government Meeting of the Year at the MEA national awards for its successful hosting of the 2014 G20 Leaders Summit.

BCEC's in-house Audio Visual & Production Services received wide-spread international coverage and commendation for its operation and management of the AVPS component of the G20 Leaders Summit which involved six months of planning and 75 AV operators working around the clock for the Leaders meetings.

The Centre achieved Gold Certification under the world's most recognised environmental benchmarking and certification program, EarthCheck, joining an elite group of world-wide venues and tourism organisations which operate at the highest environmental standards. This follows eight years of continuous commitment to sustainable venue operations.

The Centre received the world-wide AEG 1Earth award for Best Sustainability Engagement Initiative.

As part of its Community Engagement Activities the Centre was proud to host its sixth traditional Christmas lunch for 500 adults and children under the care of the Salvation Army's many programs and helped coordinate three container loads of critical aid totaling 20,000 kg for cyclone torn Vanuu.

Retail Marketing

The 2014-15 financial year proved to be yet another busy period for retail marketing activity across the Corporation's retail precincts.

Several new retail marketing initiatives were launched with the ultimate aim of positioning our retail precincts collectively as "A Food Lovers Destination" to ultimately drive visitation and retail sales for all of the Corporation's tenants.

These initiatives included the launch of the following campaigns and events:

- The new eatSouthBank retail marketing strategy including a comprehensive advertising campaign, brand new content driven website, EDM's and social media channels.
- The Breezeway Block Party media launch event
- The Plate Up video series
- South Bank's brand new food specific mini-magazine – Nosh
- The Walkable Comic Strip campaign
- South Bank photography revamp project
- South Bank Christmas Markets

As well as the continuation of the following ongoing marketing initiatives:

- The South Bank Concierge program
- River Quay's Sunday Sessions on the Green live music series
- River Quay's Winter Weekday Waterfront Lunch campaign
- The Great Australian Bites Australia Day event, and
- South Bank Kids Club program

In addition to the above, several date specific retail marketing campaigns were completed throughout the 2014-15 period ensuring a strong South Bank retail voice during traditionally competitive retail calendar dates. This included but was not limited to campaigns such as; Valentine's Day, Mother's Day, Easter, Father's Day, Melbourne Cup, Christmas school holidays, Good Food Month and the Brisbane Festival.

Regional Flavours

Regional Flavours is Brisbane Marketing's signature food and lifestyle event that showcases regional produce, supports local producers and farmers and educates the community about sustainable food practices.

Regional Flavours has become an extremely popular event and tourism draw card, showcasing more than 100 of Queensland's best food and wine producers from 12 different regions. The 2014 event was held over two days and attracted more than 75,000 people. Patrons were able to taste and purchase locally produced food and wine from regions like the Lockyer Valley and South Burnett, watch demonstrations of how to cook local produce and participate in information sessions on sustainability with gardening and horticulture experts.

South Bank's retailers got involved in this year's event via the Regional Flavours "Food Truck" initiative whereby retailers were encouraged to produce and sell regional inspired street food options to event goers whilst showcasing local produce. These mock "food trucks" were situated along Little Stanley Street and proved to be a hit with the general public. So much so that almost all retailers sold out of stock each day.

The South Bank Surf Club was also involved in this year's event and managed the craft beer bar "The Hunting Club" over the weekend. This initiative was hugely popular and generated substantial sales for the Surf Club as a result of their partnership in the event.

River Quay was also another addition where all 5 tenants sold gourmet food and beverages over the weekend and were actively involved in the on-site cooking demonstration tent.

3. Strategic risks, opportunities and challenges

There are a number of strategic risks, opportunities and challenges in relation to South Bank Corporation's operating environment. These can be summarised as follows:

- New destinations are emerging and people are 'time poor'. We must maintain our attractiveness by evolving our places, adjusting the mix and quality of our public offer, and creating world class experiences, while also strengthening the precinct as an inclusive, community place;
- There will be pressure on the precinct as the region's population increases, requiring us to plan and ensure that the needs of residents and visitors are delivered. Maintaining and improving our assets is a high priority;
- To ensure financial sustainability we must focus on the relevance and longevity of our commercial offerings.

Review of proposed forward operations

Following the transfer of responsibility for the management of the Parklands and development assessment to Brisbane City Council, the South Bank Corporation's residual responsibilities are to manage the commercial operations within the precinct, the precinct streets, the Approved Development Plan and complete the remaining development projects. The longer term future of the Corporation is currently under review by the Queensland Government. Our key projects for the 2015-2016 financial year are outlined in the following pages.

Operational plans and priorities

Implementing the South Bank Parklands Master Plan

Approved Development Plan (ADP) Amendments: The Corporation will continue to manage any changes required to the ADP until this responsibility is transferred to Brisbane City Council. Amendments to the ADP to facilitate development of the Queensland Rail land on the corner of Grey and Melbourne Sts will be considered during the coming year.

Arbour View Restaurants & Central Cafes: Concept designs and financial feasibilities will be prepared for the redevelopment of these facilities

Refurbishment of the Riverside Restaurants: Refurbishment of this facility is scheduled to be completed in the near future. The refurbishment will complement the pedestrian bridge planned as part of the Queen's Wharf Brisbane Development. This project will create a new landmark dining experience for residents and visitors to Brisbane.

Enhancing Little Stanley Street and Grey Street dining: The program of works to enhance the retail facilities in Little Stanley and Grey Sts will continue with the construction of more awnings over outdoor dining areas.

Southpoint: Work will continue on overseeing the construction of Stage B of the project and on achieving a construction start of Stages A & C.

BCEC Refurbishment: Investigation of options to refurbish the original section of the BCEC to ensure it remains competitive.

Brisbane Convention and Exhibition Centre

The Brisbane Convention and Exhibition Centre will, in 2015-16:

- Continue to leverage the success of the G20 Leaders Summit for the long term benefit of Brisbane and BCEC.
- Further evolve and expand the BCEC Convention Advocates Partnership.
- Continue to develop and grow its cultural and industry partnerships.
- Develop an external and internal Innovation Council to assist in the direction and development of new venue innovations to stimulate the Centre's competitive advantage.
- Embark on a creative refresh for BCEC with new messaging to take it into the future and to establish a point of difference in a crowded marketplace.
- Increase awareness of BCEC and its role through the messaging and communication related to the 20th anniversary.
- Finally, maintain the facility to five star standards including investigation of an update of the external facade of the Merivale Street building

Retail Management

The following leasing initiatives are intended to be carried out in 2015 - 2016 year. They will further enhance South Bank's retail offer and augment our reputation as Brisbane's premier dining destination.

- New concept in tenancy S1A – previously 'Fifth Element'
- New concept in tenancy S6AB – previously 'Dell Ugo'
- New concept in tenancy S9 – previously 'T-Licious'
- New concept in tenancy S6d – previously 'La Via'
- Reopening of 'Gandhi Indian Street Kitchen and Laneway Stall'
- Opening of 'Mister Paganini'
- Securing an operator for Riverside Restaurant Building
- Securing an operator for the Allgas Building
- Securing tenancy mix for Arbour View Café redevelopment

Proposed changes to South Bank Corporation operations

The future of South Bank Corporation is currently being reviewed by the Queensland Government.

While responsibility for management of the Parklands and for development assessment has transferred to Brisbane City Council, transfer of the public roads and footpaths in the balance of the precinct and transfer of responsibility for the Approved Development Plan is yet to occur.

Machinery of Government changes

South Bank Corporation was not directly affected by any Machinery of Government changes during the 2014-15 year.

4. Non-financial performance

Government's objectives for the community

The Corporation is committed to achieving the Government's objectives for the community by delivering upon the Corporation's vision to create and manage a world-class precinct for the people of Queensland, and in turn, adding value to the State's economy, enhancing the local community and positioning Brisbane as a desirable tourist destination.

South Bank Corporation's short-term targets to achieve these objectives are listed below:

Creating jobs and a diverse economy

Goal: Secure further private investment in projects within the precinct and support our retailers to improve revenues.

Goal: Assist Business South Bank to support existing businesses and attract new businesses to the precinct.

Goal: Actively grow local investment and business attraction to South Bank as an important economic hub.

Goal: Achieve Moving Annual Turnover (MAT) growth above Queensland's average MAT growth rate across the various retail categories in South Bank.

Goal: Assist the Brisbane City Council to incorporate the precinct within the Brisbane City Plan.

Goal: Redevelop the Arbour View, Central Café and Riverside Restaurant retail facilities.

Delivering quality frontline services

Goal: Building better precinct partnerships to facilitate more community benefits.

Goal: Implement the remaining elements of the South Bank Parklands Master Plan in line with the broader South Brisbane Neighbourhood Plan.

Goal: Work with local educational institutes to identify opportunities for precinct collaboration, providing more opportunities for students and teachers.

Goal: Be transparent and honest in all of our processes and communications.

Protecting the environment

Goal: Review the operations of the Corporation's retailers and establish waste reduction targets.

Goal: Encourage visitors to use the many available active and public transport opportunities when travelling to South Bank.

Building safe, caring and connected communities

Goal: Ensure the retail options in the precinct continue to include affordable offerings for families.

Goal: Provide support to the Mater Hospital to create unique South Bank experiences for patients and their families.

Goal: Ensure the public has the opportunity to comment on future changes to the Approved Development Plan.

Other whole-of-government plans/specific Initiatives

No other whole-of-government plans or specific initiatives are applicable to the Corporation.

Agency objectives and performance indicators

The Corporation continued to focus on its seven corporate goals throughout the year. Our performance management systems continue to ensure that employees are working effectively and efficiently across the Corporation. The following show the Corporation-wide achievements, consistent with our overarching direction.

Outcomes achieved:

- Development Lease for Stages A and B of the Southpoint project were issued and construction on Stage A is now well advanced. On site works on Stage B will be underway early in the next financial year. These two stages include a commercial office tower, hotel, residences and retail spaces as well as upgrades to the South Bank railway station.
- A program of works to enhance the appeal of the retail spaces on Little Stanley and Grey St was completed. This includes new awnings over outdoor dining areas, upgrades to public toilets and creation of a new retail tenancy.
- Opening of exciting new tenancies in the Parklands, Grey Street and Little Stanley Street including:
 - Live Fire
 - The Charming Squire
 - Burger Urge
 - The Manhattan Line
 - Bourbon Street
 - Hop & Pickle
 - Harajuku Gyoza
 - Che Asado Argentinean BBQ, and
 - Zeus

Agency service areas, service standards and other measures

The services of South Bank Corporation have significantly altered from previous years with the management of the Parklands, its marketing and activation activities transferred to the Brisbane City Council. As the Corporation no longer provides direct community services, its services and other measures have been discontinued from the Government's Service Delivery Statements.

5. Summary of Financial Performance

The Corporation's performance measures are established from our strategic direction, which is set at Board level. We are committed to the Queensland Government's priorities and the Board's vision to create a precinct of international standing which adds value to the State's economy and positions Brisbane as a desirable tourist destination. This commitment is evidenced through initiatives produced in accordance with our corporate goals and the Queensland Government's statement of objectives for the community.

South Bank Corporation had a net operating profit of \$1.8 million for the 2014-15 year, after depreciation of \$23.6 million. Notable differences from previous years were:

- An increase in revenue generation in the 2015 year by the Brisbane Convention and Exhibition Centre driven by the successful G20 Summit, the largest single event ever held at the Centre, and
- A jump in land valuations flowing from investor activity in South Brisbane.

	2010-11 (\$'m)	2011-12 (\$'m)	2012-13 (\$'m)	2013-14 (\$'m)	2014-15 (\$'m)
Revenue and gains	59	77	93	82	100
Sale of development land	4	13	-	-	-
Operating grant	10	10	-	-	-
Capital grants	3	-	-	-	-
Total income	76	100	93	82	100
Expenditure and losses *	81	79	84	69	74
Depreciation	15	20	24	25	24
Net profit/ (loss)	(20)	1	(15)	(12)	2
Total assets	695	701	709	703	754
Net assets	633	652	667	656	724

* Losses in the 2012-13 year include a \$5.8m write down on the transfer of plant and equipment to the Brisbane City Council.

6. Governance – Management and Structure

Organisational structure



Related entities

The South Bank Employing Office.

Since 1 July 2008 all employees of South Bank Corporation, with the exception of its Board Members and Chief Executive Officer, have been employed by the South Bank Employing Office (SBEO) under the same terms, conditions and entitlements as per their employment contracts or Enterprise Award with the Corporation. The SBEO and the Corporation have an arrangement for the employees to perform the work of the Corporation.

The SBEO is indemnified for all liabilities by the Corporation and operates on a break-even basis, being reimbursed for all costs by the Corporation. It has no physical assets.

Boards and committees

The Corporation's Board members are appointed by the Governor in Council based on the nominations of the Minister and Brisbane City Council as described under the *South Bank Corporation Act 1989* (Qld).

The Members must adhere to South Bank Corporation's Policies on Disclosure and Conflicts of Interest and the Code of Conduct, and are therefore required to disclose direct and indirect conflicts of interest as soon as they arise. The Board must also comply with the obligations regarding disclosure and conflicts of interest imposed upon them in the Act. This is the first agenda item at each meeting. If a conflict of interest arises, the Member in question will not participate in any discussion or decision regarding the matter in question, and in some circumstances will not be present during any discussion and/or decision of the Board in relation to the issue where a conflict of interest has arisen.

The Board met on eleven occasions during the year, including six meetings by flying minutes.

Our Board of Directors

Victor P Hoog Antink - Chair

Victor was appointed Chair of South Bank Corporation in October 2012.

Victor is currently a Director of Sands China Ltd. listed in Hong Kong, a Councillor of Bond University, the Chairman of the Bond University Business School Board of Advisors and a director of the Property Industry Foundation.

Victor retired in 2012 as CEO of the DEXUS Property Group – one of Australia's largest publicly owned property groups and has over 30 years' experience in property and finance.

Victor was previously the National President and a Director of the Property Council of Australia, a Director of the Shopping Centre Council of Australia and a Director of the Greenprint Foundation.

He holds a Bachelor of Commerce degree from the University of Queensland and a Master of Business Administration from Harvard Business School. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Australian Property Institute and a Fellow of the Royal Institute of Chartered Surveyors.

Mick Power AM

Founder of the BMD Group, Mick Power AM is widely regarded as one of Queensland's leading figures in the civil construction industry.

After spending his formative years with Leighton Contractors, Mick started BMD Group in 1979 as a family business. Under his leadership, BMD Group has grown and diversified into what is today considered to be one of Australia's largest privately owned civil construction, consulting, and urban development organisations. With the company now in its 36th year of operation, he retains an active position as BMD Group Board Chairman and Managing Director.

Mick also devotes his time to supporting a number of not-for-profit organisations and in addition to South Bank Corporation is a Board Member of the Brisbane Lions Football Club, Queensland Performing Arts Centre, Junior Golf Foundation of Queensland and Mater Children's Hospital Research Appeal and Leadership Gifts.

An Honorary Ambassador of the City of Brisbane, Mick was awarded a Member of the Order of Australia in 2005 for his service to the building and construction industry, particularly in the field of civil engineering, and for his community involvement.

As Vice Patron of the Surf Life Saving Foundation, Mike Power established official naming rights sponsorship (the first of its kind in Australia) for BMD Northcliffe Surf Life Saving Club in 2007. In 2009 he was honoured with the QUT Distinguished Constructor Award for his commitment to the Queensland construction industry.

Pat Vidgen

In January 2014, Pat commenced in the role of Deputy Chief Executive Officer, of the Public Safety Business Agency. In that role, Pat is responsible for supporting the delivery of outcomes for Police, Fire and Emergency Services and the Office of the Inspector General, through executive oversight of Information Technology, Business Support Services, Human Resources, and Operations.

Prior to this, Pat worked in the Department of the Premier and Cabinet during which time he held numerous senior positions in the areas of Constitutional and Administrative Law Services, Security Planning and Coordination and State Affairs. In 2007 he was appointed to the role of Deputy Director-General, Governance, which was responsible for managing the delivery of corporate and executive services by the department.

Pat has represented the Queensland Government on a range of State and Australian Government boards and committees.

Steve Johnston

Steve is the Acting Director-General of the Department of Infrastructure, Local Government and Planning. He commenced with the Queensland Government in July 2010 as Executive Director, Local Government Services. Prior to this appointment, Steve was the National Chief Executive Officer of the Planning Institute of Australia based in Canberra.

He has 30 years' experience working in local government in New South Wales and Queensland in a variety of roles including as Chief Executive Officer of three councils. He was Chief Executive Officer of Isis Shire Council based in Childers for nine years until its amalgamation with Bundaberg Regional Council in 2008.

Steve has tertiary qualifications in local government, business, management and law and completed the Company Directors Course with the Australian Institute of Company Directors.

Member Benefits

During the reporting period no Board member received or became entitled to receive any benefit other than as noted in the Financial Statements section of this report.

Executive Management

Jeffrey Weigh - Chief Executive Officer

Jeff was appointed as the Corporation's Chief Executive Officer (Corporation Manager of South Bank Corporation, and Executive Officer of the South Bank Employing Office) by Governor in Council in August 2012.

As Chief Executive Officer for the Corporation, Jeff plays an integral role in continuing the Corporation's work of creating a world-class precinct and adding value to the Queensland economy by positioning South Bank as a desirable tourist destination.

He brings extensive business acumen to the role, having previously worked across a diverse range of industries including education, health, hotels, property and hospitality. Jeff has extensive experience in tourism and marketing, having worked for the Queensland Tourist and Travel Corporation (QTTTC), Queensland Events and the Northern Territory Tourism Commission.

Early in 2015, Jeff was appointed a non-executive Director of Port of Brisbane Pty Ltd.

Jeff has a Masters of Economic Studies and a Bachelor of Economics.

Public Sector Ethics Act 1994

As a public sector entity, South Bank Corporation has a Code of Conduct in accordance with section 15 of the Public Sector Ethics Act as amended in 2010. The Corporation consulted with the Joint Consultative Committee and relevant Unions, and the Code was approved by the Board in March 2012.

The Corporation's management practices are carried out with proper regard to the Code of Conduct which incorporates the five ethical obligations:

- respect for the law and the system of government,
- respect for persons,
- integrity,
- diligence and
- economy and efficiency.

Employees are provided with a copy of the Code of Conduct on commencement of their employment. The Code is available to employees at all times through the Corporation's intranet and all employees are reminded of their duties under the code annually, together with the Corporation's fraud prevention and whistleblower policies.

Education and training

Professional development is available to all staff under the Corporation's Human Resources policies. During the year education support was provided to staff attending the Queensland University of Technology and various professional development courses and seminars including those held by the Property Council of Australia, Institute of Chartered Accounts Australia and New Zealand, and CPA Australia.

7. Governance – Risk Management and Accountability

Risk management

South Bank Corporation maintains a strategic business risk register as part of its risk management process. The register is used to ensure all internal controls, including fraud and corruption prevention and other risk mitigation strategies are considered in the preparation of internal audit strategies.

In February 2015 a risk workshop was held, facilitated by KPMG, at which the risk register was reviewed and substantially updated. The register is presented at each meeting of the Audit Committee.

The Corporation insures with the Queensland Government Insurance Fund against insurable liabilities and losses that would materially affect its operations and assets.

External scrutiny

During the 2014-15 financial year, no external audits or reviews were conducted of South Bank Corporation other than the annual audit of the financial statements.

Audit committee

The South Bank Corporation Audit Committee provides advice to Board members to assist in the effective discharge of the responsibilities prescribed in the *South Bank Corporation Act 1989*, *Financial Accountability Act 2009*, the *Financial Performance Management Standard 2009*, *Work Health and Safety Act 2011* and other relevant legislation and prescribed requirements. The Audit Committee also oversees the Corporation's Risk Register and Fraud Management Plan. The Committee has due regard to its Charter - which is reviewed annually - and to Treasury's *Audit Committee Guidelines*.

The Audit Committee is comprised of Graham Carpenter (Chair) and Patrick Vidgen. The Committee met on three occasions during the 2014-15 year.

Internal audit

The Corporation outsources its internal audit functions to KPMG which is responsible for the preparation of the annual internal audit plan in consultation with the Committee. Four internal audits were finalised during the 2014-2015 financial year and presented to the Committee:

South Bank

- Payroll
- Knowledge Management

Brisbane Convention and Exhibition Centre

- Payroll
- Procure to Pay

Information systems and recordkeeping

The Corporation recognises that sound recordkeeping practices are required for good corporate governance. The Corporation's recordkeeping practices are carried out by appropriately trained personnel with proper regard to the *Public Records Act 2002* (QLD), Information Standard 40: Retention and Disposal of Public Records.

8. Governance – Human Resources

Workforce planning, attraction and retention

Staff in two full time positions left the Corporation and were replaced during the year, representing an annualised turnover of 9% for the year (2014: 12%). One further position was not replaced. It should be noted that with a relatively small staff these percentages can vary considerably from one period to another.

Redundancies

One position was made redundant during the 2014–15 year, with payment of a package of \$52,582 in leave and severance pay entitlements.

9. Disclosure of Additional Information

Consultancy and Government Body costs

A summary of the Corporation's payments to consultants and Government Body costs during the reporting period are both published on the Government's open data website: <https://data.qld.gov.au>.

Overseas travel

No overseas travel has been undertaken by South Bank Corporation employees during the reporting period.

Language service costs

No language translation requests were received during the reporting period.

Waste management

South Bank Corporation is actively encouraging the reduction of waste generated on site and waste sent to landfill through the following initiatives:

- Creating a sustainable tenancy guide that inspires our stakeholders, retailers and visitors to find opportunities for waste reduction.
- Introduced routine waste management procedures where the waste stream is broken down into categories over multiple bin rooms including cardboard recycling, general waste and oil disposal.
- Provide cardboard and co-mingle recycling facilities in common areas and waste facilities.

Carers (Recognition) Act 2008

South Bank Corporation has responded to principles in both the Carers (Recognition) Act 2008 and the Carers Charter including principle number 4 and principle number 7 (listed consecutively):

- The importance of carers work means the role of carers should be recognised by including carers, or their representative bodies, in the assessment, planning, delivery and review of services affecting carers; and
- The relationship between a carer and the person they care for should be respected and honoured.

Right to information

The *Right to Information Act 2009* (Qld) enables the public to access documents held by the Corporation. In turn, we make as much information available to the public as possible.

The Corporation received two Right to Information requests in the reporting period. One request was subsequently suspended subject to further discussions with the requesting party and the requested information was provided to the second party.

Complaints management

The majority of complaints and enquiries are now managed by the Brisbane City Council as part of its management of the Parklands. South Bank Corporation received ten complaints in the 2014-15 financial year. All complaints related to noise coming from cafes and restaurants.

Exercise of powers of exclusion from the Parklands

Under the *South Bank Corporation Act 1989* the Corporation is required to report on the number of exclusion directions issued during the reporting period. Exclusion directions can be given for disorderly conduct, drunkenness or creating a disturbance.

Total number of exclusion directions given: 798 (2014: 718)

Total number of exclusion directions given to children: 301 (2014: 261)

The main reason people were issued exclusion notices was for Create a Disturbance, with a total of 410 exclusions issued for this. This includes antisocial behavior such as fighting, using obscene or offensive language and generally disturbing other people's peaceful enjoyment of the precinct.

The increased figures can be attributed to augmented CCTV coverage in the Parklands, which has enabled security and Queensland Police to detect and respond to anti-social behavior more effectively than ever before.

There were no exclusion directions reviewed, set aside or orders made to exclude a person from the site.

10. Financial Statements

SOUTH BANK CORPORATION
Statement of Comprehensive Income
for the year ended 30 June 2015

	Notes	Consolidated 2015 \$'000	Consolidated 2014 \$'000	South Bank Corporation 2015 \$'000	South Bank Corporation 2014 \$'000
<i>Income from Continuing Operations</i>					
User charges	2	63,259	51,579	63,259	51,579
Sale of goods	3	27,577	23,529	27,577	23,529
Grants and other contributions	4	-	589	-	589
Interest		650	593	649	591
Other revenue		-	62	-	62
Total Revenue		91,486	76,352	91,485	76,350
<i>Gains</i>					
Gain on sale / revaluation of investment property	11, 14	8,360	5,574	8,360	5,574
Total Income from Continuing Operations		99,846	81,926	99,845	81,924
<i>Expenses from Continuing Operations</i>					
Employee expenses	5	2,609	2,447	397	398
Supplies and services	6	57,898	50,556	60,109	52,603
Cost of goods sold		6,297	5,252	6,297	5,252
Depreciation	13	23,623	25,059	23,623	25,059
Loss on disposal of property, plant and equipment		-	16	-	16
Borrowing costs	7	53	3,142	53	3,142
Other expenses	8	7,543	7,162	7,543	7,162
Total Expenses from Continuing Operations		98,023	93,634	98,022	93,632
Operating Result from Continuing Operations		1,823	(11,708)	1,823	(11,708)
<i>Other Comprehensive Income</i>					
Revaluation increment	18	65,936	476	65,936	476
Total Comprehensive Income		67,759	(11,232)	67,759	(11,232)

The accompanying notes form part of these statements.

SOUTH BANK CORPORATION
Statement of Financial Position
as at 30 June 2015

	Notes	Consolidated 2015 \$'000	Consolidated 2014 \$'000	South Bank Corporation 2015 \$'000	South Bank Corporation 2014 \$'000
Current assets					
Cash and cash equivalents	9	27,687	25,606	27,681	25,545
Receivables	10	1,569	1,834	1,569	1,834
Prepayments and deposits		1,264	430	1,264	430
Inventories		338	313	338	313
Non-current asset held for sale	11	-	11,810	-	11,810
Total current assets		30,858	39,993	30,852	39,932
Non-current assets					
Development property	12	6,332	6,167	6,332	6,167
Property, plant and equipment	13	628,644	582,690	628,644	582,690
Investment property	14	87,900	74,074	87,900	74,074
Total non-current assets		722,876	662,931	722,876	662,931
Total assets		753,734	702,924	753,728	702,863
Current liabilities					
Payables	15	8,234	9,334	8,756	9,689
Booking deposits held		6,158	10,825	6,158	10,825
Unearned income	16	151	137	151	137
Interest bearing liabilities	17	-	13,673	-	13,673
Accrued employee benefits		423	357	26	30
Total current liabilities		14,966	34,326	15,091	34,354
Non-current liabilities					
Payables	15	764	645	764	645
Unearned income	16	13,948	11,698	13,948	11,698
Accrued employee benefits		131	89	-	-
Total non-current liabilities		14,843	12,432	14,712	12,343
Total liabilities		29,809	46,758	29,803	46,697
Net assets		723,925	656,166	723,925	656,166
Equity					
Accumulated surplus		291,656	289,833	291,656	289,833
Asset revaluation surplus	18	432,269	366,333	432,269	366,333
Total equity		723,925	656,166	723,925	656,166

The accompanying notes form part of these statements

SOUTH BANK CORPORATION
Statement of Changes in Equity
for the year ended 30 June 2015

CONSOLIDATED	Accumulated Surplus	Asset Revaluation Surplus	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2013	301,541	365,857	667,398
Operating result from continuing operations	(11,708)	-	(11,708)
Other Comprehensive Income			
- increase in asset revaluation surplus	-	476	476
Balance as at 30 June 2014	289,833	366,333	656,166
Balance as at 1 July 2014	289,833	366,333	656,166
Operating result from continuing operations	1,823	-	1,823
Other Comprehensive Income			
- increase in asset revaluation surplus	-	65,936	65,936
Balance as at 30 June 2015	291,656	432,269	723,925

SOUTH BANK CORPORATION	Accumulated Surplus	Asset Revaluation Surplus	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2013	301,541	365,857	667,398
Operating result from continuing operations	(11,708)	-	(11,708)
Other Comprehensive Income			
- increase in asset revaluation surplus	-	476	476
Balance as at 30 June 2014	289,833	366,333	656,166
Balance as at 1 July 2014	289,833	366,333	656,166
Operating result from continuing operations	1,823	-	1,823
Other Comprehensive Income			
- increase in asset revaluation surplus	-	65,936	65,936
Balance as at 30 June 2015	291,656	432,269	723,925

The accompanying notes form part of these statements.

SOUTH BANK CORPORATION
Statement of Cash Flows
for the year ended 30 June 2015

	Notes	Consolidated 2015 \$'000	Consolidated 2014 \$'000	South Bank Corporation 2015 \$'000	South Bank Corporation 2014 \$'000
Cash flows from operating activities					
<i>Inflows:</i>					
User charges and sale of goods		88,587	90,551	88,587	90,551
Grants and other contributions		-	589	-	589
Interest		650	593	649	591
GST collected on sales and charges		8,850	9,116	8,850	9,116
GST input tax credits received from ATO		566	589	566	589
<i>Outflows:</i>					
Employee expenses		(2,501)	(3,025)	(401)	(387)
Supplies and services		(73,951)	(62,984)	(75,995)	(65,623)
Borrowing costs		(53)	(2,219)	(53)	(2,219)
GST paid on purchases		(4,324)	(6,625)	(4,324)	(6,625)
GST remitted to ATO		(4,773)	(3,393)	(4,773)	(3,393)
Net cash provided by /(used in) operating activities	19	13,051	23,193	13,106	23,190
Cash flows from investing activities					
<i>Inflows:</i>					
Sale of investment property and equipment	11	11,810	8	11,810	8
<i>Outflows:</i>					
Payments for property, plant and equipment, and investment property		(9,107)	(6,903)	(9,107)	(6,903)
Net cash provided by /(used in) investing activities		2,703	(6,895)	2,703	(6,895)
Cash flows from financing activities					
<i>Outflows:</i>					
Borrowing repayments		(13,673)	(10,872)	(13,673)	(10,872)
Net cash provided by /(used in) financing activities		(13,673)	(10,872)	(13,673)	(10,872)
Net increase /(decrease) in cash and cash equivalents		2,081	5,426	2,136	5,423
Cash and cash equivalents at beginning of financial year		25,606	20,180	25,545	20,122
Cash and cash equivalents at end of financial year	9	27,687	25,606	27,682	25,545

The accompanying notes form part of these statements.

SOUTH BANK CORPORATION

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Objectives of South Bank Corporation

The objectives of South Bank Corporation 'the Corporation' are to: promote, facilitate, carry out and control the development, disposal and management of land and other property within the Corporation area; to the highest possible standards and in the interest of the people of the City of Brisbane and of Queensland. The Corporation's vision is to create and manage 'The Best New Urban Precinct in the World'.

The Corporation provides services on a fee for service basis including:

- Convention and Exhibition space facilities, including associated food and beverage sales,
- Retail and commercial tenancies and
- Car parking facilities.

It also sells development property by leasehold.

The Corporation is somewhat reliant upon the support of the Queensland Government to enable it to continue as a going concern.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a Basis of Preparation

The financial statements cover South Bank Corporation as an individual parent entity (parent entity) and the consolidated financial statements of South Bank Corporation and its controlled entity (consolidated group). The Corporation is constituted as a body corporate by virtue of the *South Bank Corporation Act 1989* (the Act), and is a statutory body within the meaning of the *Financial Accountability Act 2009*.

The South Bank Corporation has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards and interpretations, the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2015 and other authoritative pronouncements. They have been prepared on an accruals basis using historical costs and do not take into account changing money values nor non-current valuations of specific assets except for certain assets at valuation (refer notes 1(o) and 1(p)).

With respect to compliance with Australian Accounting Standards and interpretations, the Corporation has applied those requirements applicable to not-for-profit entities, as it is a not-for-profit statutory body.

Accounting policies have been applied on a basis consistent with the previous financial year except where otherwise stated.

Going Concern Basis of Accounting

In a letter to the Corporation dated 19 July 2012, the then Deputy Premier, Minister for State Development, Infrastructure and Planning advised that –

"the government's clearly stated position is that the Corporation has achieved the purpose for which it was created and that it will now be wound up. The South Bank Corporation will however, need to remain in a reduced form for the near future while the transition of its powers, assets and obligations takes place."

The Corporation was directed to defer capital expenditure, manage its operational budget within existing cash reserves and to exercise financial prudence.

As the stated position of the then Government was that the Corporation is to be wound up, it is not a going concern. Furthermore the Corporation is somewhat dependent on the continuing support of the Queensland Government.

Notwithstanding the above uncertainties the Corporation received a letter from the Director-General of the Department of State Development, Infrastructure and Planning, dated 24 August 2012, acknowledging the Corporation's solvency and general ability of the Corporation to meet its ongoing obligations under the *South Bank Corporation Act 1989*. The Director General indicated that the Government acknowledges its responsibilities in terms of the Corporation's liabilities as a statutory body and noted in particular the requirements of Section 8 of the *South Bank Corporation Act 1989*, which requires the Government to guarantee the Corporation's debts as a statutory body. However, if the Corporation acts contrary to the Government's directions regarding financial expenditure, the Government will reserve its rights to honour these obligations.

No further advice has been received concerning the above as at the reporting date.

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

a Basis of Preparation (cont'd)

The State Government, the Corporation and the Brisbane City Council (the Council) have entered into an agreement to lease the South Bank Parklands to the Council for the purpose of carrying out the management, operation, maintenance, promotion and administration of the Parklands. The lease commenced on 1 July 2013 and the Council (through its wholly owned entity the City Parklands Transition Services Pty Ltd) has now taken responsibility for all parkland services including maintenance, horticulture, security, parklands cleaning, marketing and venue hire within the Parklands.

The Corporation, however, retains ownership of the Parklands and management of the tenancies, the car park and the Brisbane Convention and Exhibition Centre management contract. Furthermore the term of appointment of the Corporation Board and Chief Executive Officer have currently been extended to 31 October 2015.

As at the date on which these financial statements were authorised for issue, the timing of the wind up of the Corporation is uncertain as the State Government is yet to decide on the wind up process including the distribution of assets and liabilities. In the absence of this information, management has not made any adjustments to the reported asset and liability balances and has accordingly prepared the financial report on a basis consistent with a going concern basis.

b The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Corporation and the entity it controls: the South Bank Employing Office.

Effective from 1 July 2008 all employees of South Bank Corporation, with the exception of its Directors and Chief Executive Officer, were employed by the South Bank Employing Office (SBEO) under the same terms, conditions and entitlements as per their employment contracts with the Corporation. The SBEO and the Corporation have entered into an arrangement for the employees to perform the work of the Corporation.

All employee entitlements, including annual leave and long service leave, were transferred to the SBEO from the Corporation. The SBEO is indemnified for all such liabilities by the Corporation.

The Corporation as an economic entity consists of the parent entity together with the SBEO as a controlled entity. In order to provide enhanced disclosure, the Corporation has adopted the principles outlined in Australian Accounting Standard AASB 127 Consolidated and Separate Financial Statements. This approach is considered appropriate as it reflects the relationship between the Corporation's core business activities and those of the SBEO. In the process of reporting on the Corporation as a single economic entity, all transactions and balances internal to the consolidated group have been eliminated in full.

The Auditor-General of Queensland is the auditor of the South Bank Employing Office.

c Brisbane Convention and Exhibition Centre (BCEC)

The Corporation's financial statements include the South Bank Parklands and its ownership and operation of the Brisbane Convention and Exhibition Centre (BCEC).

d Taxation

The Corporation is exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, input tax credits receivable from, and FBT and GST payable to, the Australian Taxation Office are recognised and accrued.

e Insurance

It is the Corporation's policy to insure against potential liabilities or losses that would materially affect its operations and assets. Non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis.

In addition, the Corporation pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

f Revenue

The Corporation's revenue from continuing operations includes: sale of goods including food and beverages, venue hire, car parking income, and rental and outgoings received or receivable from properties leased by the Corporation.

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

User charges, sale of goods and other revenue are recognised upon provision of the particular service and when measurable with a sufficient degree of certainty. This involves either invoicing for related goods or services and/or the recognition of accrued revenue.

Government grants that are non-reciprocal in nature are recognised as revenue in the financial year in which they are receivable. No reciprocal grants have been received.

g Borrowing Costs

Borrowing costs comprising interest and charges related to loans are recognised as expenses in the financial year in which they are incurred. No borrowing costs are capitalised into qualifying assets.

Borrowing costs include:

- Fair value adjustments relating to borrowings, and
- Administration charges

h Depreciation of Property, Plant and Equipment

Land is not depreciated as it has an unlimited useful life.

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the Corporation. Estimates of remaining useful lives are made on an annual for all assets. Expected useful lives, by asset type, are as follows:

Buildings	27-30 years
Land and land improvements	
• Hard landscaping	21-35 years
• Soft landscaping	3 years
• Riverwall and reclamation	50 years
• Lighting and electrical	15-20 years
Heritage	
• Nepalese Pagoda	18 years
• Artwork	n/a
Plant and equipment	
• Furniture and fittings	4-20 years
• Other	8-20 years

Where assets have separately identifiable components that are subject to regular replacements, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset.

Assets under construction are capitalised as work in progress at cost, until completed, and are not depreciated.

i Impairment of Non-current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Corporation determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as revenue, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

j Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash includes all cash, cash at bank and deposits at call with financial institutions.

k Receivables

Trade receivables are recognised at the amounts receivable, as they are due for settlement within normal trading terms. Collectability of trade receivables are reviewed on an ongoing basis. An allowance for impairment is raised when doubt as to collection exists.

l Inventories

Inventories represent goods held by the Corporation in the ordinary course of business and are stated at the lower of cost and net realisable value. Cost is assigned on a weighted average cost basis. Net realisable value is determined on the basis of the Corporation's normal selling pattern.

m Non-current Assets Classified as Held for Sale

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* when an asset is classified as held for sale, its value is measured at the lower of the asset's carrying amount and fair value less costs to sell. Any restatement of the asset's value to fair value less costs to sell (in compliance with AASB 5) is a non-recurring valuation. Such assets are no longer amortised or depreciated upon being classified as held for sale.

n Development Property

Certain real property holdings are intended for sale by leasehold as part of the Corporation's objective to carry out and control the development of land within the Corporation area, and is classified in these statements as development property. Development property is recorded at the lower of cost and net realisable value, being in the nature of inventory. Cost is the deemed cost recognised as at 30 June 1997 in accordance with the accounting standards at that time.

Costs of preparing land for leasing are capitalised until all pre-conditions of the lease are completed. Revenue and costs are then brought to account in the Statement of Comprehensive Income.

Development property is treated as a current asset when the issuing of the leasehold is expected within 12 months.

o Property, Plant and Equipment

The property, plant and equipment of the Corporation comprise the South Bank Parklands and the BCEC including land, buildings and related items of plant and equipment, other than investment property. Land includes land improvements.

Land improvements are long-life attachments to parcels of land that increase the land's usefulness or value, have a limited useful life and are depreciated.

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Land	\$1
Land improvements	\$10,000
Buildings	\$10,000
Heritage and cultural assets	\$5,000
Plant and equipment	\$5,000
Computer software	\$100,000

Items with a lesser value are expensed.

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. Any training costs, however, are expensed as incurred.

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p Revaluation of Non-current Physical Assets

The Corporation values land (other than development property), buildings, and heritage and cultural assets in accordance with the Australian Accounting Standard AASB 116 *Property, Plant & Equipment*, AASB 13 *Fair Value Measurement* and the Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. It is the Corporation's policy to record all land, buildings, and heritage and cultural assets at fair value, being the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date taking into account the highest and best use of the asset that is physically possible, legally permissible and financially feasible. Revaluations are made with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at the reporting date. All other classes of assets are recorded on a cost basis less depreciation and impairment losses. The carrying amount for these assets should not materially differ from their fair value.

In respect of the abovementioned asset classes, the cost of items acquired during the financial year has been judged by the Corporation to materially represent their fair value at the end of the reporting period.

Plant and equipment is measured at cost in accordance with the Queensland Treasury's *Non-current Asset Policies for Queensland Public Sector*.

Revaluation increments are credited directly to the asset revaluation surplus of the appropriate class, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the Statement of Comprehensive Income, the increment is recognised immediately as revenue in that statement. Revaluation decrements are recognised immediately as expenses in the Statement of Comprehensive Income, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

On revaluation accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identifiable components of assets are measured on the same basis as the assets to which they relate.

q Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the Corporation include, but are not limited to, published sales data for land and general office buildings. Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Corporation include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Corporation's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities of the Corporation for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs .

None of the Corporation's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about the Corporation's Property, Plant and Equipment and Investment Property is outlined in Notes 13 and 14 respectively.

SOUTH BANK CORPORATION
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r Investment Property

Investment property, which is property held to earn rentals and or for capital appreciation, is initially recognised at cost including transaction costs. Where investment property is acquired at no or nominal cost it is recognised at fair value. Investment property is subsequently carried at fair value being revalued as at each reporting date. Fair value is based on selling prices in an active property market adjusted, if necessary, to reflect the nature, location or condition of the specific investment property. If there is no active property market, alternative calculation methods are used such as recent selling prices in less active markets, or discounted cash flow projections.

Pursuant to AASB 140 *Investment Property* investment buildings under construction are included within the investment property category, rather than within Property, Plant and Equipment (and being measured at cost prior to completion). Consequently, investment buildings under construction are also measured at fair value, unless fair value cannot be reliably determined for an individual property (in which case, the property concerned is measured at cost until fair value can be reliably determined). In determining a fair value for investment buildings under construction, a value is determined as at reporting date for an equivalent completed building (using current construction plans and all available relevant information), and this value is adjusted proportionately to reflect the percentage of completion and remaining costs to complete construction as at reporting date.

Gains or losses arising from changes in the fair value of investment property are included in the operating result for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

Rental received from investment property is recognised as income on a periodic straight line basis over the lease term.

s Payables

Trade creditors and accruals represent liabilities for goods and services provided to the Corporation prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within normal trading terms.

t Unearned Income

The Corporation can earn revenue from the sale of development property by leasehold. Premiums received in advance of the granting of the leasehold are recognised as unearned income until all pre-conditions to the granting of the lease are completed. The corresponding land is recognised as an asset of the Corporation until such time as the revenue is earned.

Deposits received or receivable for services not yet provided, such as venue hire, are recognised as unearned income in the Statement of Financial Position until the services have been provided.

u Accrued Employee Benefits

Annual leave and sick leave

All liabilities for annual leave are expected to be paid within twelve months of the reporting date. Such liabilities in respect of employees' services up to the reporting date are measured at the amounts expected to be paid when the liabilities are settled, plus relevant on-costs. No liability is recognised for non-vesting sick leave as the anticipated pattern for future sick leave indicates that accumulated non-vesting sick leave will never be paid.

Long Service Leave

Long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Future payments not expected to be paid within 12 months are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. Relevant on-costs are included in the determination of the provision.

Superannuation

Employer contributions for superannuation expenses are included in the Statement of Comprehensive Income. Beyond the agreed contributions to the various funds the Corporation has no financial commitment to the funds.

SOUTH BANK CORPORATION
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v Leases

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

The Corporation has no finance leases.

w Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Corporation becomes a party to the contractual provisions of the financial instrument.

Classifications

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit and loss;
- Receivables – held at amortised cost;
- Payables – held at amortised cost; and
- Borrowings – held at amortised cost.

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are classified as non-current liabilities to the extent that the Corporation has an unconditional right to defer settlement until at least 12 months after reporting date.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Corporation are included in Note 20.

x New and Revised Accounting Standards

The Corporation did not voluntarily change any of its accounting policies during 2014-15. The Australian Accounting Standard applicable for the first time as from 2014-15 that had the most significant impact on the Corporation's financial statements is AASB 1055 Budgetary Reporting.

AASB 1055 became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard the Corporation has included in these financial statements a comprehensive new note 'Budget vs Actual Comparisons' (note 24). This note discloses the Corporation's original published budgeted figures for 2014-15 compared to actual results, with explanations of major variances in respect of the Corporation's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

The Corporation is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the Corporation has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Corporation applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

AASB 9 *Financial Instruments* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* will become effective for reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the Corporation are that they will change the requirements for the classification, measurement and disclosures associated with the Corporation's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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x New and Revised Accounting Standards (cont'd)

The Corporation has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Corporation's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Corporation enters into, it is not expected that any of the Corporation's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2018-19 financial statements, all of the Corporation's financial assets are expected to be required to be measured at fair value, and classified accordingly. In the case of the Corporation's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities amends AASB 13 *Fair Value Measurement* effective from annual reporting periods beginning on or after 1 July 2016. The amendments provide relief from certain disclosures about fair values categorised as level 3 under the fair value hierarchy (refer to note 1(q)). Accordingly, the following disclosures for level 3 fair values in note 23 will no longer be required:

- the disaggregation of certain gains/losses on assets reflected in the operating result;
- quantitative information about the significant unobservable inputs used in the fair value measurement; and
- a description of the sensitivity of the fair value measurement to changes in the unobservable inputs.

As the amending standard was released in early July 2015, the Corporation has not early adopted this relief in these financial statements, as per instructions from Queensland Treasury. However, the Corporation will be early adopting this disclosure relief as from the 2015-16 reporting period (also on instructions from Queensland Treasury).

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Corporation's activities, or have no material impact.

y Issuance of Financial Statements

The financial statements are authorised for issue by the Board of South Bank Corporation at the date of signing the Management Certificate.

z Judgements and Assumptions

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following statement notes:

- Receivables note 10,
- Non-current asset held for sale note 11,
- Property, plant and equipment note 13,
- Investment property note 14, and
- Payables note 15.

aa Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000 or, where the amount is \$500 or less, to zero.

Comparative information has been reclassified and restated where necessary to be consistent with disclosures in the current reporting period.

SOUTH BANK CORPORATION
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	Consolidated 2015 \$'000	Consolidated 2014 \$'000	South Bank Corporation 2015 \$'000	South Bank Corporation 2014 \$'000
2 USER CHARGES				
Venue hire	33,506	21,560	33,506	21,560
Rental income	12,722	12,819	12,722	12,819
Car parking	16,845	16,306	16,845	16,306
Other	186	894	186	894
Total	63,259	51,579	63,259	51,579
3 SALE OF GOODS				
Food and beverage sales	27,577	23,519	27,577	23,519
Other	-	10	-	10
Total	27,577	23,529	27,577	23,529
4 GRANTS AND OTHER CONTRIBUTIONS RECEIVED				
Capital grants:				
Qld Reconstruction Authority	-	589	-	589
Total	-	589	-	589
5 EMPLOYEE EXPENSES				
Employee Benefits				
Wages and salaries	2,120	1,899	350	351
Superannuation	282	237	30	29
Other	207	311	17	18
Total	2,609	2,447	397	398

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis is:

24	22	1	1
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Key Executive Management Personnel

The following details for Key Executive management personnel include positions that had authority and responsibility for planning, directing and controlling the activities of the Corporation during 2014-15. Further information can be found in the body of the Annual Report of the Corporation under the section relating to Executive Management.

Position	Responsibilities	Current Incumbent	
		Appointment authority	Date of appointment
Board Chair	Strategic management	Governor in Council	August 2012
Board Members	Strategic management	Governor in Council	August 2012
Chief Executive Officer (CEO)	Responsibilities include strategic planning and development, and the efficient and effective management of the Corporation	Governor in Council	August 2012

(a) Remuneration 2014-15

Position	Short Term Employee Benefits		Long Term Employee Benefits \$'000	Post Employment Benefits \$'000	Total Remuneration \$'000
	Base \$'000	Non-monetary Benefits \$'000			
Board Chair	46	-	-	4	50
Board member not a public sector employee	14	-	-	1	15
CEO	290	-	-	25	315
Total	350	-	-	30	380

SOUTH BANK CORPORATION
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5 EMPLOYEE EXPENSES (cont'd)

Remuneration 2013-14

Position	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Total Remuneration
	Base \$'000	Non-monetary Benefits \$'000	\$'000	\$'000	\$'000
Board Chair	46	-	-	4	50
Board member not a public sector employee	14	-	-	1	15
CEO	291	1	-	24	316
Total	351	1	-	29	381

(b) Remuneration expenses

Remuneration expenses for key management personnel comprises the following components:

- Short-term employee benefits which include:
 - Base - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position.
 - Non-monetary benefits - consisting of provision of a vehicle.
- Long term employee benefits include amounts expensed in respect of long service leave.
- Post-employment benefits include amounts expensed in respect of employer superannuation obligations.

(c) Performance payments

Performance bonuses are not paid under the contracts in place.

	Consolidated 2015 \$'000	Consolidated 2014 \$'000	South Bank Corporation 2015 \$'000	South Bank Corporation 2014 \$'000
6 SUPPLIES AND SERVICES				
Brisbane Conv. and Exhibition Centre:				
- Advertising, marketing and PR	824	651	824	651
- Asset repairs and maintenance	4,250	4,634	4,250	4,634
- Electricity	2,566	2,137	2,566	2,137
- Operating costs and management fee	9,153	4,821	9,153	4,821
- Staffing charges	31,623	28,096	31,623	28,096
External audit fees	96	110	96	110
Investment property operating costs	5,931	6,676	5,931	6,676
Insurance premiums:				
- Qld Government Insurance Fund	918	1,047	918	1,047
Operating lease rentals	526	472	526	472
Marketing and sponsorship	788	513	788	513
SBE0 staffing charges	-	-	2,212	2,049
Other supplies and services	1,223	1,399	1,222	1,397
Total	57,898	50,556	60,109	52,603

The total external audit fees of the Queensland Audit Office relating to the 2014-15 financial year are estimated to be \$95,600 (2014: \$109,575) for the consolidated group and \$74,500 (2014: \$56,240) for South Bank Corporation. There are no non-audit services included in this amount.

Fees paid to the independent Chair of the Audit Committee \$4,200 (2014: \$2,800).

SOUTH BANK CORPORATION
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	Consolidated 2015 \$'000	Consolidated 2014 \$'000	South Bank Corporation 2015 \$'000	South Bank Corporation 2014 \$'000
7 BORROWING COSTS				
Interest & administration charges	53	1,395	53	1,395
Early repayment charges	-	824	-	824
Fair value adjustment	-	923	-	923
Total	53	3,142	53	3,142

8 OTHER EXPENSES

Contribution to management of the South Bank Parklands by the Brisbane City Council	9,982	9,419	9,982	9,419
less Contribution recognised as capital works owned by the Corporation	(2,593)	(2,412)	(2,593)	(2,412)
Other	154	155	154	155
Total	7,543	7,162	7,543	7,162

9 CASH AND CASH EQUIVALENTS

Cash on hand	369	292	369	292
Cash at bank	10,397	7,314	10,391	7,253
Deposits at call	16,921	18,000	16,921	18,000
Total	27,687	25,606	27,681	25,545

10 RECEIVABLES

Trade and other receivables	1,757	1,819	1,757	1,819
Less allowance for impairment	(188)	(96)	(188)	(96)
	1,569	1,723	1,569	1,723
GST receivable	-	722	-	722
GST payable	-	(611)	-	(611)
	-	111	-	111
Total	1,569	1,834	1,569	1,834

11 NON-CURRENT ASSET HELD FOR SALE

Investment property held for sale	-	11,810	-	11,810
Total	-	11,810	-	11,810

Gain on sale

Proceeds on sale of Investment Property	12,010	-	12,010	-
Cost of sale	(200)	-	(200)	-
Investment property at valuation	(11,810)	-	(11,810)	-
Total	-	-	-	-

In August 2014 the Corporation sold the concurrent lease of the hotel premises known as the "Plough Inn" for a term of 100 years. The sale followed an Expressions of Interest process with the asset valued as at 30 June 2014 based on the successful bid from that process.

The asset was previously classified as an Investment Property by the Corporation, being the subject of a lease to the hotel operator for the period to October 2023.

Note 1(m) explains the accounting treatment and measurement of non-current assets held for sale.

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Income and expenses recognised in the Statement of Comprehensive Income, attributable to this asset:

	Consolidated 2015 \$'000	Consolidated 2014 \$'000	South Bank Corporation 2015 \$'000	South Bank Corporation 2014 \$'000
Gain on revaluation	-	4,810	-	4,810
Rental income	129	906	129	906
Supplies and services expenses	-	22	-	22

12 DEVELOPMENT PROPERTY

At cost	1,562	1,562	1,562	1,562
Capitalised development costs	4,770	4,605	4,770	4,605
Total	6,332	6,167	6,332	6,167

As at 30 June 2015 the Directors of the Corporation Board estimate the fair market value of the development property to be approximately \$20 million (2014: \$20 million) in accordance with the Corporation's accounting policy at note 1(n). This valuation has not been recognised in the financial statements. Furthermore, the Directors expect that the carrying value of the land will not exceed the present value of the net cash flows resulting from the realisation of the land.

13 PROPERTY, PLANT AND EQUIPMENT

Land and land improvements				
At fair value	288,478	245,157	288,478	245,157
Less impairment loss	(8,020)	(8,020)	(8,020)	(8,020)
Less accumulated depreciation	(44,022)	(43,376)	(44,022)	(43,376)
	236,436	193,761	236,436	193,761
Buildings				
At fair value	619,549	597,714	619,549	597,714
Less accumulated depreciation	(242,068)	(220,404)	(242,068)	(220,404)
	377,481	377,310	377,481	377,310
Heritage and Cultural assets				
At fair value	10,542	9,086	10,542	9,086
Less accumulated depreciation	(3,462)	(3,396)	(3,462)	(3,396)
	7,080	5,690	7,080	5,690
Plant and equipment				
At cost	20,395	18,780	20,395	18,780
Less accumulated depreciation	(14,622)	(13,268)	(14,622)	(13,268)
	5,773	5,512	5,773	5,512
Work in progress				
At cost	1,874	417	1,874	417
Total	628,644	582,690	628,644	582,690
Summary				
Property, plant and equipment at fair value or cost	940,838	871,154	940,838	871,154
Less impairment, asset write down and accumulated depreciation.	(312,194)	(288,464)	(312,194)	(288,464)
Total	628,644	582,690	628,644	582,690

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Notes to and forming part of the
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13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Land and land improvements

As at 30 June 2015, land of the South Bank Parklands (excluding development land) and the land occupied by the Brisbane Convention and Exhibition Centre were independently valued by the State Valuation Services of the Department of Environment and Resource Management. The valuations were made on the basis of a comparison to sales of properties which have similar attributes and which generally form part of a similar real estate market of lands for development such as: location, development potential, access to facilities and other community amenities, and overall size.

The valuations were determined by reference to the best use physically possible, legally permissible and financially feasible, which would result in the highest value. Opportunities that are not available to the Corporation are not taken into account. For land occupied by the Brisbane Convention and Exhibition Centre: mixed commercial, retail and residential uses were considered appropriate for the notional development of the site for the purposes of determining the value of the land for financial reporting purposes. The highest and best use of the balance of land is for parklands, in line with the Approved Development Plan for South Bank.

Land has been valued as vacant land and exclude buildings and improvements constructed upon the land. The valuations recognise that the properties are historically prone to flooding, however due to the use and prime location of the properties, the longer term impact on values of this event are expected to be minimal.

The reason for the significant increase in land value is given in commentary by the valuer as being due to strong demand for development in the South Bank, South Brisbane and West End areas, with "a low interest rate environment, a strong housing market, strong buyer confidence and a change in the town plan to allow higher development densities" as factors pushing prices up.

All land improvements - such as landscaping and civil works - were valued as at 30 June 2015 separately from the land by independent valuer CTS Property Consultants. The valuations were determined based on the depreciated replacement cost of the assets, taking into consideration their remaining useful life.

Buildings

The commercial car park and buildings utilised by the Corporation for its own use were valued as at 30 June 2015 by independent valuers CBRE Valuations using 'fair value' principles, based on current market values.

The Brisbane Convention and Exhibition Centre building and all non-commercial buildings, such as the South Bank Piazza, were valued by independent valuer CTS Property Consultants as at 30 June 2015, based on the depreciated replacement cost, due to there not being an active market for such facilities. The depreciation replacement cost was based on a combination of internal records of the original cost of the specialised fit out, published construction rates for various standard components of buildings and taking into consideration the assets condition and their remaining useful life.

Heritage and Cultural Assets

Heritage and Cultural Assets were valued as at 30 June 2015 by independent valuers. Artworks, predominately of aboriginal paintings, were valued using 'fair value' principles based on current market values from lists of public auction results and from research conducted with private dealers. The Nepalese Pagoda was valued using written down replacement cost (taking into consideration its remaining useful life) as no active market exists.

Plant and Equipment

Plant and equipment is valued at cost in accordance with Queensland Treasury's Non-current Asset Accounting Policies for the Queensland Public Sector.

The Corporation has plant and equipment with an original cost of \$8 million (2014: \$8 million) and a written down value of zero, still being used in the provision of services. These assets primarily relate to the original fit-out of the Brisbane Convention and Exhibition Centre, and cannot be revalued under the Corporation's accounting policies. The South Bank Employing Office does not hold any Property, Plant and Equipment.

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

Consolidated and South Bank Corporation

Property, plant and equipment reconciliation:-

	Land and Improve ments (level 3) \$'000	Buildings (level 3) \$'000	Heritage & Cultural (level 3) \$'000	Plant & Equipment n/a \$'000	Work in progress n/a \$'000	Total \$'000
Fair value level						
2015						
Balance 1 July 2014	193,761	377,310	5,690	5,512	417	582,690
Additions	1,198	541	-	2,260	1,457	5,456
Transfer to Investment Property *	-	(1,815)	-	-	-	(1,815)
Revaluation Increment/(decrement)	45,627	18,788	1,521	-	-	65,936
Depreciation	(4,150)	(17,343)	(131)	(1,999)	-	(23,623)
Balance 30 June 2015	236,436	377,481	7,080	5,773	1,874	628,644
2014						
Balance 1 July 2013	195,692	399,324	5,352	5,941	1,895	608,204
Additions	2,505	2,367	-	1,859	(1,478)	5,253
Transfer to Investment Property *	-	(6,160)	-	-	-	(6,160)
Disposals	-	-	-	(24)	-	(24)
Revaluation increment	-	-	476	-	-	476
Depreciation	(4,436)	(18,221)	(138)	(2,264)	-	(25,059)
Balance 30 June 2014	193,761	377,310	5,690	5,512	417	582,690

* 2015 transfer to Investment Property: Part of the Brisbane Convention and Exhibition Centre has been reclassified from Property, Plant and Equipment to Investment Property, reflecting its change in nature from an incidental part of the Centre to a material asset held for capital appreciation and to earn rental returns.

* 2014 transfer to Investment Property: Parts of two buildings, the Corporation's South Bank House administration offices and the Riverside Restaurants function space, were classified as Property, Plant and Equipment, being assets held by the Corporation for administration purposes or for use in the production or supply of goods or services. As the purpose for holding these assets has changed, to capital appreciation and to earn rentals respectively, they have been reclassified from Property, Plant and Equipment to Investment Property, in accordance with the Australian Accounting Standard AASB 140 *Investment Property*.

Level 3 significant valuation inputs and relationships to fair value for the major assets are:

Asset class - Description	Fair value at 30 June 2015	Type and amount for significant level 3 inputs	Possible alternative amounts for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs \$'000
Land - South Bank Parklands	\$25.3 million	Effective rate per sq metre \$260	\$235/m ² to \$285/m ² , or -10% to +10%	Increase/decrease in the effective rate per sq metre would increase/decrease the fair value by \$2.5m
Land - Brisbane Convention and Exhibition Centre	\$105.0 million	Effective rate per sq metre \$1,420	\$1,290/m ² to \$1,560/m ² , or -10% to +10%	Increase/decrease in the effective rate per sq metre would increase/decrease the fair value by \$10.5m
Land Improvements	\$100.3 million	Remaining useful life and costs per component	1% or -1%	increase/decrease the fair value by \$1.0m
Buildings - Brisbane Convention and Exhibition Centre	\$276.0 million	Remaining useful life and costs per component	1% or -1%	increase/decrease the fair value by \$2.8m

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Asset class - Description	Fair value at 30 June 2015	Type and amount for significant level 3 inputs	Possible alternative amounts for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs \$'000
Buildings - South Bank car park	\$91.9 million	Capitalisation rate for sale of lessee interest 7.75%: rate for sale on going concern basis 9.25%.	7.5% to 8.0% Or 9.0% to 9.5% for sale on going concern basis	Increase/decrease in the effective capitalisation rate would increase/decrease the fair value by \$2.5m

Asset class - Description	Fair value at 30 June 2014	Type and amount for significant level 3 inputs	Possible alternative amounts for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs \$'000
Land - South Bank Parklands	\$19.4 million	Effective rate per sq metre \$200	\$180/m2 to \$210/m2, or -10% to +10%	Increase/decrease in the effective rate per sq metre would increase/decrease the fair value by \$1.9m
Land - Brisbane Convention and Exhibition Centre	\$74.0 million	Effective rate per sq metre \$1,025	\$923/m2 to \$1,127/m2, or -10% to +10%	Increase/decrease in the effective rate per sq metre would increase/decrease the fair value by \$7.4m
Land Improvements	\$96.0 million	Depreciated replacement cost	1% or -1%	increase/decrease the fair value by \$0.9m
Buildings - Brisbane Convention and Exhibition Centre	\$280.9 million	Depreciated replacement cost	1% or -1%	increase/decrease the fair value by \$2.8m
Buildings - South Bank car park	\$90.8 million	Capitalisation rate 7.75%	7.5% to 8.0%	Increase/decrease in the effective capitalisation rate would increase/decrease the fair value by \$3.0m

Usage of alternative level 3 inputs (as per the above table) that are reasonable in the circumstances as at the revaluation date would not result in material changes in the reported fair value. There are no significant inter-relationships between unobservable inputs that materially impact fair value.

14 INVESTMENT PROPERTY

	Consolidated 2015 \$'000	Consolidated 2014 \$'000	South Bank Corporation 2015 \$'000	South Bank Corporation 2014 \$'000
Fair value levels - refer note 1(q)	(level 3)	(level 3)	(level 3)	(level 3)
Balance as at 1 July	74,074	72,500	74,074	72,500
Additions & work in progress	3,651	1,650	3,651	1,650
Transfer from property, plant and equipment *	1,815	6,160	1,815	6,160
Transfer to non-current asset held for sale (note 11)	-	(11,810)	-	(11,810)
Fair value adjustment	8,360	5,574	8,360	5,574
Balance as at 30 June	87,900	74,074	87,900	74,074

* 2015 transfer from Property, Plant and Equipment (refer note 13).

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

14 INVESTMENT PROPERTY (cont'd)

The rental income and direct operating expenses derived from the investment properties is shown as:

	Consolidated	Consolidated	South Bank Corporation	South Bank Corporation
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Property rental income	11,898	12,122	11,898	12,122
Direct operating expenses on property that generated rental income during the period	5,931	6,672	5,931	6,672

Investment property is leased on terms which vary depending on the use of the property and other relevant factors. There were no properties that did not generate rental income during the period. No contingent rentals were recognised during the current or prior period.

The future minimum lease payments receivable under non-cancellable leases (exclusive of the investment property recognised as a non-current asset held for sale) are:

	Consolidated	Consolidated	South Bank Corporation	South Bank Corporation
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Not later than one year	5,992	7,537	5,992	7,537
Later than one year and not later than five years	16,294	8,585	16,294	8,585
Later than five years	19,502	10,003	19,502	10,003
Total	41,788	36,125	41,788	36,125

There are no restrictions on the realisability of investment property or remittance of income and proceeds of disposal.

The Corporation does not have any contractual obligations requiring it to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

The Parklands investment properties were independently valued as at 30 June 2015 by CBRE Valuations and in 2014 by Knight Frank Valuations Queensland using 'fair value' principles, based on current market values and the rental stream received for the property. The valuations consider the estimated rental capacity of individual tenancies using results to date and current budgets, combining the properties into three groups based on their location and market segment: the Parklands, River Quay and Little Stanley St.

Realisable values could vary from the valuations depending on changed circumstances.

Valuations provided are for the land and buildings used. The split between land and buildings has not been obtained.

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

14 INVESTMENT PROPERTY (cont'd)

Level 3 significant valuation inputs and relationships to fair value for the major assets are:

Description	Fair value at 30 June 2015	Type and amount for significant level 3 inputs	Possible alternative amounts for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs
South Bank Parklands	\$21.9 million	Capitalisation rate: 8.25%	Capitalisation rate: 8.0% - 8.5%	Increase/decrease in the effective capitalisation rate would increase/decrease the fair value by \$1.1m
Little Stanley and Grey Streets	\$50.3 million	Average capitalisation rate: 7.625%	Capitalisation rate: 7.5% - 8.0%	Increase/decrease in the effective capitalisation rate would increase/decrease the fair value by \$1.8m
River Quay	\$7.0 million	Capitalisation rate: 6.75%	Capitalisation rate: 6.55% - 7.0%	Increase/decrease in the effective capitalisation rate would increase/decrease the fair value by \$0.3m
BCEC on Grey	\$8.7 million	Capitalisation rate: 7.5%	Capitalisation rate: 6.75% - 7.25%	Increase/decrease in the effective capitalisation rate would increase/decrease the fair value by \$0.3m

Description	Fair value at 30 June 2014	Type and amount for significant level 3 inputs	Possible alternative amounts for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs
South Bank Parklands	\$21.0 million	Capitalisation rate: 7.5%	Capitalisation rate: 7.25% - 7.75%	Increase/decrease in the effective capitalisation rate would increase/decrease the fair value by \$1.0m
Little Stanley and Grey Streets	\$40.0 million	Capitalisation rate: 7.25%	Capitalisation rate: 7.0% - 7.5%	Increase/decrease in the effective capitalisation rate would increase/decrease the fair value by \$1.4m
River Quay	\$7.5 million	Capitalisation rate: 7.0%	Capitalisation rate: 6.75% - 7.25%	Increase/decrease in the effective capitalisation rate would increase/decrease the fair value by \$0.3m

Usage of alternative level 3 inputs (as per the above table) that are reasonable in the circumstances as at the revaluation date would not result in material changes in the reported fair value. There are no significant inter-relationships between unobservable inputs that materially impact fair value.

	Consolidated 2015 \$'000	Consolidated 2014 \$'000	South Bank Corporation 2015 \$'000	South Bank Corporation 2014 \$'000
15 PAYABLES				
Current				
Trade payables	2,330	2,986	2,330	2,986
Sundry payables	3,162	3,022	3,162	3,022
Accrued expenditure	2,534	3,326	3,056	3,681
	8,026	9,334	8,548	9,689
GST receivable	(420)	-	(420)	-
GST payable	628	-	628	-
	208	-	208	-
Total	8,234	9,334	8,756	9,689
Non-current				
Sundry payables	764	645	764	645

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

16 UNEARNED INCOME

Current				
Unearned income	151	137	151	137
Non-current				
Unearned income	13,948	11,698	13,948	11,698
Total	14,099	11,835	14,099	13,835

Unearned income includes premiums received on the sale of development land with the transaction expected to be completed in the 2016-17 financial year.

17 INTEREST BEARING LIABILITIES

Queensland Treasury Corporation (QTC) borrowings	-	13,673	-	13,673
Total	-	13,673	-	13,673

The loan was fully repaid in the 2014-15 year. No interest has been capitalised during the current or comparative reporting period and there have been no defaults or breaches of the loan agreements.

18 ASSET REVALUATION SURPLUS BY CLASS

Consolidated and South Bank Corporation

There is no variance between the consolidated and the reporting entity South Bank Corporation, as the South Bank Employing Office does not hold any Property, Plant and Equipment.

	Land and Improvements	Buildings	Heritage & Cultural	Total
	\$'000	\$'000	\$'000	\$'000
2015				
Balance as at 1 July 2014	164,172	198,268	3,893	366,333
Revaluation increment	45,627	18,788	1,521	65,936
Balance as at 30 June 2015	209,799	217,056	5,414	432,269
2014				
Balance as at 1 July 2013	164,172	198,268	3,417	365,857
Revaluation increment	-	-	476	476
Balance as at 30 June 2014	164,172	198,268	3,893	366,333

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

19 RECONCILIATION OF OPERATING SURPLUS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Consolidated 2015 \$'000	Consolidated 2014 \$'000	South Bank Corporation 2015 \$'000	South Bank Corporation 2014 \$'000
Operating profit / (loss)	1,823	(11,508)	1,823	(11,508)
<i>Non-cash items:</i>				
(Gain) on revaluation of investment property	(8,360)	(5,774)	(8,360)	(5,774)
Depreciation	23,623	25,059	23,623	25,059
Interest bearing liability - fair market adjustment	-	923	-	923
Loss on disposal of plant and equipment	-	16	-	16
<i>Change in assets and liabilities:</i>				
(Increase)/decrease in receivables	154	975	154	975
(Inc)/dec in prepayments and deposits	(834)	(128)	(834)	(133)
(Inc)/dec in inventories	(25)	52	(25)	52
(Inc)/dec in development property	(165)	(838)	(165)	(838)
(Dec)/inc in payables	(870)	277	(707)	12
(Dec)/inc in accrued employee benefits	108	(267)	-	-
(Dec)/inc in unearned income & deposits	(2,403)	14,406	(2,403)	14,406
Net cash from operating activities	13,051	23,193	13,106	23,190

20 FINANCIAL INSTRUMENTS

(a) Categorisation of Financial Instruments

The Corporation has the following categories of financial assets and financial liabilities.

Category	note				
Financial asset					
Cash and cash equivalents	9	27,687	25,606	27,681	25,545
Receivables	10	1,569	1,834	1,569	1,834
Total		29,256	27,440	29,250	27,379
Financial liabilities					
Payables	15	8,998	9,979	9,520	10,334
Interest bearing liabilities - Qld Treasury Corporation (QTC)	17	-	13,673	-	13,673
Total		8,998	23,652	9,520	24,007

(b) Fair Value

It is considered that the carrying amount of the Corporation's financial assets and financial liabilities closely approximate their fair value and therefore no fair value is disclosed.

(c) Financial Risk Management

The Corporation's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk.

Financial risk management is implemented pursuant to the Corporation's policies which focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Corporation. The Corporation measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement Method
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis
Interest rate risk	Interest rate sensitivity analysis

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

20 FINANCIAL INSTRUMENTS (cont'd)

I. Credit Risk Exposure

Credit risk refers to the situation where a financial loss may be incurred as a result of another party failing to discharge their obligations in relation to a financial asset of the Corporation. No significant credit risks have been identified.

II. Liquidity Risk

Liquidity risk refers to the situation where the Corporation may encounter difficulty in meeting obligations associated with financial liabilities in the normal course of business. It manages this risk by monitoring forecast cash flows to ensure it has sufficient funds available to meet employee and supplier obligations at all times.

III. Interest Rate Risk

The Corporation's exposure to interest rate risk is mainly attributable to variable interest rates on cash held with and, in the prior year, borrowings from QTC. No material interest rate risk has been identified.

21 COMMITMENTS FOR EXPENDITURE

Non-cancellable Operating Lease Commitments

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

	Consolidated 2015 \$'000	Consolidated 2014 \$'000	South Bank Corporation 2015 \$'000	South Bank Corporation 2014 \$'000
Not later than one year	628	500	628	500
Later than one year and not later than five years	1,221	1,569	1,221	1,569
Total commitments	1,849	2,069	1,849	2,069
Anticipated input tax credits	168	188	168	188

Operating leases, with fixed lease payments, are entered into as a means of acquiring access to assets, mainly retail space. There are no other material commitments contracted for but not recognised as a payable at balance date.

22 CONTINGENT ASSETS AND LIABILITIES

A number of people reported falling ill with symptoms of food poisoning after attending the Fundraising Institute Australia Conference (FIA Conference) and the Department of Education and Training's 2015 Principals' Conference (Principals' Conference), both held at the Brisbane Convention & Exhibition Centre (BCEC) in February 2015. The matter was investigated by Queensland Health.

On 1 April 2015, the Queensland Teachers' Union (QTU) released a statement reporting it had endorsed commencing a "class action" against BCEC. The QTU noted the action will be on behalf of the QTU principal members who reported falling ill after attending the Principals' Conference. The QTU indicated approximately 1,250 state school principals attended the 2015 Principals' Conference at the BCEC and approximately 267 suffered symptoms of some form of food borne illness.

It is possible that a claim or claims could be made against the Corporation through its ownership of the BCEC by attendees of the FIA Conference and/or Principals' Conference. No claim has been made as at the reporting date and it is not possible to quantify the amount of any future claim or claims.

The Corporation believes that any material liability should be indemnified by the Corporation's insurer or the insurer for the manager of the BCEC.

There are no other contingent assets or liabilities.

23 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

No material events have occurred between the reporting date and the signing of these financial statements.

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

24 BUDGET VS ACTUAL COMPARISON

Statement of Comprehensive Income

	Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
<i>Income from Continuing Operations</i>					
User charges and fees		83,011	90,836	7,825	9
Interest	1	150	650	500	333
Total Revenue		83,161	91,486	8,325	10
<i>Gains</i>					
Gain on sale / revaluation of investment property	2	2,800	8,360	5,560	198
Total Income from Continuing Operations		85,961	99,846	13,885	16
<i>Expenses from Continuing Operations</i>					
Employee expenses	3	3,285	2,609	676	20
Supplies and services		60,374	64,195	(3,821)	(6)
Depreciation		24,400	23,623	777	3
Borrowing costs	4	1,700	53	1,647	97
Other expenses	5	10,803	7,543	3,260	30
Total Expenses from Continuing Operations		100,562	98,023	2,539	3
Operating Result from Continuing Operations		(14,601)	1,823	16,542	111
<i>Other Comprehensive Income</i>					
Revaluation increment		15,000	65,936	50,936	340
Total Comprehensive Income		399	67,759	67,360	16,882

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

24 BUDGET VS ACTUAL COMPARISON (cont'd)

Statement of Financial Position

	Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
<i>Current assets</i>					
Cash and cash equivalents	6	10,171	27,687	17,516	172
Receivables		2,698	1,569	(1,129)	(42)
Prepayments and deposits	7	302	1,264	962	318
Inventories		365	338	(27)	(7)
Total current assets		13,536	30,858	17,322	128
<i>Non-current assets</i>					
Development property		5,329	6,332	1,003	19
Property, plant and equipment	8	674,241	716,544	42,303	6
Total non-current assets		679,570	722,876	42,306	6
Total assets		693,106	753,734	60,628	9
<i>Current liabilities</i>					
Payables		9,013	8,234	779	9
Provisions/Employee benefits	9	110	423	(313)	(285)
Other	10	18,977	6,309	12,668	66
Total current liabilities		28,100	14,966	13,134	47
<i>Non-current liabilities</i>					
Payables		696	764	(68)	(9)
Provisions/Employee benefits		85	131	(46)	(54)
Interest bearing liabilities	11	622	-	622	100
Other	10	-	13,948	(13,948)	n/a
Total non-current liabilities		1,403	14,843	(13,447)	(958)
Total liabilities		29,503	29,809	(306)	(1)
Net assets		663,603	723,925	60,322	9
<i>Equity</i>					
Accumulated surplus		270,746	291,656	20,910	8
Asset revaluation surplus		392,857	432,269	39,412	10
Total equity		663,603	723,925	60,322	9

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

24 BUDGET VS ACTUAL COMPARISON (cont'd)

Statement of Cash Flows

	Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Cash flows from operating activities					
<i>Inflows:</i>					
User charges and sale of goods		87,011	88,587	1,576	2
Interest		150	650	500	333
Other	12	4,000	9,416	5,416	135
<i>Outflows:</i>					
Employee expenses		(3,285)	(2,501)	784	24
Supplies and services		(64,374)	(66,408)	(2,034)	(3)
Borrowing costs	13	(1,700)	(53)	1,647	97
Other	12	(14,803)	(16,640)	(1,837)	12
Net cash provided by /(used in) operating activities		6,999	13,051	6,052	86
Cash flows from investing activities					
<i>Inflows:</i>					
Sale of property, plant and equipment	14	8,500	11,810	3,310	39
<i>Outflows:</i>					
Payments for property, plant and equipment, and investment property	15	(13,286)	(9,107)	4179	31
Net cash provided by /(used in) investing activities		(4,786)	2,703	7,489	156
Cash flows from financing activities					
<i>Outflows:</i>					
Borrowing redemptions		(13,000)	(13,673)	(673)	5
Net cash provided by /(used in) financing activities		(13,000)	(13,673)	(673)	5
Net increase /(decrease) in cash and cash equivalents		(10,787)	2,081	12,868	119
Cash and cash equivalents at beginning of financial year		20,958	25,606	4,648	22
Cash and cash equivalents at end of financial year		10,171	27,687	17,516	172

SOUTH BANK CORPORATION
Notes to and forming part of the
Financial Statements for the year ended 30 June 2015

24 BUDGET VS ACTUAL COMPARISON (cont'd)

Statement of Comprehensive Income

1. The increase in interest received is due to higher cash at bank than anticipated, following the better than budgeted operating result and receipts on sale of the investment property, plus deferred capital expenditure.
2. The increase is due to higher than anticipated gains on revaluation of investment properties driven by capital investments by the Corporation.
3. The decrease in employee expenses is due to provision for project appointments and temporary staff not required with reduced capital works projects and low staff turnover.
4. The decrease in borrowing costs is due to the Corporation's early repayment of its loan with Queensland Treasury Corporation in August 2014.
5. Other expenses has decreased with recognition of certain expenditure as capital works.

Statement of Financial Position

6. The increase in cash is due to a better than budgeted operating result, deferred capital expenditure, higher than budgeted receipts on sale of an investment property, plus receipt of funds on the future sale of development land.
7. The increase in Prepayments is due to the timing of the payment of insurance premiums for the coming year.
8. The increase in Property, Plant and Equipment is mainly due to revaluation of land driven by increased investor interest in the South Brisbane area.
9. The increase in Provision/Employee Benefits is due to a change in classification of annual leave from Payables to Employee Benefits.
10. The decrease in other liabilities and increase in non-current other liabilities is due to the reclassification of premiums for sale of development land from current liabilities to non-current liabilities.
11. The decrease in the loan balance follows the early repayment of the QTC loan in August 2014.

Statement of Cash Flows

12. The increase in both Other cash inflows and Other cash outflows is mainly due to the offsetting of GST inflows and outflows in the budget.
13. Reduced borrowing costs follows the early repayment of the QTC loan in August 2014.
14. The increase is due to the higher than anticipated funds received on sale of an investment property.
15. The decrease is due to the deferral of planned capital works.

Statement of Changes in Equity

A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

CERTIFICATE OF SOUTH BANK CORPORATION

These general purpose financial statements have been prepared pursuant to the provisions of the *Financial Accountability Act 2009* (the Act), relevant sections of the Financial and Performance Management Standard 2009 and other prescribed requirements. In accordance with section 62(1) of the Act we certify that in our opinion:

- the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the South Bank Corporation for the financial year ended 30 June 2015 and of the financial position of the Corporation at the end of that year.



Victor P Hoog Antink
Chairman



Jeffrey Weigh
Chief Executive Officer



Trevor Marsden
Chief Financial Officer

Date: 20 August 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of South Bank Corporation

Report on the Financial Report

I have audited the accompanying financial report of South Bank Corporation, which comprises the statements of financial position as at 30 June 2015, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman, Chief Executive Officer and Chief Financial Officer of the entity and the consolidated entity comprising the Board and the entities it controlled at the year's end or from time to time during the financial year.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of South Bank Corporation and the consolidated entity for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Emphasis of Matter- Winding-up of South Bank Corporation

Without modifying my opinion, attention is drawn to Note 1 (a) in the financial report which identifies that written notification was received from the Deputy Premier and Minister for Development, Infrastructure and Planning on 19 July 2012, identifying that the purposes for which the South Bank Corporation was created have been achieved and it is the State Government's intention to wind-up the Corporation. Given no further communication from the State Government with respect to the future of the has been received since this time, there still exists significant uncertainty with respect to the going concern assumption of South Bank Corporation.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



D R ADAMS FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

26 August 2015

11. Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister(s)	ARRs – section 8	p 1
Accessibility	Table of contents Glossary	ARRs – section 10.1	p i p 2
	Public availability	ARRs – section 10.2	p 2
	Interpreter service statement	Queensland Government Language Services Policy ARRs – section 10.3	p 2
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 10.4	p 2
	Information Licensing	Queensland Government Enterprise Architecture- Information licensing ARRs – section 10.5	p 2
General information	Introductory Information	ARRs – section 11.1	p 3
	Agency role and main functions	ARRs – section 11.2	p 5
	Operating environment	ARRs – section 11.3	p 6
	Machinery of government changes	ARRs – section 11.4	p 13
Non-financial performance	Government objectives for the community	ARRs – section 12.1	p 14
	Other whole-of-government plans / specific initiatives	ARRs – section 12.2	p 15
	Agency objectives and performance indicators	ARRs – section 12.3	p 15
	Agency service areas and service standards	ARRs – section 12.4	p 16
Financial performance	Summary of financial performance	ARRs – section 13.1	p 16
Governance – management and structure	Organisational structure	ARRs – section 14.1	p 17
	Related entities	ARRs – section 14.3	p 17
	Boards and committees	ARRs – section 14.4	p 18
	Executive management	ARRs – section 14.2	p 19
	Public Sector Ethics Act 1994	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5	p 20
Governance – risk management	Risk management	ARRs – section 15.1	p 21
	External scrutiny	ARRs – section 15.2	p 21
	Audit committee	ARRs – section 15.3	p 21

Summary of requirement		Basis for requirement	Annual report reference
and accountability	Internal Audit	ARRs – section 15.4	p 21
	Information systems and recordkeeping	ARRs – section 15.5	p 21
Governance – human resources	Workforce planning, attraction and retention	ARRs – section 16.1	p 22
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	p 22
Open Data	Consultants	ARRs – section 17 ARRS – section 34.1	p 23
	Overseas travel	ARRs – section 17 ARRs – section 34.2	p 23
	Queensland Language Services Policy	ARRS – section 17 ARRS – section 34.3	p 23
	Government bodies	ARRs – section 17 ARRS – section 34.4	p 23
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	p 54
	Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	p 55
	Remuneration disclosures	Financial Reporting Requirements for Queensland Government Agencies ARRs – section 18.3	p 38

ARRs *Annual report requirements for Queensland Government agencies*
 FAA *Financial Accountability Act 2009*
 FPMS *Financial and Performance Management Standard 2009*