



south bank
corporation

South Bank Corporation

Annual Report 2015–2016



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Letter of Compliance

5 September 2016

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 2015–2016 and financial statements for South Bank Corporation.

I certify that this Annual Report complies with:

1. The prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*; and
2. 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,



Dr Catherin Bull AM
Chair of Board
South Bank Corporation

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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.

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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

On behalf of the board of South Bank Corporation, appointed in March 2016, I have pleasure in making my first report as Chairperson.

Building on the work of the previous board, particularly its Chair – Victor Hoog Antink – and the CEO Jeff Weigh over much of the year 2015–2016, the board is working with the State Government on a new strategic direction for the Corporation and the precinct, to be finalised over the coming year.

Recognising that precincts such as South Bank must constantly grow and evolve and that such evolution has been a strength of the precinct to date, the Corporation looks forward to working with its many stakeholders to continue this process. Its new vision must excite, inspire and provide clear benefit for its many communities of users and investors.

Located in the heart of a rapidly changing city and surrounded by destinations such as Queen's Wharf and the rapidly increasing residential community of West End, South Bank will respond to the pressures of growth with commitment to its core values, delivering to internationally competitive standards for the next decades as it has in the past. As a corporation we will continue to strive to set a balance between the many aspects of our business – commercial, community, recreation, leisure – underpinned by excellence in planning, design and delivery.

Milestones for the year include strong financial results built on work over recent years on retail mix and management especially in Little Stanley Street and Grey Street. The Corporation looks forward to refreshing and potentially relocating the Parklands food and beverage in the near future following its strategic framework process, to ensure that the heart of the Parklands stays well-served and strong for its community of users. Consistent and committed management from the executive team ensures that the Southpoint development is moving forward on time and budget, delivering new residents and workers to the precinct from late 2016.

BCEC, now in its 21st year, continues to leverage its success as the host venue for the G20 Summit and over the last 12 months hosted 1,102 events and approximately 998,000 attendees, contributing around \$230million to the state's economy. The excellence of its management was recognised by the International Association of Congress Centres in Nantes, France on 5th July this year where it was named the 'Best Convention Centre in the World'. Forward bookings for 2016–2017 and future years look particularly strong with over 1,300 events booked, bringing an estimated 1 million delegates annually and contributing around \$1billion to the economy. The Corporation will be looking to grow this success, reviewing facilities and site potential and signing a new management contract over the coming months to ensure that the Convention Centre remains pre-eminent in an increasingly competitive environment nationally and internationally.

Also of note are recent retail lease arrangements secured with restaurant groups from interstate including the heritage-listed Allgas building in Stanley Street Plaza, South Bank. Other highlights are outlined within the report.

In closing I thank the Minister for her support at an important time in the evolution of the Corporation, my energetic and committed board members and the executive team. In particular I thank the outgoing Chief Executive Officer Jeff Weigh for his leadership and commitment to the Corporation over the last four years. He leaves the Corporation in a strong financial position, ready to confront the challenges before it.



Dr Catherin Bull AM
Chair South Bank Corporation

A message from the CEO

South Bank Corporation introduced many new initiatives during the 2015–2016 year, peppered with many highlights as the Corporation continues to achieve commercial and community success for its stakeholders.

Firstly, I am pleased to welcome our new board members who were appointed in March 2016 and chaired by widely respected urban planning academic, Emeritus Professor Dr Catherin Bull AM.

The combined professional strengths of the ten board members encompassing urban design and planning, infrastructure development and business, will enhance South Bank's leading position as Queensland's premier leisure, cultural and dining destination continuing to draw around 10 million visitors to the precinct annually.

At the precinct level, construction on the \$600 million Southpoint development is well advanced and the first commercial building that will house the global headquarters of Flight Centre, is on track for completion in September 2016. Around 2,300 Flight Centre employees will relocate to South Bank and bring significant economic flow-on benefits to the precinct's retailers. The project also delivers a new South Bank Railway Station and specialty retail.

Construction on Southpoint's second residential tower on the corner of Grey and Vulture Streets commenced in late 2015 and when complete in 2017, will also feature Brisbane's second Five Star boutique Emporium Hotel.

Other precinct highlights include a solid forward booking register at the Brisbane Convention & Exhibition Centre (BCEC).

The financial position of the Corporation has increased markedly with a strong EBITDA performance, zero debt, rising cash reserves and careful management of operating costs.

The third quarter of 2015 was capped off with South Bank Corporation winning the Retail Property of the Year award for the second year running at the Property Council of Australia's (QLD) Retail Awards. This was a significant accolade for the Corporation given there were 71 finalists vying for the prestigious accolade.

A second award was also won by the Corporation for its eatSouthBank retail marketing strategy that was officially recognised at the PCA awards for 'Excellence in Marketing' in the Neighbourhood Strip Centre category.

Since the eatSouthBank campaign was launched, the website has generated over 1.7 million views and approximately 50,000 followers on its social media platforms.

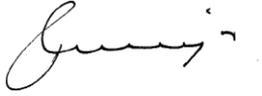
March 2016 saw the introduction of a new online car park booking system to primarily drive bookings for discounted early bird rates. What is pleasing is that the majority of bookings (665 in three months) have largely been for full day rate bookings and exceeding the Corporation's forecasts.

South Bank's leasing team is also fielding a high level of enquiry from prospective tenants that can be attributed to the Corporation's 2016 leasing program, tenancy model and heightened activation at the northern end of Grey Street, largely due to the opening of the Charming Squire that continues to trade very well.

New tenants welcomed over the past twelve months include: Doughnut Time, Mister Fitz, Chester Street Bakery, Mister Paganini, Gandhi Indian Kitchen's Laneway Stall and Pig & Kraut. Tomahawk Bar and Live Fire were also re-launched as Tippler's Tap and South Bank Beer Garden respectively.

Other initiatives the Corporation has introduced during the past twelve months include the purchase of new, battery charged, silent and sustainable street cleaning equipment for the precinct's retail areas that minimise noise, dust and exhaust emissions on the precinct, tenants, visitors and residents.

In closing, I thank all the staff at South Bank Corporation for their ongoing commitment, energy and loyalty and also thank South Bank Corporation's new board members for their support and enthusiasm in their new roles as we continue to set new benchmarks of community engagement and achieve strong results for the precinct's commercial assets.

A handwritten signature in black ink, appearing to read 'Jeff Weigh', with a small flourish at the end.

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 Act). 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 the implied objective to be 'world-class' and an exemplar for Queensland.

Our vision

Our vision is to make Brisbane's South Bank the most vibrant urban and cultural precinct in the world.

Our values

Value 1 – A Place for Everyone

A precinct that is welcoming, inclusive and diverse in nature.

Value 2 – Design Excellence

A precinct synonymous with great parklands, high quality built form and great streets, integrating art and cultural expression and popular entertainment. This position needs continual challenge and review to ensure a lasting legacy.

Value 3 – Uniquely Queensland

Reflecting the wider Queensland experience of a leafy outdoor sub-tropical lifestyle, the precinct combines the exceptional qualities of the Brisbane River in this reach, and the energy of the CBD, to create a distinct location in our 'New World City'.

Value 4 – Innovative, Creative and Bold

The success of the precinct as an integrated model exploits the strategic role of parks and open space in a development mix that echoes world's best practice. This value underpins equally the approach to investment and commercial partnerships as it does to design and management activities.

Value 5 – Balance Community Needs and Commerciality

A strong value is the concept of the Community Dividend: a wider agenda to development, which seeks a truly integrated development to return tangible dividends in terms of assets and amenity to the community. The Corporation has a track record on delivery and recognises its responsibility to deliver this through its planning capacity.

Value 6 – Ecologically and Financially Sustainable

The recognised track record of investment for the longer term is a strong commercial driver.

Our values (contd)

Value 7 – Collaborative

Staying relevant and remaining in a leading position calls for continued collaboration across the precinct both within and outside the defined precinct of the South Bank Corporation. This value underpins much of the work and principles of the Corporation.

Furthermore, the Corporation's staff incorporates the following five values, as supported by the State Government, in their behavior and the way they do business.

Customers first

- Know your customers
- Deliver what matters
- Make decisions with empathy

Ideas into action

- Challenge the norm and suggest solutions
- Encourage and embrace new ideas
- Work across boundaries

Unleash potential

- Expect greatness
- Lead and set clear expectations
- Seek, provide and act on feedback

Be courageous

- Own your actions, successes and mistakes
- Take calculated risks
- Act with transparency

Empower people

- Lead, empower and trust
- Play to everyone's strengths
- Develop yourself and those around you

Our purpose

Our purpose is to continue to innovate, manage and maintain South Bank's leading reputation.

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

The river unites South Bank and the CBD, linking the city's green and commercial places and provides 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.

We will continue to gain local, national and international recognition for South Bank as a sustainable inner-city urban precinct that balances public needs and open space with commerciality.

Our corporate goals

The seven corporate goals we strive to achieve are:

- 1) Place visitor experience and commercial success at the core of our business;
- 2) Create distinctive Queensland visitor and resident experience layers;
- 3) In collaboration with our precinct partners, improve and exceed 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

South Bank sits at the heart of Brisbane with a glittering view of the Brisbane CBD. Over 2.3 million people call Brisbane home, making it the third most populated city in Australia. In addition to our reputation as the Sunshine State's metropolitan jewel, Brisbane has a thriving music and arts scene as well as burgeoning laneway and small bar culture – all of which can be enjoyed at South Bank.

Several major developments will transform Brisbane in the coming years including Queen's Wharf, North Shore Hamilton, Brisbane Airport redevelopment, Howard Smith Wharves, Brisbane Quarter and Brisbane Metro. South Bank features its own infrastructure achievements most notably the Southpoint development including the Emporium Hotel and Flight Centre Head Office. The expansion, densification and increasing sophistication of Brisbane puts South Bank at the centre of the public realm and retail mix offering for interstate and international visitors as well as Brisbane locals.

As a statutory body, South Bank Corporation integrates whole-of-government targets into our strategic direction and day-to-day activities. As a forward-thinking body, South Bank Corporation dedicates a significant proportion of its decision making to Brisbane's increasing population growth. With Queensland being one of the fastest growing states in Australia, we actively plan for our development projects and community initiatives 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. Operating 365 days a year, South Bank has evolved to become one of Queensland's major local and tourist destinations with our visitation rates exceeding 10 million annually. Except for inner-city apartment towers, South Bank 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, with South Bank delivering original and surprising experiences. With high levels of infrastructure and services located within the immediate vicinity, our precinct is not only attractive but also seamlessly accessed both locally, and via 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 10 million local and international visitors each year.

Visitors are attracted to South Bank for an endless variety of reasons, including its stunning views, an ever-changing program of entertainment, a diverse selection of restaurants, and proximity to the cultural precinct. 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 by the Brisbane City Council under a lease and a management agreement, 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 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. 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

Little Stanley Street is a place of chance discoveries, urban exoticism and contemporary cool. An array of contemporary and international cuisine styles abound including Turkish, Indian, Mediterranean, Modern Australian and Italian. Little Stanley Street encapsulates the subtropical energy and vibrancy of our city in a contemporary setting overlooking the Parklands.

The Precincts (contd)

Grey Street

Positioned 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 the 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 in the Parklands – elegant and casual with access by the Promenade, the Brisbane River and through the leafy South Bank Arbour.

Each of the restaurants: Stokehouse, Aquitaine, Popolo, the Jetty, River Quay Fish integrate seamlessly with the natural surrounds and the soothing riverscape. Featuring 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 – predominantly food-based property portfolio comprising 50 tenants that include the high-end dining offer at River Quay, the traditional fast service dining offers of the Parkland Cafes and the casual plaza-style food, retail and office portfolio of Stanley Street Plaza.

Little Stanley/Grey Street tenancies – a predominantly restaurant and café-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 metres fronting Merivale Street and the new 24,580 square metre expansion opening onto Grey Street. The BCEC is ranked as one of the best convention centres in the world, evidenced by its 137 awards.

BCEC celebrated 21 years in June having hosted 18,000 events, 14 million visitors and delivering \$3.87billion in economic benefit to Queensland. Future bookings for the next 10 years number more than 1,300 with an economic value of \$1billion.

2. Operational highlights

Brisbane Convention & Exhibition Centre (BCEC)

Now in its 21st year, BCEC continues to raise the bar in conferencing and meetings excellence not only in Australia but also globally.

BCEC's global reputation was further highlighted when it was announced World's Best Convention Centre by the International Association of Congress Centres (AIPC) at their Annual General Assembly in Nantes, France in 2016.

The prestigious AIPC PAEX Award is based solely on client evaluation is an independently assessed global survey of events held in the previous financial year. BCEC received the top rating in six out of eight key performance areas covering food & beverage, event processes, overall experience and value.

Over the past 21 years, BCEC has hosted more than 18,000 events, 14million visitors and has delivered \$3.87billion in economic benefits to the State of Queensland. Future bookings for the next 10 years number over 1,300 events with an economic value of \$1billion.

During the 2015-16 financial year BCEC hosted a total of 1,102 events including 131 conventions drawing 60,760 international and interstate delegates to Brisbane. This equates to about 194,430 room nights for Brisbane's hotels.

The Centre also hosted 45 exhibitions over this period including the Good Food and Wine Show, Supanova 2015, Oz Comic-Con 2015 and the RSPCA Pop Up Adoption that was supported by BCEC.

Six new exhibitions were added to the calendar during the 2015–2016 financial year including The Essential Baby & Toddler Show 2016, Spirit of Anzac Centenary Experience and Brickman Experience – Australia's largest LEGO Exhibition.

BCEC hosted 25 concerts and a further 35 ticketed events and is the home base for the 2015 and 2016 netball champions, the Queensland Firebirds.

BCEC also continued to strengthen its collaboration with partners – Queensland Ballet and Queensland Theatre Company – and entered into a new partnership agreement with the Queensland Symphony Orchestra. These partnerships showcase Queensland's arts excellence and the South Bank Cultural Precinct as well as creating valuable business development opportunities for BCEC.

The Centre also partners with the Queensland Art Gallery and GoMA to attract visitation to the Gallery and offer value added incentives to conferencing clients.

Medical and scientific conferences were also very prominent on BCEC's calendar, including two inaugural international conferences (TripAG 2015 and Immunotherapy@Brisbane 2015) that were negotiated by BCEC in collaboration with the Centre's eminent group of Convention Advocates.

Other highlight events were: EduTECH 2016 International Congress & Exhibition for 3,000 delegates and the largest education event in the southern hemisphere; APPEA 2016 the largest upstream oil and gas event also in the southern hemisphere, which drew over 2,200 delegates for the fourth year running; and the Royal Australasian College of Surgeons Annual Scientific Congress attended by 1,500 of the world's top surgeons.

The past 12 months also recorded a record 20 advocate assisted conferences secured and taking the total number of confirmed conferences with advocate involvement to 71, and delivering a combined economic benefit to Brisbane of \$90.7million whilst showcasing Brisbane as a leading business destination.

The past 12 months have delivered approximately \$230 million to the State's economy by BCEC.

Other BCEC major achievements

In addition to BCEC's most recent World's Best Convention Centre accolade, the Centre has been recognised with a string of awards over the past 12 months including:

- 2015 Meeting Industry Marketing Awards London
- 2015 Lord Mayor's Business Awards
- 2015 Queensland Tourism Awards
- 2016 Meetings & Events Australia State Awards
- 2016 Meetings & Events Australia National Awards

BCEC was also the only Australian finalist in the ICCA (International Congress and Convention Association's) Best PR Awards.

BCEC has been recognised as an ecoBiz Partnership Champion by the Chamber of Commerce and Industry Queensland ecoBiz. This achievement recognises the Centre's commitment to sustainability and its performance in efficiency of energy, waste and water usage.

During this period BCEC won the Energex Award for Sustainability in Business at the Lord Mayor's Business Awards and received its second year accreditation for EarthCheck Gold following a rigorous audit process.

As part of its community engagement activities the Centre was proud to host its seventh traditional Christmas lunch for approximately 500 adults and children under the care of the Salvation Army's many programs.

BCEC also hosted the second RSPCA Pop Up Adoption Day. Dogs, cats, puppies and kittens converged on the Centre from all over Queensland and over 30 BCEC team members volunteered their time on the day. The event was an outstanding success with an incredible 415 animals finding new homes and exceeding the total number of adoptions of 276 from the previous year.

Retail Marketing

The 2015–2016 financial year again proved to be a very busy and rewarding period for retail marketing activity across the Corporation's retail precincts.

A stand out success continues to be the eatSouthBank retail marketing strategy that was launched in February 2014 to support its underlying objective of positioning South Bank's retail precincts as a 'Food Lovers Destination' to drive retail sales to all of the Corporation's tenants and create a brand identity.

The eatSouthBank marketing strategy has been such an effective campaign, it was officially recognised at the annual Property Council of Australia (QLD) Retail Awards winning the Excellence in Marketing award in the Neighbourhood Strip Centre category (September 2015).

Since the eatSouthBank strategy's launch, the following results have been achieved and continue to grow:

- Website
 - 1,625,000+ page views
 - 615,000+ sessions
- Social Media
 - Facebook = 36,750+ followers
 - Instagram = 12,800+ followers
- Database
 - Subscribers = 53,300+

Retail Marketing (contd)

Other major marketing initiatives rolled out in the 2015–2016 financial year include:

- South Bank’s seasonal mini-magazine – *NOSH*
- *eatSouthBank* digital marketing channels
- Join the Food Adventure campaign
- Brisbane Festival Buskers Series
- Social Photography
- Regional Flavours Retail Activations (*eatSouthBank* Food Trucks and River Quay Gourmet Food Vending)
- *eatSouthBank* Christmas Markets
- Various mini-campaigns and retailer competitions

In addition, South Bank Corporation continues to achieve strong attendance rates and success with the following 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

Several date-specific retail marketing campaigns were undertaken during the 2015–2016 period giving South Bank a strong retail voice during competitive retail calendar dates such as: Valentines’ 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. Sponsored by The Courier-Mail it showcases the best of Queensland’s regional produce by supporting local providers and farmers while educating the community about sustainable food practices.

Now in its 8th year, Regional Flavours has become a highly anticipated calendar event that is well attended by the local population and is also a major tourism drawcard. Showcasing more than 100 of Queensland’s best food and wine producers from 12 different regions, the 2015 event was held over two days and attracted more than 80,000 people. Patrons could taste and purchase locally produced food and wine from regions such as the Lockyer Valley, South Burnett, Gold and Sunshine Coast hinterlands, watch cooking demonstrations and participate in information sessions about sustainability with leading gardening and horticultural experts.

South Bank’s retailers were heavily involved in this year’s event through the Regional Flavours ‘Food Truck’ initiative where retailers were encouraged to produce and sell regionally inspired street food options to event patrons while showcasing local produce. These mock ‘food trucks’ were situated along Little Stanley Street and were extremely popular with the general public – so much so that almost all retailers sold out of stock each day.

The South Bank Surf Club also participated in the 2015 event and managed craft beer bar The Hunting Club over the weekend. This initiative was extremely popular and generated substantial sales for The Surf Club.

All five restaurants at River Quay also participated by offering regionally-inspired gourmet foods and beverages over the weekend, with some of the leading chefs also presenting within the on-site cooking demonstrations 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. They are 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 destination.
- 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 and are sustainable. 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.

Operational plans and priorities

Implementing the South Bank Parklands masterplan

As outlined earlier, South Bank Corporation's new Board, appointed in March 2016 has identified the following key projects as major priorities of focus for the 2016–2017 year:

Review of masterplan, strategic plan and approved development plan.

The Corporation has commenced a strategic review of the Corporation area and its relationships to the neighbourhood. This process commences with the preparation of a Strategic Framework in 2016, outlining scenarios to be discussed with stakeholders. It will be followed by a review of the masterplan and Approved Development Plan in 2017.

Approved Development Plan (ADP) Amendments: The Corporation will continue to manage any changes required to the ADP until its responsibility is transferred to Brisbane City Council. Amendments to the ADP will be considered during the year.

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

Southpoint: South Bank Corporation continues to oversee the Anthony John Group's construction of the Southpoint Stage B project, which is due for completion in late 2016, together with construction of Stages A and C.

BCEC Refurbishment: South Bank Corporation and BCEC's management company are currently investigating options to refurbish the original entry section of BCEC on Merivale Street to ensure it remains competitive and attractive.

Brisbane Convention and Exhibition Centre

The Brisbane Convention and Exhibition Centre will, in 2016–2017:

- Leverage and maximise the Centre's 21 years' experience and wealth of industry knowledge.
- Expand and further develop the role of the BCEC Convention Advocates Partnership (now in its sixth year), particularly in the area of creating new conferences for Brisbane.
- Increase the share of major international, national and interstate and local conventions.
- Access new markets, attract new events and promote the BCEC outside the mainstream convention and exhibition markets to maximize usage and financial returns to South Bank Corporation.
- Continue to build the Centre's partnership portfolio.
- Maintain BCEC's leadership in the social responsibility space.
- Develop an external Advisory Council.
- Maintain BCEC to world class standards and apply the highest standards of professionalism in customer service.
- Increase and maximise existing flow-on economic benefits to the State of Queensland.
- Contribute to the visitation of the South Bank precinct.
- Continue to capitalise on its new creative branding and online social media and marketing innovations introduced in late 2015.
- Maintain the facility to five star standards while continuing to investigate an upgrade to the external façade of the building.

Retail Management

The following leasing initiatives are intended to be delivered in the 2016–2017 year, to further enhance South Bank's diverse and flourishing retail offer while underscoring the precinct's reputation as Brisbane's premier dining destination.

- Securing an operator for the Allgas Building (lease negotiations are well advanced with a major interstate restaurant group which has venues in Sydney and Melbourne).
- Evaluating a tenancy mix for the proposed Parkland Cafe redevelopments.
- Securing operators for vacancies along Little Stanley Street South.
- Activating vacant spaces with 'Pop Up' opportunities while evaluating the overall retail mix.
- Active management of the retail residential interface.

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 which contribute to 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: Redevelop the Arbour View, Central Cafe and Riverside Restaurant retail facilities.

Delivering quality frontline services

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

Goal: Review the South Bank Parklands Masterplan and its contribution to 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: Ensure that retailers respect their residential neighbours and comply with all relevant standards.

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:

- Construction on the first stage of the \$600m Southpoint project is well advanced with completion scheduled for late 2016. The first stages of Southpoint include a commercial office tower that will house the global Flight Centre headquarters, a ground level dining and retail precinct linking to the fully upgraded South Brisbane railway station.
- The final stages of Southpoint will comprise a mix of apartments and Brisbane's second Emporium Hotel. Construction has commenced with completion earmarked for late 2017.
- A program of works to enhance the appeal of the retail spaces on Little Stanley and Grey Street was completed. This includes new awnings over outdoor dining areas, upgrades to public toilets and creation of a new retail tenancy.
- The opening of vibrant new tenancies in the Parklands, Grey Street and Little Stanley Street including:
 - Doughnut Time, Mister Fitz and Chester Street Bakery in Grey Street;
 - Mister Paganini wood fired pizza on Little Stanley Street;
 - Gandhi Indian Kitchen and Laneway Stall opened following new fit out on Little Stanley Street;
 - Tomahawk Bar re-launched as Tippler's Tap;
 - Livefire Steak Bar re-launched as South Bank Beer Garden; and
 - Pig & Kraut opened in the Parklands at Central Cafes.

Agency service areas, service standards and other measures

The services of South Bank Corporation have significantly altered with the management of the Parklands, its marketing and activation activities transferred to the Brisbane City Council. Service standards for BCC management of the Parklands are stipulated in the Parklands Management Agreement.

As the Corporation no longer provides direct community services, its services and other measures have been discontinued from the Government's Service Delivery Statements.

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.

5. Summary of financial performance

South Bank Corporation had a net operating loss of \$4.5 million for the 2015–2016 year, after depreciation of \$22.7 million. A notable difference from the previous year is a decrease in revenue following the 2015 record year, which included the successful G20 Leaders Summit, the largest single event ever held at the Brisbane Convention and Exhibition Centre.

| | 2011–12 (\$'m) | 2012–13 (\$'m) | 2013–14 (\$'m) | 2014–15 (\$'m) | 2015–16 (\$'m) |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue and gains | 77 | 93 | 82 | 100 | 90 |
| Sale of development land | 13 | - | - | - | - |
| Operating grant | 10 | - | - | - | - |
| Total income | 100 | 93 | 82 | 100 | 90 |
| Expenditure and losses * | 79 | 84 | 62 | 67 | 63 |
| Depreciation | 20 | 24 | 25 | 24 | 23 |
| Contribution to BCC's management of the South Bank Parklands | - | - | 7 | 7 | 9 |
| Net profit/ (loss) | 1 | (15) | (12) | 2 | (5) |
| Total assets | 701 | 709 | 703 | 754 | 770 |
| Net assets | 652 | 667 | 656 | 724 | 732 |

* 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).

In March 2016 South Bank Corporation welcomed a new Board, chaired by Emeritus Professor, Dr Catherin Bull AM, as nominated by The Hon. Jackie Trad, Deputy Premier and Minister for Infrastructure, Local Government and Planning and Minister for Trade and Investment. The new Board's appointment is for three years.

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 ten occasions during the year, including one meeting by flying minute.

Our Board of Directors

Dr Catherin Bull AM – Chair

Emeritus Professor, Dr Catherin Bull AM, FAILA, Hon FAIA, MAICD, MLArch Melbourne and DrDes Harvard. Her academic career in urban planning and design was built on an early work as an award-winning consultant in Australia and Asia. Dr Bull serves on boards, review panels and design juries across Australia, advising all levels of government and industry on land and urban development, design and management, policy strategy, process, outcomes and governance. She is also a member of the board of Building Queensland and the Design Directorate, UrbanGrowth NSW.

Nigel Chamier AM

Nigel Chamier AM has over 40 years' experience in property and infrastructure and is a non-executive director of Queensland Airports Limited and Chairman of NAC Investments Qld Pty Ltd. Nigel was the Chairman of the Gold Coast 2018 Commonwealth Games Corporation and the Infrastructure Authority for the past 4 years. In recent years he has overseen the \$215m restoration of Brisbane City Hall and Anzac Square. Nigel provides high level advice to a number of government and private sector organisations.

Susan Forrester

Susan Forrester is professional Chairperson and Company Director across ASX-listed, public, NFP and private companies. She is a nationally recognised corporate governance specialist and strategy advisor. A qualified lawyer and Fellow of the AICD, she manages a diverse portfolio of Board roles including Chair of National Veterinary Care Ltd and Directorships of Uniting Care Queensland, G8 Education Ltd, Xenith IP Group and Over the Wire Ltd. She previously served on the Boards of Ergon Energy Corporation Ltd and the Brisbane Festival.

Andrea Kenafake

Andrea Kenafake is currently a member of Brisbane City Council's (BCC) Executive Management Team and the Divisional Manager of City Planning and Sustainability. She is the Chair of the City Parklands Services Pty Ltd Board, overseeing the management of the South Bank and Roma Street Parklands. Ms Kenafake has a background in operational management, human resources, workplace health and safety, business improvement and change management. Ms Kenafake is a BCC nominee to the Corporation Board.

Richard Kirk

Richard Kirk is a registered architect and the Principal Director of the architecture practice; KIRK (formerly Richard Kirk Architect). He is the immediate Past President Australian Institute of Architects' (AIA) Queensland Chapter and National President Elect AIA. Mr Kirk is a Member of the Board of Architects of Queensland, Adjunct Professor at the University of Queensland, Fellow of the AIA, Member of the Queensland Urban Design and Places Panel, and a Member of the Brisbane City Council Independent Design Advisory Panel. He is a former member of the Urban Land Development Authority Design Review Panel and an inaugural Board member on the Board for Urban Places.

Matthew Miller

Matthew Miller is currently the Senior Development Manager – Commercial, Urban Regeneration for Lend Lease and has held a number of executive and management positions in the Queensland property sector. Mr Miller is a current board member of the Inclusive Brisbane Board and the Convenor of the BCC Professional Advice Alliance. He is a former board member of the Urban Land Development Authority (now Economic Development Queensland) and was president of the Brisbane Development Association from 2010 to 2012.

Stuart Moseley

Stuart Moseley was recently appointed to the role of Deputy Director–General of Planning at the Department of Infrastructure, Local Government and Planning. He joined the Department from the South Australian Department of Planning, Transport and Infrastructure. Mr Moseley is a former CEO of the Adelaide City Council. He holds qualifications in Town Planning and has over 25 years' experience in planning and development, with a particular emphasis on transport and infrastructure.

Michael Power AM

Michael Power AM has had over 40 years of experience in the construction and development industries and over 33 years' experience as the Group Board Chairman and Managing Director of the BMD Group. BMD is an industry leader in the construction and urban development sector and is one of Australia's largest privately owned construction and urban development organisations. Mr Power has been a Brisbane City Council nominated member of the Corporation Board since 1997.

Tim Quinn

Tim Quinn is a former Lord Mayor of Brisbane (2003–2004) and was a previous member of the South Bank Corporation Board from 2007 to 2012. During his time as elected Councillor for The Gabba and later Dutton Park Wards (1985–2003), he was also the Chair of the Council's Planning and Development Committee (1991–2003) and Deputy Mayor (1997–2003). He has had extensive experience with community projects both during his tenure in Council and through his own voluntary community commitments. Mr Quinn was a management committee member for the former West End Community House, now Community Plus+, for 29 years and continues to have an active involvement with the organisation.

Stephanie Wyeth

Stephanie Wyeth has more than 20 years' experience in social planning and engagement across government, NGO, academic and private sectors, with particular expertise in social infrastructure, community development and master planning projects. Ms Wyeth is a current director at Urbis, a national consulting firm specialising in property, planning and design. She is an active member of Queensland's planning and development profession, sitting on the Professional Development Committee for the Queensland Division of the Planning Institute of Australia, and the Women and Diversity Committee for the Property Council of Australia (Qld).

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 CEO, 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 visitor 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 widespread experience in tourism and marketing, having worked for the Queensland Tourist and Travel Corporation (QTTC), Queensland Events and the Northern Territory Tourism Commission.

In early 2015 he was appointed 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 Board approved the Code in March 2012.

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

- integrity and impartiality
- promoting the public good
- commitment to the system of government and
- accountability and transparency.

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 various professional development courses and seminars including those held by the Property Council of Australia, Institute of Chartered Accountants Australia and New Zealand, and CPA Australia.

7. Governance – risk management and accountability

Risk management

South Bank Corporation maintains a strategic 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.

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 2015–2016 financial year, no external audits or reviews were conducted of South Bank Corporation other than the annual audit of the financial statements.

Audit and risk committee

The South Bank Corporation Audit and Risk 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 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 and Risk Committee members are Graham Carpenter (Chair), Sue Forrester, Stuart Moseley and Michael Power. The Committee met on three occasions during the 2015–2016 year.

Development committee

The Development Committee provides recommendations to the Board in support of key decisions around place development (planning, design, project definition, procurement and delivery, performance against goals) and assists management with technical expertise on strategic projects.

The Development Committee members are Catherin Bull (Chair), Richard Kirk, Matthew Miller and Stephanie Wyeth. The Committee met on five occasions during the 2015–2016 year.

Governance people and culture committee

The Governance, People and Culture Committee assists the Board in overseeing the Corporation's Human Resources strategy, sustainability, ethics and governance.

The Governance Committee members are Sue Forrester (Chair) and Andrea Kenafake. The Committee met on four occasions during the 2015–2016 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 2015–2016 financial year and presented to the Committee:

South Bank

- Fraud risk assessment

Brisbane Convention and Exhibition Centre

- Payroll
- Car park operations
- Food and beverage stocktake

Information systems and record keeping

The Corporation recognises that sound record keeping practices are required for good corporate governance. The Corporation's record keeping 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 four full time positions left the Corporation during the year, representing an annualised turnover of 16% (2015: 9%). 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 2015–2016 year.

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 actively encourages the reduction of waste generated onsite and waste sent to landfill through the following initiatives:

- The purchase of a state-of-the-art urban vacuum street cleaning system (Glutton) that is an environmentally friendly noise, exhaust and pollution free vacuum with virtually zero CO2 emissions. The Glutton replaces South Bank Corporation's reliance on intrusive leaf blowers and affords minimal impact to precinct diners, residents, employees and visitors.
- The Corporation has also recently purchased two new electric-powered hot water pressure cleaners also designed to operate with minimal noise.
- Creating a sustainable tenancy guide that inspires and encourages 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. No Right to Information requests were received in the reporting period.

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 responds to and investigates all complaints received through a complaints management system. The majority of complaints relate 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.

The total number of exclusion directions given was 706 (2014-15: 798) inclusive of 173 exclusion directions given to children (2014-15: 301).

The main reason for issuing an exclusion notice was for creating a disturbance, with a total of 346 exclusions issued for this, and includes antisocial behavior such as fighting, using obscene or offensive language and generally disturbing other people's peaceful enjoyment of the precinct.

One exclusion direction was challenged through the Queensland Civil and Administrative Tribunal but was subsequently withdrawn before a decision was made. No directions were set aside and no orders were made by the courts to exclude a person from the site.

10. Financial statements

SOUTH BANK CORPORATION
Statement of Comprehensive Income
for the year ended 30 June 2016

| | Notes | Consolidated 2016 \$'000 | Consolidated 2015 \$'000 | South Bank Corporation 2016 \$'000 | South Bank Corporation 2015 \$'000 |
|--|-------|--------------------------------|--------------------------------|---|---|
| Income from Continuing Operations | | | | | |
| User charges | 2 | 55,928 | 63,259 | 55,928 | 63,259 |
| Sale of goods | 3 | 26,190 | 27,577 | 26,190 | 27,577 |
| Interest | | 718 | 650 | 717 | 649 |
| Total Revenue | | 82,836 | 91,486 | 82,835 | 91,485 |
| Gains | | | | | |
| Gain on revaluation of investment property | 11 | 7,293 | 8,360 | 7,293 | 8,360 |
| Total Income from Continuing Operations | | 90,129 | 99,846 | 90,128 | 99,845 |
| Expenses from Continuing Operations | | | | | |
| Employee expenses | 4 | 2,665 | 2,609 | 443 | 397 |
| Supplies and services | 5 | 53,465 | 57,898 | 55,686 | 60,109 |
| Cost of goods sold | | 6,411 | 6,297 | 6,411 | 6,297 |
| Depreciation | 10 | 22,738 | 23,623 | 22,738 | 23,623 |
| Borrowing costs | | - | 53 | - | 53 |
| Other expenses | 6 | 9,400 | 7,543 | 9,400 | 7,543 |
| Total Expenses from Continuing Operations | | 94,679 | 98,023 | 94,678 | 98,022 |
| Operating Result from Continuing Operations | | (4,550) | 1,823 | (4,550) | 1,823 |
| Other Comprehensive Income | | | | | |
| Revaluation increment | 14 | 12,915 | 65,936 | 12,915 | 65,936 |
| Total Comprehensive Income | | 8,365 | 67,759 | 8,365 | 67,759 |

The accompanying notes form part of these statements.

SOUTH BANK CORPORATION
Statement of Financial Position
as at 30 June 2016

| | Notes | Consolidated 2016 \$'000 | Consolidated 2015 \$'000 | South Bank Corporation 2016 \$'000 | South Bank Corporation 2015 \$'000 |
|--------------------------------------|-------|--------------------------------|--------------------------------|---|---|
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 40,316 | 27,687 | 40,315 | 27,681 |
| Receivables | 8 | 2,019 | 1,569 | 2,019 | 1,569 |
| Prepayments and deposits | | 90 | 1,264 | 90 | 1,264 |
| Inventories | | 335 | 338 | 335 | 338 |
| Development property | 9 | 3,647 | - | 3,647 | - |
| Total current assets | | 46,407 | 30,858 | 46,406 | 30,852 |
| Non-current assets | | | | | |
| Development property | 9 | 2,941 | 6,332 | 2,941 | 6,332 |
| Property, plant and equipment | 10 | 624,035 | 628,644 | 624,035 | 628,644 |
| Investment property | 11 | 96,250 | 87,900 | 96,250 | 87,900 |
| Total non-current assets | | 723,226 | 722,876 | 723,226 | 722,876 |
| Total assets | | 769,633 | 753,734 | 769,632 | 753,728 |
| Current liabilities | | | | | |
| Payables | 12 | 7,821 | 8,234 | 8,319 | 8,756 |
| Booking deposits held | | 7,650 | 6,158 | 7,650 | 6,158 |
| Unearned income | 13 | 9,948 | 151 | 9,948 | 151 |
| Accrued employee benefits | | 400 | 423 | 33 | 26 |
| Total current liabilities | | 25,819 | 14,966 | 25,950 | 15,091 |
| Non-current liabilities | | | | | |
| Payables | 12 | 781 | 764 | 781 | 764 |
| Unearned income | 13 | 10,611 | 13,948 | 10,611 | 13,948 |
| Accrued employee benefits | | 132 | 131 | - | - |
| Total non-current liabilities | | 11,524 | 14,843 | 11,392 | 14,712 |
| Total liabilities | | 37,343 | 29,809 | 37,342 | 29,803 |
| Net assets | | 732,290 | 723,925 | 732,290 | 723,925 |
| Equity | | | | | |
| Accumulated surplus | | 287,106 | 291,656 | 287,106 | 291,656 |
| Asset revaluation surplus | 14 | 445,184 | 432,269 | 445,184 | 432,269 |
| Total equity | | 732,290 | 723,925 | 732,290 | 723,925 |

The accompanying notes form part of these statements

SOUTH BANK CORPORATION
Statement of Changes in Equity
for the year ended 30 June 2016

| CONSOLIDATED | Accumulated Surplus \$'000 | Asset Revaluation Surplus \$'000 | Total \$'000 |
|---|---|---|-------------------------|
| 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 |
| Balance as at 1 July 2015 | 291,656 | 432,269 | 723,925 |
| Operating result from continuing operations | (4,550) | | (4,550) |
| Other Comprehensive Income | | | |
| - increase in asset revaluation surplus | | 12,915 | 12,915 |
| Balance as at 30 June 2016 | 287,106 | 445,184 | 732,290 |

| SOUTH BANK CORPORATION | Accumulated Surplus \$'000 | Asset Revaluation Surplus \$'000 | Total \$'000 |
|---|---|---|-------------------------|
| 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 |
| Balance as at 1 July 2015 | 291,656 | 432,269 | 723,925 |
| Operating result from continuing operations | (4,550) | | (4,550) |
| Other Comprehensive Income | | | |
| - increase in asset revaluation surplus | | 12,915 | 12,915 |
| Balance as at 30 June 2016 | 287,106 | 445,184 | 732,290 |

The accompanying notes form part of these statements.

SOUTH BANK CORPORATION
Statement of Cash Flows
for the year ended 30 June 2016

| | Notes | Consolidated 2016 \$'000 | Consolidated 2015 \$'000 | South Bank Corporation 2016 \$'000 | South Bank Corporation 2015 \$'000 |
|---|-------|--------------------------------|--------------------------------|---|---|
| Cash flows from operating activities | | | | | |
| <i>Inflows:</i> | | | | | |
| User charges and sale of goods | | 89,620 | 88,587 | 89,620 | 88,587 |
| Interest | | 718 | 650 | 718 | 649 |
| GST collected on sales and charges | | 8,956 | 8,850 | 8,956 | 8,850 |
| GST input tax credits received from ATO | | 212 | 566 | 212 | 566 |
| <i>Outflows:</i> | | | | | |
| Employee expenses | | (2,687) | (2,501) | (2,658) | (401) |
| Supplies and services | | (68,930) | (73,951) | (68,954) | (75,995) |
| Borrowing costs | | - | (53) | - | (53) |
| GST paid on purchases | | (3,851) | (4,324) | (3,851) | (4,324) |
| GST remitted to ATO | | (5,138) | (4,773) | (5,138) | (4,773) |
| Net cash provided by /(used in) operating activities | 15 | 18,900 | 13,051 | 18,905 | 13,106 |
| Cash flows from investing activities | | | | | |
| <i>Inflows:</i> | | | | | |
| Sale of investment property and equipment | 11 | - | 11,810 | - | 11,810 |
| <i>Outflows:</i> | | | | | |
| Payments for property, plant and equipment, and investment property | | (6,271) | (9,107) | (6,271) | (9,107) |
| Net cash provided by /(used in) investing activities | | (6,271) | 2,703 | (6,271) | 2,703 |
| Cash flows from financing activities | | | | | |
| <i>Outflows:</i> | | | | | |
| Borrowing repayments | | - | (13,673) | - | (13,673) |
| Net cash provided by /(used in) financing activities | | - | (13,673) | - | (13,673) |
| Net increase /(decrease) in cash and cash equivalents | | 12,629 | 2,081 | 12,634 | 2,136 |
| Cash and cash equivalents at beginning of financial year | | 27,687 | 25,606 | 27,681 | 25,545 |
| Cash and cash equivalents at end of financial year | 7 | 40,316 | 27,687 | 40,315 | 27,681 |

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 2016

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 Queensland Treasury's Minimum Reporting Requirements for the year ending 30 June 2016 and other authoritative pronouncements. They have been prepared on an accrual basis using historical costs unless otherwise stated.

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.

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."

On 8 April 2016 the Deputy Premier and Minister for Infrastructure, Local Government and Planning wrote to the Corporation asking for its views in relation to the proposed strategic direction, options and opportunities for the Corporation. The Government is considering the Corporation's response and future direction.

As the stated position of the then Government in 2012 was that the Corporation would be wound up, it is not a going concern. At the date on which these financial statements were authorised for issue however, no action is being taken to wind up the Corporation and the Corporation does not know of any plans to do so.

In the absence of any plans to wind up the Corporation, management has not made any adjustments to the reported asset and liability balances, and has prepared this financial report on a basis consistent with a going concern.

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 (SBEO).

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 SBEO under the same terms, conditions and entitlements as per their previous 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.

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

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 10 *Consolidated 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 Corporation and the South Bank Employing Office.

C Management and maintenance of the Parklands

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 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 retains ownership of the Parklands and management of the tenancies, the car park and the Brisbane Convention and Exhibition Centre management contract.

d 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).

e 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.

f 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 (QGIF), premiums being paid on a risk assessment basis.

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

g 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.

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.

No Government grants were received during the reporting period.

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 basis for all assets. Expected useful lives, by asset type, are as follows:

| | |
|-----------------------------|-------------|
| Buildings | 27-30 years |
| Land improvements | |
| • Hard landscaping | 21-35 years |
| • Soft landscaping | 3 years |
| • Riverwall and reclamation | 50 years |
| • Lighting and electrical | 15-20 years |

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

| | |
|------------------------------|------------|
| Heritage and cultural assets | |
| • 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 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 to the extent 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.

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 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 are 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.

n 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.

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

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.

o Revaluation of Non-current Physical Assets

The Corporation values land (other than development property), buildings, and heritage and cultural assets in accordance with the 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. 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*. The carrying amount for these assets should not materially differ from their fair value.

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.

p 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.

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

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 10 and 11 respectively.

q 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.

r 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.

s 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.

t 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.

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

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.

u 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.

v 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 15.

w New and Revised Accounting Standards

The Corporation did not change any of its accounting policies during 2015-16.

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. 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 124 Related Party Disclosures

From reporting periods beginning on or after 1 July 2016, the Corporation will need to comply with the requirements of AASB 124 *Related Party Disclosures*. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The Corporation already discloses information about the remuneration expenses for key management personnel in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the Corporation's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

AASB 16 Leases

This Standard will become effective for reporting periods beginning on or after 1 January 2019. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

Unlike AASB 117 *Leases*, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. There could be a significant increase in assets and liabilities for the Corporation. The impact on the reported assets and liabilities would be largely in proportion to the scale of the leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The Corporation will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

The Corporation has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required.

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.

x 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 potentially significant effect are outlined in the following statement notes:

- Receivables Note 8,
- Property, plant and equipment Note 10,
- Investment property Note 11, and
- Payables Note 12.

y 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.

z 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.

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

| | Consolidated 2016 \$'000 | Consolidated 2015 \$'000 | South Bank Corporation 2016 \$'000 | South Bank Corporation 2015 \$'000 |
|----------------------------|--------------------------------|--------------------------------|---|---|
| 2 USER CHARGES | | | | |
| Venue hire | 25,123 | 33,506 | 25,123 | 33,506 |
| Rental income | 12,444 | 12,722 | 12,444 | 12,722 |
| Car parking | 18,286 | 16,845 | 18,286 | 16,845 |
| Other | 75 | 186 | 75 | 186 |
| Total | 55,928 | 63,259 | 55,928 | 63,259 |
| 3 SALE OF GOODS | | | | |
| Food and beverage sales | 26,190 | 27,577 | 26,190 | 27,577 |
| Total | 26,190 | 27,577 | 26,190 | 27,577 |
| 4 EMPLOYEE EXPENSES | | | | |
| Employee Benefits | | | | |
| Wages and salaries | 2,208 | 2,120 | 378 | 350 |
| Superannuation | 294 | 282 | 33 | 30 |
| Other | 163 | 207 | 32 | 17 |
| Total | 2,665 | 2,609 | 443 | 397 |

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:

| | | | | |
|--|----|----|---|---|
| | 25 | 24 | 1 | 1 |
|--|----|----|---|---|

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 2015-16. Further information can be found in the body of the Annual Report of the Corporation under the section relating to Executive Management. The Chair, Board Members and Chief Executive Officer are appointed by the Governor in Council.

| Position | Responsibilities | Date of initial appointment | Date of resignation or cessation |
|-------------------------------|--|-----------------------------|----------------------------------|
| Board Chair - current | Strategic management | March 2016 | - |
| Board Chair - former | Strategic management | October 2012 | February 2016 |
| Board Members - one current | Strategic management | February 1997 | - |
| Board Members - seven current | Strategic management | March 2016 | - |
| Board Members - one current | Strategic management | June 2016 | - |
| Board Members - two former | Strategic management | August 2012 | February 2016 |
| Chief Executive Officer (CEO) | Responsibilities include strategic planning, development, and the efficient and effective management of the Corporation. | August 2012 | - |

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

(a) Remuneration 2015-16

| Position | Short Term Employee Benefits | Post Employment Benefits | Total Remuneration |
|---|------------------------------|--------------------------|--------------------|
| | Base \$'000 | \$'000 | \$'000 |
| Board Chair – current (from 1 March 2016) | 15 | 2 | 17 |
| Board Chair – former (to 29 February 2016) | 30 | 3 | 33 |
| Board Members – total for seven Members | 37 | 3 | 40 |
| Board Members employed by Queensland Government | - | - | - |
| Board Member employed by Brisbane City Council | - | - | - |
| Chief executive Officer | 296 | 25 | 321 |
| Total | 378 | 33 | 411 |

Remuneration 2014-15

| Position | Short Term Employee Benefits | Post Employment Benefits | Total Remuneration |
|---|------------------------------|--------------------------|--------------------|
| | Base \$'000 | \$'000 | \$'000 |
| Board Chair | 46 | 4 | 50 |
| Board Member not a public sector employee | 14 | 1 | 15 |
| Chief executive Officer | 290 | 25 | 315 |
| Total | 350 | 30 | 380 |

(b) Remuneration expenses

Remuneration expenses for key management personnel comprises the following components:

- Short-term employee benefits which include: 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.
- Post-employment benefits include amounts expensed in respect of employer superannuation obligations.

No long term employee benefits, such as long service leave, were expensed during the year.

(c) Performance payments

Performance bonuses are not paid under the contracts in place.

| | Consolidated | Consolidated | South Bank Corporation | South Bank Corporation |
|---|---------------------|---------------------|-------------------------------|-------------------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 5 SUPPLIES AND SERVICES | | | | |
| BCEC: | | | | |
| - Advertising, marketing and Public Relations | 776 | 824 | 776 | 824 |
| - Asset repairs and maintenance | 4,249 | 4,250 | 4,249 | 4,250 |
| - Electricity | 2,481 | 2,566 | 2,481 | 2,566 |
| - Operating costs and management fee | 6,029 | 9,153 | 6,029 | 9,153 |
| - Staffing charges | 30,520 | 31,623 | 30,520 | 31,623 |
| External audit fees | 92 | 96 | 92 | 96 |
| Investment property operating costs | 5,702 | 5,931 | 5,702 | 5,931 |
| Insurance premiums - QGIF | 899 | 918 | 899 | 918 |
| Operating lease rentals | 536 | 526 | 536 | 526 |
| Marketing and sponsorship | 151 | 788 | 151 | 788 |
| SBEO staffing charges | - | - | 2,222 | 2,212 |
| Other supplies and services | 2,030 | 1,223 | 2,029 | 1,222 |
| Total | 53,465 | 57,898 | 55,686 | 60,109 |

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

The total external audit fees of the Queensland Audit Office relating to the 2015-16 financial year are estimated to be \$92,000 (2015: \$95,600) for the consolidated entity and \$76,000 (2015: \$74,500) 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 (2015: \$4,200).

| | Consolidated | Consolidated | South Bank Corporation | South Bank Corporation |
|---|---------------------|---------------------|-------------------------------|-------------------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 6 OTHER EXPENSES | | | | |
| Contribution to management of the South Bank Parklands by the Brisbane City Council | 10,251 | 9,982 | 10,251 | 9,982 |
| less | | | | |
| Contribution recognised as capital works owned by the Corporation | (1,049) | (2,593) | (1,049) | (2,593) |
| Other | 198 | 154 | 198 | 154 |
| Total | 9,400 | 7,543 | 9,400 | 7,543 |
| 7 CASH AND CASH EQUIVALENTS | | | | |
| Cash on hand | 544 | 369 | 544 | 369 |
| Cash at bank | 7,742 | 10,397 | 7,741 | 10,391 |
| Deposits at call | 32,030 | 16,921 | 32,030 | 16,921 |
| Total | 40,316 | 27,687 | 40,315 | 27,681 |
| 8 RECEIVABLES | | | | |
| Trade and other receivables | 2,125 | 1,757 | 2,125 | 1,757 |
| Less allowance for impairment | (106) | (188) | (106) | (188) |
| Total | 2,019 | 1,569 | 2,019 | 1,569 |
| 9 DEVELOPMENT PROPERTY | | | | |
| Current | | | | |
| Development property | 3,647 | - | 3,647 | - |
| Non-current | | | | |
| Development property | 2,941 | 6,332 | 2,941 | 6,332 |
| Total | 6,588 | 6,332 | 6,588 | 6,332 |
| At cost | 1,562 | 1,562 | 1,562 | 1,562 |
| Capitalised development costs | 5,026 | 4,770 | 5,026 | 4,770 |
| Total | 6,588 | 6,332 | 6,588 | 6,332 |

As at 30 June 2016 the Directors of the Corporation Board estimate the fair market value of the development property to be approximately \$20 million (2015: \$20 million) in accordance with the Corporation's accounting policy at Note 1(m). 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.

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

| | Consolidated 2016 \$'000 | Consolidated 2015 \$'000 | South Bank Corporation 2016 \$'000 | South Bank Corporation 2015 \$'000 |
|--|--------------------------------|--------------------------------|---|---|
| 10 PROPERTY, PLANT AND EQUIPMENT | | | | |
| Land and land improvements | | | | |
| At fair value | 287,823 | 288,478 | 287,823 | 288,478 |
| Less impairment loss | (8,020) | (8,020) | (8,020) | (8,020) |
| Less accumulated depreciation | (39,346) | (44,022) | (39,346) | (44,022) |
| | <u>240,457</u> | <u>236,436</u> | <u>240,457</u> | <u>236,436</u> |
| Buildings | | | | |
| At fair value | 627,470 | 619,549 | 627,470 | 619,549 |
| Less accumulated depreciation | (257,088) | (242,068) | (257,088) | (242,068) |
| | <u>370,382</u> | <u>377,481</u> | <u>370,382</u> | <u>377,481</u> |
| Heritage and Cultural assets | | | | |
| At fair value | 10,617 | 10,542 | 10,617 | 10,542 |
| Less accumulated depreciation | (3,593) | (3,462) | (3,593) | (3,462) |
| | <u>7,024</u> | <u>7,080</u> | <u>7,024</u> | <u>7,080</u> |
| Plant and equipment | | | | |
| At cost | 21,210 | 20,395 | 21,210 | 20,395 |
| Less accumulated depreciation | (15,881) | (14,622) | (15,881) | (14,622) |
| | <u>5,329</u> | <u>5,773</u> | <u>5,329</u> | <u>5,773</u> |
| Work in progress | | | | |
| At cost | 843 | 1,874 | 843 | 1,874 |
| Total | <u>624,035</u> | <u>628,644</u> | <u>624,035</u> | <u>628,644</u> |
| Summary | | | | |
| Property, plant and equipment at fair value or cost | 947,963 | 940,838 | 947,884 | 940,838 |
| Less impairment, asset write down and accumulated depreciation. | (323,928) | (312,194) | (323,849) | (312,194) |
| Total | <u>624,035</u> | <u>628,644</u> | <u>624,035</u> | <u>628,644</u> |

Land and land improvements

As at 30 June 2016 and 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 Natural Resources and Mines. The valuations were made on the basis of a comparison with sales of properties which have similar attributes and which generally form part of a similar real estate market of lands considering: 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.

All land improvements - such as landscaping and civil works were valued separately from the land, as at 30 June 2016 and 2015, by independent valuer: 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 2016 and 2015 by independent valuers CBRE Valuations using 'fair value' principles as disclosed in Note 1(p), based on current market values.

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

The Brisbane Convention and Exhibition Centre building and all non-commercial buildings, such as the South Bank Piazza, were valued by an independent valuer as at 30 June 2016 and 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 2016 and 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*.

Consolidated and South Bank Corporation

Property, plant and equipment reconciliation:-

| Fair value level 2016 | 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 |
|--------------------------------------|--|----------------------------------|--|---------------------------------------|--------------------------------------|-----------------|
| Balance 1 July 2015 | 236,436 | 377,481 | 7,080 | 5,773 | 1,874 | 628,644 |
| Additions | 2,125 | 2,732 | 56 | 1,332 | (1,031) | 5,214 |
| Revaluation increment | 6,229 | 6,667 | 19 | - | - | 12,915 |
| Depreciation | (4,333) | (16,498) | (131) | (1,776) | - | (22,738) |
| Balance 30 June 2016 | 240,457 | 370,382 | 7,024 | 5,329 | 843 | 624,035 |
| 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 | 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 |

* 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.

The South Bank Employing Office does not hold any Property, Plant and Equipment.

Level 3 significant valuation inputs for the major assets:

| Asset class - Description | Fair value at 30 June 2016 | Fair value at 30 June 2015 | Type of significant level 3 inputs |
|---|-------------------------------|-------------------------------|---|
| Land - South Bank Parklands | \$34.0 million | \$25.3 million | Effective rate per sq. metre. |
| Land - Brisbane Convention and Exhibition Centre | \$115 million | \$105 million | Effective rate per sq. metre. |
| Land Improvements | \$91.4 million | \$100.3 million | Remaining useful life and costs per component. |
| Buildings - Brisbane Convention and Exhibition Centre | \$270 million | \$276 million | Remaining useful life and costs per component. |
| Buildings - South Bank car park | \$92.3 million | \$91.9 million | Capitalisation rate for sale of lessee interest and rate for sale on going concern basis. |

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

11 INVESTMENT PROPERTY

| | Consolidated 2016 \$'000 | Consolidated 2015 \$'000 | South Bank Corporation 2016 \$'000 | South Bank Corporation 2015 \$'000 |
|---|--------------------------------|--------------------------------|---|---|
| Fair value levels - refer Note 1(p) | (level 3) | (level 3) | (level 3) | (level 3) |
| Balance as at 1 July | 87,900 | 74,074 | 87,900 | 74,074 |
| Additions & work in progress | 1,057 | 3,651 | 1,057 | 3,651 |
| Transfer from property, plant and equipment * | | 1,815 | | 1,815 |
| Fair value adjustment | 7,293 | 8,360 | 7,293 | 8,360 |
| Balance as at 30 June | 96,250 | 87,900 | 96,250 | 87,900 |

* 2015 transfer from Property, Plant and Equipment (refer Note 10).

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

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

| Description | Fair value as at 30 June 2016 | Fair value as at 30 June 2015 | Type of significant level 3 inputs |
|---------------------------------|----------------------------------|----------------------------------|---------------------------------------|
| South Bank Parklands | \$22.2 million | \$21.9 million | Capitalisation rate |
| Little Stanley and Grey Streets | \$52.8 million | \$50.3 million | Average capitalisation rate |
| River Quay | \$8.3 million | \$7.0 million | Capitalisation rate |
| BCEC on Grey | \$13.0 million | \$8.7 million | Capitalisation rate |

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

| | | | | |
|--|--------|--------|--------|--------|
| Property rental income | 12,444 | 11,898 | 12,444 | 11,898 |
| Direct operating expenses on property that generated rental income during the period | 5,702 | 5,931 | 5,702 | 5,931 |

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 are:

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Not later than one year | 7,546 | 5,992 | 7,546 | 5,992 |
| Later than one year and not later than five years | 25,962 | 16,294 | 25,962 | 16,294 |
| Later than five years | 27,127 | 19,502 | 27,127 | 19,502 |
| Total | 60,635 | 41,788 | 60,635 | 41,788 |

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.

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

The Parklands investment properties were independently valued as at 30 June 2016 and 2015 by CBRE Valuations 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.

| | Consolidated | Consolidated | South Bank Corporation | South Bank Corporation |
|---------------------|---------------------|---------------------|-------------------------------|-------------------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 12 PAYABLES | | | | |
| Current | | | | |
| Trade payables | 2,198 | 2,330 | 2,198 | 2,330 |
| Sundry payables | 2,920 | 3,162 | 2,920 | 3,162 |
| Accrued expenditure | 2,316 | 2,534 | 2,814 | 3,056 |
| | <u>7,434</u> | <u>8,026</u> | <u>7,932</u> | <u>8,548</u> |
| GST receivable | (340) | (420) | (340) | (420) |
| GST payable | 727 | 628 | 727 | 628 |
| | <u>387</u> | <u>208</u> | <u>387</u> | <u>208</u> |
| Total | <u>7,821</u> | <u>8,234</u> | <u>8,319</u> | <u>8,756</u> |
| Non-current | | | | |
| Sundry payables | <u>781</u> | <u>764</u> | <u>781</u> | <u>764</u> |

13 UNEARNED INCOME

Current

| | | | | |
|-----------------|-------|-----|-------|-----|
| Unearned income | 9,948 | 151 | 9,948 | 151 |
|-----------------|-------|-----|-------|-----|

Non-current

| | | | | |
|-----------------|--------|--------|--------|--------|
| Unearned income | 10,611 | 13,948 | 10,611 | 13,948 |
|-----------------|--------|--------|--------|--------|

| | | | | |
|--------------|----------------------|----------------------|----------------------|----------------------|
| Total | <u>20,559</u> | <u>14,099</u> | <u>20,559</u> | <u>14,099</u> |
|--------------|----------------------|----------------------|----------------------|----------------------|

Unearned income includes premiums received for the sale of development land with the first stage of the transaction expected to be completed in the 2016-17 financial year and the second stage in a future year.

14 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 |
| 2016 | | | | |
| Balance as at 1 July 2015 | 209,799 | 217,056 | 5,414 | 432,269 |
| Revaluation increment | 6,229 | 6,667 | 19 | 12,915 |
| Balance as at 30 June 2016 | <u>216,028</u> | <u>223,723</u> | <u>5,433</u> | <u>445,184</u> |
| 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 | <u>209,799</u> | <u>217,056</u> | <u>5,414</u> | <u>432,269</u> |

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 2016

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

| | Consolidated 2016 \$'000 | Consolidated 2015 \$'000 | South Bank Corporation 2016 \$'000 | South Bank Corporation 2015 \$'000 |
|--|--------------------------------|--------------------------------|---|---|
| Operating profit / (loss) | (4,550) | 1,823 | (4,550) | 1,823 |
| <i>Non-cash items:</i> | | | | |
| (Gain) on revaluation of investment property | (7,293) | (8,360) | (7,293) | (8,360) |
| Depreciation | 22,738 | 23,623 | 22,738 | 23,623 |
| <i>Change in assets and liabilities:</i> | | | | |
| (Increase)/decrease in receivables | (450) | 154 | (450) | 154 |
| (Inc)/dec in prepayments and deposits | 1,174 | (834) | 1,174 | (834) |
| (Inc)/dec in inventories | 3 | (25) | 3 | (25) |
| (Inc)/dec in development property | (256) | (165) | (256) | (165) |
| (Dec)/inc in payables | (396) | (870) | (420) | (707) |
| (Dec)/inc in accrued employee benefits | (22) | 108 | 7 | - |
| (Dec)/inc in unearned income & deposits | 7,952 | (2,403) | 7,952 | (2,403) |
| Net cash from operating activities | 18,900 | 13,051 | 18,905 | 13,106 |

16 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 | 7 | 40,316 | 27,687 | 40,315 | 27,681 |
| Receivables | 8 | 2,019 | 1,569 | 2,019 | 1,569 |
| Total | | 42,335 | 29,256 | 42,334 | 29,250 |
| Financial liabilities | | | | | |
| Payables | 12 | 8,602 | 8,998 | 9,100 | 9,520 |
| Total | | 8,602 | 8,998 | 9,100 | 9,520 |

(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 |

I. Credit Risk Exposure

No significant credit risks have been identified. 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.

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

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

No material interest rate risk has been identified. The Corporation's exposure to interest rate risk is mainly attributable to variable interest rates on cash held with Queensland Treasury Corporation.

17 COMMITMENTS FOR EXPENDITURE

Non-cancellable Operating Lease Commitments

Commitments under operating leases at reporting date, exclusive of GST, are payable as follows:

| | Consolidated | Consolidated | South Bank Corporation | South Bank Corporation |
|---|---------------------|---------------------|-------------------------------|-------------------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Not later than one year | 569 | 571 | 569 | 571 |
| Later than one year and not later than five years | 1,115 | 1,110 | 1,115 | 1,110 |
| Total commitments | 1,684 | 1,681 | 1,684 | 1,684 |

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.

18 CONTINGENT ASSETS AND LIABILITIES

A claim or claims could be made against the Corporation through its ownership of the BCEC as a number of people reported falling ill with symptoms of food poisoning after attending the Centre in February 2015. No claim has been made against the Corporation 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.

19 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 2016

20 BUDGET VS ACTUAL COMPARISON

Statement of Comprehensive Income

| | Notes | Budget 2016 \$'000 | Actual 2016 \$'000 | Variance \$'000 | Variance % of Budget |
|--|-------|--------------------------|--------------------------|--------------------|----------------------------|
| Income from Continuing Operations | | | | | |
| User charges and fees | | 82,071 | 82,118 | 47 | - |
| Interest | | 550 | 718 | 168 | 31 |
| Total Revenue | | 82,621 | 82,836 | 215 | - |
| Gains | | | | | |
| Gain on revaluation of investment property | 1 | 5,000 | 7,293 | 2,293 | 46 |
| Total Income from Continuing Operations | | 87,621 | 90,129 | 2,508 | 3 |
| Expenses from Continuing Operations | | | | | |
| Employee expenses | 2 | 2,815 | 2,665 | 150 | 5 |
| Supplies and services | | 61,338 | 59,876 | 1,462 | 2 |
| Depreciation | | 25,000 | 22,738 | 2,262 | 9 |
| Other expenses | 3 | 7,156 | 9,400 | (2,244) | (31) |
| Total Expenses from Continuing Operations | | 96,309 | 94,679 | 1,630 | 2 |
| Operating Result from Continuing Operations | | (8,688) | (4,550) | 4,138 | 48 |

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

20 BUDGET VS ACTUAL COMPARISON (cont'd)

Statement of Financial Position

| | Notes | Budget 2016 \$'000 | Actual 2016 \$'000 | Variance \$'000 | Variance % of Budget |
|--------------------------------------|-------|--------------------------|--------------------------|--------------------|----------------------------|
| Current assets | | | | | |
| Cash and cash equivalents | 4 | 35,145 | 40,316 | 5,171 | 15 |
| Receivables | | 1,834 | 2,019 | 185 | 10 |
| Prepayments and deposits | | 430 | 90 | (340) | (79) |
| Inventories | | 313 | 335 | 22 | 7 |
| Development property | 5 | - | 3,647 | 3,647 | n/a |
| Total current assets | | 37,722 | 46,407 | 8,685 | 23 |
| Non-current assets | | | | | |
| Development property | 5 | 6,167 | 2,941 | (3,226) | (52) |
| Property, plant and equipment | | 698,361 | 720,285 | 21,924 | 3 |
| Total non-current assets | | 704,528 | 723,226 | 18,698 | 3 |
| Total assets | | 742,250 | 769,633 | 27,383 | 4 |
| Current liabilities | | | | | |
| Payables | | 9,452 | 7,821 | 1,631 | 17 |
| Provisions/Employee benefits | | 239 | 400 | (161) | (67) |
| Other | 6 | 29,335 | 17,598 | 11,737 | 40 |
| Total current liabilities | | 39,026 | 25,819 | 13,207 | 34 |
| Non-current liabilities | | | | | |
| Payables | | 645 | 781 | (136) | (21) |
| Provisions/Employee benefits | | 89 | 132 | (43) | (48) |
| Other | 6 | - | 10,611 | (10,611) | n/a |
| Total non-current liabilities | | 734 | 11,524 | (10,790) | (1,470) |
| Total liabilities | | 39,760 | 37,343 | 2,417 | 6 |
| Net assets | | 702,490 | 732,290 | 29,800 | 4 |
| Total equity | | 702,490 | 732,290 | 29,800 | 4 |

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

20 BUDGET VS ACTUAL COMPARISON (cont'd)

Statement of Cash Flows

| | Notes | Budget 2016 \$'000 | Actual 2016 \$'000 | Variance \$'000 | Variance % of Budget |
|---|-------|--------------------------|--------------------------|--------------------|----------------------------|
| Cash flows from operating activities | | | | | |
| <i>Inflows:</i> | | | | | |
| User charges and sale of goods | | 92,496 | 89,620 | (2,876) | (3) |
| Interest | | 550 | 718 | 168 | 31 |
| Other | 7 | 4,000 | 9,168 | 5,168 | 129 |
| <i>Outflows:</i> | | | | | |
| Employee expenses | | (2,815) | (2,687) | 128 | 5 |
| Supplies and services | | (65,338) | (68,930) | (3,592) | (5) |
| Other | | (11,156) | (8,989) | 2,167 | 19 |
| Net cash provided by / (used in) operating activities | | 17,737 | 18,900 | 1,163 | 7 |
| Cash flows from investing activities | | | | | |
| <i>Outflows:</i> | | | | | |
| Payments for property, plant and equipment, and investment property | 8 | (14,773) | (6,271) | 8,502 | 58 |
| Net cash provided by / (used in) investing activities | | (14,773) | (6,271) | 8,502 | 58 |
| Net increase / (decrease) in cash and cash equivalents | | 2,964 | 12,629 | 9,665 | 326 |
| Cash and cash equivalents at beginning of financial year | | 32,181 | 27,687 | (4,494) | (14) |
| Cash and cash equivalents at end of financial year | | 35,145 | 40,316 | 5,171 | 15 |

South Bank Corporation
Notes to and forming part of the financial statements for the year ended 30 June 2016

20 BUDGET VS ACTUAL COMPARISON (cont'd)

Statement of Comprehensive Income

1. The increase is due to higher than anticipated gains on revaluation of investment properties driven by capital investments by the Corporation and strong trading results by some tenancies.
2. 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.
3. Other expenses has increased with contributions to the Parklands' maintenance being directed to operating costs and reduced recognition of certain expenditure as capital works.

Statement of Financial Position

4. The increase in cash is due to a better than budgeted operating result and deferred capital expenditure.
5. A development property asset has been transferred from non-current assets to current assets to recognise its expected sale in the coming 12 months.
6. Non-current other liabilities have been reclassified as current other liabilities to recognise the expected sale of development land in the coming 12 months, for which premiums have already been received and are shown as an unearned income liability.

Statement of Cash Flows

7. The increase in Other cash inflows from operating relates to higher than expected GST collected on sales with GST received and paid offset in the budget process.
8. Actual payments for investment activities was below budget with a number of capital works deferred to later periods.

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 2016 and of the financial position of the Corporation at the end of that year.



Catherin Bull AM
Chairperson



Jeffrey Weigh
Chief Executive Officer



Trevor Marsden
Chief Financial Officer

Date: 18 August 2016

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 2016, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and certificates given by the Chairperson, 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

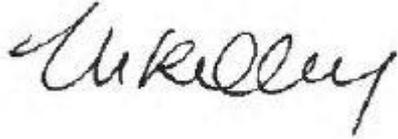
In accordance with s.40 of the *Auditor-General Act 2009* –

- (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 2015 to 30 June 2016 and of the financial position as at the end of that year.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.



M REARDON CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

25 August 2016

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 6 |
| | Operating environment | ARRs – section 11.3 | p 8 |
| Non-financial performance | Government objectives for the community | ARRs – section 12.1 | p 16 |
| | Other whole-of-government plans / specific initiatives | ARRs – section 12.2 | p 17 |
| | Agency objectives and performance indicators | ARRs – section 12.3 | p 17 |
| | Agency service areas and service standards | ARRs – section 12.4 | p 17 |
| Financial performance | Summary of financial performance | ARRs – section 13.1 | p 18 |
| Governance – management and structure | Organisational structure | ARRs – section 14.1 | p 19 |
| | Related entities | ARRs – section 14.3 | p 19 |
| | Boards and committees | ARRs – section 14.4 | p 20 |
| | Executive management | ARRs – section 14.2 | p 22 |
| | Public Sector Ethics Act 1994 | <i>Public Sector Ethics Act 1994</i> ARRs – section 14.4 | p 22 |
| | Queensland public service values | ARRs – section 14.5 | p 7 |

| Summary of requirement | | Basis for requirement | Annual report reference |
|---|---|--|-------------------------|
| Governance – risk management and accountability | Risk management | ARRs – section 15.1 | p 23 |
| | External scrutiny | ARRs – section 15.4 | p 23 |
| | Audit committee | ARRs – section 15.2 | p 23 |
| | Internal Audit | ARRs – section 15.3 | p 24 |
| | Information systems and recordkeeping | ARRs – section 15.5 | p 24 |
| Governance – human resources | Workforce planning, attraction and retention | ARRs – section 16.1 | p 25 |
| | Early retirement, redundancy and retrenchment | Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016) ARRs – section 16.2 | p 25 |
| Open Data | Consultants | ARRs – section 17 ARRS – section 34.1 | p 26 |
| | Overseas travel | ARRs – section 17 ARRs – section 34.2 | p 26 |
| | Queensland Language Services Policy | ARRS – section 17 ARRS – section 34.3 | p 26 |
| Financial statements | Certification of financial statements | FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1 | p 53 |
| | Independent Auditors Report | FAA – section 62 FPMS – section 50 ARRs – section 18.2 | p 54 |

ARRs *Annual report requirements for Queensland Government agencies*

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*