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11/11/03

LAYED UP IN THE TABLE OF THE HOUSE
THE CLERK OF THE PARLIAMENT



24 HOURS A DAY
7 days a week
365 DAYS A YEAR

South Bank is Open

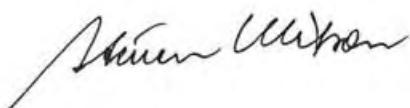


The Honourable Peter Beattie MP
Premier of Queensland
Level 15, Executive Building
100 George Street
Brisbane Queensland 4000

Dear Premier

South Bank Corporation has great pleasure in presenting
the report of its achievements and operations for the
financial year ending 30 June 2003.

Sincerely



Steven Wilson
CHAIRMAN



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SOUTH BANK, BRISBANE, AUSTRALIA

South Bank is a key state economic driver.

This is a world-class lifestyle destination offering people a vibrant experience in a unique sub-tropical setting.

Spanning the south bank of the Brisbane River and overlooking the CBD to the northeast, this booming precinct boasts more than 17 hectares of parkland, cultural and educational facilities, apartments, hotels, retail and commercial offices.

One of Brisbane's oldest and most historically significant places, Grey Street, forms the central spine of the precinct, on which the Queensland Performing Arts Centre, Queensland Art Gallery and new Gallery of Modern Art site, the State Library of Queensland,

Queensland Museum, Queensland College of Art Griffith University, Queensland Conservatorium Griffith University and the Brisbane Convention and Exhibition Centre are located.

South Bank Corporation was formed in 1989 to manage South Bank and administer the South Bank Corporation Act.

The Corporation's mission is to facilitate the development and operation of a successful world-class leisure, business and residential precinct for the enjoyment of South Bank visitors and the economic benefit of Brisbane's community and investors.

SOUTH BANK CORPORATION VISION STATEMENT



"South Bank – Brisbane's Creative Lifestyle"

Our vision is for a unique riverside urban lifestyle precinct. The people, activities, environment and design will form the heart of city life and will contribute to the recognition of Brisbane as one of the world's most attractive cities. South Bank will be a natural meeting place with diverse activities, an exciting place to live, work, eat and play. The river will unite South Bank with Brisbane's CBD, linking the precinct with Northbank, the city's green spaces and commercial places and providing a vibrant platform for events and activities.

South Bank will also connect with the West End, Highgate Hill and Woolloongabba communities, along with the arts, educational, sporting and convention centres. We will promote a distinctive Queensland style of design advocating sustainable and responsible development with a community focus. It will provide an operating environment for businesses to succeed and enhance the creativity and vitality of the precinct.

South Bank is proud to celebrate its successes and will continue to gain local, national and international recognition for its contribution to the social, economic and physical fabric of the City of Brisbane.

CHAIRMAN'S REPORT

When it comes to public places accessibility, both physical and social, is essential to success.

It is not sufficient just to create a public place, no matter how spectacular, and hope that people will use it. If it is not affordable, convenient, diverse and easy to get to then it is unrealistic to expect that the local community and visitors will embrace it.

Now more than ever South Bank captures all of these essential elements.

Whereas once South Bank was a place people visited largely on weekends for a picnic or event, today the precinct is alive with activity seven days a week, night and day.

So what's changed? South Bank is far more accessible and has evolved into a vibrant hub for arts, culture, sport, dining and fun.

The precinct has also developed its own community – it has residents, commercial occupiers, and educationalists seeing South Bank as their neighbourhood and playground.

Over the coming year, South Bank's community and accessibility is going to evolve even further.

For some time we have planned for Grey Street to become one of the great streets of Australia. Over the coming 18 months, this ambition should be realised.

The central spine to the precinct, Grey Street is set to flourish as retail, commercial and entertainment developments add to the vitality.

South Bank has come a long way in the past 11 years – it has established itself in arts, education, sport and recreation, is a burgeoning dining precinct and is where the people of Brisbane celebrate. The journey has been exciting, but it is not over yet.



There are still key initiatives to be completed which will enhance South Bank and make connections with neighbouring suburbs and the city.

As the front cover of this report says, South Bank is open, night and day, seven days a week, 365 days a year.

Success such as this does not come without the hard work of many people. Your board passes on our sincere thanks to all of the dedicated team at South Bank Corporation for their supreme efforts and for sharing a passion to make South Bank an even greater place.

A handwritten signature in black ink, appearing to read "Steven Wilson".

Steven Wilson

CHAIRMAN

SOUTH BANK CORPORATION BOARD MEMBERS



South Bank Corporation reports to a Board, appointed by the State Government. The Board is headed by Chairman Steven Wilson and meets monthly to discuss all aspects of the management and development of the areas under South Bank Corporation control. The Board comprises:

1. Steven Wilson, Chairman

Brisbane businessman Steven Wilson practised as an accountant and solicitor before switching to investment banking in 1978. He was appointed Managing Director of Wilson HTM Ltd, one of Brisbane's leading investment houses, in 1989, four years after joining the company from an English firm. He is now Chairman of Wilson HTM Investment Group Ltd and Wilson Investments Taurine Fund Ltd, board member of the Great Barrier Reef Research Foundation, former Chairman of the St John's Cathedral Completion Fund and a former board member of Telstra Corporation (1991-1996), the Queensland Tourist and Travel Corporation (1985-1988), QUT Council and the City of Brisbane Airport Corporation.

2. Stefan Ackerie

Stefan Ackerie, CEO of The Stefan Corporation, one of the largest privately owned hairdressing companies in the world, operates 50 salons, employs 500 staff who have access to Stefan's training facility that is equal to the best in the world. Stefan has been recognised with the Centenary of Federation Award for his distinguished service to business and commerce. He is also the owner of Jo-Jo's Restaurant, one of Brisbane's most successful eating and meeting places. Stefan is a keen sportsman and is the Australian Title Holder of The Australian Off-shore Power Boat Championships for three decades in a row.

3. Richard Barnes FCA, B. COM., FAICD

Richard Barnes joined Jupiters Limited in 1983 when construction of the Hotel Conrad and Jupiters Casino at the Gold Coast began. He became General Manager in 1986 and was appointed Managing Director in 1988, a position he held until his retirement in July 2001. As Chief Executive Officer of Jupiters Limited Richard played a major role in the company's development including the

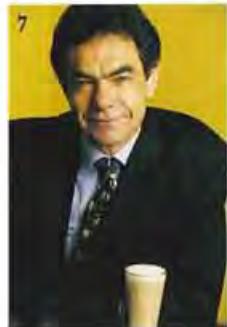
establishment of a second hotel casino property in Brisbane – the Conrad International Hotel and Treasury Casino. More recently he steered the company towards wide area gaming through keno and sports betting. Richard is a past director of Breakwater Island Limited and the Tourism Council of Australia and was previously vice-president and chairman Queensland of the American Chamber of Commerce in Australia.

4. Grace Grace

In October 2000, Ms Grace was the first woman in the Queensland Council of Unions' 115 year history to be elected to the position of General Secretary. Grace also became the first female QCU Assistant General Secretary in June 1995. Ms Grace has been a full-time union official since 1980, having worked as Industrial Officer at the Finance Sector Union's Banking Division. She then became an adviser in industrial relations in the Keating Government before her election as QCU Assistant General Secretary. Currently, she is also a Director of the Energex and Sunsuper Boards and is a member of the ACTU Executive, Queensland Workplace Health and Safety Board, the Q Comp Board, Jupiters Casino Community Benefit Fund and the Manufacturing Leaders Group.

5. Gailene Harrison

Gailene Harrison is an artist and director of Quisqualis Art Space, Paddington. Gailene's mediums include paint, glassware, pottery and paper. She is a founding member of Icon Painters of Brisbane. Gailene is a trained general, midwifery, maternal and child welfare and psychiatric nurse, with psychiatric nursing having been her principal focus, including periods in charge of the Wesley Hospital's Psychiatric Unit, and at the Royal Brisbane Hospital's Alcohol and Drugs Services Unit. At the Wesley, Gailene developed the use of complementary therapies, including massage, reflexology, therapeutic touch, reiki, and rational emotive and art therapies as an aid to the healing process. Gailene is an active member of a number of charitable and religious organisations, both Anglican and ecumenical.



6. Leo Keliher

The Director-General of the Department of Premier and Cabinet, Dr Keliher joined the South Bank Corporation board in November 2001. Formerly Commissioner of the New South Wales Department of Corrective Services, he held this position from August 1996. Between 1970 and 1985, he was involved in computer technology in what is now known as the Centre for Information Technology and Communications (CITEC), progressing from Operations Manager/ Supervisor to Systems Analyst/ Programmer then Information Technology Consultant. Following his research in London as a full-time doctoral candidate at the London School of Economics, he returned to Brisbane in 1988 to take up the role of Manager Information Technology Policy Unit in CITEC. Between May 1990 and May 1993, he was appointed to the Public Sector Management Commission (PSMC) where he led and managed multi-disciplinary review teams into a number of agencies and projects in the Queensland Public Sector. In September 1994, Dr Keliher was appointed Director-General of the Department of Queensland Emergency Services, a position he held until April 1996.

7. Michael Kerry

Michael Kerry has degrees in economics, geography and civic design and has worked in urban and development planning in the UK and Australia during his 35-year career. His previous appointments include Chief Executive Officer of the Joondalup Development Corporation (WA) and Director of Planning for the South Australian, Western Australian and Northern Territory Governments. Mr Kerry manages the Brisbane City Council's Urban Management Division and has been a member of the South Bank Corporation Board since 1992.

8. Michael Power

Michael Power is an engineer with over 30 years experience in the civil engineering construction industry. He founded The BMD Group, with his wife Denise, in 1979 and the company has grown to become a successful Australian construction, design and property investment organisation employing over 600 people. The BMD Group now operates from its head office in Manly in Brisbane and regional offices in Darwin, Townsville, Gold Coast, Sydney and Melbourne and Adelaide.

9. Kirsti Simpson

International Director of design and Principal of the Brisbane office of HASSELL, Kirsti Simpson oversees Queensland's largest and most successful interior design firm. Ms Simpson completed a Bachelor of Built Environment at the Queensland University of Technology, and has more than 14 years experience in design projects, with particular expertise in corporate office fitout design and strategic planning. A former National Councillor and Vice-President of the Design Institute of Australia (Qld Chapter), she is currently a Board member and secretary of Artworkers Alliance. Ms Simpson has been recognised with numerous industry awards and success in many design competitions

10. Timothy Spencer

Timothy Spencer has been Deputy Under Treasurer since January 2001 and has previously worked for the South Australian Treasury and in the ACT's Office of Financial Management. Mr Spencer has also held various roles in Queensland, including Director Energy Policy and Director Economic Policy Unit. He joined the South Bank Corporation Board in December 2002.

CORPORATE GOVERNANCE

South Bank Corporation's Board is responsible for the overall governance of the Corporation including establishing and monitoring key performance goals.

The Board has created a framework for management, which includes internal controls, a business risk management process, stakeholder communication program, independent committees and code of conduct.

Composition of the Board

The board members of the Corporation in office at the date of this report are detailed on pages 4 and 5 of this report.

Audit Committee

The role of the Audit Committee is to advise on internal control and appropriate standards for the management of the Corporation. The committee also confirms the quality and reliability of the financial information prepared, working in conjunction with both the internal (Deloitte Touche Tohmatsu) and external auditors (the Queensland Audit Office). The committee reviews any non-audit services provided by the auditors to confirm they are consistent with maintaining audit independence.

The Audit Committee provides advice to the board and reports on the status of the business risks to the Corporation through the risk management process aimed at ensuring risks are identified, assessed and appropriately managed.

Independent advice is sought where appropriate and a minimum of four meetings are held every year.

The members of the Audit Committee are:

Richard Barnes FCA, BCom, FIACD (Chairman), Steven Wilson BCom, LLB, Hon PhD, FIACD, FAIM, FSIA, Michael Power and Timothy Spencer BEcon. The internal and external auditors, Chief Executive Officer, Chief Financial Officer and others are invited to meetings at the discretion of the Committee.

Remuneration Committee

This Committee reviews the performance and salary of the Chief Executive Officer. It comprises Steven Wilson, Michael Power and Grace Grace.

Ethical Standards

The Corporation has a code of conduct that sets out behavioural standards for board members, managers and employees of the Corporation. A copy of the code has been provided to each employee of the Corporation and is included in the induction package for all new employees.

The code is reviewed and formally adopted each year by the Audit Committee.

Communication to Stakeholders

The board aims to ensure that stakeholders are informed of all major developments affecting the Corporation's state of affairs. Information is communicated to all stakeholders through its annual report and media releases and to Government through quarterly reports.

Board Members' Benefits

No board member of the Corporation has, since the end of the previous financial year, received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by board members shown in the financial statements) because of a contract made by the Corporation with the board member or with a firm of which a board member is associated, or with an entity in which a board member has a substantial interest.

The members of the Corporation in office at any time during the financial year are:

Member	Period of Membership
Stefan Ackerie	Member since December 1996
Richard Barnes	Member since December 1996
Tony Bellas	Member from May 2001–November 2002
Grace Grace	Member since March 1999
Gailene Harrison	Member since December 1999
Leo Keliher	Member since November 2001
Michael Kerry	Member since 1992
Michael Power	Member since February 1997
Kirsti Simpson	Member since March 1998
Timothy Spencer	Member since December 2002
Steven Wilson	Member since December 1996

ORGANISATIONAL STRUCTURE



Code of Conduct

The Corporation's Code of Conduct promotes the core values of; respect for the law and system of government, respect for persons, integrity, diligence, economy and efficiency. All staff are made aware of the Code and are provided with a copy as part of their induction process. They are encouraged to familiarize themselves with this document and to contact the Corporation's Human Resources Manager should they require guidance or another copy.

All administrative procedures and management practices of the Corporation are carried out with proper regard to the Corporation's Code of Conduct and the *Public Sector Ethics Act 1994*.

Whistleblowers Protection Act 1994

Under the *Whistleblowers Protection Act 1994* the Corporation must report to Parliament on its administration of the Act and reports that there were no public interest disclosures during the 2002-03 financial year.

Exclusions

As required by the *South Bank Corporation Act* (section 91) we report on the number of exclusions as a result of disorderly conduct. The total number of exclusions issued for the year to 30 June 2003 was 450 (2002: 579).

The number relating to children was 202.

There were no exclusion directions reviewed, set aside or orders made.

Consultants

Classification	2002-03 \$'000
Communication	313
Finance and Accounting	288
Human Resource Management	23
Information Technology	127
Management	107
Professional/Technical	751
Legal	471
Total	2,080

Overseas Travel during the year ended 30 June 2003

23.11.02 – 05.12.02

Name: Melissa MacCourt (Brisbane Convention and Exhibition Centre)

Destination: Sweden

Purpose: Conference – International Congress & Convention Association

WHAT DRIVES US...



The vision, leadership and management of South Bank is driven by five strategic objectives, which are set by the South Bank Corporation Board, including:

- **Achieving Commercial Success**
- **Serving the Community**
- **Activating the Brisbane River**
- **Achieving the WOW Factor**
- **Celebrating Queensland's Lifestyle**

These motivating objectives underpin every undertaking of the Corporation and its staff.

Events, promotions, development projects, architectural design standards, leasing offers and all initiatives aim to meet one or more of these objectives.

The following pages of this year's report review the initiatives, highlights and achievements of South Bank Corporation's teams (refer organisational structure page 7), consultants and the Brisbane Convention & Exhibition Centre.

It reports on the activities undertaken over the past 12 months to successfully meet these five strategic objectives.





ACHIEVING COMMERCIAL SUCCESS

*Take one look at Brisbane's South Bank
and you will very quickly understand
why it has experienced unprecedented
commercial success.*

The riverfront site has commanding city views, a north-easterly aspect, \$1 billion in public facilities including a recreational park, dedicated promotion as a destination, good public transport access and car parking.

South Bank Corporation's Masterplan redevelopment has brought a maturity to South Bank. The site has well and truly lost its Expo '88 tourist Mecca badge and emerged as a world-class urban hub enjoyed daily by the local community and visitors to Brisbane.

With more urban renewal developments planned for South Bank and surrounding areas, the commercial success of South Bank is set to continue.

The value of development land, realised or still to be developed at South Bank has increased from \$6 million in 1996 to around \$58 million in 2003, and over this period, the South Bank Corporation area has attracted building development totalling \$328 million.

South Bank has experienced extraordinary interest in residential sales for its two main mixed-use developments, with both developments selling out within weeks of launching to the market.

Residents moved into the final stage of the *Arbour on Grey* in November 2002 and *The Galleria*, which has undergone construction over the past year, is due to welcome residents in late 2003.

This year also saw the announcement by the Corporation of three new developments for Grey Street.

Plans were approved for a 12,500sqm office building located next to the Thiess Headquarters, to be developed by Mirvac and Thiess. South Bank Corporation facilitated the sale of air space by Queensland Rail to

Mirvac to accommodate the building's unique design. The project is due for completion in August 2004.

In January 2003, Stockland won a tender to build a hotel and residential apartment complex on the corner of Grey and Glenelg Streets, a pivotal site in the realisation of South Bank's program of works to improve access and connectivity between West End and South Bank. Construction will begin on the \$70 million development in early 2004.

Following an announcement by MTM Funds Management Limited that Brisbane's IMAX would cease trading in October 2002, the Corporation immediately started negotiations to purchase the Grey Street building. In February 2003, South Bank Corporation bought the building for \$4.5 million. This prominent Grey Street building will be on-sold and redeveloped to include cinemas, retail and commercial space.

Thirty-five cafés, retailers and takeaways operate throughout the parklands and Little Stanley Street at South Bank.

This year, parklands retailers achieved sales of \$26.5 million – six per cent up on last year, 17 per cent up on 2001 and 27 per cent up on 2000.

Parkland restaurant sales at South Bank now total more than \$16.5 million annually, with some venues, which have been at South Bank almost since its inception in 1992, recording significantly higher sales now than ever.

As a result of South Bank's Masterplan redevelopment, a new retail dining strip on Little Stanley Street was created at the ground level of Mirvac's *Arbour on Grey* residential development. The Corporation is a 65% owner in a joint venture partnership with Mirvac.



In its first year of operation, retailers in Little Stanley Street turned over more than \$4.5 million, a remarkable result. In 2002-03, these retailers achieved \$5.5 million in sales.

In December 2002, the achievements of South Bank retailers were recognised at the Property Council of Australia's 2002 Queensland Shopping Centre of the Year awards.

South Bank Retail won the top awards for management and marketing in the Neighbourhood and Strip Centres under 10,000sqm category.

Within its first year of business, Ahmet's, a Turkish restaurant in Little Stanley Street, won the Best Themed Restaurant category at the 2002 Brisbane Restaurant and Caterers' Awards.

To cap off an award-winning year, Little Stanley Street won the Retail/Commercial Small Category at the Urban Development Institute of Australia (UDIA) State Awards in June 2003.

For the seventh consecutive year the Brisbane Convention & Exhibition Centre (BCEC) has met its financial targets.

The BCEC this year hosted the greatest number of events ever seen at the Centre, and with 775 events booked through to 2010, its continued growth and success is assured.

More than 65 per cent of its current business is repeat business, proving its reputation for delivery excellence and professionalism.

The BCEC is now estimated to contribute more than \$100 million annually to Brisbane's economy.

South Bank Corporation produces and funds 25 events internally each year, but the future growth is in South Bank's popularity as a venue for hire, for corporate, community or private events.

Already South Bank Corporation manages the sales, operations, set-up, logistics and smooth running of 175 external events, some of which have become regular highlights with the community.

Multicultural events such as Budda Birth Day Festival – organised by the Chinese-Australian Historical Association to promote harmony, beauty and peace – now in its seventh year, continues to grow in popularity, attracting more than 85,000 people to South Bank over three days.

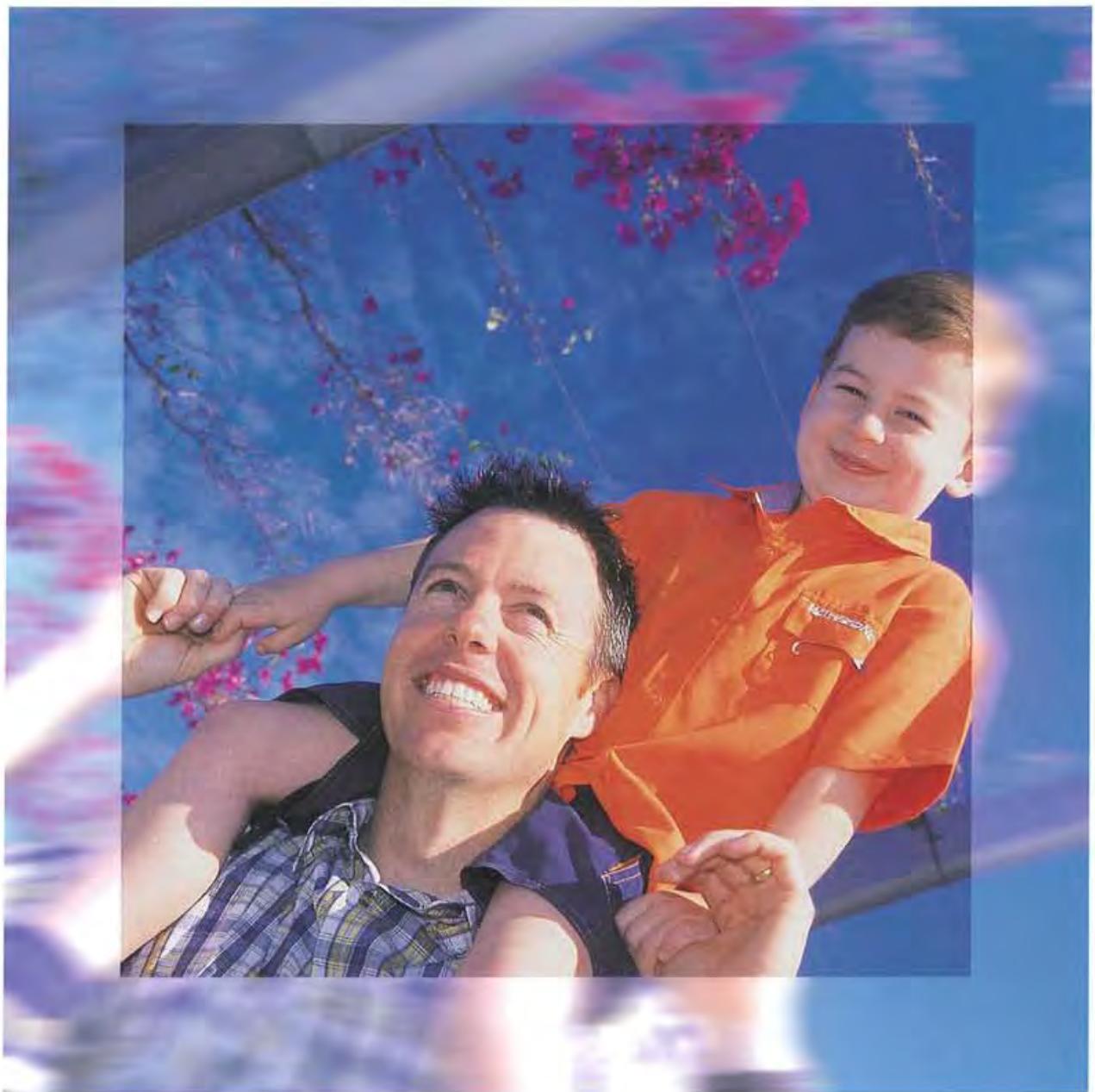
Jammin' @ South Bank, now in its second year and a key community event, was established by Griffith University's Queensland Conservatorium to celebrate the diversity of music making and engage and involve members of the public in it. More than 30,000 people enjoyed the talents of Queensland Conservatorium students, community groups and high profile performers in an inspirational three-day program with 230 events ranging from opera and jazz to salsa and gospel.

Channel 9 and Parmalat continued their sponsorship and support of South Bank Corporation's major events, having seen an increased return for their sponsorship dollar.

In August 2002, Suncorp signed a 10-year naming rights sponsorship of one of South Bank's most versatile and popular event venues, the **Suncorp Piazza**.

At the start of 2003, ENERGEX renewed its sponsorship of South Bank's award-winning ENERGEX Arbour for a further two years with an option for a third year.





SERVING THE COMMUNITY

*South Bank will always belong to the people
of Queensland.*



South Bank Corporation recognises and takes great pride in its responsibility to provide a safe and clean recreational destination for the community to enjoy all year round and a place to celebrate recognised cultural events free of charge.

Amidst all the excitement of South Bank's events and activities, most fundamentally, South Bank provides soft green grass and a sandy beach to sit on, crystal clear water to swim in and BBQs to cook on every day.

This year has seen the highest ever visitor numbers to the parklands (5.8 million) since opening in 1992.

In fact 95 per cent of all Brisbane residents have visited South Bank at some time with 59 per cent having visited in the past six months.

South Bank's appeal as a destination has broadened to a greater cross-section of the community.

While still a popular destination for families who enjoy the beach and BBQ facilities, a greater number of Brisbane residents are visiting South Bank regularly for sport and exercise, the cafes and restaurants and live entertainment, performances and art.

Community research conducted this year also revealed that South Bank is considered the safest public venue during the day and night.

South Bank is where Brisbane celebrates.

Our dynamic and colourful activities, community partnerships and creative interpretation of annual cultural events, has become recognised and expected, particularly by parents who want their children to experience the joy of popular cultural festivals.

Research surveys continue to show that South Bank is recognised by the community as Brisbane's number one destination to celebrate Christmas, New Year and Australia Day – South Bank's signature annual events.

The South Bank precinct's website – www.southbank.net.au – continues to be a popular source of event information for visitors, receiving on average 12,000 hits per month, an increase of 20 per cent on last year. The Corporation upgraded its website this year with new graphics and improved navigation.

The South Bank Precinct Indigenous Employment Project, a joint initiative of the Corporation, Musgrave Park Cultural Centre and Department of Employment, Workplace Relations, continues to grow after a successful two years in which more than 50 indigenous people have been offered employment at South Bank organisations, such as, the State Library of Queensland, Mater Hospital, Queensland Cultural Centre and Brisbane Convention & Exhibition Centre. The goal for the next 12 months is a further 20 placements within South Bank and surrounding areas.

One of the greatest success stories to date of the Employment Strategy has been the development of Australia's first Indigenous lifeguard program. Run by Surf Life Saving Queensland at South Bank Beach, the Indigenous Rookie Lifeguard Program was established in November 2001.

In a one-year trainee program, seven indigenous youths were given training and real-life experience working at South Bank Beach to become Australia's first fully qualified indigenous lifeguards.



With no professional indigenous lifeguards previously employed anywhere in Australia, the program was set up to address this shortcoming and to provide indigenous youth with work opportunities. Six have since gained employment with surf lifesaving.

One of the original trainees won the Special Achievement Award at this year's Queensland Training Awards and was a finalist in the Aboriginal and Torres Strait Islander Student of the Year category.

The program has already received recognition, winning the Young Legends Award (Moreton Bay) at the Keep Australia Beautiful EPA Clean Beach Challenge in November 2002.

The success of the South Bank program has resulted in a similar program being run in Townsville and it is also currently being considered in Victoria.

A second Brisbane course at South Bank Beach started in May 2003 with an intake of 10 trainees.

Consultation with the community about the design and delivery of development projects at South Bank is

something the Corporation regards highly and undertakes frequently.

Comprehensive consultation was conducted this year regarding a program of works to improve the entry and exit points to the Goodwill Bridge and southern entry to the Parklands.

Over the past 12 months, the Corporation has received valuable feedback from local residents, local organisations, bridge users and the general community about the best design approach to improve access and safety at this heavily used entry point.

Initial design concepts have been worked and reworked based on their involvement in the consultation program, which included individual interviews, questionnaires, discussion papers and public meetings. The design has now been finalised and work is due to commence in 2004 on the approximately \$4 million improvement project.

In the spirit of proactive partnering, South Bank Corporation also facilitated the design process for

Griffith University's redevelopment project for South Bank's Ship Inn Hotel building.

As landowner, the Corporation has a vested interest in the ongoing development and evolution of a project from building design to colour selection. A South Bank Design Advisory Panel was convened in 1996 to help ensure building design and uses are in keeping with the Corporation's long-term vision for the site.

To assist in design development, the Corporation operates a 3D CAD Model, which is available to all developers.

A review on ecologically sustainable development or ESD was conducted this year by the Corporation to assess if development at South Bank is meeting the needs of Queenslanders today, while conserving our environment for the benefit of future generations.

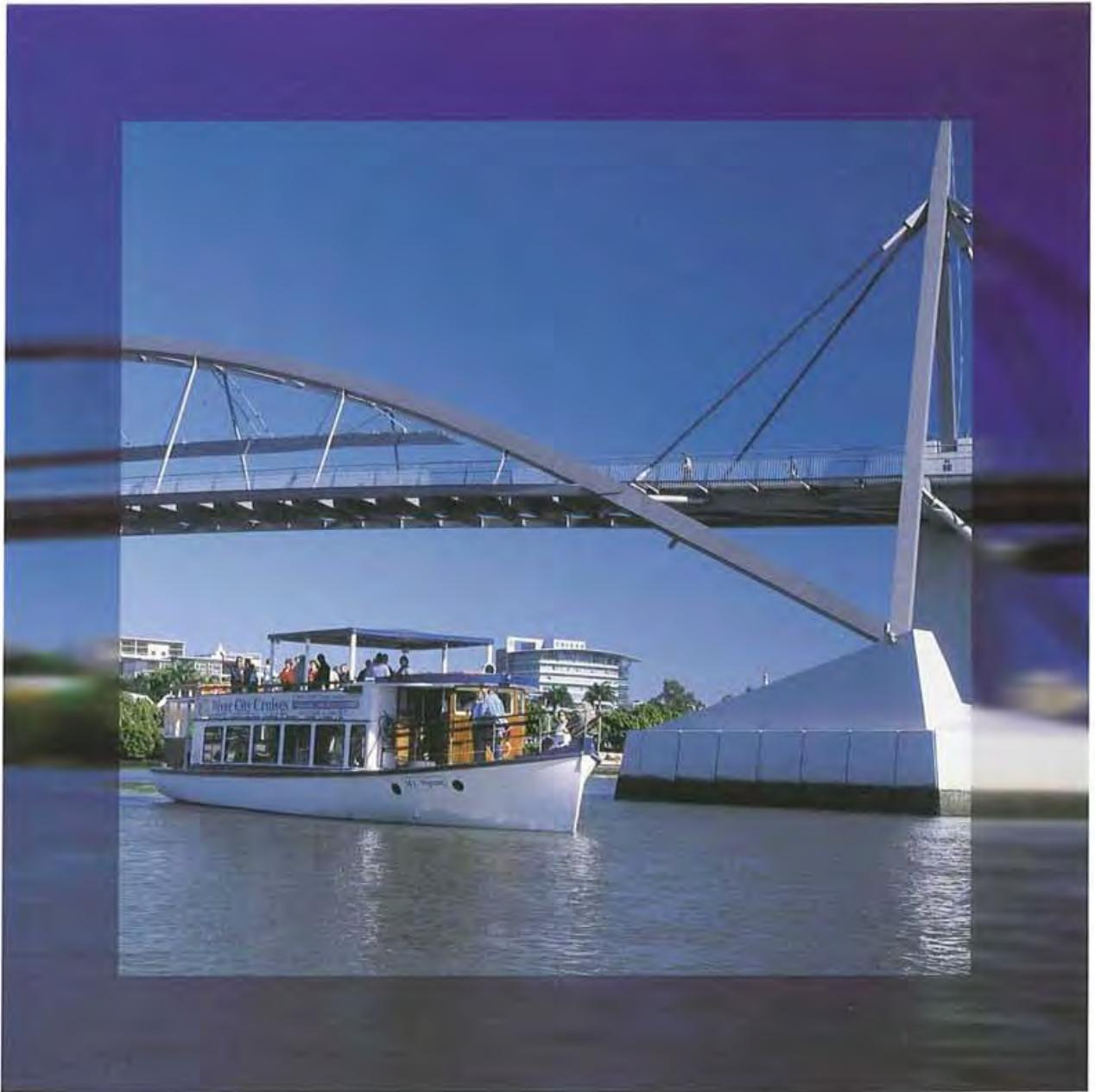
Following this review it was agreed by the Board that the Corporation's development processes should aim to achieve a responsible, integrated and commercially viable approach to environmental management, including high

levels of air and water quality, site remediation and increasingly sustainable building and design performance that will benefit stakeholders and the wider community in years to come.

A Water Management Plan was also developed to conserve water while maintaining existing use at a high efficiency. Identifying opportunities for ongoing improvements in specific water consumption will result in a saving to the Corporation in operating costs of approximately \$20,000 over the next 12 months and long-term benefits for the whole community.

South Bank's cleaning contractors, Spotless, won the Golden Service Award in October 2002, Australia's premier recognition of excellence in the rapidly evolving Building Services Industry (cleaning). Spotless won the Hotel, Leisure, Catering Qld category in the awards, for its service at South Bank.





BRISBANE RIVER ACTIVATION

In 1997, South Bank Corporation's redevelopment Masterplan identified the need to activate the river and use it to reunite Brisbane's CBD with the south bank. After many years of turning its back to the river, Brisbane had to be convinced to embrace it.

Today, the river is now celebrated, utilised and valued.

South Bank is an integral part of Brisbane's inner city, with its appeal and that of the river reflected in South Bank's growing visitation and property value.

The Goodwill Bridge connecting South Bank to the city transports more than 60,000 pedestrians and cyclists each week and the river is the focal point for our City's biggest events.

Over the coming year, South Bank Corporation will continue to actively promote river activation focusing on the formation of citywide partnerships and initiatives to broaden the river's appeal and community usage.

The Corporation established some new partnerships throughout the year to help realise its river activation directive and continued its active involvement in the State Government's Waterways Partnership.

The Brisbane River Dragons (dragon boats), Brisbane Outrigger Canoe Club and Surf Life Saving Queensland joined South Bank to facilitate annual river events over a three-year period to showcase the variety of river activity the city has to offer.

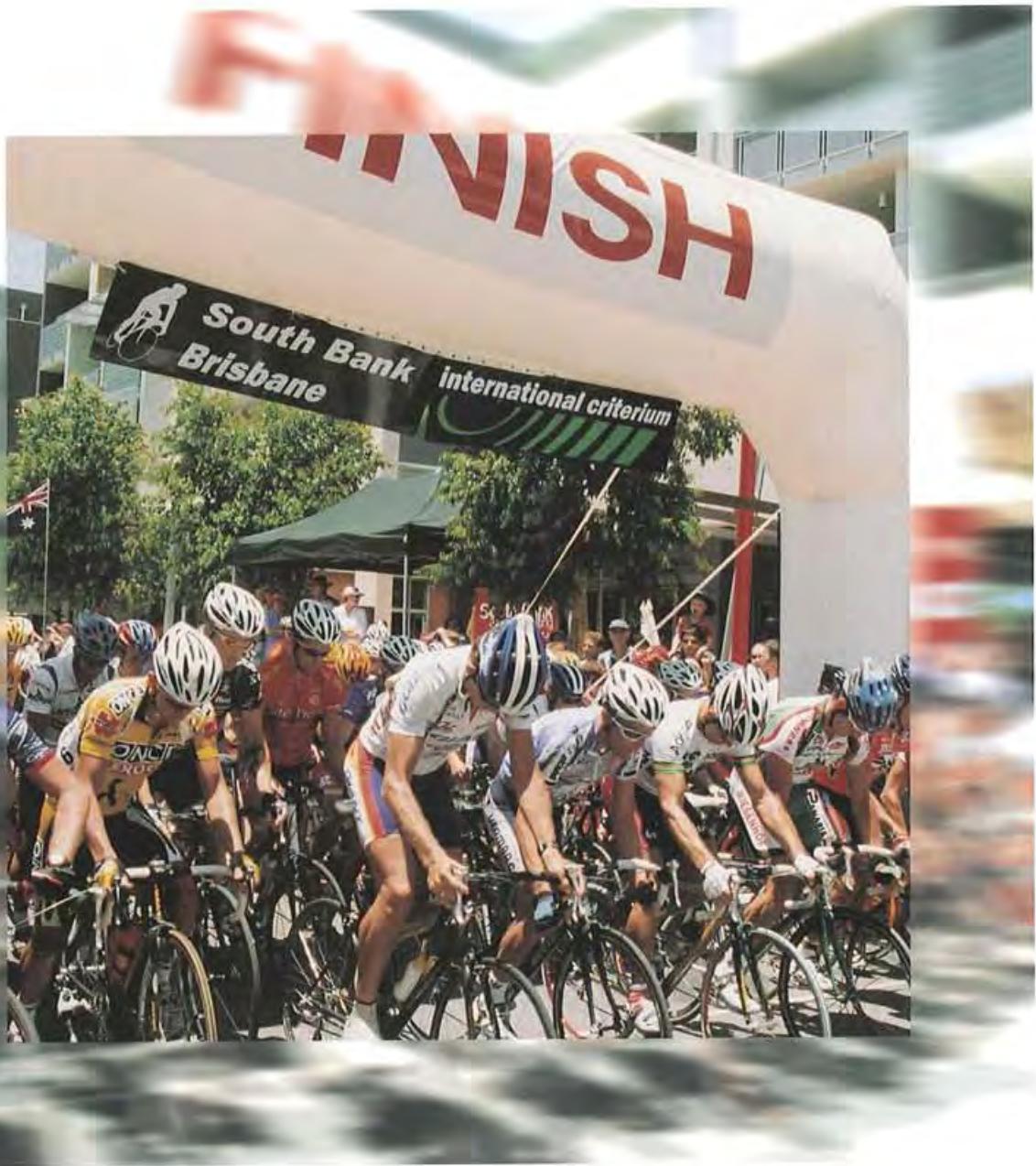
River City Cruises began operating daily historic river tours from the River Lookout Cruise Terminal in the Cultural Forecourt and Kookaburra River Queens will pick-up and drop-off from South Bank daily for their lunchtime and evening cruises.

For Queensland Day this year, South Bank partnered with Channel 7, the Department of Premier and Cabinet and Kookaburra River Queens to provide free river cruises of the sites of Brisbane. The initiative was an outstanding success with more than 4,000 people happy to queue for hours to take part.

South Bank was a major sponsor of Brisbane's biggest community events for 2003 – Riverfestival and the Queensland Biennial of Music – providing cash and in-kind support for these important river city events held on the south bank.

The Corporation is currently investigating opportunities for ongoing infrastructure development of the river arena. The focus of future projects will be on providing river infrastructure to enhance the river edge and to create a more active, attractive and accessible river environment.





ACHIEVING THE WOW FACTOR

South Bank Corporation always strives for innovation and excellence in everything it does.



The WOW factor is recognition of that excellence and innovation in the actions and initiatives of the Corporation. Regular independent research and surveys give the Corporation a fair idea of what our visitors consider to be deserving of the WOW factor.

Over the past few years our public infrastructure developments like the ENERGEX Arbour, Goodwill Bridge and other aspects of the South Bank Masterplan redevelopment have entered the WOW files. This year, the focus has turned to our community activities and retail initiatives.

The Corporation took a lead role in the commissioning of a temporary and permanent public art program at South Bank that challenged, stirred opinion and merged popular culture and contemporary art.

The Corporation's Public Art Policy specifically refers to work created for public spaces throughout South Bank by visual artists, designers and craft workers, including collaborations with musicians, writers and other performing artists.

Partnering with Queensland's Public Art Agency, in September 2002 South Bank Corporation staged Art Built-In South Bank, a public art exhibition which provided employment and professional development for young artists under the age of 25.

Nine artists were commissioned to create a series of site-specific installations, which were then displayed at eight locations within the South Bank precinct for two months.

The installations delighted and caught the imagination of those who visited them and cemented in the Corporation's mind the importance and potential of bringing art to public outdoor spaces.

Following is a sample of the exhibits:

Built under the Sun:

a four-word poem emblazoned on the wall of the railway line;



Shortly following the success of Art Built-In, the Corporation set about developing a series of large-scale collaborations with other South Bank organisations. The first work, the Alpha Project, was screened in the Suncorp Piazza in April 2003. The event comprised a DJ creating a soundtrack to an old science fiction movie *Alphaville*. Local sound artists also matched classic film with live, improvised sound art. Further projects are planned.

South Bank joined the professional cycling circuit calendar this year when it staged the inaugural South Bank International Bicycle Criterium in December 2002.

This event was exhilarating for the 10,000 spectators and 80 professional cyclists who raced at speeds of up to 60km on the Grey and Little Stanley Street circuit. The event attracted some of the world's best names including Robbie McEwen, Brad McGee and Baden Cooke, as well as a number of local cyclists and enthusiasts.



2003's Criterium will be held in December with an even greater field of professional cyclists from all over the world.

If it's on, it's on the **Suncorp Superscreen**, a 20 sqm state-of-the-art day and night screen in the Suncorp Piazza at South Bank.

Suncorp's 10 year naming rights sponsorship of the Piazza, one of South Bank's biggest and most popular venues, has enabled the Corporation to install a BIG screen for event and entertainment use and for hire to external organisations.

The AFL Grand Final was the first sporting event aired on the Suncorp Superscreen in September 2002, before a crowd of 2,000 patriotic AFL fans. South Bank and the Suncorp Piazza was chosen and promoted as the official live site for the game.

Thanks to the arrival of the Suncorp Superscreen one of the most popular events on South Bank's annual calendar, alfresco movies, are held regularly throughout the year. This year the Suncorp Superscreen featured Christmas movies, Suncorp Family Flicks and the Rush River Cinema, with average attendances of around 1000 for each movie.

The Brisbane Convention & Exhibition Centre (BCEC) at South Bank is the most awarded convention centre in Australia. It has received awards for all aspects of its operation including its design and functionality as a facility; the professionalism of its management and staff; and the quality of its food and beverage and service.

During the year, the BCEC received 10 major awards including the National Award for the Best Meeting Venue in Australia for more than 500 delegates, given by the peak industry body, the Meetings Industry Association of Australia.

The world comes to South Bank

In June, the BCEC proudly hosted one of the world's largest, and Queensland's biggest ever, convention, the 94th Annual Convention of Rotary International, which brought more than 15,000 delegates to Brisbane and South Bank.

International delegates from all over the world converged on Brisbane, generating more than 20,000 room nights for the city's hotels and in excess of \$50 million for Queensland's economy.

South Bank Corporation was contracted by the Rotary Organising Committee to stage the community welcome event for the Convention, entitled the Shared Gift.

The Rotary International Convention 2003 was an outstanding success and was endorsed by the Rotary International Organising Committee as the "best and smoothest run" convention ever.

On 23 May the Brisbane Convention & Exhibition Centre hosted the Golden Oldies Rugby World Festival Final dinner. The dinner is believed to be the biggest sit-down, waiter-served dinner in Australia with 800 staff serving 4,202 people.





CELEBRATING QUEENSLAND'S LIFESTYLE

Queenslanders enjoy a unique quality of life.

Our climate allows us to do most of our recreating outside and this is reflected in our architecture, our homes, our restaurants and entertaining habits, our love of sport and parks and our passionate, lively spirit.

South Bank Corporation has embraced this spirit in its redevelopment over the past 10 years with the introduction of an outdoor street dining strip, parkside residential and commercial developments, improved access and transport infrastructure for cyclists and pedestrians and more parkland and picnic facilities.

Our community entertainment and events program has also broadened to include a range of seasonal outdoor, healthy lifestyle initiatives, which the local community can't get enough of.

Awarded and recognised around the world as one of the most successful riverfront redevelopments, South Bank is indeed a celebration of Queensland's unique lifestyle.

South Bank's "healthy lifestyle" initiative launched this year has been overwhelmingly popular with the local community who are keen to get outside and exercise.

The year round program which includes free outdoor yoga, tai chi, kick fit, aqua fitness and cycle maintenance classes, has attracted an average regular following of more than 100 participants per class with over 300 in the summer months.

South Bank's outdoor, riverside, inner-city location, well serviced by public transport and connected by the Goodwill and Victoria Bridges, has been a hit with class participants and described as the ideal Queensland exercise location.

Building on this success, the Corporation sought to develop a program of sporting events for the community to participate in, ranging from fun runs and triathlons to social and elite bike rides.

Whether it is fun classes to try or elite sports action to watch and enjoy, South Bank's healthy lifestyle program is a big hit with Queenslanders.



CEO's REPORT



In 1996, South Bank's development land was valued at \$6 million.

Today, it is worth over \$58 million.

Just six years ago, the South Bank Corporation Board launched its vision to transform the south bank of the Brisbane River into a thriving inner-city destination. At that point in time, South Bank was isolated, with limited pedestrian access and limited commercial appeal.

Today, it is one of Brisbane's most sought after residential and business addresses and the market is willing to pay a premium to be a part of it.

To illustrate, in April 2001 the Corporation put to tender the last riverside parcel of land on Grey Street at South Bank. After receiving submissions from 10 major developers, Honeycombs Property Group won the tender and the right to build a \$28M residential and retail development on the site.

This followed on from the very successful Mirvac Arbour on Grey development of 170 apartments, 4,000sqm of retail and a commercial office building.

There's no question that the South Bank redevelopment has been a commercial success, but equally as rewarding has been the community's approval and acceptance of the infrastructure changes.

This year has seen the highest visitor numbers since the reopening of South Bank after Expo '88.

And this result goes hand-in-hand with parklands retailers achieving sales of \$26.5 million this year –

six per cent up on last year, 17 per cent up on 2001 and 27 per cent up on 2000.

Our aim has always been to attract a broad cross-section of the community and our research shows that this is being achieved. The local community is now the highest user of South Bank's facilities.

South Bank Corporation's most fundamental role is to provide a clean, safe recreational destination for the community to enjoy. To fulfil this charter, the Corporation will always require State Government support, but our aim over the next five years will be to reduce that financial burden on the Government and taxpayers by continuing to increase the viability and value of the site.

Throughout the year South Bank has gained national and international recognition and won awards for its achievements as a community destination, a conference destination and as a riverfront redevelopment.

South Bank's profile and that of Brisbane City is growing and I thank the team at South Bank Corporation and the Brisbane Convention and Exhibition Centre for their commitment, enthusiasm and dedication and I look forward to another rewarding year in 2004.

Bill Grant

Bill Grant

CEO'S REPORT (CONTINUED)

2002 - 03 Financial Summary

The full financial statements for South Bank Corporation are shown on pages 29 to 46 of this report.

Management Financial Commentary

	2003 \$'000	2002 \$'000
Contributions from Business Units	7,916	7,365
Cost of Community Services	<u>(12,156)</u>	<u>(12,359)</u>
Deficit before Government Grant, interest & depreciation	(4,240)	(4,994)
Net interest	(1,823)	(1,522)
Depreciation	<u>(17,261)</u>	<u>(16,834)</u>
	<u>(23,324)</u>	<u>(23,350)</u>
Grant and contributions	10,026	10,035
Net deficit	(13,298)	(13,315)

The Corporation achieved a deficit before grants, interest and depreciation of \$4.240 million an improvement of \$0.754 million on a deficit of \$4.994 million in the 2001-02 year. These savings were off-set by increased net interest and increased depreciation. Grant and contributions have remained steady at \$10 million. Overall the net deficit for the year has improved by \$0.017 million.

Business Units

Business units include:

- Tenancies – rent received from restaurants, cafes and retailers within the parklands and a part interest in Little Stanley Street retail.
- Venue Hire – hire of the Brisbane Convention and Exhibition Centre (BCEC), South Bank Piazza and sundry parkland areas, as well as the associated sale of food and beverages etc.
- Car parking facilities around the parklands and the BCEC.

Results for the 2002-03 year have shown growth in income from tenancies. This has been off-set by a reduction in venue hire following the BCEC's record year in 2001-02.

The BCEC has not required financial support from the Government for operational or asset management costs since it commenced operations in 1995.

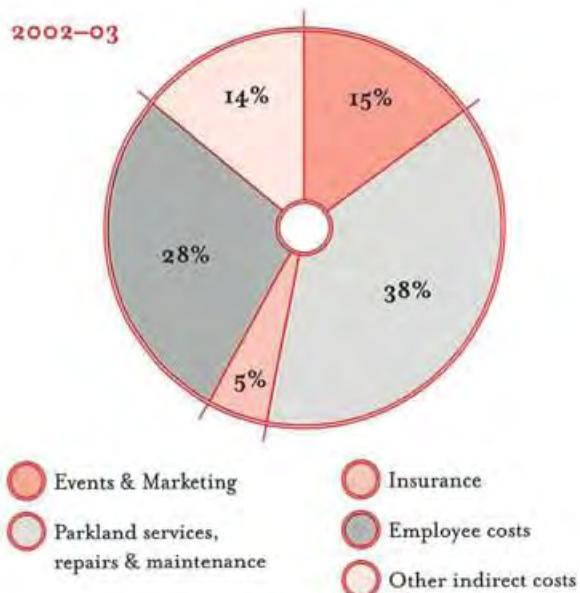
Community Services

Community services costs have reduced by \$0.203 million from the prior year. In addition to maintaining the parklands and all its facilities the Corporation also hosts a number of free events, large and small, throughout the year in its role as Brisbane's premier celebration site and meeting point. These free events range from the Christmas and New Year's Eve celebrations to Buddha's Birthday and the Healthy Lifestyle Programs. In the 2002-03 year these costs have been contained despite the increase in patronage.

CEO'S REPORT (CONTINUED)

Community Service Costs

Visitor numbers to the parklands have increased by 20 per cent over the past five years and are now approximately 5.8 million a year. The base visitor profile has broadened to include niche markets including students, sportsters and arts enthusiasts.

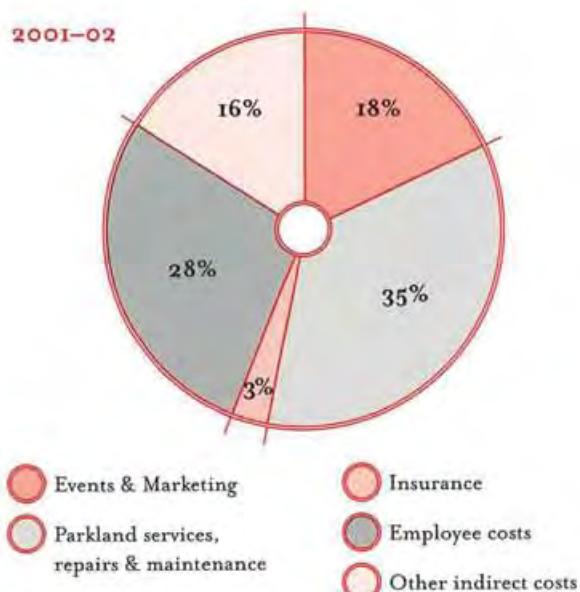


Depreciation

With approximately \$330 million in buildings, plant and equipment the depreciation charge is approximately 30% of the Corporation's expenses. The Corporation has consistently achieved a surplus from its net results before depreciation. This surplus is used to fund enhancements and to repay loans. The Corporation maintains a twenty year strategic asset management plan designed to ensure assets are properly maintained.

Interest

Interest relates to the loans drawn in prior years upon Queensland Treasury Corporation to partly fund the Masterplan redevelopment, plus an additional loan used to fund the expanded public car parking.



FINANCIAL REPORTING

SOUTH BANK CORPORATION

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$'000	2002 \$'000
Revenue from ordinary activities			
Sale of goods		13,621	14,182
User charges		21,793	20,190
Grants and other contributions	3	10,026	12,174
Interest		672	892
Other		461	1,410
		<u>46,573</u>	<u>48,848</u>
Expenses from ordinary activities			
Cost of goods sold		3,260	3,397
Employee expenses		16,998	16,676
Supplies and services		18,828	20,097
Share of joint venture operations	9	664	711
Other		407	2,419
		<u>40,157</u>	<u>43,300</u>
Net surplus from ordinary activities before depreciation and borrowing costs		<u>6,416</u>	<u>5,548</u>
Depreciation	8	17,261	16,834
Borrowing costs	2	2,453	2,029
Net deficit	2	<u>(13,298)</u>	<u>(13,315)</u>
Increase in asset revaluation reserve	13	8,467	43,835
Total revenues, expenses and valuation adjustments recognised directly in equity		<u>8,467</u>	<u>43,835</u>
Total change in equity other than those resulting from transactions with owners as owners		<u>(4,831)</u>	<u>30,520</u>

The above statement should be read in conjunction with the accompanying notes.

SOUTH BANK CORPORATION

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Notes	2003 \$'000	2002 \$'000
Current assets			
Cash	5	7,751	17,508
Receivables	6	1,465	2,372
Prepayments and other assets		400	476
Inventories		283	236
Development property	7	8,128	3,486
Total current assets		18,027	24,078
Non-current assets			
Development property	7	10,860	10,006
Property, plant and equipment	8	378,045	381,803
Investment accounted for using the equity method	9	123	142
Total non-current assets		389,028	391,951
Total assets		407,055	416,029
Current liabilities			
Payables	10	8,296	12,412
Interest-bearing liabilities	11	184	177
Provisions	12	489	152
Total current liabilities		8,969	12,741
Non-current liabilities			
Interest-bearing liabilities	11	42,178	42,361
Provisions	12	481	669
Total non-current liabilities		42,659	43,030
Total liabilities		51,628	55,771
Net assets		355,427	360,258
Equity			
Retained surpluses	13	200,043	213,341
Asset revaluation reserve	13	155,384	146,917
Total equity		355,427	360,258

The above statement should be read in conjunction with the accompanying notes.

SOUTH BANK CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 \$'000	2002 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Sale of goods and user charges		34,966	39,973
Grants and other contributions		7,476	12,174
Interest		672	892
GST collected on sales and charges		6,135	6,760
GST input tax credits received		7,266	7,348
<i>Outflows:</i>			
Cost of sales, supplies and services		(28,422)	(26,175)
Grants and other contributions		-	(2,139)
Borrowing costs		(2,453)	(1,487)
GST paid on purchases		(7,019)	(7,881)
GST remitted to ATO		(6,005)	(6,471)
Employee benefits expenses		(16,768)	(16,346)
Net cash provided by (used in) operating activities	14	(4,152)	6,648
Cash flows from investing activities			
<i>Inflows:</i>			
Sale of plant and equipment		14	29
<i>Outflows:</i>			
Payments for non-current assets		(5,443)	(8,361)
Net cash provided by (used in) investing activities		(5,429)	(8,332)
Cash flows from financing activities			
<i>Inflows:</i>			
Borrowings		-	2,297
<i>Outflows:</i>			
Repayment of borrowings		(176)	(341)
Net cash provided by (used in) financing activities		(176)	1,956
Net increase (decrease) in cash held		(9,757)	272
Cash at beginning of financial year		17,508	17,236
Cash at end of financial year	5	7,751	17,508

The above statement should be read in conjunction with the accompanying notes.

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1 SUMMARY OF ACCOUNTING POLICIES

Objectives Of The 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 in order to ensure that such development accords with the highest possible standards and is in the interest of the people of the City of Brisbane and of Queensland.

The Corporation is partly funded for the outputs it delivers by Parliamentary appropriations and is reliant upon the support of the Queensland Government to enable it to continue as a going concern. It also provides the following services on a fee for service basis:

- Retail rental;
- Car parking facilities;
- Venue hire facilities;
- Leasing of land; and
- Tourism sales.

a Basis of Preparation

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 Administration & Audit Act 1977*.

These financial statements have been prepared as a general purpose financial report in accordance with the *Financial Administration and Audit Act 1977*, applicable Australian Accounting Standards, the Urgent Issues Group Consensus views and other authoritative pronouncements. They have been prepared on an accruals basis using historical costs and do not take into account changing money values nor current valuations of specific assets except for certain assets at valuation (refer note 1(m)).

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

b Brisbane Convention & Exhibition Centre (BCEC)

The Corporation's financial statements incorporate the assets, liabilities and financial results of the BCEC.

c Joint Venture

The retail joint venture with Mirvac Queensland Pty Ltd is accounted for using the equity method. Under this method, the share of the profits or losses of the entity is recognised in the Statement of Financial Performance and the share of movements in reserves is recognised in reserves in the Statement of Financial Position.

d Revenue and Trade Debtors

Corporation revenue from ordinary activities comprises sale by leasehold of development land, operating grants received from the Queensland Government, sale of goods including food and beverage, provision of venue hire, car parking, tourism sales and rental and outgoings received or receivable from properties leased by the Corporation.

Revenue from the sale by leasehold of development land is only recognised once all pre-conditions to the granting of the lease are completed.

Government operating grants are recognised as revenue in the financial year in which they are received. Other revenues are recognised upon provision of the particular service.

Trade debtors are recognised at the amounts receivable, as they are due for settlement within normal trading terms. Collectibility of trade debtors is reviewed on an ongoing basis. A provision for doubtful debts is raised when doubt as to collection exists.

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

e Depreciation of Property, Plant and Equipment

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 a regular basis for all assets. The expected useful lives are as follows:

Buildings and infrastructure works	40 years
Plant and equipment	3 – 10 years

f Taxation

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

g Insurance

It is the Corporation's policy to insure against all potential liabilities or losses that would affect its operations and assets.

h Cash

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 the Queensland Treasury Corporation.

i 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.

j Development Property

Certain of the real property holdings are intended for sale by leasehold and are classified as development property. Development property is stated at the lower of deemed cost, cost or net realisable value.

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

k Property, Plant & Equipment

The property, plant and equipment of the Corporation comprises the land bank within the Corporation Area (excluding development property), commercial buildings, the South Bank parklands, the BCEC, public infrastructure works and related items of plant and equipment.

All items of property, plant and equipment with a cost, or other value, in excess of \$2,000 are recognised in the year of acquisition. Items with a lesser value are expensed.

l Recoverable Amount of Non-Current Assets

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down and the decrement in the carrying amount is recognised as an expense in the Statement of Financial Performance.

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

m Revaluation of Land, Buildings and Infrastructure

The Corporation values land, buildings and infrastructure in accordance with the Australian Accounting Standard AASB 1041 *Revaluation of Non-Current Assets* and the Queensland Treasurer's guidelines – 'Non-Current Asset Accounting Guidelines for the Queensland Public Sector'. It is the Corporation's policy to record at fair value, being the value for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction, all land, buildings, infrastructure and heritage and cultural assets. 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. Independent valuations are performed progressively at least every five years and interim revaluations in intervening years using appropriate indices. All other classes of assets are recorded on a cost basis.

Revaluation increments are credited directly to the asset revaluation reserve, 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 Financial Performance, the increment is recognised immediately as revenue in that statement.

Revaluation decrements are recognised immediately as expenses in the Statement of Financial Performance, 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 reserve.

n Payables

Payables includes trade creditors and accruals and represents 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.

Payables also includes deposits received from prospective customers for bookings at the BCEC. Such revenue is recognised when earned in future operating years.

o Interest Bearing Liabilities and Borrowing Costs

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt.

Borrowing costs comprising interest and charges related to loans are recognised as expenses in the financial year in which they are incurred except where they are included in the costs of qualifying assets.

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

p Employee Benefits

Annual leave and sick leave

Liabilities for annual leave expected to be paid within twelve months of the reporting date are recognised in other payables. 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 provision is made for non-vesting sick leave as the anticipated pattern for future sick leave indicates that accumulated non-vesting sick leave will never be paid.

Long Service Leave

A liability for 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. Expected future payments 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 Financial Performance. Beyond the agreed contributions to the various funds the Corporation has no financial commitment to the funds.

q Reclassification of Certain Employee Benefits

The liability for annual leave and related on-costs has been reclassified from provisions to payables in the current year as a result of the adoption of the new accounting standard, AASB 1044 *Provisions, Contingent Liabilities and Contingent Assets*.

r Comparative Information

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

s Rounding

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

2 BUSINESS SEGMENT INFORMATION

Venue Hire

Includes hire of the BCEC, South Bank Piazza and sundry parkland areas, as well as the associated sale of food and beverages and hire of audio visual equipment.

Tenancies

Includes rent and recoveries from the retail and commercial tenancies within the South Bank parklands and Little Stanley Street.

Car Parking

Includes commercial car parking facilities within and around the South Bank parklands and the BCEC.

Community Activities and Promotions

Includes tourism sales, provision of the parkland facilities, events within and around the South Bank parklands and marketing of the precinct. Events are staged as part of the Corporation's community service activities.

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

Business Segments

	Venue Hire	Tenancies	Car Parking	Community Activities & Promotions	Other	Total
For the year ended 30 June 2003						
	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000	2003 \$'000
Revenues						
Sale of goods	13,549	-	-	72	-	13,621
User charges	12,300	3,684	5,651	158	-	21,793
Grants and other contributions	-	-	-	-	10,026	10,026
Interest	-	-	-	-	672	672
Proceeds from sale of plant and equipment	14	-	-	-	-	14
Other	-	-	-	445	2	447
	25,863	3,684	5,651	675	10,700	46,573
Expenses						
Cost of goods sold	3,201	-	-	59	-	3,260
Employee costs	12,686	-	818	2,204	1,290	16,998
Supplies & services	8,800	1,502	504	6,623	1,399	18,828
Depreciation	12,003	652	864	3,254	488	17,261
Written down value of PP&E disposed	407	-	-	-	-	407
Share of loss of Joint Venture entity	-	664	-	-	-	664
Borrowing costs	-	-	-	-	2,453	2,453
	37,097	2,818	2,186	12,140	5,630	59,871
Net surplus/ (deficit)	(11,234)	866	3,465	(11,465)	5,070	(13,298)

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

Business Segments

	Venue Hire	Tenancies	Car Parking	Community Activities & Promotions	Other	Total
For the year ended 30 June 2002						
	2002 \$'000	2002 \$'000	2002 \$'000	2002 \$'000	2002 \$'000	2002 \$'000
Revenues						
Sale of goods	14,127	-	-	55	-	14,182
User charges	11,852	3,256	5,055	27	-	20,190
Grants and other contributions	-	-	-	-	12,174	12,174
Interest	-	-	-	-	892	892
Proceeds from sale of plant and equipment	3	-	-	-	26	29
Other	-	98	-	579	704	1,381
	25,982	3,354	5,055	661	13,796	48,848
Expenses						
Cost of goods sold	3,217	-	-	53	127	3,397
Employee costs	12,410	193	675	2,049	1,349	16,676
Supplies & services	9,054	1,713	530	6,942	1,858	20,097
Depreciation	11,526	580	788	3,344	596	16,834
Contribution to the Goodwill Games	-	-	-	-	2,139	2,139
Written down value of PP&E disposed	280	-	-	-	-	280
Share of loss of Joint Venture entity	-	711	-	-	-	711
Borrowing costs	-	-	-	-	2,029	2,029
	36,487	3,197	1,993	12,388	8,098	62,163
Net surplus/ (deficit)	(10,505)	157	3,062	(11,727)	5,698	(13,315)

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
3 GRANTS AND CONTRIBUTIONS		
Grants and other contributions	10,026	10,035
Contribution to Goodwill Games	-	2,139
	10,026	12,174
Grants and other contributions in 2003 includes certain sponsorship income of \$2.550 million deemed by the Government to be income in lieu of grant.		
4 EXPENSE ITEMS		
Net deficit includes the following expenses		
Net bad debts written off or provided for (recovered)	68	(93)
Operating lease rentals	151	140
Remuneration paid or payable to the Auditors in respect of the audit of the financial statements (the Auditors received no other benefits)	74	62
Net (loss) on disposal of property, plant and equipment	(393)	(251)
Fees paid to Members of the Corporation	146	146
The Chief Executive and Members of the Corporation whose total remuneration from the Corporation was within the specified bands are as follows:		
Nil	3	3
\$10,000 – \$19,999	6	6
\$50,000 – \$59,999	1	1
\$200,000 – \$209,999	-	1
\$250,000 – \$259,999	1	-
5 CASH		
Cash at bank	3,009	2,893
Deposits at call	4,742	14,615
Total cash	7,751	17,508
6 RECEIVABLES (CURRENT)		
Trade and other debtors	1,505	2,711
Less provision for doubtful debts	(40)	(339)
Total current receivables	1,465	2,372

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
7 DEVELOPMENT PROPERTY		
Current asset	8,128	3,486
Non-current asset	<u>10,860</u>	<u>10,006</u>
Total development property	<u>18,988</u>	<u>13,492</u>
 Development property		
At deemed cost	12,463	12,463
At cost	4,642	-
Capitalised development costs	<u>1,883</u>	<u>1,029</u>
Total development property	<u>18,988</u>	<u>13,492</u>
 Development property at deemed cost comprises land valued by Mr RA French BSc, ARICS, FAPI (registered valuer # 1398), of Burgess Rawson, as at 30 June 1997.		
As at 30 June 2003 the Members of the Corporation estimate the fair market value of the development property to be approximately \$36 million. This valuation has not been recognised in the financial statements.		
At 30 June 2003, Members of the Corporation 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.		
Development property is included in current assets when it is expected to be sold within a twelve month period.		
 8 PROPERTY, PLANT AND EQUIPMENT		
Land		
At valuation	47,073	45,835
 Buildings and infrastructure works		
At valuation	275,736	277,428
Less accumulated depreciation	-	(1,011)
Total building and infrastructure works	275,736	276,417
 Plant and equipment		
At cost	129,395	125,493
Less accumulated depreciation	(74,159)	(65,942)
Total plant and equipment	55,236	59,551
 Total property plant and equipment (net book value)	378,045	381,803

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

Movements during the year	Land \$'000	Buildings \$'000	P&E \$'000	Total \$'000
2003				
Carrying amount at 1 July 2002	45,835	276,417	59,551	381,803
Additions	-	741	4,702	5,443
Disposals	-	-	(407)	(407)
Revaluations	1,238	7,229	-	8,467
Depreciation	-	(8,651)	(8,610)	(17,261)
Carrying amount at 30 June 2003	47,073	275,736	55,236	378,045
2002				
Carrying amount at 1 July 2001	44,500	221,428	80,793	346,721
Additions	-	5,068	3,293	8,361
Disposals	-	-	(280)	(280)
Reclassification	-	14,432	(14,432)	-
Revaluations	1,335	42,500	-	43,835
Depreciation	-	(7,011)	(9,823)	(16,834)
Carrying amount at 30 June 2002	45,835	276,417	59,551	381,803

Land

Land of the South Bank parklands (excluding development land) and the BCEC was valued by an independent valuer, Mr Ian Skelsey AAPI (valuer #1638) of Burgess Rawson as at 30 June 2000. The 30 June 2003 valuations were determined using indexation.

Commercial Buildings

Commercial property assets (rental buildings, car park and commercial buildings) were valued by an independent valuer, Mr RA French BSc ARICS, FAPI (valuer #1398) as at 30 June 2001. The 30 June 2003 valuations were determined using indexation.

Non-Commercial Buildings and Infrastructure

All other buildings and infrastructure (including landscaping and civil works) were valued by an independent valuer, Mr E de Wet AAQS of Rider Hunt Terotech as at 30 June 2002. The 30 June 2003 valuations were determined using indexation.

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

9 JOINT VENTURE	2003	2002
	\$'000	\$'000
In September 1999, as part of the consideration for the sale by leasehold of certain lots of the development land, the Corporation entered into a Joint Venture Agreement with Mirvac Queensland Pty Ltd for a 65% interest in the operation of the retail component of the Little Stanley Street Development (previously known as Arbour on Grey).		
As at 30 June 2003 the development had not been completed, accordingly no valuation has been recognised in respect to the initial acquisition of the 65% interest in the Joint Venture.		
Investment accounted for using the equity method		
(i) Principal Activities		
<i>Name of Entity</i>		
Little Stanley Street Retail Joint Venture.		
Ownership interest being:	65%	65%
In accordance with the Joint Venture Agreement, the executive management of the joint venture is conducted by a management committee comprised of two members appointed by each of the participants.		
(ii) Share of profit/(loss)		
Operating revenue	491	51
Operating expenses	(1,155)	(762)
Operating (loss)	<u>(664)</u>	<u>(711)</u>
(iii) Carrying amount of investment		
Balance at the beginning of the year	142	-
Funds contributed	645	853
Share of joint venture (loss)	(664)	(711)
Balance at the end of the year	<u>123</u>	<u>142</u>
Represented by -		
Assets		
Cash	114	128
Receivables	216	427
Liabilities		
Payables	(207)	(413)
Net assets	<u>123</u>	<u>142</u>
(iv) Accumulated funds attributable to the joint venture		
Balance at the beginning of the year	(914)	(203)
Share of joint venture (loss)	(664)	(711)
Balance at the end of the year	<u>(1,578)</u>	<u>(914)</u>

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$'000	2002 \$'000
10 PAYABLES (CURRENT)		
Trade creditors and accruals	5,093	5,185
Unearned income	172	4,486
Forward booking deposits	2,288	2,079
Annual leave payable	743	662
Total payables	8,296	12,412
11 INTEREST-BEARING LIABILITIES		
Loans from Queensland Treasury Corporation		
Current liability	184	177
Non-current liability	42,178	42,361
Total interest-bearing liabilities	42,362	42,538
12 PROVISIONS		
Provisions – long service leave (current)	489	152
Provisions – long service leave (non-current)	481	669
Total employee benefits and related on-costs liabilities	970	821
Other Employee Benefits		
Payables – annual leave (current)	743	662
Number of full-time equivalents employed, as at end of financial year, were 448 (2002: 483).		
13 EQUITY		
Retained Surpluses		
Balance at the beginning of the year	213,341	226,656
Net deficit	(13,298)	(13,315)
Balance at the end of the year	200,043	213,341
Asset Revaluation Reserve		
Balance at the beginning of the year	146,917	103,082
Increment on revaluation of property, plant and equipment	8,467	43,835
Balance at the end of the year	155,384	146,917
Total equity	355,427	360,258

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

14 RECONCILIATION OF NET DEFICIT TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	2003	2002
	\$'000	\$'000
Net deficit	(13,298)	(13,315)
<i>Non-cash items:</i>		
Depreciation	17,261	16,834
Loss on disposal of property, plant and equipment	393	251
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in receivables	907	(500)
(Increase)/decrease in investment in joint venture	19	(142)
(Increase)/decrease in prepayments	76	(353)
(Increase)/decrease in inventories	(47)	(41)
(Increase)/decrease in development property	(5,496)	(509)
(Decrease)/increase in payables	(4,116)	4,166
(Decrease)/increase in provisions	149	257
Net cash provided by /(used in) operating activities	(4,152)	6,648

15 COMMITMENT FOR EXPENDITURE

Non-Cancellable Operating Lease Commitments

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

Not later than one year	161	159
Later than one year and not later than five years	120	289
Total commitments	281	448
Anticipated input tax credits	26	41

Capital Expenditure

Material capital expenditure commitments contracted for but not completed and therefore not recognised as payable at balance date:

Not later than 1 year	93	994
Total commitments	93	994

SOUTH BANK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

16 FINANCIAL INSTRUMENTS

Interest rate risk exposure

The Corporation's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities are shown in the following table.

Contractual Repricing / Maturity Date:

	Floating rate \$'000	1 year or less \$'000	1 to 5 years \$'000	Greater than 5 years \$'000	Non interest bearing \$'000	Total \$'000	Weighted average rate
Financial assets							
Cash	7,751	-	-	-	-	7,751	5.01%
Receivables	-	-	-	-	1,465	1,465	nil
Total	7,751	-	-	-	1,465	9,216	
Financial liabilities							
Trade creditors & accruals	-	-	-	-	5,093	5,093	nil
Annual leave payable	-	-	-	-	743	743	nil
Interest-bearing liabilities	-	184	41,103	1,075	-	42,362	5.40%
Total	-	184	41,103	1,075	5,836	48,198	

Credit risk exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for doubtful debts as indicated in the Statement of Financial Position. No significant credit risks have been identified.

Net fair value

It is considered that the net fair value of the financial assets and financial liabilities of the Corporation with the exception of the interest-bearing liabilities, listed below, closely approximate the book value due to their short term to maturity.

The net fair value of interest-bearing liabilities were determined by Queensland Treasury Corporation by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

	Total Carrying Amount		Net Fair Value	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Financial liabilities				
Queensland Treasury Corporation borrowings	42,362	42,538	43,303	41,496

17 CONTINGENT LIABILITIES AND ASSETS

The Corporation is aware of legal claims relating to contractual disputes. The Corporation is defending the actions and legal advice indicates that no material liability not provided for in these accounts will arise. Notification has also been received of public liability claims that could result in subsequent litigation. The Corporation believes that any material liability from these actions is indemnified by the Corporation's insurers.

CERTIFICATE OF SOUTH BANK CORPORATION

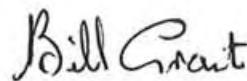
We have prepared the foregoing financial statements pursuant to the provisions of the *Financial Administration and Audit Act 1977* and other prescribed requirements and certify that in our opinion -

- 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 South Bank Corporation's transactions for the financial year to 30 June 2003 and of the financial position as at 30 June 2003.



S M Wilson
Chairman

23 August 2003



W H Grant
Chief Executive Officer



G D Harvey
Chief Financial Officer

INDEPENDENT AUDIT REPORT
SOUTH BANK CORPORATION

Scope

The financial statements

The financial statements of the South Bank Corporation consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the Chairman, Chief Executive Officer and Chief Financial Officer, for the year ended 30 June 2003.

The Corporation's responsibility

The Corporation is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements are presented fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Corporation,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial statements.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed 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 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.

Audit Opinion

In accordance with section 46G of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the South Bank Corporation for the financial year 1 July 2002 to 30 June 2003 and of the financial position as at the end of that year.



PG SHIPPERLEY, FCPA
Assistant Auditor-General
(Delegate of the Auditor-General of Queensland)
Queensland Audit Office
Brisbane