



Australian Government
Australian Industrial Registry

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9654 6672

Mr Richard Lovell
Secretary-Treasurer
Australian Hotels Association
South Australian Branch
60 Hindmarsh Square
ADELAIDE SA 5000

By email: information@ahasa.asn.au

Dear Mr Lovell,

Attention: Bronte McCarthy, Manager - Finance & Administration

Re: Financial Reports for year ending 31 December 2004 - FR 2004/650

Schedule 1B of the Workplace Relations Act 1996 (the RAO Schedule)

I acknowledge receipt of the Operating Report for the South Australian Branch of the Australian Hotels Association for the year ended 31 December 2004. The report was lodged in the Industrial Registry on 7 October 2005.

Thank you for forwarding this document. The financial return for the branch for year ending 31 December 2004 has now been filed.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Andrew Schultz', written over a horizontal line.

Andrew Schultz
Statutory Services Branch

7 October 2005



AUSTRALIAN
HOTELS
ASSOCIATION
(SA)
ABN 77 237 576 146

5 October 2005

Mr Andrew Schultz
Australian Industrial Registry
GPO Box 1994S
MELBOURNE VIC 3001

Dear Sir,

Re: **Financial Reports for year ending 31 December 2004 – FR 2004/650**

Schedule 1B of the Workplace Relations Act 1996 (the RAO Schedule)

I refer to your letter dated 16 September 2005 regarding various matters in relation to the AHA(SA) Financial Reports for 2004.

Please find enclosed, the 2004 Operating Report to complete our reporting lodgements for the 2004 year.

I have also forwarded the relevant information to our Auditors for their action for our 2005 accounts.

If you have any further queries in relation to this matter please contact me on 08 8100 2470.

Yours faithfully

BRONTE McCARTHY
Manager – Finance & Administration

AHA SA

AUSTRALIAN
HOTELS
ASSOCIATION
(SA)

2004 OPERATING REPORT

2004 was the 134th continuous year of active service by the AHA (SA) as the peak industry body for the hotel industry in South Australia. It was one of the most challenging years for the industry. Among the many issues to confront SA hotels in 2004 were the passage of the Gaming Machines (Miscellaneous) Amendment Bill 2004, which will ultimately see the removal of 3000 gaming machines, the introduction of major restrictions on smoking in hotels following the passage of the Tobacco Products Regulation (Further Restrictions) Amendment Bill 2004 and pressure to change the Liquor Licensing Act 1997 from the National Competition Council.

AHA (SA) COUNCIL

As at 31 December, 2004, the AHA (SA) Council, duration of their office and their respective regions were as follows:

Region 1 Adelaide & North Adelaide	
Kerry Moore - 22 years	Brecknock Hotel
Greg Fahey - 15 years	General Havelock Hotel
Russell Little - 2 years	ALH Group
Peter Howell - 2 years	Wellington Hotel
Region 2 East Metro	
Leon Saturno - 3 years	Norwood Hotel
Richard Lovell - 13 years (Treasurer)	Marryattville Hotel
Region 3 West Metro	
Craig Williams - 3 years	Findon Hotel
Tony Franzone - 1 year	Grange Hotel
Region 4 North Metro	
Michael Wong - 6 years	Lasseters Hotels (SA)
Wally Woehlert - 2 years	Settlers Tavern
Region 5 South Metro	
Peter Hurley - 25 years (President)	Arkaba Hotel
Vicki Sullivan - 1 year	Cremorne Hotel
Region 6 Port Adelaide	
Jeff Ellis - 2 years	Port Anchor Hotel
Peter Brien - 20 years	Alberton Hotel
Region 7 Gawler & Barossa	
Andrew Plush - 15 years	Barossa Brauhaus Hotel
Region 8 Southern Coast	
Martin Palmer - 6 years	Morphett Arms Hotel
Region 9 Hills	
Tim Knox - 1 year	Grays Inn Hotel
Region 10 Lower North	

John Osborne - 12 years	Rising Sun Hotel
Region 11 Murray Mallee	
Shane Roberts - 4 years	Berri Resort Hotel
Region 12 Mid North	
Gregory Claughton - 1 year – <u>resigned August 2004</u>	
Region 13 Yorke Peninsula	
Ian Ravenscroft - 7 years	Moonta Hotel
Region 14 Port Pirie	
Tom Hannah - 1 year	Kent Town Hotel
Region 15 Upper North East	
Chris Branson - 2 years	Railway Hotel Motel
Region 16 Port Augusta & Far North	
Mark Ian Davies - 2 years	Ian's Western Hotel
Region 17 Whyalla	
Scott Matthews - 2 years	Matthews Hotel Group
Region 18 South East	
Brett Matthews - 10 years (Vice President)	Belair Hotel
Region 19 Eyre Peninsula	
Doug Elefsen - 23 years	Minnipa Hotel
Accommodation Division Representative	
Zayne Boon - 1 year	Mercure Grosvenor Hotel

During 2004, no officer or member of the AHA (SA) was:

- i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme on behalf of the AHA (SA).

ADVOCACY

As in previous years, 2004 saw enormous challenges confront the hotel industry in the areas of licensing, human resources and industrial relations. There has been further legislative change in occupational health and safety, workers compensation and the introduction of a revised – but far-reaching and controversial – Industrial Relations Reform Bill. Within the Australian Industrial Relations Commission (Federal), the Full Bench continued to hand down test case decisions, some of which presented significant change. The introduction of smoking bans and the increase in employment conditions afforded to casuals, formerly the sole right of full-time and part-time employees are examples of these. The licensing and gaming arena has seen similar confronting and controversial challenges.

INDUSTRIAL RELATIONS

Unfair dismissal claims, stress claims, employee dishonesty and underpaid wages claims continued to dominate industrial activities but the AHA (SA) continued to achieve outstanding outcomes for its members that were both timely and cost-effective.

The number of Industrial Court and Commission matters remained relatively static compared to previous years but telephone calls from members seeking advice increased significantly during the same period. Of all matters

lodged in the Industrial Court (15), none proceeded to trial. There were 40 matters lodged in the Industrial Commission (a decrease compared to the previous year) and none were listed for trial beyond the conciliation stage.

LIQUOR LICENSING

National Competition Policy

The AHA (SA) worked closely with the South Australian Government in relation to the National Competition Council's push to remove the current "need" provisions from the Liquor Licensing Act 1997 for the granting of hotel and retail liquor merchants' licences. The State Government will continue to have almost \$3 million in annual competition payments withheld by the Commonwealth if it does not make some changes to the Liquor Licensing Act 1997.

The AHA (SA) instructed Stephen Walsh QC to draft alternative legislation which replaces the "need" tests with a community benefit test in the hope of satisfying the NCC's requirements. We believe this proposal is a sensible compromise which still safeguards the significant investment in the industry by our members.

Good Friday Trading Hours

The Liquor Licensing Act was amended to enable licensees to apply for an extended trading authorisation from midnight on Maundy Thursday until 2am on Good Friday. The AHA (SA) unsuccessfully argued that licensees should be able to trade during that time without applying for approval in the same way they can from midnight on New Year's Eve.

Code of Practice

The Liquor and Gambling Commissioner is reviewing the current Code of Practice for the responsible service of liquor. This has been prompted by complaints that many of the irresponsible service practices prescribed in the Code are too vague. The new Code will hopefully provide a much clearer guide as to what is expected of licensees and staff in order to comply with harm minimisation principles.

GAMING

Resources

The AHA (SA) expended significant resources during 2004 on behalf of its members in order to protect their commercial interests in relation to gaming. Detailed and comprehensive legal advice was sourced during the course of the year, particularly to examine any unintended consequences of the Gaming Machines (Miscellaneous) Amendment Bill 2004. It was also used to support industry-requested amendments to the legislation. The use of industry consultants was another important resource in dealing with the legislation and securing the desired changes.

Reduction of Gaming Machines

The Gaming Machines (Miscellaneous) Amendment Bill 2004 was passed by State Parliament and it will ultimately result in the removal of 3000 gaming machines from hotels.

Inquiry into the Independent Gambling Authority

In late 2004, the Statutory Authorities Review Committee of the Legislative Council announced an inquiry into the effectiveness and efficiency of the IGA in its functions and powers, including its role and effectiveness in ensuring its statutory functions and powers are carried out consistently and responsibly.

The AHA (SA) provided the Committee with a written submission pointing out that we have constantly had to defend the hotel industry from impractical and unnecessary intrusions brought about by inquiries and other directions instigated by the Authority. The cost to the AHA (SA) and the industry has been significant and there was a risk nothing is likely to change unless there is an overhaul of the structure and role of the Authority. We stressed that our industry is, and always has been, totally committed to implementing appropriate harm minimisation reforms and we cannot continue to be distracted from achieving our vital goals.

RESPONSIBLE GAMBLING

To provide an additional service to members in 2004, the AHA (SA) appointed a Responsible Gambling Officer in May. Ms Rhonda Turley, who has a wealth of experience in the welfare sector, accepted this position. The service she provided included being the pivotal point of contact for responsible gambling inquiries and active liaison between venues, the welfare sector and regulatory bodies.

INSURANCE & RISK MANAGEMENT

The AHA (SA) has provided a specialised insurance management and advocacy management to members since July 2003. Numerous members have been assisted with insurance renewals, claims, coverage disputes and general insurance law matters. With the first full year completed, many members have benefited from this service in ensuring their best interests are protected, particularly for lessees. Most call for services in 2004 was from country members.

PUBLIC AFFAIRS

The AHA (SA) continued to maintain a high public profile on numerous media issues, including a range of topics surrounding the Gaming Machines (Miscellaneous) Amendment Bill 2004, new non-smoking laws and tourism-related issues that have a particular impact on the AHA (SA)'s Accommodation Division. The AHA (SA) also made a public call for life bans to be handed out to persons who commit indiscriminate acts of violence on licensed premises.

The AHA (SA) undertook a comprehensive advertising campaign aimed at achieving the best possible outcome from the gaming bill. The schedule included numerous print advertisements, including the highly successful "Local Heroes" theme and the editorial-style "Our Shout". The AHA (SA) also advertised on radio stations 5AA and MIX 102.3.

ASSOCIATION PERSONNEL

At 31 December, 2004, AHA (SA) staffing level was 12 fulltime employees.

MEMBERSHIP REPORT

The AHA (SA) achieved a record level of membership in 2004. As at 31 December, 2004, the membership increased to 563 members. Since 1999, membership has increased by 21.3%.

Any member of the AHA (SA) may resign from membership by written notice delivered to the General Manager.

FINANCE & ADMINISTRATION

Major maintenance expenses were incurred during the 2004 year through remedial work being required on the concrete columns of the AHA (SA)'s fourth floor balcony.

The total cost of the work undertaken was \$51,139.00 but the AHA (SA) contribution was able to be kept to only \$10,637.00 due to the Strata Corporation accepting the balance of the cost.



R. S. J. LOVELL
Secretary/Treasurer
13 April 2005



Australian Government
Australian Industrial Registry

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9654 6672

Mr Richard Lovell
Secretary-Treasurer
Australian Hotels Association
South Australian Branch
60 Hindmarsh Square
ADELAIDE SA 5000

By email: information@ahasa.asn.au

Dear Mr Lovell,

Re: Financial Reports for year ending 31 December 2004 - FR 2004/650
Schedule 1B of the Workplace Relations Act 1996 (the RAO Schedule)

I acknowledge receipt of the financial report for the South Australian Branch of the Australian Hotels Association for the year ended 31 December 2004. The documents were lodged in the Industrial Registry on 16 May 2005.

As you would be aware, this is the first lodgment by the branch of its audited financial report under Schedule 1B (Registration and Accountability of Organisations (RAO) Schedule) which commenced on 12 May 2003. A chronological summary of the RAO provisions is set out in the enclosed *Timeline*.

The financial report has not yet been filed as the following document is required to be lodged in the Registry by Friday 7 October 2005.

Operating Report

The branch is required to prepare an Operating Report in accordance with the requirements of s254 of the RAO Schedule as follows:

(1) As soon as practicable after the end of each financial year, the committee of management of a reporting unit must cause an operating report to be prepared in relation to the financial year.

(2) The operating report must:

(a) contain a review of the reporting unit's principal activities during the year, the results of those activities and any significant changes in the nature of those activities during the year; and

(b) give details of any significant changes in the reporting unit's financial affairs during the year; and

(c) give details of the right of members to resign from the reporting unit under section 174; and

(d) give details (including details of the position held) of any officer or member of the reporting unit who is:

(i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or

(ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme;

where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation; and

(e) contain any other information that the reporting unit considers is relevant; and

(f) contain any prescribed information.

(3) To avoid doubt, the operating report may be prepared by the committee of management or a designated officer.

Note: This section is a civil penalty provision (see section 305).

Regulation 159 of the RAO Regulations sets out the following additional requirements for the Operating Report:

For paragraph 254 (2) (f) of the RAO Schedule, the following information is prescribed:

(a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for section 230 of the RAO Schedule and who are taken to be members of the reporting unit under section 244 of the RAO Schedule;

(b) the number of persons who were, at the end of the financial year to which the report relates, employees of the reporting unit, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis;

(c) the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period, and the period for which he or she held such a position. (underlining added)

Comments to assist in future financial years

The comments below may assist you when you next prepare financial reports. No further action is required regarding these issues with respect to the lodged documents.

Auditor's Report

The Auditor's Report should be revised so that it specifically confirms whether, in the Auditor's opinion, the accounts are presented fairly in accordance with the *Australian Accounting Standards* and the requirements of the RAO Schedule – see s257(5) of the RAO Schedule.

In addition, the auditor's report should indicate whether the auditor is an *approved auditor*. Regulation 4 of the RAO Regulations defines an approved auditor as a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the National Institute of Accountants and holds a current Public Practice Certificate. Accordingly, the auditor should provide sufficient information in the audit report to enable users of the accounts to be satisfied that the auditor is an approved auditor as defined in Regulation 4.

Committee of Management Statement

Clause (e)(iv) of the Committee of Management Statement stated that *'the organisation consists of 1 reporting unit'*.

This is erroneous as the 'organisation' registered under the RAO Schedule (that is, the AHA) would appear to consist of 9 reporting units that include each of the states and territories in Australia as well as the national office of the organisation.

Accordingly, in future financial years this clause should be amended. In addition, the Committee of Management Statement will need to state whether the financial records of the branch have been kept, as far as practicable, in a consistent manner to each of the other branches/reporting entities of the organisation – see Item 17(e)(iv) of the Reporting Guidelines.

Further information

For your assistance, we recommend that you and your accountant/auditor refer to the following documents on the Commission's website at www.airc.gov.au:

- RAO Schedule
- RAO Regulations
- Registrar's Reporting Guidelines - All General Purpose Financial Reports must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- RAO Fact Sheets - These Fact Sheets explain the requirements of the RAO Schedule - many of them deal with financial reporting matters.

If you have any queries, please contact me by email at andrew.schultz@air.gov.au or by phone on (03) 8661 7799.

Yours faithfully,

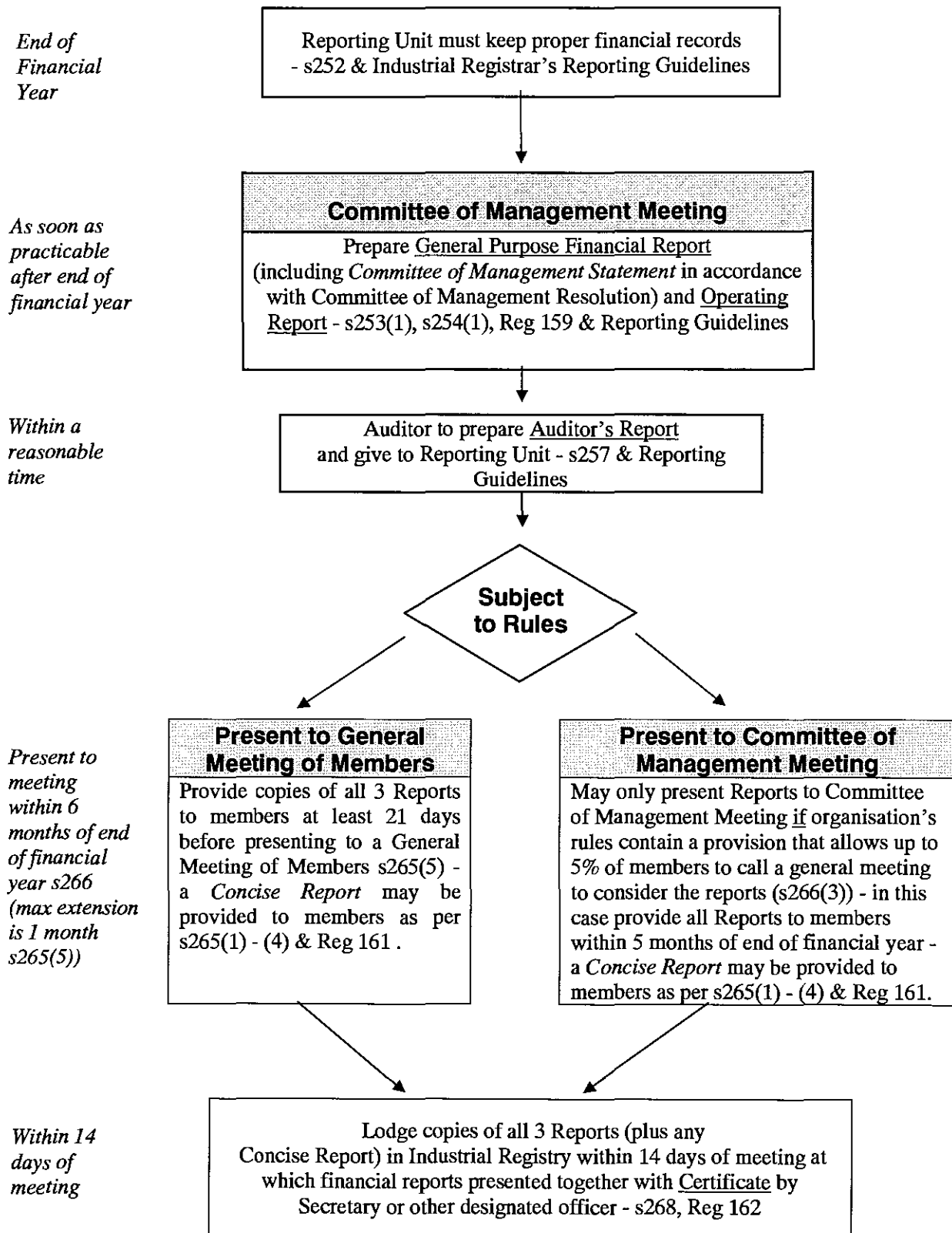


Andrew Schultz
Statutory Services Branch

16 September 2005

Financial Reporting Timeline (RAO Schedule)

Lodge financial reports within 6½ months of end of financial year by completing the following steps:



**AHA
SA**

AUSTRALIAN
HOTELS
ASSOCIATION
(SA)
ABN 77 237 576 146

FR2004/650

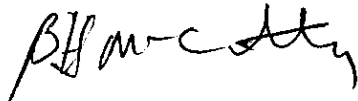
12 May 2005

Australian Industrial Registry
GPO Box 1994S,
MELBOURNE VIC 3001

Dear Sir,

Please find enclosed, our Certificate of Secretary/Treasurer and the full Annual Report for the Australian Hotels Association (SA Branch) for the 2004 year.

Yours faithfully



BRONTE McCARTHY
Manager – Finance & Administration

Certificate of Secretary/Treasurer
S268 of Schedule 1B Workplace Relations Act 1996

I Richard Stefan John Lovell being the Secretary/Treasurer of the Australian Hotels Association (South Australian Branch) certify:

. that the documents lodged herewith are copies of the full report referred to in s268 of the RAO Schedule; and

. that the full report, was provided to members on 14 April 2005; and

. that the full report was presented to a general meeting of members of the reporting unit on 4 May 2005; in accordance with section 266 of the RAO Schedule.



Signed:

Dated: 5 May 2005

AHA

SA

AUSTRALIAN
HOTELS
ASSOCIATION
(SA)

2004 ANNUAL REPORT



AUSTRALIAN
HOTELS
ASSOCIATION
(SA)

2004 ANNUAL REPORT

2004 was the 134th continuous year of active service by the AHA (SA) as the peak industry body for the hotel industry in South Australia. It was one of the most challenging years for the industry. Among the many issues to confront SA hotels in 2004 were the passage of the Gaming Machines (Miscellaneous) Amendment Bill 2004, which will ultimately see the removal of 3000 gaming machines, the introduction of major restrictions on smoking in hotels following the passage of the Tobacco Products Regulation (Further Restrictions) Amendment Bill 2004 and pressure to change the Liquor Licensing Act 1997 from the National Competition Council. As has been the trend for some time now, South Australian hotels tasted success at the National Hotel Awards for Excellence, with the Mount Gambier Hotel taking out the award for Best Overall Hotel (pub style) and the Ramada Plaza Pier Hotel & Suites honoured for Best Superior Accommodation (joint winner).

The AHA (SA) continued to be one of the most powerful, effective and dynamic industry bodies in Australia. A key aspect of this success was a record membership level – 563. This is testament to the high standard of ongoing service given to members by the AHA (SA). Another significant move in 2004 was the appointment of a Responsible Gambling Officer to the AHA (SA). Ms Rhonda Turley came across from the welfare sector to take up this role.

The AHA (SA) was led by Mr Peter Hurley (President), Mr Brett Matthews (Vice President) and Mr Richard Lovell (Secretary Treasurer). Mr John Lewis completed his sixth year as General Manager of the AHA (SA).

AHA (SA) COUNCIL

As at 31 December, 2004, the AHA (SA) Council and their respective regions were as follows:

Region 1 Adelaide & North Adelaide	
Kerry Moore	Brecknock Hotel
Greg Fahey	General Havelock Hotel
Russell Little	ALH Group
Peter Howell	Wellington Hotel
Region 2 East Metro	
Leon Saturno	Norwood Hotel
Richard Lovell	Marryattville Hotel
Region 3 West Metro	
Craig Williams	Findon Hotel
Tony Franzone	Grange Hotel
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Michael Wong	Lasseters Hotels (SA)
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Andrew Plush	Barossa Brauhaus Hotel
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Martin Palmer	Morphett Arms Hotel
Region 9 Hills	
Tim Knox	Grays Inn Hotel
Region 10 Lower North	
John Osborne	Rising Sun Hotel
Region 11 Murray Mallee	
Shane Roberts	Berri Resort Hotel
Region 12 Mid North	
position vacant	
Region 13 Yorke Peninsula	
Ian Ravenscroft	Moonta Hotel
Region 14 Port Pirie	
Tom Hannah	Kent Town Hotel
Region 15 Upper North East	
Chris Branson	Railway Hotel Motel
Region 16 Port Augusta & Far North	
Mark Ian Davies	Ian's Western Hotel
Region 17 Whyalla	
Scott Matthews	Matthews Hotel Group
Region 18 South East	
Brett Matthews	Belair Hotel
Region 19 Eyre Peninsula	
Doug Elefsen	Minnipa Hotel
Accommodation Division Representative	
Zayne Boon	Mercure Grosvenor Hotel

The Association wishes to recognise the outstanding service of AHA (SA) Councillors in the last 12 months.

AHA (SA) Councillors are the ultimate decision-makers of the Association, forming our Committee of Management. They are volunteers who represent a diverse range of industry operators and their support and dedication to the hotel industry is very much appreciated.

During 2004, no officer or member of the AHA (SA) was:

- i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme on behalf of the AHA (SA).

ADVOCACY

AHA (SA) members continue to benefit from the in-house licensing and human resource and industrial relations advocacy services invariably resulting in outstanding outcomes achieved in a timely and cost-effective manner across a variety of legal jurisdictions.

As in previous years, 2004 saw enormous challenges confront the hotel industry in the areas of licensing, human resources and industrial relations. There has been further legislative change in occupational health and safety, workers compensation and the introduction of a revised – but far-reaching and controversial – Industrial Relations Reform Bill. Within the Australian Industrial Relations Commission (Federal), the Full Bench continued to hand down test case decisions, some of which presented significant change. The introduction of smoking bans and the increase in employment conditions afforded to casuals, formerly the sole right of full-time and part-time employees are examples of these. The licensing and gaming arena has seen similar confronting and controversial challenges.

INDUSTRIAL RELATIONS

Members continued to be better informed on current and future industry issues than ever before. The AHA (SA) continued its training partnership with Regency International Centre for Hospitality, Leisure and Food Studies and the training programs available to the staff of member hotels ensured the hotel industry in SA continues to be serviced by not only experienced but qualified staff.

Unfair dismissal claims, stress claims, employee dishonesty and underpaid wages claims continued to dominate industrial activities but the AHA (SA) continued to achieve outstanding outcomes for its members that were both timely and cost-effective.

The number of Industrial Court and Commission matters remained relatively static compared to previous years but telephone calls from members seeking advice increased significantly during the same period. Of all matters lodged in the Industrial Court (15), none proceeded to trial. There were 40 matters lodged in the Industrial Commission (a decrease compared to the previous year) and none were listed for trial beyond the conciliation stage.

The workers compensation jurisdiction saw nine claims disputed in the Workers Compensation Tribunal, with generally favourable outcomes. In a number of cases, the AHA (SA)'s intervention resulted in what could only be described as difficult long-term claims being settled with the employment nexus being severed on a permanent basis.

An industry critical and Workers Compensation Scheme critical claim by a hotel worker for a cancer condition allegedly caused as a consequence of exposure to passive environmental tobacco smoke in the workplace is being carefully monitored.

There were no disability discrimination complaints lodged against hotels throughout the year.

The Human Rights and Equal Opportunities Commission handled three discrimination complaints lodged against AHA (SA) members, but these complaints were eventually declined after lengthy legal submissions and arguments. There were two discrimination complaints handled by the Equal Opportunity Commission with none being settled by way of a payment of compensation. Although the human resources & industrial relations environment remained extremely busy, AHA (SA) were offered only the highest levels of service across a diverse and complex range of areas.

LIQUOR LICENSING

National Competition Policy

The AHA (SA) worked closely with the South Australian Government in relation to the to National Competition Council's push to remove the current "need" provisions from the Liquor Licensing Act 1997 for the granting of hotel and retail liquor merchants' licences. The State Government will continue to have almost \$3 million in annual competition payments withheld by the Commonwealth if it does not make some changes to the Liquor Licensing Act 1997.

The AHA (SA) instructed Stephen Walsh QC to draft alternative legislation which replaces the "need" tests with a community benefit test in the hope of satisfying the NCC's requirements. We believe this proposal is a sensible compromise which still safeguards the significant investment in the industry by our members.

Good Friday Trading Hours

The Liquor Licensing Act was amended to enable licensees to apply for an extended trading authorisation from midnight on Maundy Thursday until 2am on Good Friday. The AHA (SA) unsuccessfully argued that licensees should be able to trade during that time without applying for approval in the same way they can from midnight on New Year's Eve.

Barring of Patrons

The AHA (SA) publicly stated that the current barring provisions are unsatisfactory because a person who commits a serious offence on the licensed premises, such as assault, can only be barred from the premises for a maximum period of three months for a first barring. We met with the Liquor and Gambling Commissioner and publicly called on the State Government to introduce life bans for people who commit indiscriminate acts of violence in licensed venues.

Code of Practice

The Liquor and Gambling Commissioner is reviewing the current Code of Practice for the responsible service of liquor. This has been prompted by complaints that many of the irresponsible service practices prescribed in the Code are too vague. The new Code will hopefully provide a much clearer guide as to what is expected of licensees and staff in order to comply with harm minimisation principles.

Knives in or near Licensed Premises

The Summary Offences (Offensive Weapons) Amendment Act 2004 came into force on 1 July, 2004. It is now an offence for any person to carry an offensive weapon in, or in the vicinity of, licensed premises between 9pm and 6am of the following morning without lawful excuse. The maximum penalty for a person who commits an offence against the Act is a fine of \$10,000 or two years imprisonment. The AHA (SA) supported the legislation to reinforce the positive image that hotels are safe places to visit.

Licence Statistics

As at 30 June, 2004, the following licences were in force:

♦ Hotel	628
♦ Residential	187
♦ Wholesale Liquor Merchant	239
♦ Retail Liquor Merchant	199
♦ Entertainment Venue	28
♦ Restaurant	1009
♦ Producer	757
♦ Club	476
♦ Limited Club	710
♦ Special Circumstances	529
♦ Direct Sales	87

GAMING

Resources

The AHA (SA) expended significant resources during 2004 on behalf of its members in order to protect their commercial interests in relation to gaming. Detailed and comprehensive legal advice was sourced during the course of the year, particularly to examine any unintended consequences of the Gaming Machines (Miscellaneous) Amendment Bill 2004. It was also used to support industry-requested amendments to the legislation. The use of industry consultants was another important resource in dealing with the legislation and securing the desired changes. In particular, the AHA (SA) is appreciative of the work undertaken by Ms Cathie King.

Reduction of Gaming Machines

The Gaming Machines (Miscellaneous) Amendment Bill 2004 was passed by State Parliament and it will ultimately result in the removal of 3000 gaming machines from hotels.

Throughout the debate, the AHA (SA) maintained the stance that there are far more effective measures of reducing problem gambling than by removing 3000 gaming machines from hotels.

After months of intense lobbying, the AHA (SA) secured a number of outcomes that were far more favourable than recommendations contained in the Independent Gambling Authority (IGA) Report on gaming machine numbers. These included:

- An amendment to the IGA Act ensuring that when making any decision or recommendation concerning gambling reform that may impact negatively on our industry, the IGA must act consistently with the object of *maintaining an **economically viable** and socially responsible hotel (and club) gaming machine industry*;
- No further reductions in gaming machine numbers for the next 10 years (until 30 June, 2014);
- No increase in the rates of gaming tax for the next 10 years (until 30 June, 2014);
- Removal of the clause from the Bill that would have required gaming machine licences to be renewed every five years;
- Removal of the clause that would have seen the introduction of regional and locality caps on gaming machine numbers;
- Legislative protection for licensees (tenants) from any provisions of their leases, mortgages or related agreements requiring them to maintain gaming machine entitlements in excess of the number assigned to them, on commencement of new laws;
- Guidelines issued by the Independent Gambling Authority to be scrutinised by Parliament in future; and
- A fixed price for the transfer of machine entitlements (\$50,000 per machine entitlement).

Gaming Sub-Committee

In January 2004, the AHA (SA) established a Gaming Sub-Committee to focus primarily on the significant number of gaming issues affecting the hotel industry. This committee was primarily sourced from the existing AHA (SA) Executive and AHA (SA) Council, as well as the broader membership. The committee worked incredibly hard during the year to ensure the best possible outcomes for members in relation to gaming matters. This included many long hours on the 3000-machine reduction and associated trading legalisation, the codes of practice, submissions to IGA inquiries and the development of the early intervention initiative.

Codes of Practice

Following extensive hearings before the Independent Gambling Authority, a new Responsible Gambling Code of Practice and an Advertising Code of Practice came into force on 30 April, 2004.

The interpretation of the codes is unclear, which led the Liquor and Gambling Commissioner to seek clarification from the Crown Law Office. However, the guidelines subsequently issued by him were not definitive and have resulted in further uncertainty. We sought an interpretation from Frances Nelson QC, which will be discussed with the Commissioner in the hope of resolving any conflict. It is imperative that this is achieved before Stage 2 of the Codes of Practice is released.

Inquiry into the Independent Gambling Authority

In late 2004, the Statutory Authorities Review Committee of the Legislative Council announced an inquiry into the effectiveness and efficiency of the IGA in its functions and powers, including its role and effectiveness in ensuring its statutory functions and powers are carried out consistently and responsibly.

The AHA (SA) provided the Committee with a written submission pointing out that we have constantly had to defend the hotel industry from impractical and unnecessary intrusions brought about by inquiries and other directions instigated by the Authority. The cost to the AHA (SA) and the industry has been significant and there was a risk nothing is likely to change unless there is an overhaul of the structure and role of the Authority. We stressed that our industry is, and always has been, totally committed to implementing appropriate harm minimisation reforms and we cannot continue to be distracted from achieving our vital goals.

RESPONSIBLE GAMBLING

To provide an additional service to members in 2004, the AHA (SA) appointed a Responsible Gambling Officer in May. Ms Rhonda Turley, who has a wealth of experience in the welfare sector, accepted this position. The service she provided included being the pivotal point of contact for responsible gambling inquiries and active liaison between venues, the welfare sector and regulatory bodies.

Venue Liaison

Over 80 venues were visited around the state during 2004 to assist gaming staff with implementing the Responsible Gambling and Advertising Codes of Practice, to conduct gaming room audits, to provide signage for gaming rooms and to support venues with required documentation and barring processes.

Training

In-house training was delivered to 228 gaming room staff, involving 58 venues on the Responsible Gambling and Advertising Codes of Practice and advanced training for senior staff in the identification of problem gamblers, intervention techniques and the administration of the self-exclusion barring process. Three of the advance training sessions were held in conjunction with the Jackpot Club. Counsellors from the Break Even gambling counselling services were also involved in a number of the sessions with positive outcomes achieved in building relationships between the venues and local gambling services.

Meetings were held between South Australian accredited training providers to ensure uniform interpretation of codes.

Independent Gambling Authority

The AHA (SA) actively participated in three IGA inquiries through submissions and attendance at public hearings – Second Stage Code of Practice, Inquiry into Smart Card Technology (no public hearing held) and Inquiry into the Effectiveness of Gambling Rehabilitation Services.

In response to claims that venues were non-compliant with the codes of practice, a chronology of compliance was forwarded to the IGA, which clearly demonstrated compliance of hotels in this area.

Resource Development

A generic document produced to assist venues comply with the requirements of the Responsible Gambling Code of Practice included roles and responsibilities of gaming staff, staff training register and policies and procedures. This had been identified as an area of non-compliance by the Office of the Liquor and Gambling Commissioner (this did not indicate that the policies and procedures were not in place, just the documentation). Over 200 of these documents were sent to members upon request.

A barring and self-exclusion policy and best practice guidelines were developed and sent to all AHA (SA) members.

Conference/Activities

During the year, the AHA (SA) was represented at the following:

- Ongoing liaison gambling services – ongoing;
- Meetings with the Independent Gambling Authority;
- Meetings with the Office of Liquor and Gambling Commissioner;
- Gamblers Rehabilitation Fund Committee;
- Presentation at the AHA (SA) Hospitality & Catering Exhibition;
- Gamblers Rehabilitation Fund Community Education Committee;
- Department of Education Responsible Gambling Strategy Committee;
- Flinders University – review into implementation of codes of practice;
- AHA(SA) Hotel Industry Conference;
- National Association of Gambling Studies annual conference; and
- Presentations at a range of forums including Gambling Awareness Week Expo, Port Pirie Community Forum on Gambling and Flinders University Gambling Practitioners Workshop.

INSURANCE & RISK MANAGEMENT

The AHA (SA) has provided a specialised insurance management and advocacy management to members since July 2003. Numerous members have been assisted with insurance renewals, claims, coverage disputes and general insurance law matters. With the first full year completed, many members have benefited from this service in ensuring their best interests are protected, particularly for lessees. Most call for services in 2004 was from country members.

AON Risk Services "Hostpack" policy remained the leader in policy coverage for hoteliers and while two reputable alternatives were active in the market, coverage gaps remained.

There were other insurance providers who continued to sell basic cover along with restrictive conditions. Many hoteliers were not aware they were uninsured for some key covers.

Insurance Market Overview

Insurance premium increases peaked in the latter half of 2004 and unlike some other industrial sectors that have seen small decreases, insurers demonstrated no comparative keenness to write hospitality business let alone at reduced rates. The AHA (SA) made some progress in 2004 that may result in reductions for members in 2005, however on a global basis, the insurance industry is expected to record 2004 as the largest loss year in history, even surpassing 2001. Any flow-on effect of this will largely be determined by the world reinsurance market.

Electricity

In response to member requests, an attractive deal was sought and arranged to ensure best prices, terms and advice for all members, dealing with specialist energy consultant, Trans Tasman Energy Group. To date, Trans Tasman Energy Group has exceeded expectations in capability and service to members.

Council Fire Safety Inspections

Many country members met with difficulty over council fire safety inspections, which are a statutory function of local government. It became apparent that affected members had not been properly advised of rectification and compliance options available to them. The AHA (SA) provided an advocacy service to members in this complex area of compliance.

ACCOMMODATION DIVISION

The Accommodation Division met regularly throughout 2004. The new electronic accommodation statistics on the whole proved successful. It was noted that it is important to get as many hotels as possible to contribute to the data.

A large focus in 2004 was the drop in occupancy rates over the winter months. The AHA (SA) publicly campaigned for a more even spread of major events across the course of the year in order to improve this situation. Accommodation Division Representative Zayne Boon was a part of the State Government's "Winter in Adelaide Group", a working party established with a view to attracting more events to Adelaide during this period.

The AHA (SA) also continued to have an excellent working relationship with the South Australian Tourism Commission. AHA (SA) President, Mr Peter Hurley continued his Board membership of the Australian Tourist Commission until it was dismantled on 30 June, 2004. Mr John Lewis continued as a Board Member of the Adelaide Convention and Tourism Authority.

PUBLIC AFFAIRS

Mr Hamish Arthur was appointed to the role of Manager – Public Affairs in May 2004.

The AHA (SA) continued to maintain a high public profile on numerous media issues, including a range of topics surrounding the Gaming Machines (Miscellaneous) Amendment Bill 2004, new non-smoking laws and tourism-related issues that have a particular impact on the AHA (SA)'s Accommodation Division. The AHA (SA) also made a public call for life bans to be handed out to persons who commit indiscriminate acts of violence on licensed premises.

The AHA (SA) undertook a comprehensive advertising campaign aimed at achieving the best possible outcome from the gaming bill. The schedule included numerous print advertisements, including the highly successful "Local Heroes" theme and the editorial-style "Our Shout". The AHA (SA) also advertised on radio stations 5AA and MIX 102.3.

The AHA (SA) provided substantial support to members who called the office with queries or to members who needed advice on how to liaise with the media. An advisory service for the new non-smoking laws was established in conjunction with the State Government and the Licensed Clubs Association.

There was extensive communication with members through faxstreams and for the first time, members were able to receive these newsletters on email (which represented a cost saving to the Association).

It was resolved the AHA (SA) would establish two separate websites. The existing website would be converted to a "consumer only" resource, with a brand new corporate site that better reflects the image of the AHA (SA) to be built.

Broadcasts of metropolitan Sydney races were disrupted from March for more than five months because of a rights dispute between the major racing clubs in Sydney and Sky Channel. Subscribers were given a small discount on their Sky Channel fees as compensation.

NATIONAL AHA ACTIVITIES

Mr David Elliott completed 2004 as the AHA's National Affairs Manager. The AHA National Convention was held on the Gold Coast in October.

EVENTS

The 2004 Hotel Industry Conference, sponsored by the South Australian Brewing Company, was held at the Holiday Inn on Hindley on Tuesday, 9 March. More than 200 guests attended, including members and sponsors. The event covered a range of topics relevant to the industry, such as "*Beer and the On-Premise Market*" and "*Smart Employment Practice*". There was also an enlightening presentation by Barry Urquhart of Marketing Focus entitled "*Street Smart Marketing*". The senior coach of AFL club Collingwood, Michael Malthouse, was the keynote speaker and was very well received. The conference saw the introduction of an interactive panel discussion, with the topic being "*Gaming*".

The 2004 Annual General Meeting and luncheon was held at the Lakes Resort Hotel on Wednesday, 5 May. About 200 guests, including members and sponsors, enjoyed the post-meeting luncheon. Guest speaker was Mr Phil Smyth, coach of the Adelaide 36ers basketball team.

It was determined the Women in Hotels Conference would become a bi-annual event. The next conference was scheduled for late 2005.

Phillips Fox Lawyers, an AHA (SA) sponsor, hosted a seminar on the topic "*Married to the Mob: Obligations and Strategies in dealing with members of the public*". This was held at the Mercure Grosvenor on Thursday, 18 November and around 70 guests attended. The seminar provided sound legal advice and recommendations.

The 2004 AHA (SA) and CUB Race Day, sponsored by Carlton and United Beverages, was held at Morphettville Racecourse on Wednesday, 14 July. The day drew an attendance of 230. Guests took part in a "Best Hat Competition" and the Race Day Quiz. Mr John Letts also provided expert tips.

The 2004 AHA (SA) Hospitality and Catering Exhibition was held on 21 and 22 July and it attracted a record number of exhibitors. The two-day trade show, which was held at the Adelaide Convention Centre, drew more than 3000 people. The AHA (SA) held its own seminars that covered various industry issues as part of the event.

The 2004 AHA (SA) President's Christmas Lunch was held on Tuesday, 14 December in the Ballroom at the Hyatt Regency Hotel. It was attended by 242 guests, including AHA (SA) Councillors, AHA (SA) sponsors, Members of Parliament, senior media representatives, hotel group owners, charity representatives and VIP guests. Mr Chris Dittmar was the master of ceremonies for this event. The main speech by AHA (SA) President, Mr Peter Hurley, summed up the pertinent issues of year passed. There was a particular focus placed on the need to attract more skilled workers to the hotel industry. There was also a call for genuine business lunches to be tax deductible. The Hon. Kevin Foley MP, as Acting Premier, responded. The AHA (SA) presented cheques to the Royal Flying Doctor Service, Hutt Street Centre Development Appeal and St Ann's Special School.

HOTEL CARE COMMUNITY PROJECTS

The AHA (SA)'s proud tradition of supporting community groups continued in 2004. Through funds allocated by the Independent Gaming Corporation, the AHA (SA)'s Hotel Care Community Projects was able to provide \$342,035.53 in financial support to the following organisations:

Crippled Children's Association
Cora Barclay Centre for Deaf and Hearing Impaired Children
Queen Elizabeth Hospital Research Foundation
Gawler Health Foundation
Foodbank of South Australia
Variety – The Children's Charity
Australian Cranio-Maxillo Facial Foundation
Bedford Industries
Burnside Hospital Foundation

Fleurieu Peninsula Biennale
 Royal Flying Doctor Service
 Flinders Medical Centre Foundation
 Spastic Centres of South Australia
 Hanson Centre for Cancer Research
 St Ann's Special School
 Adelaide Festival Centre Foundation
 YMCA of South Australia
 Adelaide Football Club
 Northern Area Riding for the Disabled
 Hutt Street Centre Development Appeal

HOTEL INDUSTRY AWARDS

"*Beer goes to Hollywood*" was the theme for the 2004 Hotel Industry Awards, an event that was once again generously supported by Carlton & United Beverages, Coopers and the South Australian Brewing Company.

As it has been for many years, this was the premier event on the industry's calendar. Held at the Adelaide Convention Centre, nearly 800 guests celebrated the best our industry has to offer. The evening was hosted by media personality Mrs Jane Doyle.

AHA (SA) Hotel Industry Award winners in 2004 were:

Category	Sponsored By	Winner
Best Pub Style Accommodation	Carlton & United Beverages	Nuriootpa Vine Inn Hotel
Best Hotel Accommodation – Mid Range	Vero Workers Compensation	Mercure Grosvenor
Best Hotel Accommodation – Deluxe	Phil Hoffman Travel	Hilton Adelaide
Best Family Restaurant	Coca Cola Amatil (Aust) Pty Ltd	Empire Hotel
Best Bistro Dining– Country	H & L Australia	Murray Bridge Hotel
Best Bistro Dining – Inner Metro	AON Risk Services Australia	Crown & Sceptre Hotel
Best Bistro Dining – Outer Metro	Coca Cola Amatil (Aust) Pty Ltd	Grange Hotel
Best Restaurant – Superior	Macmont Pty Ltd	Lakes Resort Hotel
Best Prestigious Dining (International Hotels)	Coopers Brewery	Radisson Playford
Best Bar Presentation & Service – Country	Carlton & United Beverages	Streaky Bay Hotel Motel
Best Bar Presentation & Service – Metropolitan	South Australian Brewing Company	Belgian Beer Cafe
Best Retail Outlet – Country	British American Tobacco Australia	Naracoorte Hotel Motel
Best Retail Outlet – Metropolitan	Carlton & United Beverages	Hampstead Hotel
Best Entertainment Venue – Nightclub	APRA Australasian Performing Right Association	Alma Tavern, Norwood
Best Live Music Pub	Coopers Brewery	Eagle on the Hill Hotel
Best Sporting Entertainment	SA TAB	Stockade Tavern

Best Hotel Development/Redevelopment – Country (under \$500,000)	South Australian Brewing Company	Old Mundulla Hotel
Best Hotel Development/Redevelopment – Country (over \$500,000)	Sky Channel Pty Ltd	Normanville Hotel
Best Hotel Development/Redevelopment – Metropolitan (under \$1.5 million)	Southcorp Wines	Grange Hotel
Best Hotel Development/Redevelopment – Metropolitan (over \$1.5 million)	Diageo Australia	Hilton Adelaide
Community Service & Support	SA Lotteries	Berri Resort Hotel
Best Marketed Hotel	Kelly & Co. Lawyers	Mawson Lakes Hotel
Best Gaming Machine Venue – Country	South Australian Brewing Company	Big River Golf & Country Club
Best Gaming Machine Venue – Metropolitan	Host Plus Pty Ltd	Lakes Resort Hotel
Best Themed Pub	Coopers Brewery	Bombay Bicycle Club – Ovingham Hotel
Best Hotel Restrooms		Archer Hotel
Best Wine List & Service	Southcorp Wines	Caledonian Hotel, North Adelaide
Best Training Initiative	Host Plus Pty Ltd	Saturno Hotels The Jones Group

The Hospitality Group Training Employer of the Year was the Belair Hotel Group. Mr Fred Basher OAM was honoured with an AHA (SA) Distinguished Service Award. No awards were given for Best Environmental Initiative or Hotel of the Year.

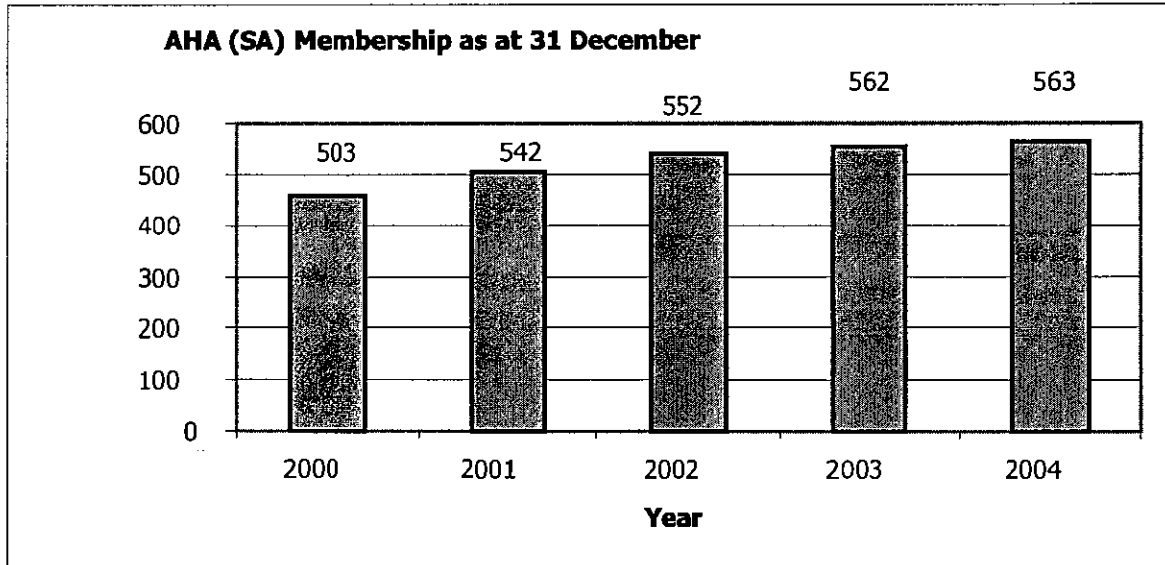
ASSOCIATION PERSONNEL

Mr John Lewis completed his sixth year as General Manager. We welcomed Mr Hamish Arthur (Manager – Public Affairs) and Ms Rhonda Turley (Responsible Gambling Officer). We farewelled Ms Sarah Kelly and Ms Carolyn Coleman. We welcomed and farewelled Ms Aimie Ellis (Manager – Events & Sponsorship). AHA (SA) staff continued to work tirelessly throughout 2004, providing a high level of professional service both to members and the general community. At 31 December, 2004, AHA (SA) staffing level was 12 employees, as follows:

- ♦ John Lewis General Manager
- ♦ Sharon Bombardieri Executive Assistant
- ♦ Bronte McCarthy Manager - Finance & Administration
- ♦ Brian Devey Manager - Industrial Relations & Human Resources
- ♦ Tina Penniment IR/HR Adviser
- ♦ Hamish Arthur Manager - Public Affairs
- ♦ Luigi Timpano Manager - Membership
- ♦ Rosemary Dunstan Administrative Assistant
- ♦ Michael Jeffries Manager – Licensing and Gaming
- ♦ Rhonda Turley Responsible Gambling Officer
- ♦ Mark Holmes Manager – Risk & Insurance
- ♦ Jacqueline Woodward Receptionist

MEMBERSHIP REPORT

Number of Members



The AHA (SA) achieved a record level of membership in 2004. As at 31 December, 2004, the membership increased to 563 members. Since 1999, membership has increased by 21.3%.

Regional Meetings were also of particular importance in 2004 with the General Manager, John Lewis and Manager – Membership, Luigi Timpano attending most meetings. Meetings were very well attended by most member hotels. A total of 18 Regional Meetings was held during 2004 in the following regions:

- Metro
- Gawler & Barossa
- South Coast/Hills
- Lower/Mid/Upper North East
- Metro
- South East
- Yorke Peninsula
- Port Pirie/Port Augusta & Far North/Whyalla
- Eyre Peninsula
- Gawler & Barossa
- South Coast/Hills
- Murray Mallee
- Lower/Mid/Upper North East
- Metro
- South East
- Yorke Peninsula
- Port Pirie/Port Augusta & Far North/Whyalla
- Eyre Peninsula

Luigi Timpano, Manager – Membership visited over 500 hotels during 2004, covering a distance of 30,000km.

Any member of the AHA (SA) may resign from membership by written notice delivered to the General Manager.

CORPORATE SPONSORSHIP

The number of suppliers to the industry choosing to support the AHA (SA) through the various levels of sponsorship continued to increase throughout 2004, with several companies upgrading their status from bronze to silver. Several new bronze sponsors came on board throughout the sponsorship period. The Association acknowledges its sincere appreciation for this support and in turn provides our sponsors with opportunities to maximise business with AHA (SA) members.

The following companies were AHA (SA) sponsors in 2004:

PLATINUM

AON Risk Services Australia
Carlton & United Beverages
Coopers Brewery
South Australian Brewing Company

GOLD

The Advertiser
Coca-Cola Amatil (Aust) Pty Ltd
Diageo Australia
H & L Australia
Hardy Wine Company
Orlando Wyndham
Phil Hoffman Travel
Sky Channel Pty Ltd
Southcorp Wines
Vero Workers Compensation

SILVER

Ainsworth Game Technology
APRA Australasian Performing Right Association
Aristocrat Technologies
Cadbury Schweppes
Host Plus Pty Ltd
IGT
Independent Distillers
Jasol Australia
John Lewis Foodservice
Kelly & Co. Lawyers
Konami Australia Pty Ltd
Macmont Pty Ltd
SA Lotteries
SA TAB
Steele & Associates Hotel Brokers
Swift & Moore Pty Ltd
T J Board & Sons Pty Ltd
Wallmans Lawyers

BRONZE

Angove's
Arnott's Snackfoods
ATM Solutions
Australian Liquor Marketers
Bank SA
Beringer Blass Wine Estates
BOC Limited
Boyen Publishing
Bytecraft Entertainment Systems
Casual Living Commercial
Curtin (SA) Pty Ltd
Duncan Basheer Hannon
Eagle Solutions

Envestra
Harvey Norman Commercial
Jaquillard Minns
Lancer Pacific
Langfords Hotel Brokers
Manchester Unity
Maximum Gaming
Milne & Zappia Architects
Moore Stephens PM
Phillips Fox
Piper Alderman Lawyers
Ron Johnson Hotel Brokers
SA Liquor Distributors Ltd
Samuel Smith & Son
Smith & Smith Hotel Brokers
The Smiths Snackfood Company
Tucker Seabrook (SA) Pty Ltd
Ulster Tascot/Wayne Partridge Agencies
Woodroffe Equipment Australia

INDUSTRY SUPPORTERS

Cleland Solicitors
Hotel Management Partners
J. Boag & Son Brewing Ltd
John Reuther Cabinet Maker
Profitable Hospitality
Red Bull Australia
Riviera Bakery Pty Ltd
Thomson Playford

CORPORATE SUPPORTERS

British American Tobacco Australia (GOLD)
Imperial Tobacco Australia Ltd (SILVER)
Philip Morris Ltd (SILVER)

INDEPENDENT GAMING CORPORATION

The AHA (SA) remained a joint owner of the IGC which continues to be a highly efficient gaming machine monitoring facility. The IGC continued to forward \$1.5 million Gamblers Rehabilitation Fund and provided around \$600,000 in community support. The Association was represented on the IGC Board by Mr Peter Hurley and Mr Brett Matthews.

HOSPITALITY GROUP TRAINING

The AHA (SA) continued to be a major stakeholder in Hospitality Group Training. Hospitality Group Training is an outstanding success and provides a range of services to members of the AHA (SA).

These include the core activity of the group apprenticeship scheme, whereby over 360 apprentice cooks and hospitality trainees are leased to approximately 200 establishments annually and rotated throughout the term of the contract.

The recruitment arm of HGT (known as HGT Recruitment) continued to provide an excellent service to AHA (SA) member hotels.

Mr Peter Hurley, Mr Brett Matthews and Mr John Lewis represented the AHA (SA) on the Hospitality Group Training Board of Management.

FINANCE & ADMINISTRATION

Major maintenance expenses were incurred during the 2004 year through remedial work being required on the concrete columns of the AHA (SA)'s fourth floor balcony.

The total cost of the work undertaken was \$51,139.00 but the AHA (SA) contribution was able to be kept to only \$10,637.00 due to the Strata Corporation accepting the balance of the cost.

A handwritten signature in black ink, appearing to read 'P.J. Hurley', enclosed within a hand-drawn oval.

P.J. HURLEY

President

13 April 2005

**AUSTRALIAN HOTELS ASSOCIATION
(SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146
AND CONTROLLED ENTITIES**

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2004**

AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146 AND CONTROLLED ENTITIES

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Consolidated Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
Revenues from ordinary activities	2	2,295,187	2,361,666	2,295,187	2,254,327
Employee expenses		(865,009)	(754,841)	(865,009)	(754,841)
Depreciation expense		(72,463)	(70,183)	(52,463)	(50,183)
Borrowing costs expense		(4,744)	(6,075)	(4,744)	(6,075)
Other expenses from ordinary activities		(1,432,236)	(1,154,961)	(1,452,236)	(1,174,961)
(Deficit) surplus from ordinary activities attributable to the organisation	5	(79,265)	375,606	(79,265)	268,267
Loss on disposal of Sip'n Save Liquor Marketing Limited	18 & 23d	-	(293,790)	-	-
Total revenues, expenses and valuation adjustments attributable to the organisation recognised directly in equity		-	(293,790)	-	-
Total changes in equity of the organisation		(79,265)	81,816	(79,265)	268,267

The accompanying notes form part of these financial statements.

A detailed income and expenditure statement is provided in note 26.

AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146 AND CONTROLLED ENTITIES

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004**

	Note	Consolidated Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
CURRENT ASSETS					
Cash assets	6	829,579	957,861	829,569	957,851
Receivables	7	183,610	191,028	183,610	191,028
Inventories – stock at cost		10,638	-	10,638	-
Other	8	41,470	64,404	879,628	922,562
TOTAL CURRENT ASSETS		1,065,297	1,213,293	1,903,445	2,071,441
NON-CURRENT ASSETS					
Other financial assets	9	-	-	10	10
Property, plant and equipment	11	1,736,526	1,746,448	221,749	211,671
Intangible assets	12	350	350	-	-
TOTAL NON-CURRENT ASSETS		1,736,876	1,746,798	221,759	211,681
TOTAL ASSETS		2,802,173	2,960,091	2,125,204	2,283,122
CURRENT LIABILITIES					
Payables	13	471,045	560,982	471,045	560,982
Interest-bearing liabilities	14	24,048	16,688	24,048	16,688
Provisions	15	95,845	67,873	95,845	67,873
TOTAL CURRENT LIABILITIES		590,938	645,543	590,938	645,543
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	14	25,859	49,907	25,859	49,907
TOTAL NON-CURRENT LIABILITIES		25,859	49,907	25,859	49,907
TOTAL LIABILITIES		616,797	695,450	616,797	695,450
NET ASSETS		2,185,376	2,264,641	1,508,407	1,587,672
EQUITY					
Capital profits reserve	16	676,969	676,969	-	-
General reserve	16	380,000	380,000	380,000	380,000
Retained surplus	17	1,128,407	1,207,672	1,128,407	1,207,672
TOTAL EQUITY		2,185,376	2,264,641	1,508,407	1,587,672

The accompanying notes form part of these financial statements.

AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146 AND CONTROLLED ENTITIES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Consolidated Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		2,162,020	3,279,417	2,162,020	1,934,074
Payments to suppliers and employees		(2,271,753)	(3,163,417)	(2,271,753)	(2,000,073)
Interest received		64,568	54,877	64,568	47,641
Borrowing costs paid		(4,744)	(29,622)	(4,744)	(6,075)
Net cash provided by (used in) operating activities	23b	(49,909)	141,255	(49,909)	(24,433)
CASH FLOW FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(61,685)	(46,499)	(61,685)	(46,499)
Payment for investments		-	(981,501)	-	-
Cash disposed of with Sip'n Save Liquor Marketing Limited	23d	-	(813,993)	-	-
Net cash provided by (used in) investing activities		(61,685)	(1,841,993)	(61,685)	(46,499)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	1,050,000	-	-
Repayment of borrowings		(16,688)	(15,357)	(16,688)	(15,357)
Net cash provided by (used in) financing activities		(16,688)	1,034,643	(16,688)	(15,357)
Net increase (decrease) in cash held		(128,282)	(666,095)	(128,282)	(86,289)
Cash at beginning of year		957,861	1,623,956	957,851	1,044,140
Cash at end of year	23a	829,579	957,861	829,569	957,851

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Workplace Relations Act 1996.

The financial report covers the Australian Hotels Association (South Australian Branch) (AHA) as an individual parent entity and the AHA and its controlled entities as a consolidated entity. The AHA is an organisation registered in Australia under the Workplace Relations Act 1996.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Principles of consolidation

A controlled entity is any entity controlled by the AHA. Control exists where the AHA has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the AHA to achieve the objectives of the AHA. Details of the controlled entities are contained in Note 10.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised surplus or loss, have been eliminated on consolidation.

Where a controlled entity has entered or left the consolidated entity during the year, its operating results have been included from the date control was obtained or until the date control ceased.

b. Income tax

No provision for income tax is necessary as the organisation is exempt from income tax under section 23(f) of the Income Tax Assessment Act.

c. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis and include direct costs and appropriate overheads, if any.

d. Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed annually by the organisation to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d. **Property, plant and equipment (cont'd)**

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on either a straight line or diminishing balance basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rate
Buildings	1%
Plant and equipment	7–40%
Motor vehicles – owned and leased	22.5%

e. **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the organisation are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a diminishing balance basis over their estimated useful lives where it is likely that the organisation will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f. **Investments**

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by the organisation to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the underlying net assets for non-listed entities. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

g. **Employee benefits**

Provision is made for the organisation's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits arising from annual leave and long service leave have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Long service leave is provided for in respect of employees with more than 5 years service.

Contributions made to employees' superannuation funds are charged as expenses when incurred.

h. **Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. **Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

j. **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

k. **Prescribed information notice**

The following section of the Workplace Relations Act 1996 RAO Schedule is brought to the attention of members:

Section 272

(1) A member of a reporting unit, or a Registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application;

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit; and

(3) A reporting unit must comply with an application made under subsection (1).

l. **Adoption of Australian equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005.

The Executive Committee, along with its auditors, are assessing the significance of these changes and preparing for their implementation.

The Executive Committee are of the opinion that the key differences in the organisation's accounting policies which will arise from the adoption of IFRS are:

Impairment of Assets

The organisation currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms pending AASB 136 Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146 AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
NOTE 2: REVENUE					
Operating activities:					
— members' subscriptions		1,288,409	1,238,761	1,288,409	1,238,761
— associate members' subscriptions		16,673	14,782	16,673	14,782
— advocacy services income		45,421	60,547	45,421	60,547
— sponsorships		286,069	260,405	286,069	260,405
— commissions received		258,093	233,331	258,093	233,331
— conferences, seminars and events		204,772	294,540	204,772	294,540
— rent received		50,508	40,158	50,508	50,508
— sale of goods		39,469	28,882	39,469	28,882
— Sip'n Save Liquor Marketing Limited net profit	3	-	117,689	-	-
— other		10,205	16,294	10,205	16,294
		<u>2,199,619</u>	<u>2,305,389</u>	<u>2,199,619</u>	<u>2,198,050</u>
Non-operating activities:					
— bank interest		64,568	47,641	64,568	47,641
— Proceeds on disposal of plant and equipment		31,000	8,636	31,000	8,636
		<u>95,568</u>	<u>56,277</u>	<u>95,568</u>	<u>56,277</u>
Total revenue		<u>2,295,187</u>	<u>2,361,666</u>	<u>2,295,187</u>	<u>2,254,327</u>

AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146 AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
NOTE 3: SIP'N SAVE LIQUOR MARKETING LIMITED NET PROFIT	\$	\$	\$	\$
Sip'n Save Liquor Marketing Limited net profit has been determined after:				
Revenue from operating activities	-	1,415,138	-	-
Cost of sales	-	(1,010,748)	-	-
Gross profit	-	404,390	-	-
Non operating activities – bank interest	-	7,236	-	-
Annual leave	-	251	-	-
Borrowing costs	-	(29,616)	-	-
Depreciation	-	(7,212)	-	-
Donations	-	(200)	-	-
Entertainment	-	(570)	-	-
Legal, consultancy and audit fees	-	(41,406)	-	-
Long service leave	-	(727)	-	-
Meeting expenses	-	(4,843)	-	-
Other administration expenses	-	(50,328)	-	-
Salaries and allowances – officers	-	(31,305)	-	-
Salaries and allowances – employees	-	(42,309)	-	-
Superannuation	-	(15,170)	-	-
Profit from ordinary activities before income tax	-	188,191	-	-
Income tax expense	-	(70,502)	-	-
Sip'n Save Liquor Marketing Limited net profit	-	117,689	-	-

NOTE 4: OFFICIALS' AND DIRECTORS' REMUNERATION

Income paid or payable to all officials of the parent entity by the parent entity and any related parties:

— salaries	15,000	15,000	15,000	15,000
— superannuation	1,350	1,350	1,350	1,350
	<u>16,350</u>	<u>16,350</u>	<u>16,350</u>	<u>16,350</u>

No directors of controlled entities received any remuneration from the controlled entities or related parties of which they were a director.

AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146 AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 4: OFFICIALS' AND DIRECTORS' REMUNERATION (CONT'D)	Consolidated Entity		Parent Entity	
	2004 No.	2003 No.	2004 No.	2003 No.
Number of parent entity officials whose income from the parent entity was within the following bands:				
\$0 - \$9,999	2	2	2	2
\$10,000 - \$19,999	1	1	1	1

The names of parent entity officials who have held office during the financial year are:

PL Brien
JR Ellis (appointed 6 May 2004)
PJ Hurley
RSJ Lovell
BS Matthews
JR Osborne (resigned 6 May 2004)
MJ Palmer
IH Ravenscroft
SD Roberts (appointed 6 May 2004)
L Saturno (appointed 6 May 2004)
JC White (resigned 6 May 2004)

**NOTE 5: (DEFICIT) SURPLUS
FROM ORDINARY ACTIVITIES**

(Deficit) surplus from ordinary activities has been determined after:	2004 \$	2003 \$	2004 \$	2003 \$
a. Expenses				
Borrowing costs	4,744	35,691	4,744	6,075
Depreciation	72,463	77,395	52,463	50,183
Net loss on disposal of plant and equipment	-	4,745	-	4,630
Remuneration of auditor:				
— audit or review services	10,360	13,960	10,360	10,360
— other services	5,960	9,300	5,960	6,800
a. Revenue and net gains				
Net gain on disposal of plant and equipment	856	-	856	-

The above disclosure includes amounts in respect of Sip'n Save Liquor Marketing Limited.

AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146 AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Consolidated Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
NOTE 6: CASH ASSETS				
Cash on hand	81	110	71	100
Cash at bank	100,428	217,697	100,428	217,697
Term deposits	729,070	740,054	729,070	740,054
	<u>829,579</u>	<u>957,861</u>	<u>829,569</u>	<u>957,851</u>

NOTE 7: RECEIVABLES

CURRENT

Sundry debtors	183,610	191,028	183,610	191,028
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NOTE 8: OTHER ASSETS

CURRENT

Work in progress	6,887	16,891	6,887	16,891
Prepayments	30,962	44,932	30,962	44,932
Accrued income	3,621	2,581	3,621	2,581
Unsecured loan – controlled entity	-	-	838,158	858,158
	<u>41,470</u>	<u>64,404</u>	<u>879,628</u>	<u>922,562</u>

**NOTE 9: OTHER FINANCIAL
ASSETS**

Shares in non-listed controlled entity — at cost	10	-	-	10	10
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NOTE 10: CONTROLLED ENTITIES

Entity: AHA Properties Pty Limited

Country of incorporation: Australia

Percentage owned: 100% (2003:100%)

AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146 AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 11: PROPERTY, PLANT AND EQUIPMENT	Consolidated Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
Freehold land and buildings at cost	1,774,777	1,774,777	-	-
Less accumulated depreciation	260,000	240,000	-	-
	<u>1,514,777</u>	<u>1,534,777</u>	<u>-</u>	<u>-</u>
Plant and equipment at cost	239,608	212,109	239,608	212,109
Less accumulated depreciation	134,544	112,902	134,544	112,902
	<u>105,064</u>	<u>99,207</u>	<u>105,064</u>	<u>99,207</u>
Motor vehicles at cost	102,310	102,042	102,310	102,042
Less accumulated depreciation	37,384	56,365	37,384	56,365
	<u>64,926</u>	<u>45,677</u>	<u>64,926</u>	<u>45,677</u>
Capitalised leased motor vehicles at cost	99,966	99,966	99,966	99,966
Less accumulated depreciation	48,207	33,179	48,207	33,179
	<u>51,759</u>	<u>66,787</u>	<u>51,759</u>	<u>66,787</u>
Total property, plant and equipment	<u>1,736,526</u>	<u>1,746,448</u>	<u>221,749</u>	<u>211,671</u>

AASB 1040 "Statement of Financial Performance" requires that for land and buildings measured on a cost basis, current valuations are required at least once every three years. For the most recent valuation, the amount, basis, date and whether the valuation was independent must be disclosed. A formal independent valuation has never been performed however the Executive Committee valued the freehold land and buildings at \$1,700,000 at 31 December 2003 based on information obtained from a leading commercial real estate agent.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Movement in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold land and buildings \$	Plant and equipment \$	Motor vehicles \$	Leased motor vehicles \$	Total \$
Consolidated Entity					
Balance at the beginning of the year	1,534,777	99,207	45,677	66,787	1,746,448
Additions	-	27,499	65,186	-	92,685
Disposals	-	-	(30,144)	-	(30,144)
Depreciation expense	(20,000)	(21,642)	(15,793)	(15,028)	(72,463)
Carrying amount at the end of the year	<u>1,514,777</u>	<u>105,064</u>	<u>64,926</u>	<u>51,759</u>	<u>1,736,526</u>

Parent Entity

Balance at the beginning of the year	-	99,207	45,677	66,787	211,671
Additions	-	27,499	65,186	-	92,685
Disposals	-	-	(30,144)	-	(30,144)
Depreciation expense	-	(21,642)	(15,793)	(15,028)	(52,463)
Carrying amount at the end of the year	<u>-</u>	<u>105,064</u>	<u>64,926</u>	<u>51,759</u>	<u>221,749</u>

	Consolidated Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
NOTE 12: INTANGIBLE ASSETS				
Preliminary expenses at cost	<u>350</u>	<u>350</u>	-	-

NOTE 13: PAYABLES

CURRENT

Trade creditors	159,531	100,840	159,531	100,840
Salaries and allowances – officials	15,000	15,000	15,000	15,000
Superannuation – officials	1,350	1,350	1,350	1,350
Superannuation – other	8,049	1,879	8,049	1,879
Legal expenses	8,750	14,593	8,750	14,593
Other creditors and accruals	278,365	427,320	278,365	427,320
	<u>471,045</u>	<u>560,982</u>	<u>471,045</u>	<u>560,982</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
NOTE 14: INTEREST BEARING LIABILITIES		\$	\$	\$	\$
CURRENT					
Lease liability		24,048	16,688	24,048	16,688
NON-CURRENT					
Lease liability		25,859	49,907	25,859	49,907
	19	<u>49,907</u>	<u>66,595</u>	<u>49,907</u>	<u>66,595</u>
NOTE 15: PROVISIONS					
CURRENT					
Annual leave	15a	51,295	39,971	51,295	39,971
Long service leave	15a	44,550	27,902	44,550	27,902
		<u>95,845</u>	<u>67,873</u>	<u>95,845</u>	<u>67,873</u>
a. Number of employees at year end		12	11	12	11
NOTE 16: RESERVES					
Capital profits reserve	16a	676,969	676,969	-	-
General reserve	16b	380,000	380,000	380,000	380,000
		<u>1,056,969</u>	<u>1,056,969</u>	<u>380,000</u>	<u>380,000</u>

a. Capital profits reserve

There has been no movements in the capital profits reserve during the current or preceding year.

The capital profits reserve records profits on disposal of non-current assets.

b. General reserve

There has been no movements in the general reserve during the current or preceding year.

The general reserve is used to record amounts set aside to fund the future expansion of the organisation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Consolidated Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
NOTE 17: RETAINED SURPLUS					
Retained surplus at the beginning of the financial year		1,207,672	1,125,856	1,207,672	939,405
Net (deficit) surplus attributable to the organisation		(79,265)	375,606	(79,265)	268,267
Loss on disposal of Sip'n Save Liquor Marketing Limited	18 & 23d	-	(293,790)	-	-
Retained surplus at the end of the financial year		<u>1,128,407</u>	<u>1,207,672</u>	<u>1,128,407</u>	<u>1,207,672</u>

NOTE 18: DISCONTINUED OPERATIONS - SIP'N SAVE LIQUOR MARKETING LIMITED

Sip'n Save Liquor Marketing Limited used to be a controlled entity of the AHA because the AHA had the capacity to control the casting of a majority of the votes at a meeting of the board of directors of Sip'n Save Liquor Marketing Limited.

On 30 June 2003, the constitution of Sip'n Save Liquor Marketing Limited was amended and as a result, the company ceased to be a controlled entity of the AHA. Sip'n Save Liquor Marketing Limited was deemed to have been disposed of by the AHA on 30 June 2003 for no consideration.

The financial performance of Sip'n Save Liquor Marketing Limited to the date of disposal which was incorporated into the statement of financial performance in the previous year is set out in note 3.

Other financial information relating to Sip'n Save Liquor Marketing Limited for the period to the date of disposal is set out in note 23d and below:

Details of the disposal of Sip'n Save Liquor Marketing Limited, including the carrying amounts of assets and liabilities at the date of disposal, which were incorporated into the statement of financial performance in the previous year are as follows:	\$
Total assets	2,113,617
Total liabilities	<u>(1,819,827)</u>
Carrying amount of net assets disposed of	293,790
Net disposal proceeds	-
Loss on disposal of Sip'n Save Liquor Marketing Limited	<u>293,790</u>

The net cash flows of Sip'n Save Liquor Marketing Limited which have been incorporated into the consolidated statement of cash flows are as follows:	2004 \$	2003 \$
Net cash provided by (used in) operating activities	-	165,688
Net cash provided by (used in) investing activities	-	(981,501)
Net cash provided by (used in) financing activities	-	1,050,000
Net increase in cash generated by Sip'n Save Liquor Marketing Limited	<u>-</u>	<u>234,187</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Consolidated Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
NOTE 19: LEASING COMMITMENTS					
Finance lease commitments					
Payable					
— not later than 1 year		26,848	21,432	26,848	21,432
— later than 1 year but not later than 5 years		27,532	54,380	27,532	54,380
Minimum lease payments		54,380	75,812	54,380	75,812
Less future finance charges		4,473	9,217	4,473	9,217
Total lease liability	14	49,907	66,595	49,907	66,595

NOTE 20: CONTINGENT LIABILITIES

The consolidated entity had no contingent liabilities as at 31 December 2004 or for the forthcoming year.

NOTE 21: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties

Sip'n Save Liquor Marketing Limited:

— rent received	-	10,350	-	10,350
— expenses reimbursed	-	19,480	-	19,480
	-	29,830	-	29,830

Officials of the parent entity:

All officials of the parent entity are licensees of hotels that are members of the AHA. Membership fees and other charges such as training and advocacy are paid by these hotels to the AHA on normal terms and conditions no more favourable than those available to other members.

NOTE 22: SEGMENT REPORTING

The consolidated entity operates predominantly in one business and geographical segment being the hospitality and tourism sector providing a variety of services to members of the organisation throughout South Australia.

AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146 AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 23: CASH FLOW INFORMATION				
a. Reconciliation of cash				
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash on hand	81	110	71	100
Cash at bank	100,428	217,697	100,428	217,697
Term deposits	729,070	740,054	729,070	740,054
	<u>829,579</u>	<u>957,861</u>	<u>829,569</u>	<u>957,851</u>
 b. Reconciliation of cash flow from operations with (deficit) surplus from ordinary activities				
(Deficit) surplus from ordinary activities	(79,265)	375,606	(79,265)	268,267
Non-cash flows in (deficit) surplus from ordinary activities:				
Depreciation	72,463	77,395	52,463	50,183
Net (gain) loss on disposal of plant and equipment	(856)	4,745	(856)	4,630
Changes in assets and liabilities, net of the effect of the disposal of Sip'n Save Liquor Marketing Limited:				
Decrease (increase) in receivables	7,418	15,803	7,418	(124,217)
Decrease (increase) in other assets	22,934	(40,824)	42,934	(7,726)
Decrease (increase) in inventories	(10,638)	7,846	(10,638)	7,846
Increase (decrease) in payables	(89,937)	(380,251)	(89,937)	(233,373)
Increase (decrease) in income tax payable	-	70,502	-	-
Increase (decrease) in provisions	27,972	10,433	27,972	9,957
Cash flow from operations	<u>(49,909)</u>	<u>141,255</u>	<u>(49,909)</u>	<u>(24,433)</u>

c. Non-cash investing activities

During the financial year, the parent entity disposed of 2 motor vehicles and received a trade in value of \$31,000 for the 2 motor vehicles. This trade in value received was used to partially offset the cost of 2 new motor vehicles. The cash flow statement does not reflect sale proceeds or purchases in respect of the trade in value of \$31,000.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 23: CASH FLOW INFORMATION (CONT'D)

d. Disposal of Sip'n Save Liquor Marketing Limited

On 30 June 2003, the controlled entity Sip'n Save Liquor Marketing Limited was deemed to have been disposed of. Details of this transaction are: \$

Cash consideration	-
Cash transferred	813,993
Cash outflow	<u>813,993</u>

Assets and liabilities held at the date of disposal:

Cash	813,993
Receivables	198,842
Prepayments and accrued income	30,393
Investments in non-listed entity	1,016,501
Plant and equipment	53,888
Payables	(199,325)
Bank fully drawn advance	(1,050,000)
Income tax liability	(70,502)
Provisions	(500,000)
Net value of assets and liabilities disposed of	<u>293,790</u>
Purchase consideration	-
Loss on disposal	<u>293,790</u>

NOTE 24: FINANCIAL INSTRUMENTS

a. Interest rate risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing:			
	2004	2003	2004	2003	Within 1 year		1 to 5 years	
	%	%	\$	\$	\$	\$	\$	\$
Financial assets								
Cash at bank	1.8	2.5	100,428	217,697	-	-	-	-
Term deposits	5.0	5.2	729,070	740,054	-	-	-	-
Total financial assets			<u>829,498</u>	<u>957,751</u>	-	-	-	-
Financial liabilities								
Lease liabilities	8.0	8.1	-	-	24,048	16,688	25,859	49,907
Total financial liabilities			<u>-</u>	<u>-</u>	<u>24,048</u>	<u>16,688</u>	<u>25,859</u>	<u>49,907</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 24: FINANCIAL INSTRUMENTS (CONT'D)

b. **Credit risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

c. **Net fair values**

The net fair value of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

NOTE 25: ORGANISATION DETAILS

The registered office and principal place of business of the organisation is:

Australian Hotels Association (South Australian Branch)
4th Floor, AHA House
60 Hindmarsh Square
Adelaide SA 5000

AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146 AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
NOTE 26: DETAILED INCOME AND EXPENDITURE STATEMENT		\$	\$	\$	\$
INCOME					
Members' subscriptions		1,288,409	1,238,761	1,288,409	1,238,761
Associate members' subscriptions		16,673	14,782	16,673	14,782
Advocacy services income		45,421	60,547	45,421	60,547
Sponsorships		286,069	260,405	286,069	260,405
Commissions received		258,093	233,331	258,093	233,331
Conferences, seminars and events		204,772	294,540	204,772	294,540
Rent received		50,508	40,158	50,508	50,508
Sale of goods		39,469	28,882	39,469	28,882
Sip'n Save Liquor Marketing Limited net profit	3	-	117,689	-	-
Other income		10,205	16,294	10,205	16,294
Bank interest		64,568	47,641	64,568	47,641
Proceeds on disposal of plant and equipment		31,000	8,636	31,000	8,636
Total income from ordinary activities		2,295,187	2,361,666	2,295,187	2,254,327
EXPENDITURE					
Advocacy expenses		9,692	16,171	9,692	16,171
Annual leave provision		14,461	1,441	14,461	1,441
Conferences, seminars and events		159,662	292,414	159,662	292,414
Delegates fees and expenses		21,215	23,857	21,215	23,857
Depreciation		72,463	70,183	52,463	50,183
Donations and grants		1,477	2,453	1,477	2,453
Entertainment		38,808	42,327	38,808	42,327
Federal AHA levies		75,860	75,860	75,860	75,860
Gaming expenses		29,076	5,557	29,076	5,557
General expenses		10,093	9,615	10,093	9,615
Insurance		39,291	30,181	39,291	30,181
Interest paid		4,744	6,075	4,744	6,075
Legal expenses		124,201	69,440	124,201	69,440
Long service leave provision		16,647	16,902	16,647	16,902
Media advertising expenses		204,789	46,387	204,789	46,387
Media coverage expenses		38,644	25,764	38,644	25,764
Meeting expenses		43,672	46,388	43,672	46,388

AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)
ABN 77 237 576 146 AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Consolidated Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
NOTE 26: DETAILED INCOME AND EXPENDITURE STATEMENT (CONT'D)					
EXPENDITURE (CONT'D)					
Motor vehicle expenses		37,278	33,764	37,278	33,764
Other administration expenses		96,699	96,669	96,699	96,669
Payroll tax		21,784	16,004	21,784	16,004
Plant and equipment disposed of – written down value		30,144	13,266	30,144	13,266
Political donations		50,000	25,000	50,000	25,000
Printing, postage and stationery		97,214	92,097	97,214	92,097
Professional, consultancy and audit expenses		123,277	81,094	123,277	81,094
Rates and taxes		14,903	13,202	14,903	13,202
Rent paid		-	-	20,000	20,000
Repairs, cleaning, light and power		75,830	52,857	75,830	52,857
Salaries and allowances – officials		15,000	15,000	15,000	15,000
Salaries and allowances – other		692,221	604,309	692,221	604,309
Sponsorship expense		46,967	30,879	46,967	30,879
Staff recruitment		10,032	3,421	10,032	3,421
Subscriptions		8,414	15,594	8,414	15,594
Superannuation – officials		1,350	1,350	1,350	1,350
Superannuation - other		70,778	62,774	70,778	62,774
Telephone		43,556	28,289	43,556	28,289
Travelling expenses		27,983	14,419	27,983	14,419
Workcover		6,227	5,057	6,227	5,057
Total expenditure on ordinary activities		2,374,452	1,986,060	2,374,452	1,986,060
(Deficit) surplus from ordinary activities attributable to the organisation		(79,265)	375,606	(79,265)	268,267
Loss on disposal of Sip'n Save Liquor Marketing Limited	18 & 23d	-	(293,790)	-	-
Total revenues, expenses and valuation adjustments attributable to the organisation recognised directly in equity		-	(293,790)	-	-
Total changes in equity of the organisation		(79,265)	81,816	(79,265)	268,267

COMMITTEE OF MANAGEMENT'S STATEMENT

On 13 April 2005, the Committee of Management of the Australian Hotels Association (South Australian Branch) passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2004:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes present fairly the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) at the date of this statement, there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned;
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO schedule and the RAO Regulations;
 - (iv) the organisation consists of 1 reporting unit;
 - (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (vi) no orders have been made by the Commission under section 273 of the RAO Schedule.

For the Committee of Management:



PETER JOHN HURLEY
President



RICHARD STEFAN JOHN LOVELL
Secretary / Treasurer

13 April 2005

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE
AUSTRALIAN HOTELS ASSOCIATION (SOUTH AUSTRALIAN BRANCH)**

Scope

We have audited the financial report of the Australian Hotels Association (South Australian Branch) for the year ended 31 December 2004 as set out on pages 1 to 21.

The financial report includes the consolidated financial statements of the consolidated entity comprising the organisation and the entities it controlled at the year end or from time to time during the financial year. The Committee of Management are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the organisation.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, the Workplace Relations Act 1996 and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the organisation's and consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of the Australian Hotels Association (South Australian Branch) presents fairly in accordance with applicable Accounting Standards, the Workplace Relations Act 1996 and other mandatory professional reporting requirements in Australia the financial position of the organisation and consolidated entity as at 31 December 2004 and the results of their operations and cash flows for the year then ended.

Clarke & Brownrigg *CR Clarke*

CLARKE AND BROWNRIGG
Chartered Accountants

CR CLARKE
Partner and registered auditor number 5024

Dated this 13th day of April

2005, Kent Town