



Australian Government

Australian Industrial Registry

Level 5
11 Exhibition Street, Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7993
Fax: (03) 9655 0410

Mr. I. Horne
General Manager
Australian Hotels Association
South Australian Branch
PO Box 3092
Rundall Mall SA 5000

e-mail: AXenides@ahasa.asn.au

Dear Mr. Horne

**Re: Schedule 1 of the Workplace Relations Act 1996 (Schedule 1)
Financial reports for year ended 31 December 2006 - FR 2006/541**

Thank you for forwarding further information in relation to the financial reports of the South Australian Branch of the Australian Hotels Association for the year ended 31 December 2006: this has been placed with the documents previously lodged.

The financial reports have now been filed.

I direct your attention to the following comments concerning the above reports and the financial reporting obligations under Schedule 1 of the Workplace Relations Act 1996. Please note that these matters are advised for assistance in the future preparation of financial reports. No further action is required in respect of the subject documents.

Operating Report

Review of principal activities

The report must contain a review of the reporting unit's principal activities during the financial year, the results of those activities and any significant changes in the nature of those activities during the year – refer section 254(2)(a) of Schedule 1.

Membership of Committee of Management:

The operating report is required to contain 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 - refer regulation 159(c) of the Workplace Relations (Registration and Accountability of Organisations) Regulations 2003.

The operating report should have provided the positions which all members of the committee of management held during the reporting period.

Right of members to resign

Subsection 254(2)(c) of Schedule 1 requires the operating report to "give details" of the right of members to resign from the reporting unit under section 174. The requirement may be met by the inclusion of a statement that a member has the right to resign and a reference to the relevant rule,

which makes such provision. Alternatively, the complete text of the relevant resignation rule may be reproduced in the report. It would appear in this case that rule 26 of the organisation's rules is applicable.

Electronic lodgment

I encourage you to take advantage of the electronic lodgment service provided by the Registry for future lodgments. You may register as a user and then lodge your documents via the Electronic Lodgment page of the AIRC website at www.airc.gov.au. Alternatively, you may send an email with the documents attached to: riateam3@air.gov.au. Please note that the Rules of the Commission allow for electronic signatures to be used, other than for statutory declarations (see subrule 74A(1)). Where documents are lodged electronically, there will be no need to forward hard copies of the documents.

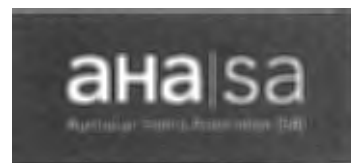
Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7993 or by email at larry.powell@air.gov.au.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'L Powell', with a stylized flourish at the end.

Larry Powell
Statutory Services Branch

16 October 2007



ABN 77 237 576 146

Telephone 08 8232 4525

Toll Free 1800 814 525

Facsimile 08 8232 4979

Email information@ahasa.asn.au

Web www.ahasa.asn.au

4th Floor, AHA (SA) House
60 Hindmarsh Square
Adelaide SA 5000

PO Box 3092
Rundle Mall SA 5000

28 September, 2007

Mr. Larry Powell
Statutory Services Branch
Australian Industrial Registry
GPO Box 1994
MELBOURNE VIC 3001

Dear Larry

The attached Annual/Operating Report was distributed to our members on 24 April, 2007 which was prior to the AGM held on 15 May, 2007.

Yours sincerely

IAN HORNE
General Manager

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Australian Hotels Association (SA)

Street Address:

Level 4, 60 Hindmarsh Square
Adelaide SA 5000

Postal Address:

PO Box 3092 Rundle Mall
SA 5000

Telephone: (08) 8232 4525

Free Toll: 1800 814 525

Fax: (08) 8232 4979

Email: information@ahasa.asn.au

Web: www.ahasa.asn.au



President's Report

2006 was 136 years of continuous service by the AHA (SA) to the hotel industry in South Australia. It proved to be again, amongst the most challenging.

AD Basheer OAM

Sadly day one of 2006 saw the passing of AD (Fred) Basheer OAM, a stalwart and elder statesman of the industry and friend to many. Fred showed enormous courage and dignity in his dying and his life's achievements and contributions are recorded as a permanent record at both a state and national level.

IGA Reviews

Three reviews this year required by the IGA have been exhausting but what has become clear is an increasing acceptance in South Australia that gambling expenditure or taxation figures, while generating headlines, are not accurate indicators of the impact of gambling in the community and a large number of South Australians legitimately choose to spend some of

their income on gambling, without harming themselves or others. The balanced rational view now largely accepted in other Australian jurisdictions is that not **every dollar spent on gambling is a dollar of harm**. The Government expects to collect approximately \$300 million in gaming machine taxes in 2006-07. Gambling revenues are taxed at this level because the Government believes that there should be a net community benefit from the gambling industry. Governments are able to provide **additional and extended** services that would not otherwise be able to be paid for.

Gaming Care and Club Safe

Gaming Care and Club Safe are a \$3/4 m per annum joint response by the Industry to our responsibility for implementing early intervention, harm minimisation strategies. Simply, the Hotels and Clubs sectors through these programs now have 7 full time officers on the road working with venues, staff, management, counselling services and patrons to get better outcomes for all, whether that is measured as better compliance, more referrals, better understandings

and closer cooperation. We think these arrangements, Gaming Care and Club Safe, are amongst the best initiatives we have ever undertaken.

We are particularly grateful that Jane Jeffreys, a former Adelaide Casino Executive, SA Tourism Commission Board Member, IGA Director, current Chair of the Adelaide Convention Centre and Director of Tourism Australia, agreed to be our Chairperson of Gaming Care. She is joined by Con Paleologos, Clinical Psychologist, Harry Bourlotos, IGC General Manager and other industry contributors to oversee the Hotel component of the program.

IGC

All of this is funded by the Independent Gaming Corporation Ltd. This contribution is **additional** to the state gaming tax and federal GST collected on gaming.

I would like to thank all directors of IGC and particularly acknowledge past director and chairman, His Honour, Judge Barry Beazley, current Chairman Colin Dunsford, and independent directors Brian Hayes QC and Robyn Guy.

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Annual Report



Peter Hurley,
President



Ian Horne,
General Manager/CEO

The Office of the Liquor & Gambling Commissioner

The Office of the Liquor and Gambling Commissioner continues to cop a battering from those offering performance appraisals in public forums. However my experience of over 30 years in the Hotel Industry is that the scrutiny by licensing inspectors and others on all aspects of our business has never been greater. Combine the Commissioner's activities with those of the generously resourced Licensing Enforcement Branch i.e. the licensing police, and we have a recipe for contradiction, inconsistency and dispute over what the law says, what the codes mean, where signs and clocks should be, who can challenge right of entry, whether a venue should qualify for an extended trading authority and it goes on.

What the OLGC has achieved by utilising the historic levels of goodwill that exist, is to maximise the collective compliance across the industry.

Beverage Container Legislative Review

In the latter part of the year, the State Government released a discussion paper on the need to review the Beverage Container Deposit Legislation. This was despite up to 87 per cent of drink containers covered by the scheme being returned

and recycled. I am told this is higher than anywhere else in Australia. The system is clearly working and approaches world best practice. It simply isn't broken. Containers covered by the system are not significant in the litter stream.

It was introduced way back in 1976 by the Dunstan Government. It achieved a major behavioural change and a source of income for many.

The community appreciates the fact that country roadsides are not littered with beverage containers.

The bottle merchant/recyclers are happy.

The system we presently have is working and should only be tampered with when KESAB advise a significant increase in beverage containers in the litter stream.

The AHA is at one with the brewers, distillers and soft drink manufacturers in arguing that an increase in the deposit level will only encourage interstate dumping and add nothing to improving the environment.

Skill Shortages and removal of funding for certificate 2

We were extremely disappointed to see in the 2006 state budget the removal of certificate 2 hospitality as a recognised funded program, i.e. the 12 month f&xb entry level traineeship.

preference for this venue with the next expo to be held in line with national convention in October 2007.

The 2006 President's Christmas Lunch was held on Tuesday, 12 December in The Ballroom at the Hyatt Regency Hotel. Two hundred and eighty guests attended the lunch. AHA (SA) General Manager Ian Horne welcomed guests and President Peter Hurley made the main presentation on the day. The response to Peter's speech was made by Minister Patrick Conlon of the ALP.

Hotel Care Community Projects

The AHA's proud tradition of supporting community groups continued in 2006. Through funds allocated by the Independent Gaming Corporation, the AHA's Hotel Care Community Projects was able to provide over \$500k in financial support to over 20 organisations.

Corporate Sponsorship

The number of suppliers to the industry choosing to support the AHA through the various levels of sponsorship continued to increase to record levels in 2006. Newcomers to the list included new Platinum sponsors Host Plus and new Gold sponsors, Holco Fine Meat Suppliers. The Association acknowledges its

While it has been suggested that this may be as a result of some abuse of the system in the retail sector, certificate 2 has been the natural entry point for many young people. We are making representation to the Minister to have exemptions at least for our Hospitality Group Training Scheme.

Industrial Relations

A core service of the AHA (SA) remains the provision of Industrial Relations representation. 2006 was amongst the most demanding years with the introduction of WorkChoices legislation. Included in the printed report is a comprehensive breakdown of the many IR & HR issues managed during the year. Can I add however, our appreciation of the approach to industrial relations of the LHMU under the leadership of their State Secretary Mark Butler. Mark brings a refreshing pragmatism to a potentially volatile area of business and as such makes the voice of the workforce more powerful.

Acknowledgements

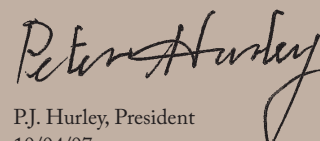
AHA (SA) of course relies heavily on the expertise, talent and enthusiasm of its relatively small staff. The many issues commented on in this annual report reflect much of their hard work and dedication for which we are grateful.

Similarly to the often unappreciated role of AHA-SA Councillor, your contribution is part of why this Association remains so strong.

Finally, we are indeed grateful to so many Ministers and Shadows, Members of Parliament, in Government, Opposition and Independents who have shown great support, genuine courtesy and sympathetic consideration to our industry.

The challenge for this industry, a challenge to date widely embraced, is to continue to invest, raise standards and take risks, conduct business within the spirit of the many codes of conduct, employ and train South Australians, encourage entrepreneurial skills, generate increased legitimate business activity and irrespective of the fear of criticism, not be afraid to actively engage in the community.

This is a great industry for our customers, our staff and our families. Let us not be distracted by those who intentionally or otherwise would see South Australia become an economic and social backwater.



P.J. Hurley, President
10/04/07

Events & Sponsorship

Events

The 2006 Hotel Industry Conference was held at the Radisson Playford Hotel on Tuesday 20 June. The conference was sponsored by Lion Nathan and attended by 150 delegates. The conference program covered topics on alcohol regulation, gaming, smoking reforms, industrial relations and staff retention. The keynote address was delivered by The Hon Tim Fischer, Chairman of Tourism Australia.

The 2006 Hotel Industry Awards for Excellence, were held on Wednesday 9 August at the Adelaide Convention Centre. The awards were again generously sponsored by Coopers, Foster's Australia and Lion Nathan. Undoubtedly the premier event on the industry's calendar, the awards were hosted by Channel 7's Jessica Adamson and Mike Smithson. 800 guests attended the night, to celebrate the best that our industry offers.

The 2006 Hospitality and Catering Exhibition was held on 10 & 11 October at the Adelaide Showgrounds. Feedback from exhibitors and visitors indicated a

sincere appreciation for this support and in turn provides our sponsors with opportunities to maximise business interests with AHA members.

Women in Hotels

In 2006, the Women in Hotels Committee ran regular events, with presentations covering key industry topics. Women from a broad range of hotels attended these events during the course of the year. The committee of 12 representatives from South Australian hotels continued to be led by President Alison James of the Edinburgh Hotel, Mitcham.

Liquor Licensing

Adelaide City Council's Liquor Licensing Policy

The Adelaide City Council has had Precinct Licensing Statements for a number of years which form the basis of its policy framework on matters relating to noise and patron behaviour associated with the operation of licensed premises. The Council commenced a process of consultation to update those statements and the AHA provided a written submission in June 2006. Draft Liquor Licensing Statements were subsequently prepared and the AHA provided further written submissions and is awaiting the

outcome. Other councils may adopt a similar approach.

Review of Barring Orders

Section 125(1)(aa) of the Liquor Licensing Act 1997 provides for patrons to be barred as a result of their excessive consumption of alcohol which thereby puts their welfare or the welfare of others at risk. The Liquor and Gambling Commissioner has pointed out that while a person barred under that section can seek a review of the decision, there is no provision enabling the review of a decision not to bar a person.

The Commissioner has therefore proposed an amendment to section 125(1)(aa) to give him the authority to review, upon the application of an aggrieved person, the decision of a licensee not to bar a person.

The AHA submitted it is important if a decision not to bar is reviewed, that the licensee not be compelled to attend before the Commissioner but must, nevertheless, be given the opportunity to do so.

Request to Amend the Liquor Licensing Act 1997

In October 2006 Restaurant & Catering SA wrote to the Liquor and Gambling Commissioner requesting him to consider amending the



Operating Report Requirements as per RAO Schedule

Membership Report

The AHA (SA) recorded 515 members in 2006.

Regional meetings were also of particular importance in 2006 with the General Manager, Ian Horne and Luigi Timpano, Manager – Membership attending most meetings. Meetings were very well attended by most member hotels. A total of 17 regional meetings were held during 2006 in the metropolitan and regional areas.

Luigi Timpano visited over 500 hotels during 2006.

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

Finance & Administration

There were no significant changes in the Association's financial affairs

during the year (see financial report for details).

As at 31 December 2006 staffing levels were 12 – AHA (SA) and 5 – Gaming Care.

AHA (SA) Committee of Management

1 January – 31 December 2006

Peter Hurley, President

Peter Brien, Vice President

Wally Woehlert, Deputy Vice President (*appointed July 2006*)

Rick Lovell, Secretary/Treasurer

David Basheer,
Appointed May 2006

Matthew Binns,
Appointed May 2006

Chris Branson

Garry Curtis,
Resigned February 2006

Mark Davies

Doug Elefsen

Jeff Ellis

Jason Fahey,
Appointed May 2006

Tony Franzon

Tom Hannah

Peter Jones

Tim Knox,
Term expired May 2006

Steve Markham,
Appointed May 2006

Guy Matthews,
Appointed May 2006

Scott Matthews

Melinda McCauley,
Appointed August 2006

Kerry Moore

David Papps

Andrew Plush

Shane Roberts

Santo Scaglione

Vicki Sullivan

Craig Williams

Michael Wong

During 2006 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).

Liquor Licensing Act to provide “where a bottle has been opened with the obvious intent to consume the contents, the customer has the right to take the opened bottle away.”

The Commissioner sought the views of the AHA and we pointed out that we consider the demand for such arrangements to be negligible, and any change to the legislation would only create additional problems for enforcement agencies. Restaurants which operate with an endorsement pursuant section 34(1)(c) of the Act would also presumably be able to allow patrons who do not consume a meal to remove unconsumed liquor from the premises which, in our view, is extremely undesirable. Restricting the provision to only those patrons who have eaten a meal would be impossible to effectively police.

We also pointed out that there are many restaurants located within designated dry areas throughout the state where the possession of liquor in opened containers is prohibited. Making exceptions for liquor to be removed from the premises of a restaurant licence would only create confusion and uncertainty for the public and law enforcement.

Licensing Enforcement

The AHA has met with senior officers from SAPOL's Licensing

Enforcement Branch to discuss compliance issues which have arisen out of differences in interpretation between members of the police force and officers of the Liquor and Gambling Commission. It was also an opportunity for the AHA to point out that some of our members have been experiencing a culture of policing which hasn't been evident for some time and which is not helpful for the industry or policing in general.

A number of issues of concern were raised including:

- the inconsistency between licensing inspectors and police in terms of the requirements to comply with the liquor licensing and gaming legislation;
- the number of visits licensees receive from different police officers within a short period of time;
- visits at very busy times during the night to inspect premises for compliance with signage, fire extinguishers etc and;
- the aggressive attitude of some police officers.

Inspector Ashley Lange said his officers have a strategic focus on legislative compliance and identified the main issues of concern as overcrowding, the service of liquor to intoxicated persons, minors, locked

exits, non-compliance with trading hours (more so in terms of statutory opening times) and the control of patrons when leaving licensed premises.

It is hoped that further regular meetings will provide the forum for open discussion in order to overcome the problems experienced in the past.

Crowd Controllers

The final phase of the new crowd controller legislation came into effect on 1 February 2007 whereby all crowd controllers employed to control crowds at licensed premises, or licensed events, are not permitted to use force to remove persons from, or prevent their entry to, licensed premises unless they are approved by the Liquor and Gambling Commissioner.

Licence Statistics

As at 30 June 2006 the following licences were in force:

| | |
|---------------------------|-----|
| Hotel | 628 |
| Producer | 998 |
| Residential | 188 |
| Club | 450 |
| Wholesale Liquor Merchant | 183 |
| Limited Club | 747 |
| Retail Liquor Merchant | 201 |
| Special Circumstances | 550 |
| Entertainment Venue | 34 |
| Direct Sales | 136 |
| Restaurant | 996 |

Public Affairs

Every Pub Volume II

The hotel industry in South Australia was given another superb illustration of its history and excellence in 2006 with the release of the book “Every Pub Volume II”.

The AHA (SA) joined with authors, hoteliers and well-known media personalities Bruce Abernethy and Chris Dittmar to produce the book, which is an updated version of their best-seller of 1998 “Every Pub”.

The new book contains hundreds of new photos showcasing the nostalgia, elegance and facilities of our pubs. Other key facts about the book are as follows:

- It is a full-colour, 240-page paperback;
- There are 617 pubs featured in the book (six more than the original book, which is explained on the “Births, Deaths and Marriages” pages); and
- There are 612 new photos in the book.

Highlights of the book include:

- A photo of the Tantanoola Tiger in the dining room of the pub of the same name;

A website, www.everypub.com.au, was also produced to assist with marketing the publication.

Every Pub Volume II is proudly supported by the AHA (SA), the South Australian Tourism Commission, Coopers Brewery and the Yalumba Wine Company.

Non-Smoking Laws

The year 2006 saw South Australian hotels continue preparations for total indoor smoking bans, which begin on November 1, 2007.

The AHA (SA) continued to work closely with member hotels in an attempt to ease the expected negative financial impact on the bottom line of pub business as a result of the bans.

AHA (SA) members were given a great deal of information about ways of accommodating smokers on licensed premises after the bans begin – in unenclosed areas. The AHA (SA)'s schedule of Regional Meetings has been an important mechanism in this educational process. The most important message given to hotels is they must be prepared.

Racing TV Broadcasts

May 2006 saw a belated end to the long-running dispute over subscriber television rights for racing between Sky Channel and ThoroughVision (TVN). Within hours of the announcement, all race broadcasts were returned to Sky, enabling PubTAB viewers to once again view all events on the one station.

The news is a great relief to South Australian hoteliers because many of them had found adapting to two channels a difficult and expensive exercise.

AHA (SA) Corporate Website

The new AHA (SA) corporate website, www.ahasa.asn.au, brought up its first full year of operation in 2006.

Its existence is a sign that many in the hotel industry in South Australia are joining the on-line revolution. The AHA (SA) is continually striving to convince more members of the benefits of being on-line, although many in country areas don't have the benefit of broadband access. The AHA (SA) continually updates its website to ensure that it is a valuable resource tool for members.

Hotel Care Newsletter

The AHA (SA) published its first Hotel Care Newsletter for many years in 2006. This quality publication illustrates the many and varied ways in which South Australian hotels are continually helping their local communities.

Gaming

Codes of Practice

The Independent Gambling Authority held a public hearing on 23 and 24 May 2006 to review stage one of the advertising and responsible gambling codes of practice and to finalise the second stage codes. We were represented at the hearing by Frances Nelson QC. We highlighted a number of issues with the first stage codes of practice which require clarification and strongly recommended that the first stage needs to be evaluated before the introduction of the second stage. We also submitted that the Authority must give due consideration and emphasis to its responsibility to have regard to the maintenance of an economically viable industry before introducing further measures which are not supported by clear evidence, and which do not have clear stakeholder support.

The issue of smartcard technology was raised during the hearing and the AHA provided a written response in August citing that there is no jurisdiction in the world where smartcard technology is being used for the principle purpose of harm minimisation.

The issue of external advertising, such as signs, was discussed and the AHA provided a detailed written submission after the hearing which contained a DVD with a photo gallery of about 400 South Australian venues showing overwhelmingly that the majority of venues have minimal signage which is, in most cases, purely directional and informative.

Inquiry into the Effects of the 2004 Amendments to the Gaming Machines Act 1992

On 21 November 2006 the Independent Gambling Authority conducted an inquiry into the effects of the 2004 amendments to the Gaming Machines Act 1992. The AHA made a joint submission with Clubs SA. We pointed out that the impact of the amendments may take a number of years. We also stated that the lack of participation in the trading rounds for the sale of gaming machine entitlements reflects a general level of anxiety and insecurity among operators as a result of persistent threats of further impositions which continue to undermine the collective confidence of the industry.

During the hearing the AHA was invited to make a presentation concerning the operation of Gaming Care the following morning. The Presiding Officer, Stephen Howells, was impressed with the concept and put forward a 5 point proposition



"Pubs are constantly changing and 'Every Pub Volume II' has plenty of new yarns and photos of watering holes we visited,"

Bruce Abernethy.

which would, subject to industry response, be a powerful reason for no further measures being imposed. He commented that if venues provide access and cooperate with Gaming Care and Club Safe Officers and introduce some form of "pre-commitment", that would be another powerful reason for no further regulatory measures being imposed. He complemented the industry on the significant steps forward that had been taken and he and the Authority were impressed.

- A stubbie chandelier in the Wunkar Golden Grain Tavern;
- The "Y"-shaped bar at the Yorke Hotel;
- A parking meter outside the William Creek Hotel; and
- A stunning photo of the Norwood Hotel on the front cover.

"Pubs are constantly changing and 'Every Pub Volume II' has plenty of new yarns and photos of watering holes we visited," said Bruce.

"There are more than 600 new photos in the new book, including some sensational pictures of our prettiest and most historic pubs," said Chris.

And unlike the first book, "Every Pub Volume II" has published comments from many hoteliers about what makes their pubs great.

These include:

- The licensee of the Iron Knob Hotel said: "Forget the foreplay and go straight to the Knob."
- The manager of the Eldo Hotel in Woomera said: "You don't have to be a rocket scientist to drink here."

"Every Pub Volume II" was launched by cricket legend Rod Marsh at the Norwood Hotel and was released in time for Christmas. Around 3000 copies were sold.



Accommodation Division

Accommodation Statistics

The year 2006 saw Adelaide's major accommodation hotels record strong growth in overall room occupancy, with the figure jumping by more than 6% according to AHA (SA) industry statistics.

Overall occupancy for the calendar year averaged 79.09%, up from 72.63% in 2005. Our major accommodation hotels also recorded increases in yield in 11 of the 12 months in 2006 compared to 2005.

"The AHA (SA) accommodation statistics demonstrate 2006 was an extremely positive year for major accommodation hotels in Adelaide," said AHA (SA) Manager – Accommodation Division Hamish Arthur.

"But we need to keep these figures in perspective.

"Additional major events in March contributed to a high occupancy rate in that month, while the Australian Tourism Exchange (ATE) trade show contributed to inflated results in June – even allowing for the 4500 free-of-charge room nights that were provided by hotels for ATE. "It was

only around 18 months ago that occupancy for the month of June in 2005 was just 58.52%, which is extremely low for accommodation properties."

Other key points from the 2006 AHA (SA) hotel accommodation statistics include:

- Occupancy in March was 90.80%, the highest figure in this category since the AHA (SA) started compiling these statistics;
- The month with the lowest occupancy in 2006 was January (65.29%);
- In comparison to the 2005 statistics, occupancy and yield increased in every month of 2006 except October; and
- Along with those that were held in "Mad March", the other key events that generated significant business for hotels were ATE in June and the Ashes Cricket Test in December – the percentage of occupancy in the "Tourists/Others" category in that month was 54.57%.

Representation

Following the resignation of Zayne Boon due to an employment transfer to New Zealand, Matt Young, the General Manager of the Holiday Inn Adelaide, took over as Chairman of the AHA (SA) Accommodation Division.

"The AHA (SA) accommodation statistics demonstrate 2006 was an extremely positive year for major accommodation hotels in Adelaide"

AHA (SA) Manager, Accommodation Division Hamish Arthur.

In 2006, AHA (SA) General Manager Ian Horne joined the board of the South Australian Tourism Commission, while AHA (SA) Manager – Accommodation Division Hamish Arthur joined the board of the tourism industry's peak lobby group, the South Australian Tourism Alliance. The AHA (SA) was a willing participant in the Minister's Tourism Round Table.

Events

The AHA (SA) Accommodation Division held a number of successful events in 2006.

The most notable of these was the Adelaide Hotel Market Seminar in July which was conducted by Mr Dean Dransfield, a highly-respected industry analyst and Director of D.A. Dransfield and Co.

The seminar brought together more than 50 representatives from local hotels and they gained an invaluable insight into the state of play for accommodation hotels in the Adelaide market.

Responsible Gambling/ Gaming Care

This past year was one of consolidation and getting on with Gaming Care's core business. With the Board established, the Agency's business plan was written and endorsed which gave a clearer picture of the role and function of the agency. Three key strategies were identified and performance indicators developed to ensure that all activities fitted within the organisational stated goals and expected outcomes and accountability to the funding body, the Independent Gaming Corporation.

The Strategies

1. Generate Awareness & Utilisation of Agency services – to connect with management and staff in venues and provide information and assistance where needed
2. Establish and Maintain Key Relationships – with counselling services and relevant Government agencies and departments
3. Implement Early Intervention Initiatives – the provision of assistance, advice and support to venue staff in the identification of

potential problem gambling behaviours in patrons, local initiatives to address problem gambling, assist with barring and self-exclusion processes and the 'patron awareness questionnaire'

The Activities

- Work with Venues – Gaming Care Officers are linked to specific regions and have developed a cycle of regular visits. There were 1325 contacts made with venues through visits during the year.
- Gaming Care Newsletter – sent to all venues, gambling support services, politicians and key stakeholders. Provides a snapshot of the agency's activities, outcomes, achievements and articles of interest and relevance.
- 'Meet & Greet's – bringing together venue gaming management and staff and local gambling counselling services in an informal getting to know each other session.
- In-House Workshops – facilitated Responsible Gambling Code of Practice workshops for individual venues or groups of venues that are tailor made to the identified needs of staff.
- Patron Awareness Questionnaire – 190 venues participated in this initiative involving 1800 patrons. A 65% response rate was achieved with no negative feedback from staff or patrons.
- Assisting individual venues – identifying individual patron problem gambling behaviour, provision of information, signage and required policies and documentation needed to comply with codes of practice, assistance with barring and self exclusion process and issues including consistent patron breaches of barring orders, explore patron support options and assist venues respond to non compliance notices from the Office of Liquor and Gambling Commissioner.
- Actively involved in Gambling Awareness Week activities across the state.

Gaming Care also contributed to the AHA (SA)'s response to IGA reviews with one of the highlights for the year being acknowledged by the presiding member of the IGA at its public hearing in November 2006.

Industrial Relations & Human Resources Report

2006 heralded the most significant change to the industrial relations landscape since Federation, with 'WorkChoices' coming into operation on 27 March 2006. This legislation substantially altered the Workplace Relations Act 1996, particularly in the areas of termination of employment, agreement making, awards, record keeping and the creation of the Australian Fair Pay and Conditions Standard. In addition, the role of the Australian Industrial Relations Commission (AIRC) was reduced, with the task of setting minimum rates of pay handed to a new body, the Australian Fair Pay Commission.

A High Court challenge against the legislation was made by a number of State Governments including SA, along with the unions. However, on 24 November 2006, the High Court ruled that the amendments to the Workplace Relations Act 1996 fell within the powers of the Commonwealth and would continue in their entirety.

To assist members to understand the myriad of changes that WorkChoices caused, the AHA (SA) ran seminars throughout the year in both metropolitan and regional areas, which were attended by the majority of members.

The Hotels, Clubs Etc. Award and the Musicians Award both underwent a S99 Review in accordance with the Fair Work Act 1994. As the changes to these awards took place prior to 27 March 2007, the changes were incorporated into the National Agreements Preserving a State Award (NAPSA) applied by constitutional corporations, who became covered by WorkChoices from 27 March 2006 (approximately 85% of members).

The South Australian Industrial Relations Commission (SAIRC) flowed on the AIRC Work and Family Test Case Principles, providing employees with a number of entitlements aimed at balancing their work and family life. These changes were inserted into the Hotels, Clubs Etc. Award and the Clerks (Clubs, Hotels and Motels) Award prior to 27 March 2006.

The SAIRC also handed down decisions in relation to minimum severance payments in the case of termination because of redundancy or retrenchment and a minimum rate of pay to apply to all employees in the State jurisdiction, regardless of what industrial instrument covers their employment. Both the Hotels, Clubs Etc. Award and the Clerks (Clubs,



Hotels and Motels) Award were unaffected as they already met or exceeded the minimum standards set.

Employers Mutual Limited was appointed as the single Workers Compensation Claims Manager in South Australia, effective from 1 July 2006.

Hospitality First Responder Training was launched by the Minister for Mental Health and Substance Abuse, Gail Gago, on 18 July 2006. This training aims to provide hospitality workers with an understanding of the initial steps that should be taken when faced with a medical emergency.

Discussions commenced with the Liquor, Hospitality and Miscellaneous Union (LHMU) in relation to an Industry Framework Collective Agreement. The AHA (SA) aimed to create a template Union Collective Agreement which would assist members to retain the 50% casual loading and Special Time allowance, as well as gain some flexibility, particularly in the areas of hours of work and meal breaks. Negotiations continued into 2007.

The State Wage Case was handed down by the SAIRC on 5 July 2006, providing all workers employed in the State Jurisdiction with a wage increase of \$17.00 per week for all weekly rates of pay up to and including \$570.00 per week or \$18.00 per week for all

weekly rates of pay above \$570.00 per week. This increase did not apply to the majority of AHA (SA) members as it was only applicable to non-constitutional corporations.

The first decision of the Australian Fair Pay Commission was handed down on 26 October 2006. The increase of \$0.72 per hour for all hourly rates of pay up to and including \$18.42 and \$0.58 for all hourly rates of pay in excess of \$18.42 was higher than expected and was operative from 1 December 2006. In addition, as the salary in the Liquor and Accommodation Industry – Hotels, Resort and Gaming – (Managerial Staff) Award 2003 had not yet been increased in line with the 2005 National Wage Increase, WorkChoices required this increase to be passed along to employees in addition to the increase outlined above, resulting in a substantial increase for employees covered by that Award.

SA Unions lodged an application in the SAIRC for the creation of a Child Labour Award to apply to both constitutional corporations and non-constitutional corporations. SA Unions aims to implement additional restrictions relating to the employment of juniors (ie. workers under 18). A question of law was raised by Business SA and was agreed by all parties which

needed to be resolved by the Industrial Court before the matter is heard by the SAIRC. The questions of law relate to whether the Commission has the ability to create a General Award. This matter is ongoing.

The AHA (SA) has submitted a position that the Hospitality Awards should be exempted from this Award, should it be established, as they already contain provisions equal to most of the provisions in the proposed Award.

Unfair Dismissal Applications

The AHA (SA) represented ten Members in conciliation proceedings. Five matters were heard in the SAIRC and five in the AIRC, following the introduction of WorkChoices in March 2006. None proceeded to formal Arbitration.

Underpayment of Wages Claims

The AHA (SA) represented members in six formal applications which settled prior to formal Arbitration.

Workers Compensation Matters

The AHA (SA) represented five members in the Workers Compensation Tribunal.

Human Rights – Equal Opportunity

The AHA (SA) assisted one member in the discrimination and harassment claim.



Australian Government

Australian Industrial Registry

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994, Melbourne, VIC 3001
Telephone: (03) 8661 7993
Fax: (03) 9654 6672

Mr. I. Horne
General Manager
Australian Hotels Association
South Australian Branch
PO Box 3092
Rundall Mall SA 5000

Dear Mr. Horne

**Re: Schedule 1 of the Workplace Relations Act 1996 (Schedule 1)
Financial reports for year ended 30 June 2006 - FR 2006/541**

Reference is made to the financial reports of the South Australian Branch of the Australian Hotels Association for the year ended 31 December 2006. The documents were lodged in the Industrial Registry on 1 June 2007.

I direct your attention to the following comments concerning the above reports and the financial reporting obligations under Schedule 1. Please note that these matters are generally advised for assistance in the future preparation of financial reports. With the exception of the comments concerning item 1, no further action is required in respect of the subject documents.

1. Operating report

The financial documents lodged did not contain an operating report. The Committee of Management must as soon as practicable after the end of each financial year cause an operating report to be prepared in relation to the financial year - refer section 254 of Schedule 1.

I note that the Branch has previously been advised that its financial reports failed to meet its financial reporting obligations for the financial years 31 December 2004 and 31 December 2005 by failing to provide an Operating Report.

In order to comply with its financial reporting obligations the Branch is requested to arrange for the Committee of Management to prepare an Operating Report addressing the required information for lodgement in the Industrial Registry as soon as possible. The organisation is obliged to also provide a copy to its members. You can however, undertake to do this after lodging a copy of the Operating Report in the Industrial Registry. Please note that the financial documents will not be filed until the operating report has been lodged in the Industrial Registry.

2. Loans, Grants and Donations

Section 237(1) of Schedule 1 requires an organisation to lodge in the Industrial Registry within 90 days after the end of each financial year a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 made by the organisation during the financial year.

Inspection of Note 28 of the Notes to the Accounts indicates a disclosure "Political donations" of \$54,977.

If appropriate, would you please arrange lodgment in the Industrial Registry of a section 237(1) statement covering any donation exceeding \$1,000, setting out particulars of any donation in accordance with subsection 237(6).

3. **Committee of Management Statement**

Consistency with other reporting units

Paragraph 25 of the Industrial Registrar's Reporting guidelines, as made under section 255 of Schedule 1 states:

"The committee of management statement must include declarations by the committee of management as to whether in the opinion of the committee of management

.....

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate

.....

The Committee of Management's Statement states that the financial statements and notes "present fairly" rather than "give a true and fair view". Declarations made in the Committee of Management's Statement must be couched in terms as prescribed.

Electronic lodgment

I encourage you to take advantage of the electronic lodgment service provided by the Registry for future lodgments. You may register as a user and then lodge your documents via the Electronic Lodgment page of the AIRC website at www.airc.gov.au. Alternatively, you may send an email with the documents attached to: riateam3@air.gov.au. Please note that the Rules of the Commission allow for electronic signatures to be used, other than for statutory declarations (see subrule 74A(1)). Where documents are lodged electronically, there will be no need to forward hard copies of the documents.

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7993 or by email at larry.powell@air.gov.au.

Yours sincerely,



Larry Powell
Statutory Services Branch

24 September 2007



AUSTRALIAN
HOTELS
ASSOCIATION
(SA)
ABN 77 237 576 146

23 May 2007

Industrial Registry
GPO Box 1994S
MELBOURNE VIC 3001

Attention: Robert Pfeiffer

Dear Mr. Pfeiffer

Please find enclosed our Certificate of Secretary/Treasurer and the full Annual Report for the Australian Hotels Association (SA Branch) for the 2006 year.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Horne', with a long horizontal flourish extending to the right.

IAN HORNE
General Manager



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 24 April 2007;
- that the full report was presented to a general meeting of members of the reporting unit on 15 May 2007 in accordance with section 266 of the RAO Schedule.

A handwritten signature in black ink, appearing to read 'R. Lovell', with a stylized flourish at the end.

R.S.J. LOVELL

Dated: 22 May 2007

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

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2006**

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

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

| | Note | Economic Entity | | Parent Entity | |
|--|-------------|------------------------|-------------|----------------------|-------------|
| | | 2006 | 2005 | 2006 | 2005 |
| | | \$ | \$ | \$ | \$ |
| Revenues from ordinary activities | 2 | 2,493,696 | 2,559,205 | 2,493,696 | 2,559,205 |
| Employee expenses | | (1,045,128) | (1,152,734) | (1,045,128) | (1,152,734) |
| Depreciation expense | | (56,273) | (70,728) | (36,273) | (50,728) |
| Finance costs | 3 | (556) | (2,801) | (556) | (2,801) |
| Other expenses from ordinary activities | | (1,139,851) | (1,430,170) | (1,159,851) | (1,450,170) |
| Surplus/(Deficit) attributable to members of the parent entity | | 251,888 | (97,228) | 251,888 | (97,228) |

The accompanying notes form part of these financial statements.
A detailed income statement is provided in note 28.

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

**BALANCE SHEET
AS AT 31 DECEMBER 2006**

| | Note | Economic Entity | | Parent Entity | |
|---|-------------|------------------------|------------------|----------------------|------------------|
| | | 2006 | 2005 | 2006 | 2005 |
| | | \$ | \$ | \$ | \$ |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 6 | 1,765,416 | 1,096,024 | 1,765,406 | 1,096,014 |
| Trade and other receivables | 7 | 1,133,365 | 142,299 | 1,931,523 | 960,457 |
| Inventories | 8 | 21,837 | 3,321 | 21,837 | 3,321 |
| Other current assets | 9 | 155,434 | 189,323 | 155,434 | 189,323 |
| TOTAL CURRENT ASSETS | | 3,076,052 | 1,430,967 | 3,874,200 | 2,249,115 |
| NON-CURRENT ASSETS | | | | | |
| Investments accounted for using the equity method | 10 | - | - | - | - |
| Financial assets | 12 | - | - | 10 | 10 |
| Property, plant and equipment | 14 | 1,617,473 | 1,702,132 | 142,696 | 207,355 |
| Intangible assets | 15 | 350 | 350 | - | - |
| TOTAL NON-CURRENT ASSETS | | 1,617,823 | 1,702,482 | 142,706 | 207,365 |
| TOTAL ASSETS | | 4,693,875 | 3,133,449 | 4,016,906 | 2,456,480 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 16 | 2,273,313 | 936,190 | 2,273,313 | 936,190 |
| Short-term borrowings | 17 | (673) | 25,859 | (673) | 25,859 |
| Short-term provisions | 18 | 81,199 | 83,252 | 81,199 | 83,252 |
| TOTAL CURRENT LIABILITIES | | 2,353,839 | 1,045,301 | 2,353,839 | 1,045,301 |
| NON-CURRENT LIABILITIES | | | | | |
| Long-term borrowings | 17 | - | - | - | - |
| TOTAL NON-CURRENT LIABILITIES | | - | - | - | - |
| TOTAL LIABILITIES | | 2,353,839 | 1,045,301 | 2,353,839 | 1,045,301 |
| NET ASSETS | | 2,340,036 | 2,088,148 | 1,663,067 | 1,411,179 |
| EQUITY | | | | | |
| Capital profits reserve | 19a | 676,969 | 676,969 | - | - |
| General reserve | 19b | 380,000 | 380,000 | 380,000 | 380,000 |
| Retained surplus | | 1,283,067 | 1,031,179 | 1,283,067 | 1,031,179 |
| TOTAL EQUITY | | 2,340,036 | 2,088,148 | 1,663,067 | 1,411,179 |

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006**

| Note | Retained surplus \$ | Capital profits reserve \$ | General reserve \$ | Total \$ |
|---|---------------------------|-------------------------------------|--------------------------|-------------|
| Economic Entity | | | | |
| Balance at 31 December 2005 | 1,031,179 | 676,969 | 380,000 | 2,088,148 |
| Surplus/(Deficit) attributable to members of the parent entity | 251,888 | - | - | 251,888 |
| Balance at 31 December 2006 | 1,283,067 | 676,969 | 380,000 | 2,340,036 |
| Parent Entity | | | | |
| Balance at 31 December 2005 | 1,031,179 | - | 380,000 | 1,411,179 |
| Surplus/(Deficit) attributable to members of the parent entity | 251,888 | - | - | 251,888 |
| Balance at 31 December 2006 | 1,283,067 | - | 380,000 | 1,663,067 |

The accompanying notes form part of these financial statements.

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

| | Note | Economic Entity | | Parent Entity | |
|---|-------------|------------------------|-------------|----------------------|-------------|
| | | 2006 | 2005 | 2006 | 2005 |
| | | \$ | \$ | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | | 2,605,237 | 3,080,987 | 2,605,237 | 3,080,987 |
| Payments to suppliers and employees | | (2,010,530) | (2,809,897) | (2,010,530) | (2,809,897) |
| Interest received | | 74,476 | 61,845 | 74,476 | 61,845 |
| Finance costs | | (556) | (2,801) | (556) | (2,801) |
| Net cash provided by (used in) operating activities | 24a | 668,627 | 330,134 | 668,627 | 330,134 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from sale of property, plant and equipment | | 45,025 | 536 | 45,025 | 536 |
| Purchase of property, plant and equipment | | (17,728) | (40,177) | (17,728) | (40,177) |
| Net cash provided by (used in) investing activities | | 27,297 | (39,641) | 27,297 | (39,641) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Repayment of borrowings | | (26,532) | (24,048) | (26,532) | (24,048) |
| Net cash provided by (used in) financing activities | | (26,532) | (24,048) | (26,532) | (24,048) |
| Net increase (decrease) in cash held | | 669,392 | 266,445 | 669,392 | 266,445 |
| Cash at beginning of financial year | | 1,096,024 | 829,579 | 1,096,014 | 829,569 |
| Cash at end of financial year | 6 | 1,765,416 | 1,096,024 | 1,765,406 | 1,096,014 |

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial report of the AHASA and its controlled entity and the AHASA as a individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (IFRS) with the exception of certain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

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

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity that the AHASA has the power to control the financial and operating policies of so as to obtain benefits from its activities. The AHASA has one controlled entity and the details are contained in note 14 to the financial statements. The controlled entity has a December year end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised surplus or deficit, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

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

a. Principles of Consolidation (cont'd)

Where controlled entities have entered or left the economic entity during the year, their operating results have been included or excluded from the date control was obtained or until the date control ceased.

b. Income Tax

No provision for income tax is necessary for the parent entity because it is exempt from income tax under section 23(f) of the Income Tax Assessment Act.

The charge for current income tax expense for the controlled entity is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

c. Inventories

Inventories are measured at the lower of cost and replacement cost. Costs are assigned on a specific identification basis.

d. Property, Plant and Equipment

Each class of property, plant and equipment including freehold land and buildings is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by the Executive Council to ensure it is not in excess of the recoverable amount from these 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 been discounted to present values in determining recoverable amounts.

Depreciation

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

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------------|-------------------|
| Buildings | 1% |
| Plant and equipment | 7–40% |
| Motor vehicles – owned and leased | 22.5% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

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

e. Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by the Executive Council 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.

f. Impairment of Assets

At each reporting date, the Executive Council reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

g. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the economic entity's share of post-acquisition reserves of its associates.

h. Employee Benefits

Provision is made for the organisation's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Long service leave is provided for in respect of employees with more than 5 years service.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

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

i. Provisions

Provisions are recognised when the economic entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

k. 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.

All revenue is stated net of the amount of goods and services tax (GST).

l. Borrowing Costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

m. 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 Taxation 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 balance sheet are shown inclusive of GST.

n. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

o. Critical Accounting Estimates and Judgements

The Executive Council evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the economic entity.

Key Estimates and Judgements

The Executive Council has not been required to make any key estimates or judgements in the process of applying the economic entity's accounting policies.

p. Debtors and Fees Recognition

The FIA - Membership for 2007 have been recognised in the debtors for year ending 2006. This has no impact on surplus/(deficit) for the year for the entity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

| | Economic Entity | | Parent Entity | |
|---|------------------|------------------|------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$ | \$ | \$ | \$ |
| NOTE 2: REVENUE | | | | |
| Operating activities: | | | | |
| — members' subscriptions | 1,452,165 | 1,443,400 | 1,452,165 | 1,443,400 |
| — associate members' subscriptions | 12,848 | 16,764 | 12,848 | 16,764 |
| — advocacy services income | 102,469 | 42,234 | 102,469 | 42,234 |
| — sponsorships | 347,455 | 374,112 | 347,455 | 374,112 |
| — commissions received | 200,196 | 219,321 | 200,196 | 219,321 |
| — conferences, seminars and events | 214,410 | 268,468 | 214,410 | 268,468 |
| — rent received | 41,808 | 43,870 | 41,808 | 43,870 |
| — sale of goods | 18,283 | 24,639 | 18,283 | 24,639 |
| — Federal AHA funding | - | 50,000 | - | 50,000 |
| — Other | 29,586 | 14,552 | 29,586 | 14,552 |
| | <u>2,419,220</u> | <u>2,497,360</u> | <u>2,419,220</u> | <u>2,497,360</u> |
| Non-operating activities: | | | | |
| — bank interest | 74,476 | 61,845 | 74,476 | 61,845 |
| — Gain on disposal of plant and equipment | - | - | - | - |
| | <u>74,476</u> | <u>61,845</u> | <u>74,476</u> | <u>61,845</u> |
| Total revenue | <u>2,493,696</u> | <u>2,559,205</u> | <u>2,493,696</u> | <u>2,559,205</u> |

NOTE 3: SURPLUS/(DEFICIT)
FROM ORDINARY ACTIVITIES

a. Expenses

| | | | | |
|--------------------------|-----|-------|-----|-------|
| Finance costs - external | 556 | 2,801 | 556 | 2,801 |
|--------------------------|-----|-------|-----|-------|

NOTE 4: KEY MANAGEMENT PERSONNEL

Key Management Personnel – Executive Council (Officials)

C Branson

P Brien (appointed 2 May 2006)

J Ellis

P Hurley

P Jones (appointed 2 May 2006)

R Lovell

C Williams (appointed 2 May 2006)

W Woehlert

M Wong

Other Key Management Personnel

I Horne (General Manager)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

| | Economic Entity | | Parent Entity | |
|---|-----------------|--------|---------------|--------|
| NOTE 5: AUDITORS' REMUNERATION | 2006 | 2005 | 2006 | 2005 |
| | \$ | \$ | \$ | \$ |
| Remuneration of the auditor of the parent entity for: | | | | |
| — auditing or reviewing the financial report | 12,350 | 10,720 | 12,350 | 10,720 |
| — preparation of the financial report | 6,650 | 6,000 | 6,650 | 6,000 |
| — auditing or reviewing; and preparation of the financial report for 2006 | 19,000 | - | 19,000 | - |

NOTE 6: CASH AND CASH EQUIVALENTS

| | | | | |
|--------------------------|------------------|------------------|------------------|------------------|
| Cash at bank and on hand | 560,370 | 483,615 | 560,360 | 483,605 |
| Short-term bank deposits | 1,205,046 | 612,409 | 1,205,046 | 612,409 |
| | <u>1,765,416</u> | <u>1,096,024</u> | <u>1,765,406</u> | <u>1,096,014</u> |

The effective interest rate on short-term bank deposits was 6.18% (2005: 5.4%); these deposits mature on 22 January 2007 (2005: 4 January 2006).

a. Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

| | | | | |
|---------------------------|------------------|------------------|------------------|------------------|
| Cash and cash equivalents | <u>1,765,416</u> | <u>1,096,024</u> | <u>1,765,406</u> | <u>1,096,014</u> |
|---------------------------|------------------|------------------|------------------|------------------|

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

| | Note | Economic Entity | | Parent Entity | |
|--|-------------|------------------------|----------------|----------------------|----------------|
| | | 2006 | 2005 | 2006 | 2005 |
| | | \$ | \$ | \$ | \$ |
| NOTE 7: TRADE AND OTHER RECEIVABLES | | | | | |
| CURRENT | | | | | |
| Other receivables | | 1,133,365 | 142,299 | 1,133,365 | 142,299 |
| Amount receivable from wholly-owned subsidiary | | - | - | 798,158 | 818,158 |
| | | <u>1,133,365</u> | <u>142,299</u> | <u>1,931,523</u> | <u>960,457</u> |

The loan to the wholly-owned subsidiary is unsecured and interest-free. No repayment terms have been set.

NOTE 8: INVENTORIES

CURRENT

Held for distribution:

Coin cups, table diaries and guest registers

| | | | | |
|--|--------|-------|--------|-------|
| | 21,837 | 3,321 | 21,837 | 3,321 |
|--|--------|-------|--------|-------|

NOTE 9: OTHER ASSETS

CURRENT

Work in progress

| | | | |
|-------|-------|-------|-------|
| 7,140 | 6,270 | 7,140 | 6,270 |
|-------|-------|-------|-------|

Prepayments

| | | | |
|---------|--------|---------|--------|
| 133,120 | 40,659 | 133,120 | 40,659 |
|---------|--------|---------|--------|

Accrued income from associated company

| | | | |
|---|---------|---|---------|
| - | 136,442 | - | 136,442 |
|---|---------|---|---------|

Accrued income from other

| | | | |
|--------|-------|--------|-------|
| 15,174 | 5,952 | 15,174 | 5,952 |
|--------|-------|--------|-------|

| | | | |
|----------------|----------------|----------------|----------------|
| <u>155,434</u> | <u>189,323</u> | <u>155,434</u> | <u>189,323</u> |
|----------------|----------------|----------------|----------------|

**NOTE 10: INVESTMENTS
ACCOUNTED FOR USING THE
EQUITY METHOD**

Associated company

| | | | | |
|-----|---|---|---|---|
| 11a | - | - | - | - |
|-----|---|---|---|---|

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 11: ASSOCIATED COMPANY

An interest is held in the following non-listed associated company:

Hotels Responsible Gambling Early Intervention Agency Ltd (trading as "Gaming Care").

The principal activity of Gaming Care is the provision of support to problem gamblers. The company is incorporated in Australia. Gaming Care commenced registration as a company on 16 November 2005 and is a public company limited by guarantee.

The interest is held as follows:

| | Ownership interest | | Voting power | | Carrying amount of investment | |
|-------------|--------------------|------|--------------|------|-------------------------------|------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | % | % | % | % | \$ | \$ |
| Gaming Care | 100 | 100 | 40 | 40 | - | - |

a. Movements During the Year in Equity Accounted Investments in Associated Company

The AHASA holds 40% of the voting power of Gaming Care hence the AHASA has significant influence over Gaming Care. Gaming Care is therefore considered to be an associated company of the AHASA.

The cost of the AHASA's investment in Gaming Care is nil because Gaming Care is limited by guarantee and does not have any share capital. The AHASA's share of the post-acquisition surplus or deficit of Gaming Care is also nil due to a clause in the constitution of Gaming Care as detailed below.

In light of the above, the AHASA's investment in Gaming Care, when equity accounted for, is nil.

b. Significant Restrictions on the Ability of the Associated Company to Transfer Funds to the AHASA

The constitution of Gaming Care states that no portion of the income, property, profits and financial surplus of the company may be paid, distributed to or transferred directly, indirectly, by way of dividend, property, bonus or otherwise by way of profit, to the members or directors of the company, or their related parties except as provided by the constitution. Nothing in the constitution prevents the payment:

- in return for services rendered or for goods supplied in the ordinary and usual course of business;
- of interest; or
- rent.

c. Summarised Financial Information of Associated Company

| | Gaming Care | |
|-------------------|-------------|---------|
| | 2006 | 2005 |
| | \$ | \$ |
| Total assets | 413,437 | 139,106 |
| Total liabilities | 413,437 | 139,106 |
| Net assets | - | - |
| Revenues | 390,210 | 108,136 |
| Surplus | - | - |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

| | Note | Economic Entity | | Parent Entity | |
|--|-------------|------------------------|-------------|----------------------|-------------|
| | | 2006 | 2005 | 2006 | 2005 |
| | | \$ | \$ | \$ | \$ |
| NOTE 12: FINANCIAL ASSETS | | | | | |
| Shares in non-listed controlled entity at cost | 13 | - | - | 10 | 10 |

NOTE 13: CONTROLLED ENTITY

Controlled Entity Consolidated

| | Country of incorporation | Percentage owned (%) * | |
|---|---------------------------------|-------------------------------|-------------|
| | | 2006 | 2005 |
| Parent Entity: | | | |
| Australian Hotels Association (South Australian Branch) (AHASA) | Australia | - | - |
| Subsidiary of the AHASA: | | | |
| AHA Properties Pty Ltd | Australia | 100 | 100 |

* Percentage of voting power in proportion to ownership.

| | Economic Entity | | Parent Entity | |
|---|------------------------|-------------|----------------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$ | \$ | \$ | \$ |
| NOTE 14: PROPERTY, PLANT AND EQUIPMENT | | | | |
| Freehold land and buildings at cost | 1,774,777 | 1,774,777 | - | - |
| Less accumulated depreciation | 300,000 | 280,000 | - | - |
| | 1,474,777 | 1,494,777 | - | - |
| Plant and equipment at cost | 254,652 | 242,963 | 254,652 | 242,963 |
| Less accumulated depreciation | 157,564 | 144,436 | 157,564 | 144,436 |
| | 97,088 | 98,527 | 97,088 | 98,527 |
| Motor vehicles at cost | 94,926 | 152,369 | 94,926 | 152,369 |
| Less accumulated depreciation | 49,318 | 64,905 | 49,318 | 64,905 |
| | 45,608 | 87,464 | 45,608 | 87,464 |
| Capitalised leased motor vehicles at cost | - | 45,895 | - | 45,895 |
| Less accumulated depreciation | - | 24,531 | - | 24,531 |
| | - | 21,364 | - | 21,364 |
| Total property, plant and equipment | 1,617,473 | 1,702,132 | 142,696 | 207,355 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 14: 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 |
|--|-----------------------------------|------------------------|-------------------|-----------------------------|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| Economic Entity | | | | | |
| Balance at the beginning of the year | 1,494,777 | 98,527 | 87,464 | 21,364 | 1,702,132 |
| Additions | - | 17,728 | - | - | 17,728 |
| Disposals | - | (821) | (25,932) | (19,361) | (46,114) |
| Depreciation expense | (20,000) | (18,346) | (15,924) | (2,003) | (56,273) |
| Reclassification | - | - | - | - | - |
| Carrying amount at the end of the year | 1,474,777 | 97,088 | 45,608 | - | 1,617,473 |

Parent Entity

| | | | | | |
|--|---|----------|----------|----------|----------|
| Balance at the beginning of the year | - | 98,527 | 87,464 | 21,364 | 207,355 |
| Additions | - | 17,728 | - | - | 17,728 |
| Disposals | - | (821) | (25,932) | (19,361) | (46,114) |
| Depreciation expense | - | (18,346) | (15,924) | (2,003) | (36,273) |
| Reclassification | - | - | - | - | - |
| Carrying amount at the end of the year | - | 97,088 | 45,608 | - | 142,696 |

| | Economic Entity | | Parent Entity | |
|-----------------------------------|-----------------|------|---------------|------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$ | \$ | \$ | \$ |
| NOTE 15: INTANGIBLE ASSETS | | | | |
| Preliminary expenses at cost | 350 | 350 | - | - |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

| | Note | Economic Entity | | Parent Entity | |
|-------------------------------------|------|------------------|----------------|------------------|----------------|
| | | 2006 | 2005 | 2006 | 2005 |
| | | \$ | \$ | \$ | \$ |
| NOTE 16: TRADE AND OTHER PAYABLES | | | | | |
| CURRENT | | | | | |
| Trade payables | | 144,121 | 75,978 | 144,121 | 75,978 |
| Salaries and allowances – officials | | 16,250 | 15,000 | 16,250 | 15,000 |
| Superannuation – officials | | 1,653 | 1,350 | 1,653 | 1,350 |
| Superannuation – other | | - | 13,715 | - | 13,715 |
| Legal expenses | | - | 4,465 | - | 4,465 |
| Deferred income | | - | 714,714 | - | 714,714 |
| Other payables and accrued expenses | | 2,111,289 | 110,968 | 2,111,289 | 110,968 |
| | | <u>2,273,313</u> | <u>936,190</u> | <u>2,273,313</u> | <u>936,190</u> |

NOTE 17: BORROWINGS

CURRENT

| | | | | | |
|-----------------|--|-------|--------|-------|--------|
| Lease liability | | (673) | 25,859 | (673) | 25,859 |
|-----------------|--|-------|--------|-------|--------|

NON-CURRENT

| | | | | | |
|-----------------|----|------------|---------------|------------|---------------|
| Lease liability | | - | - | - | - |
| | 20 | <u>673</u> | <u>25,859</u> | <u>673</u> | <u>25,859</u> |

NOTE 18: PROVISIONS

CURRENT

| | | | | | |
|--------------------|-----|---------------|---------------|---------------|---------------|
| Annual leave | 18a | 57,688 | 52,415 | 57,688 | 52,415 |
| Long service leave | 18a | 23,511 | 30,837 | 23,511 | 30,837 |
| | | <u>81,199</u> | <u>83,252</u> | <u>81,199</u> | <u>83,252</u> |

a. Number of employees at year end

| | | | | |
|--|----|----|----|----|
| | 12 | 15 | 12 | 15 |
|--|----|----|----|----|

NOTE 19: RESERVES

a. Capital Profits Reserve

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

b. General Reserve

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 2006**

| | Note | Economic Entity | | Parent Entity | |
|--|-------------|------------------------|--------|----------------------|--------|
| NOTE 20: LEASING COMMITMENTS | | 2006 | 2005 | 2006 | 2005 |
| | | \$ | \$ | \$ | \$ |
| Finance Lease Commitments | | | | | |
| Payable: | | | | | |
| — not later than 1 year | | 523 | 27,532 | 523 | 27,532 |
| — later than 1 year but not later than 5 years | | - | - | - | - |
| Minimum lease payments | | 523 | 27,532 | 523 | 27,532 |
| Less future finance charges | | (1,196) | 1,673 | (1,196) | 1,673 |
| Present value of minimum lease payments | 18 | (673) | 25,859 | (673) | 25,859 |

NOTE 21: CONTINGENT LIABILITIES

The economic entity had no contingent liabilities as at 31 December 2006 or for the forthcoming year.

NOTE 22: SEGMENT REPORTING

The economic 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.

NOTE 23: 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

AHA Properties Pty Ltd:

| | | | | |
|-------------|---|---|--------|--------|
| — rent paid | - | - | 20,000 | 20,000 |
|-------------|---|---|--------|--------|

Rent paid by the AHASA to AHA Properties Pty Ltd is less than a normal commercial rate and there are no conditions attached.

Hotels Responsible Gambling Early Intervention Agency Ltd:

| | | | | |
|-------------------------------------|---------|---------|---------|---------|
| — rent received | 12,000 | 4,000 | 12,000 | 4,000 |
| — electricity contribution received | 1,200 | 400 | 1,200 | 400 |
| — cleaning contribution received | 1,400 | - | 1,400 | - |
| — administration fees received | 20,400 | 6,800 | 20,400 | 6,800 |
| — expenses reimbursed | 359,623 | 125,031 | 359,623 | 125,031 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 23: RELATED PARTY TRANSACTIONS (CONT'D)

Transactions with Related Parties (cont'd)

Officials of the parent entity:

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

| | Economic Entity | | Parent Entity | |
|--|-----------------|-----------|---------------|-----------|
| | 2006 | 2005 | 2006 | 2005 |
| | \$ | \$ | \$ | \$ |
| NOTE 24: CASH FLOW INFORMATION | | | | |
| a. Reconciliation of Cash Flows from Operating Activities with Surplus/(Deficit) from Ordinary Activities | | | | |
| Surplus/(Deficit) from ordinary activities | 251,888 | (97,228) | 251,888 | (97,228) |
| Non-cash flows in deficit from ordinary activities: | | | | |
| Depreciation | 56,273 | 70,728 | 36,273 | 50,728 |
| Net (gain) loss on disposal of plant and equipment | 1,088 | 3,307 | 1,088 | 3,307 |
| Changes in assets and liabilities: | | | | |
| Decrease (increase) in receivables | (991,066) | 41,311 | (991,066) | 41,311 |
| Decrease (increase) in other assets | 33,890 | (147,853) | 53,890 | (127,853) |
| Decrease (increase) in inventories | (18,516) | 7,317 | (18,516) | 7,317 |
| Increase (decrease) in payables | 1,337,123 | 465,145 | 1,337,123 | 465,145 |
| Increase (decrease) in provisions | (2,053) | (12,593) | (2,053) | (12,593) |
| Cash flows from operating activities | 668,627 | 330,134 | 668,627 | 330,134 |

b. Non-cash Investing Activities

During the financial year, the parent entity disposed of three motor vehicles.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 25: FINANCIAL INSTRUMENTS

a. Interest Rate Risk

The economic 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: | | | |
|------------------------------|--|------|------------------------|-----------|-------------------------------|--------|--------------|------|
| | 2006 | 2005 | 2006 | 2005 | Within 1 year | | 1 to 5 years | |
| | % | % | \$ | \$ | 2006 | 2005 | 2006 | 2005 |
| Financial Assets | | | | | | | | |
| Cash at bank | 3.8 | 3.0 | 559,683 | 483,334 | - | - | - | - |
| Short-term bank deposits | 6.18 | 5.4 | 1,205,047 | 612,409 | - | - | - | - |
| Total financial assets | | | 1,764,730 | 1,095,743 | - | - | - | - |
| Financial Liabilities | | | | | | | | |
| Lease liabilities | - | 7.5 | - | - | - | 25,859 | - | - |
| Total financial liabilities | | | - | - | - | 25,859 | - | - |

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 provision for impairment, as disclosed in the balance sheet and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic 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 economic 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 balance sheet and in the notes to the financial statements.

NOTE 26: 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

NOTE 27: 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).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

| NOTE 28: DETAILED INCOME STATEMENT | Economic Entity | | Parent Entity | |
|--|-----------------|---------------|---------------|---------------|
| | 2006 \$ | 2005 \$ | 2006 \$ | 2005 \$ |
| INCOME | | | | |
| Members' subscriptions | 1,452,165 | 1,443,400 | 1,452,165 | 1,443,400 |
| Associate members' subscriptions | 12,848 | 16,764 | 12,848 | 16,764 |
| Advocacy services income | 102,469 | 42,234 | 102,469 | 42,234 |
| Sponsorships | 347,455 | 374,112 | 347,455 | 374,112 |
| Commissions received | 200,196 | 219,321 | 200,196 | 219,321 |
| Conferences, seminars and events | 214,410 | 268,468 | 214,410 | 268,468 |
| Rent received | 41,808 | 43,870 | 41,808 | 43,870 |
| Sale of goods | 18,283 | 24,639 | 18,283 | 24,639 |
| Federal AHA funding | - | 50,000 | - | 50,000 |
| Other income | 29,586 | 14,552 | 29,586 | 14,552 |
| Bank interest | 74,476 | 61,845 | 74,476 | 61,845 |
| Gain on disposal of plant and equipment | - | - | - | - |
| Total income from ordinary activities | 2,493,696 | 2,559,205 | 2,493,696 | 2,559,205 |
| EXPENDITURE | | | | |
| Advocacy expenses | 9,932 | 16,570 | 9,932 | 16,570 |
| Annual leave provision | 9,784 | 23,236 | 9,784 | 23,236 |
| Conferences, seminars and events | 144,114 | 221,188 | 144,114 | 221,188 |
| Delegates fees and expenses | 13,175 | 18,499 | 13,175 | 18,499 |
| Depreciation | 56,273 | 70,728 | 36,273 | 50,728 |
| Donations and grants | 898 | 1,410 | 898 | 1,410 |
| Entertainment | 51,518 | 49,224 | 51,518 | 49,224 |
| Federal AHA levies | 75,860 | 75,860 | 75,860 | 75,860 |
| Gaming expenses | 2,835 | 5,710 | 2,835 | 5,710 |
| General expenses | 12,277 | 24,528 | 12,277 | 24,528 |
| Insurance | 35,265 | 36,370 | 35,265 | 36,370 |
| Interest paid | 556 | 2,801 | 556 | 2,801 |
| Legal expenses | 122,378 | 68,000 | 122,378 | 68,000 |
| Long service leave provision | 11,801 | 7,681 | 11,801 | 7,681 |
| Loss on disposal of plant and equipment | 1,088 | 3,307 | 1,088 | 3,307 |
| Media advertising expenses | 37,621 | 165,321 | 37,621 | 165,321 |
| Media coverage expenses | 30,336 | 25,679 | 30,336 | 25,679 |
| Meeting expenses | 36,935 | 38,545 | 36,935 | 38,545 |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

| NOTE 28: DETAILED INCOME STATEMENT (CONT'D) | Economic Entity | | Parent Entity | |
|---|-----------------|---------------|---------------|---------------|
| | 2006 \$ | 2005 \$ | 2006 \$ | 2005 \$ |
| EXPENDITURE (CONT'D) | | | | |
| Motor vehicle expenses | 49,915 | 48,388 | 49,915 | 48,388 |
| Other administration expenses | 93,755 | 101,440 | 93,755 | 101,440 |
| Payroll tax | 38,459 | 41,766 | 38,459 | 41,766 |
| Political donations | 54,977 | 47,727 | 54,977 | 47,727 |
| Printing, postage and stationery | 75,723 | 100,516 | 75,723 | 100,516 |
| Professional, consultancy and audit expenses | 93,726 | 153,525 | 93,726 | 153,525 |
| Rates and taxes | 16,457 | 15,366 | 16,457 | 15,366 |
| Rent paid | - | - | 20,000 | 20,000 |
| Repairs, cleaning, light and power | 72,355 | 67,656 | 72,355 | 67,656 |
| Salaries and allowances – officials | 16,250 | 15,000 | 16,250 | 15,000 |
| Salaries and allowances – other | 792,215 | 930,146 | 792,215 | 930,146 |
| Sponsorship expense | 63,788 | 80,267 | 63,788 | 80,267 |
| Staff recruitment | 10,208 | 26,153 | 10,208 | 26,153 |
| Subscriptions | 8,096 | 6,737 | 8,096 | 6,737 |
| Superannuation – officials | 1,463 | 1,350 | 1,463 | 1,350 |
| Superannuation – other | 126,036 | 89,497 | 126,036 | 89,497 |
| Telephone | 40,828 | 39,849 | 40,828 | 39,849 |
| Travelling expenses | 27,317 | 28,620 | 27,317 | 28,620 |
| Workcover | 7,594 | 7,773 | 7,594 | 7,773 |
| Total expenditure on ordinary activities | 2,241,808 | 2,656,433 | 2,241,809 | 2,656,433 |
| Surplus/(Deficit) attributable to members of the parent entity | 251,888 | (97,228) | 251,888 | (97,228) |

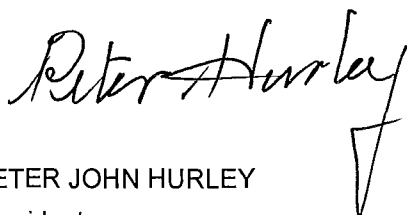
COMMITTEE OF MANAGEMENT'S STATEMENT

On 13 April 2007, 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 2006:


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 reporting unit is not aware as to whether their financial records have been kept, as far as practicable, in a consistent manner to each of the other reporting units;
 - (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

Dated 13 April 2007

**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 2006 as set out on pages 1 to 22.

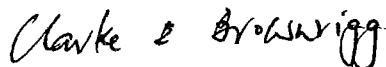
The financial report includes the consolidated financial statements of the consolidated entity comprising the organisation and the entities it controlled at the year end or from time to time during the financial year. The Committee of Management is responsible for the financial report. We have conducted 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 Australian 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 Australian Accounting Standards, the Workplace Relations Act 1996 including the requirements of the RAO Schedule and other mandatory professional reporting requirements in Australia the financial position of the organisation and consolidated entity as at 31 December 2006 and the results of their operations and cash flows for the year then ended.



CLARKE AND BROWNRIGG
Chartered Accountants



CR CLARKE
Partner;
Approved auditor;
Member of the Institute of Chartered Accountants in Australia (membership number 18429) and holder of current Public Practice Certificate; and
Registered Company Auditor number 5024.

Dated 24 April 2007, Kent Town