



Australian Government
Australian Industrial Registry

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Mr Richard Lovell
Secretary/Treasurer
Australian Hotels Association, South Australian Branch

email: information@ahasa.asn.au

Dear Mr Lovell

**Re: Financial Report for the Australian Hotels Association, South Australian Branch
for year ended 31 December 2007 – FR2007/597**

I acknowledge receipt of the financial report of the Australian Hotels Association, South Australian Branch for the year ended 31 December 2007. The documents were lodged with the Registry on 26 May 2008.

The financial report has now been filed.

Yours sincerely

A handwritten signature in black ink, appearing to be 'K Donnellan', with a long horizontal flourish extending to the right.

Kevin Donnellan

Statutory Services Branch
28 May 2008

ABN 77 237 576 146

Telephone 08 8232 4525
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14 May 2008

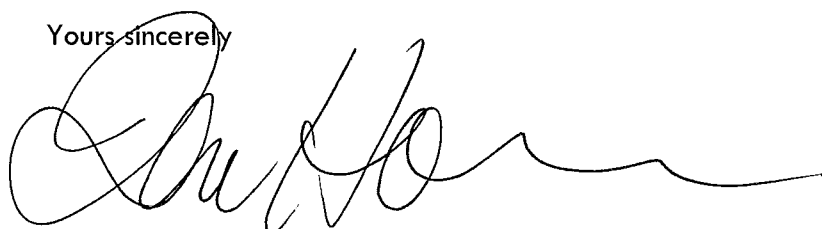
Industrial Registry
GPO Box 1994S
MELBOURNE VIC 3001

Attention: Robert Pfeiffer

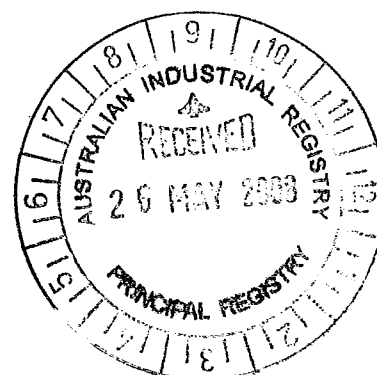
Dear Mr. Pfeiffer

Please find enclosed our Certificate of Secretary/Treasurer and the full Annual Report for the Australian Hotels Association (SA Branch) for the 2007 year which includes the Operating Report as per the RAO schedule.

Yours sincerely



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 21 April 2008;
- that the full report was presented to a general meeting of members of the reporting unit on 12 May 2008 in accordance with section 266 of the RAO Schedule.

R.S.J. LOVELL

Dated: 14 May 2008

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

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2007**

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

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenues from ordinary activities	2	2,871,697	2,493,696	2,871,697	2,493,696
Employee expenses		(1,032,825)	(1,045,128)	(1,032,825)	(1,045,128)
Depreciation expense		(49,874)	(56,273)	(29,874)	(36,273)
Finance costs	3	-	(556)	-	(556)
Other expenses from ordinary activities		(1,351,440)	(1,139,851)	(1,371,440)	(1,159,851)
Surplus/(Deficit) attributable to members of the parent entity		<u>437,558</u>	<u>251,888</u>	<u>437,558</u>	<u>251,888</u>

The accompanying notes form part of these financial statements.

A detailed income statement is provided in note 28.

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	2,407,032	1,765,416	2,407,022	1,765,406
Trade and other receivables	7	1,116,758	1,133,365	1,894,916	1,931,523
Inventories	8	21,129	21,837	21,129	21,837
Other current assets	9	64,651	155,434	64,651	155,434
TOTAL CURRENT ASSETS		3,609,570	3,076,052	4,387,718	3,874,200
NON-CURRENT ASSETS					
Investments accounted for using the equity method	10	-	-	-	-
Financial assets	12	-	-	10	10
Property, plant and equipment	14	1,582,392	1,617,473	127,615	142,696
Intangible assets	15	350	350	-	-
TOTAL NON-CURRENT ASSETS		1,582,742	1,617,823	127,625	142,706
TOTAL ASSETS		5,192,312	4,693,875	4,515,343	4,016,906
CURRENT LIABILITIES					
Trade and other payables	16	2,300,771	2,273,313	2,300,771	2,273,313
Short-term borrowings	17	-	(673)	-	(673)
Short-term provisions	18	113,947	81,199	113,947	81,199
TOTAL CURRENT LIABILITIES		2,414,718	2,353,839	2,414,718	2,353,839
NON-CURRENT LIABILITIES					
Long-term borrowings	17	-	-	-	-
TOTAL NON-CURRENT LIABILITIES		-	-	-	-
TOTAL LIABILITIES		2,414,718	2,353,839	2,414,718	2,353,839
NET ASSETS		2,777,594	2,340,036	2,100,625	1,663,067
EQUITY					
Capital profits reserve	19a	676,969	676,969	-	-
General reserve	19b	380,000	380,000	380,000	380,000
Retained surplus		1,720,625	1,283,067	1,720,625	1,283,067
TOTAL EQUITY		2,777,594	2,340,036	2,100,625	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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	Retained surplus \$	Capital profits reserve \$	General reserve \$	Total \$
Economic Entity					
Balance at 31 December 2006		1,283,067	676,969	380,000	2,340,036
Surplus/(Deficit) attributable to members of the parent entity		437,558	-	-	437,558
Balance at 31 December 2007		1,720,625	676,969	380,000	2,777,594
Parent Entity					
Balance at 31 December 2006		1,283,067	-	380,000	1,663,067
Surplus/(Deficit) attributable to members of the parent entity		437,558	-	-	437,558
Balance at 31 December 2007		1,720,625	-	380,000	2,100,625

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		2,820,295	2,605,237	2,820,295	2,605,237
Payments to suppliers and employees		(2,270,201)	(2,010,530)	(2,270,201)	(2,010,530)
Interest received		123,099	74,476	123,099	74,476
Finance costs		-	(556)	-	(556)
Net cash provided by (used in) operating activities	24a	673,193	668,627	673,193	668,627
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		12,500	45,025	12,500	45,025
Purchase of property, plant and equipment		(44,812)	(17,728)	(44,812)	(17,728)
Net cash provided by (used in) investing activities		(32,312)	27,297	(32,312)	27,297
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		735	(26,532)	735	(26,532)
Net cash provided by (used in) financing activities		735	(26,532)	735	(26,532)
Net increase (decrease) in cash held		641,616	669,392	641,616	669,392
Cash at beginning of financial year		1,765,416	1,096,024	1,765,406	1,096,014
Cash at end of financial year	6	2,407,032	1,765,416	2,407,022	1,765,406

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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 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 13 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 2007**

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 2007**

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 2007**

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 2008 have been recognised in the debtors for year ending 2007. This has no impact on surplus/(deficit) for the year for the entity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 2: REVENUE				
Operating activities:				
— members' subscriptions	1,495,016	1,452,165	1,495,016	1,452,165
— associate members' subscriptions	12,898	12,848	12,898	12,848
— advocacy services income	123,869	102,469	123,869	102,469
— Sponsorships	424,079	347,455	424,079	347,455
— commissions received	157,874	200,196	157,874	200,196
— conferences, seminars and events	293,478	214,410	293,478	214,410
— rent received	42,358	41,808	42,358	41,808
— sale of goods	22,652	18,283	22,652	18,283
— Federal AHA funding	-	-	-	-
— Other	176,374	29,586	176,374	29,586
	<u>2,748,598</u>	<u>2,419,220</u>	<u>2,748,598</u>	<u>2,419,220</u>
Non-operating activities:				
— bank interest	123,099	74,476	123,099	74,476
— Gain on disposal of plant and equipment	-	-	-	-
	<u>123,099</u>	<u>74,476</u>	<u>123,099</u>	<u>74,476</u>
Total revenue	<u>2,871,697</u>	<u>2,493,696</u>	<u>2,871,697</u>	<u>2,493,696</u>

**NOTE 3: SURPLUS/(DEFICIT)
FROM ORDINARY ACTIVITIES**

a. Expenses

Finance costs – external	-	556	-	556
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NOTE 4: KEY MANAGEMENT PERSONNEL

Key Management Personnel – Executive Council (Officials)

C Branson

P Brien

J Ellis

P Hurley

P Jones

R Lovell

C Williams

W Woehlert

M Wong

Other Key Management Personnel

I Horne (General Manager)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Economic Entity		Parent Entity	
NOTE 5: AUDITORS' REMUNERATION	2007 \$	2006 \$	2007 \$	2006 \$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	12,350	12,350	12,350	12,350
— preparation of the financial report	6,650	6,650	6,650	6,650
— 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	688,360	560,370	688,350	560,360
Short-term bank deposits	1,718,672	1,205,046	1,718,672	1,205,046
	<u>2,407,032</u>	<u>1,765,416</u>	<u>2,407,022</u>	<u>1,765,406</u>

The effective interest rate on short-term bank deposits was 6.98% (2006: 6.18%); these deposits mature on 10 January 2008 (2006: 22 January 2007).

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>2,407,032</u>	<u>1,765,416</u>	<u>2,407,022</u>	<u>1,765,406</u>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
NOTE 7: TRADE AND OTHER RECEIVABLES					
CURRENT					
Other receivables		1,116,758	1,133,365	1,116,758	1,133,365
Amount receivable from wholly-owned subsidiary		-	-	778,158	798,158
		<u>1,116,758</u>	<u>1,133,365</u>	<u>1,894,916</u>	<u>1,931,523</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, guest registers, hotel books

	21,129	21,837	21,129	21,837
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NOTE 9: OTHER ASSETS

CURRENT

Work in progress

6,790	7,140	6,790	7,140
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Prepayments

47,526	133,120	47,526	133,120
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Accrued income from associated company

-	-	-	-
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Accrued income from other

10,335	15,174	10,335	15,174
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<u>64,651</u>	<u>155,434</u>	<u>64,651</u>	<u>155,434</u>
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NOTE 10: INVESTMENTS
ACCOUNTED FOR USING THE
EQUITY METHOD

Associated company

11a	-	-	-	-
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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	
	2007	2006	2007	2006	2007	2006
	%	%	%	%	\$	\$
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	
	2007 \$	2006 \$
Total assets	197,438	413,437
Total liabilities	197,438	413,437
Net assets	-	-
Revenues	464,992	390,210
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 2007**

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
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 (%) *	
		2007	2006
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	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 14: PROPERTY, PLANT AND EQUIPMENT				
Freehold land and buildings at cost	1,774,777	1,774,777	-	-
Less accumulated depreciation	320,000	300,000	-	-
	1,454,777	1,474,777	-	-
Plant and equipment at cost	266,331	254,652	266,331	254,652
Less accumulated depreciation	160,981	157,564	160,981	157,564
	105,350	97,088	105,350	97,088
Motor vehicles at cost	62,307	94,926	62,307	94,926
Less accumulated depreciation	40,042	49,318	40,042	49,318
	22,265	45,608	22,265	45,608
Capitalised leased motor vehicles at cost	-	-	-	-
Less accumulated depreciation	-	-	-	-
	-	-	-	-
Total property, plant and equipment	1,582,392	1,617,473	127,615	142,696

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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	1,474,777	97,088	45,608	-	1,617,473
Additions	-	33,765	-	-	33,765
Disposals	-	(3,359)	(15,613)	-	(18,972)
Depreciation expense	(20,000)	(22,144)	(7,730)	-	(49,874)
Reclassification	-	-	-	-	-
Carrying amount at the end of the year	1,454,777	105,350	22,265	-	1,582,392

Parent Entity

Balance at the beginning of the year	-	97,088	45,608	-	142,696
Additions	-	33,765	-	-	33,765
Disposals	-	(3,359)	(15,613)	-	(18,972)
Depreciation expense	-	(22,144)	(7,730)	-	(29,874)
Reclassification	-	-	-	-	-
Carrying amount at the end of the year	-	105,350	22,265	-	127,615

Economic Entity		Parent Entity	
2007	2006	2007	2006
\$	\$	\$	\$

NOTE 15: INTANGIBLE ASSETS

Preliminary expenses at cost	350	350	-	-
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	Economic Entity		Parent Entity	
NOTE 16: TRADE AND OTHER PAYABLES		2007	2006	2007	2006
		\$	\$	\$	\$
CURRENT					
Trade payables		52,941	144,121	52,941	144,121
Salaries and allowances – officials		17,500	16,250	17,500	16,250
Superannuation – officials		1,575	1,653	1,575	1,653
Superannuation – other		-	-	-	-
Legal expenses		-	-	-	-
Deferred income		-	-	-	-
Other payables and accrued expenses		2,228,755	2,111,289	2,228,755	2,111,289
		<u>2,300,771</u>	<u>2,273,313</u>	<u>2,300,771</u>	<u>2,273,313</u>

NOTE 17: BORROWINGS

CURRENT

Lease liability	-	(673)	-	(673)
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NON-CURRENT

Lease liability	-	-	-	-
20	-	673	-	673

NOTE 18: PROVISIONS

CURRENT

Annual leave	18a	83,482	57,688	83,482	57,688
Long service leave	18a	30,465	23,511	30,465	23,511
		<u>113,947</u>	<u>81,199</u>	<u>113,947</u>	<u>81,199</u>

a. Number of employees at year end

12	12	12	12
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NOTE 19: RESERVES

a. Capital Profits Reserve

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

676,969	676,969	-	-
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b. General Reserve

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

380,000	380,000	380,000	380,000
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	Economic Entity		Parent Entity	
NOTE 20: LEASING COMMITMENTS		2007 \$	2006 \$	2007 \$	2006 \$
Finance Lease Commitments					
Payable:					
— not later than 1 year		-	523	-	523
— later than 1 year but not later than 5 years		-	-	-	-
Minimum lease payments		-	523	-	523
Less future finance charges		-	(1,196)	-	(1,196)
Present value of minimum lease payments	18	-	(673)	-	(673)

NOTE 21: CONTINGENT LIABILITIES

The economic entity had no contingent liabilities as at 31 December 2007 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
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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	12,600	12,000	12,600	12,000
— electricity contribution received	1,200	1,200	1,200	1,200
— cleaning contribution received	1,400	1,400	1,400	1,400
— administration fees received	24,000	20,400	24,000	20,400
— expenses reimbursed	57,893	359,623	57,893	359,623

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 24: CASH FLOW INFORMATION				
a. Reconciliation of Cash Flows from Operating Activities with Surplus/(Deficit) from Ordinary Activities				
Surplus/(Deficit) from ordinary activities	437,558	251,888	437,558	251,888
Non-cash flows in deficit from ordinary activities:				
Depreciation	49,874	56,273	29,874	36,273
Net (gain) loss on disposal of plant and equipment	7,836	1,088	7,836	1,088
Changes in assets and liabilities:				
Decrease (increase) in receivables	16,607	(991,066)	16,607	(991,066)
Decrease (increase) in other assets	100,404	33,890	120,404	53,890
Decrease (increase) in inventories	708	(18,516)	708	(18,516)
Increase (decrease) in payables	27,458	1,337,123	27,458	1,337,123
Increase (decrease) in provisions	32,748	(2,053)	32,748	(2,053)
Cash flows from operating activities	673,193	668,627	673,193	668,627

b. Non-cash Investing Activities

During the financial year, the parent entity disposed of one motor vehicle.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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:			
					Within 1 year		1 to 5 years	
	2007	2006	2007	2006	2007	2006	2007	2006
Financial Assets	%	%	\$	\$	\$	\$	\$	\$
Cash at bank	4.0	3.8	688,350	559,683	-	-	-	-
Short-term bank deposits	7.41	6.18	1,718,672	1,205,047	-	-	-	-
Total financial assets			2,407,022	1,764,730	-	-	-	-
Financial Liabilities								
Lease liabilities	-	-	-	-	-	-	-	-
Total financial liabilities			-	-	-	-	-	-

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 2007**

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 2007**

NOTE 28: DETAILED INCOME STATEMENT	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
INCOME				
Members' subscriptions	1,495,016	1,452,165	1,495,016	1,452,165
Associate members' subscriptions	12,898	12,848	12,898	12,848
Advocacy services income	123,869	102,469	123,869	102,469
Sponsorships	424,079	347,455	424,079	347,455
Commissions received	157,874	200,196	157,874	200,196
Conferences, seminars and events	293,478	214,410	293,478	214,410
Rent received	42,358	41,808	42,358	41,808
Sale of goods	22,652	18,283	22,652	18,283
Federal AHA funding	-	-	-	-
Other income	176,374	29,586	176,374	29,586
Bank interest	123,099	74,476	123,099	74,476
Gain on disposal of plant and equipment	-	-	-	-
Total income from ordinary activities	2,871,697	2,493,696	2,871,697	2,493,696
EXPENDITURE				
Advocacy expenses	20,113	9,932	20,113	9,932
Annual leave provision	21,515	9,784	21,515	9,784
Conferences, seminars and events	223,626	144,114	223,626	144,114
Delegates fees and expenses	8,100	13,175	8,100	13,175
Depreciation	49,874	56,273	29,874	36,273
Donations and grants	-	898	-	898
Entertainment	47,085	51,518	47,085	51,518
Federal AHA levies	-	75,860	-	75,860
Gaming expenses	1,453	2,835	1,453	2,835
General expenses	124,392	12,277	124,392	12,277
Insurance	27,934	35,265	27,934	35,265
Interest paid	-	556	-	556
Legal expenses	13,322	122,378	13,322	122,378
Long service leave provision	18,827	11,801	18,827	11,801
Loss on disposal of plant and equipment	7,836	1,088	7,836	1,088
Media advertising expenses	81,308	37,621	81,308	37,621
Media coverage expenses	26,413	30,336	26,413	30,336
Meeting expenses	48,174	36,935	48,174	36,935

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

NOTE 28: DETAILED INCOME STATEMENT (CONT'D)	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
EXPENDITURE (CONT'D)				
Motor vehicle expenses	38,819	49,915	38,819	49,915
Other administration expenses	78,536	93,755	78,536	93,755
Payroll tax	29,488	38,459	29,488	38,459
Political donations	79,545	54,977	79,545	54,977
Printing, postage and stationery	78,038	75,723	78,038	75,723
Professional, consultancy and audit expenses	95,288	93,726	95,288	93,726
Rates and taxes	16,386	16,457	16,386	16,457
Rent paid	-	-	20,000	20,000
Repairs, cleaning, light and power	125,882	72,355	125,882	72,355
Salaries and allowances – officials	17,500	16,250	17,500	16,250
Salaries and allowances – other	778,333	792,215	778,333	792,215
Sponsorship expense	72,903	63,788	72,903	63,788
Staff recruitment	-	10,208	-	10,208
Subscriptions	11,412	8,096	11,412	8,096
Superannuation – officials	1,575	1,463	1,575	1,463
Superannuation – other	129,686	126,036	129,686	126,036
Telephone	46,523	40,828	46,523	40,828
Travelling expenses	30,287	27,317	30,287	27,317
Workcover	8,104	7,594	8,104	7,594
 Total expenditure on ordinary activities	 2,434,138	 2,241,808	 2,434,138	 2,241,808
 Surplus/(Deficit) attributable to members of the parent entity	 437,558	 251,888	 437,558	 251,888

COMMITTEE OF MANAGEMENT'S STATEMENT

On 14 April 2008, 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 2007:

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 14 April 2008

**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 2007 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 2007 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 21 April 2008, Kent Town



2007

Australian Hotels Association (SA)

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AHA|SA
Annual Report



PRESIDENT'S REPORT

2007 was 137 years of continuous service by the AHA|SA and the challenges for the hotel industry remain significant and on-going. That said, the opportunities are enormous with both the economy and consumer confidence remaining strong.

Hotels of course deal with a range of products and services that can best be described as controversial at times, and while the AHA|SA enjoys significant support from member hotels, we cannot be complacent in what is an ever changing business environment.

The topics discussed in this annual report are but a snapshot of the issues we have confronted during 2007 and will no doubt continue through 2008 and beyond.

It is only through the collective and co-operative efforts of AHA|SA members, the AHA|SA Council, elected office bearers and management and staff that the AHA|SA can effectively, comprehensively and professionally achieve our objective of promoting and protecting members' business interests.

As has always been, AHA|SA membership is a sensible investment in a member's business.

The following are just some of the key issues (threats and opportunities) facing the Hotel Industry in South Australia.

Liquor Licensing

The regulation of liquor licensing generates a high degree of attention from the Association, as it forms the historical foundation of the industry and the subsequent significant investment in the infrastructure of the industry.

South Australia, by national standards, has a relatively liberal licensing regime that, recognising the nature of the alcohol product and its inherent potential danger if abused, has allowed for a diverse range of dining, bar and hospitality experiences to be developed across the State.

That said, recent announcements by the NSW government of their intention to allow small "shopfront" bars, with a maximum capacity of 120 people, no requirement for the provision of food or requirement for any "social impact assessment", should create a level of anxiety amongst investors and operators.

The AHA|SA would argue that such "deregulation" adds little value to improving the customer experience, undermines confidence and therefore investment in the hotel industry, and is at odds with the generally held concern amongst the health professions that alcohol availability needs to be managed and regulated for the overall well being of the community. The recent focus nationally on binge drinking adds credence to this attitude.

It would seem to AHA|SA that the current liquor laws in this State serve the community well and have encouraged significant investment in improved facilities, and a diverse and appealing product mix.

Despite the most recent focus and community concern over 'binge' drinking, "deregulation" for the sake of "competition" will no doubt continue to be raised. The AHA|SA will continue to oppose such radical and potentially destructive proposals often pursued in the name of "more sophisticated drinking environments". It is a fuphy and the Australian experience tells us so.

Defining Intoxication

Further development during 2007 saw a new proposed definition of intoxication discussed.

The key component of the definition was that:

- The person's speech, balance, co-ordination or behaviour appears to be noticeably impaired; and

- It is reasonable in the circumstances to believe that that impairment results from the consumption of liquor.

The AHA|SA is comfortable with that proposal. We think a reasonable interpretation of that definition will make decision making at a venue level easier and empower staff and management in managing the issue of excessive consumption.

What the AHA|SA remains opposed to is that the proposal also provides for an 'authorised officer' i.e. police or liquor licensing inspector to "deem" a customer as intoxicated irrespective of the views, experience and qualifications of venue staff and management. No legislative changes are before Parliament at the time of writing but the Minister has indicated a final position in the first half of 2008.

Fresh Attacks on Alcohol

2007 saw a flurry of stories attacking the alcoholic beverages sector in terms of the community cost of alcohol consumption.

The Achilles heel of our industry is the issue of binge drinking. The industry must continue to take a level of responsibility to minimise this behaviour, or face the consequence of having tougher laws regulating our industry. The fallout from this will see everyone paying more for alcohol via increased taxation which is an inadequate response, but potentially popular amongst those that would simply want to do our industry great damage. As has been seen more recently, some even see raising the drinking age as a serious consideration.

Of course every licensee is bound by a responsible service code, which mandates refusal of service to intoxicated persons. Compliance is difficult and far from simple. However, as an industry we must take it seriously

and the consequences will be worse for all. The AHA|SA has an on-going commitment to ensure that

the responsible service principles contained in the Act, and more particularly, detailed in the Code of Practice, are embraced by all members. To that extent, the Association actively participates both nationally and at a state level, in a range of bodies, committees and structures to ensure more extreme anti-industry views are balanced against the community's broader demands and expectations.

Smoking

Smoke Free for Good

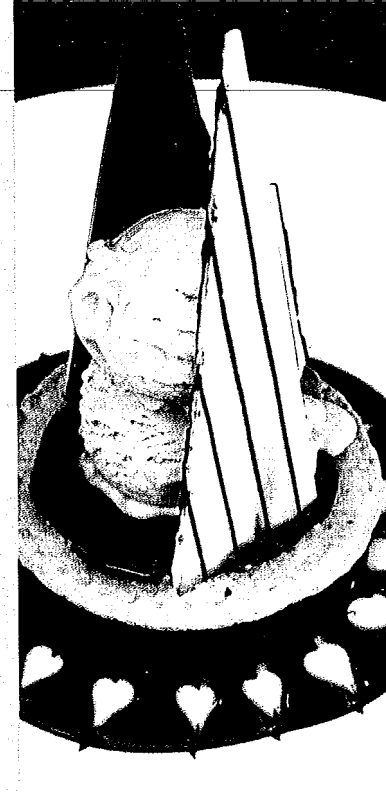
The introduction of smoke free indoors has gone particularly smoothly, thanks entirely to the long lead time, the weaning phase, summer introduction and the level of communication and co-operation from the Health Department via Drug and Alcohol Services, the tobacco surveillance branch and the AHA|SA. And while we were assured by the Head of the School of Population, Health and Clinical Practice at Adelaide University, via the Advertiser on 1 November, that our concerns of a drop in revenue was simply part of the propaganda of the tobacco industry and that "all of the reputable studies show there is no adverse impact on the hospitality industry," the reality is that as has happened in Tasmania and all other mainland states, revenue has dropped. Preliminary figures for the last 2 months of 2007 suggest net gaming revenue was down by 10% with some country venues down in excess of 35%.

Interstate experience says it will recover for most depending on the nature of their trade and their capacity to accommodate smokers and non-smokers. The AHA|SA negotiated this reasonable arrangement that has allowed for a relatively smooth transition.

These obligations, being a significant change to the nature of the requirements to be met, but most significantly the ability to be prosecuted and penalties to be applied by legislated inspectors.

A principle function of the IR/HR team was to protect and maintain the specific industry provisions of the Hotels, Clubs etc Award which covers approximately 84% of employees. As a result of the national industrial relations system approach of WorkChoices, Constitutional Corporations some 85% of licensed facilities would lose access to these provisions by March 2009 (now January 2010).

We are not griping because the ban was inevitable, and on the positive side, it has generated in excess of \$50m capital expenditure on some magnificent outdoor areas. Smokers and non-smokers are loving it. The AHA|SA has encouraged



Neville Mead - Commonwealth Bank, Ian Horne - AHA|SA and Rick Basheer - Horwath SA.

2007 also saw significant change in State employment related legislation in terms of the review of the Workers Compensation scheme for implementation in mid 2008. The Occupational Health and Safety legislation, to apply from 1 January 2008, being changed to increase prosecution and penalties relating to reckless endangerment being applied to employers that without a lawful excuse acted in a manner that created a substantial risk of death or serious harm in a workplace.

Legislation changes in 2006 for both Federal and State legislation also saw members be subjected to significantly increased inspection compliance obligations in terms of Time and Wages Records, Award wages and Conditions of Employment requirements being provided to employees and maintained.

These obligations, being a significant change to the nature of the requirements to be met, but most significantly the ability to be prosecuted and penalties to be applied by legislated inspectors.

A principle function of the IR/HR team was to protect and maintain the specific industry provisions of the Hotels, Clubs etc Award which covers approximately 84% of employees. As a result of the national industrial relations system approach of WorkChoices, Constitutional Corporations some 85% of licensed facilities would lose access to these provisions by March 2009 (now January 2010).

During 2007 the AHA|SA/ LHMU, based on its long established industry Memorandum of Understanding (2002) developed an Industry

Collective Agreement Framework based on the Hotels, Clubs etc Award (NAPSA) to protect the 50% Casual Loading and the Monday to Friday 7pm to 7am Special Time Rate. At the end of December 2007, 41 agreements had been lodged, approved and were operating.

In July 2007 the Australian Fair Pay Commission (AFPC) handed down its second wage increase to apply from the first full pay period on or after 1 October 2007 (ten (10) months after its first in December 2006, for Constitutional Corporations of \$10.26 per week (0.27cents per hour) for all award classification levels in the hospitality sector NAPSA's, i.e. Hotels, Clubs etc NAPSA and Clerks (Clubs, Hotels and Motels) NAPSA and the Federal Manager's Award. The AFPC advised it would be applying annual increases from this time in the future.

For Non Constitutional Corporation hoteliers the South Australian Industrial Relations Commission (SAIRC) awarded two increases:-

1. 4 July - \$10.50 to \$9.40 as a "gap" increase to catch up to the AFPC increase of December 2006.
2. 13 September flowed on the AFPC decision of \$10.26 to achieve the agreed industry position of consistency of wages to be paid for performing the same work.

In order to assist hoteliers to understand and then implement the changes brought about by WorkChoices a further 11 workshops were conducted in Metropolitan and Regional

locations on specific topics of:

- Record Keeping
- Termination of employment
- WorkChoices and NAPSA's
- AFPC standards

Responsible Officer Training

In accord with the requirements of the OH&S Act all employers must ensure that its senior person in the state for its operations are trained by August 2009, or within three (3) months of being appointed. The AHA|SA arranged for the Motor Trade Association to modify their WorkCover approved module to be amended to reflect hospitality issues. There were ten (10) sessions conducted throughout the year with five (5) in the city/metropolitan areas and five (5) in the country.

OH&S Small Business Adviser Program

Conducted with 25 hotels represented.

OH&S Policy and Procedures Manual

This manual was drafted in response to the legislation changes and feedback from Members. It will be distributed during 2008.

OH&S Management Training

This training was developed following requests by Members for management to acquire more information and training. Sessions will be conducted during 2008 following approval for a grant as submitted in 2007 from Employers Mutual Limited (EML).

Hospitality OH&S Association (previously known as SAFER) has reviewed its range of material, i.e. Emergency Procedures Guide,

Employer Handbooks, Employee Handbooks, Eat to Live and Virtual Kitchen material in order to meet the new legislation requirements in conjunction with assistance of Safework SA. The material will be distributed in 2008.

Workers' Compensation

The AHA|SA has provided input into the review process of the scheme particularly as significant changes must occur to reduce the unfunded liability now at \$843m an increase of \$122m from 2006.

- The SA scheme is currently the most generous nationally.
- Principal intention of the scheme will be to reduce the Income Maintenance period to a period less than the current 12 months and facilitate a quicker return to work for employees. This will require employers to take more responsibility in providing return to work opportunities and managing claims.
- Employers Mutual Limited (EML) conducted two workshops for members on the claim process and obligations of employers and employees.

Other IR/HR Issues

The AHA|SA made submissions to Safework SA on the following issues:

- Implications of a human pandemic on employment
- Industry Improvement Program
- Long Service Leave Act 1987, proposed amendment relating to the removal of unpaid leave in calculation for Long Service Leave entitlements
- Review of Occupational Health and Safety Regulations

- Has a dance floor or other area for dancing, or charges an entry fee (even if the entry fee is not charged to all patrons); and is not being used for:
 - A private function;
 - A dance party
 - An event that features ballroom or similar traditional dancing; or
 - An event for under-age persons (such as a “blue light” disco)

This definition includes a nightclub operating within a multi purpose venue in a physically separate area of that venue, where that separate area satisfies the above criteria.

The AHA National Office was party to a Judicial review of this decision, however on 13 March 2008 the application was dismissed with costs.

The new rates for nightclubs will be phased in over a 5 year period from 23 November 2007 as follows:

Year 1	\$0.51
Year 2	\$0.64
Year 3	\$0.78
Year 4	\$0.91
Year 5	\$1.05

Non-smoking laws

1 November 2007 saw the introduction of smoking bans in enclosed areas in South Australia.

Despite many hotels being very proactive in preparing for the bans, NGR figures released by the Office of the Liquor and Gambling Commissioner confirm that the ban on smoking has had a significant impact on revenue. Statewide NGR was down by approximately 9% in November, and approximately 10% in December as a direct comparison of the previous year.

There have already been efforts to restrict outside smoking even further, with Private Members Bills introduced by both MP Dennis Hood and former MLC, Nick Xenophon. The AHA|SA will continue to oppose any such further restrictions.

Hotel Care Newsletter

The AHA|SA continues to publish the Hotel Care Newsletter which highlights the support that Hotel Care Community Projects has given various community groups. It also illustrates the many ways in which South Australian hotels are continually helping their local communities. This newsletter is circulated.

ACCOMMODATION DIVISION

“Mad March” headlines successful 2007 for accommodation hotels

Accommodation hotels in South Australia enjoyed a successful 2007 and this strength flowed over to the AHA|SA Accommodation Division.

Accommodation Division Chairman Matt Young relinquished his role during the course of the year. Matt had a highly successful stint as General Manager of Holiday Inn Adelaide and this was recognised by the InterContinental Hotels Group, which operates Holiday Inn Adelaide, and he was promoted to be the new General Manager of Crowne Plaza Canberra and the National Convention Centre. Simon McGrath took over as the AHA|SA Accommodation Division Chairman following Matt’s transfer. Simon is the General Manager of Pacific International Suites Adelaide.

According to the AHA|SA accommodation statistics, hotel occupancy in 2007 was 81.26%, an increase on 2006 when occupancy was 79.09%. This is a vast improvement on 2004 when occupancy was 71.42%. The 2008 results show the Adelaide hotel market is starting to consolidate and indications are this trend will continue in the short-term. With several new hotel developments on the horizon, such as Crowne Plaza Adelaide, which is due to open in Hindmarsh Square in 2010, it is essential this upward curve in business continues.

The highlight of 2007 was March – or “Mad March” as it was widely known – due to the high number of major events, including the World Police and Fire Games, which were held in Adelaide during that month. Occupancy in March was 93.16%, the highest occupancy figure since the AHA|SA began compiling on-line statistics in 2004. It is over 2% more than the previous best of 90.80% in March of 2006. March of 2007 also saw the highest monthly average room rate in hotels (\$169.20) last year, while revenue per available room (RevPAR) in March ’07 was \$157.74.

On behalf of member hotels that make up the AHA|SA Accommodation Division, the Association recorded a number of achievements in 2007. These included:

- Tackling the issue of illegal letting of short stay accommodation with the Adelaide City Council and the

- City of Holdfast Bay. The City of Holdfast Bay has started an investigation into whether or not at least one apartment block in Glenelg is in breach of its planning approval;
- Forging a strong public presence on behalf of accommodation hotels on issues such as the extension of the Glenelg tramline, Tiger Airways’ decision to fly into Adelaide Airport and the elevation of the Tour Down Under cycling race to ProTour status;
- Lobbying AAA Tourism to change its controversial Star Ratings accreditation scheme as it relates to hotels;
- In the Copyright Tribunal of Australia, the AHA fought to ensure only true nightclubs are captured by huge increases in music licensing fees charged by the Phonographic Performance Company of Australia; and
- Regular formal and informal networking for hotel general managers, including the 2007 AHA|SA Accommodation Division Christmas Luncheon, which was held on December 12.

GAMING CARE

A high level of service was provided to the industry throughout 2007 reflecting the strong foundation that underpins the Agency with its progress regularly tracked and measured against stated key performance indicators.

Support for hotels

Steady and continued increase in contact made to the Agency by hotel gaming management and staff seeking Code of Practice requirements e.g. policies & signage etc., assistance with compliance, support in addressing individual patron situations, requests for in-house tailor made responsible gambling workshops, (involving local gambling help service counsellors) and a real desire to develop and maintain relationships with those services featured throughout the year. There was also a noticeable increase in direct contact between hotels and local gambling help services and visa versa and to Gaming Care Officers in relation to specific client/patron situations.

During 2007, 1610 personal visits to hotels were undertaken by a Gaming Care Officer, over 250 AHA|SA members provided with code practice requirements, 105 individual patron situations addressed with an additional 79 barring related and 92 members assisted with compliance issues.

Gambling Awareness Week

Gambling Awareness Week held during May 2007 was a collaborative effort between Gaming Care and Clubs SA Club Safe,

local gambling help services and the Office for Problem Gambling. During the week, over 100 hotels actively participated through the distribution of special Gambling Awareness Week product and involvement in local activities.

Gaming Care Newsletter

Three editions of the newsletter were distributed during 2007. This key communication initiative provides information on the activities of the Agency to a broad group including, hotels, gambling help services, politicians, key stakeholders and interested parties.

Stage Two Codes of Practice

One of the most significant moments of the year was the public acknowledgment, of the Gaming Care initiative and recommendation by the Independent Gambling Authority in its Stage Two Code of Practice report, for venues that enter into a formal arrangement with Gaming Care (and Club Safe) will be exempt from five of its recommended additional code of practice requirements.

INDUSTRIAL RELATIONS & HUMAN RESOURCES

The word “change” was the principal focus of the IR/HR team for 2007 for members. Implementing the changes of WorkChoices effective from 27 March 2006 and then adjusting to and preparing to implement further change from 24 November 2007 when the Labor Party was elected to Government. In 2008 “change” will continue as the ALP implements its “Forward with Fairness” industrial relations policy.

The principle 2007 “change” issues of adjusting to a National IR system and the potential loss of the specific hospitality sector conditions as contained in the Hotels, Clubs etc Award (NAPSA) National Agreement Preserving State Awards, i.e. 50% Casual Loading and the Monday to Friday 7pm to 7am Special Time Rates will continue.

The national system as minimum in its current form, i.e. members are either a Constitutional Corporation (Pty, Ltd or Inc) – Federal or Non Constitutional Corporation (Sole Trader or Partnership) – state will continue and in fact may be strengthened from January 2010.

The abolition of NAPSA’s now will occur from 1 January 2010 and not March 2009, based on the Award Modernisation approach. The Independent Wage Review system of the Australian Fair Pay Commission (AFPC) will continue.

hotels to spend heavily on this new infrastructure to accommodate the new laws and therefore it would be a travesty to tighten the outdoor definition or mandate non-smoking areas within the new outdoor facilities. Rest assured the AHA|SA will use all of its resources to challenge any such move.

Gaming

IGA Code of Practice

The Independent Gambling Authority (IGA) handed down its report into the review of Codes of Practice for gambling and gaming products on 17 May, 2007. The AHA|SA has subsequently reviewed the recommendations in total, and in particular, the recognition that venues can mitigate the more draconian measures by embracing harm minimisation strategies through our own Gaming Care arrangements. We welcome the Authority’s recognition of the value of the AHA|SA’s Gaming Care strategies.

IGA Machine Reduction Report

Since July 2005, hotels and clubs who choose to sell machine entitlements are required to enter a trading arrangement via the Office of the Liquor and Gambling Commissioner with a legislative cap (sales price) of \$50,000 per entitlement.

However, as part of the Government’s strategy to reduce machines by some 3000, one in four (or 25% of the value) is ‘surrendered’, giving an effective value per entitlement of \$37,500 under this current arrangement.

In the case of hotels, the 25% or one machine is “lost” to satisfy the Government’s ambition of reducing total machine numbers by 3000.

In the case of licensed clubs, the 25% or one in four is allocated to a body known as Club One for allocation to one of their venues or via a Club One “hosting” arrangement. Those transfers do not add to achieving the overall reduction target.

As a result of the recommendations of the report of the Independent Gambling Authority (IGA) of September 2007 entitled “2004 Amendments Inquiry” (see www.iga.sa.gov.au), they recommended that the cap of \$50,000 be removed and that a market arrangement be adopted as is the case in both NSW and Queensland.

This recommendation has been endorsed by the State Government who, via the Minister for Gambling, Paul Caica MP, has indicated appropriate legislative changes in the first half of 2008.

What the IGA did state categorically in their September 2007 report was;

“If it were not for the emergence of Gaming Care and Club Safe, the authority (IGA) would be now recommending further serious machine number reductions, directed at achieving a 30% reduction in the number of premises with gaming to complement the other measures presently in place”.

Nick Xenophon and the Senate

The Hon Nick Xenophon (former Member of the State Legislative Council) was successful in his bid for a Senate position at the November 2007 election. He does not take up that role until July 2008.

Mr. Xenophon will remain a challenge in terms of gambling policy. He has already been active in soliciting support from other Senators (Family First’s Steve Fielding and National’s Barnaby Joyce) to utilise Senate influence over areas that the Federal Government has jurisdiction.

Mr. Xenophon’s ambitions are reported as attempting to use Federal power to have ATM’s removed from the vicinity of gaming, provide Federal funding to States to reduce their reliance on gaming income and introduce compulsory smartcard.

The AHA|SA rejects all of these propositions as mechanisms to simply inflict damage on the industry for the sake of inflicting damage on the industry.

Industrial Relations

A core service of the AHA|SA remains the provision of Industrial Relations representation.

2007 was amongst the most demanding years with the full introduction of WorkChoices legislation.

The AHA|SA’s Human Resources and Industrial Relations team provides extensive advice and assistance to members in relation to rates of pay, award interpretation, agreement making, occupational health and safety, workers compensation, discrimination and equal opportunity legislation, performance management and termination.

Agreement-making is a core ethic of the new WorkChoices legislation and will remain so under the new Labor Federal Government, providing employers and employees with the flexibility to negotiate terms and conditions of employment to meet the needs of both parties.

The AHA|SA continues to save members many, many thousands of dollars through the effective provision of support and advice in relation to employing people.

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, their contribution is part of why this Association remains so strong.

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

The challenge for this industry, and one 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 State, our staff, our investors and our families. Let us not be distracted by those who intentionally or otherwise would see South Australia become an economic and social backwater through the resurrection of prohibition type solutions.



Peter Hurley
President
14/04/08

EVENTS & SPONSORSHIP

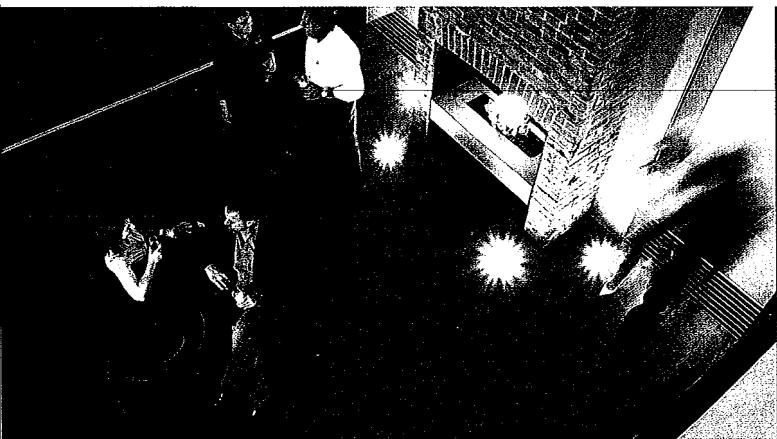
The 2007 Hotel Industry Conference was held at the Stamford Grand Hotel on Tuesday 19 June. The conference was sponsored by Lion Nathan and attended by 150 delegates. The conference program covered topics including non-smoking legislation and the effect on business, marketing and sales, alcohol deregulation, gaming and industrial relations. The keynote address was delivered by Mark McCrindle, Professional Social Researcher on ‘Changing Times and Changing Trends – an overview of the different generations in today’s workforce’.

The 2007 Hotel Industry Awards for Excellence were held on Wednesday 8 August at the Adelaide Convention Centre. The gala dinner was again generously sponsored by Coopers, Fosters Australia and Lion Nathan. Undoubtedly the premier event on the industry’s calendar, the night was hosted by Georgina McGuinness. HostPlus Super Fund generously sponsored the main entertainment for the night which was provided by Kate Ceberano and band. 800 guests attended the night, to celebrate the best that our industry offers. Twenty three awards were handed out, including the AHA|SA Hotel of the Year awarded to The Brompton Hotel.

The 2007 Women in Hotels Conference was held on 11 & 12 September at the Sebel Playford Adelaide. The biennial Conference attended by over 130 women from hotels and businesses across South Australia, was officially opened by The Hon Jennifer Rankine MP, Minister for the Status of Women. The conference followed a highly educational and inspirational program, the highlight being the keynote address delivered by Heather Swan, the World Record Holding extreme sportswoman. At the Conference Dinner, Colleen Jenkins was inducted into the Women in Hotels ‘Hall of Fame’.

The 2007 Hospitality and Catering Exhibition was held on 3 & 4 October at the Adelaide Showgrounds, in line with the AHA National Convention that was held in Adelaide the same week. ‘SA Liquor Distributors’ were also involved with their Christmas Expo. It has been decided that the AHA|SA Hospitality and Catering Exhibition will be relaunched in a new reinvigorated format in the first half of 2009.

The AHA National Convention was held from 1-5 October at the Hilton Adelaide. Delegates travelled from all over Australia to this annual national conference.



The program included formative business sessions and SA showcase events, such as a Sportsman's Dinner at the Adelaide Oval, Chefs Tour through the Central Market and Barossa Winery Tour. The AHA National Awards for Excellence were announced on the final night with South Australian hotels taking out several accolades with the pinnacle of 'Overall General Hotel of the Year' won by the Lion Hotel, North Adelaide.

The 2007 President's Christmas Lunch was held on Tuesday 4 December in 'The Ballroom' at the Hyatt Regency Hotel. Two hundred and ninety invited guests attended the lunch. AHA|SA CEO Ian Horne welcomed guests and AHA|SA President Peter Hurley delivered his much anticipated presentation, which is always the highlight of the event. The colourful response to Peter's speech was given by Hon Patrick Conlon MP of the ALP.

Hotel Care Community Projects

The AHA|SA's proud tradition of supporting community groups continued in 2007. Through funds allocated by the Independent Gaming Corporation, Hotel Care Community Projects was able to provide over \$320k in financial support to 19 organisations. These organisations included Life Education SA, Animal Welfare League, Australian Cranio-Maxillo Facial Foundation, Camp Quality, Royal Flying Doctor Service, Queen Elizabeth Hospital Research Foundation and Variety – The Children's Charity.

Corporate Sponsorship

The number of suppliers to the industry choosing to support the AHA|SA through the various levels of sponsorship continued to increase to record levels in 2007. Newcomers to the list included new Platinum sponsor BankWest, Gold sponsor Cadbury Schweppes and Silver sponsors Perks Integrated Business Services and Liquor Marketing Group.

The Association acknowledges its sincere appreciation for this support and in turn provides our sponsors with opportunities to maximise business interest with AHA|SA members.

LIQUOR LICENSING

Expansion of Outdoor Areas

Licensing advocacy has had a very busy year assisting members with applications to the Liquor and Gambling Commission for the licensing of outdoor areas where patrons can smoke and consume alcohol. Many of these applications have involved extended trading to allow patrons to consume liquor during the same hours which apply to internal areas. It has been pleasing that a majority of local councils have taken a sympathetic approach to extended trading hours and provided support.

Review of Mandatory Code of Practice

The Office of the Liquor and Gambling Commissioner commenced a review of the Code of Practice in June 2004. In conjunction with that review a definition of intoxication was proposed which referred to "any other substance" rather than just alcohol. The AHA|SA strongly opposed the concept that intoxication should be attributable to any other substance and this resulted in significant delays in finalising the review of the Code of Practice.

The Liquor and Gambling Commissioner is now confining the proposed intoxication definition to alcohol only, and the draft revised Code of Practice and the definition have been referred to the Minister for consideration.

Certificates of Approval

The requirement for an applicant to obtain both planning and building consent before applying to the licensing authority for a certificate of approval for a licence, or a removal of a licence, has been amended so that planning approval only is required. The amendment will save applicants the significant

costs involved in obtaining building consent without knowing whether the application will be granted by the licensing authority. The amendment came into effect on 13 December 2007.

Barring Orders

A Bill has been prepared to amend the Liquor Licensing Act 1997 to give licensees the ability to apply to the Liquor and Gambling Commissioner to bar a person for a period longer than 3 or 6 months for a first or second barring in very serious cases. It also provides authority for the police to issue barring notices and for them to use intelligence in determining whether to do so. Importantly, the Bill allows the police to share information concerning persons who have been barred from particular premises with licensees of other premises.

Welfare Barrings

The Liquor and Gambling Commissioner has recommended that welfare agencies should be given the authority to apply to the Commissioner for the issue of barring notices to persons whose welfare, or that of their dependants, is at risk as a result of their excessive consumption of alcohol. He has also recommended that a person who seeks a barring, either for him or herself or in respect of some other person in whose welfare they have a legitimate interest, should have the right to apply for a review of the decision of the licensee if the licensee refuses to issue a barring notice. If a licensee refuses to issue a barring notice at the request of a family member, the Commissioner has recommended that the family member be given standing to apply directly to the Liquor and Gambling Commissioner for a barring order.

Licence Statistics

As at 30 June 2007 the following licences were in force:

Hotel	628	Producer	1062
Residential	193	Club	424
Wholesale Liquor Merchant	315	Limited Club	771
Retail Liquor Merchant	199	Special Circumstances	558
Entertainment Venue	35	Direct Sales	164
Restaurant	1012		

GAMING

The Independent Gambling Authority conducted a review in 2006 to examine the first stage codes of practice and determine whether or not changes were required. It also completed the hearing into the second stage code issues and reviewed the various guidelines issued by the Authority in respect of game approvals and the licensing of premises for gaming. A report was provided to the Minister for Gambling on 17 May 2007.

Not all of the issues considered by the Authority are to be implemented in the codes, but the following alterations or additions have been recommended.

First Stage Codes

There will be an amendment to prevent the unqualified use of the dollar sign and the expression "win". The code will require a cheque for winnings in excess of \$1,000 to be paid immediately, and not within 24 hours as at present. Provision will be made for exemptions in certain cases.

Second Stage Codes

Mandatory warnings

A suite of "Gamble Responsibly" warnings on all advertising will be required to be rotated on a six-monthly basis over a period of six years.

On and in venue signage

There must not be any reference to gaming machines on any advertising outside the premises

or within the premises or the immediate environs of the premises. Any internal signage must be directional only.

Screening of the sights and sounds of gambling

Within three years licensees will be required to ensure that the sights and sounds of gaming machines are screened from other parts of the premises where people attend for non-gambling purposes.

Inducements and loyalty programs

Within 18 months all inducements to gambling and loyalty programs will be prohibited. However, card-based loyalty systems which include harm minimisation features such as pre-commitment and player activity statements will be permitted.

Relationship with counselling agencies

Licensees will be required to form a relationship with the local Break Even agency and keep a register of referrals. A period of 18 months will be given for licensees to take reasonable steps to form such a relationship.

Reporting of potential problem gamblers

Licensees will be required to establish documented processes for reporting suspected problem gambling activity and advising the person in charge of the venue. All follow-up action will need to be recorded.

Automated coin dispensing machines

Automatic coin dispensing machines will have to be placed near the cashier to enable them to be observed and monitored.

Linking of the service of alcohol and gambling

Although the Liquor and Gambling Commissioner has imposed a condition on all gaming machine licences requiring licensees to enable persons to obtain and consume a beverage in an area that is not the designated gaming area, the code will prohibit licensees from requiring a person to enter a gaming area in order to purchase any non-gambling product.

Legislation Changes

The following recommendations are not able to be implemented in the codes, but necessitate amendments to the Gaming Machines Act 1997.

Six hour break – common closing hours for gaming machine venues

A requirement for all gaming rooms to be open no earlier than 10.00am and to close at midnight on week days or 2.00am on weekends.

Age for sale of gambling products

Mandating the minimum age for the purchase and sale of lotteries products at 18 years.

The Authority has recognised the significance of the early intervention programs of Gaming Care and Club Safe and has indicated its preparedness to exempt licensees who commit to these programs from certain measures in the codes.

GOVERNMENT & PUBLIC RELATIONS

Anti-money Laundering and Counter Terrorism

On 12 December 2007, significant new provisions of the *Anti-money Laundering and Counter Terrorism Financing Act 2006* came into effect: the requirement for providers of gambling and financial services, such as hotels, to implement an Anti-Money Laundering Counter-Terrorism Financing program.

The AHA|SA has produced an AML/CTF information and compliance kit for members to help them comply with these new obligations.

The AHA|SA continues to work closely with AUSTRAC to help ensure that members are made aware and kept up to date with all their legal obligations under this legislation.

PPCA

The Copyright Tribunal decision which considered PPCA license fees for nightclubs was handed down on 10 July 2007. This decision increased the license fee for music played at night clubs from 7 cents per person to \$1.05 per person based on the approved capacity of the defined area.

The Tribunal determined that the definition of 'nightclub' should be a licensed venue that:
• Is used for providing music for dancing;
• Uses sound recordings as the primary form of music for dancing;

OPERATING REPORT REQUIREMENTS AS PER RAO SCHEDULE

Membership Report

A total of 17 regional meetings were held during 2007 in the metropolitan and regional areas. General Manager, Ian Horne and Brian Smith, Manager-Membership and Business Services attended all meetings. It was important we offer our members the opportunity to be updated on the latest issues affecting the marketplace. It is also a great way to meet and obtain feedback from the other hoteliers that operate within the locality. Meetings were very well attended by member hotels throughout the year.

During 2007 Business Services received 86 calls from member hotels regarding the new smoking laws and regulations. A majority of these calls were to make certain the new areas that cater for the smoker were within specifications, in particular the necessity for the area to be 30% unenclosed. A number of hotels have invested a substantial amount of money to build and furnish these new smoking areas to abide by the new regulations and should be congratulated on being pro active and positive in fulfilling their patrons' needs.

Brian Smith visited over 400 hotels during the year travelling in excess of 43,000 kilometres.

The AHA|SA recorded 520 members in 2007.

Membership Resignation

Any member of the AHA|SA may resign their membership by notice in writing to the Secretary-Treasurer and deliver to the office of the Association as per AHA|SA Branch Rule 26 - Resignations.

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 2007 staffing levels were 12 – AHA|SA and 5 – Gaming Care.

AHA|SA Committee of Management

1 January – 31 December 2007

Peter Hurley - President

Peter Brien - Vice President

Wally Woehlert - Deputy Vice President

Rick Lovell- Secretary/Treasurer

David Basheer

Matthew Binns

Chris Branson

Mark Davies

Doug Elefsen

Jeff Ellis

Jason Fahey

Tony Franzon

Andrew Gunn (*Appointed November 2007*)

Tom Hannah

Alison James (*Appointed June 2007*)

Peter Jones

Steve Markham

Guy Matthews

Scott Matthews

Melinda McCauley

Kerry Moore (*Resigned November 2007*)

David Papps

Andrew Plush

Shane Roberts

Santo Scaglione

Vicki Sullivan (*Resigned January 2007*)

Craig Williams

Michael Wong

During 2007 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.