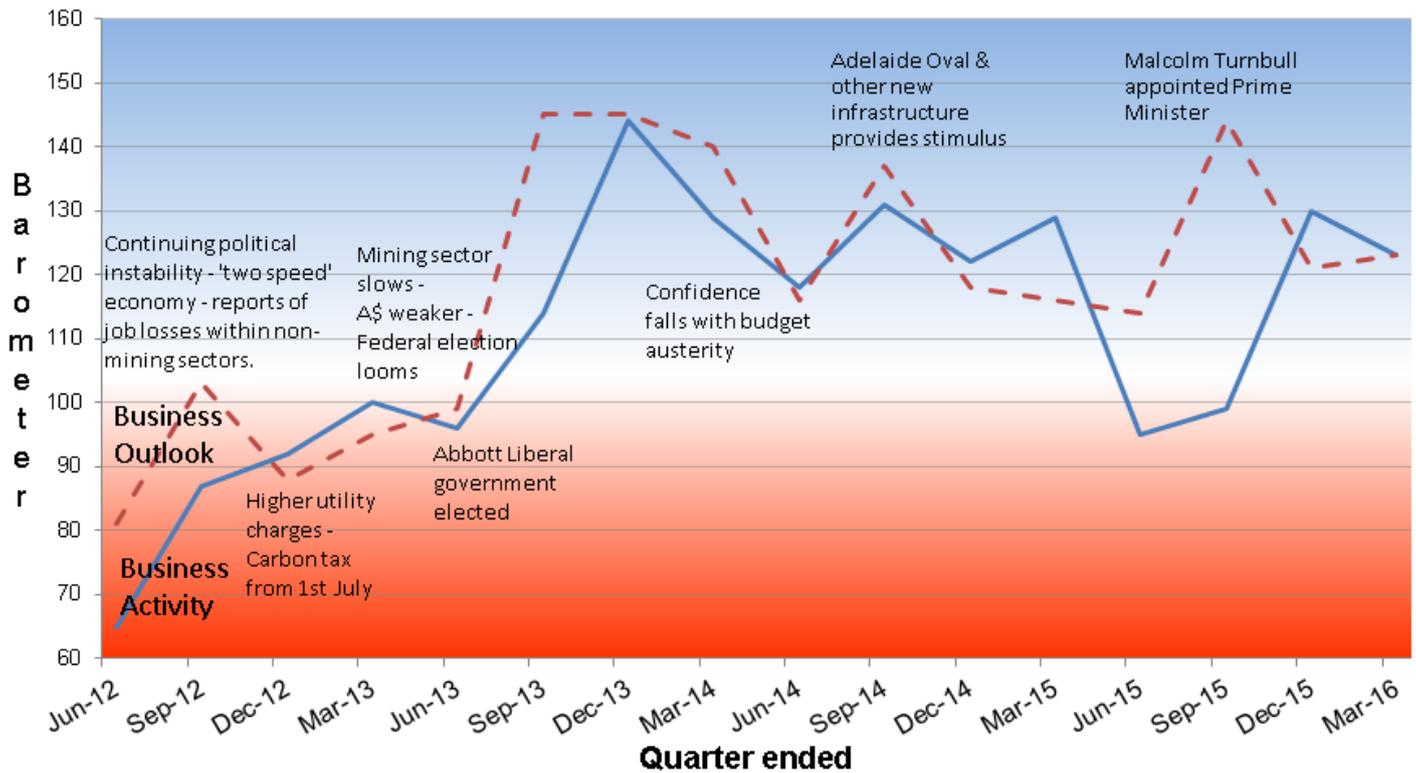


South Australian Tourism Industry Council SA Tourism Barometer – March Quarter 2016



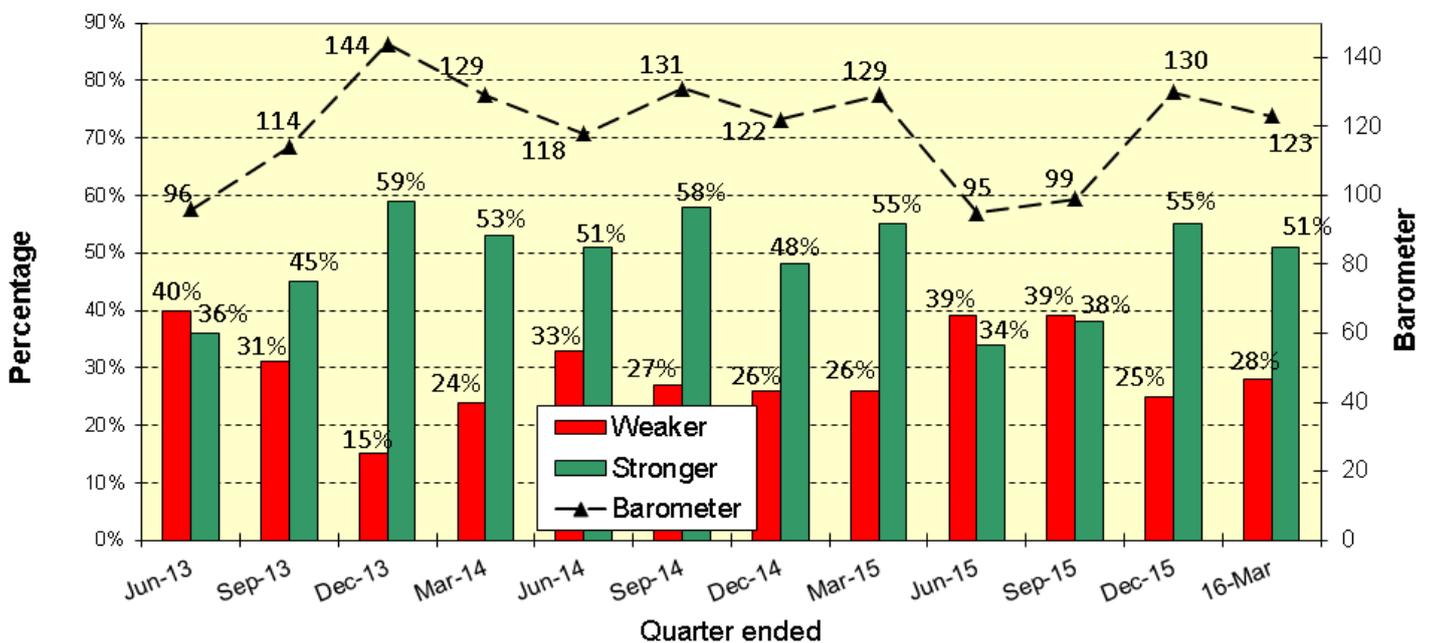
Headline: Tourism Industry Remains Positive

The SATIC tourism barometer continued its positive run with the activity index and outlook index for the March 2016 quarter both well above the mid-point of 100 at 123 points each. The result was supported by a strong events season which saw the return of the Women’s Australian Open Golf, record attendances at the Adelaide Fringe Festival, WOMAdelaide, international cricket and soccer, Clipsal 500 and the Australian and Asian Dragon Boat Championships. Easter also fell in March this year increasing travel demand in the quarter.

Data from Tourism Research Australia for the calendar year 2015 showed strong growth with interstate visitors up 14% from the previous year and international visitors up by 10% to a record 408,000. Intrastate demand was also up by 6%. The lower dollar and political instability overseas were said to be supporting domestic travel although the number of Australians travelling overseas still continues to rise.

The respondents were asked whether the business activity they had experienced over the March quarter 2016 compared with the same period in 2015.

Business Activity in the Last 3 Months



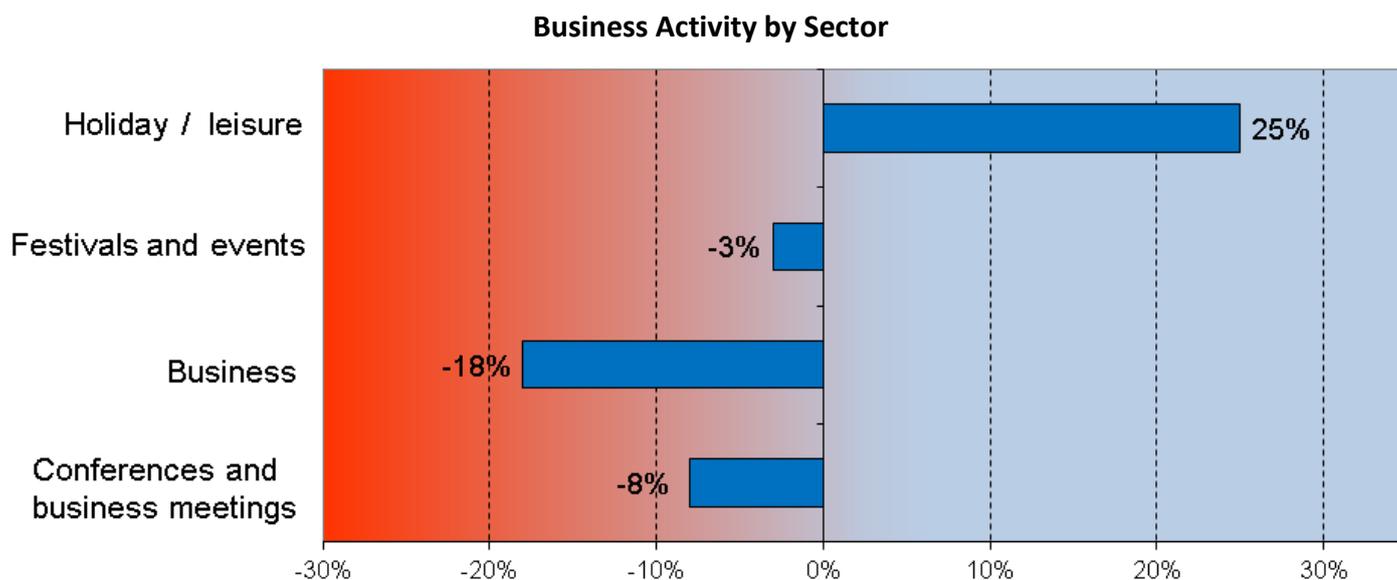
In the March quarter of 2016 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 51% - down slightly from the December 2015 quarter survey (55%). The proportion experiencing weaker conditions increased from 25% to 28%.

Factors underpinning performance were:

- Promotion of the Barossa
- Have improved SEO ratings
- Event season incl. Adelaide Festival & Fringe, international cricket, Socceroots, World Dragon Boats, Women’s Australian Open Golf.
- International conferences / conventions.
- More families travelling.
- More tourists around this year.
- Easter was in March this year.
- Exchange rate improving for tourism.
- Political instability overseas supports domestic travel.
- Interstate visitors up.
- Corporate sector improved.
- Online bookings set up through visitor centre.

Less positively:

- State economy
- Consumers have less disposable income
- Kapunda not represented by the new Barossa web site.
- Clipsal 500 was down this year.



Business Activity - Deviation from Mid Point of 100

The holiday / leisure sector index was positive with a business activity index of 125 – 25 percentage points above the midpoint.

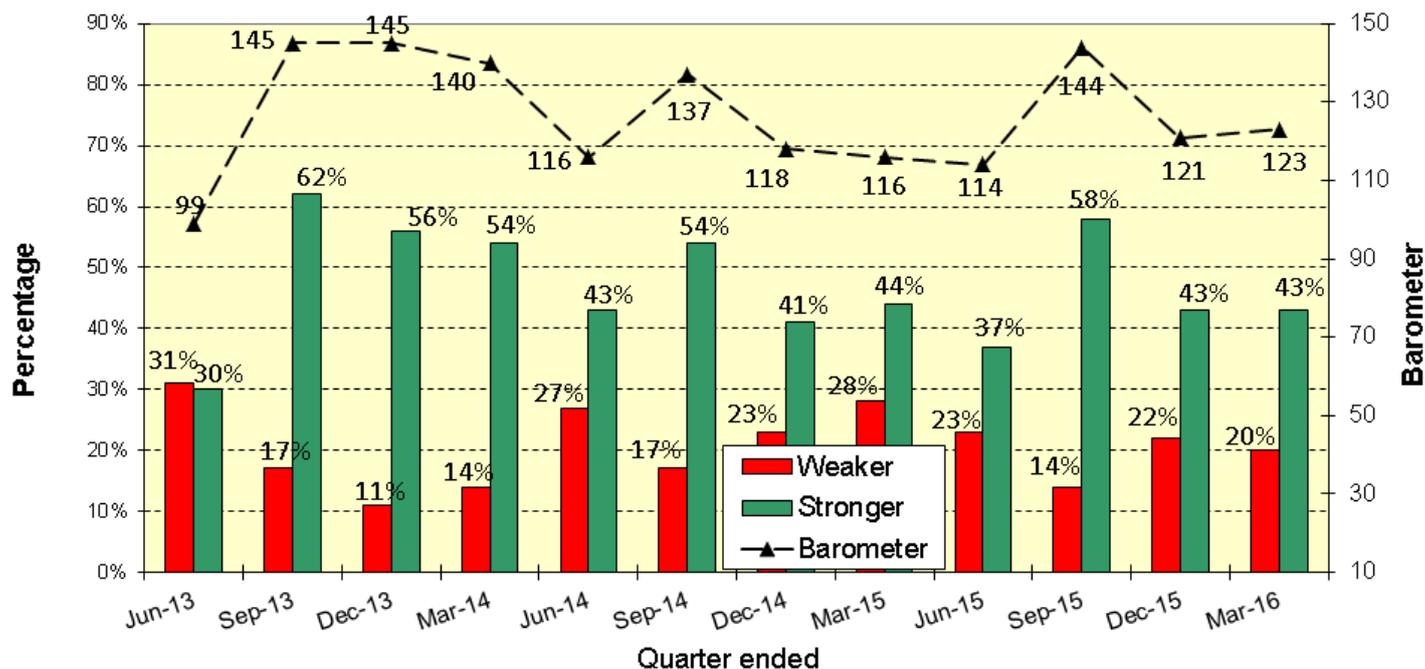
The other sectors were negative however with festivals and events -3 percentage points, the business sector – 18 points and the MICE sector – 8 points.

When compared with the previous quarter the sector index for holiday/ leisure was down by 4%, the index for festivals and events was down by 13%, the business index was steady while the MICE sector index was up by 4%.

An index above 100 indicates growth with more businesses experiencing an increase from this market when compared to those experience contraction. An index below 100 indicates more businesses experienced weaker conditions.

The respondents were asked whether they expected business conditions to be stronger or weaker over the next three months when compared to the same period in 2015.

Business Outlook for the Next 3 Months



In the March quarter 2016 the short term business outlook was up slightly – increasing from 121 to 123 points. The proportion expecting improved performance was steady at 43% while the proportion expecting a contraction fell slightly from 22% to 20%.

Other factor influencing the outlook for the short term included the following:

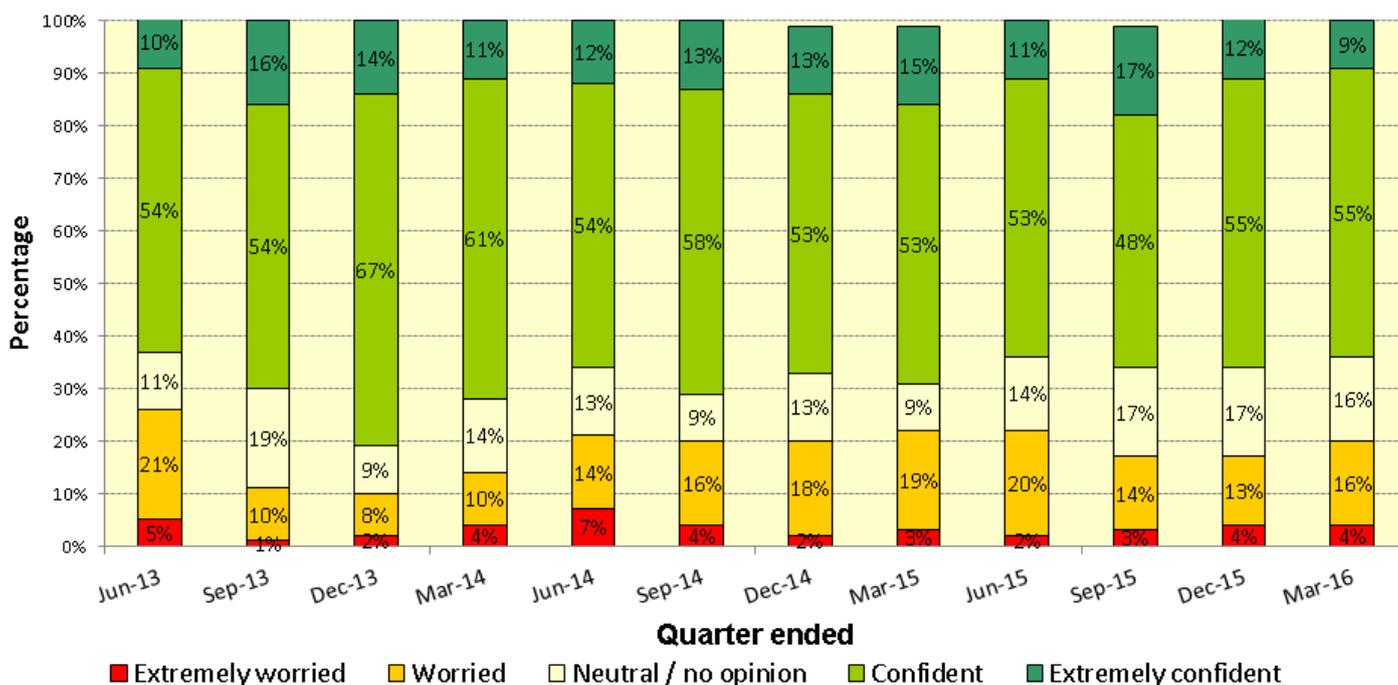
- School holidays.
- Strong forward bookings.
- Increased demand for wine tours.
- Focusing on Chinese inbound.
- Hosting Masters Games.
- Grey nomads from interstate.
- Water in Lake Eyre.

Less positively:

- Increasing wage demands by unions.
- Retirees investments are not performing.
- Backpacker numbers are down.
- Election year.
- Increased room supply in Adelaide.
- Fewer events.

The outlook for the next 12 months was as follows:

Business Outlook for the Next 12 Months



In the March 2016 quarter survey, 9% of the respondents were ‘extremely confident’ regarding the prospects for the next 12 months and 55% were ‘confident’. The proportion ‘confident’ or ‘very confident’ (64%) was down slightly from the previous survey (67%).

Factors underpinning business confidence in the longer term were:

- Forward bookings
- Improved marketing
- Establishing new relationships with wholesalers
- Events
- Domestic market – more people choosing to holiday at home.
- Involvement in trade events such as ATE, Discover SA
- Green outback
- Low dollar

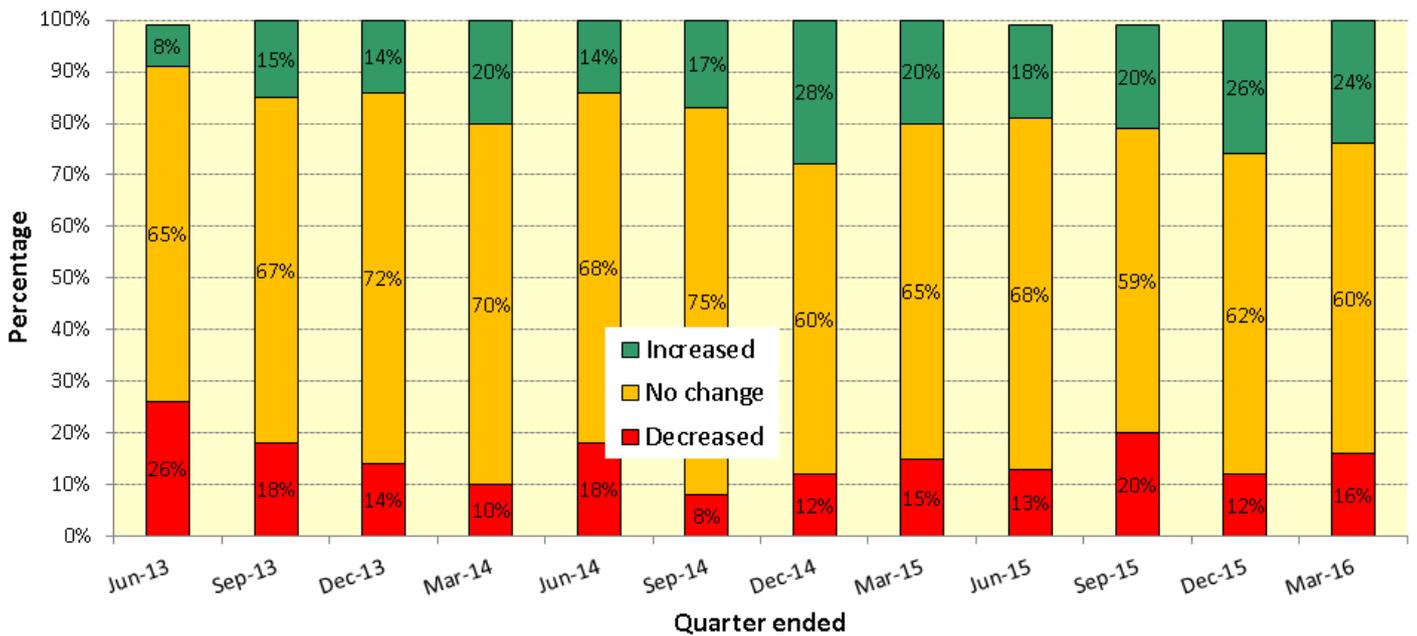
Less positive

- Input costs are increasing at a greater rate than revenue.
- SA economy
- Fish stocks declining.
- Backpackers – threat of taxation of wages.

Employment

Respondents were asked whether the number of people employed in their business had increased, decreased or remained the same when compared to the same period last year.

Employment Trends

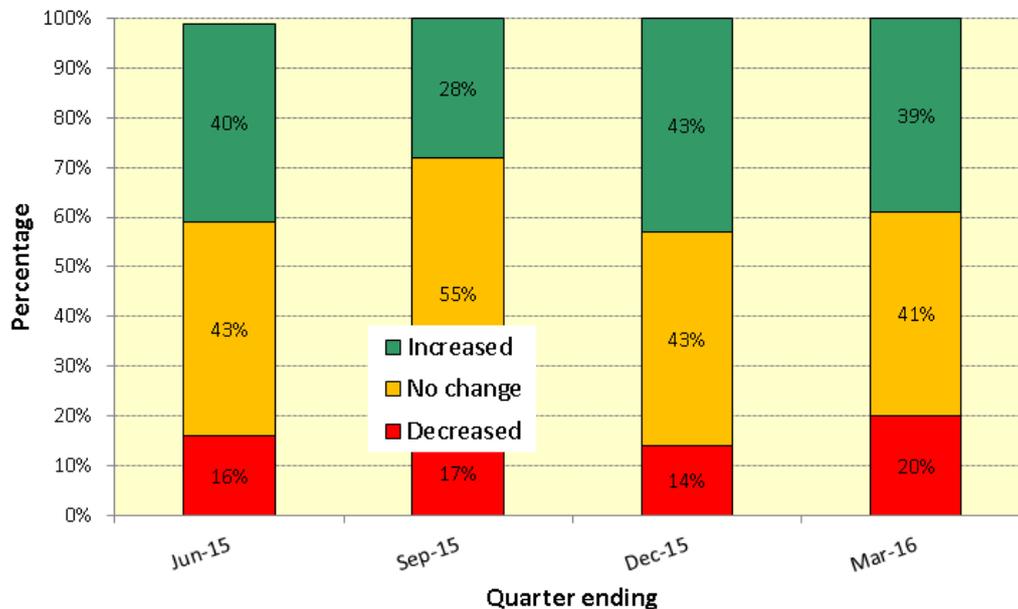


In the March 2016 quarter survey 24% of the respondents had employed additional staff in their business – down slightly from 26% at the previous survey. The proportion that had employed fewer staff increased from 12% to 16%. Further information regarding employment trends from the ABS Labour Force survey follows.

Wages

The SATIC Barometer for the June 2015 quarter included a new question asking whether the respondent's wages bill, when compared to the same quarter last year, had increased or decreased.

Wages Bill

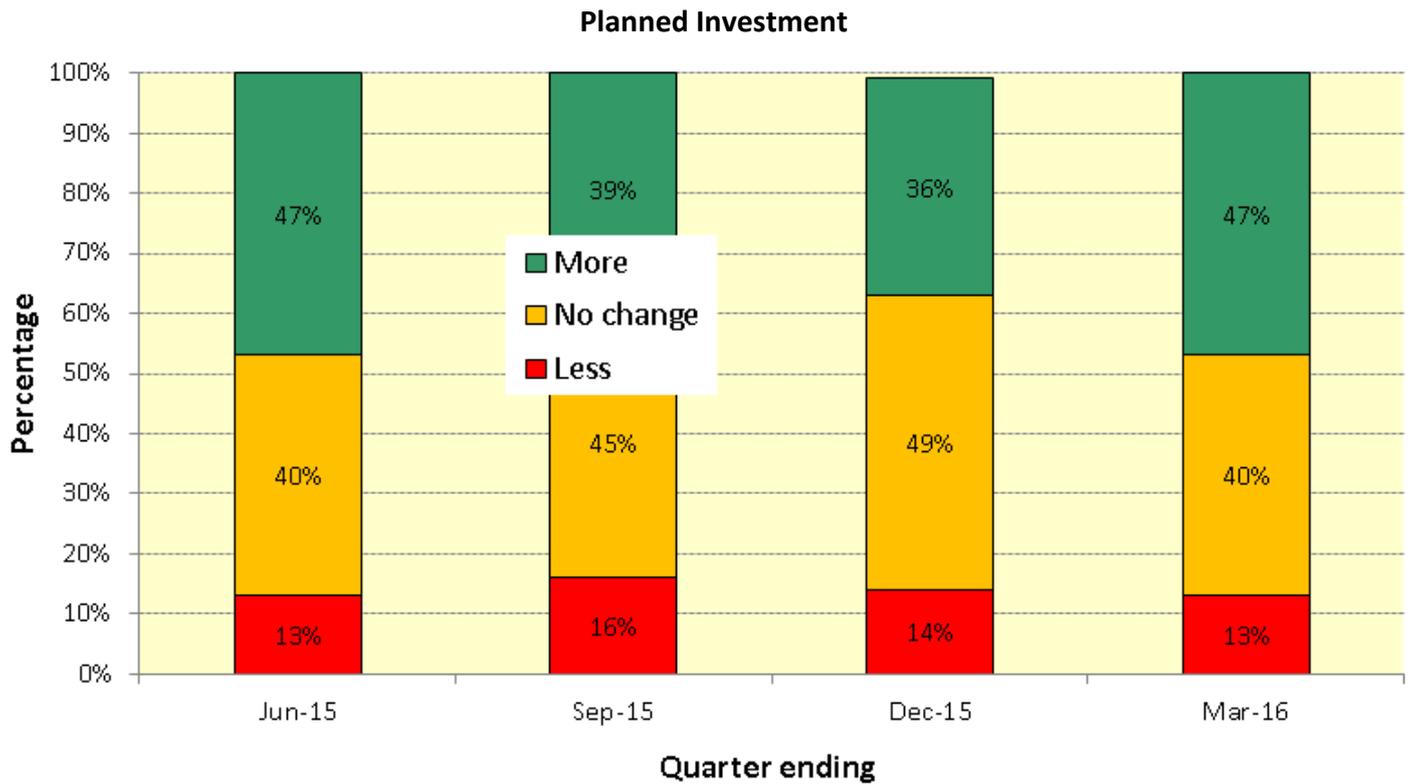


In the March quarter 2016 survey 39% of the respondents reported that their wages bill had increased – down from 43% at the December survey.

In most cases an increase in wages was due to the cost of servicing increased demand. An increase in pay rates was also mentioned in line with determination by the fair work ombudsman.

Investment

A new question was also introduced in June 2015 where the respondents were asked whether they were planning more or less investment in their business over the next 12 months compared to the previous 12 months.



In the March 2016 quarter survey 47% were planning more investment in their business – up from 36% at the December 2015 quarter.

About The SATIC Tourism Barometer

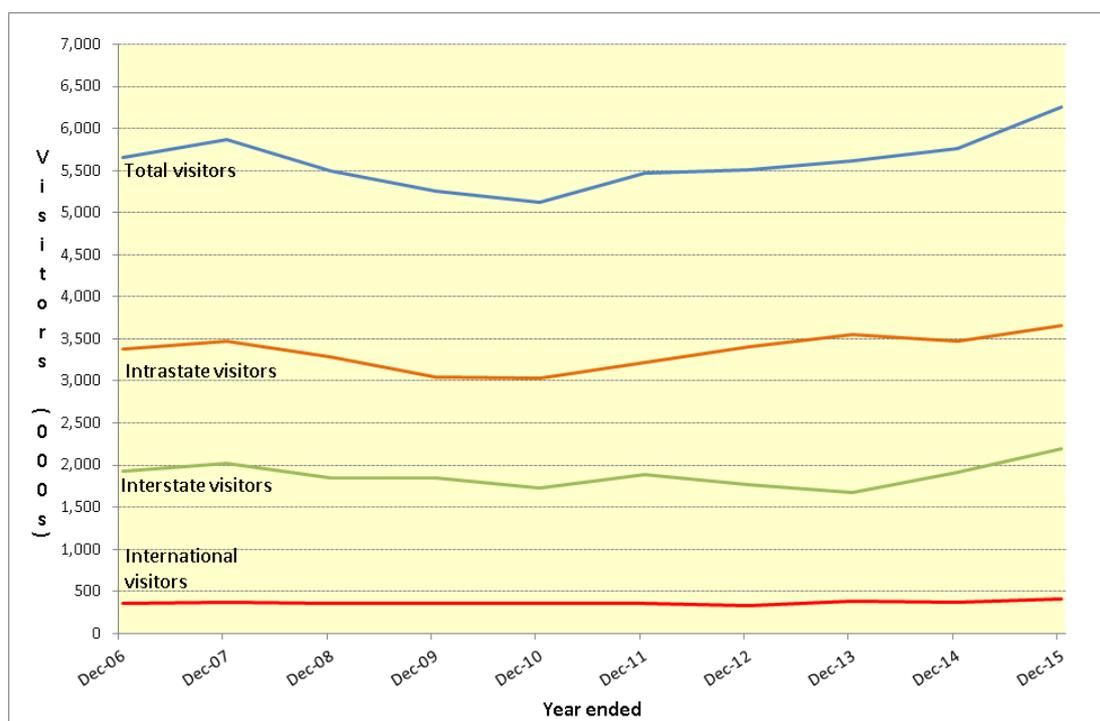
The SATIC Tourism Barometer is a quarterly survey of SATIC members designed to measure recent activity levels and the outlook for the future. The Barometer survey is conducted on-line and a total of 75 members responded to the March 2016 quarter survey.

Report prepared by independent research consultants – Greenhill Research and Planning.

Annual Performance to December 2015

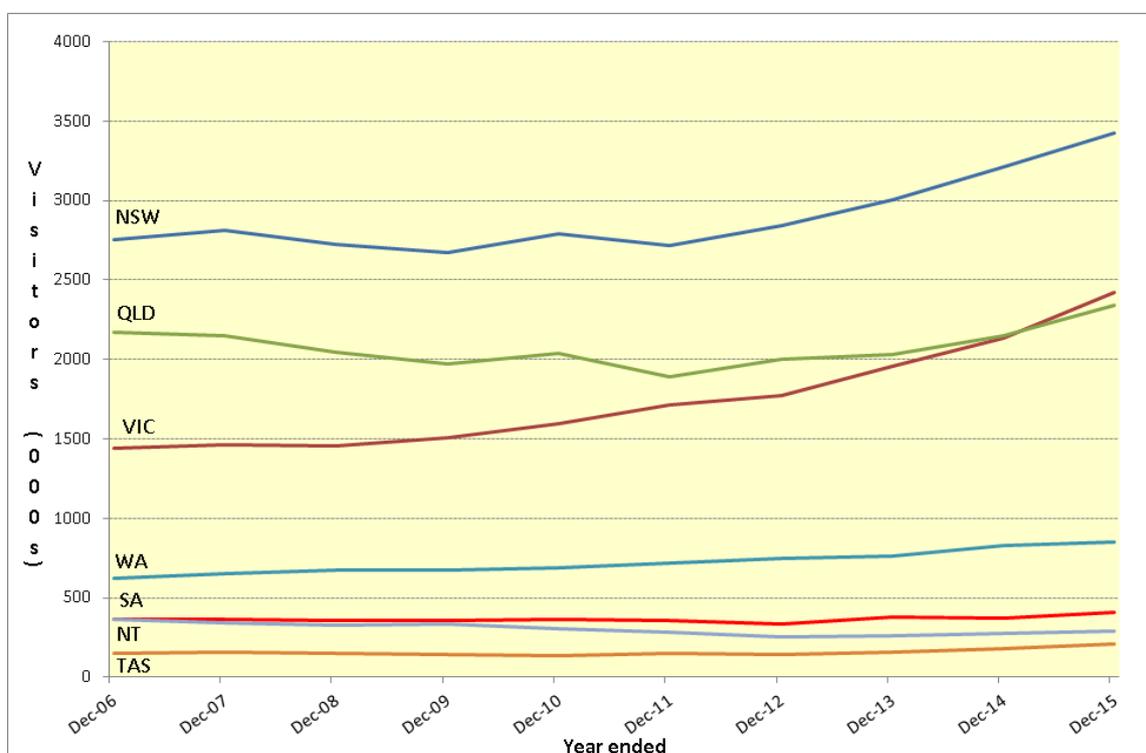
Information regarding travel demand in Australia is collected by Tourism Research Australia through two national sample surveys: the National Visitor Survey and the International Visitor Survey.

Overview of Overnight Visitor Demand for South Australia



The number of interstate visitors to SA in the year to December 2015 was 2,189,000 – up 14% from the previous year – while the number of intrastate visitors was 3,660,000 – up by 6%. The number of international visitors was 408,000 – an increase of 10%. Overall visitor numbers increased by 9% to 6,258,000.

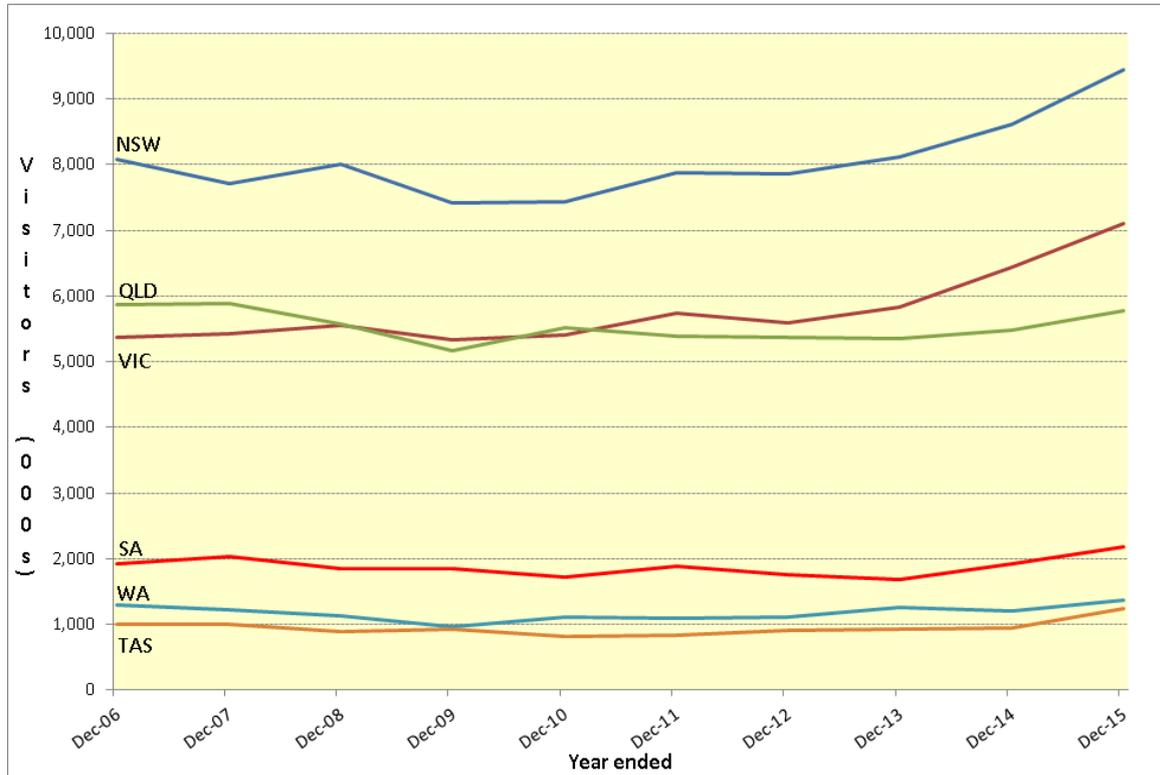
International Visitors by State / Territory



Tourism Research Australia. <http://www.ret.gov.au/tourism>. International Visitors in Australia. International Visitor Survey

In the year ended December 2015 the number of international visitors to South Australia increased by 10% – from 373,000 to 408,000. Nationally international travel demand grew by 8%. Tasmania recorded the highest percentage increase (up by 20%) while Victoria also grew strongly (up by 14%). NSW continues to grow also – up by 7%.

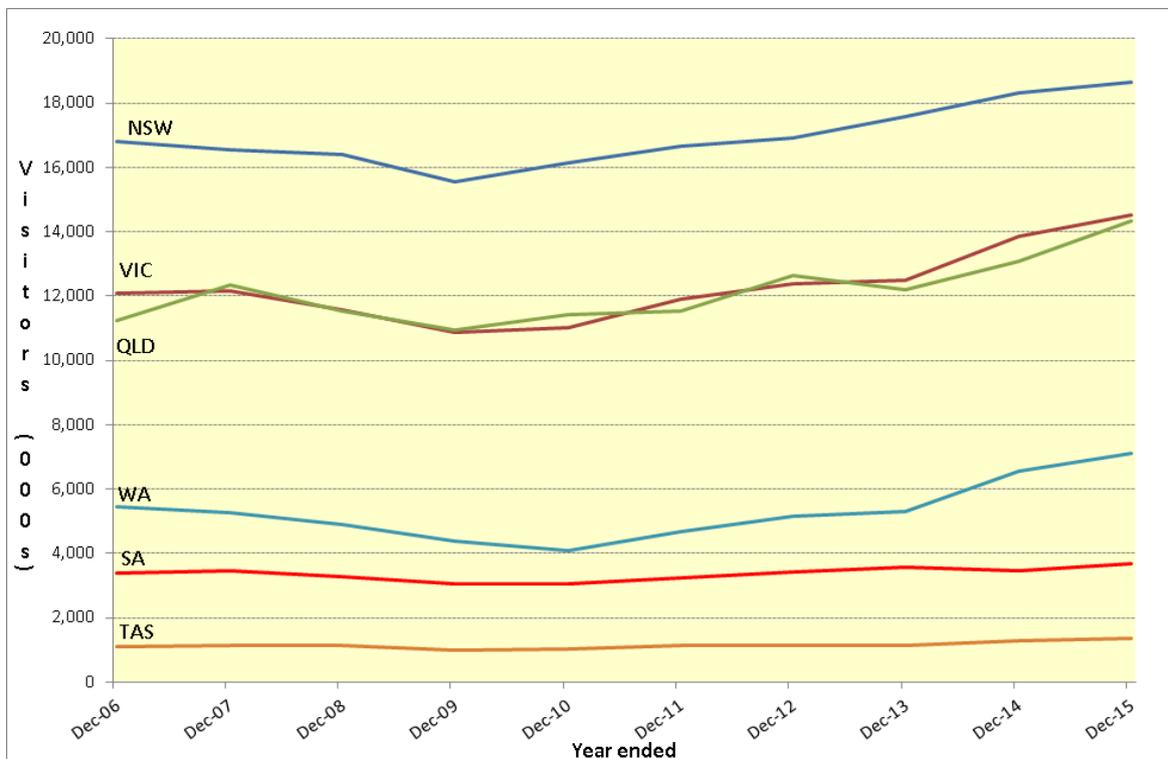
Interstate Visitors by State / Territory



Tourism Research Australia. <http://www.ret.gov.au/tourism>. Travel by Australians. National Visitor Survey

In the year ended December 2015 the number of interstate visitors to South Australia increased by 14% to reach 2,189,000 visitors. Nationally interstate travel demand grew by 10%. Interstate demand grew across all States and Territories with Tasmania showing the strongest growth (up by 31%).

Intrastate Visitors by State / Territory



Tourism Research Australia. <http://www.ret.gov.au/tourism>. Travel by Australians. National Visitor Survey

In the year to December 2015 intrastate visitors in South Australia grew by 6% from the previous year to 3,660,000 overnight visitors. Nationally intrastate travel demand grew by 6%.

Other Indicators

Information regarding the performance of the accommodation sector in South Australia is published by the Australian Bureau of Statistics. The data is now published annually with results for the 2014/15 fiscal year published in December 2015.

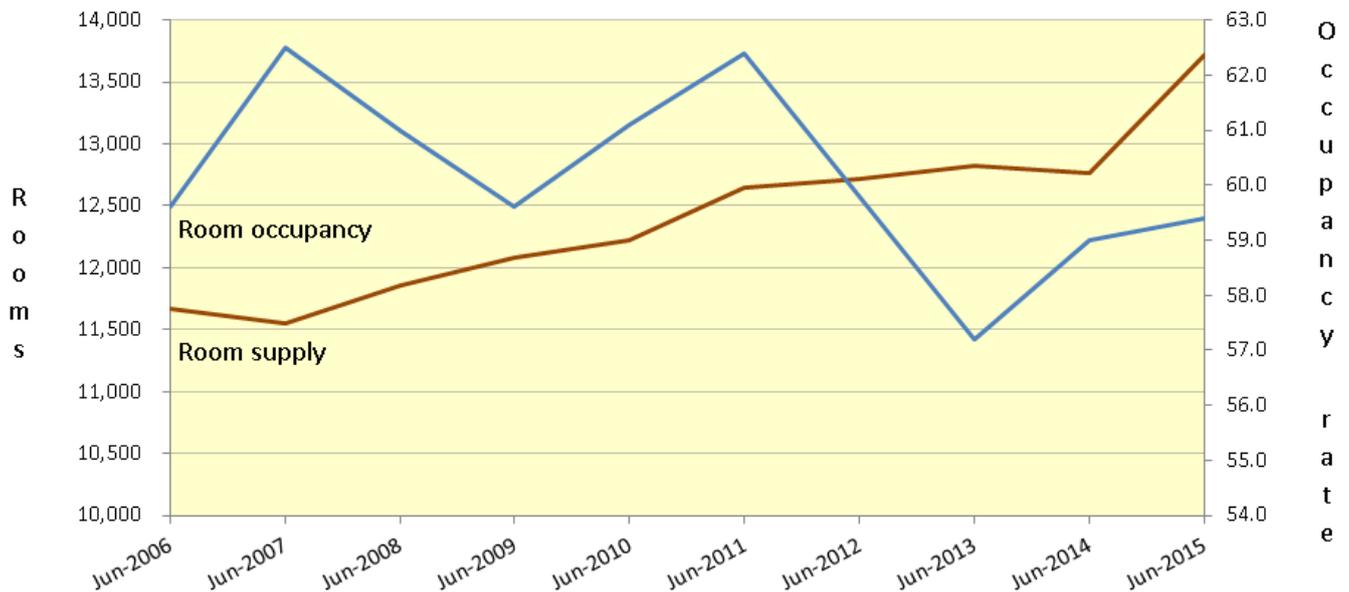
Room Nights Sold and Takings from Accommodation



ABS. Cat. 8635.0. Tourist Accommodation, 2014-15.

In the 12 months to June 2015 the number of room nights sold in hotel, motel and serviced accommodation establishments in South Australia offering 15 or more rooms increased by 7% - a substantial increase over the long term trend of 2%. Takings from accommodation also increased by 7% over the year.

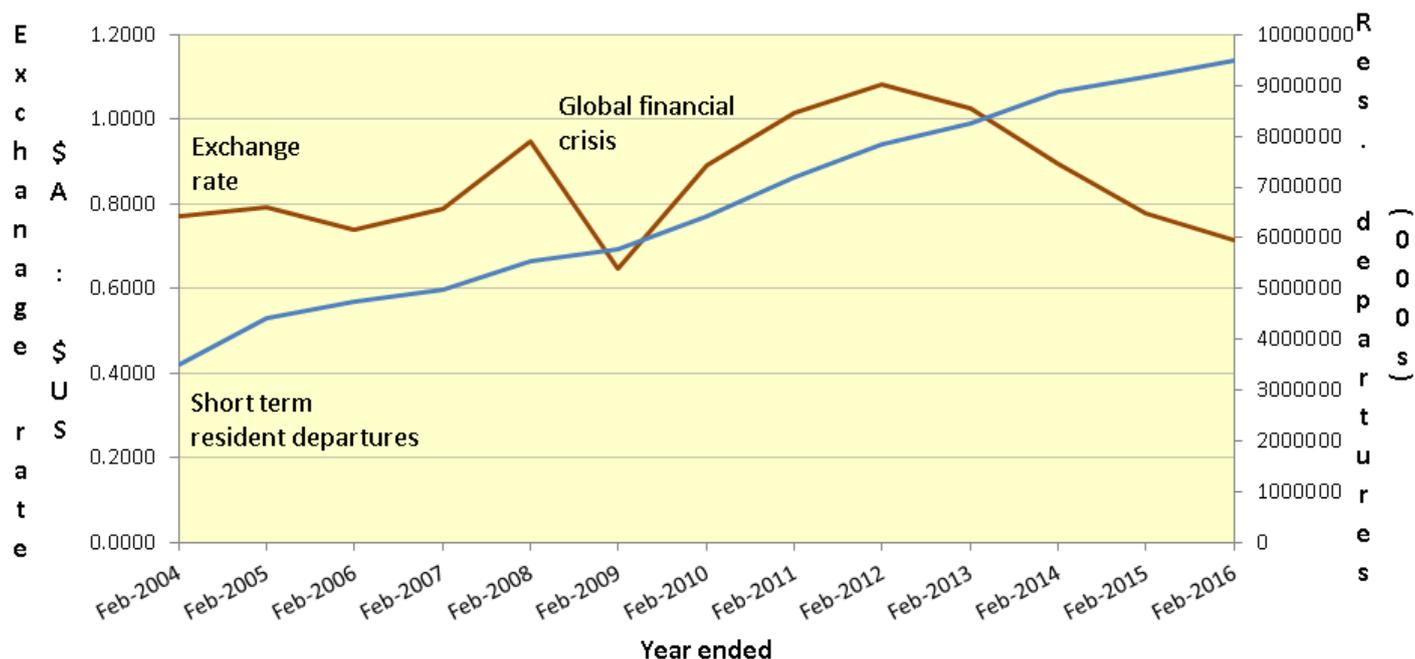
Room Supply and Occupancy Rate



ABS. Cat. 8635.0. Tourist Accommodation, 2014-15.

In the 12 months to June 2015 the supply of rooms in hotel, motel and serviced accommodation establishments in South Australia offering 15 or more rooms also increased by 7% - again above the long term average of 2%. Occupancy rates while falling to 57.2% in the June 2013 quarter have rebounded to 59.4% in the June 2015 quarter.

Trend in Short Term Australian Resident Departures and \$A - \$US Exchange Rate



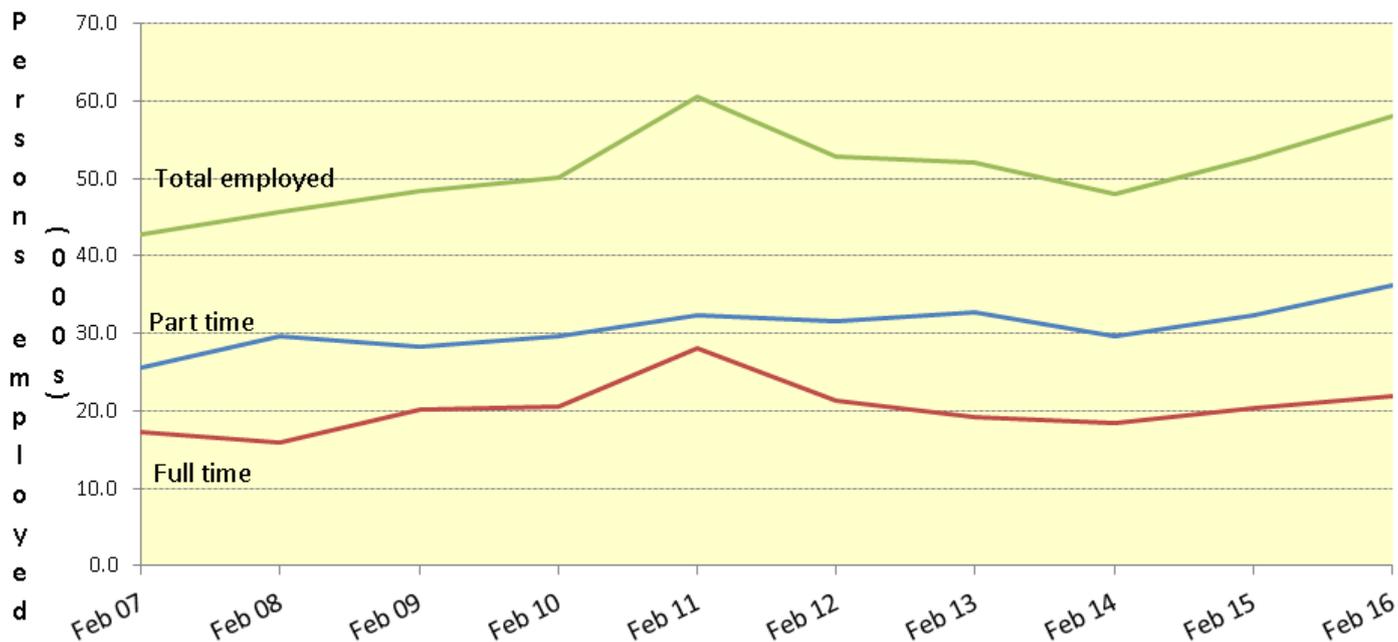
Source: Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.

Reserve Bank of Australia. <http://www.rba.gov.au/statistics/frequency/exchange-rates.html> The data is the specified point in time and does not represent the interim periods.

In the year ended February 2016 there were 9.50 million short term resident departures – an increase of 3.7% from the previous year. While the \$A has fallen against the \$US the trend in outbound travel by Australian residents continues to rise.

The Australian Bureau of Statistics also publishes information regarding employment across a range of industry categories. At State level accommodation is combined with food services.

Employment in Accommodation and Food Services in South Australia



Source: Australian Bureau of Statistics. Cat. 6291.0.55.003. Labour Force Australia, Detailed.

The Labour Force figures for South Australia for the month of February 2016 indicated a rise of 10% in the number of persons employed overall in the accommodation and food services sector when compared with February 2015. Full time employment was up by 8% while part time employment was up by 12%. Due to the seasonal nature of employment in the accommodation and food services industries annual comparisons may vary depending on the point in time at which the comparison is made.

Adelaide Airport – Passenger Movements

Passenger movements through Adelaide Airport for the period July to Dec 2015 and the equivalent period in 2014 are presented below.

Pax (000s)	July To Dec 2015	July To Dec 2014	% change
Domestic	3,334	3,277	1.7%
International	432	495	-12.6%
Regional	262	288	- 9.0%
Total	4,029	4,059	-0.8%

Source: Adelaide Airport

International passenger movements were down by 13% while domestic movements were up by 2%.

Domestic growth is said to reflect increases in low cost capacity with an additional 69,000 (+3.4%) supply of seats in the December quarter 2015 when compared with the previous equivalent period.

International passenger movements slowed primarily due to the cancellation of Air Asia X's Kuala Lumpur service of 25 January 2015.

International demand will be boosted by a new service between Qatar and Adelaide that will be introduced from May 2016. The service will contribute an estimated \$41 million annually and an extra 228 jobs to South Australia.