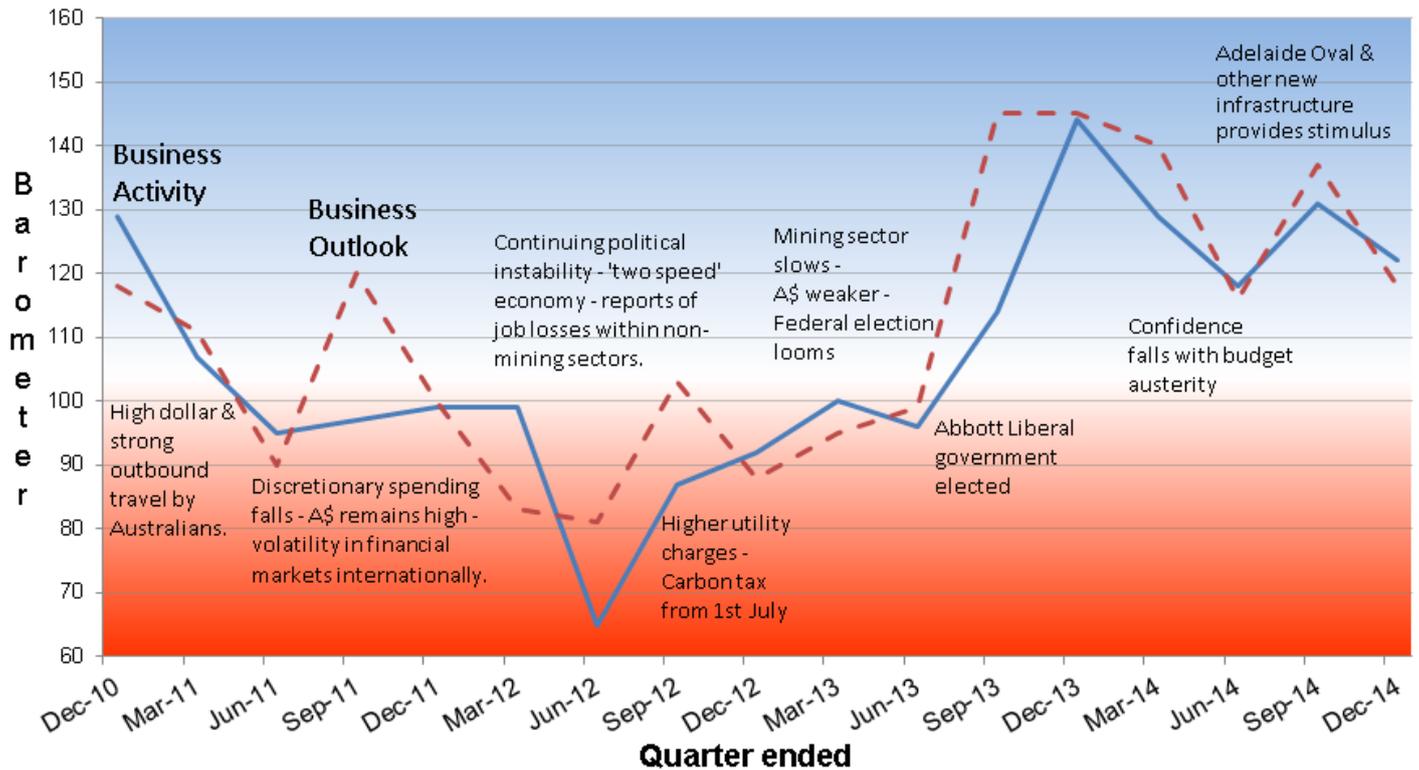


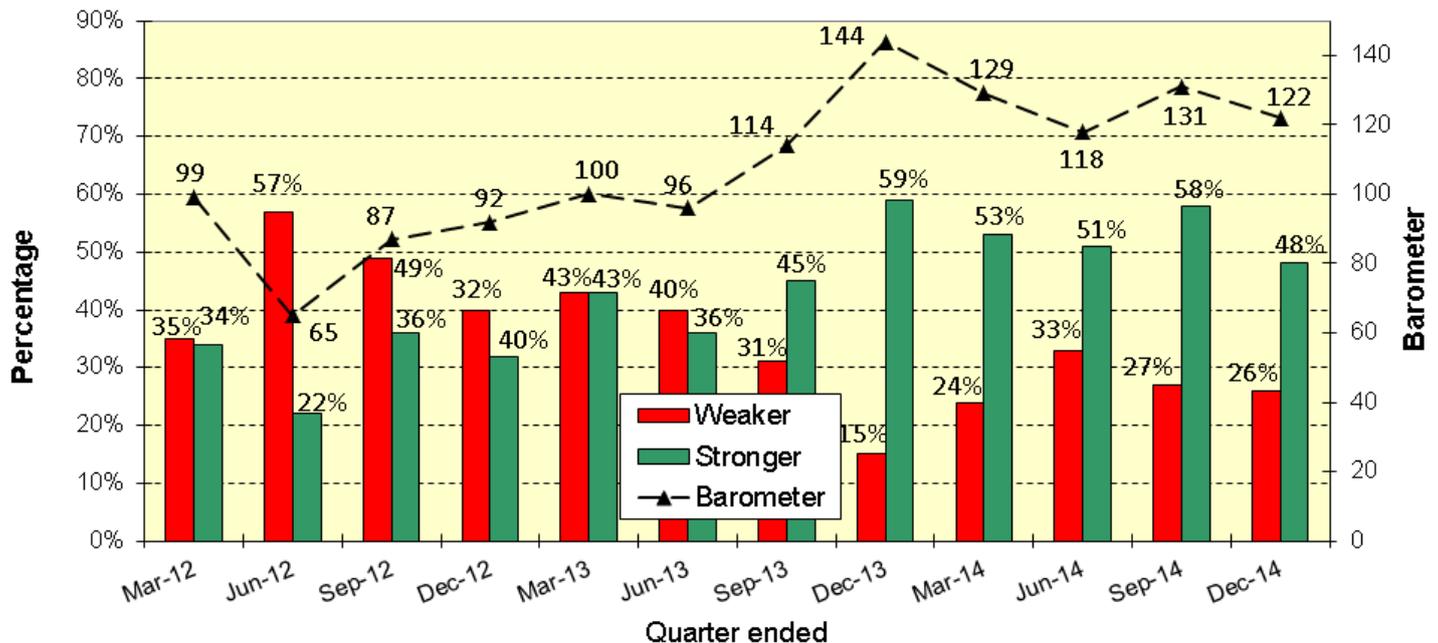
South Australian Tourism Industry Council SA Tourism Barometer – December Quarter 2014



Headline: Industry Barometer Remains Volatile

In the December quarter 2014 survey the business activity index fell by 7% - from 131 points to 122 while the short term business outlook index also fell – down by 14% to 118 points. While the general environment for tourism is improving with larger numbers of international and interstate visitors and a falling exchange rate the experience of operators is still patchy which is reflected in the fall in the performance and outlook indexes. There was evidence of increased employment with 28% of respondents stating that the number of staff in their business had increased and the Labour Force data showing a 9% increase in part time employment.

Business Activity in the Last 3 Months



In the December quarter of 2014 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 48% - down from 58% at the September quarter survey. The proportion experiencing weaker conditions was 26% - consistent with the September quarter result of 27%.

Factors underpinning performance were:

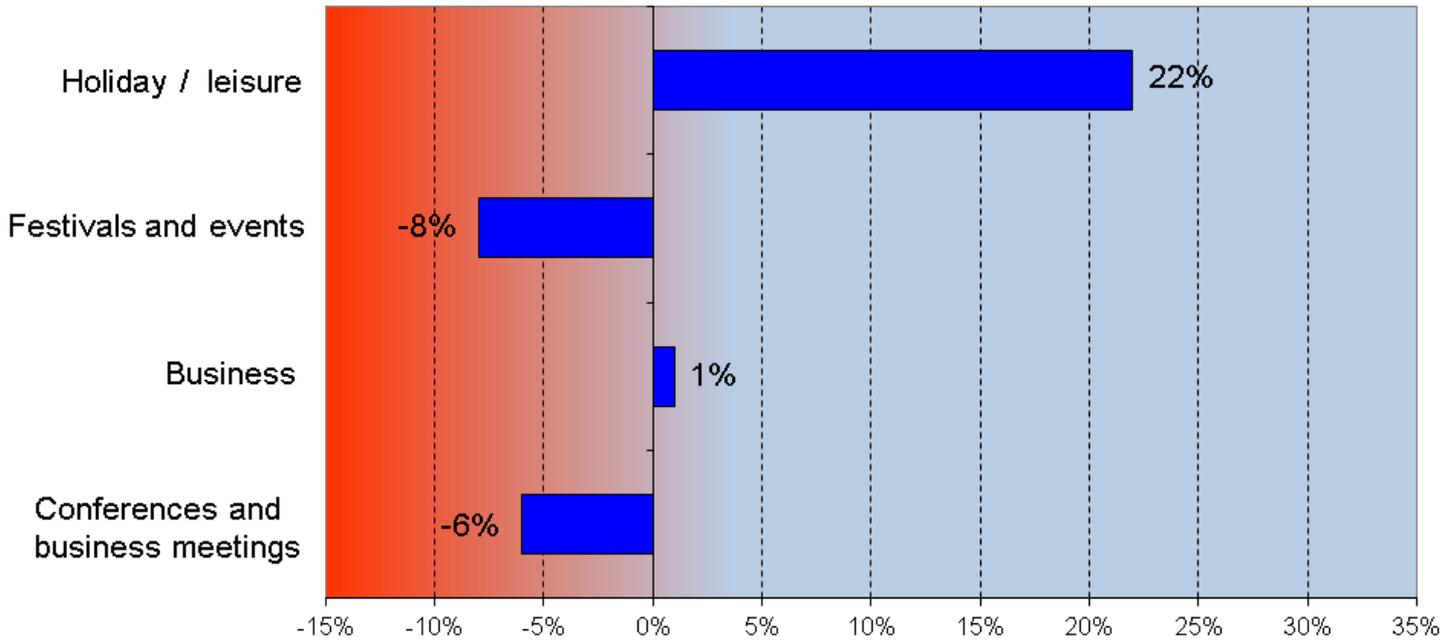
- Lower A\$ - increasing international visitors
- Improved online presence

- More conference activity
- More events
- More stable political and economic climate

Less positively:

- Economic outlook / consumers still not spending / yield is down
- Closure of Clare Valley VIC
- Ashes in December 2013 had a big impact – Dec 14 down in comparison

Business Activity by Sector

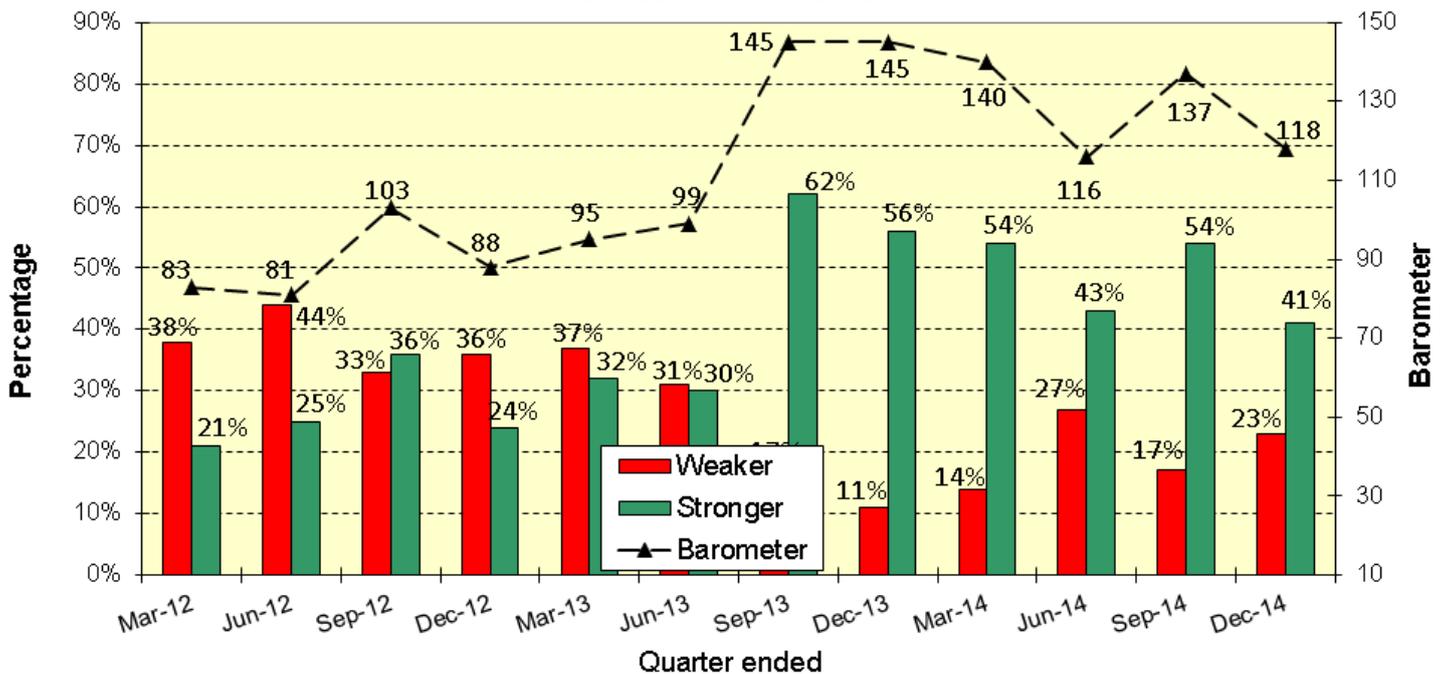


Business Activity - Deviation from Mid Point of 100

The performance index for the holiday / leisure sector was 122 points – down by 5% from the previous quarter. The sector indexes were below the midpoint of 100 for festivals and events – 92 points – and conferences and business meetings – 94 points.

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 2013.

Business Outlook for the Next 3 Months



In the December quarter 2014 the short term business outlook index fell by 14% to 118 points. The proportion expecting improved performance was down from 54% at the September quarter survey to 41% while the proportion expecting weaker performance increased from 17% to 23%.

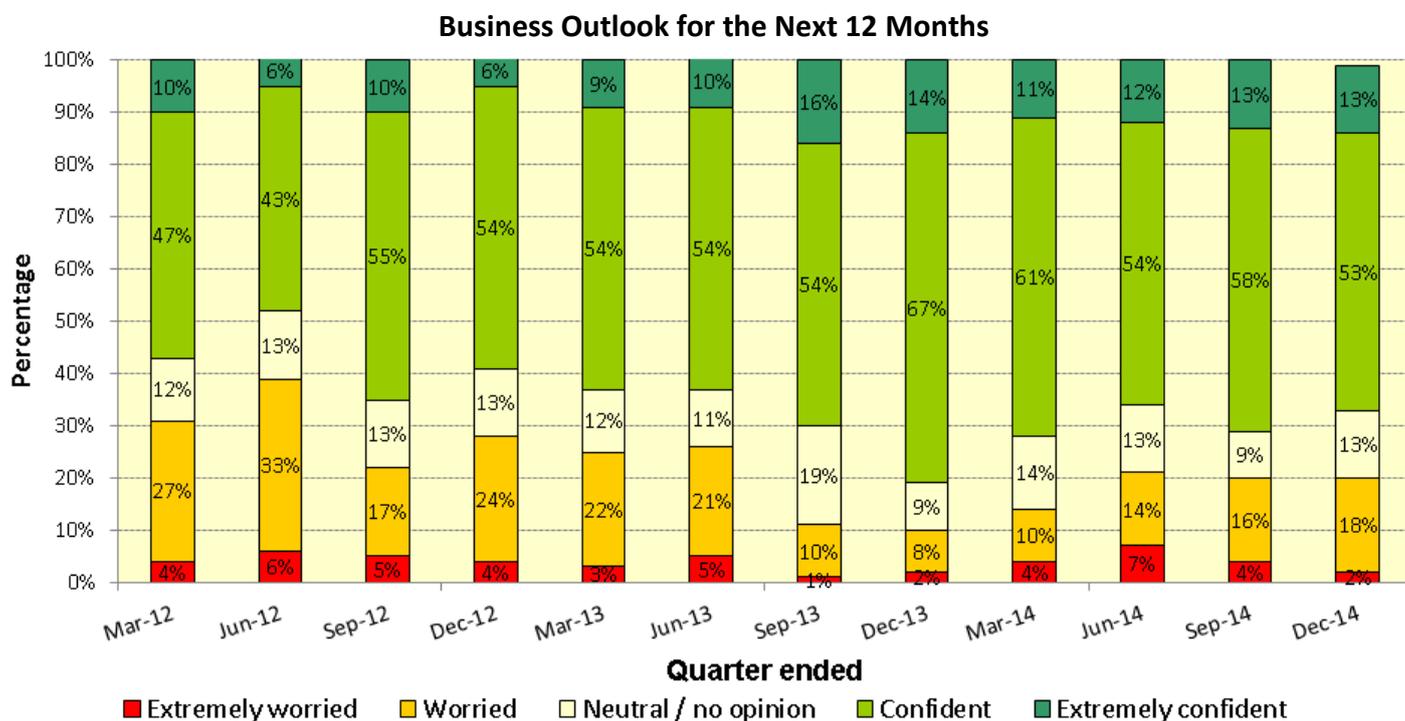
Factors influencing the outlook for the short term included the following:

- More money spent on advertising and promotion
- Chinese market
- Events season – Adelaide Festival & Fringe
- Forward bookings
- Lower fuel prices
- Lower A\$
- Development at Seppeltsfield

Less positively:

- Lack of confidence
- Crabbing and fishing closures
- Forward booking weaker than in the past
- Supply of holiday rentals increasing
- January this year has been weak
- Clare VIC closed

The outlook for the next 12 months was as follows:



In the December quarter 2014 survey, 13% of the respondents were ‘extremely confident’ regarding the prospects for the next 12 months and 53% were ‘confident’, - down from 58% recorded at the September quarter survey.

Factors underpinning business confidence in the longer term were:

- Lower dollar and oil prices
- Intrastate market gradually improving
- Events / Barossa Vintage Festival / AFL football
- Corporate events and tastings – cellar door

Less positive

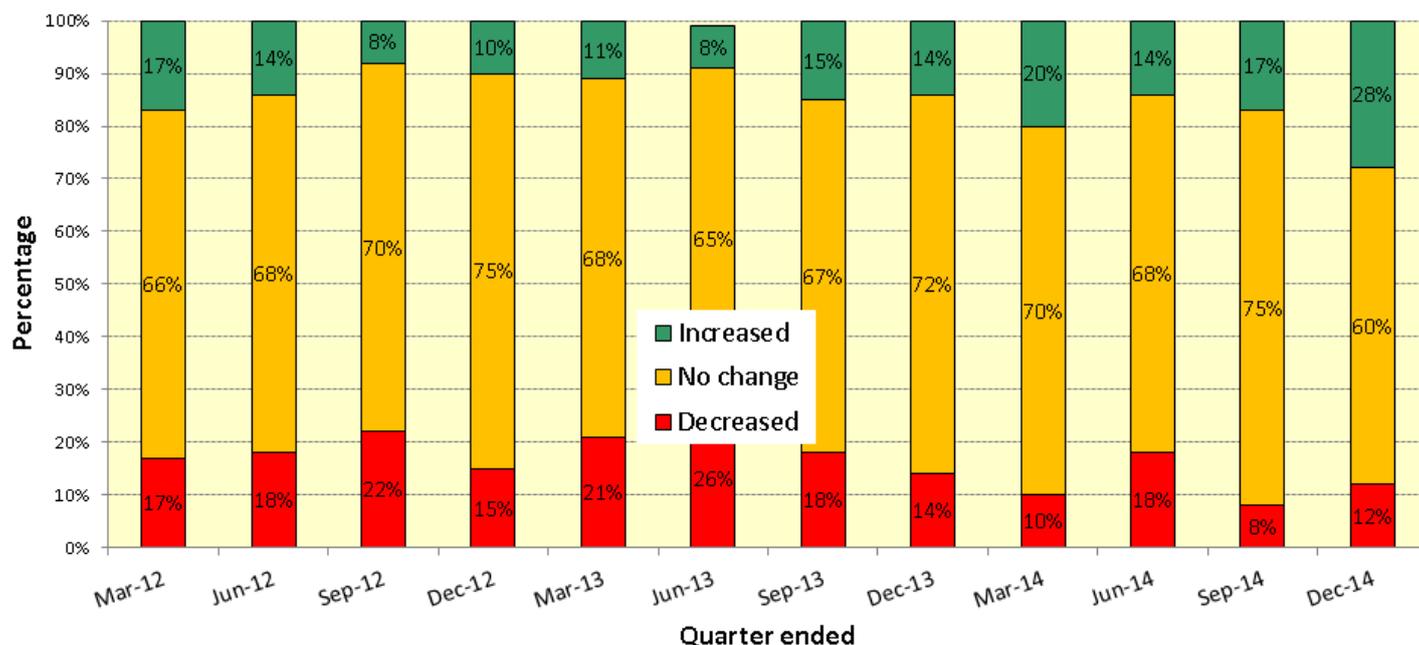
- Oversupply of hotel rooms in Adelaide
- More needs to be done to attract international youth market
- Demand is falling

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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 December quarter 2014 survey 28% of the respondents had employed additional staff in their business – up from 17% in the September quarter survey. Further information regarding employment trends from the ABS Labour Force survey follows.

About The SATIC Tourism Barometer

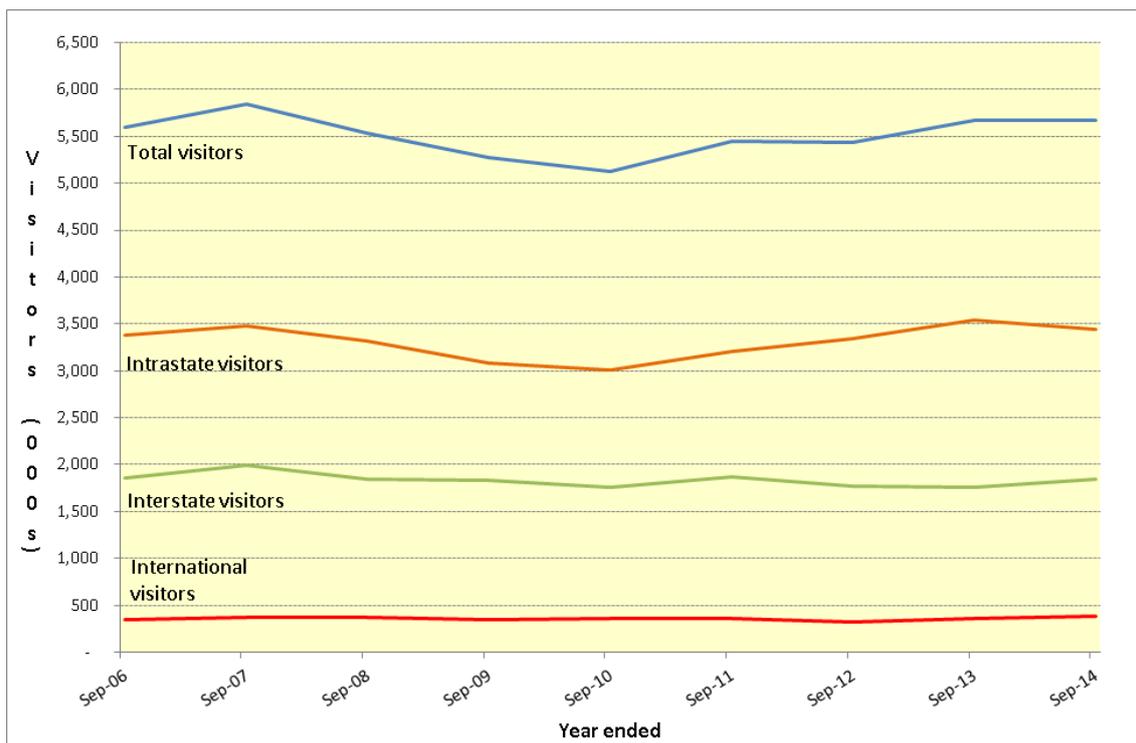
The SATIC Tourism Barometer is a quarterly survey of SATIC members designed to measure recent activity levels and the outlook for the future. The Barometer survey is conducted on-line and a total of 90 members responded to the December 2014 quarter survey.

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

Annual Performance to September 2014

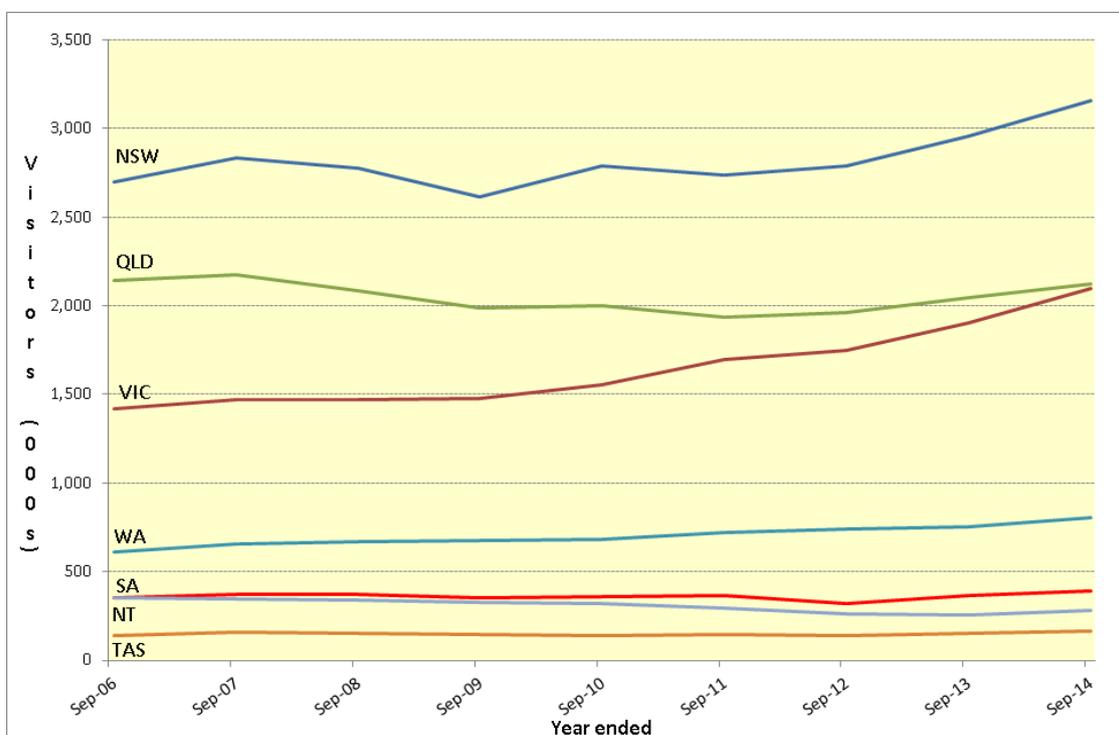
Information regarding travel demand in Australia is collected by Tourism Research Australia through two national sample surveys: the National Visitor Survey and the International Visitor Survey.

Overview of Overnight Visitor Demand for South Australia



The number of international visitors to South Australia in the year ended September 2014 was 390,000 – up by 7.5% from the previous year. The number of interstate visitors in the year to June 2014 was 1,840,000 – up 4.7% – while the number of intrastate visitors was 3,439,000 – down by 3.0%. Overall the number of visitors to and within South Australia was steady – (up by 0.1%) compared to a 5% increase for Australia overall.

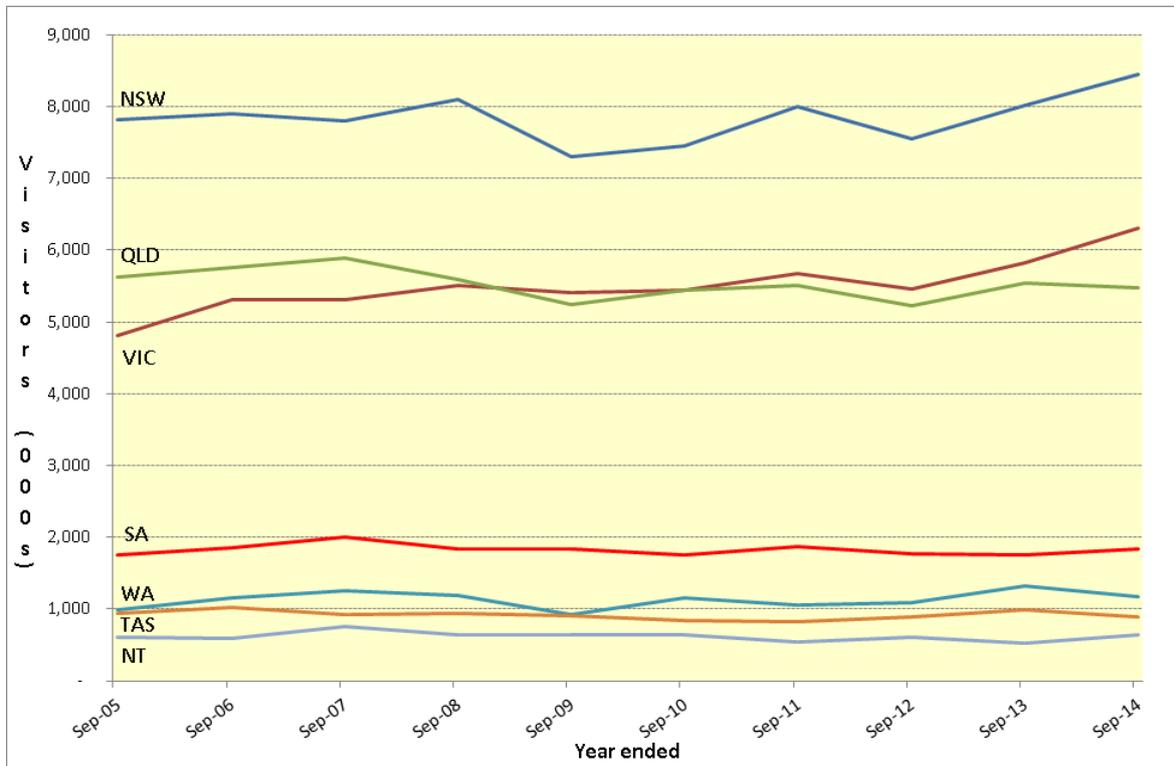
International Visitors by State / Territory



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

In the year to September 2014 the number of international visitors to South Australia increased by 7% from the previous year to reach 390,000. This compares with an 8% increase nationally. International visitors to SA over the period from September 2006 grew by 11% - Victoria recorded strong growth over this period – up by 48% - followed by WA – up 32% - and Tasmania – up 18%.

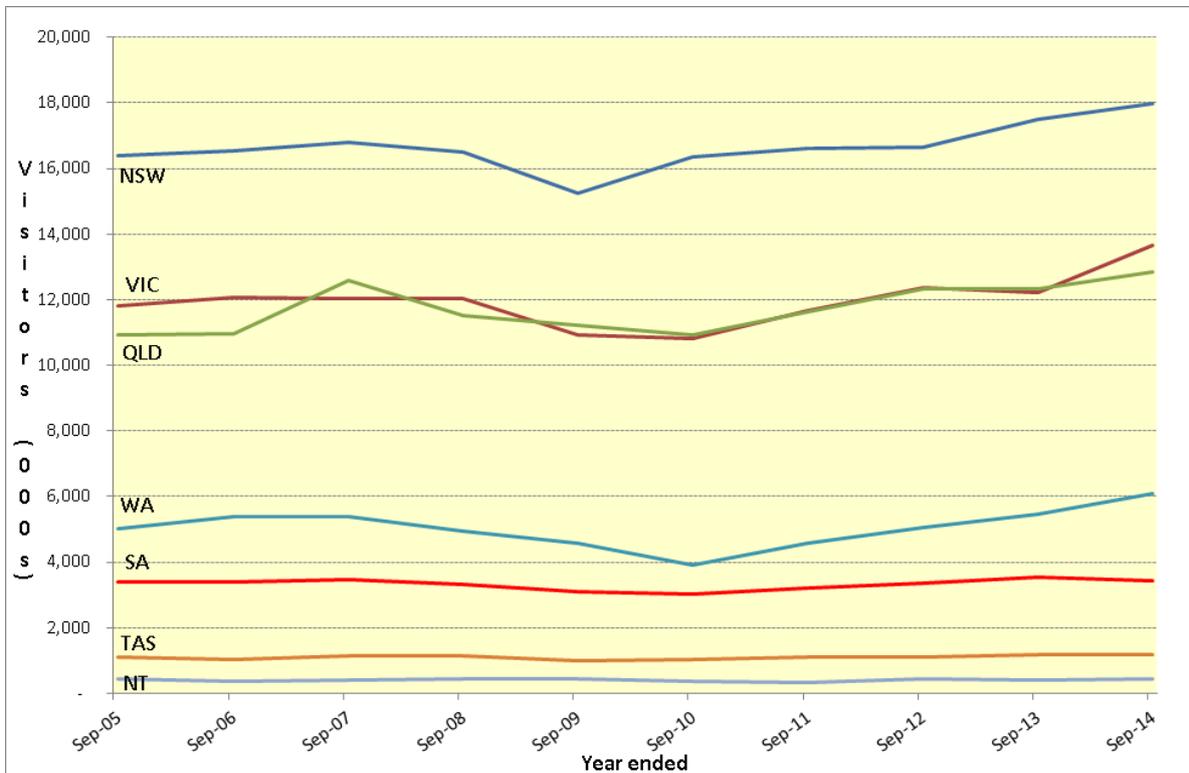
Interstate Visitors by State / Territory



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

In the year ended September 2014 the number of interstate visitors to South Australia increased by 5% to reach 1,840,000 visitors. Nationally interstate travel grew by 3%. In the period since September 2005 interstate demand in SA has grown by 5% compared to a national increase of 10%. Victoria (up 31%) and WA (up 18%) have experienced the strongest growth in interstate demand over this period.

Intrastate Visitors by State / Territory



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

In the year to September 2014 intrastate visitors in South Australia fell by 3% from the previous year to 3,439,000 overnight visitors. Nationally the intrastate market grew by 6%. Over the period since September 2005 intrastate demand in SA has increased by 2% compared with an increase of 13% nationally.

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 2013/14 fiscal year published in December 2014.

Trend in Room Nights Sold & Takings from Accommodation In SA - Hotels, Motels & Serviced Apartments with 15+ Rooms

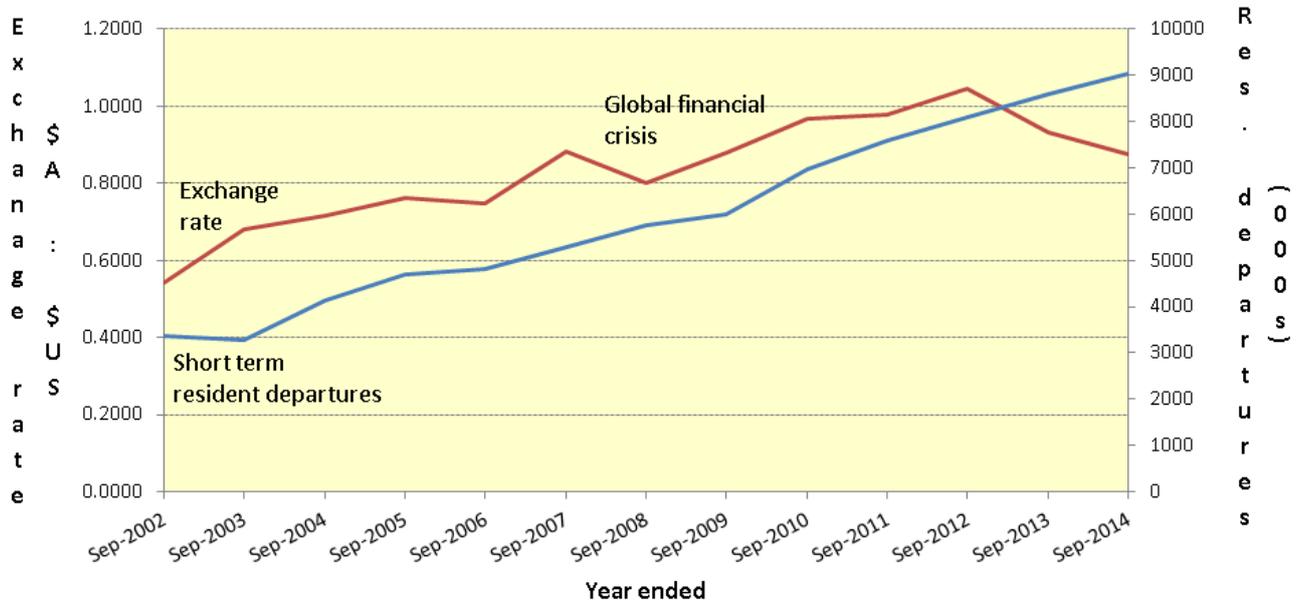


Source: Australian Bureau of Statistics. Cat. 8635.0. Tourist Accommodation, Australia, 2013-14.

In the year ended June 2014 the number of room nights sold in hotels, motels and serviced apartments in SA was 2,850,200 – which was consistent with the previous year. The takings increased by 3% to 416.4 million. Room nights were however down by 2% from the year ending June 2012.

Information regarding short term overseas departures by Australian residents is published by the Australian Bureau of Statistics.

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



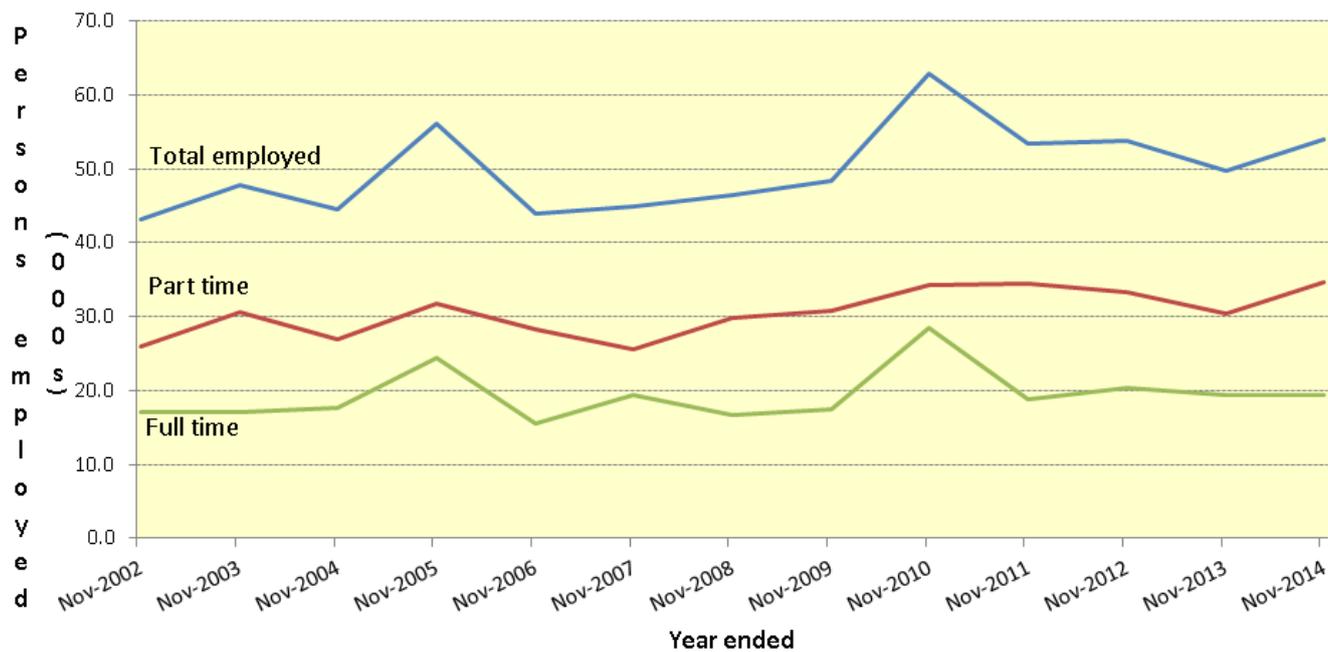
Source: Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.

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.

Despite the declining A\$:US\$ exchange rate short term resident departures continue to grow reaching 9.02 million in the year ended August 2014 – an increase of 5.2% from the previous year.

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 November 2014 indicated an increase of 9% in the number of persons employed overall in the accommodation and food services sector when compared with November 2013. Full time employment was steady while part time employment increased by 14%. 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.