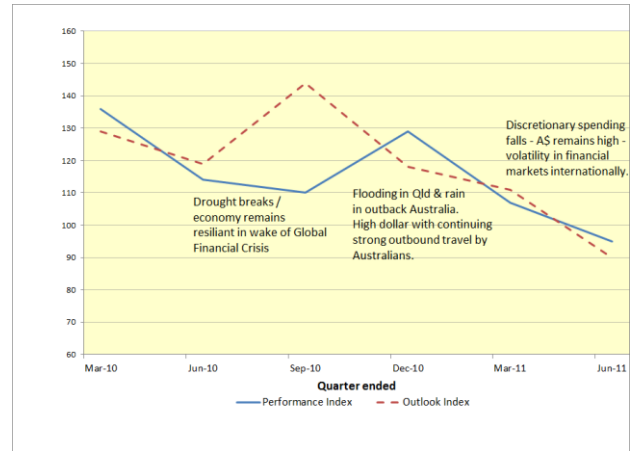
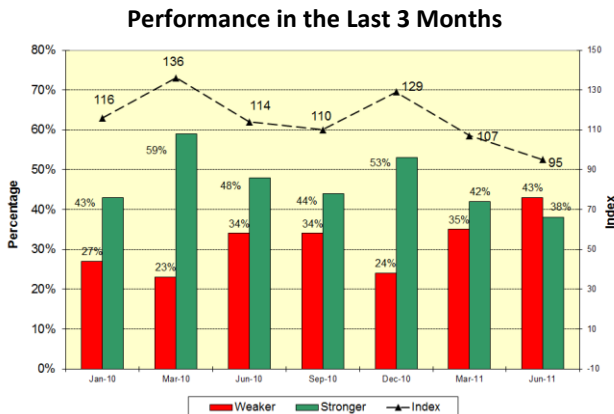


South Australian Tourism Barometer June Quarter 2011

The results of the SATIC Tourism Barometer for the June quarter of 2011 show a **continuing downward trend** with the top line performance index declining by 11% to 95 points – the lowest level since the inception of the barometer. The outlook index for the next 3 months also contracted – falling by 19% to 90 points. The result was **influenced by falling consumer confidence** driven by factors such as the economic outlook, the impact of carbon tax and instability in financial markets overseas. Outbound travel by Australians also continues to grow reaching 7.4 million short term departures in the year to May 2011. Tourism Research Australia recently released a paper¹ which concludes the reasons Australians are switching to overseas travel includes: increasing household disposable incomes; a stronger AUD; changing consumer leisure travel patterns; tourism operators facing increasing costs for inputs; & a marked increase in aviation capacity supply (esp. short-haul).



The survey respondents were asked to state whether their business had experienced stronger or weaker performance in the June qtr of 2011 when compared to the same period in 2010. The results are compared below with the results of previous surveys:



PI = Performance Index

Performance & outlook indexes are calculated by subtracting the % of respondents experiencing weaker conditions from the % experiencing stronger conditions and adding the result to a base of 100. If more respondents experience stronger performance than those experiencing weaker performance, the index will be greater than 100.

In the June quarter of 2011 the proportion of survey respondents **experiencing stronger performance was 38% - down from 42% at the March quarter.**

Factors supporting improved performance included:

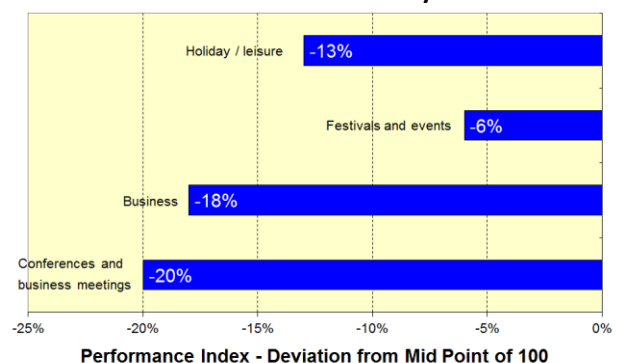
- Filling of Lake Eyre.
- Improved conditions on Murray River.
- Improved online exposure through social media marketing.
- Participation in SA Shorts.
- People driving interstate due to ash cloud and flight cancellations.
- Strong demand in April.
- Travel shows.

Where less positive:

- Cancellation of domestic group tours.
- Cold weather.
- Consumers reluctant to spend.
- Cancelled forward training & seminar bookings.
- Everyday more gloom and doom in the media.
- Flight cancellations due to volcanic ash cloud.
- High A\$.
- High petrol prices.
- Length of stay has declined.
- Less conferencing business into convention centre.
- May & June - worst months ever in 16 years of business.
- Public sector cutbacks.
- Uncertainty regarding carbon tax.
- Uncertainty in financial markets.

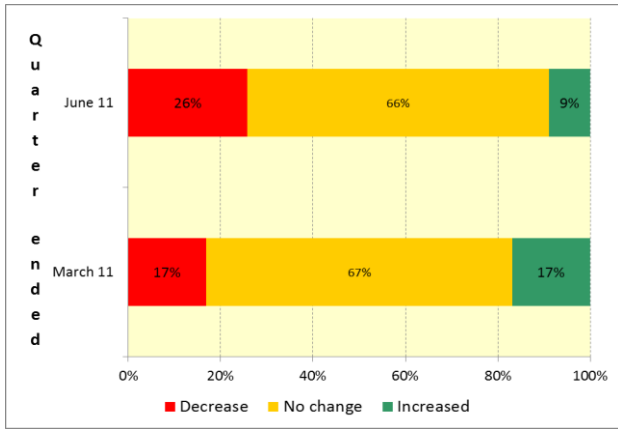
On a regional basis **improved performance** was more likely to be experienced by respondents located in the **Murraylands / Riverland and Flinders / Outback regions.**

"Performance Index" by Sector



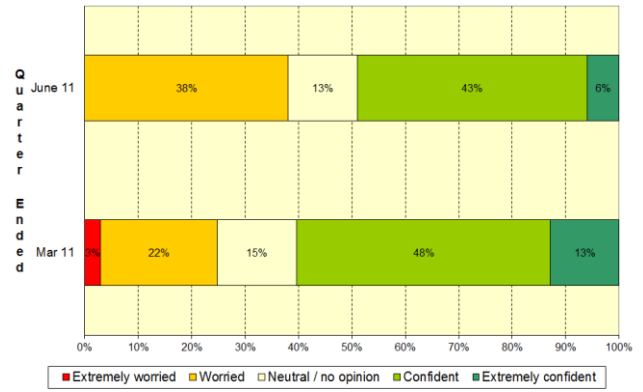
The **performance index was down for all sectors** when compared with the June 2010 quarter. The index for the holiday leisure sector was below 100 for the first time since the commencement of the barometer.

Number of Persons Employed



For the June quarter survey **9% of respondents** stated that they were **employing more staff** which was down slightly on the result for March (17%). There was an increase in the **proportion employing fewer staff from 17% to 26%** in the June quarter survey.

Outlook for the Next 12 Months

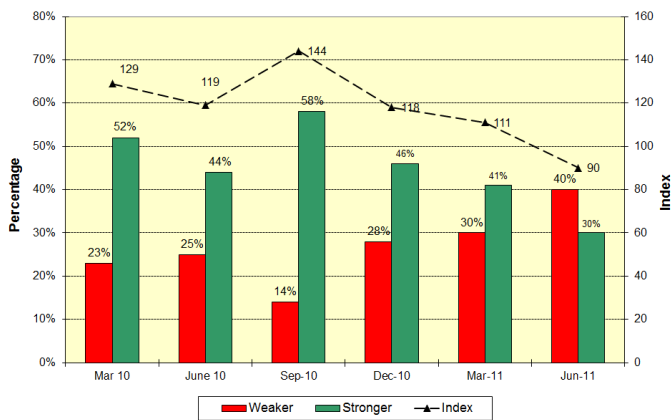


In the June quarter survey 6% of the respondents were 'extremely confident' about the next 12 months and 43% were 'confident'. This was **down from the March quarter** survey where 61% were either 'confident' or 'extremely confident'.

Factors underpinning the outlook for the next 12 months included:

- Digital marketing strategy.
- Forward bookings strong for Christmas / New Year.
- Improved web site / online presence.
- Increase in repeat bookings and recommendations for our business.
- Upcoming SATC domestic marketing campaign.
- Strong forward bookings.
- The Murray River.
- Tour Down Under and other events.

Outlook for the Next 3 Months



OI = Outlook Index

For the June quarter survey 30% of respondents expected stronger trading conditions for the next 3 months which was a decline of 11% percentage points from the March quarter result. The **outlook index was down by 19%** from 111 to 90.

Factors influencing the outlook for the short term included:

- Improved water levels in Murray River and more positive image of the river through media.
- Niche accommodation – have maintained business activity and profitability.
- State level events in Adelaide.
- Strong forward bookings.
- Water in Lake Eyre.

Less positively:

- Concern over carbon tax and world economy.
- Consumers are more cautious / preferring to consolidate debt.
- Forward bookings are weak.
- High \$A.
- SATC did not run the winter 3rd night free campaign.
- Weaker domestic market.

Less positively:

- Chaos at the SA Tourism Commission.
- Economic climate and financial system overseas.
- Forward bookings are weak.
- Large increase in land tax which limits capacity to upgrade facilities – also anticipating higher costs from the carbon tax.
- Public sector cutbacks.
- Reduction in support for regional tourism.
- Scare campaign adopted by Federal opposition is ruining confidence.
- Several longstanding businesses have closed - Whalers Haven Restaurant and Stingrays in Victor Harbor.

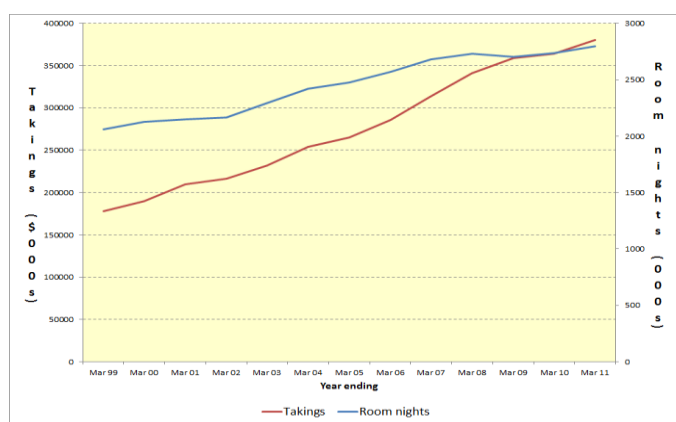
Annual Performance to March 2011

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 Survey¹.

The results of these surveys show that the number of **overnight visitors to and within South Australia increased by 2% in the year to March 2011** compared with the previous year. Visitor demand within Australia as a whole increased by 3% during this period.

Both international and domestic demand for South Australia increased by 2%.

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



Source: Australian Bureau of Statistics. Cat. 8635.0

The Survey of Tourist Accommodation² shows that **room nights sold** in hotels, motels and serviced accommodation in South Australia increased by 2.1% in the year to March 2011 while **takings from accommodation increased by 4.5%**.

The latest figures for the year to May 2011³ show short term **departures by Australian residents grew by 11.5%** when compared to the previous year to a total of 7.4 million for the 12 month period.

About The SATIC Tourism Barometer

The SATIC Tourism Barometer is a quarterly survey of SATIC members designed to measure recent performance and the outlook for the future.

The Barometer survey is conducted on-line and a total of 47 members responded to the June 2011 survey.

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

¹ Tourism Research Australia. <http://www.ret.gov.au/tourism>. International Visitor Survey; Travel by Australians (National Visitor Survey). See also discussion paper 'What is driving Australians travel choices'.

² Australian Bureau of Statistics Cat. 8635.0 - Tourist Accommodation, Australia, March 2011.

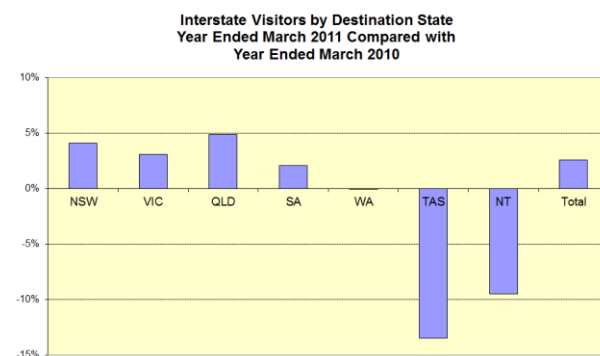
³ Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.

The following chart compares the performance of South Australia with the other States and the Northern Territory with respect to **international visitors**:



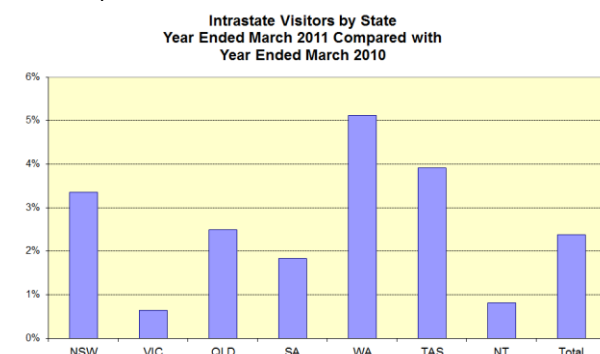
The number of international visitors to South Australia increased by 2% in the year ending March 2011 which was consistent with Australia as a whole – up 3%.

The chart below compares the performance of South Australia with the other States and the Northern Territory with respect to **interstate visitors**:



The number of **interstate travellers to South Australia increased by 2%** which was again consistent with an increase nationally of 3%. Holiday purpose interstate visitors were down by 10% which was countered by an increase of 12% in the number visiting friends and relatives.

The chart below compares the performance of South Australia with the other States and the Northern Territory with respect to **intrastate visitors**:



The intrastate market in South Australia was up by 2% in the year to March 2011 which was consistent with the national increase of 2%. When compared on the basis of purpose of visit the number of holiday purpose visitors was up by 1% and the number visiting friends and relatives down by 9%.