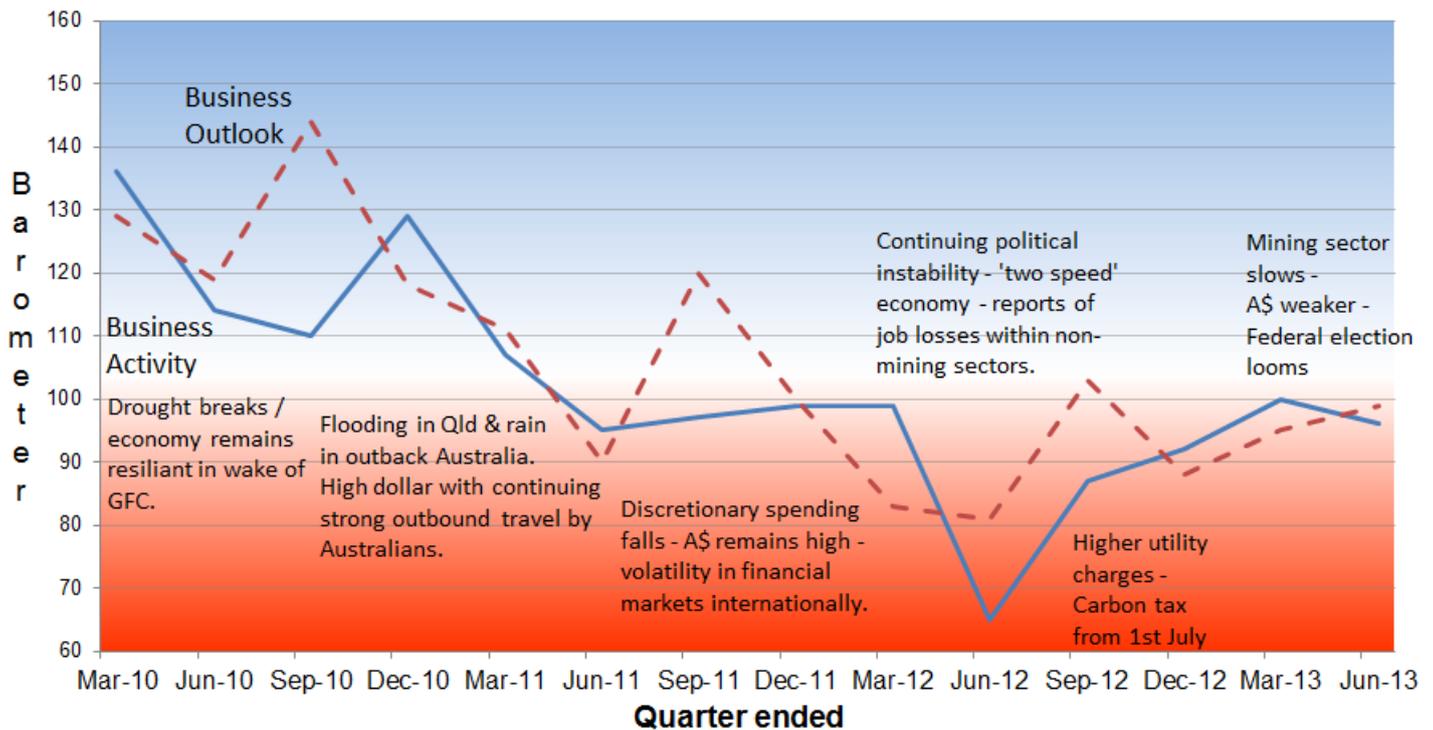


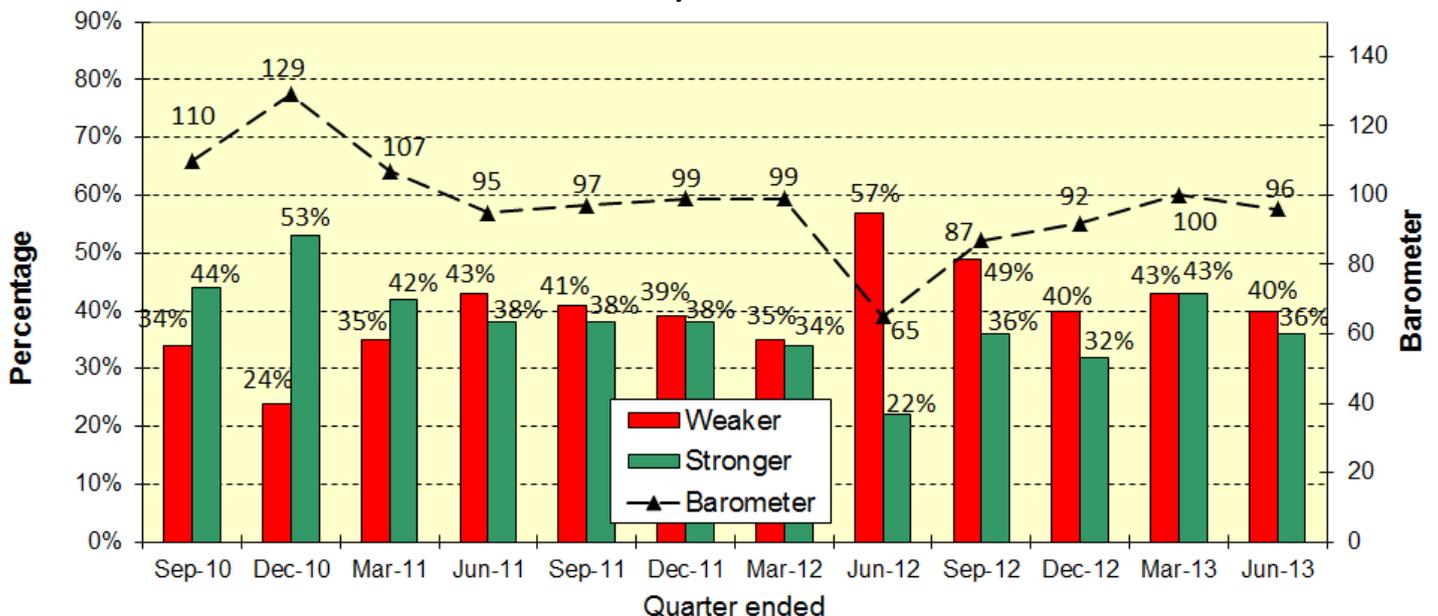
South Australian Tourism Industry Council SA Tourism Barometer – June Quarter 2013



Headline: Tourism In Limbo

The results of the SATIC Tourism Barometer for the June quarter were similar to those observed in the March quarter survey with the business activity index down slightly (4%) and the short term business outlook index improving (up by 4%). While activity has been subdued operators were looking forward to the effect of a lower \$A and the impending federal election which should put an end to the political instability that has impacted consumer sentiment in the recent past. There were however some other worrying indicators this quarter which included a fall in ABS room nights and takings for the State (down 1.8% and 0.9% respectively in the year to March 2013) and the ABS labour force figures with total employment in the accommodation and food services sector down by 14% in the year to May 2013 (full time down 26%).

Business Activity in the Last 3 Months



In the June quarter of 2013 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 36% - down from 43% at the March quarter survey. The proportion experiencing weaker conditions was 40% - also down from 43% in the March quarter. The activity index was down slightly falling from 100 to 96 points (down 4%).

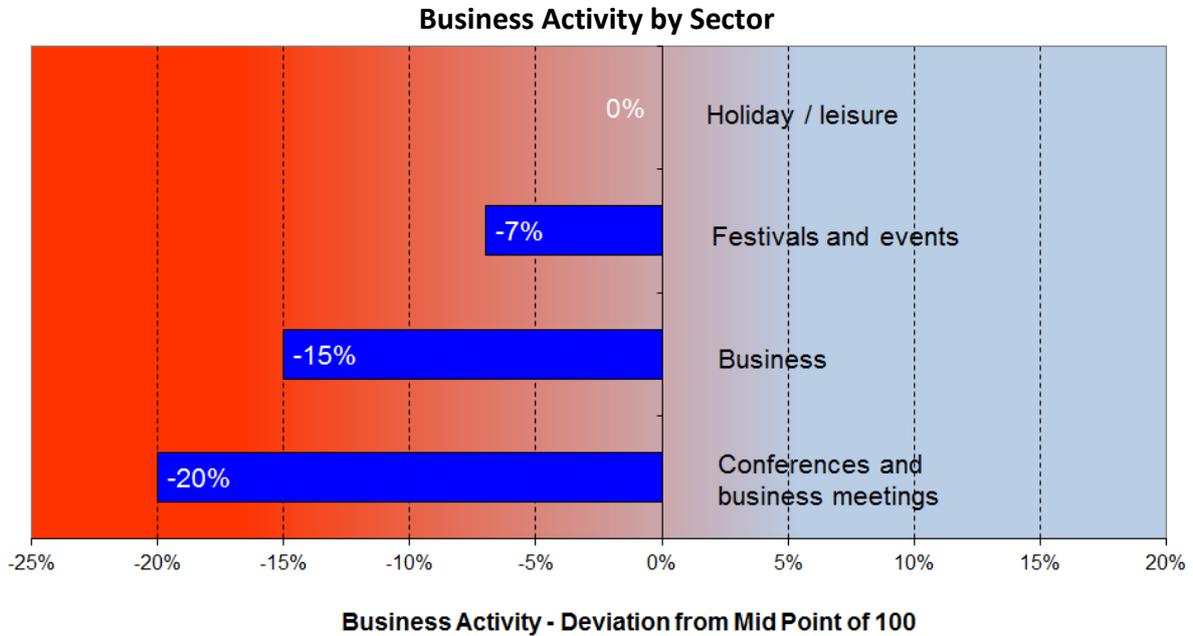
Factors underpinning performance were:

- Events - Barossa Vintage Festival – biennial, country music festival;
- Facebook / digital marketing;
- Good trip advisor reviews;

- Increase in Asian / US visitors;
- Repeat bookings;
- Weaker dollar and people staying closer to home.

Less positively:

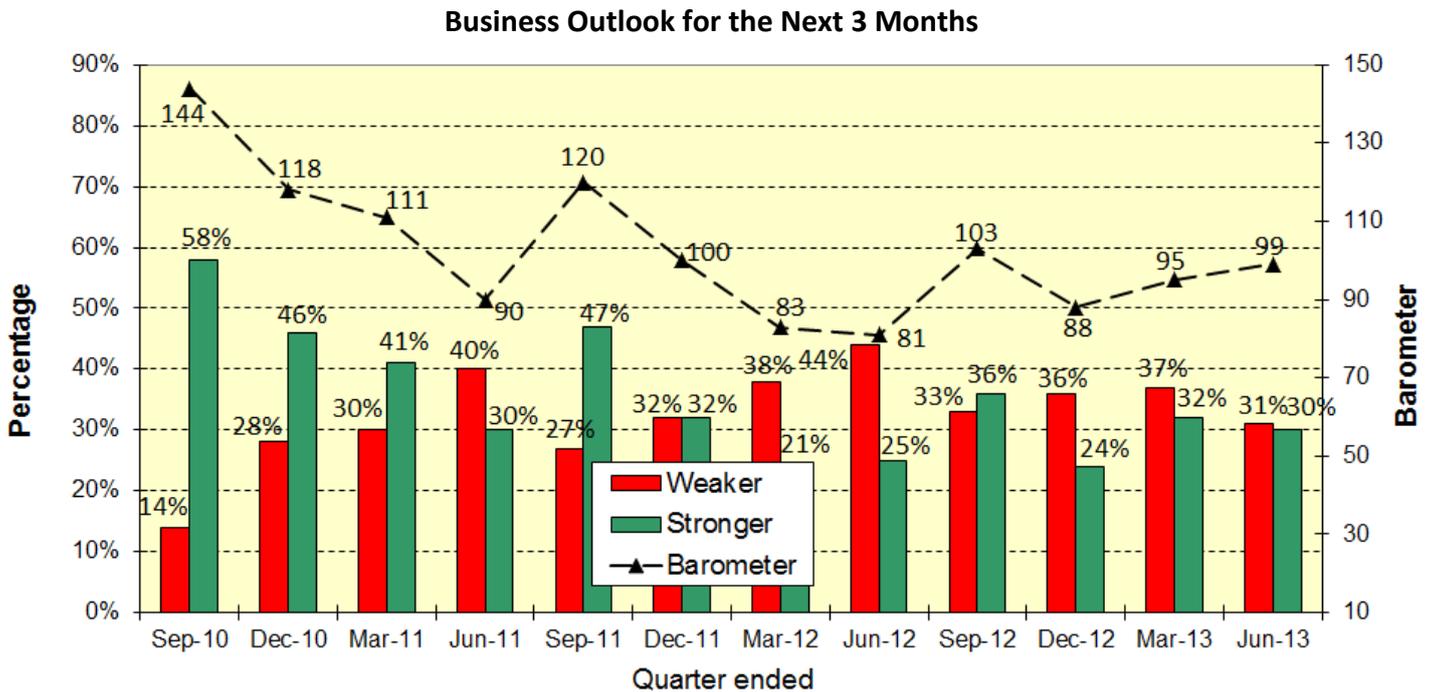
- Caravans not stopping in Ceduna due to problems with public order;
- Fewer conferences in Adelaide;
- Fewer people taking short breaks;
- Less business / work related travel / Suspension of Olympic Dam expansion;
- Marketing focus is on Barossa and KI;
- Political instability has meant people are not spending / waiting for the election;
- The number of visitors to Lake Eyre and the Flinders / Outback is down on the last 3 years.



Analysis of business activity by sector indicated that the holiday / leisure sector was steady while the festival and events, business and conference and meetings sectors were all weaker with higher proportions of respondents experiencing declines compared with increases.

When compared with the March quarter results the activity index for the holiday / leisure sector dropped slightly (down 3%), the festivals and events sector was down by 15% while the business and MICE sectors improved (the activity index for these sectors improved 12% and 8% respectively).

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 2012.



In the June quarter the short term business outlook index was up by 4% (from 95 to 99 points). The proportion expecting improved performance had fallen however from 32% in the March quarter survey to 30% for the June quarter.

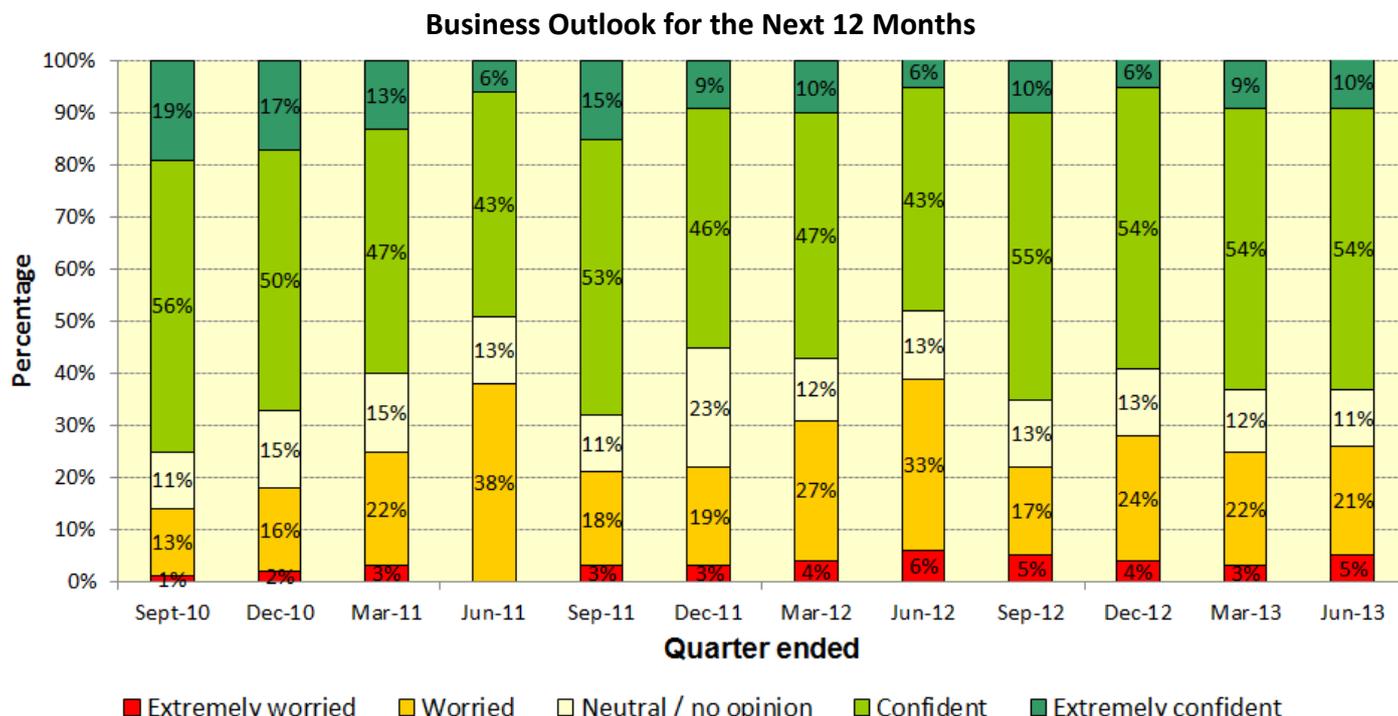
Factors influencing the outlook for the short term included the following:

- Digital marketing;
- Federal election / Possible change of Government;
- Forward bookings / group bookings positive;
- Lower dollar;
- Property is positioned / priced correctly;
- Promotion of Barossa / Barossa Gourmet in August.

Less positively:

- Confidence won't change until the election;
- Falling dollar will make inputs more expensive;
- Forward bookings are weak.

The outlook for the next 12 months was as follows:



In the June quarter 2013 survey, 10% of the respondents were 'extremely confident' about the next 12 months and 54% were confident. The results were consistent with the results for the March 2013 quarter.

Factors underpinning the outlook for the next 12 months included the following:

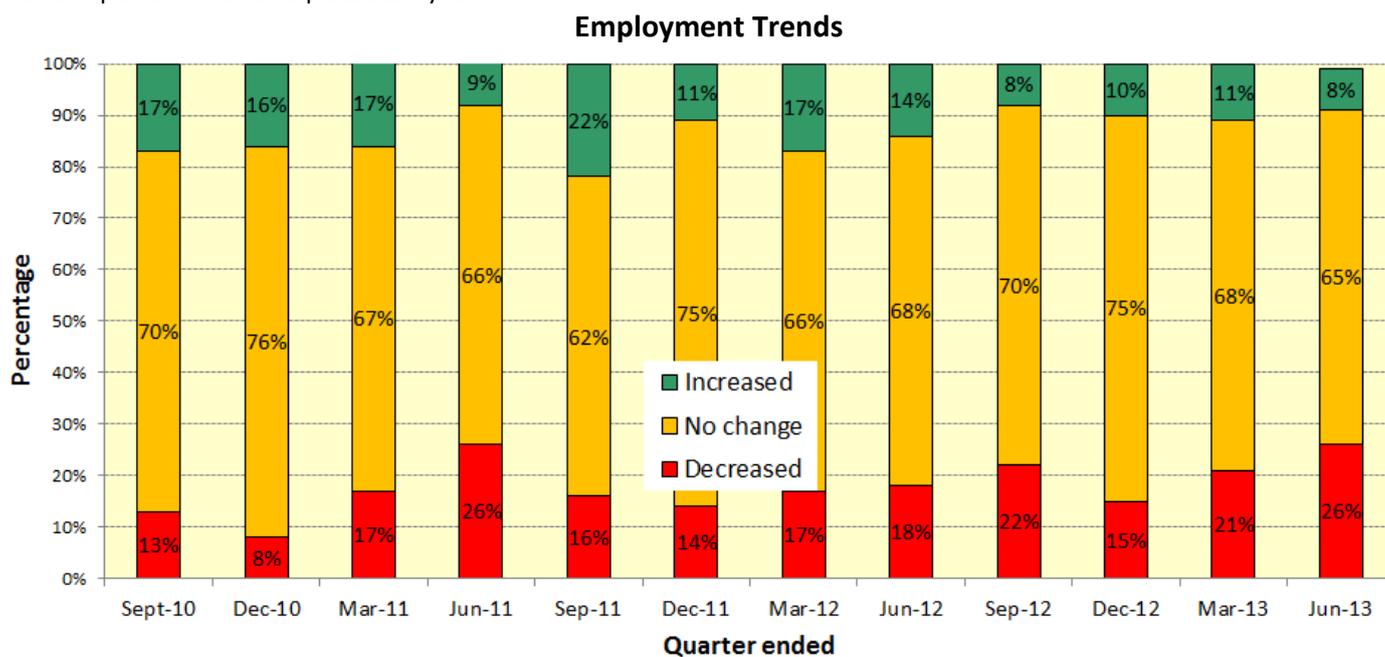
- Change of government and improved consumer sentiment;
- Completion of Adelaide Oval will be positive for Adelaide;
- Focus on China;
- Holiday parks continue to be a strong sector;
- Improved digital strategy / social media / Trip Advisor / SEO optimisation;
- Increasing awareness of our product;
- Lower dollar;
- Promotion of the Barossa / Flinders.

Less positive;

- Depends on election result;
- Have experienced worst year in business (since 1999);
- Job losses, business closures and economic uncertainty.

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.



In the June quarter 2013 the proportion employing more people fell to 8% (down from 11%) while the proportion employing fewer people rose to 26%. Further information regarding employment trends from the ABS Labour Force survey is attached on page 8.

About The SATIC Tourism Barometer

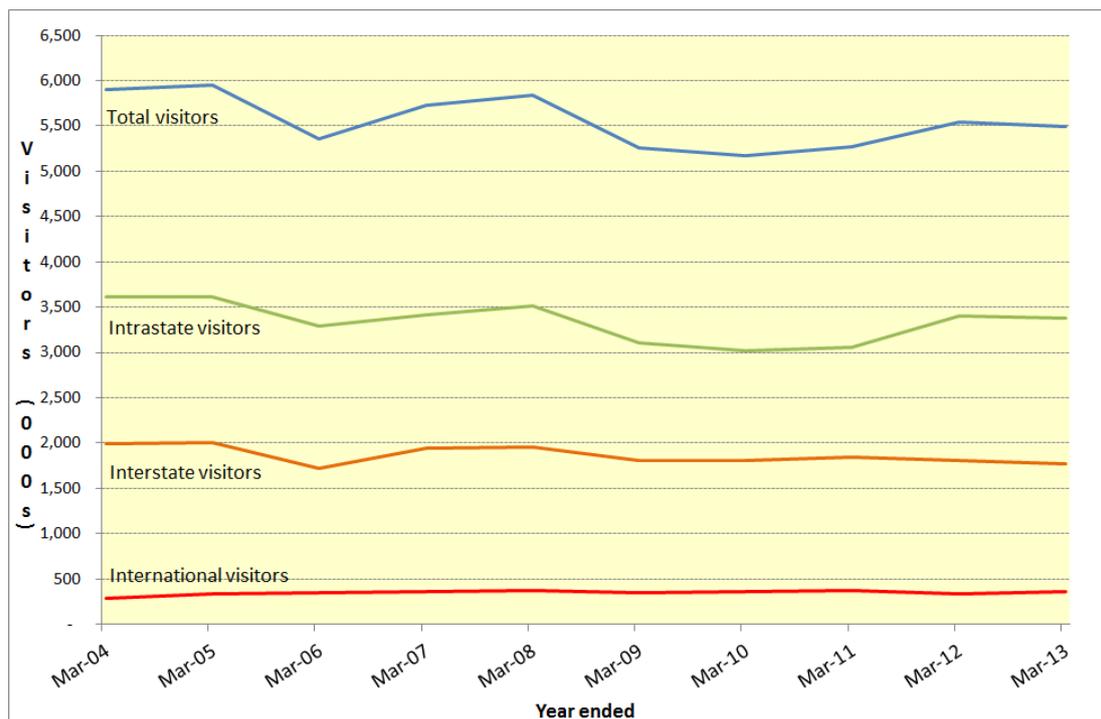
The SATIC Tourism Barometer is a quarterly survey of SATIC members designed to measure recent activity levels and the outlook for the future. The Barometer survey is conducted on-line and a total of 84 members responded to the June 2013 quarter survey.

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

Annual Performance to March 2013

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.

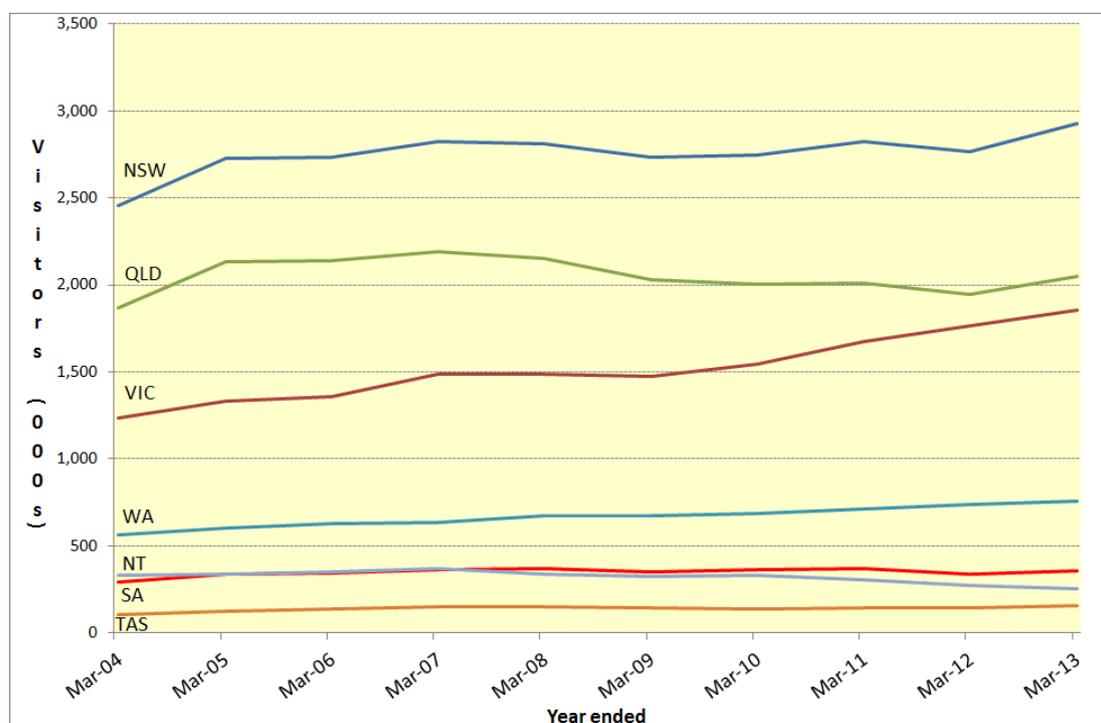
Overview of Overnight Visitor Demand for South Australia



The results of these surveys show that the number of overnight visitors to and within South Australia decreased by 1% in the year to March 2013 compared with the previous year. Visitor demand within Australia as a whole increased by 2% during this period.

The number of international visitors grew by 6% while Intrastate demand in SA contracted by 1% and interstate demand was down by 2%.

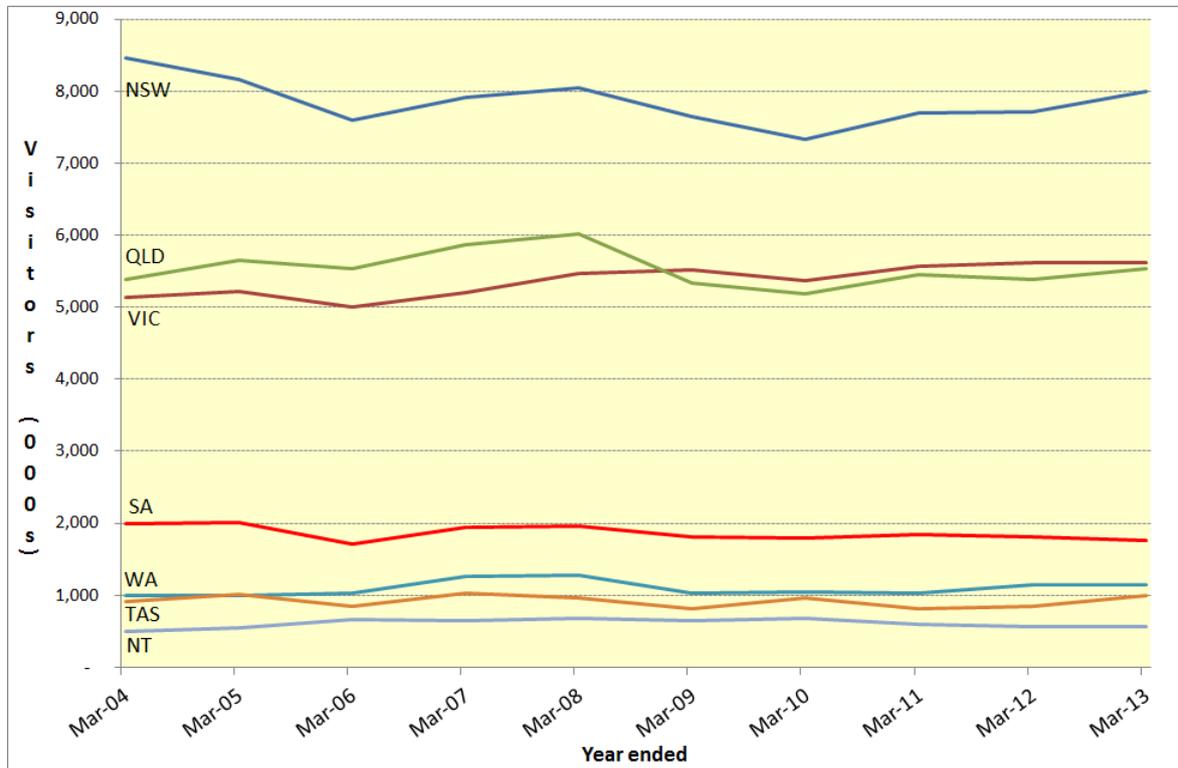
International Visitors by State / Territory



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

In the year ended March 2013 international visitors to South Australia grew by 6% compared with an increase of 5% nationally. Since the year ending March 2004 international visitors to SA have increased by 22% compared with 29% nationally. Victoria has enjoyed the largest increase, rising by 50%.

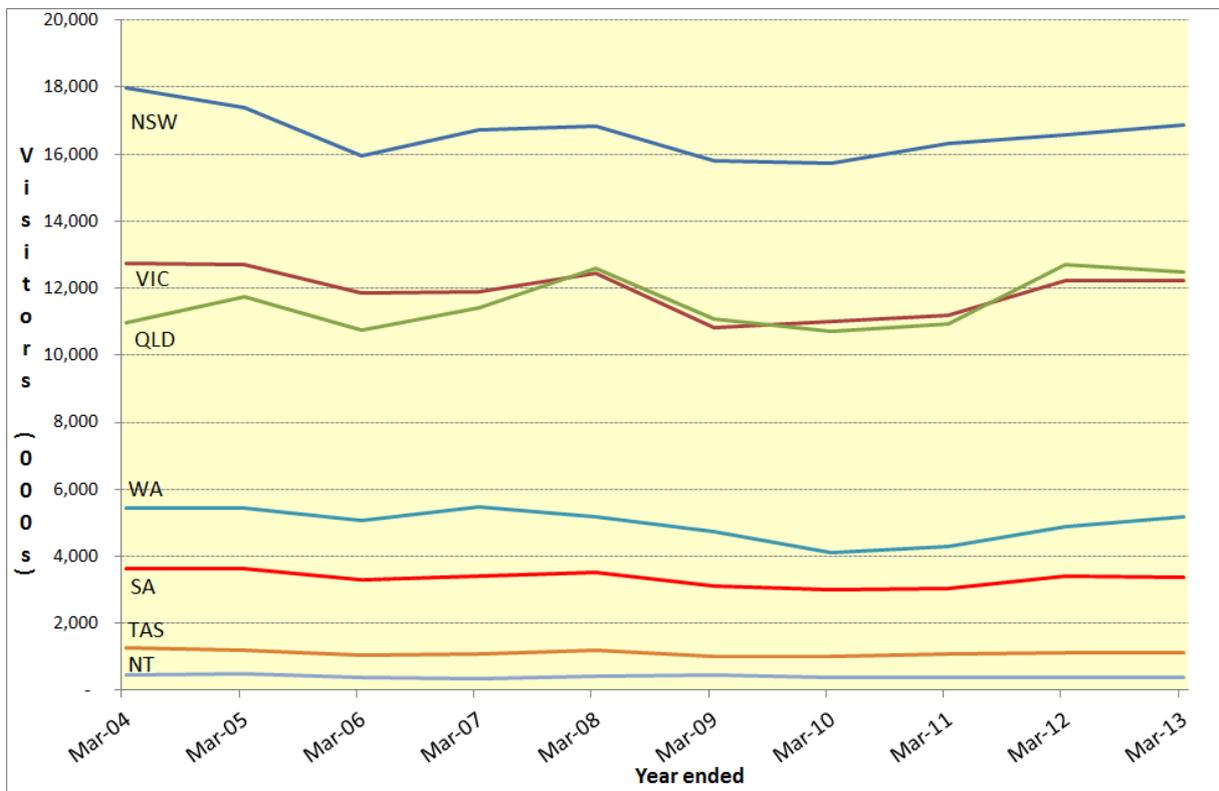
Interstate Visitors by State / Territory



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

In the year ended March 2013 interstate visitors to South Australia contracted by 2% compared with an increase of 3% nationally. In the period since the year ending March 2004 interstate demand in SA has declined by 11% compared to a national increase in 4%. All other States and the Northern Territory have experienced growth over this extended period with the exception of NSW which is down by 6%.

Intrastate Visitors by State / Territory



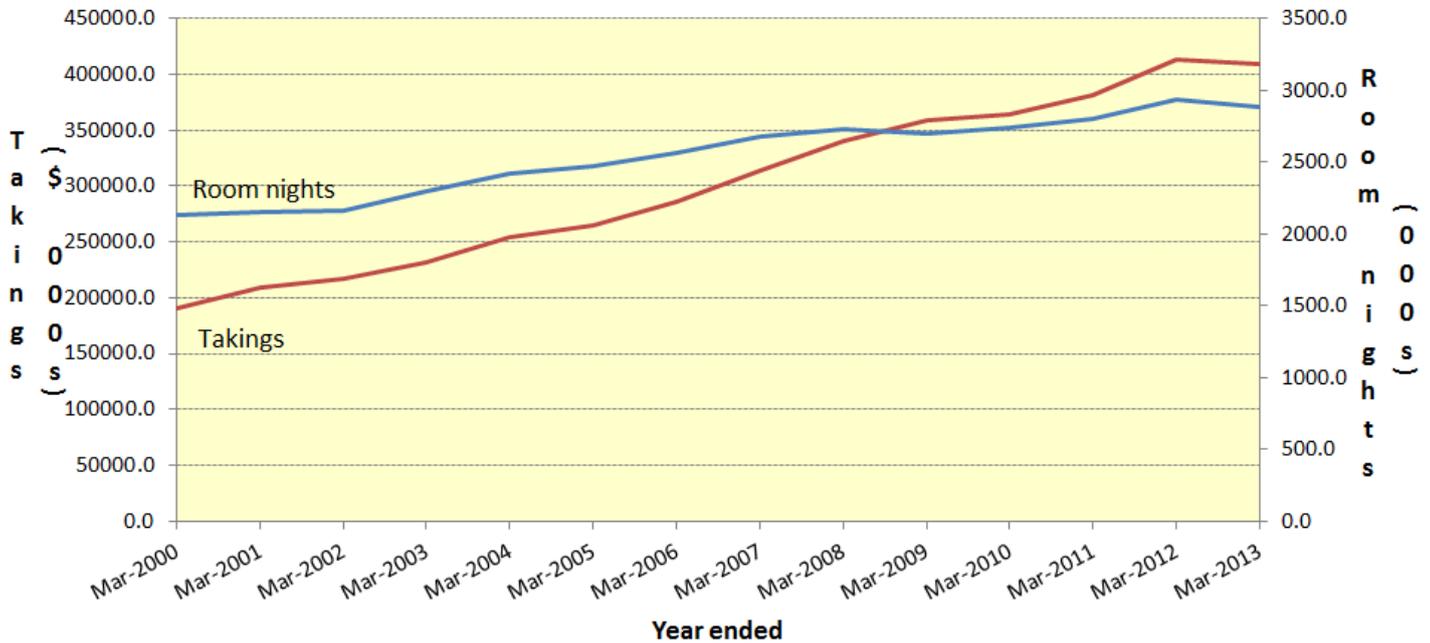
Tourism Research Australia. <http://www.ret.gov.au/tourism>. Travel by Australians. National Visitor Survey

In the year ended March 2013 intrastate visitors in South Australia fell by 1% compared to a national increase of 1%. Since the year ending March 2004 intrastate demand in SA has declined by 7% compared with a fall of 2% nationally. All states and territories have experienced a contraction in intrastate travel over the longer term with the exception of Queensland which has grown by 14%.

Other Indicators

Information regarding the performance of the accommodation sector in South Australia is published by the Australian Bureau of Statistics.

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

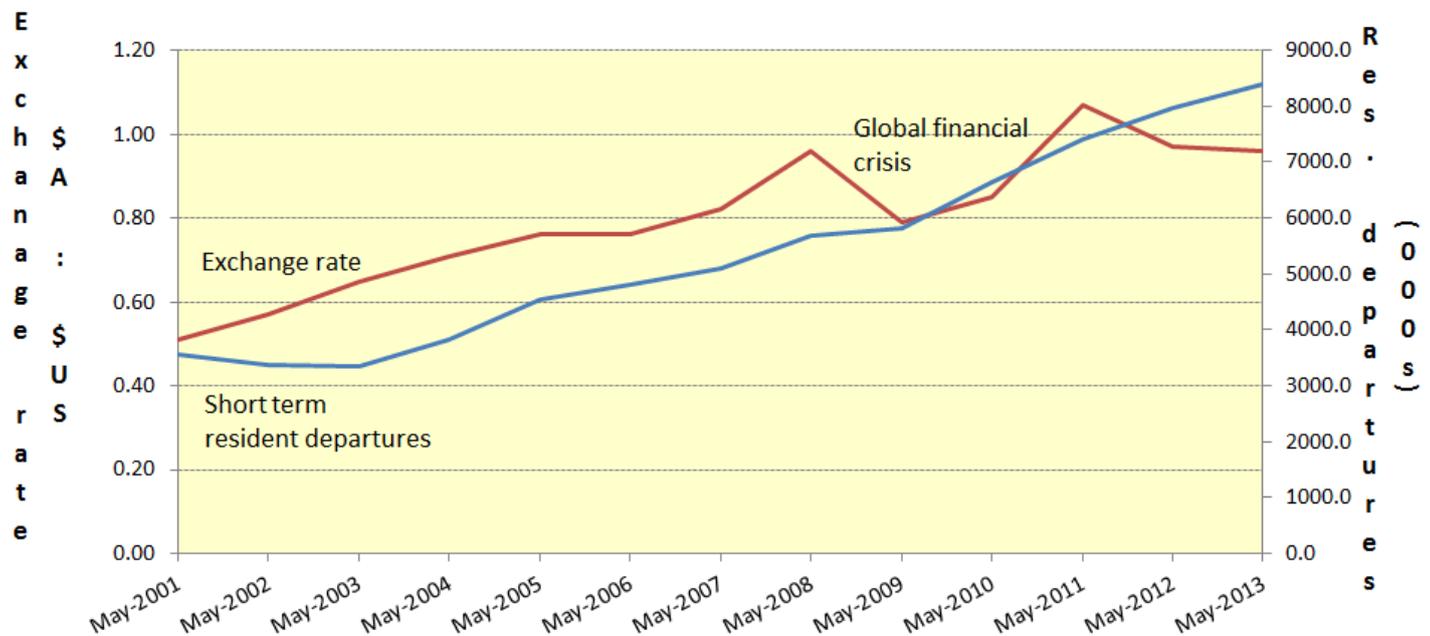


Source: Australian Bureau of Statistics. Cat. 8635.0. Tourist Accommodation, Australia.

Room nights sold in hotels, motels and serviced accommodation in South Australia decreased by 1.8% in the year to March 2013 to 2,881,800 while takings were down by 0.9% to \$410 million.

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



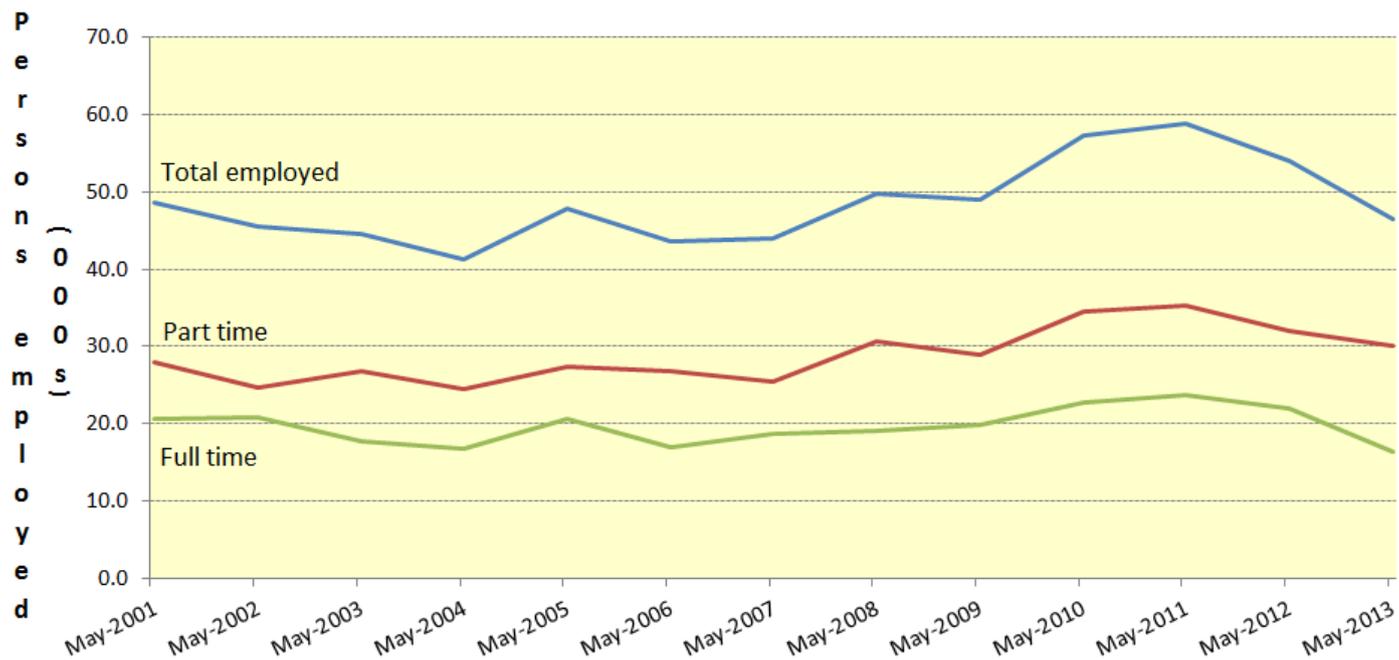
Source: Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.

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. The exchange rate was above A\$1.00 for most of the year 2012-2013.

The latest figures for the year to May 2013 show short term departures by Australian residents grew by 5.3% to 8.4 million when compared to the previous year. Annual average growth since May 2003 is 9.7% pa.

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 May 2013 show a decrease of 14% in the number of persons employed overall in the accommodation and food services sector when compared with May 2012. Part time employment was down by 6% and full time employment was down by 26%¹.

¹ Labour force figures may be somewhat variable due to seasonality. The year on year figures for total employment at February 2013 and November 2012 were down by less than 1%.