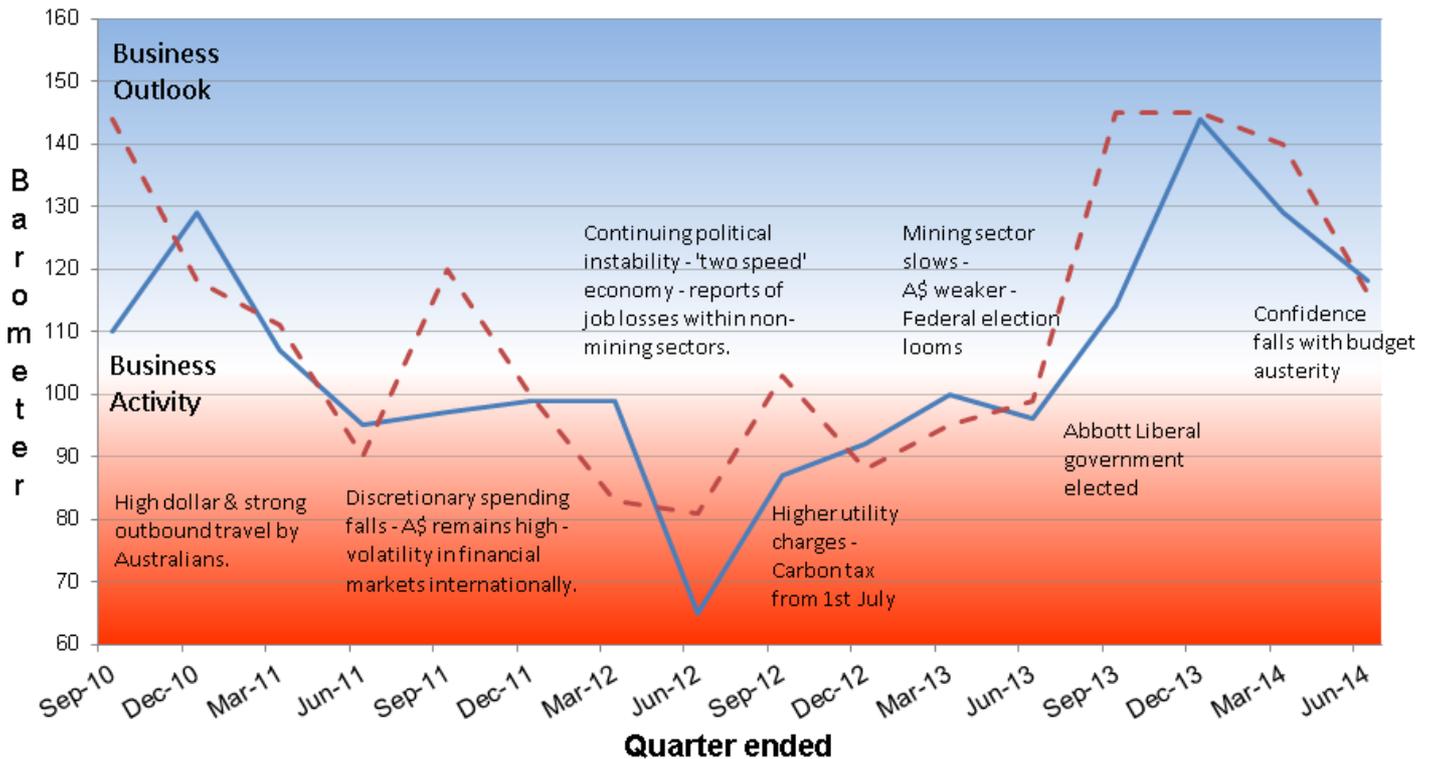


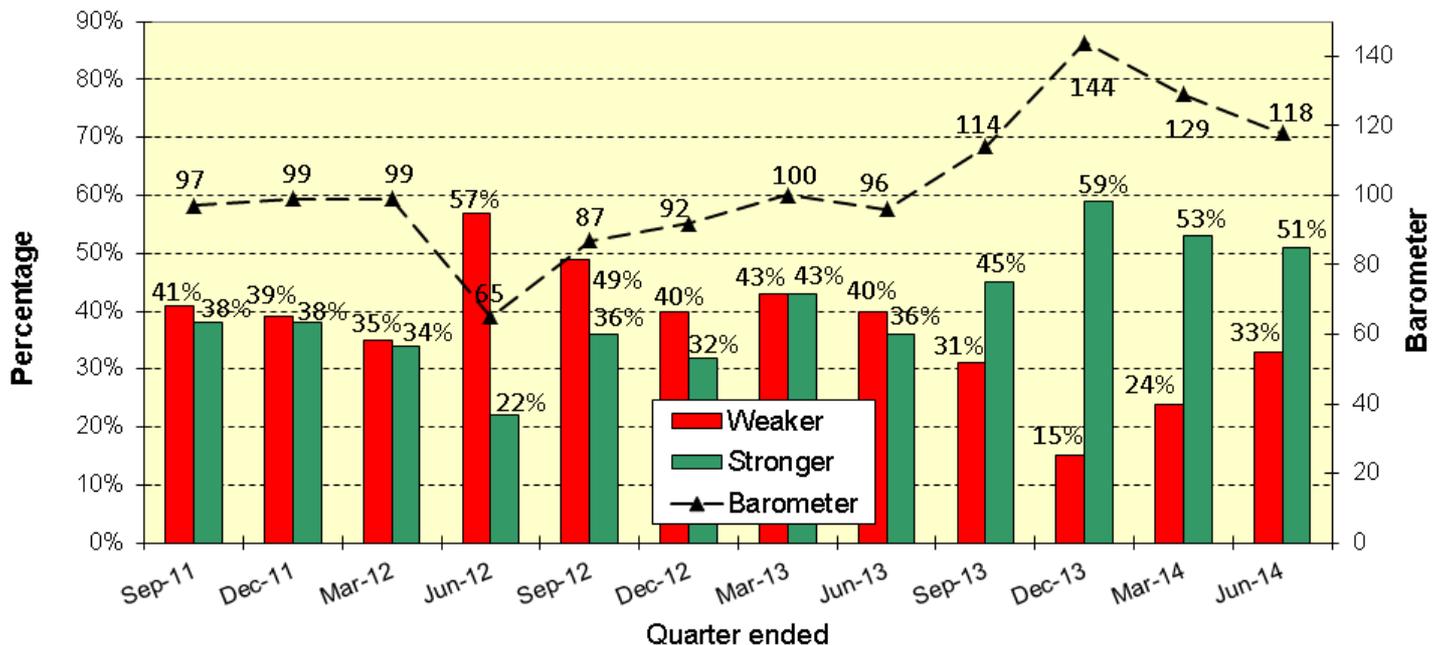
South Australian Tourism Industry Council SA Tourism Barometer – June Quarter 2014



Headline: Austerity Measures Constrain Confidence

In the June quarter 2014 survey the business activity index fell by 9% from 129 to 118 points while the short term business outlook index fell by 17%. It was felt that consumer sentiment had been impacted by the budget austerity measures and other negatives for the economy such as the pending closure of GM Holden. The international market has been a bright spot supported by increases in the supply of seats through Adelaide following the commencement of Air Asia X and Jetstar's international services.

Business Activity in the Last 3 Months



In the June quarter of 2014 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 51% - down from 53% in the March quarter and 59% at the December 2013 quarter. The proportion experiencing weaker conditions was 33% - up from 24% and 15% over the previous surveys.

Factors underpinning performance were:

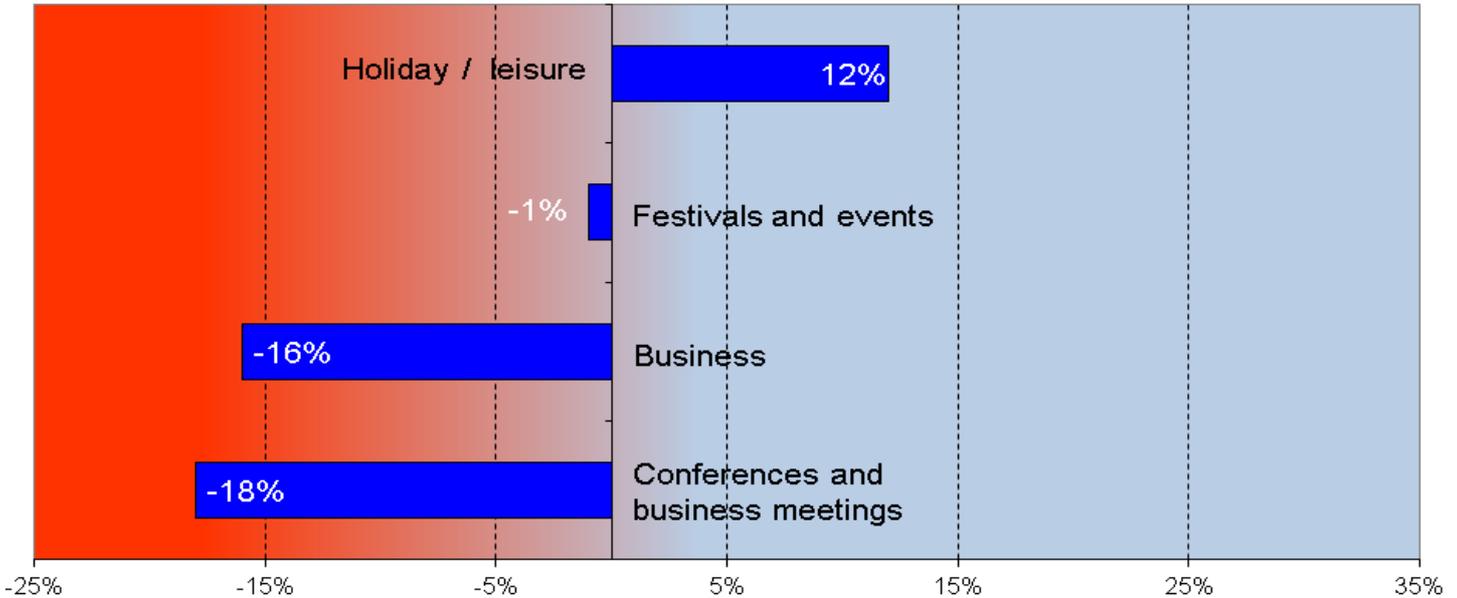
- International visitors were up.
- More international flights.
- Conferences / meetings.
- Events.

- Barossa Be Consumed campaign.
- More online and TV for advertising – less press.
- Warm weather in autumn.
- More tourers.

Less positively:

- Federal & State budgets and impact on consumer sentiment.
- Pending closure of GM Holden / concern about jobs.
- Discounting by bigger operators.
- Wage costs too high – restricting opening hours.
- Fewer tour groups.
- Impact of fire on Wirrabara Forest.

Business Activity by Sector

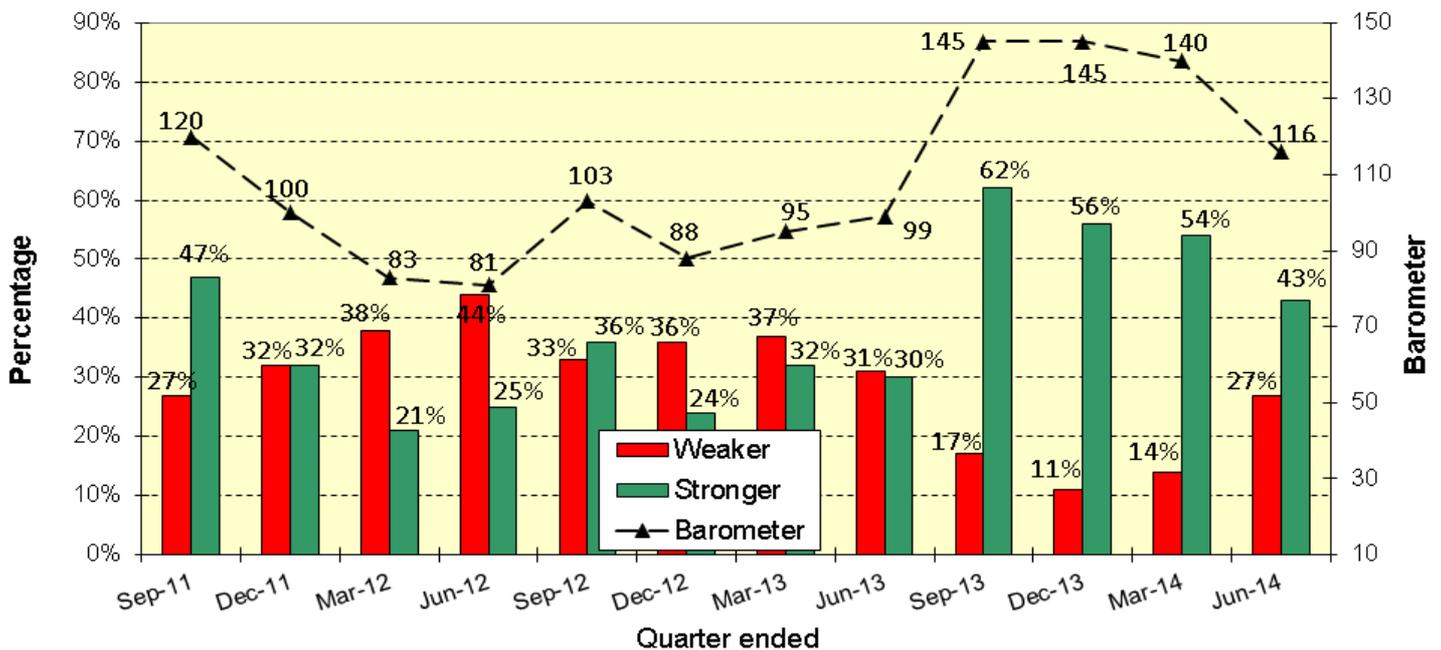


Business Activity - Deviation from Mid Point of 100

Analysis of the business activity index by sector shows that the holiday / leisure was positive with an index of 112 while the other sectors had experienced weaker performance with festivals and events recording an index of 99 points, business travel 84 points and conference and business meetings 82 points. All of the sectors had experienced a fall when compared with the March quarter with business travel index down 20%, holiday leisure down 15%, festivals and events down 10% and conferences and business meetings down 5%.

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 June quarter 2014 the short term business outlook index fell by 17% to 116 points. The proportion expecting improved performance fell sharply from 54% to 43% while the proportion expecting weaker performance increased from 14% to 27%.

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

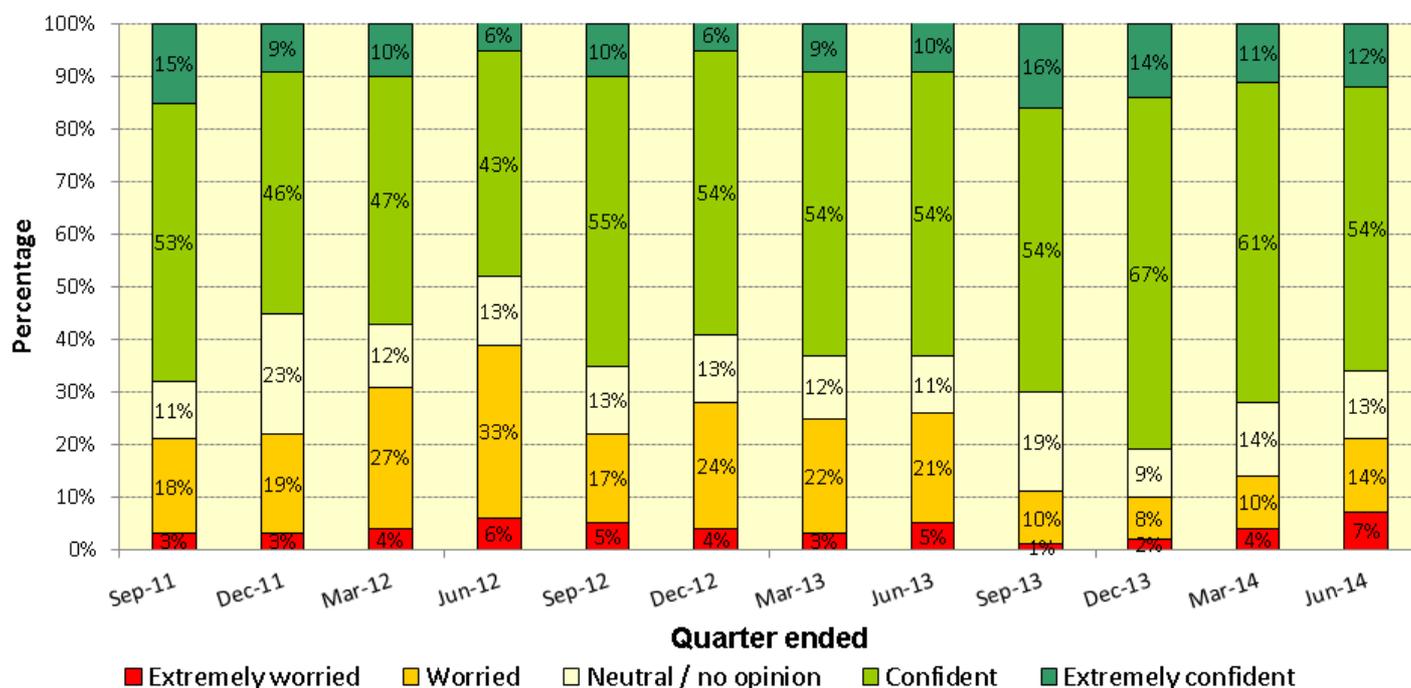
- Events.
- New product / upgrades.
- Improving distribution online.
- International demand – China and Europe.
- Value adding around conferences and events.
- Integration with VIC booking system.
- School groups.

Less positively:

- Increases in accommodation supply.
- Cold weather.
- Consumer confidence still weak.
- Enquiries / forward bookings are poor.

The outlook for the next 12 months was as follows:

Business Outlook for the Next 12 Months



In the June quarter 2014 survey, 12% of the respondents were ‘extremely confident’ regarding the prospects for the next 12 months and 54% were ‘confident’, - down from 61% recorded at the March quarter survey. The proportion ‘worried’ or ‘very worried’ grew from 14% to 21%.

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

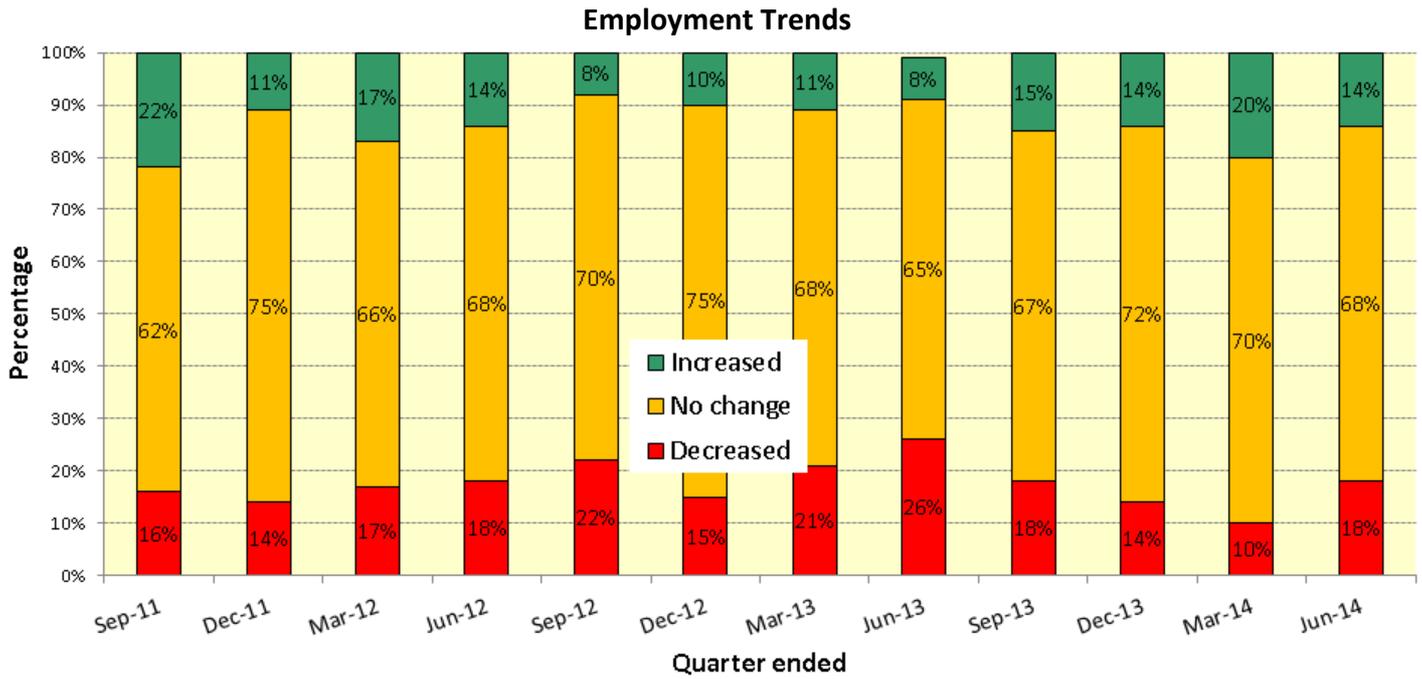
- Hopeful that penalty rates will be addressed.
- Focusing on building demand in quieter periods.
- Internet / direct bookings online.
- Events, conferences.
- International demand / China.
- Traction from Riverbank precinct.
- Product upgrades.
- Targeting of youth sector by SATC.

Less positive:

- Lack of confidence / increasing unemployment.
- Too many BnBs competing on price.
- Loss of TQUAL program.
- Lack of regional representation in SATC marketing.

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 2014 survey 14% had employed additional staff in their business while 18% had employed fewer. The results show a reversal to the positive trend that was evident over the previous 3 quarters. Further information regarding employment trends from the ABS Labour Force survey follows.

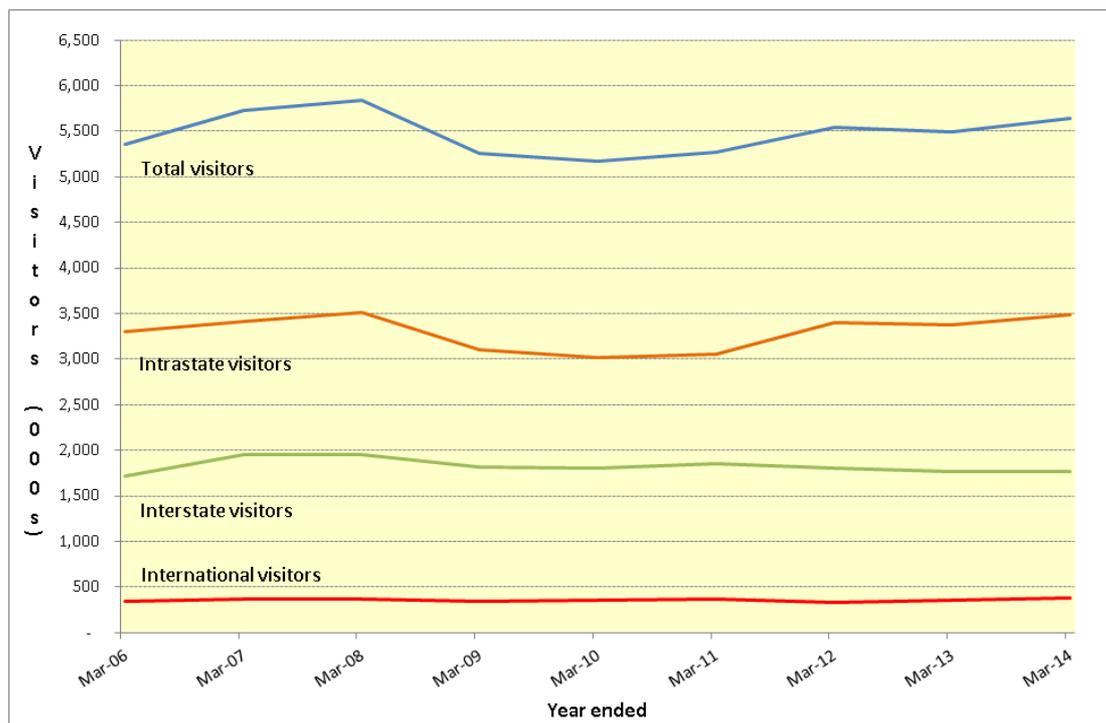
About The SATIC Tourism Barometer

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 99 members responded to the June 2014 quarter survey. *Report prepared by independent research consultants – Greenhill Research and Planning.*

Annual Performance to March 2014

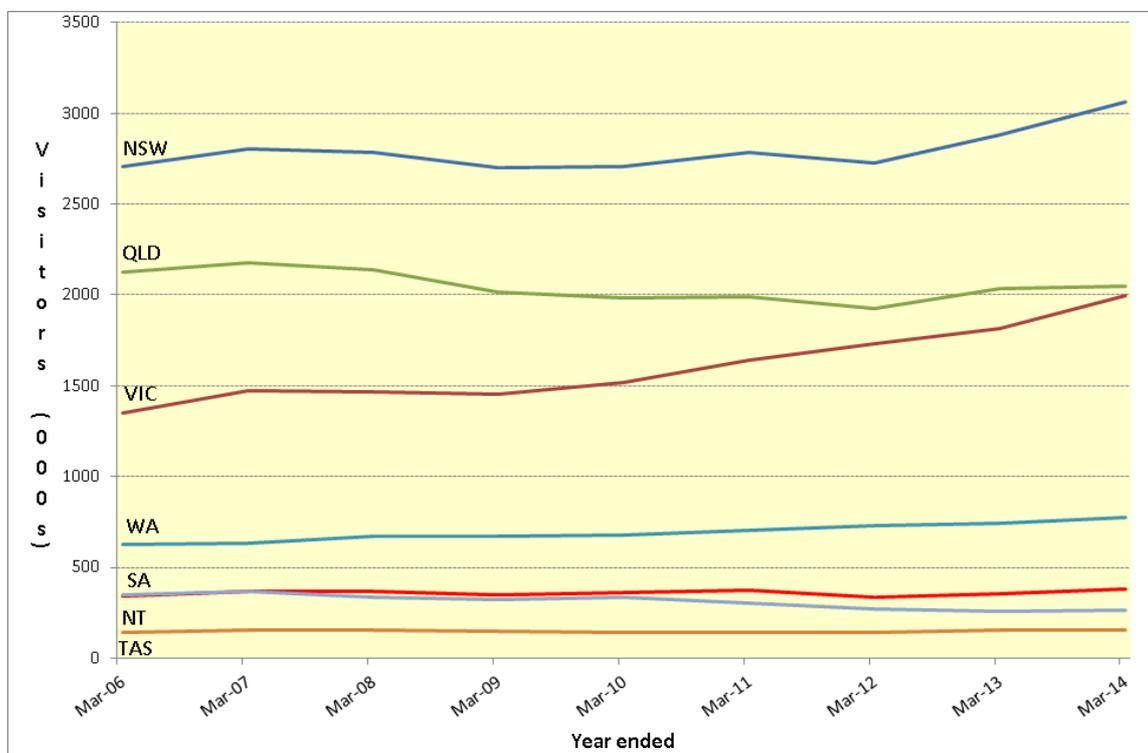
Information regarding travel demand in Australia is collected by Tourism Research Australia through two national sample surveys: the National Visitor Survey and the International Visitor Survey.

Overview of Overnight Visitor Demand for South Australia



The number of international visitors to South Australia in the year ended March 2014 was 381,000 – up by 8% from the previous year. The number of interstate visitors in the year to March 2014 was 1,767,000 – steady – while the number of intrastate visitors grew by 3% to 3,489,000.

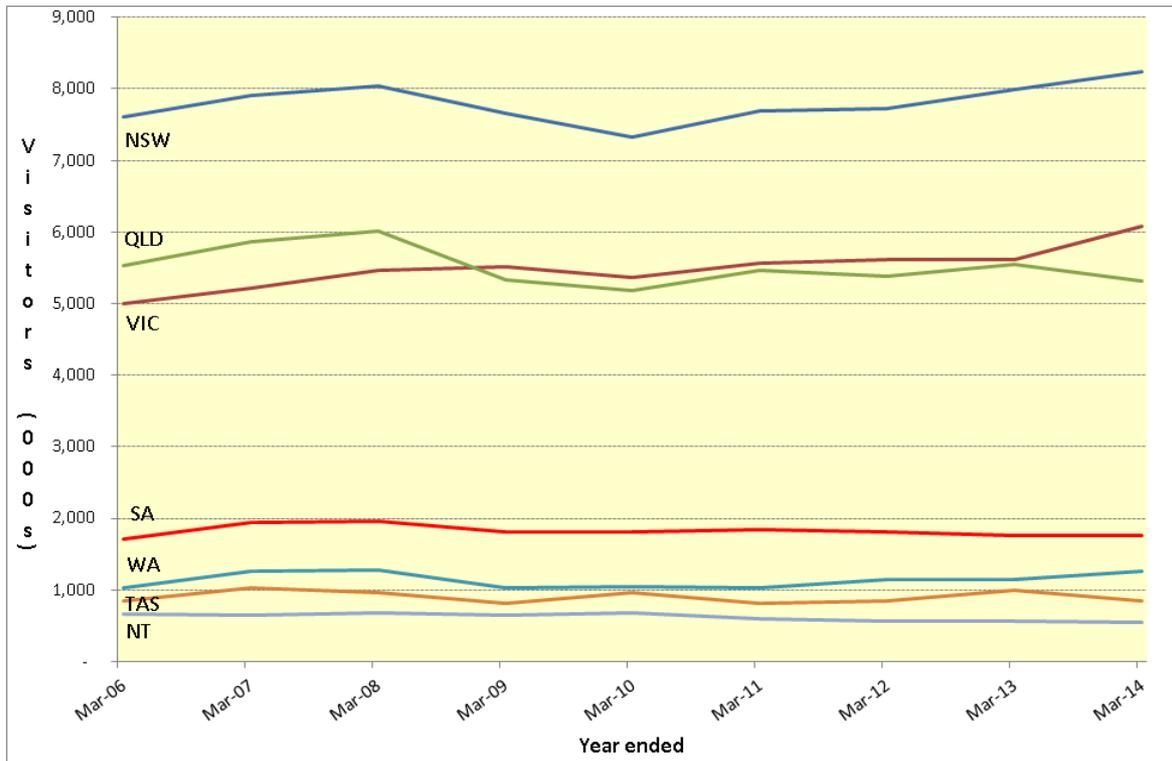
International Visitors by State / Territory



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

In the year to March 2014 the number of international visitors to South Australia increased by 8% from the previous year to reach 381,000. This compares with a 6% increase nationally. International visitors to SA from March 2006 grew by 11% - Victoria recorded strong growth over this period – up by 48%.

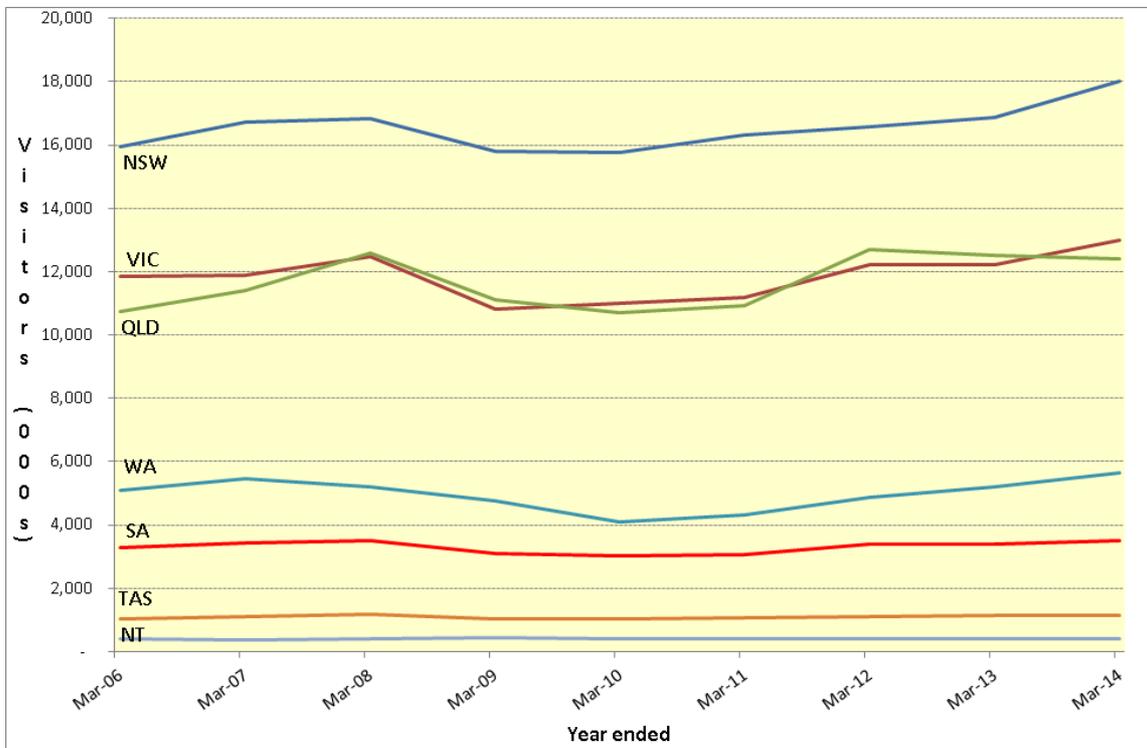
Interstate Visitors by State / Territory



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

In the year ended March 2014 the number of interstate visitors to South Australia remained around the same level recorded in the previous year - 1,767,000 visitors. Nationally interstate travel grew by 2%. In the period since the year ending March 2006 interstate demand in SA has grown by 3% compared to a national increase of 8%. WA (up 23%) and Victoria (up 22%) have seen 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

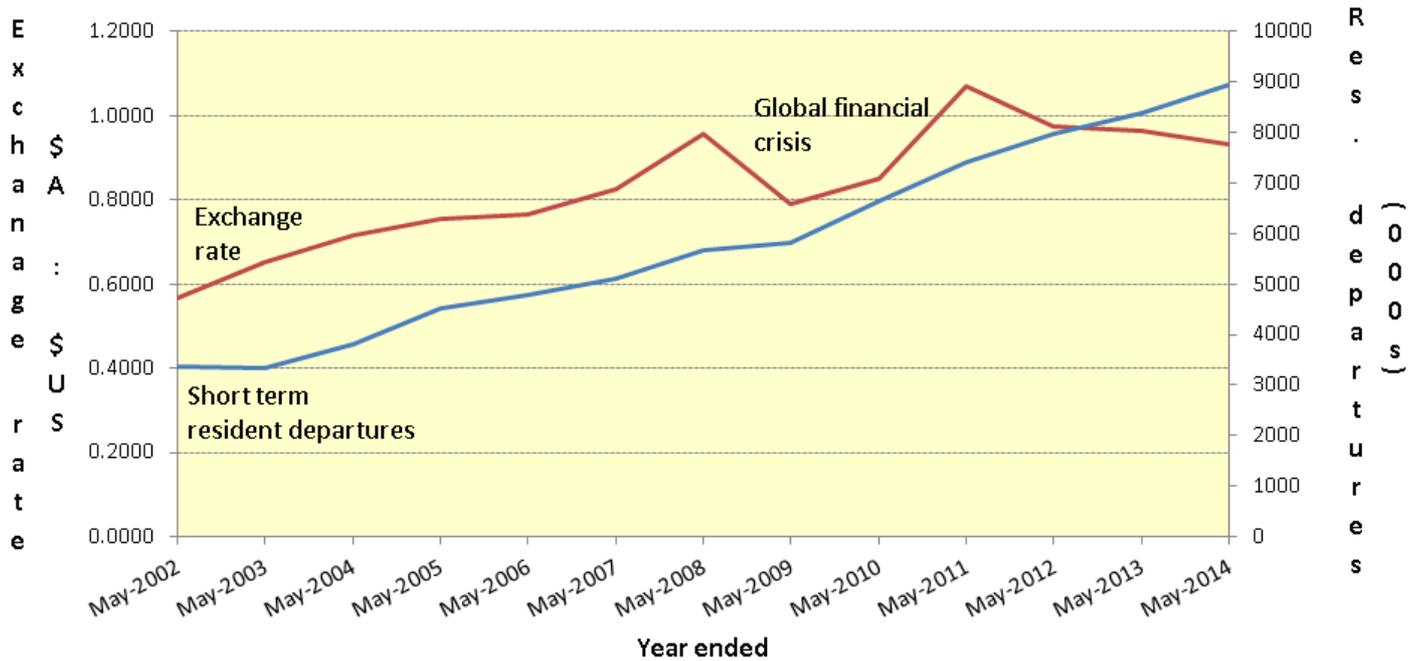
In the year to March 2014 intrastate visitors in South Australia grew by 3% compared with the previous year to reach 3,489,000 overnight visitors. Nationally the intrastate market grew by 5%. Over the period since 2006 intrastate demand in SA has grown by 6% compared with an increase of 13% nationally.

Other Indicators

Information regarding the performance of the accommodation sector in South Australia is no longer published on a quarterly basis by the Australian Bureau of Statistics. A report covering the 2013/14 fiscal year will be released in December 2014.

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.

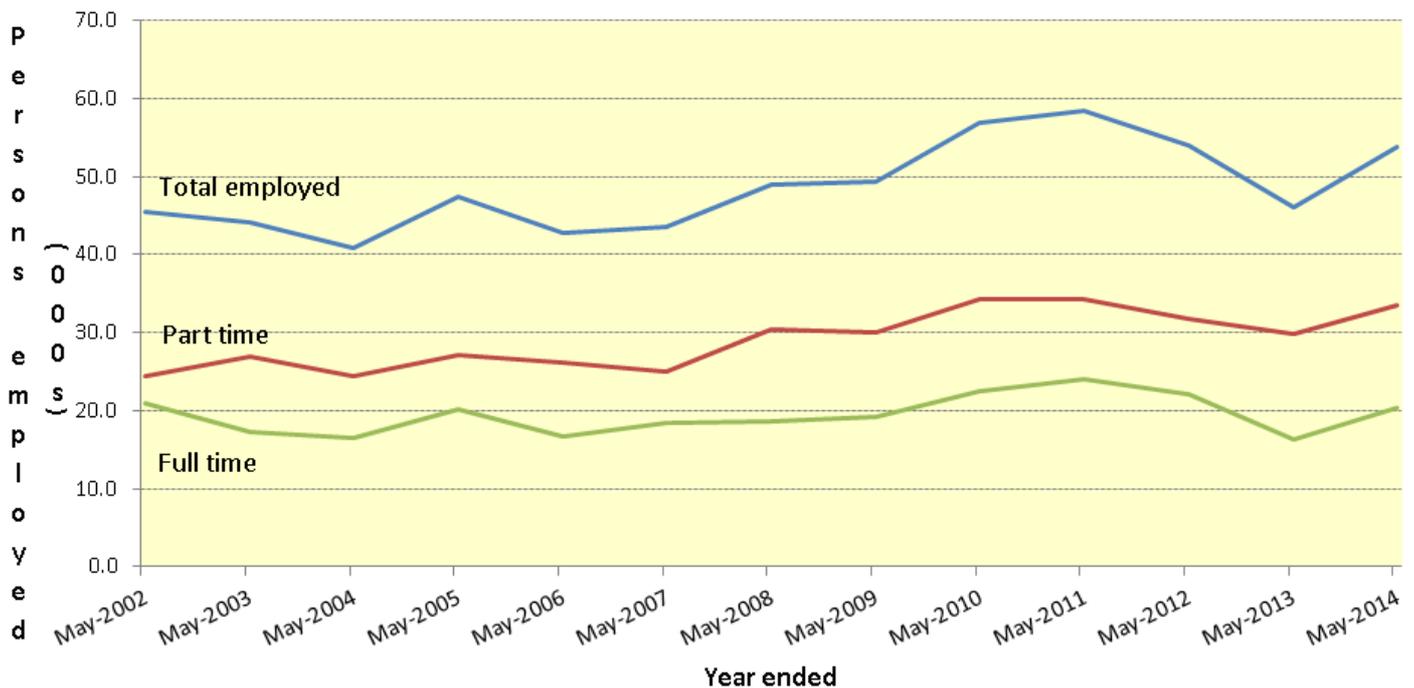
Reserve Bank of Australia. <http://www.rba.gov.au/statistics/frequency/exchange-rates.html> The data is the specified point in time and does not represent the interim periods.

Short term resident departures continue to grow reaching 8.95 million in the year ended May 2014 – an increase of 6.7% from the previous year. Tourism Research Australia estimates the expenditure by outbound travelers in the year ended December 2013 to be \$47.5 billion – up by 7.2% from the previous year. In comparison total spending by domestic overnight visitors in Australia in 2013 was \$51.5 billion.

The results of the National Visitor Survey show that outbound destinations that have shown the greatest increases in holiday / leisure travel by Australians since 2000 are Fiji (425%), Viet Nam (381%), China (375%), Indonesia (326%) and Thailand (319%).

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

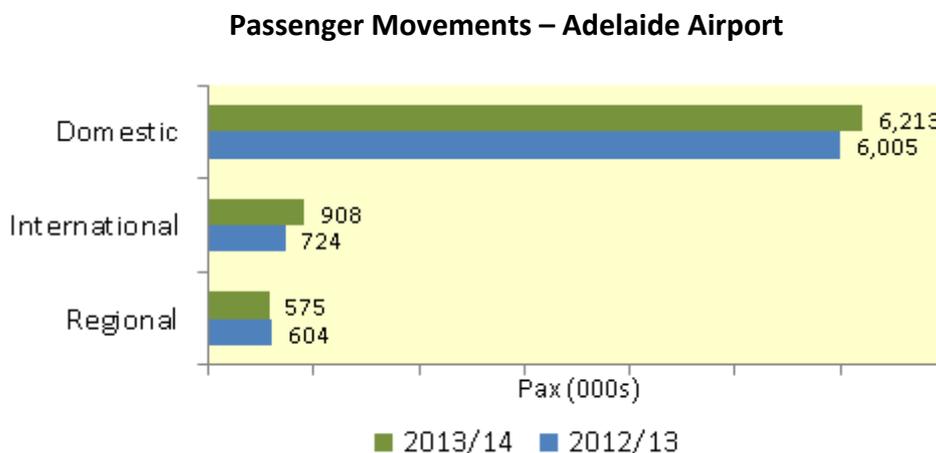


Source: Australian Bureau of Statistics. Cat. 6291.0.55.003. Labour Force Australia, Detailed.

The Labour Force figures for South Australia for the month of May 2014 indicated a rise of 17% in the number of persons employed overall in the accommodation and food services sector when compared with May 2013. Part time employment increased by 12% and full time by 24%. From a low point in 2013 the employment figures have returned to the levels observed through the period 2010 to 2012.

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.

The passenger movements through the Adelaide airport in the financial year 2013/14 are compared below with the previous year.



Passenger movements in 2013/14 through the Adelaide airport were up by 26% for international and 4% for domestic travellers. Demand fell by 5% for regional services.

The growth in international passenger movements reflects a 17% increase in the supply of seats due to the commencement of Air Asia X and Jetstar's international services. There are now (at 31st July 2014) 53 international services operating directly from Adelaide per week compared with 33 services three years ago. Regional travel was impacted by the slowing of the resource sector.