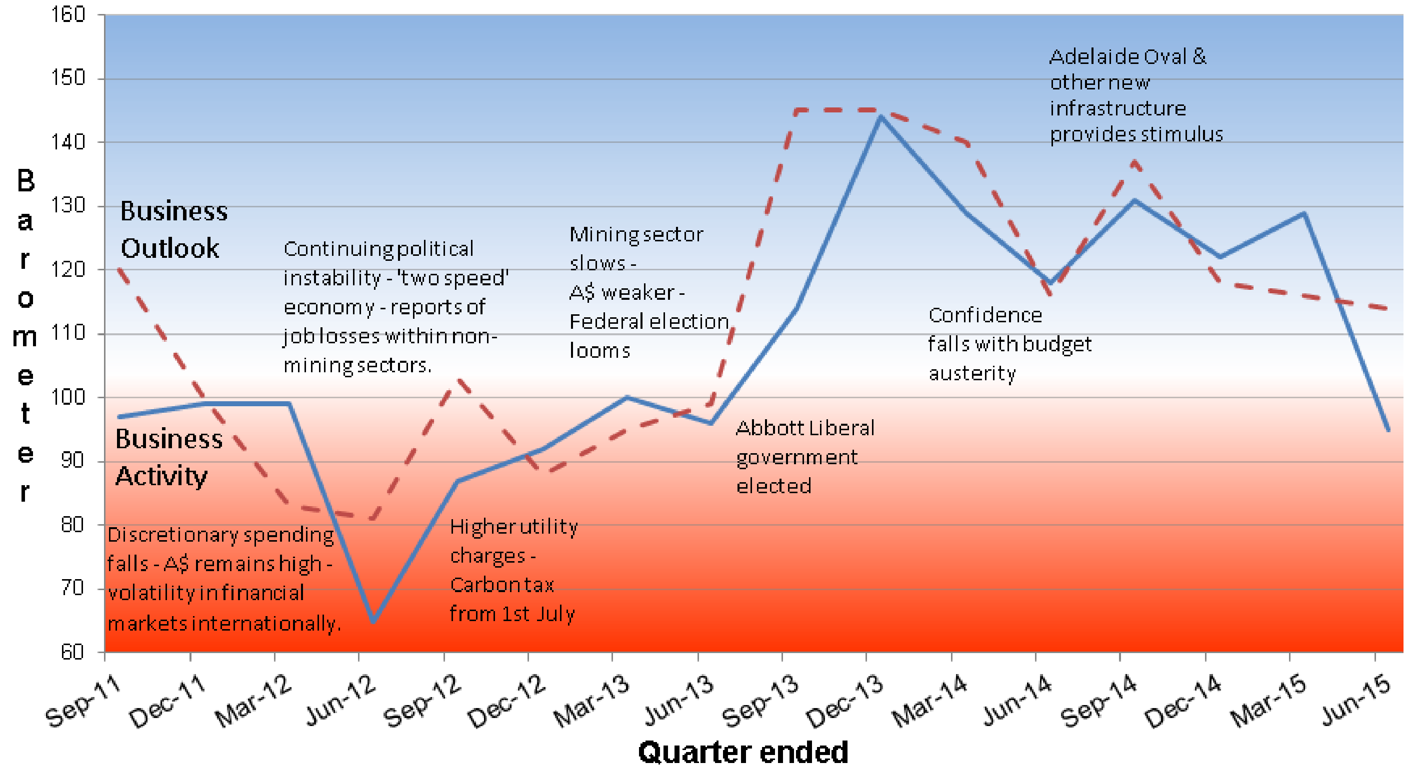
South Australian Tourism Industry Council
SA Tourism Barometer – June Quarter 2015

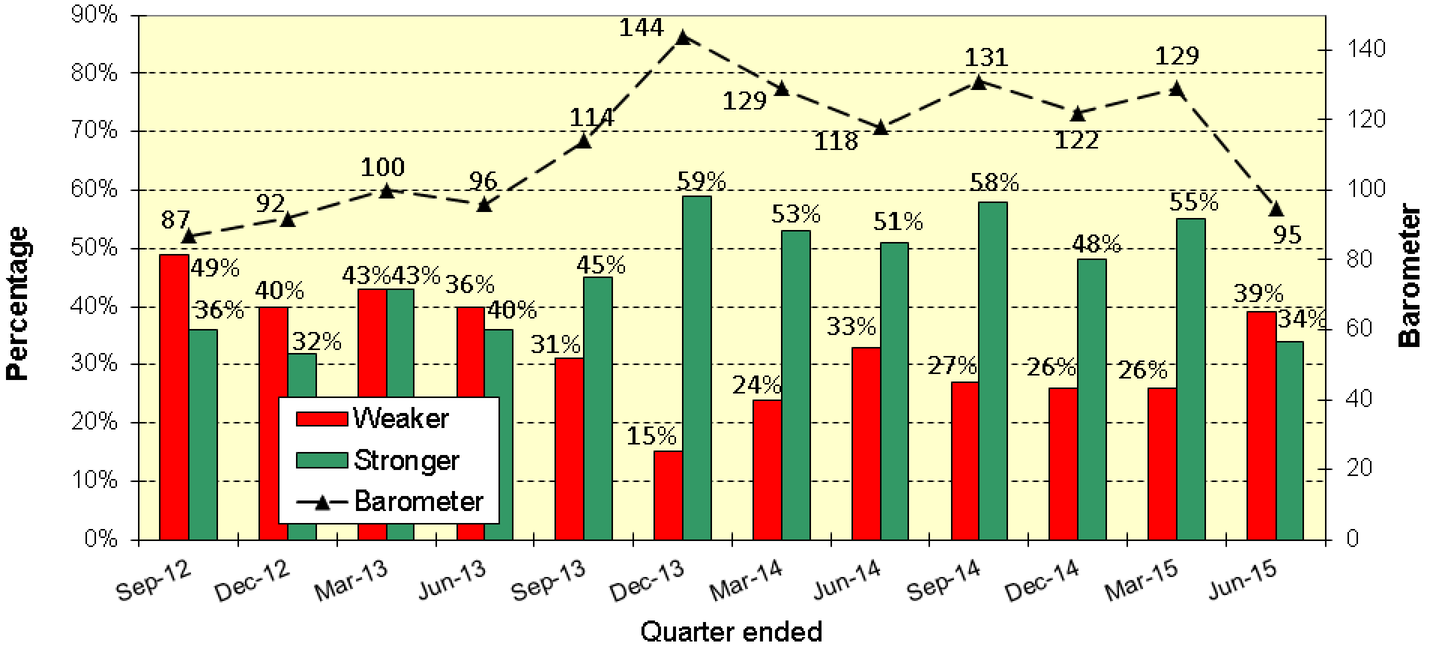


Headline: Business Activity Falls

The Business Activity index for the June 2015 quarter was down sharply – falling from 129 to 95 points – a drop of 26%. The Business Outlook index covering expectations for the next 3 months also fell slightly – from 116 to 114 points. The poorer performance was attributed to a cooler autumn than usual, lack of consumer confidence and oversupply of accommodation in some instances.

The number of visitors to and within SA has been positive with interstate visitors in the year ending March 2015 up by 16%, intrastate visitor numbers up by 2% and international visitors down slightly (-0.5%).

Business Activity in the Last 3 Months



In the June quarter of 2015 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 34% - a sharp fall from 55% at the March quarter survey. The proportion experiencing weaker conditions was 39% - up from 26% for the March quarter.

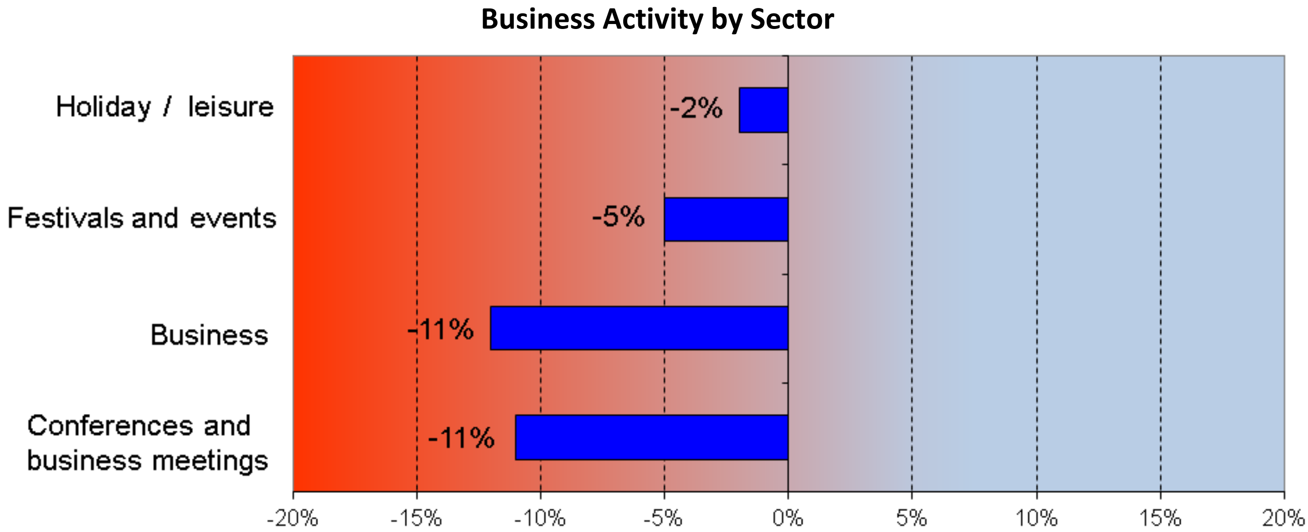
Factors underpinning performance were:

- New product and promotion of the Barossa

- Increase in camping activity.
- Developed digital marketing capability / mobile web site / added digital channels.
- Tourism Awards win.
- Good support from interstate visitors.
- Conferences in April / May.
- Events – Cabaret Festival, Barossa Vintage Festival, Kernewek Lowender, Kangaroo Island FEASTival.
- Lower $A.

Less positively:

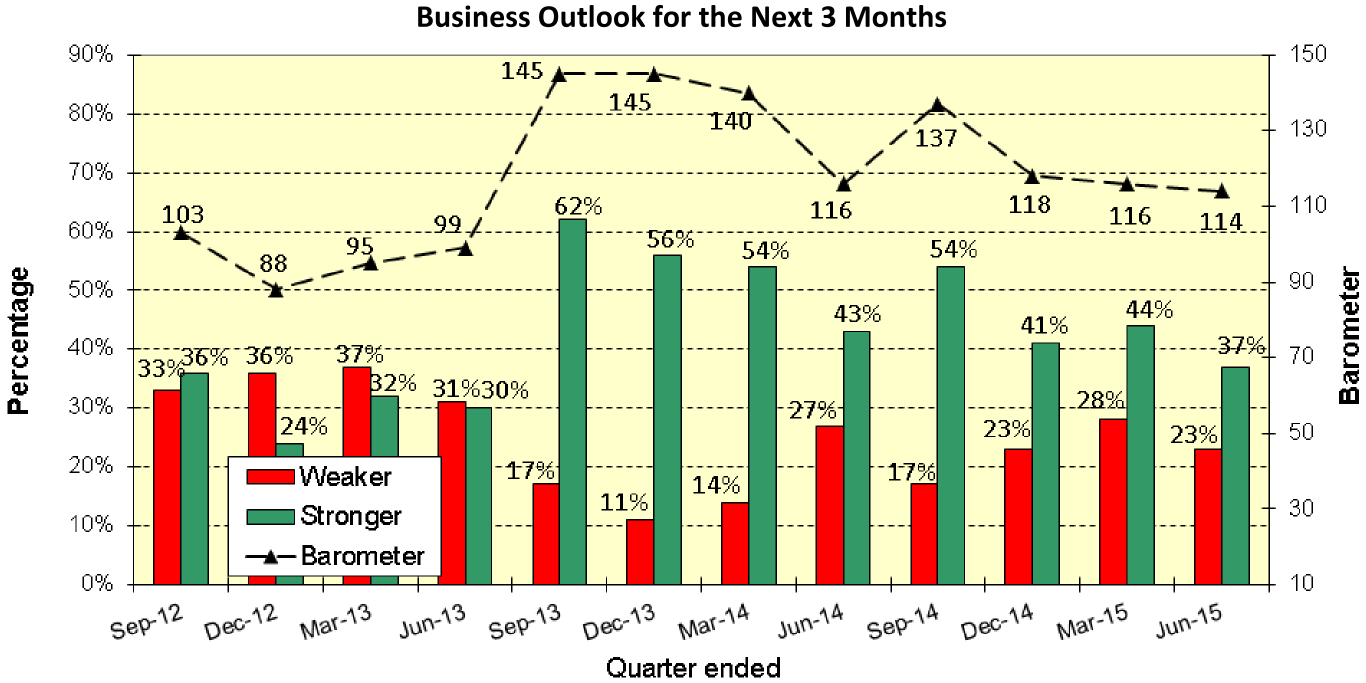
- Consumer confidence is poor.
- Oversupply of hotel rooms.
- Cooler than normal autumn.



Business Activity - Deviation from Mid Point of 100

The sector indexes were below the midpoint of 100 for each of the sectors. The performance index for the holiday / leisure sector was 98 points – down by 22% from the previous quarter while the index for festivals and events was down by 12%. The sector indexes for business and conferences and business meetings were at similar levels to the previous survey.

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 2014.



In the June quarter 2015 the short term business outlook index was relatively stable – falling slightly to 114 points. The proportion expecting improved performance was down from 44% in the March 2015 survey to 37% while the proportion expecting weaker conditions also fell from 28% to 23%.

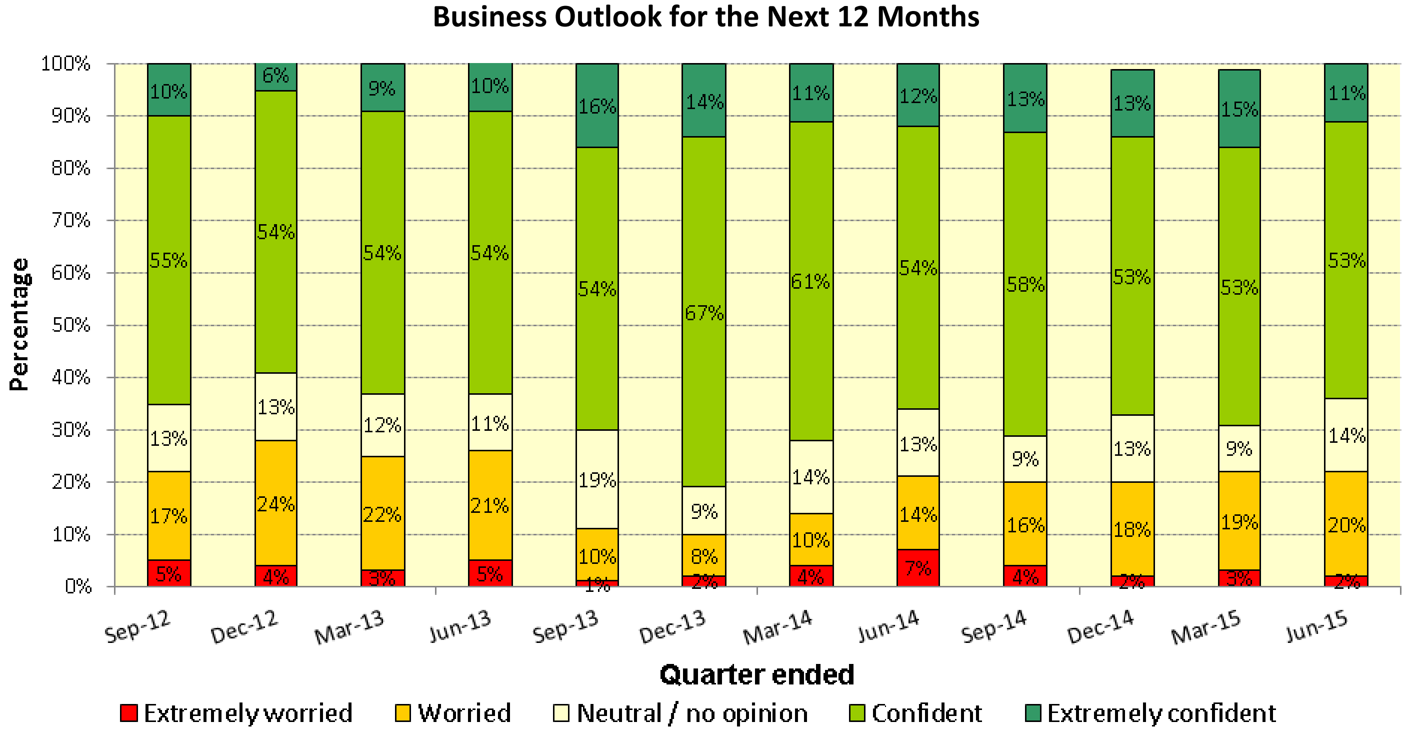
Factors influencing the outlook for the short term included the following:

- Stronger forward bookings.
- Lower $A.
- Increase in State Government funding.
- Product refurbishment.
- Completion of Adelaide Convention Centre.
- Events – Barossa Gourmet, SALA Festival.

Less positively:

- Poor forward bookings.
- Consumer confidence.
- Economic downturn.
- Less group activity for Adelaide hotels.
- Fewer backpackers.

The outlook for the next 12 months was as follows:



In the June quarter 2015 survey, 11% of the respondents were ‘extremely confident’ regarding the prospects for the next 12 months and 53% were ‘confident’. These results were down somewhat from the previous survey.

Factors underpinning business confidence in the longer term were:

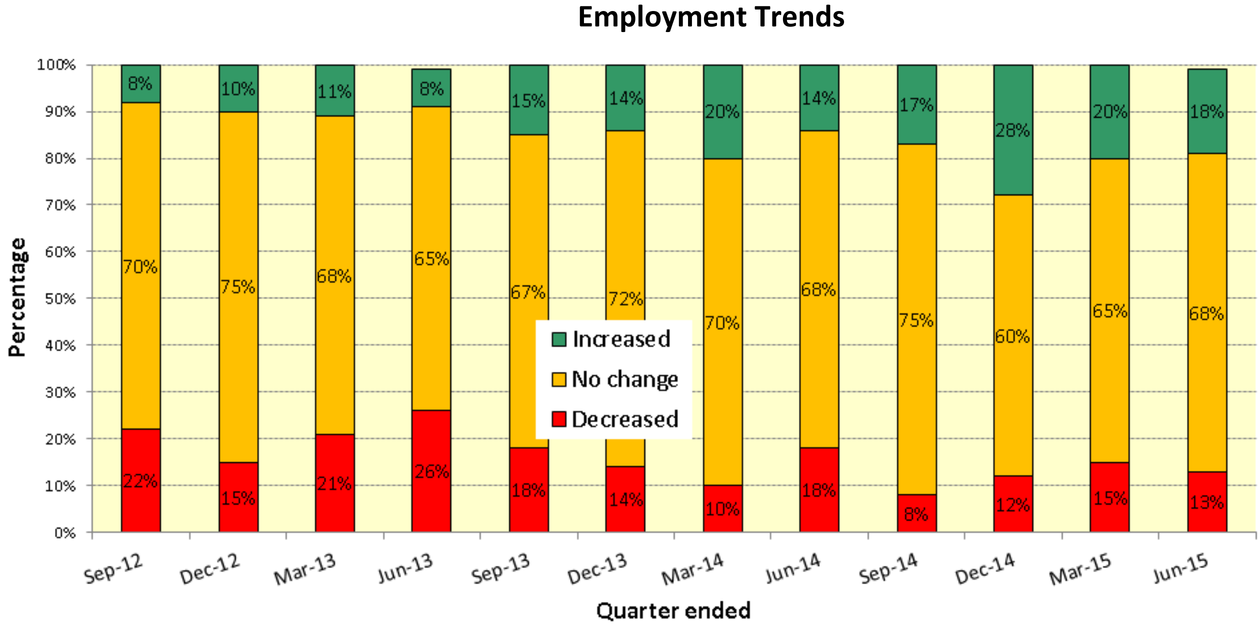
- Forward bookings are good.
- Growth in the number of visitors to SA.
- Demand for 4 star rooms is high.
- Lower $A.
- Product development in the Barossa.
- Focus by State government on tourism / increase in budget for SATC.
- Have diversified to attract functions / diners.
- Cruise ships – November to March.

Less positive

- Forward bookings / enquiries below expectations.
- Economic downturn.
- Oversupply of hotels in Adelaide.
- Cost of travel to Kangaroo Island.
- Fewer business travelers.
- State government not investing in the regions.

Employment

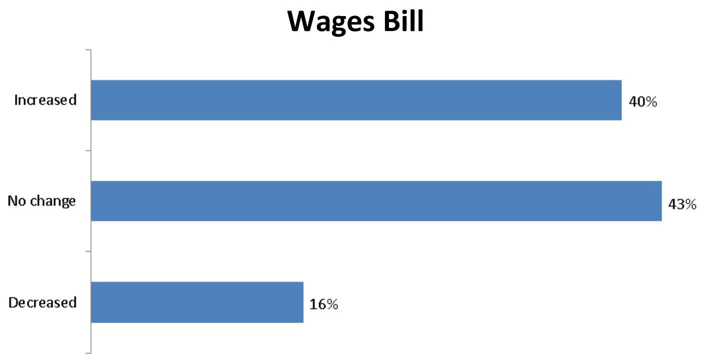
Respondents were asked whether the number of people employed in their business had increased, decreased or remained the same when compared to the same period last year.



In the June quarter 2015 survey 18% of the respondents had employed additional staff in their business – consistent with the previous survey at 20%. The proportion that had fewer staff decreased slightly to 13%. Further information regarding employment trends from the ABS Labour Force survey follows.

Wages

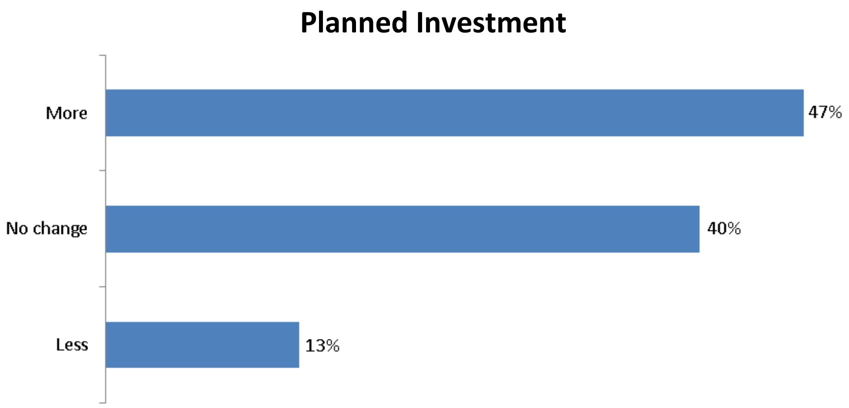
The SATIC Barometer for the June 2015 quarter included a new question asking whether the respondent's wages bill, when compared to the same quarter last year, had increased or decreased.



In 40% of cases the respondents had experienced an increase in the wages bill and 16% reported a decrease.

Investment

Also again for the first time the respondents in the June 2015 quarter survey were asked whether they were planning more or less investment in their business over the next 12 months compared to the previous 12 months.



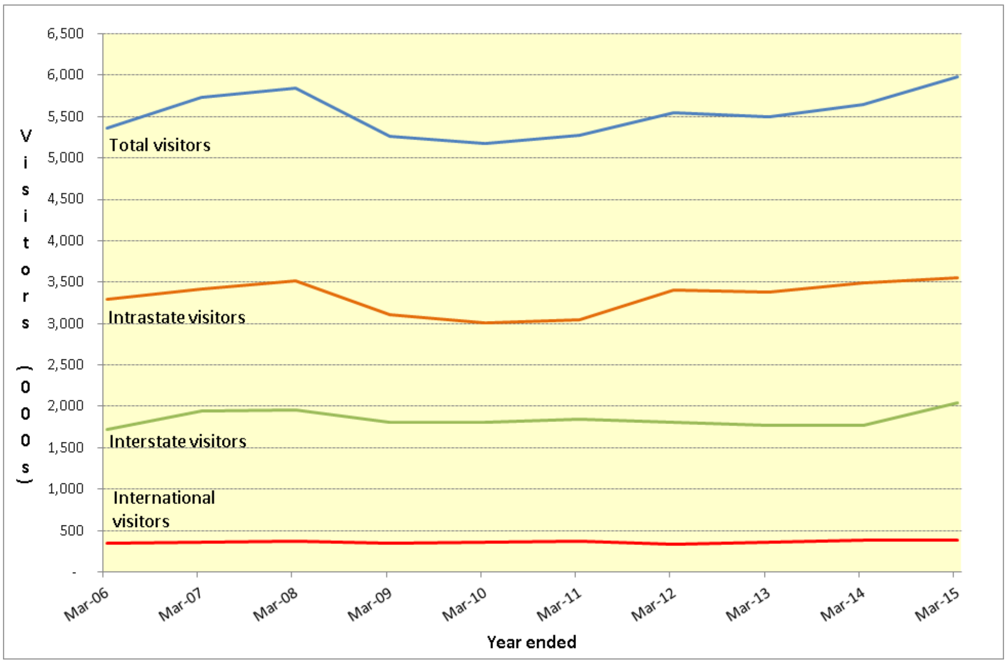
Almost half of the respondents (47%) were planning more investment in their business and 13% were planning less.

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 92 members responded to the June 2015 quarter survey.
Report prepared by independent research consultants – Greenhill Research and Planning.

Annual Performance to March 2015

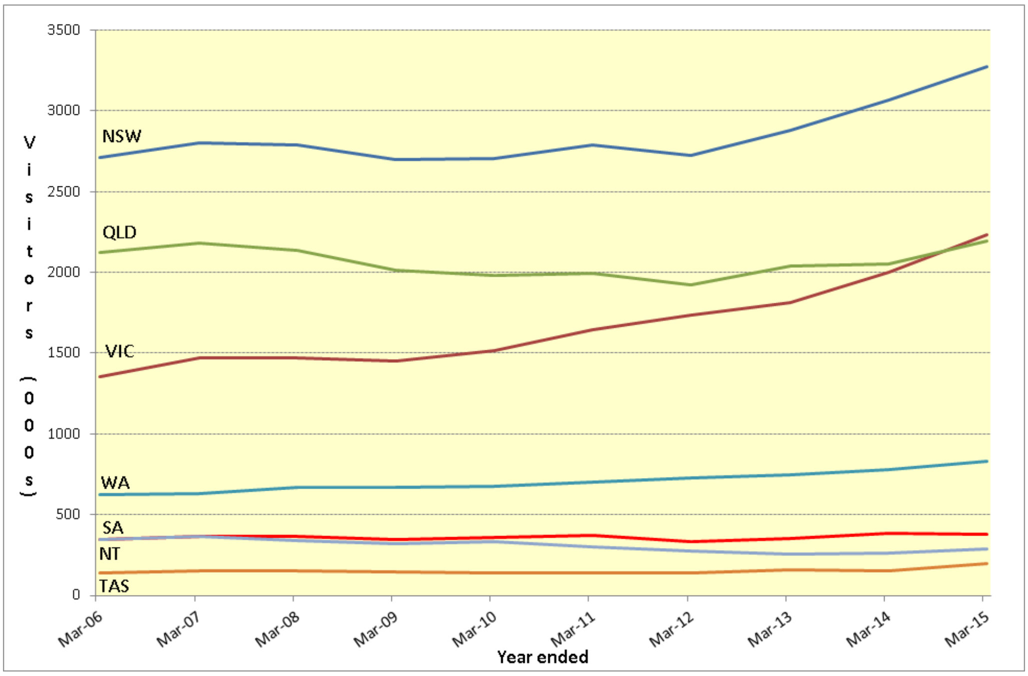
Information regarding travel demand in Australia is collected by Tourism Research Australia through two national sample surveys: the National Visitor Survey and the International Visitor Survey.

Overview of Overnight Visitor Demand for South Australia



The number of interstate visitors to SA in the year to March 2015 was 2,042,000 – up 16% from the previous year – while the number of intrastate visitors was 3,558,000 – up by 2%. The number of international visitors was 381,000 – down slightly (-0.5%) from the previous year. Overall visitor numbers increased by 6%.

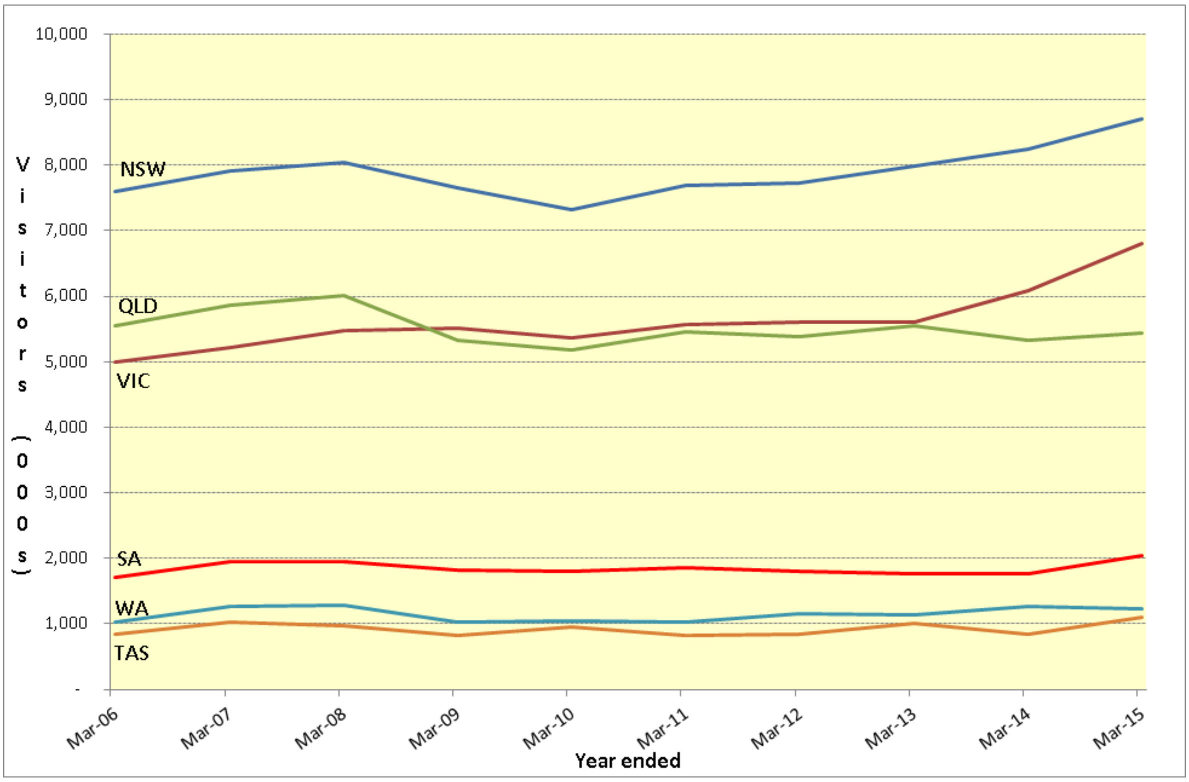
International Visitors by State / Territory



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

In the year ended March 2015 the number of international visitors to South Australia was down slightly – falling from 383,000 to 381,000 visitors (-0.5%). Nationally international travel demand grew by 8%. Tasmania recorded the highest increase (up by 28%).

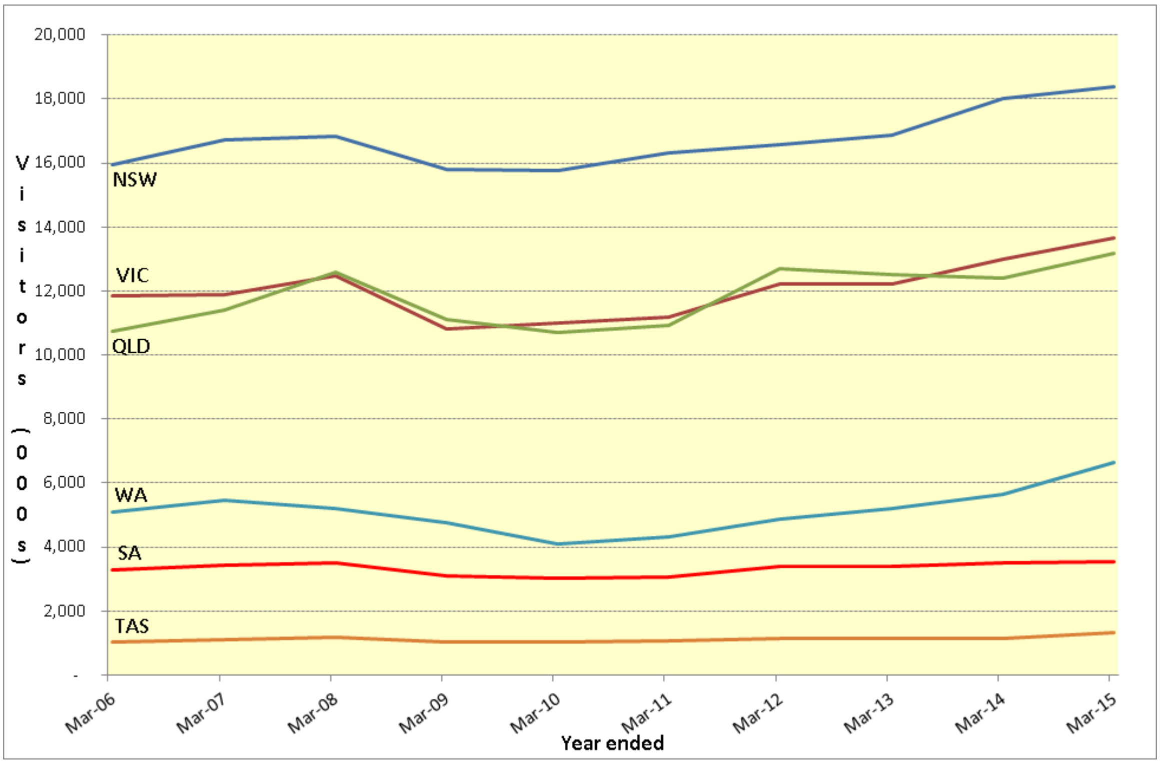
Interstate Visitors by State / Territory



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

In the year ended March 2015 the number of interstate visitors to South Australia increased by 16% to reach 2,042,000 visitors. Nationally interstate travel grew by 7%. SA recorded the second highest growth for the year behind Tasmania (up by 30%).

Intrastate Visitors by State / Territory



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

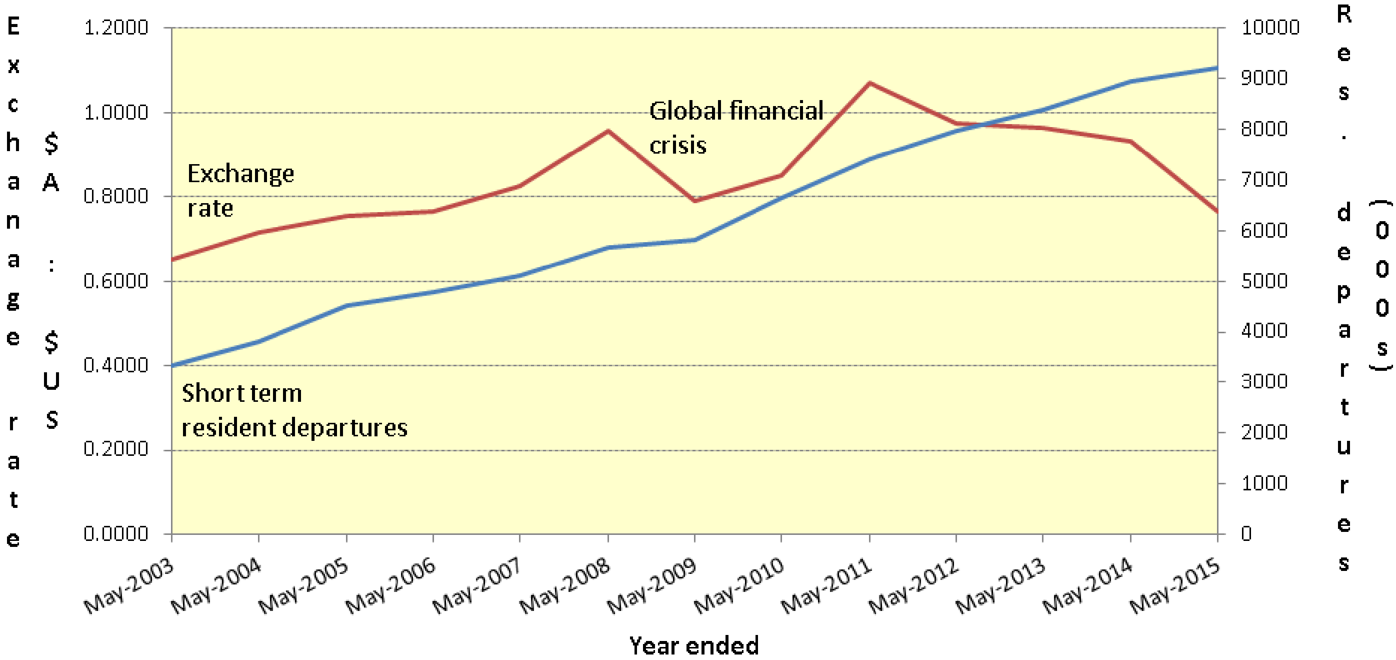
In the year to March 2015 intrastate visitors in South Australia grew by 2% from the previous year to 3,558,000 overnight visitors. Nationally the intrastate market grew by 6%.

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 2013/14 fiscal year published in December 2014. See the December quarter 2014 Barometer for the latest information.

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

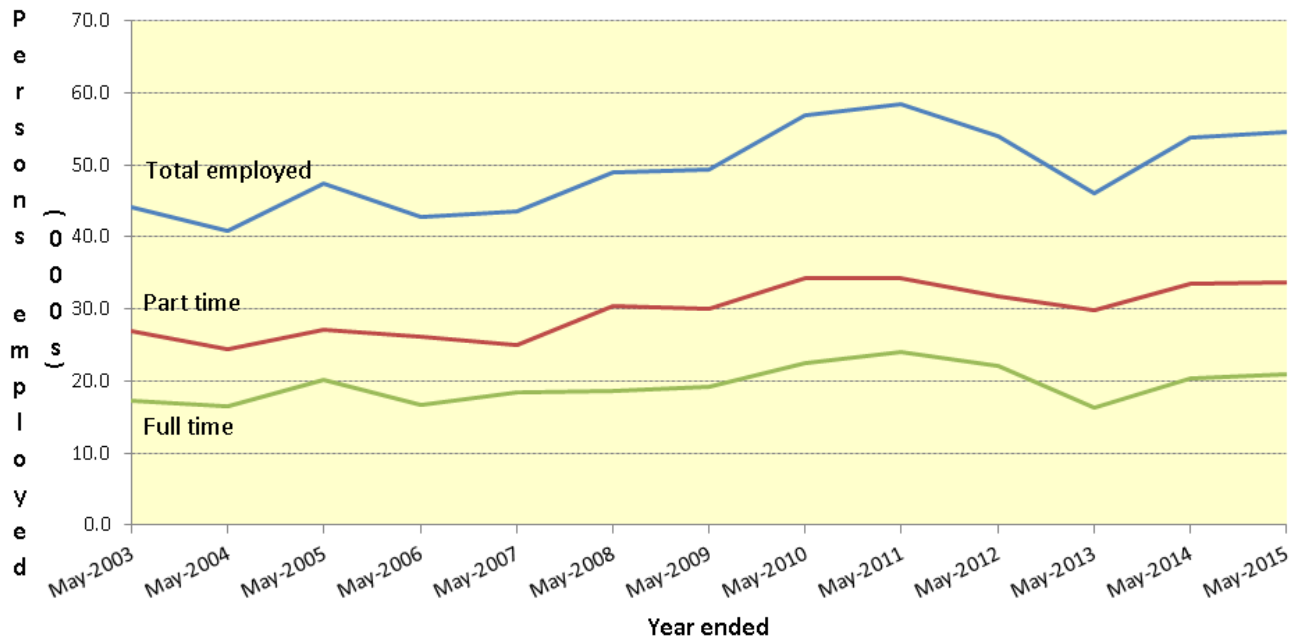


Source: Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.
Reserve Bank of Australia. http://www.rba.gov.au/statistics/frequency/exchange-rates.html The data is the specified point in time and does not represent the interim periods.

In the year ended May 2015 there were 9.21 million departures – an increase of 2.9% 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 May 2015 indicated an increase of 1% in the number of persons employed overall in the accommodation and food services sector when compared with May 2014. Full time employment was up by 3% and there was no change in the number employed part time. 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 financial year 2014-15 and the previous year are presented below.

Pax (000s)	**2014-15**	**2013-14**	**% change**
Domestic	6,356	6,213	2.3%
International	936	908	3.0%
Regional	551	575	- 4.3%
Total	7,842	7,696	1.9%

Source: Adelaide Airport

International passenger movements were up by 3% while domestic movements were up by 2%.

Domestic growth is said to reflect increases in low cost capacity with an additional 263,000 (+3.4%) supply of seats in comparison with the previous year.

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