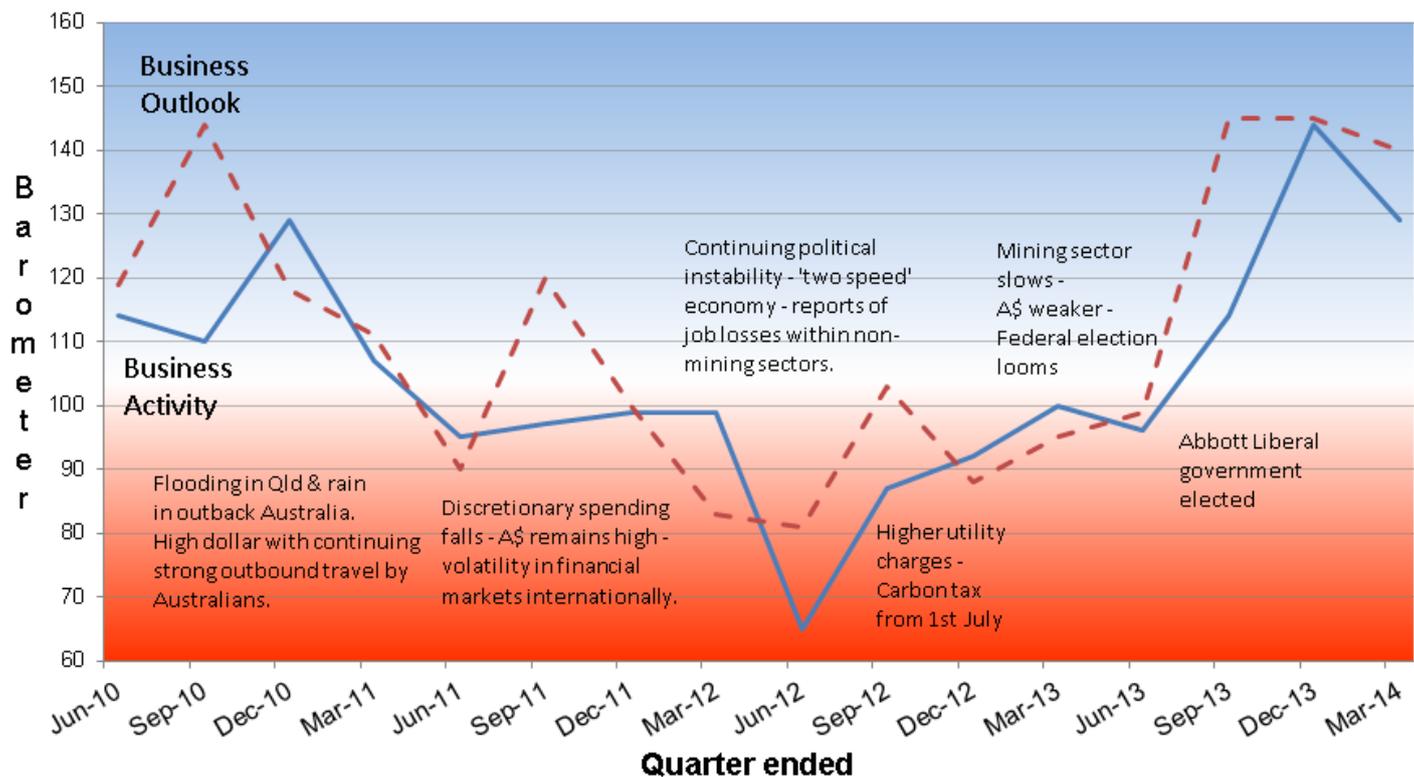


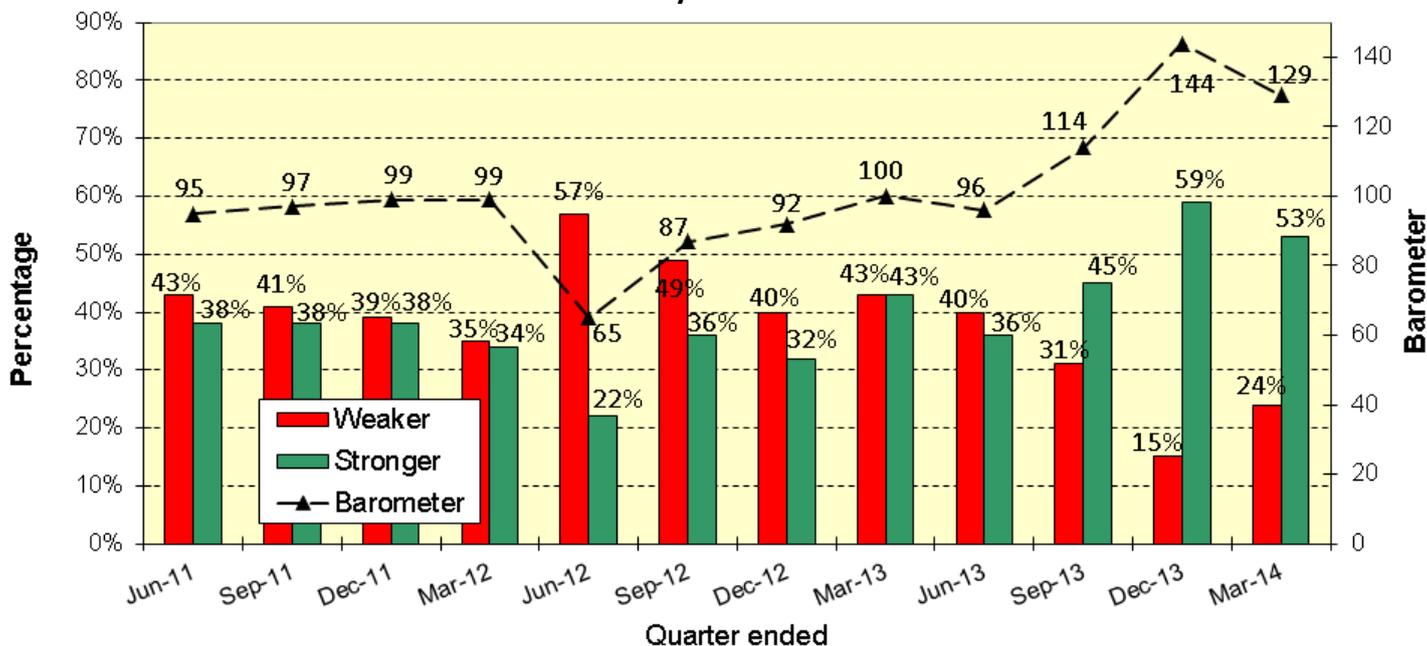
## South Australian Tourism Industry Council SA Tourism Barometer – March Quarter 2014



### Headline: Confidence Remains High While Business Activity Slows in the Wake of Recent Gains

The business activity index fell by 10% from 144 to 129 points in the March 2014 quarter survey while the short term business outlook index fell by 3%. Recent performance and the positive outlook for the future was attributed to the marketing of South Australia, the Riverbank precinct and related tourism development in Adelaide, the international market and the March events season.

### Business Activity in the Last 3 Months



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

Factors underpinning performance were:

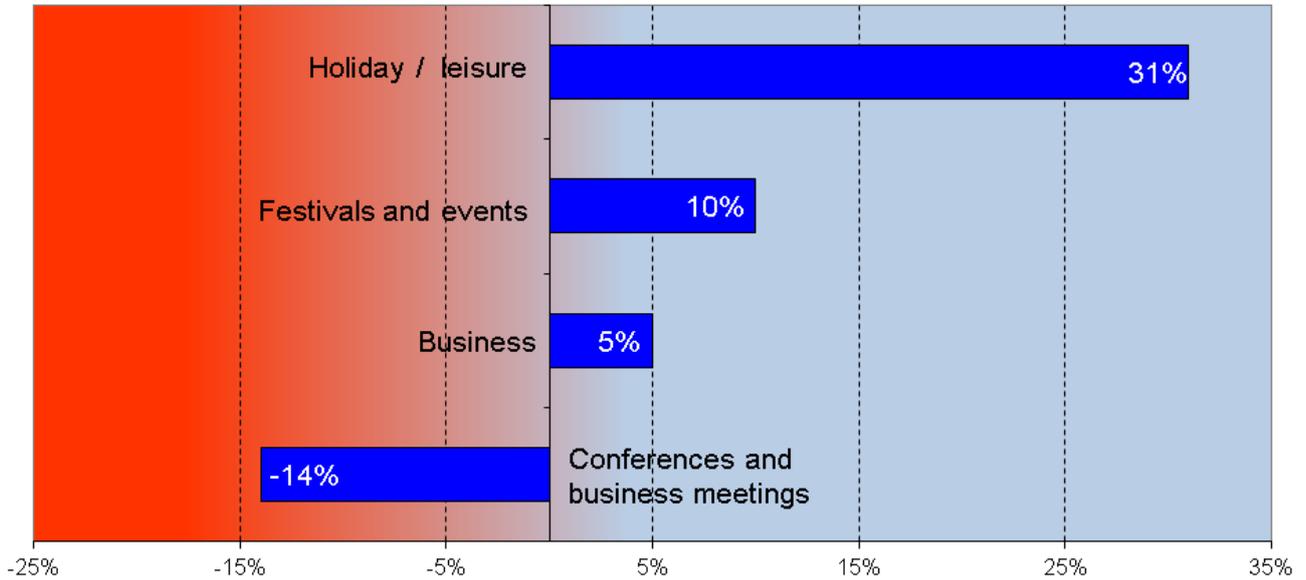
- Education and international markets stronger – incl. Chinese visitors around Chinese New Year.
- Events program
- January and February weaker than last year but March stronger. Focus on Adelaide with new developments.

- Lower exchange rate resulting in more forward bookings.
- Marketing of South Australia / Be Consumed campaign;
- More caravans / tourers about.
- Social media and web / TripAdvisor.

Less positively:

- Depleted crab stocks in Gulf St Vincent
- Economy is still weak / yield is poor.
- Extreme weather over the summer.

### Business Activity by Sector



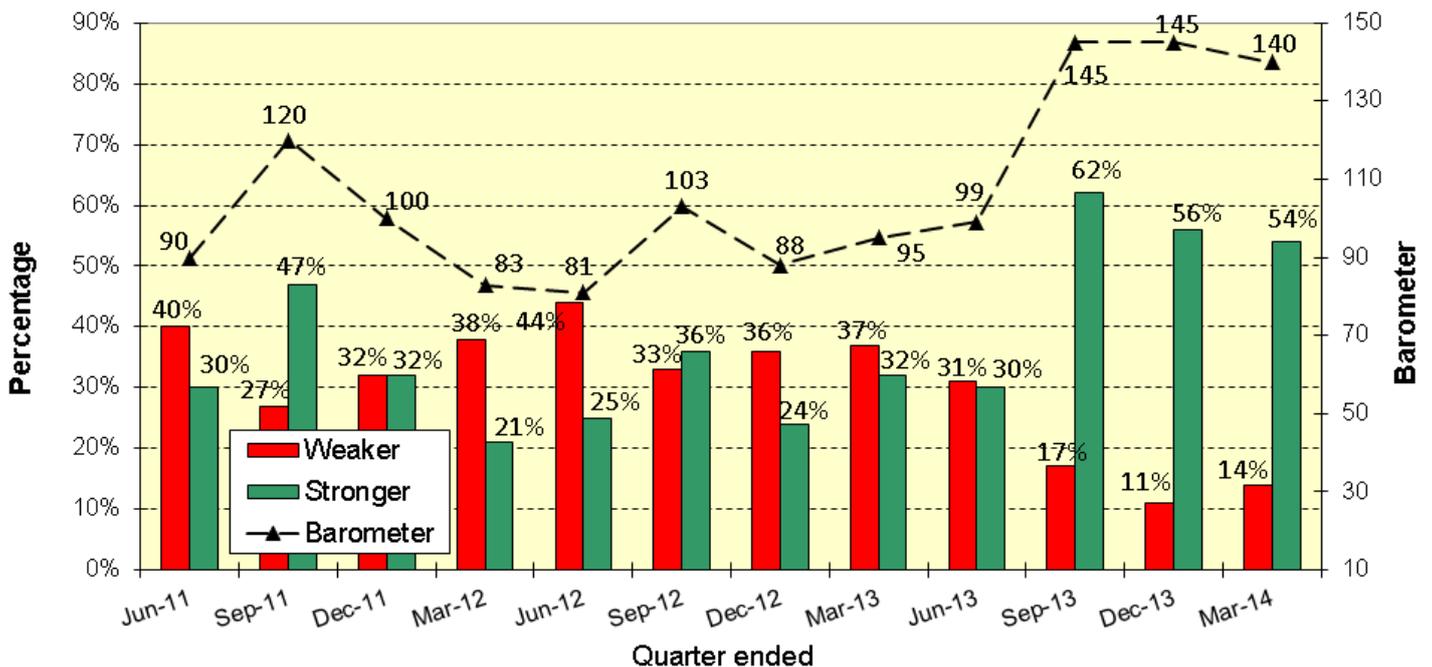
### Business Activity - Deviation from Mid Point of 100

Analysis of the business activity index by sector indicates a positive performance across all sectors with the exception of the conference and business meetings sector with an index of 86 points.

When compared with the December quarter survey the results were at similar levels with the exception of the conference and business meetings sector which had fallen by 11% from 96 points previously.

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 March quarter 2014 the short term business outlook index fell slightly (3%) to 140 points. The proportion expecting improved performance declined slightly from 56% to 54% while the proportion expecting weaker performance increased from 11% to 14%.

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

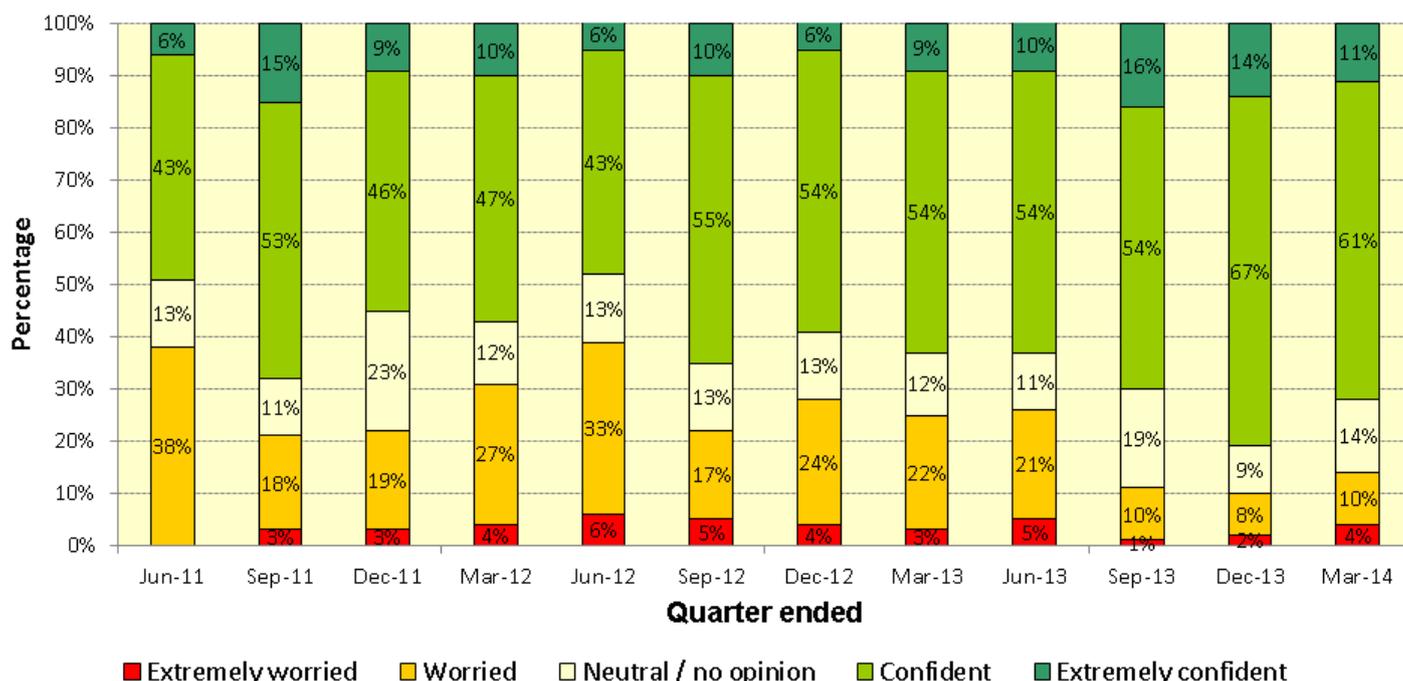
- Forward bookings are very positive
- New development at the Adelaide Oval, Convention Centre and Riverbank Precinct are providing a stimulus for conferences and business events and tourism more generally
- State marketing
- Tourers / grey nomads.

Less positively:

- Consumers still worried about spending
- Economic outlook is poor.

The outlook for the next 12 months was as follows:

**Business Outlook for the Next 12 Months**



In the March quarter 2014 survey, 11% of the respondents were ‘extremely confident’ regarding the prospects for the next 12 months - down slightly from 14% in the December survey - and 61% were confident, down from 67% at the December quarter survey. Although down from the December quarter confidence remains strong in the context of the results over the last 3 years.

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

- Improved transport links / access to regions
- Marketing activity for the State
- Recent interest from TV crews / journalists in our region
- Riverbank precinct in Adelaide / infrastructure for business events.

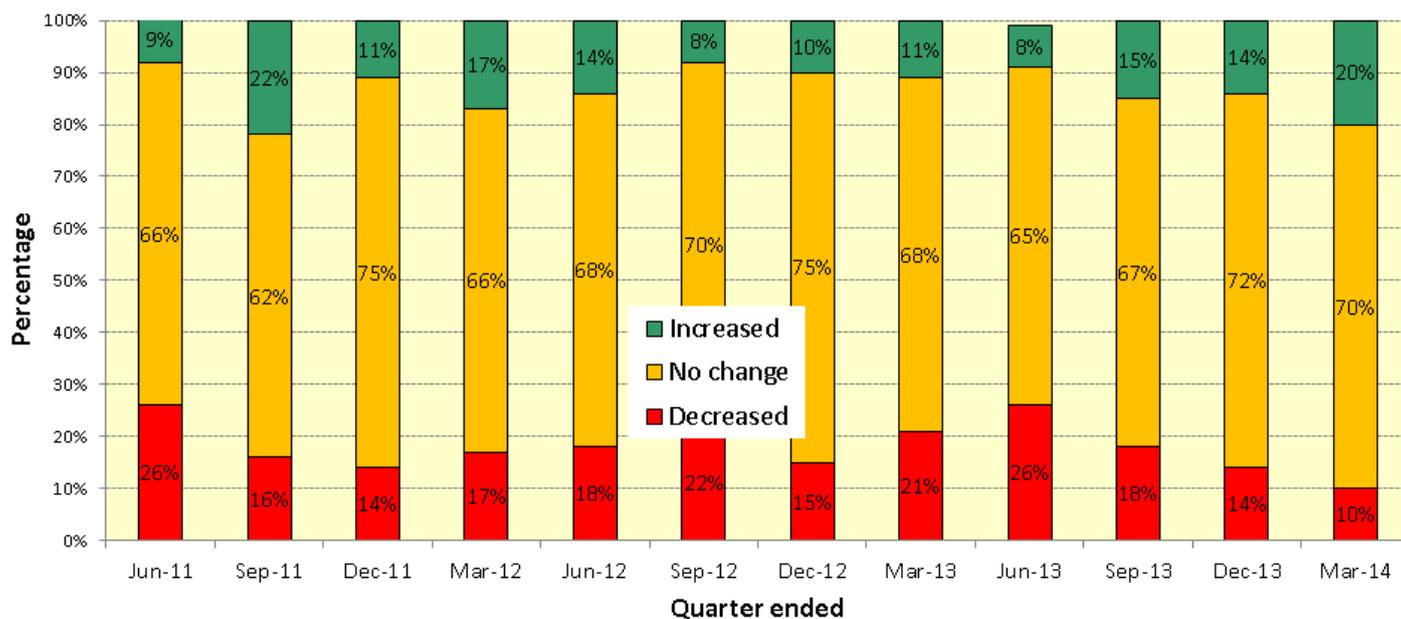
Less positive:

- Economic outlook / job losses in manufacturing and government sectors
- Government not interested in the South East
- Lack of government support for seniors
- Over supply of beds in Adelaide.

## 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 March quarter survey one fifth of the respondents (20%) had employed additional staff in their business while 10% had employed fewer. The results show a continuing positive trend in employment since the June 2013 quarter. The proportion employing fewer people fell to 14%. Further information regarding employment trends from the ABS Labour Force survey follows.

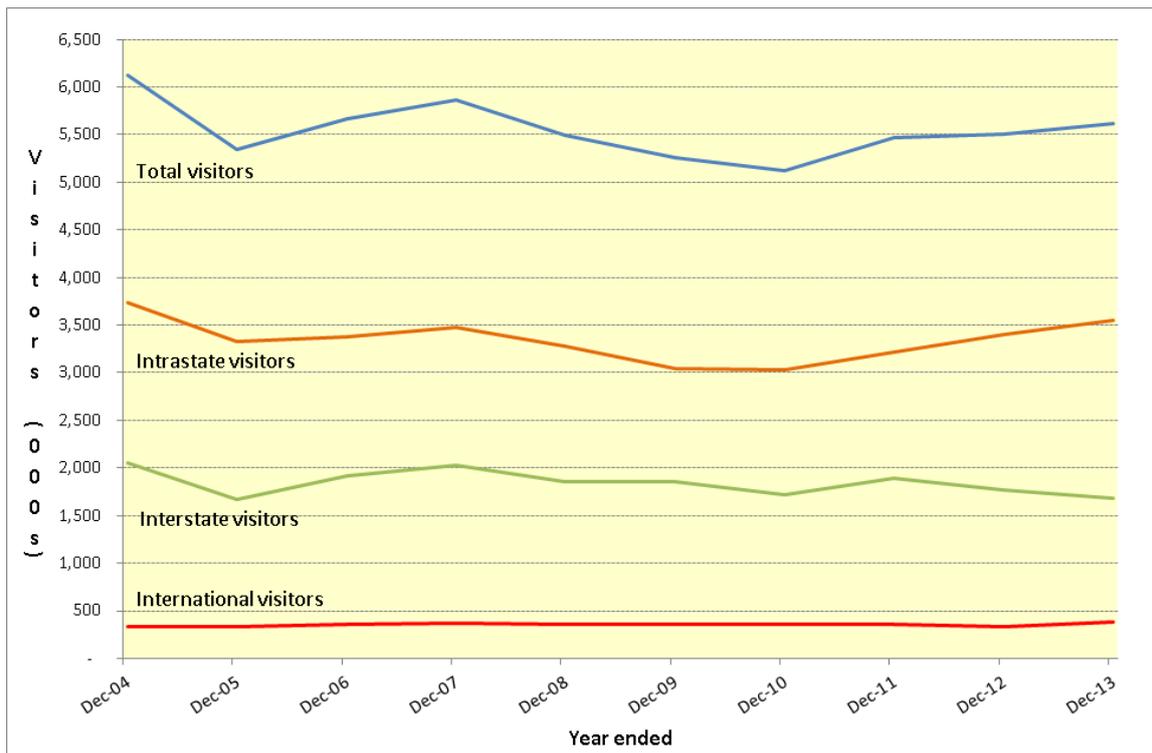
#### About The SATIC Tourism Barometer

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

## Annual Performance to December 2013

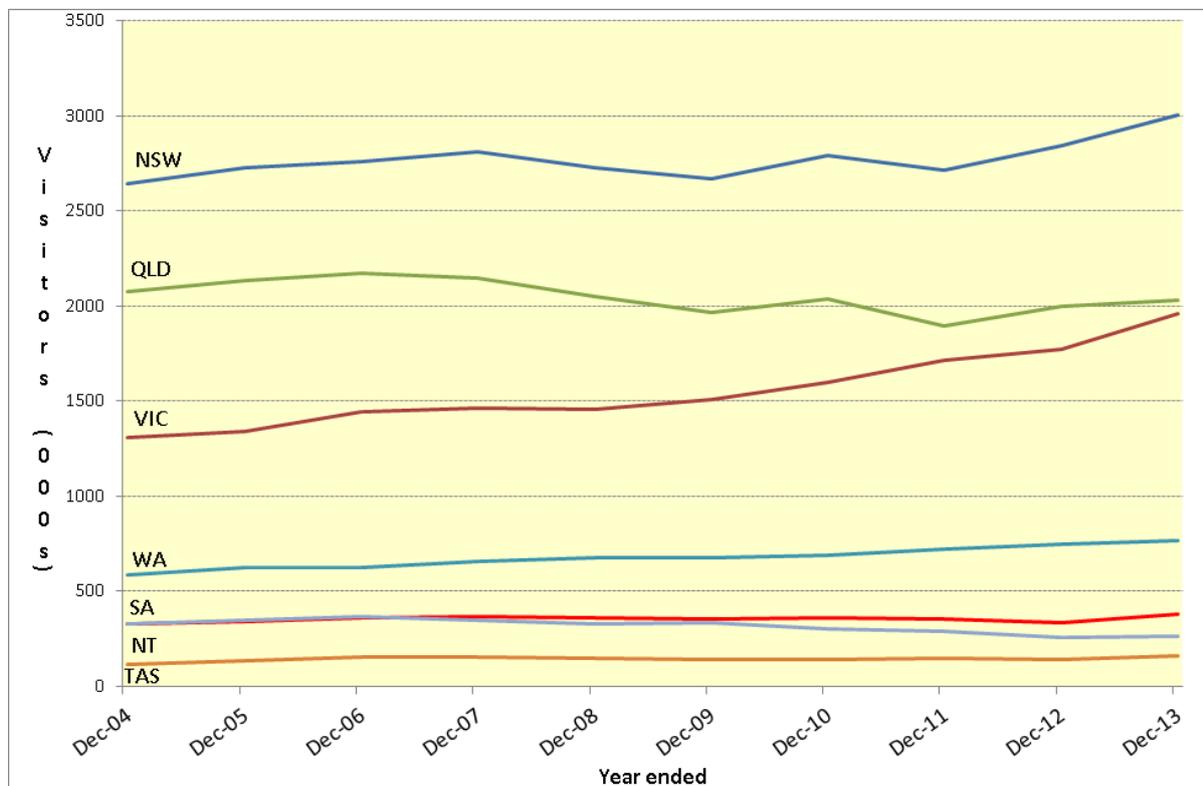
Information regarding travel demand in Australia is collected by Tourism Research Australia through two national sample surveys: the National Visitor Survey and the International Visitor Survey.

### Overview of Overnight Visitor Demand for South Australia



The number of international visitors to South Australia in calendar 2013 was 378,000 – up by 13% from the previous year. The number of interstate visitors in the calendar year 2013 decreased by 5% to 1,679,000 when compared to the previous year while the number of intrastate visitors grew by 4% to 3,557,000.

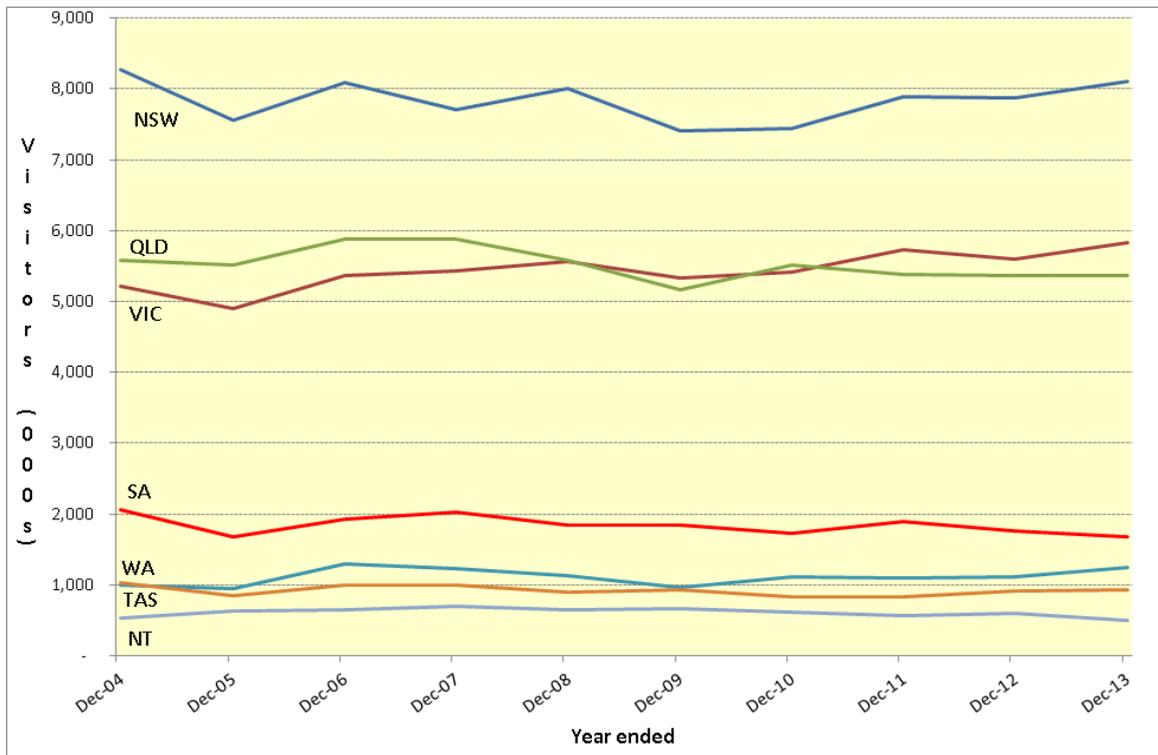
### International Visitors by State / Territory



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

In calendar 2013 the number of international visitors to South Australia increased by 13% from the previous year to reach 378,000. This compares with a 6% increase nationally.

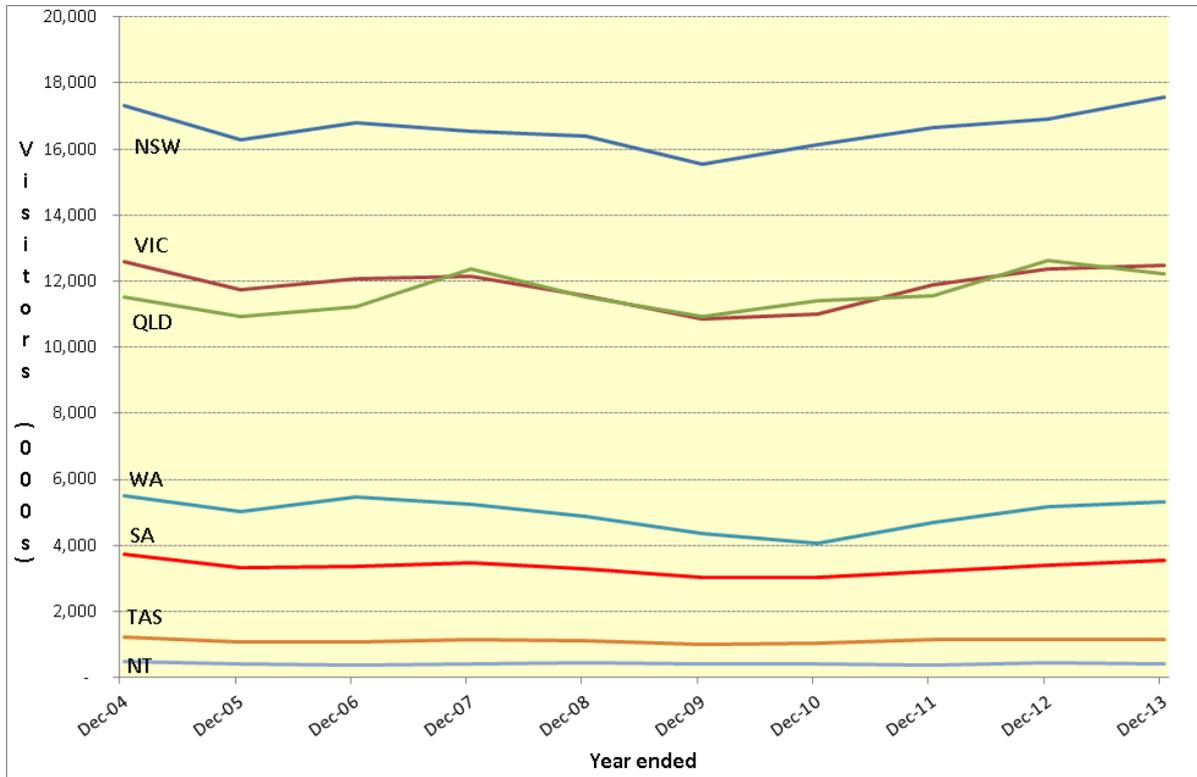
### Interstate Visitors by State / Territory



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

In the year ended December 2013 the number of interstate visitors to South Australia contracted by 5% when compared with the previous year. In the period since calendar 2004 interstate demand in SA has declined by 18% compared to a national increase of 3%. WA (up 25%) and Victoria (up 12%) are the only states to have achieved growth in interstate demand over the last decade.

### Intrastate Visitors by State / Territory



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

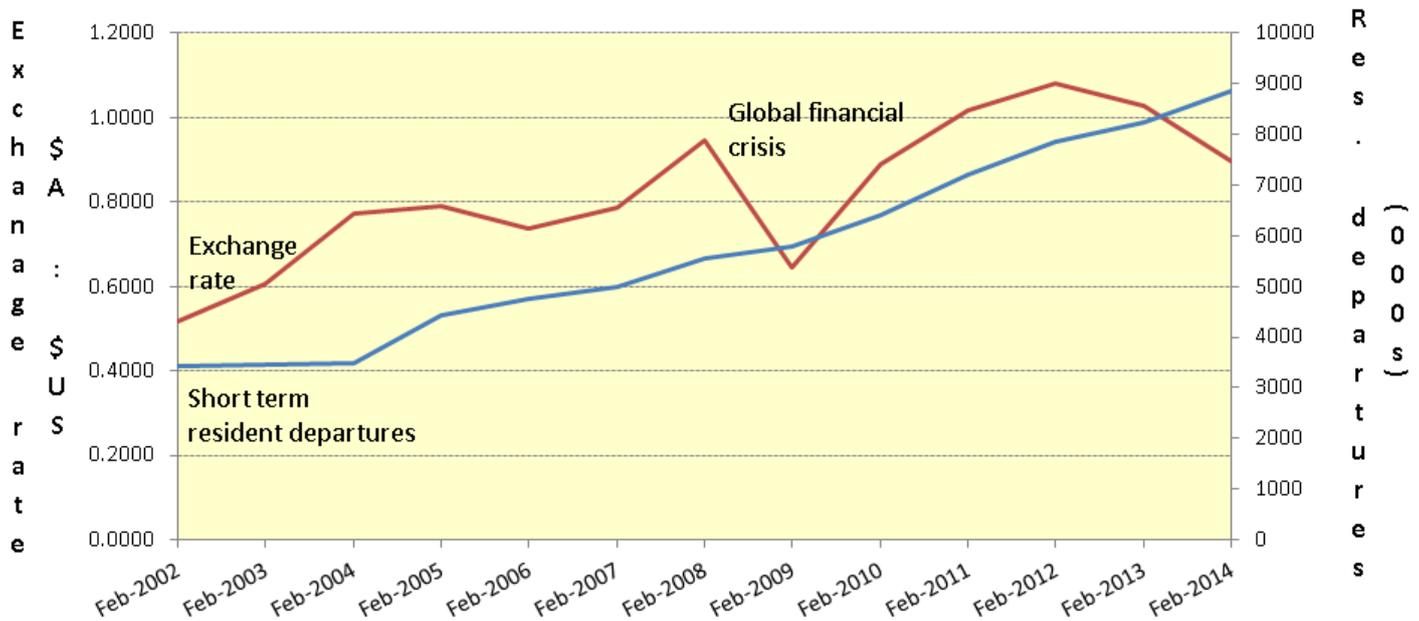
In the 2013 calendar year intrastate visitors in South Australia grew by 4% compared with the previous year to reach 3,557,000 overnight visitors. Nationally the intrastate market grew by 1%. Over the period since 2004 intrastate demand in SA has declined by 5% compared with an increase of 1% nationally. Most states and territories have experienced a contraction in intrastate travel demand over the longer term with the exception of Queensland which has grown by 6% and NSW – up 2%.

## 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



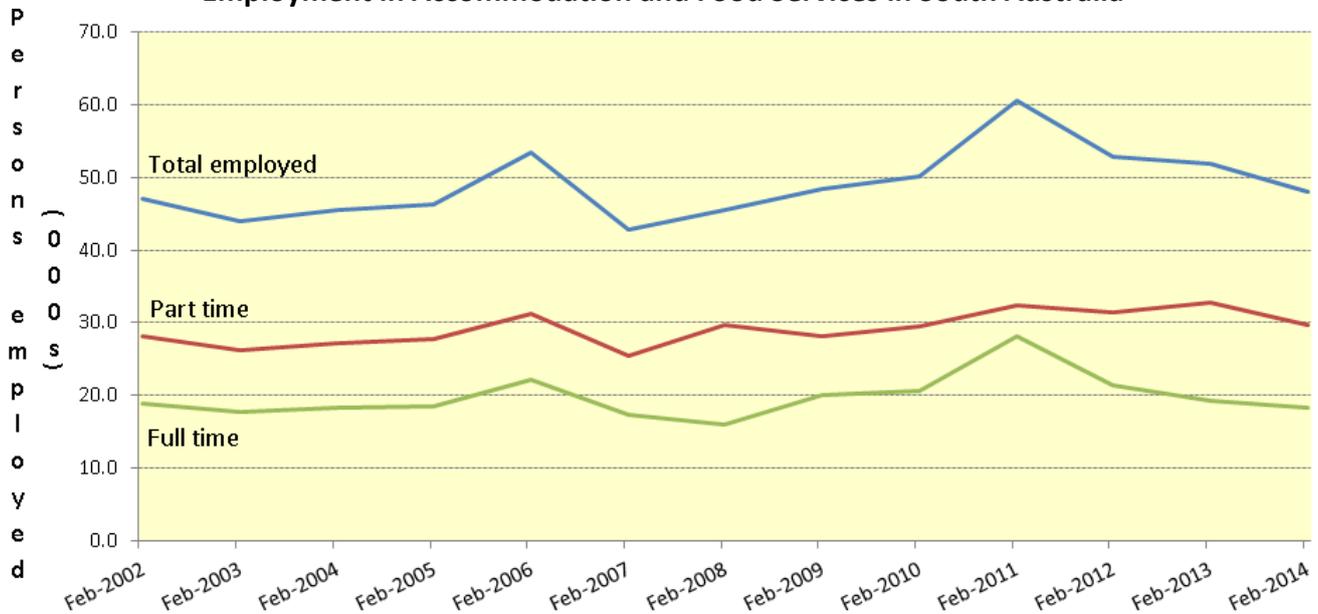
Source: Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.

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.

The figures for the year to February 2014 show that short term resident departures increased by 7.5% to a total of 8.9 million when compared to the previous year – slightly below the long term annual average growth rate of 8.3% pa. Tourism Research Australia estimates the expenditure by outbound travelers in the year ended September 2013 to be \$47 billion.

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 February 2014 show a decline of 8% in the number of persons employed overall in the accommodation and food services sector when compared with February 2013. Part time employment was down by 10% and full time employment was down by 5%. 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.