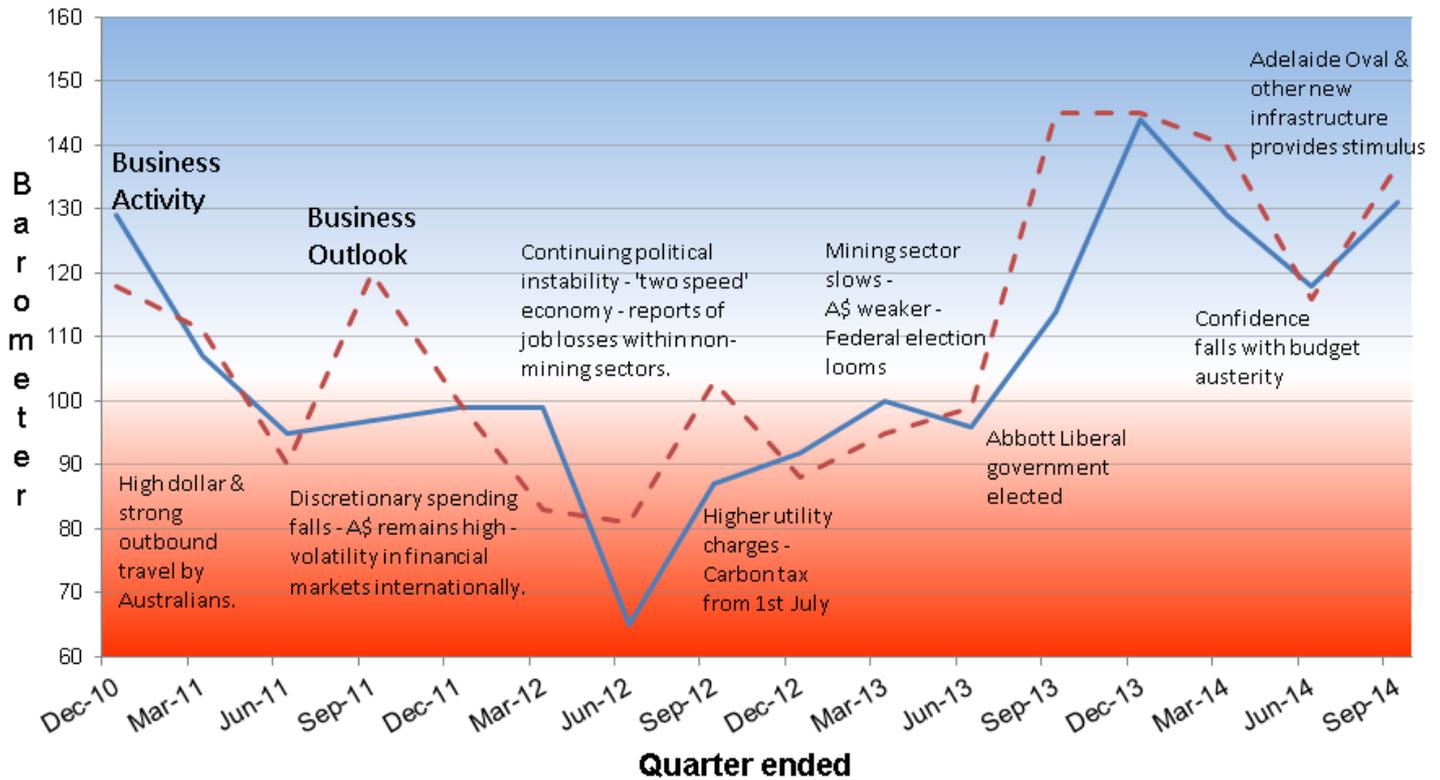


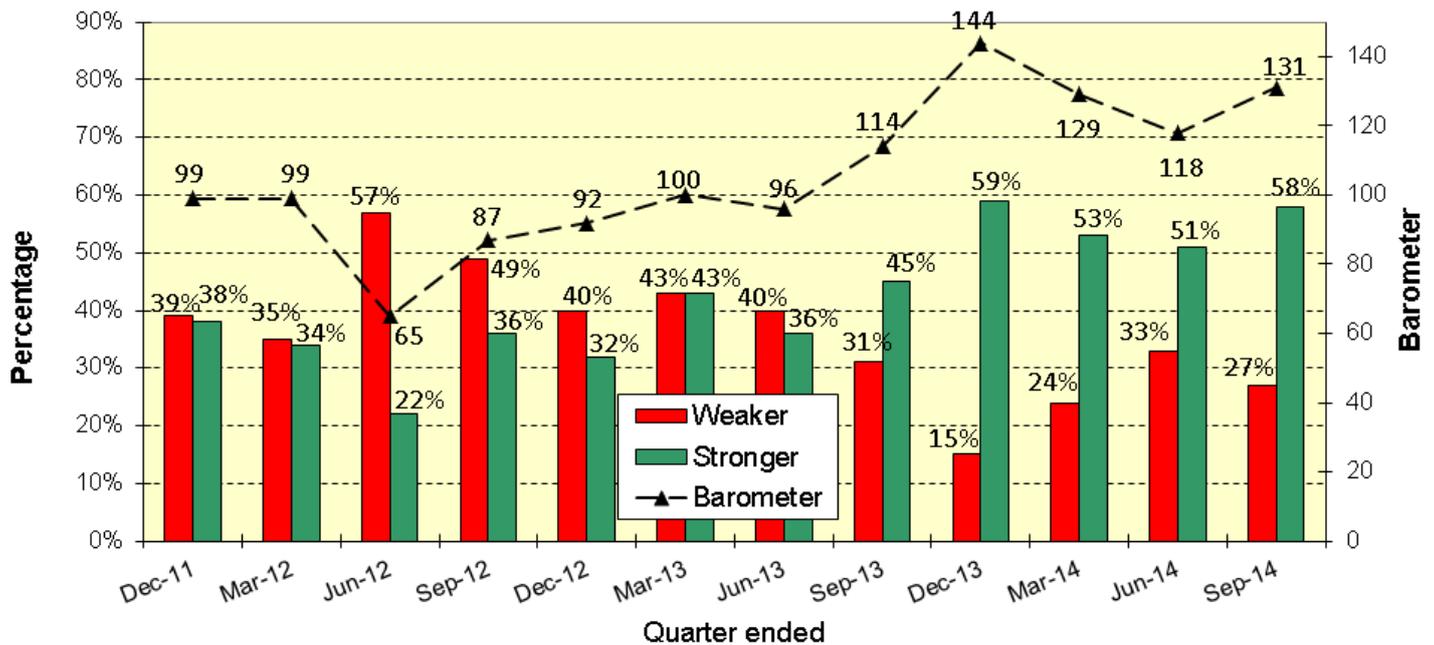
South Australian Tourism Industry Council SA Tourism Barometer – September Quarter 2014



Headline: Tourism Operators Upbeat

In the September quarter 2014 survey the business activity index grew by 11% increasing from 118 to 131 points while the short term business outlook index was also up – increasing 18% to 137 points. The result suggests that while business may have been apprehensive in the wake of the federal budget, confidence has returned as fundamentals remain sound and the Riverbank precinct and other developments in and around Adelaide provide a stimulus to the tourism industry. International visitor numbers continue to improve – up 7% in the year to June 2014 - while the interstate market also showed improvement – up 4% in the year to June 2014.

Business Activity in the Last 3 Months



In the September quarter of 2014 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 58% - up from 51% and 53% at the June and March quarter surveys respectively. The proportion experiencing weaker conditions was 27% - down from 33% at the June quarter.

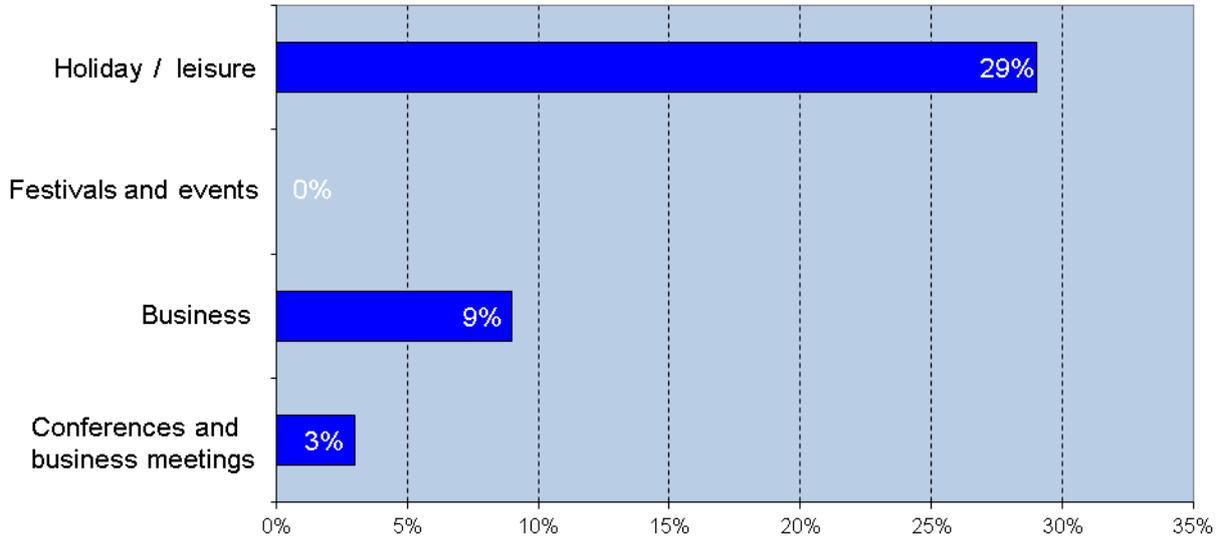
Factors underpinning performance were:

- Adelaide oval, Riverbank precinct and associated events
- Conferences / meetings
- Stable government federally
- Improved consumer confidence / consumers more relaxed
- Grey nomads.

Less positively:

- Softer demand in some regions
- Lack of govt. support for regions
- Coach traffic down
- Increased accommodation supply.

Business Activity by Sector

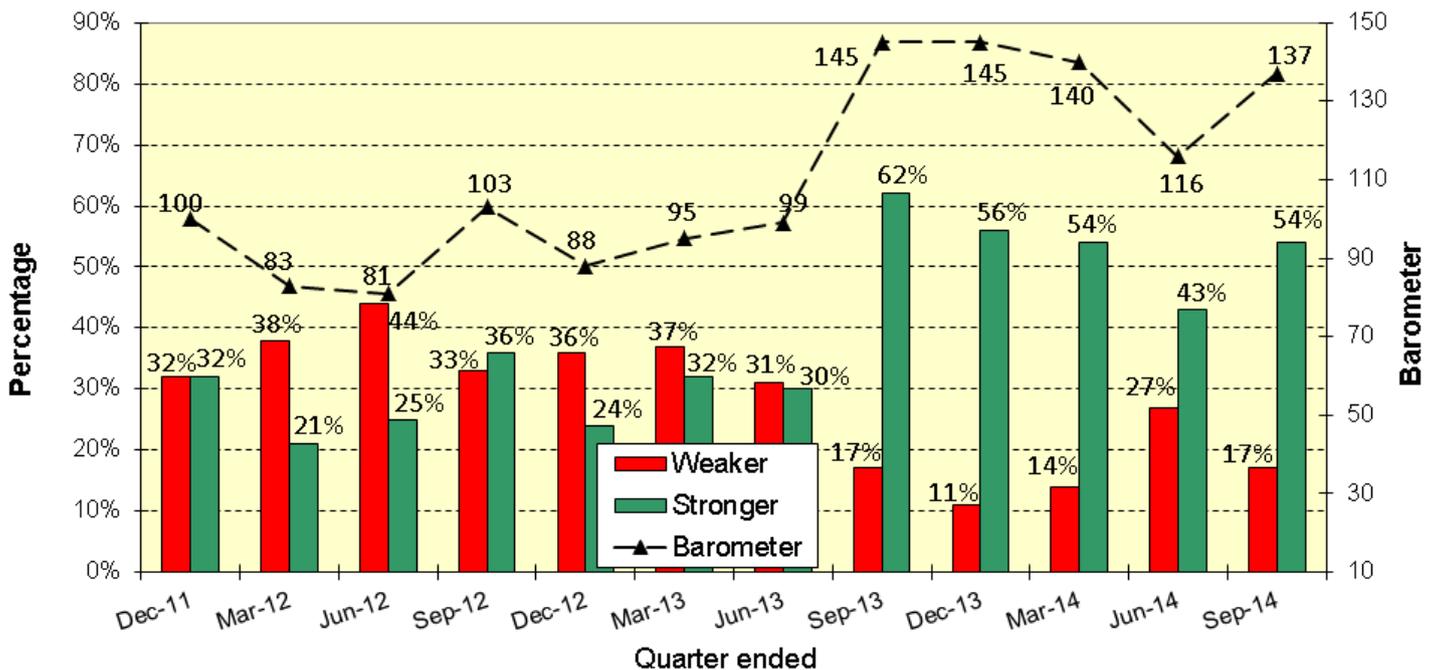


Business Activity - Deviation from Mid Point of 100

In contrast to previous surveys improvement was experienced across most business sectors. The index for the holiday / leisure sector was 129 points – up 15% from the previous quarter. The index for business travel was up by 30%, while the index for conference and business meetings sector was up by 26%. The index for festivals and events was steady.

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 September quarter 2014 the short term business outlook index increased by 18% to 137 points. The proportion expecting improved performance was up from 43% to 54% while the proportion expecting weaker performance decreased from 27% to 17%.

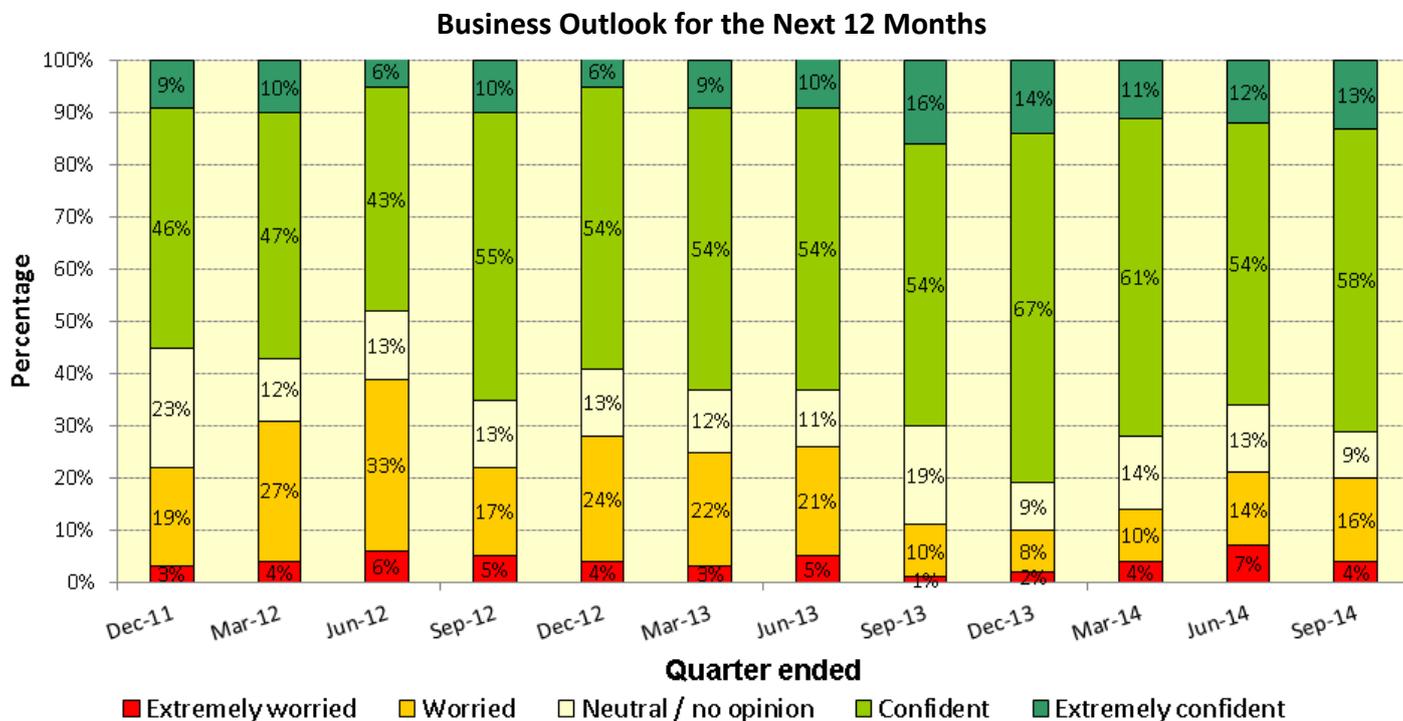
Factors influencing the outlook for the short term included the following:

- Continuing low interest rates / steady economy / lower \$
- Instability overseas
- Rolling Stones / events
- Completion of the Adelaide Convention Centre, Mayfair Hotel, Southern Expressway
- Level of enquiries and forward bookings.

Less positively:

- Lack of support for regions
- Consumer spending still weak in some areas.

The outlook for the next 12 months was as follows:



In the September quarter 2014 survey, 13% of the respondents were ‘extremely confident’ regarding the prospects for the next 12 months and 58% were ‘confident’, - up from 54% recorded at the June quarter survey.

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

- Increasing inbound from Asia
- Forward bookings / strong business performance
- Lower A\$
- More demand for short breaks (1 night stays)
- Investment in cellar door
- Greater interest in eco-tourism
- Improved use of social media / online distribution.

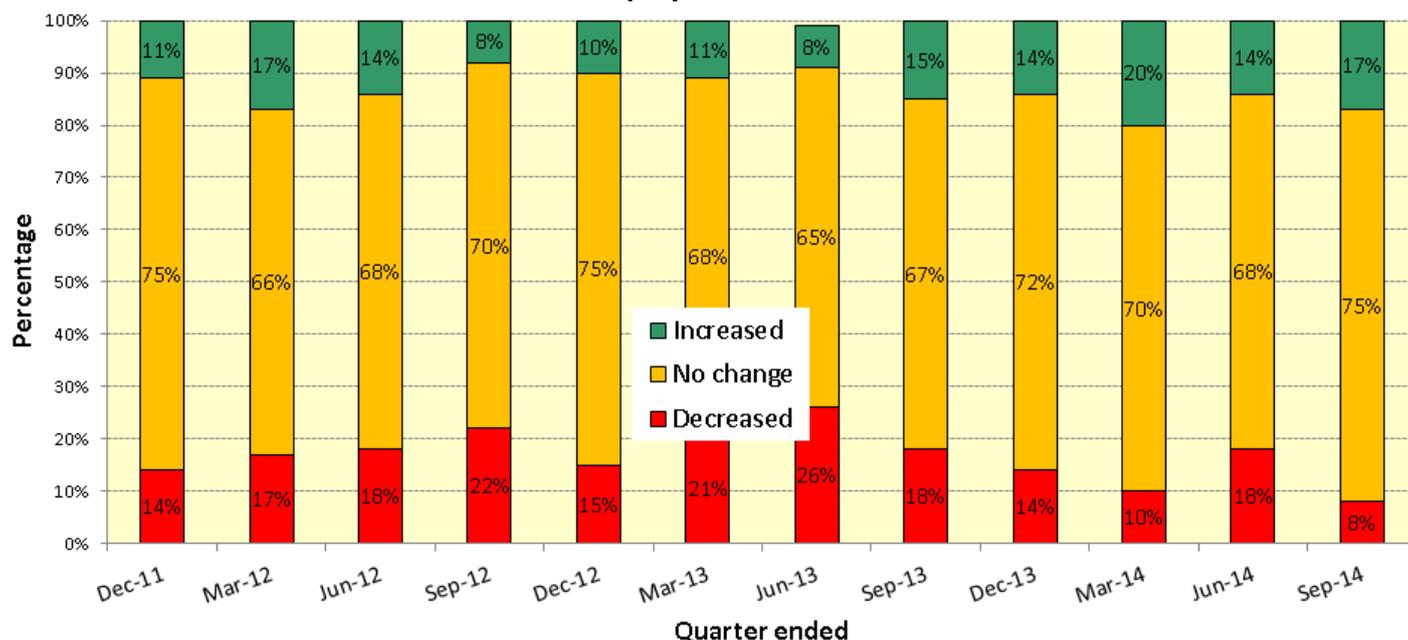
Less positive:

- Lack of government support
- Increased competition and cost increases.

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 September quarter 2014 survey 17% had employed additional staff in their business while 8% had employed fewer. The results are consistent with the more positive results observed in the December 2013 and March 2014 quarter surveys. Further information regarding employment trends from the ABS Labour Force survey follows.

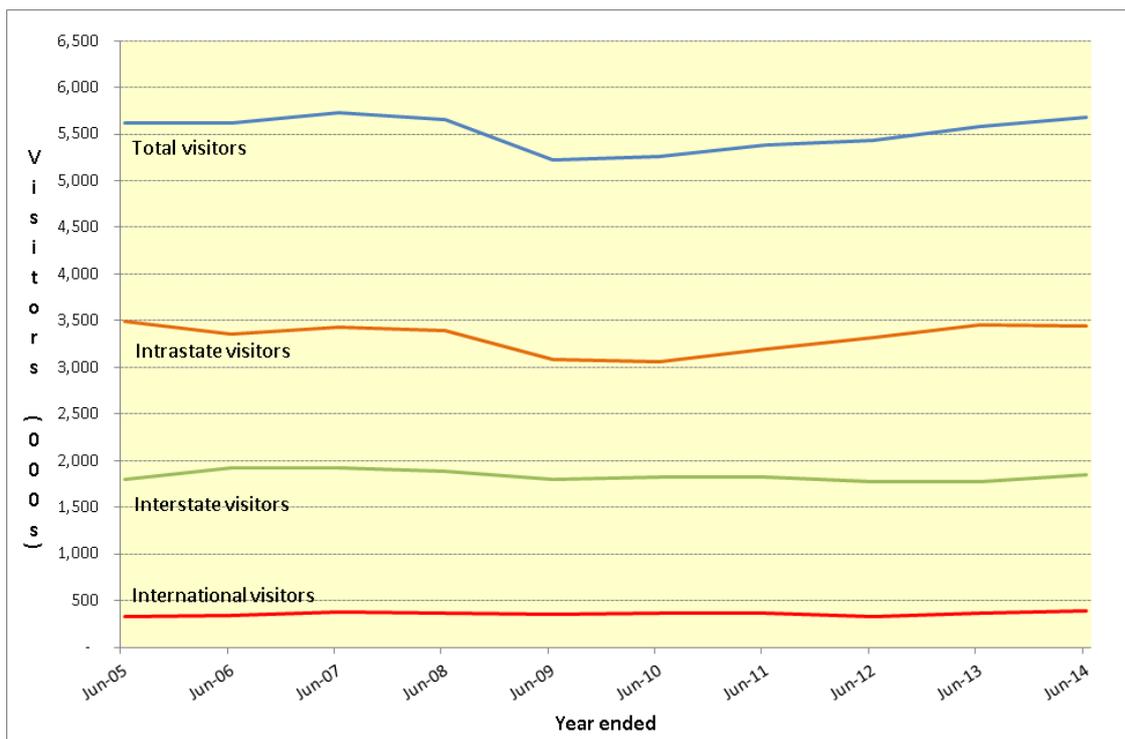
About The SATIC Tourism Barometer

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

Annual Performance to June 2014

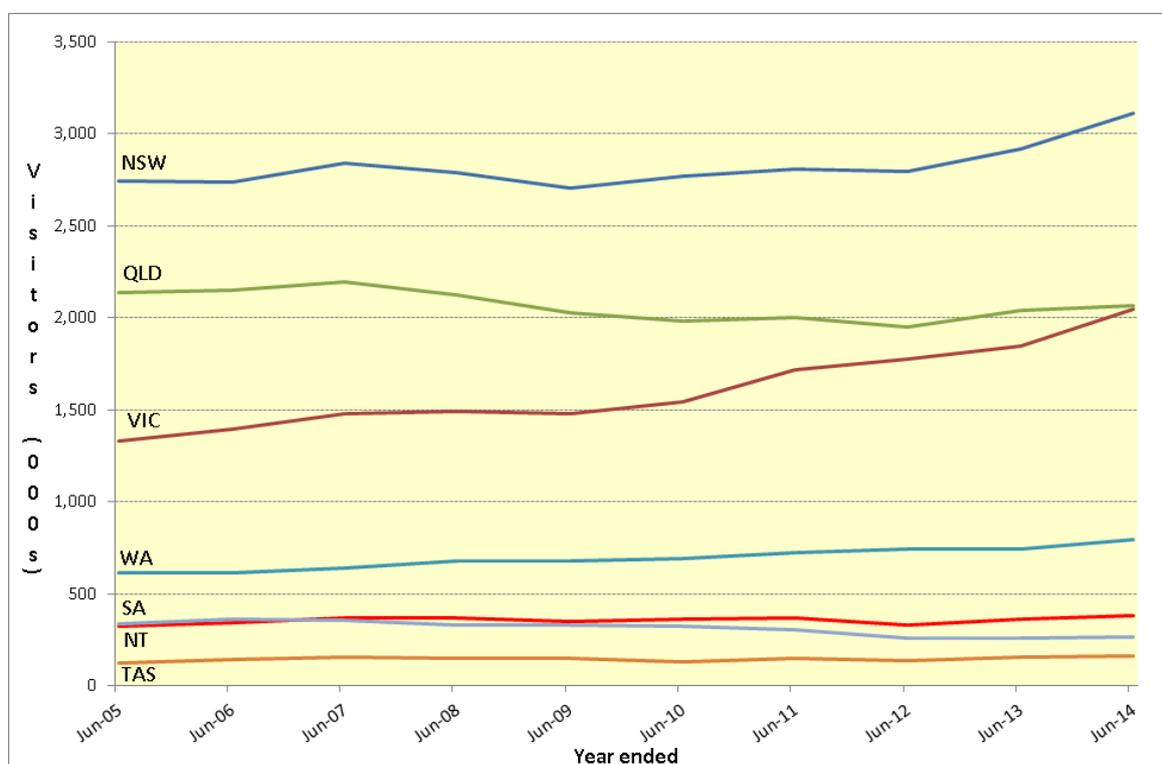
Information regarding travel demand in Australia is collected by Tourism Research Australia through two national sample surveys: the National Visitor Survey and the International Visitor Survey.

Overview of Overnight Visitor Demand for South Australia



The number of international visitors to South Australia in the year ended June 2014 was 386,000 – up by 6.9% from the previous year. The number of interstate visitors in the year to June 2014 was 1,843,000 – up 4.1% – while the number of intrastate visitors was steady at 3,448,000.

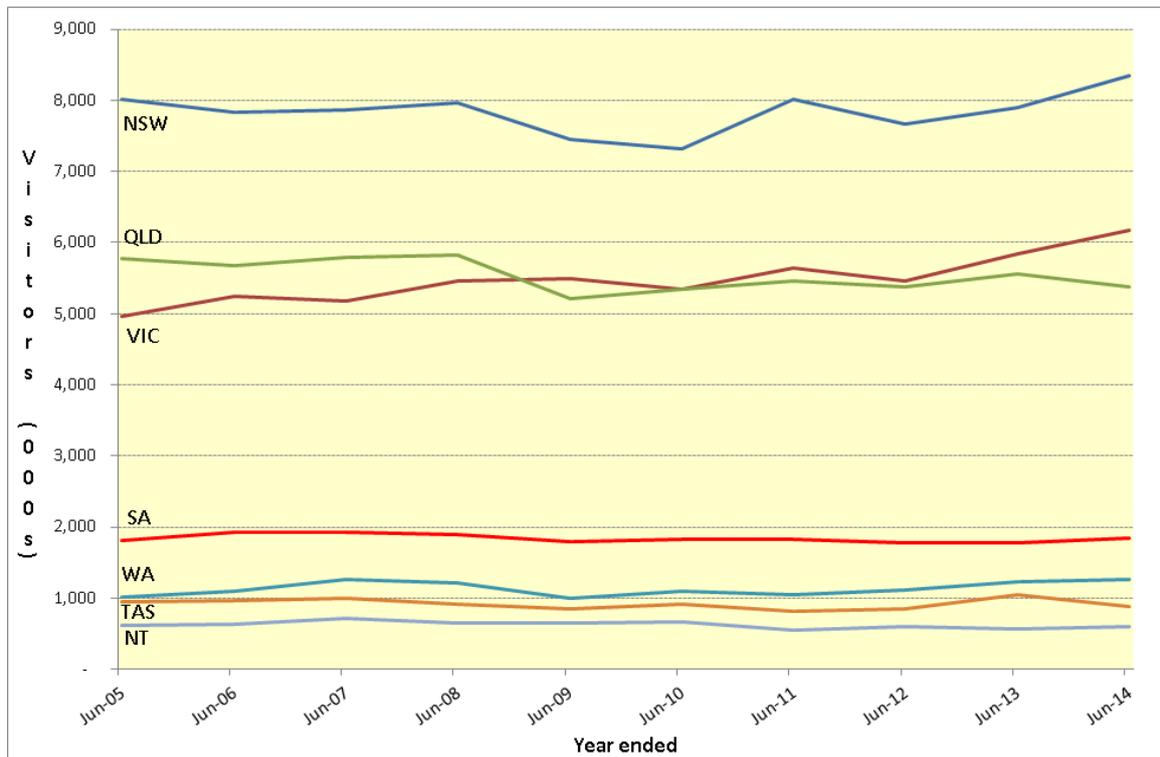
International Visitors by State / Territory



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

In the year to June 2014 the number of international visitors to South Australia increased by 7% from the previous year to reach 386,000. This compares with an 8% increase nationally. International visitors to SA over the period from June 2005 grew by 19% - Victoria recorded strong growth over this period – up by 54% - followed by WA – up 29% - and Tasmania – up 28%.

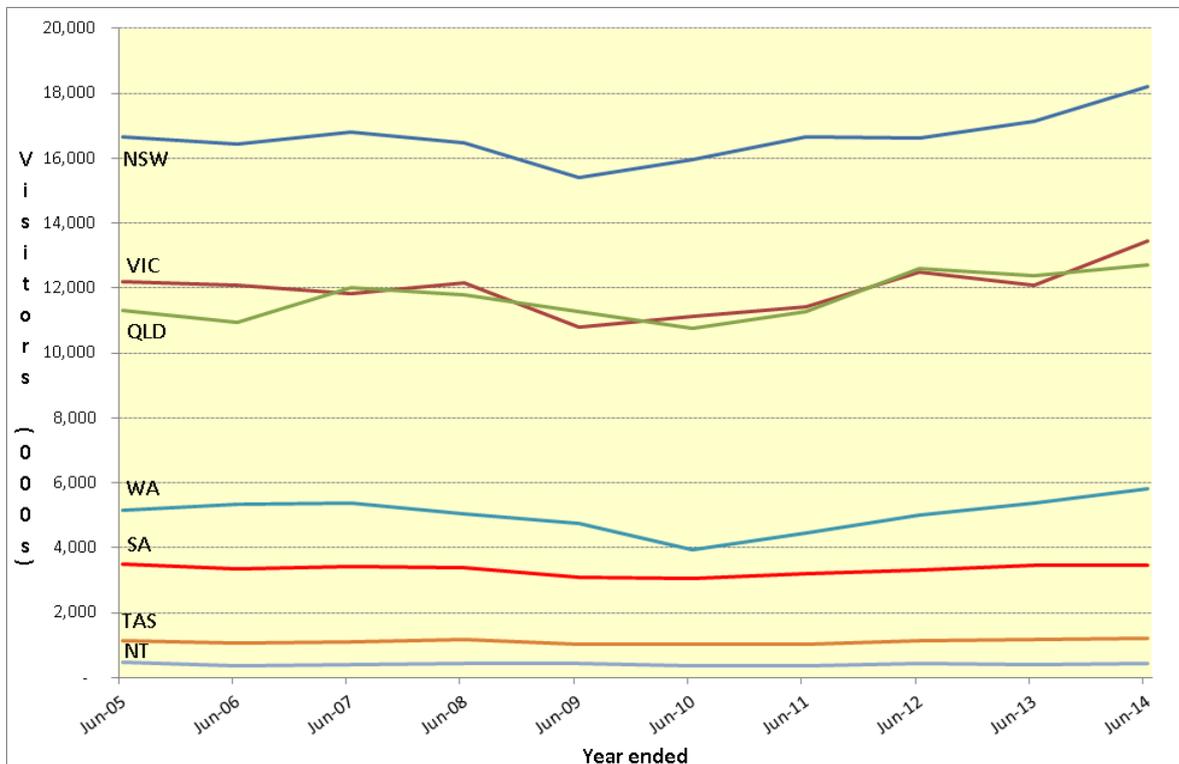
Interstate Visitors by State / Territory



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

In the year ended June 2014 the number of interstate visitors to South Australia increased by 4% to reach 1,843,000 visitors. Nationally interstate travel grew by 2%. In the period since June 2005 interstate demand in SA has grown by 2% compared to a national increase of 7%. WA (up 24%) and Victoria (up 24%) have experienced 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

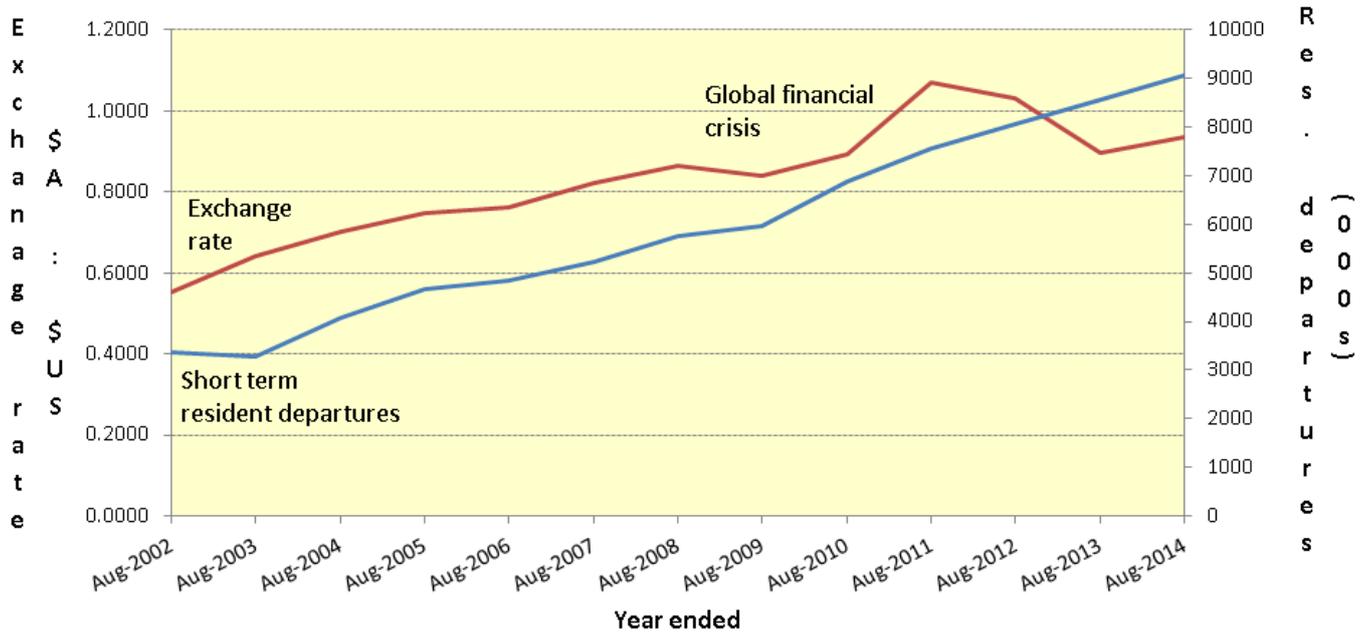
In the year to June 2014 intrastate visitors numbers in South Australia remained steady at 3,448,000 overnight visitors. Nationally the intrastate market grew by 6%. Over the period since June 2005 intrastate demand in SA has declined slightly (down 1%) compared with an increase of 11% nationally.

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



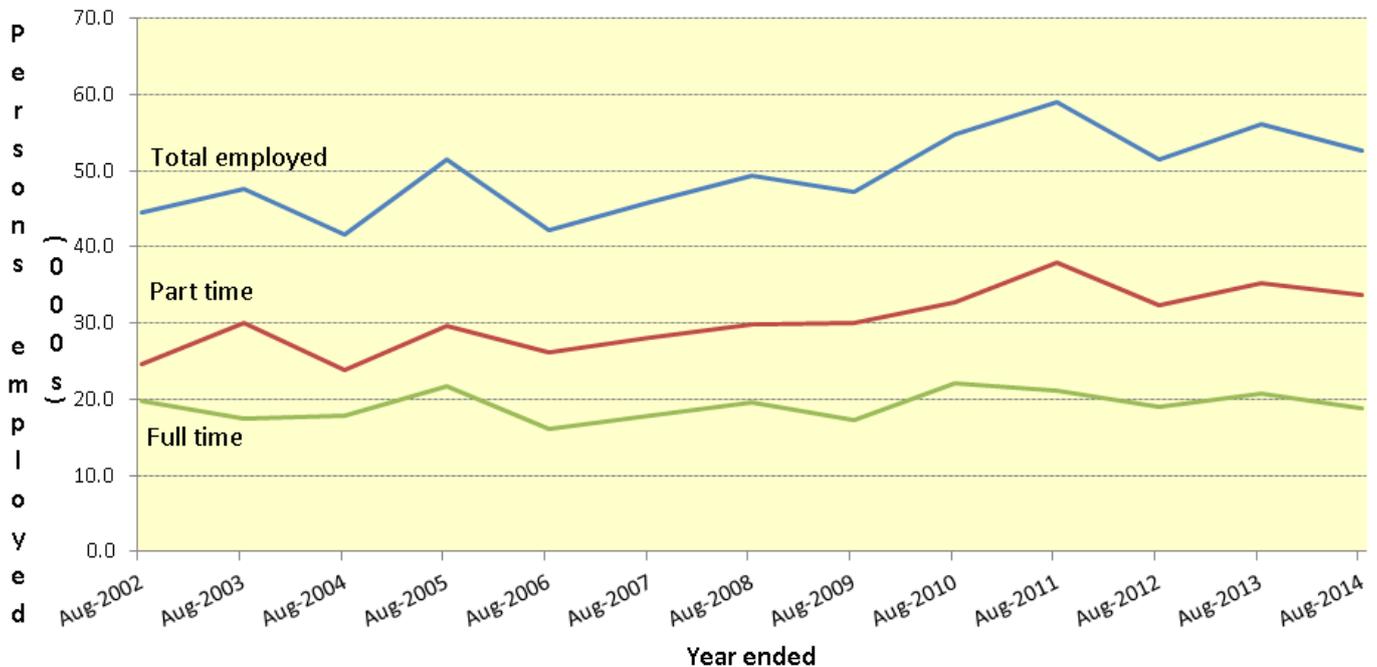
Source: Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.

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.

Despite the declining A\$:US\$ exchange rate short term resident departures continue to grow reaching 9.05 million in the year ended August 2014 – an increase of 6.7% 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 August 2014 indicated a fall of 6% in the number of persons employed overall in the accommodation and food services sector when compared with August 2013. Full time employment was down by 9% and part time employment 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.