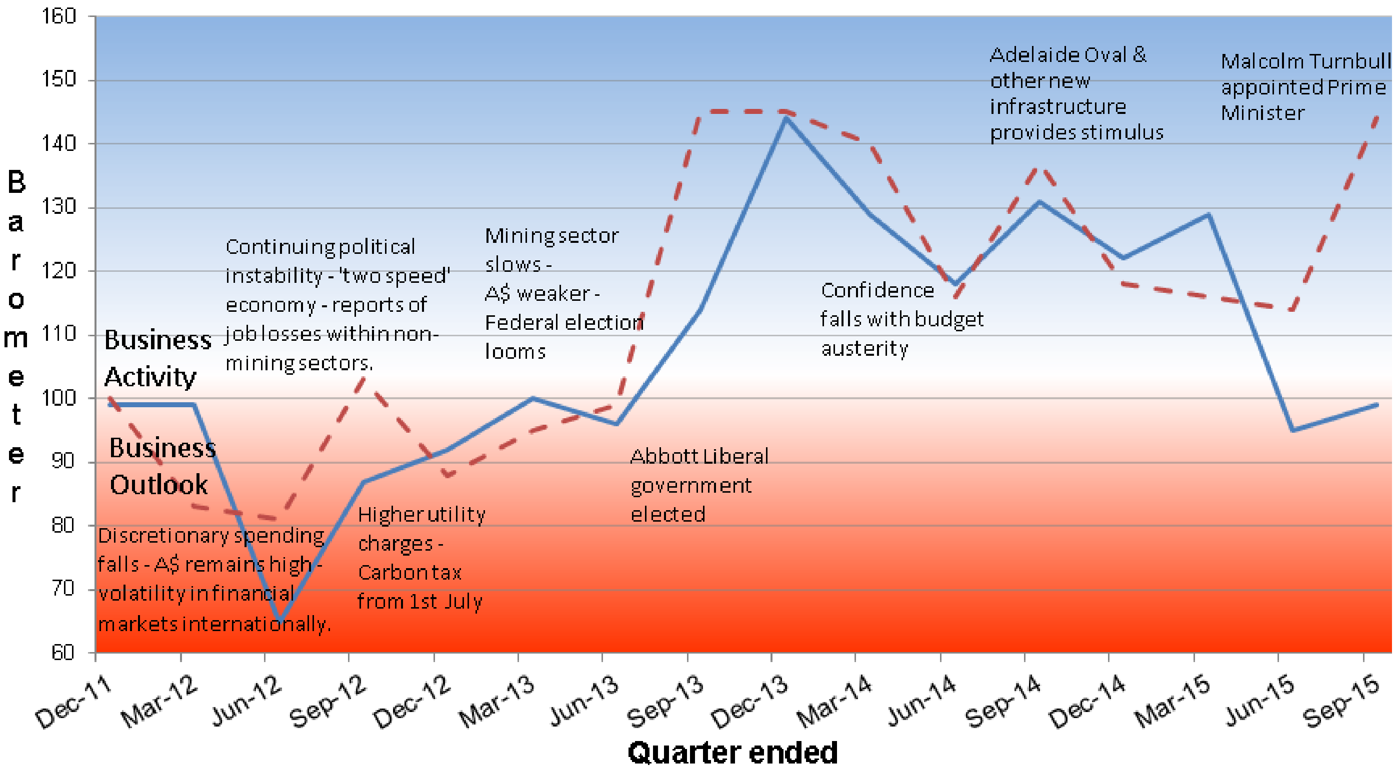
South Australian Tourism Industry Council
SA Tourism Barometer – September Quarter 2015



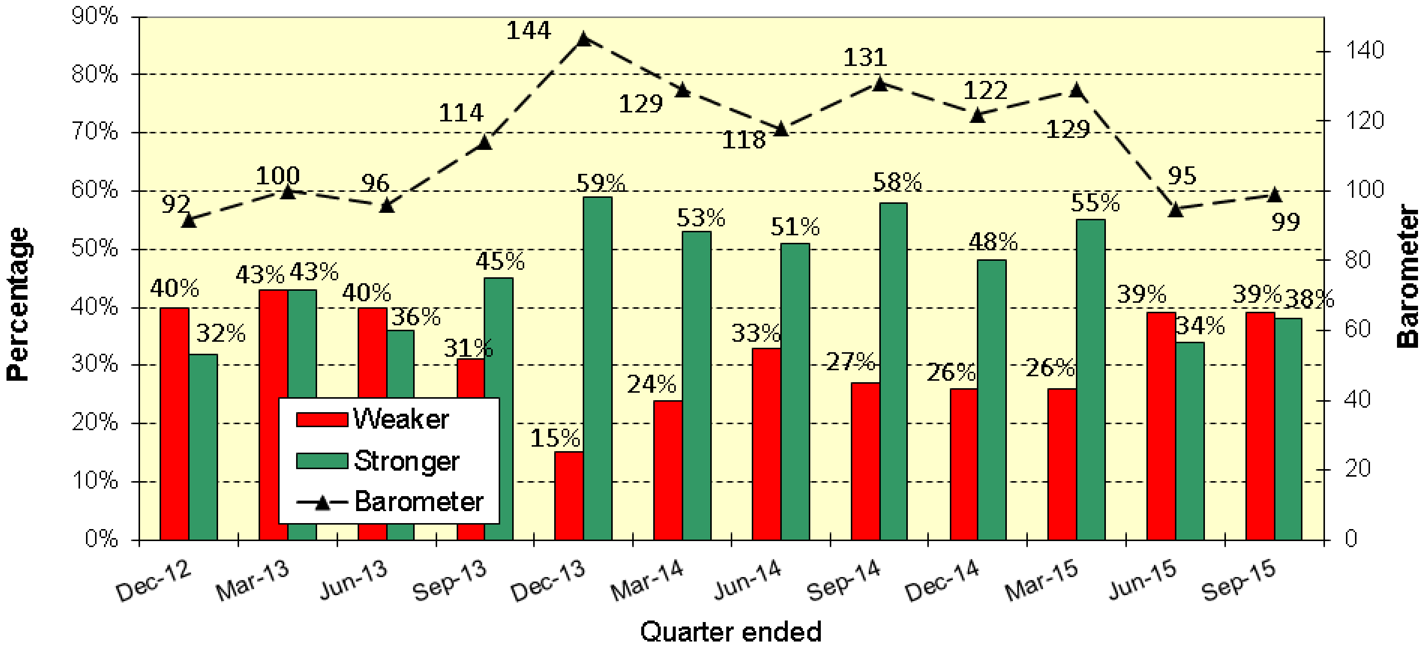
Headline: Confidence up on change of leadership, lower dollar and events

The Business Outlook index for the September 2015 quarter was up by 30 points (26%) – increasing from 114 to 144 – following the election of Malcolm Turnbull as Prime Minister in September. The improved confidence was associated with strong forward bookings, events in Adelaide and elsewhere and the anticipated impact of the lower dollar and improved consumer confidence.

The Business Activity index for the September 2015 quarter was also up slightly – from 95 to 99 points – an increase of 4%.

The number of visitors to and within SA increased by 6% in the year ended June 2015 when compared with the previous year. Interstate visitors increased by 11% while intrastate was up by 4% and international down slightly (< 1%).

Business Activity in the Last 3 Months



In the September quarter of 2015 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 38% - up from 34% at the June quarter survey. The proportion experiencing weaker conditions was steady at 39%.

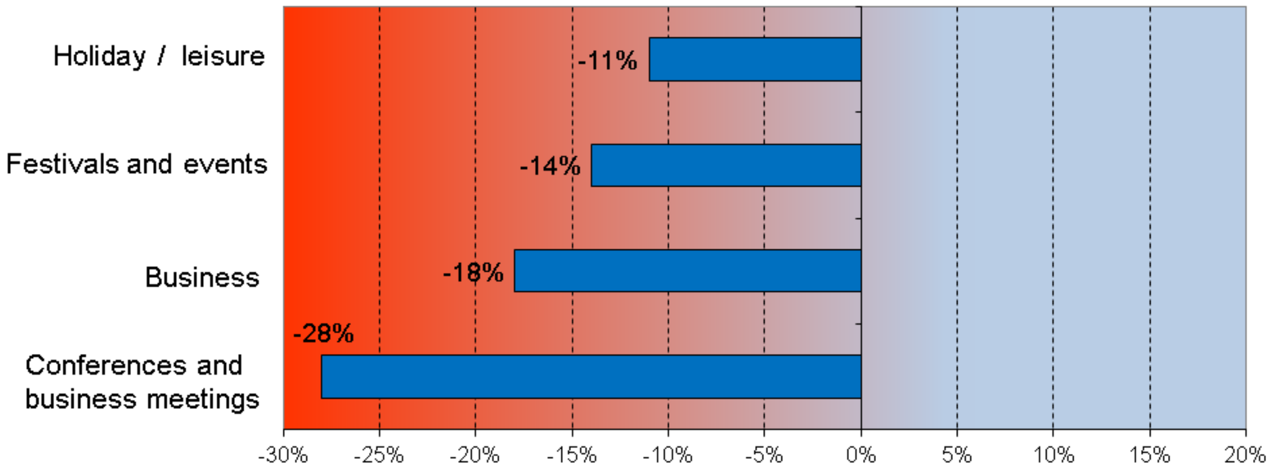
Factors underpinning performance were:

- Weaker dollar.
- Events – SALA Festival, Pirates in the Port, Liverpool soccer match.
- Cross promotion with DEWNR.
- Digital marketing strategy.
- Grey nomads / caravans.
- Blooming of Sturt Desert Pea.

Less positively:

- Cold winter.
- Lack of consumer confidence.
- School holidays down on last year.
- Drop in business from Convention Centre.
- Fewer backpackers.

Business Activity by Sector

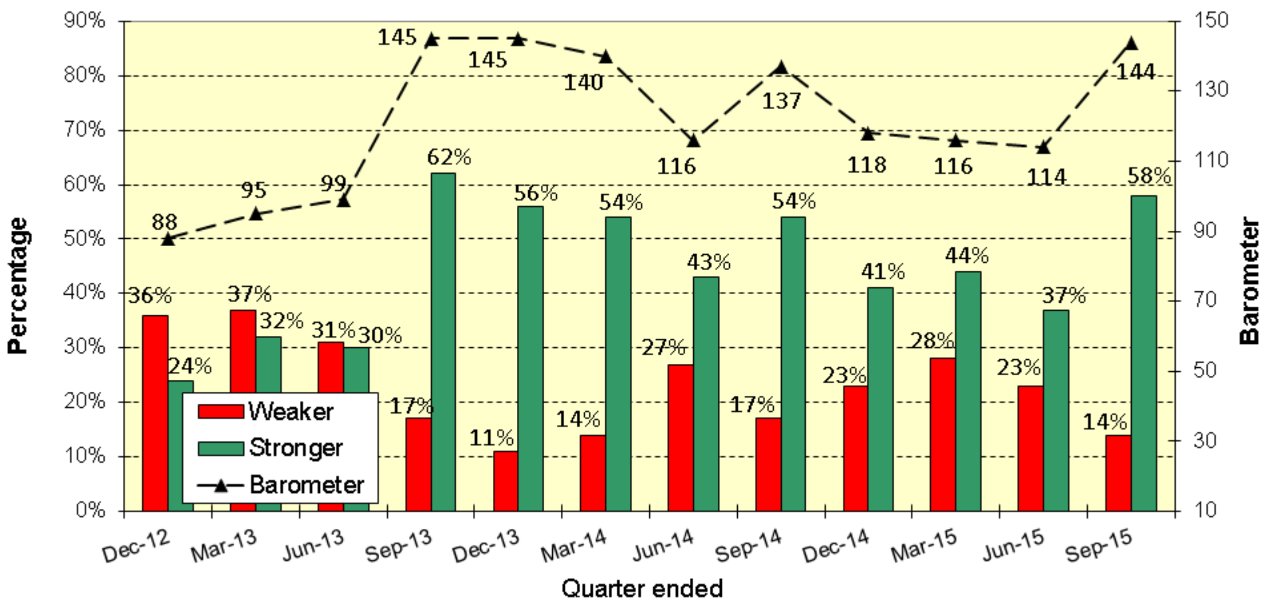


Business Activity - Deviation from Mid Point of 100

The sector indexes were below the midpoint of 100 for each of the sectors. The sector indexes for holiday / leisure and festivals / events were both down by 9% from the previous survey, the index for business travel was down by 7% to 82 points while the index for conferences and business meetings was down by 19% to a low of 72 points.

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.

Business Outlook for the Next 3 Months



In the September quarter 2015 the short term business outlook index was up by 30 points – an increase of 26%. The proportion expecting improved performance was up from 37% to 58% while the proportion expecting a fall was down from 23% to 14%.

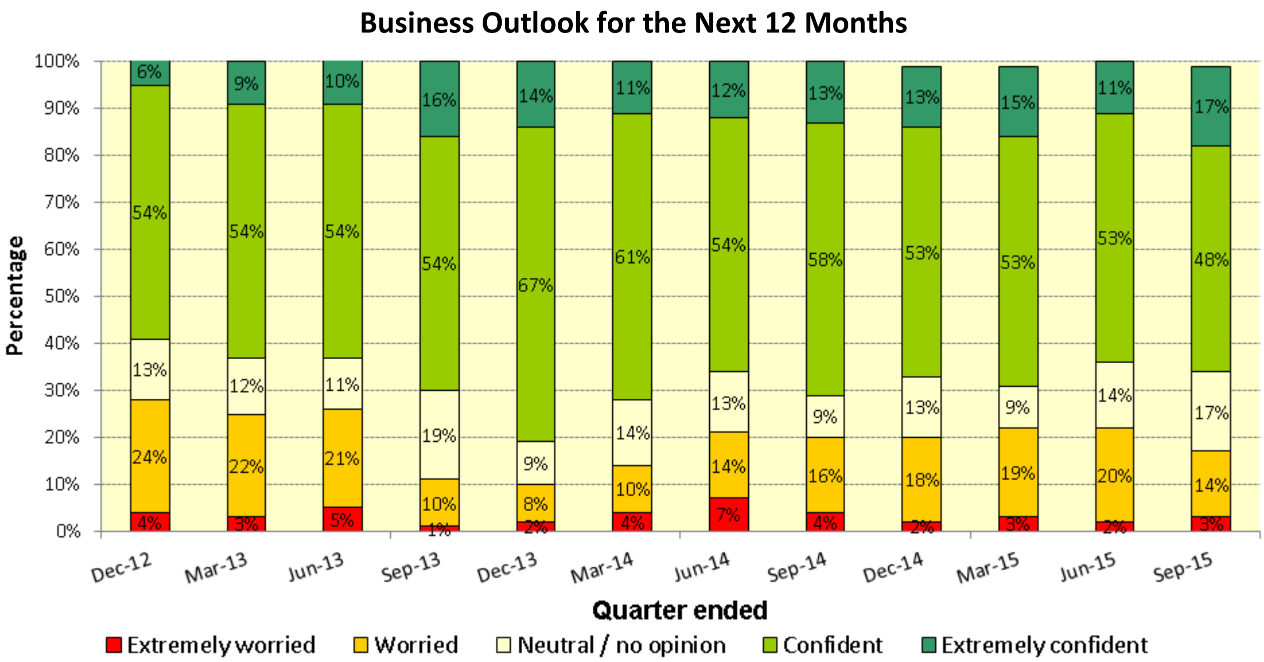
Other factor influencing the outlook for the short term included the following:

- Bids for conferences, conventions up significantly. Stage 2 of Convention Centre underway. Hosting Dreamtime in December, PCO Conference.
- Upcoming events – World Duathlon, Test cricket, Port Festival.
- Stronger forward bookings.
- Lower $A.
- Cruise boats.
- Digital marketing.
- More sharks (for viewing).

Less positively:

- Poor forward bookings.
- Hot weather.
- Oversupply of holiday house accommodation.

The outlook for the next 12 months was as follows:



In the June quarter 2015 survey, 17% of the respondents were 'extremely confident' regarding the prospects for the next 12 months and 48% were 'confident'. The proportion 'confident' or 'very confident' (65%) was consistent with the previous survey (64%).

Factors underpinning business confidence in the longer term were:

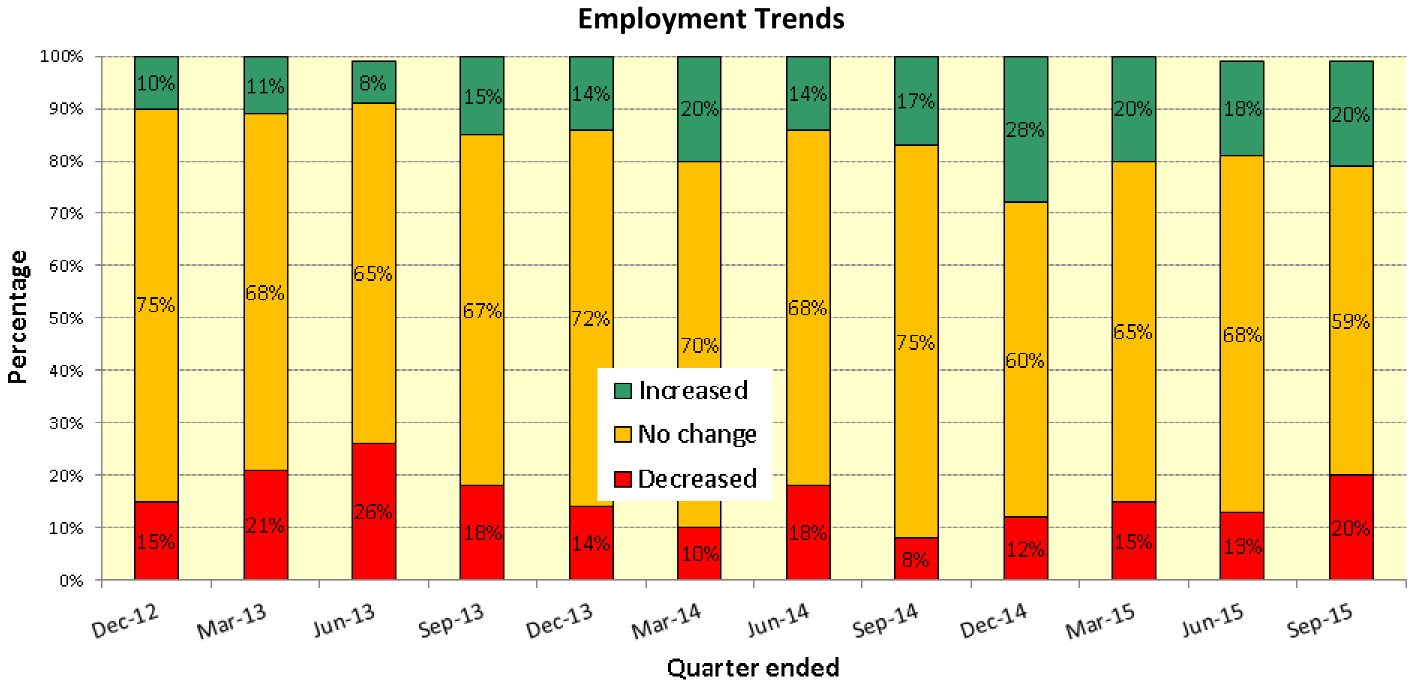
- Demand continues to be positive.
- Local businesses are working together to promote the town / improved promotion.
- Riverbank precinct, completion of Convention Centre Stage 2, ongoing development.
- Growth in demand for regional produce.

Less positive

- Locals less prepared to spend on 'luxury' items such as holidays and fine dining.
- More business events needed at the Adelaide Convention Centre.

Employment

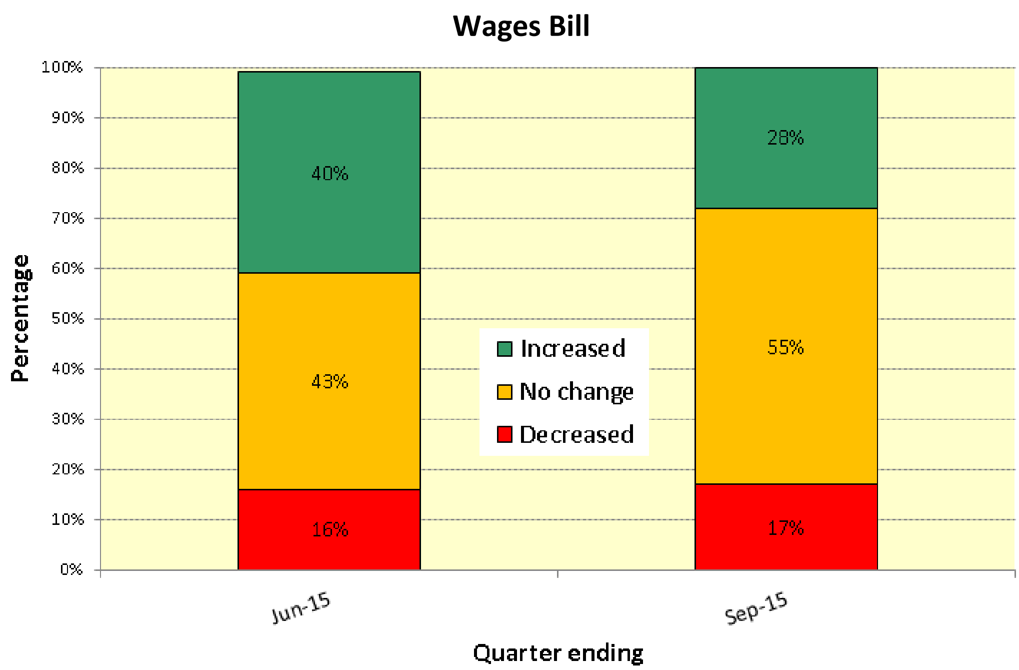
Respondents were asked whether the number of people employed in their business had increased, decreased or remained the same when compared to the same period last year.



In the September quarter 2015 survey 20% of the respondents had employed additional staff in their business – consistent with the previous survey at 18%. The proportion that had fewer staff had increased somewhat from 13% to 20%. 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.

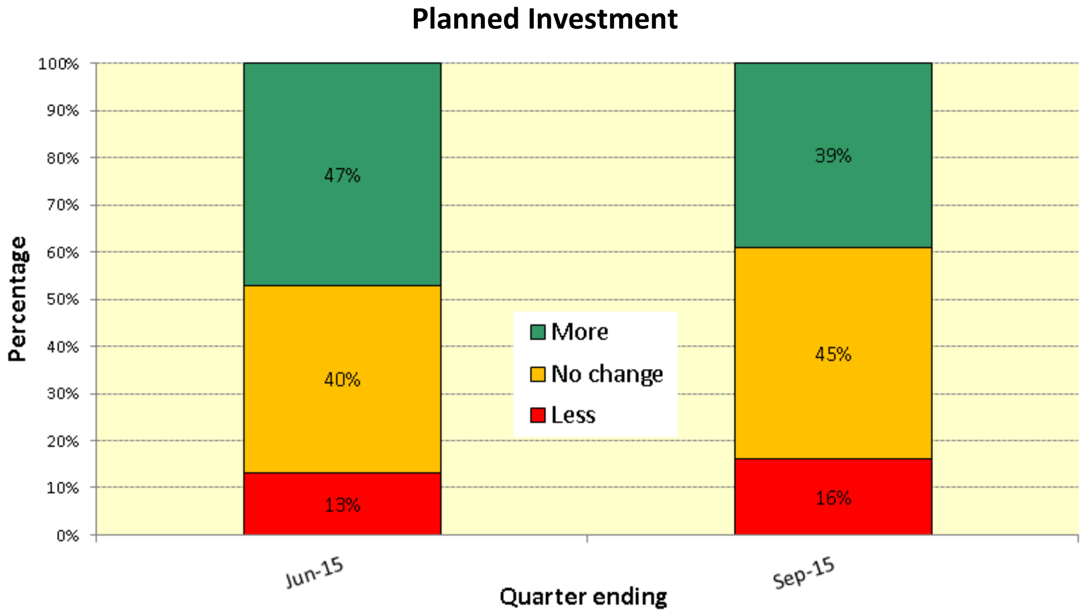


In the September quarter survey 28% of the respondents reported that their wages bill had increased – down from 40% at the June quarter.

Where an increase in wages was reported this was due to, in most cases, an increase in the number of staff or the number of hours worked associated with an increase in demand. One respondent reported a substantial increase in costs due to weekend penalty rates while others referred to increase in wage rates generally. Lower wages were associated with lower demand / business performance.

Investment

In the September quarter survey respondents were asked whether they were planning more or less investment in their business over the next 12 months compared to the previous 12 months.



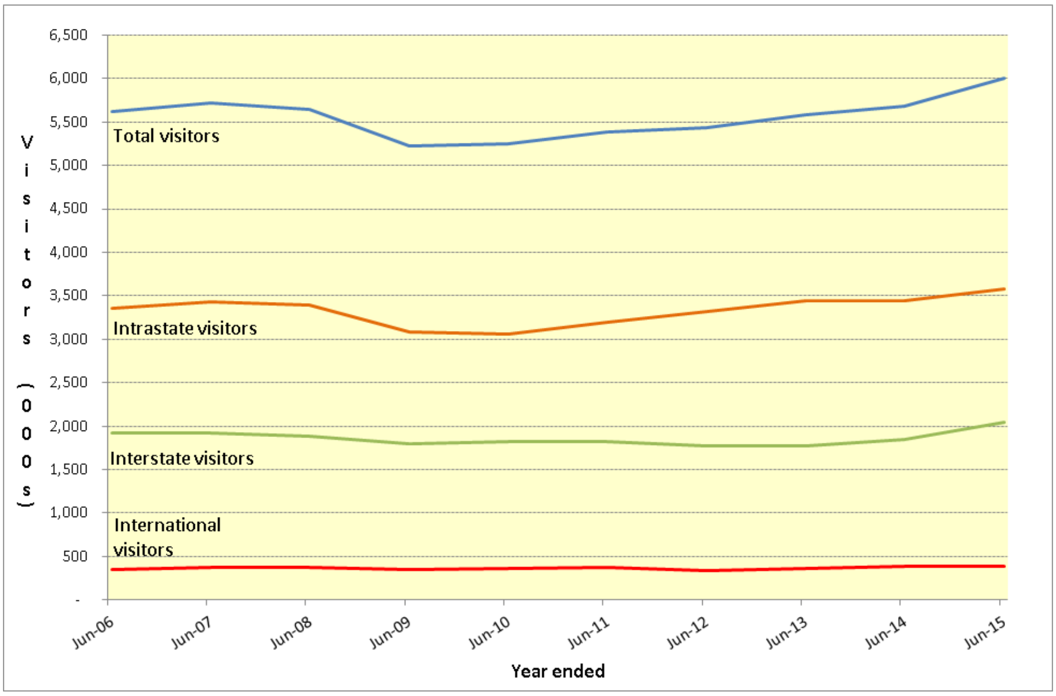
In the September quarter survey 39% were planning more investment in their business – down from 47% at the June quarter.

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 64 members responded to the September 2015 quarter survey. The sample is generally around 90 respondents and the smaller sample achieved for the September 2015 quarter may have resulted in an increased level of sample error.
Report prepared by independent research consultants – Greenhill Research and Planning.

Annual Performance to June 2015

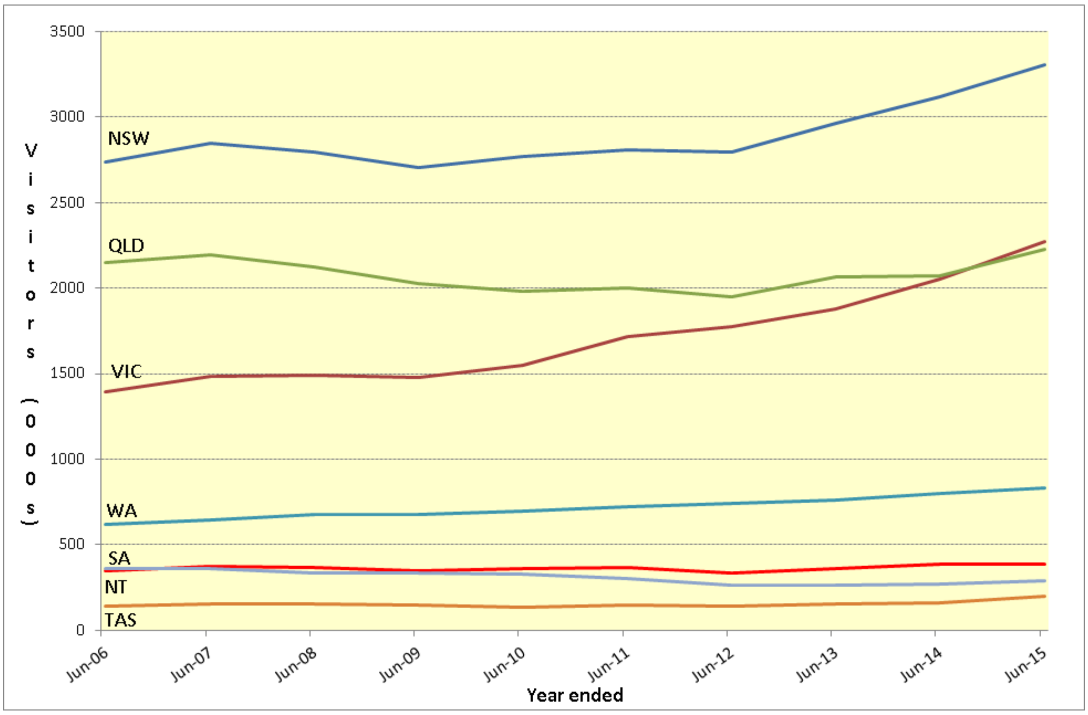
Information regarding travel demand in Australia is collected by Tourism Research Australia through two national sample surveys: the National Visitor Survey and the International Visitor Survey.

Overview of Overnight Visitor Demand for South Australia



The number of interstate visitors to SA in the year to June 2015 was 2,046,000 – up 11% from the previous year – while the number of intrastate visitors was 3,578,000 – up by 4%. The number of international visitors was 385,000 – down slightly (-0.8%) from the previous year. Overall visitor numbers increased by 6% to 6,009,000.

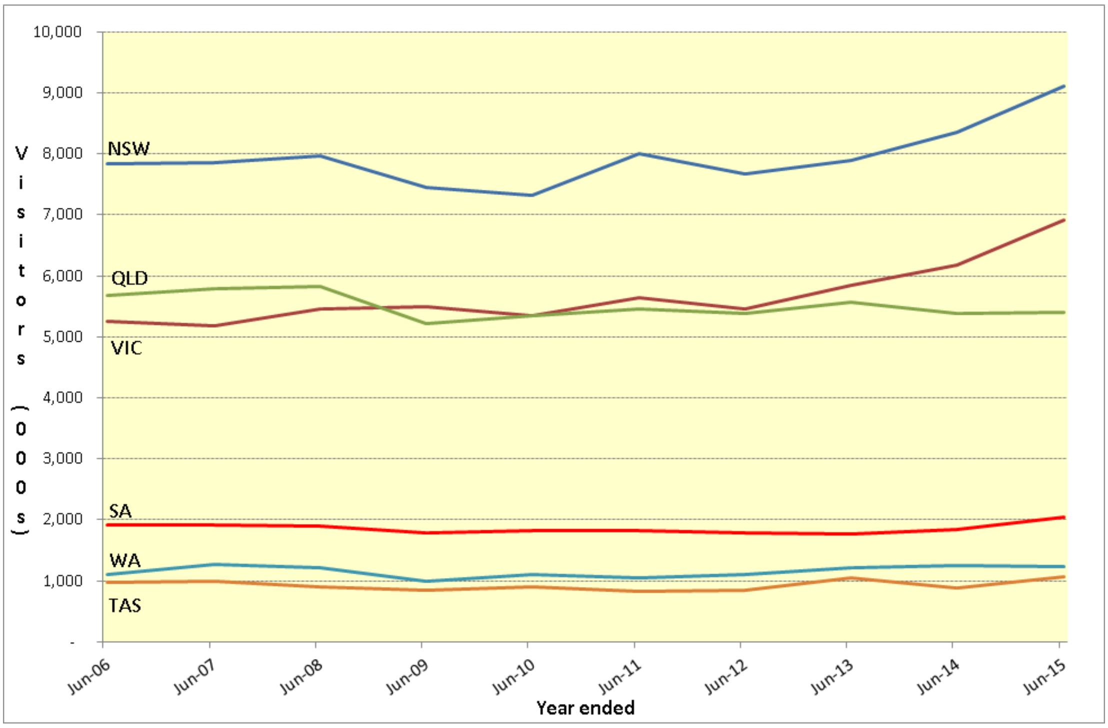
International Visitors by State / Territory



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

In the year ended June 2015 the number of international visitors to South Australia was down slightly – falling from 388,000 to 385,000 visitors (-0.8%). Nationally international travel demand grew by 7%. While coming from a low base Tasmania recorded the highest percentage increase (up by 21%). The eastern seaboard states continue to experience strong growth with the number of international visitors to Victoria exceeding Queensland.

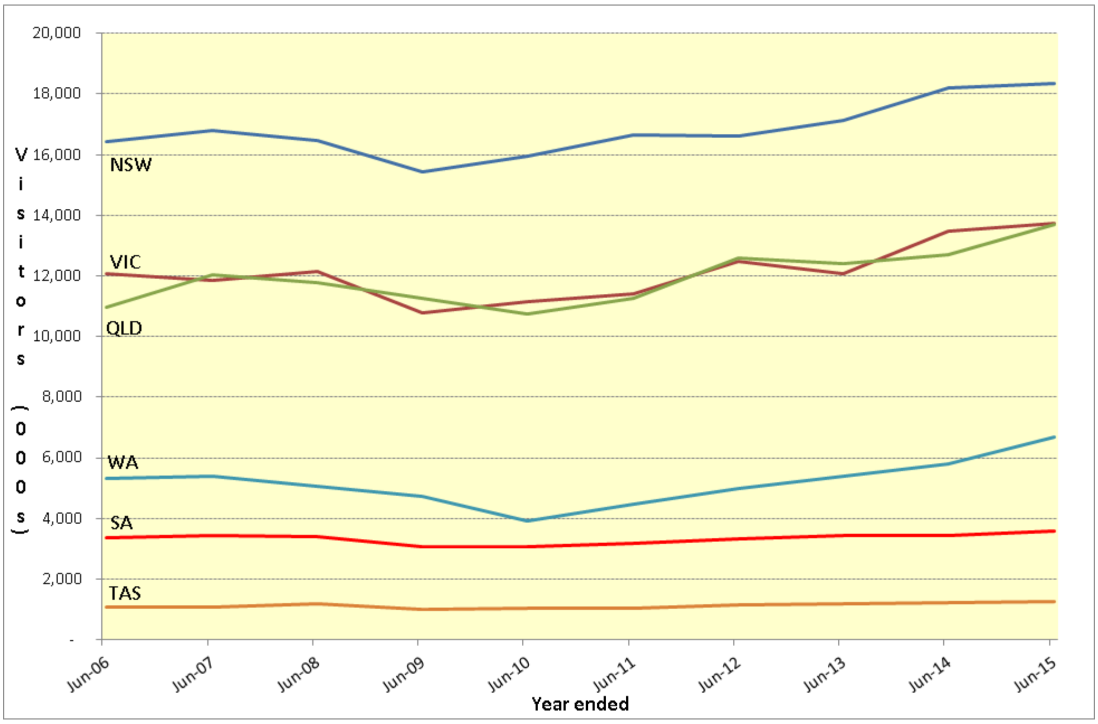
Interstate Visitors by State / Territory



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

In the year ended June 2015 the number of interstate visitors to South Australia increased by 11% to reach 2,046,000 visitors. Nationally interstate travel demand grew by 7%. SA recorded the third highest growth rate for the year behind Tasmania (up by 21%) and Victoria (up by 12%).

Intrastate Visitors by State / Territory



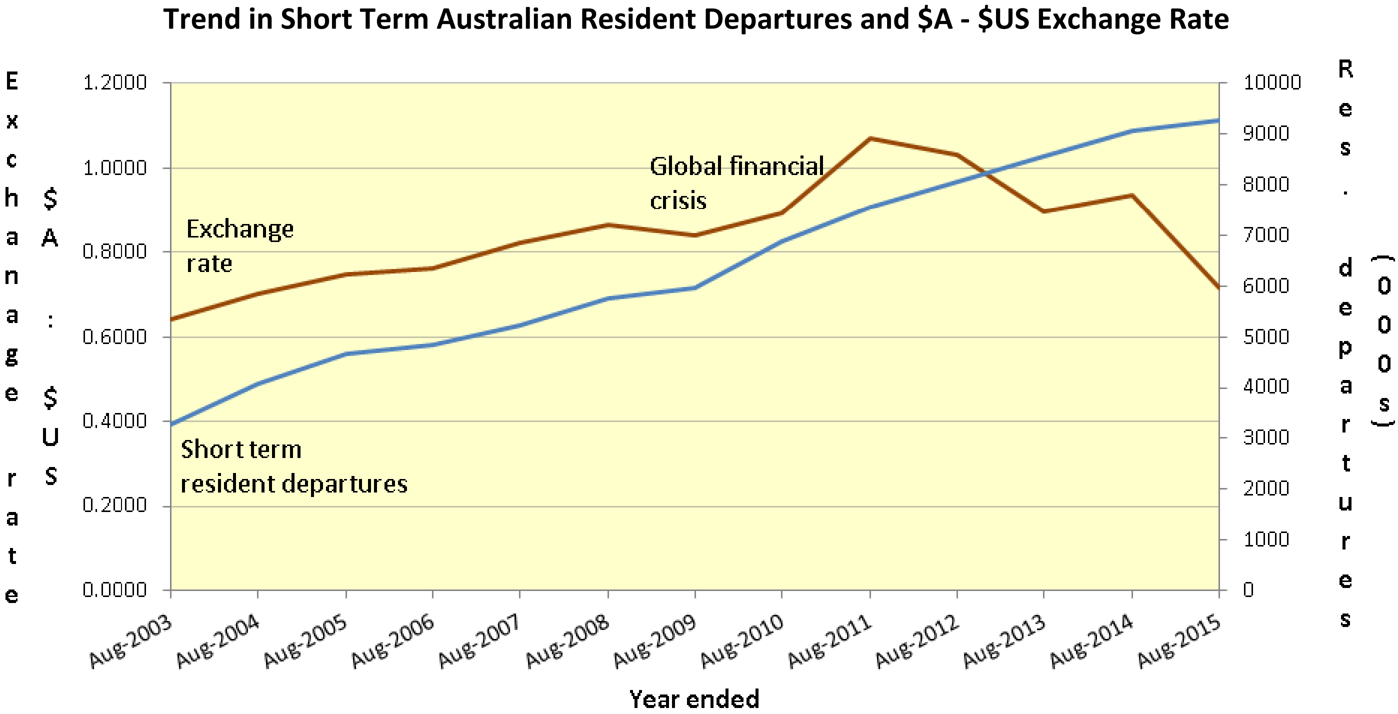
Tourism Research Australia. http://www.ret.gov.au/tourism. Travel by Australians. National Visitor Survey

In the year to June 2015 intrastate visitors in South Australia grew by 4% from the previous year to 3,578,000 overnight visitors. Nationally the intrastate market grew by 4%.

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.

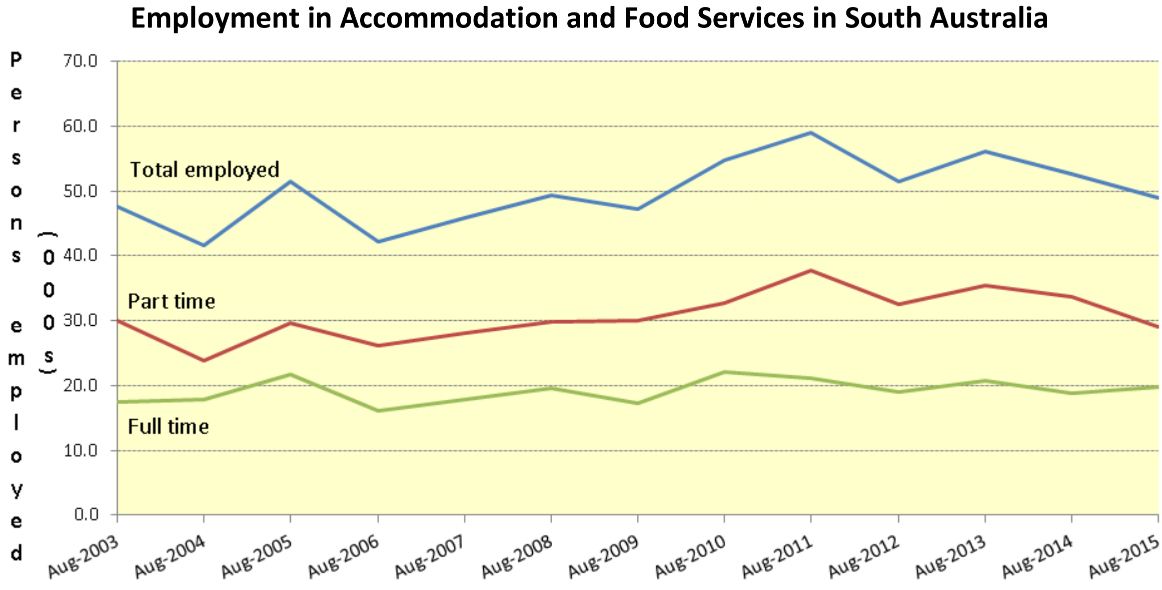
Information regarding short term overseas departures by Australian residents is published by the Australian Bureau of Statistics.



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 August 2015 there were 9.27 million departures – an increase of 2.5% 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.



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 2015 indicated a decrease of 7% in the number of persons employed overall in the accommodation and food services sector when compared with August 2014. Full time employment was up by 5% while part time employment in the sector was down by 14%. 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.

International services will be boosted by a new service between Qatar and Adelaide that will be introduced from May 2016. The service will contribute an estimated $41 million annually and an extra 228 jobs to South Australia.