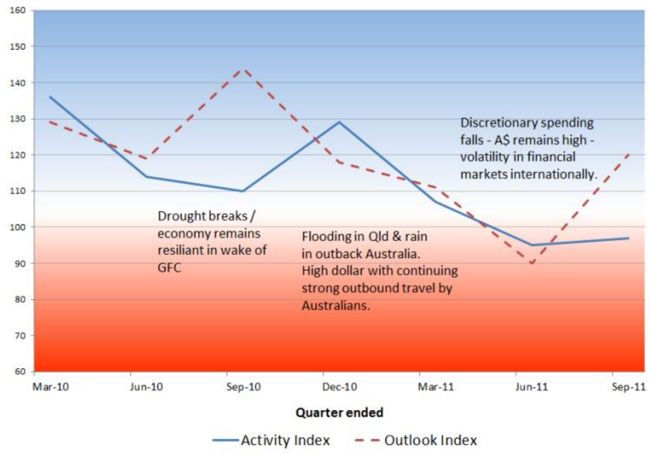
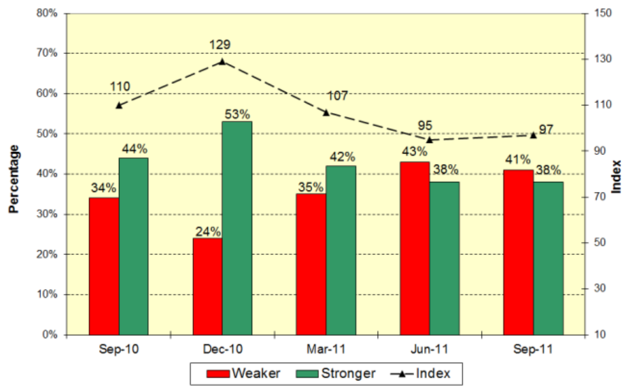
South Australian Tourism Barometer
September Quarter 2011

The results of the SATIC Tourism Barometer for the September quarter of 2011 show that **activity was at a similar level to the June quarter** with the top line activity index increasing slightly by 2% (up from 95 to 97 points). There was a strong lift in the outlook index for the next 3 months however with this indicator rising by one third (from 90 to 120 points). Respondents continued to express concern regarding consumer confidence, the economic outlook and the high Australian dollar.
The positive outlook was underpinned by factors such as the inflows into the River Murray and Lake Eyre; a fall in the AUS:US exchange rate during the data collection period; possibly a cut in interest rates; upcoming events; and an improved touring market. Some respondents also reported that the adoption of social media and digital tools such as online booking and virtual tours had a positive impact on their activity.



The survey respondents were asked to state whether their business had experienced stronger or weaker activity in the September qtr of 2011 when compared to the same period in 2010. The results are compared below with previous surveys:

Activity in the Last 3 Months



AI = Activity Index

Activity& outlook indexes are calculated by subtracting the % of respondents experiencing weaker conditions from the % experiencing stronger conditions and adding the result to a base of 100. If more respondents experience stronger activity than those experiencing weaker activity, the index will be greater than 100.

In the September quarter of 2011 the proportion of survey respondents **experiencing stronger activity was 38% - the same level reported in the June quarter**.

Factors underpinning improved activity include:

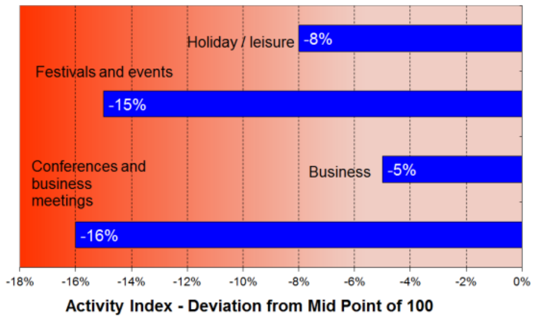
- Social media & digital marketing.
- Corporates due to mining activity.
- Conferences & Events in local area.
- Increase in coach / group travel.
- Interstate market.
- Lake Eyre.
- More people taking short breaks close to home.
- More caravans / tourers.
- Refurbishment and improved service delivery.
- Tourism awards.
- Travel auction.
- Virtual tours.

Where less positive:

- Two speed economy.
- Big drop in European international group business, with almost corresponding lift in Asian FIT business.
- Cold winter.
- Insecurity re: carbon tax, employment, economic outlook; political instability federally.
- Interest rate increase last year.
- High AUD.
- Weaker backpacker market.

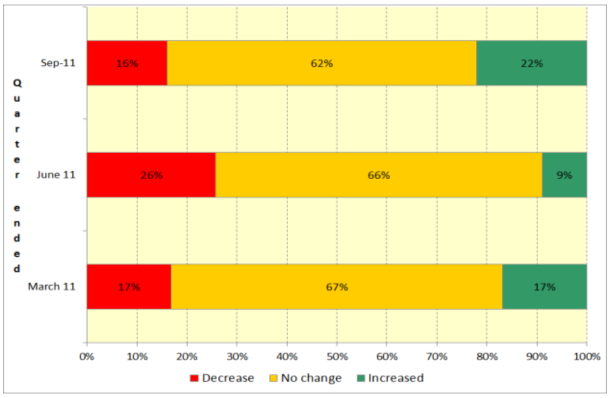
On a **regional basis** improved activity was more likely to be experienced by respondents located in the Clare Valley, Flinders/Outback, Limestone Coast & Yorke Peninsula.

"Activity Index" by Sector



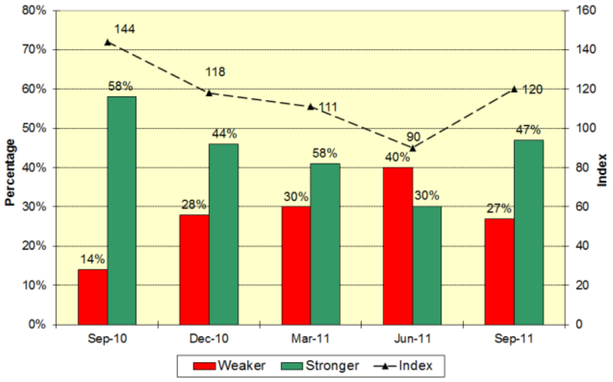
The activity index was below 100 for each of the market sectors indicating **contraction across all sectors** when compared to the same time last year.

Number of Persons Employed



For the September quarter survey **22% of respondents** stated that they were **employing more staff** which was an **improvement** on the result for June (9%).

Outlook for the Next 3 Months



OI = Outlook Index

When compared to the June quarter result the September quarter survey respondents were **more optimistic** with the outlook index rising **by 33%** - from 90 to 120.

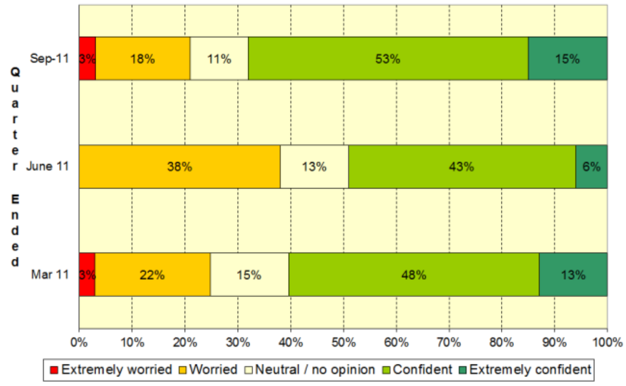
Factors influencing the outlook for the short term include:

- Improved relationship with industry partners.
- Improved conditions on the Murray River.
- Lower dollar and interest rates.
- Strong forward bookings.
- Stronger touring market.
- Upcoming events / Masters Games.

Less positively:

- Advance bookings down.
- Dilution of the corporate market with additional rooms / inventory.
- Discounting by competitors.
- GFC / two speed economy.
- Petrol prices.
- Venues such as ACC and AEC bidding for much smaller events.

Outlook for the Next 12 Months



In the September quarter survey 15% of the respondents were 'extremely confident' about the next 12 months and 53% were 'confident'. This was an **improvement** from the June quarter survey at which only 49% were 'confident' or 'extremely confident'.

Factors underpinning the outlook for next 12 months include:

- Conferencing opportunities.
- Cruise ship arrivals.
- Favourable Murray River conditions.
- Good season for farmers.
- Greater awareness of ecotourism and environmentally friendly holiday options.
- Growing acceptance of social media.
- Improve online booking capacity / V3.
- SATC domestic campaign.
- Olympic Dam expansion.
- Repeat bookings / forward bookings.
- Targeting Chinese market.
- Touring market and Lake Eyre.
- When money is tight & people are stressed massage getaways are attractive.
- Word of mouth.

Less positively:

- GFC.
- Carbon tax, strong AUD$, increase in costs, water, power.
- Discretionary spending.
- Lower yields.
- Weak consumer confidence.

About The SATIC Tourism Barometer
The SATIC Tourism Barometer is a quarterly survey of SATIC members designed to measure recent activity and the outlook for the future.

The Barometer survey is conducted on-line and a total of 116 members responded to the September 2011 survey.

Report prepared by independent research consultants – Greenhill Research and Planning.

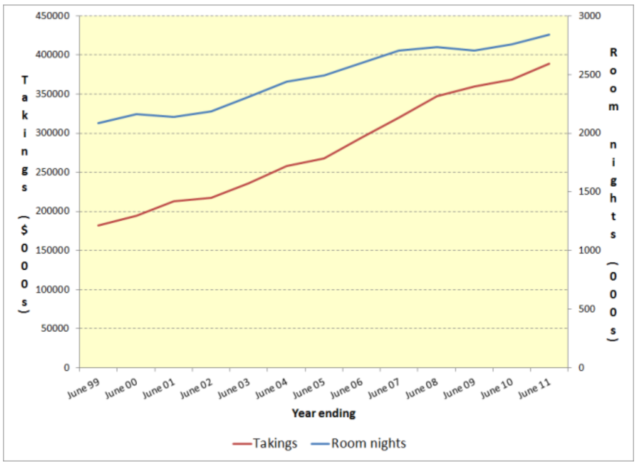
Annual Activity to June 2011

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[1] .

The results of these surveys show that the number of **overnight visitors to and within South Australia increased by 2% in the year to June 2011** compared with the previous year. Visitor demand within Australia as a whole increased by 3% during this period.

International demand for South Australia was steady while domestic demand increased by 2%.

Trend in Room Nights Sold & Takings from Accommodation
In SA - Hotels, Motels & Serviced Apartments with 15+ Rooms:



Source: Australian Bureau of Statistics. Cat. 8635.0

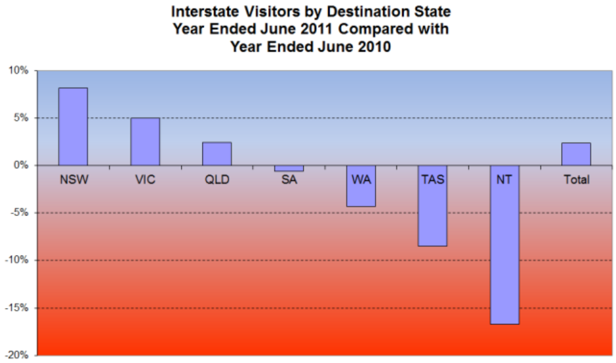
The Survey of Tourist Accommodation[2] conducted by the Australian Bureau of Statistics shows that **room nights sold** in hotels, motels and serviced accommodation in South Australia increased by 2.9% in the year to June 2011 while **takings from accommodation increased by 5.5%.**

The latest figures for the year to August 2011[3] show short term **departures by Australian residents grew by 10.2%** when compared to the previous year to a total of 7.6 million for the 12 month period.

The following chart compares the activity of South Australia with the other States and the Northern Territory with respect to **international visitors** in the period to June 2011:

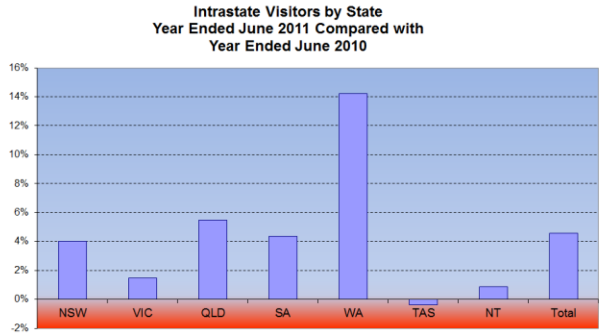
The number of **international visitors to SA was steady** compared to an increase of 3% nationally. The number of holiday purpose international visitors to South Australia was down by 1% while the number visiting friends and relatives was unchanged.

The chart below compares the activity of South Australia with the other States and the Northern Territory with respect to **interstate visitors**:



The number of interstate travellers to South Australia was **down slightly falling by 1%** compared with a national increase of 2%. Holiday purpose interstate visitors were down by 5% while the number visiting friends and relatives was up by 5%.

The chart below compares the activity of South Australia with the other States and the Northern Territory with respect to **intrastate visitors**:



The intrastate market in South Australia was **up by 4% in the year to June 2011** which was consistent with the national increase of 5%. When compared on the basis of purpose of visit the number of holiday purpose visitors was up by 8% and the number visiting friends and relatives fell by 10%.

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[1] Tourism Research Australia. http://www.ret.gov.au/tourism. International Visitor Survey; Travel by Australians (National Visitor Survey).
[2] Australian Bureau of Statistics Cat. 8635.0 - Tourist Accommodation, Australia, June 2011.
[3] Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.