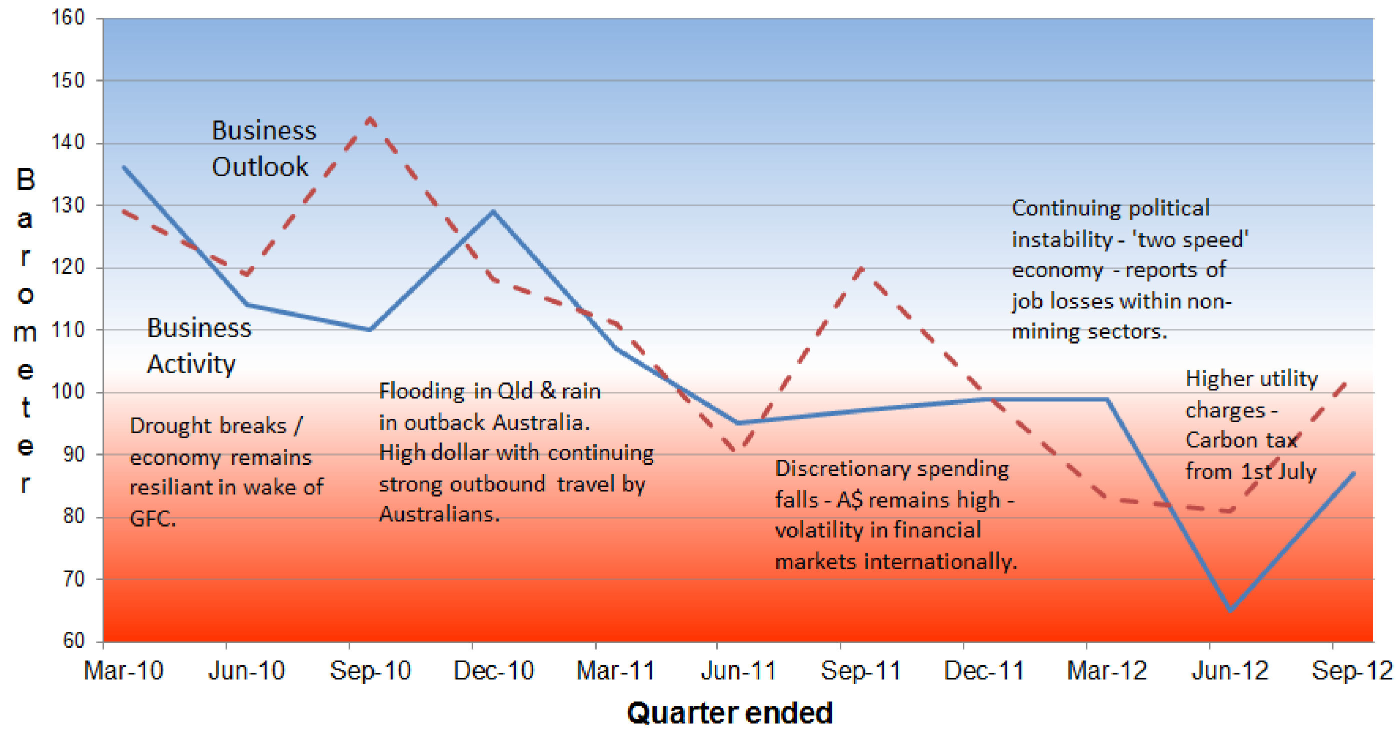
SA Tourism Barometer – September Quarter 2012

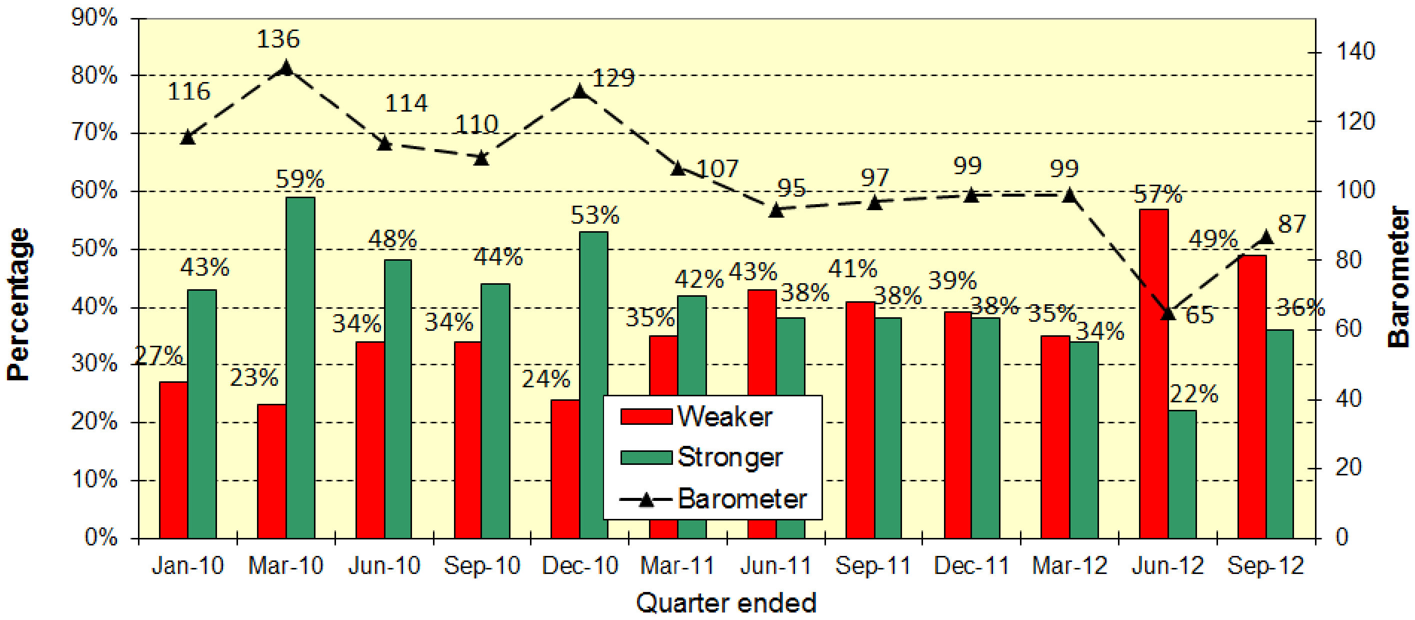


Tourism Business Activity and Outlook Rebound

Results for the September quarter show **a rebound for the September quarter** although results are still subdued. The outlook was more positive with comments from some respondents suggesting that the worst of the economic slowdown may be behind us (although the September quarter is generally associated with a rise in confidence). Operators also felt that **domestic travellers are staying closer to home** which is consistent with the growth in the intrastate market as shown by the NVS figures although the **trend in outbound travel shows no sign of slowing**.

The survey respondents were asked to state whether their business had experienced **stronger or weaker activity** in the September quarter of 2012 when compared to the same period in 2011.

Business Activity in the Last 3 Months



In the September quarter of 2012 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 36% - up from 22% at the June quarter survey. The proportion experiencing weaker conditions was 49% - down from 57% in the June quarter. The activity index was up by 34% from 65 to 87 points.

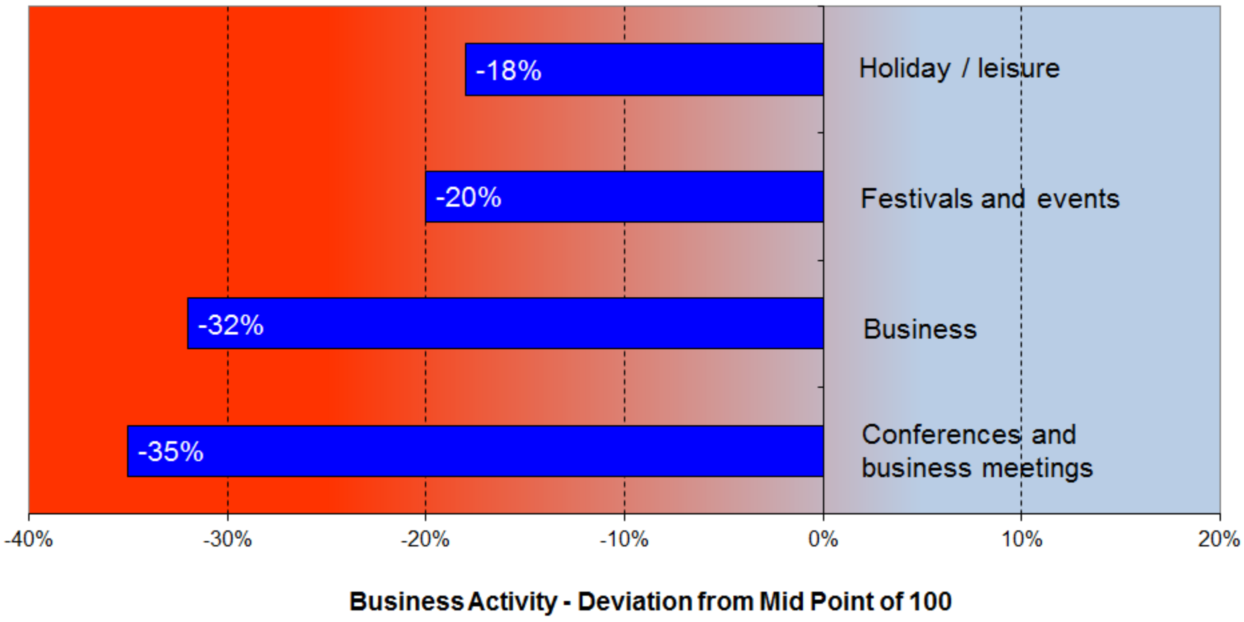
Factors underpinning performance included:

- More locals taking short holidays.
- Economy starting to improve.
- Using social media to market business / improved digital marketing.
- Promotion of Kangaroo Island by SATC and SATC intrastate campaign.
- Packaging / discounting.

Where less positive:

- Economic outlook / cancellation of expansion at Olympic Dam.
- Carbon tax.
- Outback visitors down / Lake Eyre no longer attracting visitors.
- Corporate and group travel sectors down.
- Inbound down overall but Chinese demand up.

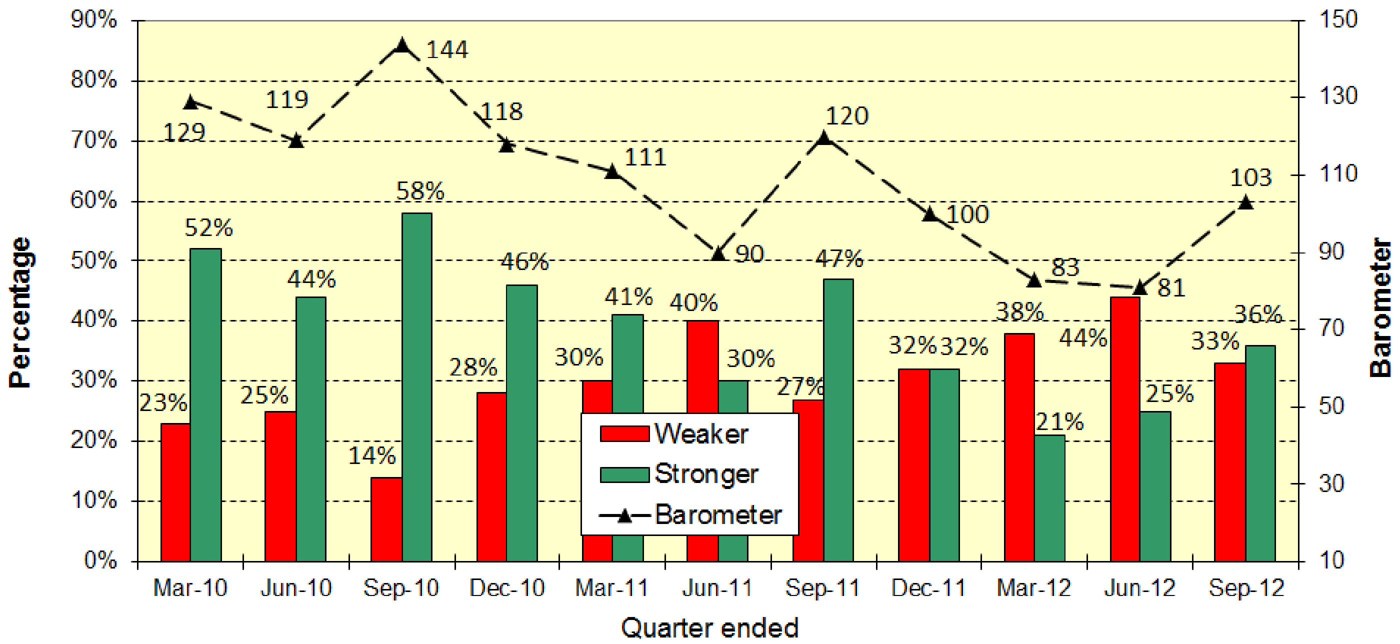
Business Activity by Sector – Deviation from Mid Point of 100



The business activity level continued below 100 for each of the market sectors.

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 2011.

Business Outlook for the Next 3 Months



In the September 2012 quarter the barometer measuring expectations for the next 3 months increased by 27% (from 81 to 103 points). The proportion expecting stronger performance was 36% while the proportion expecting weaker performance was 33%.

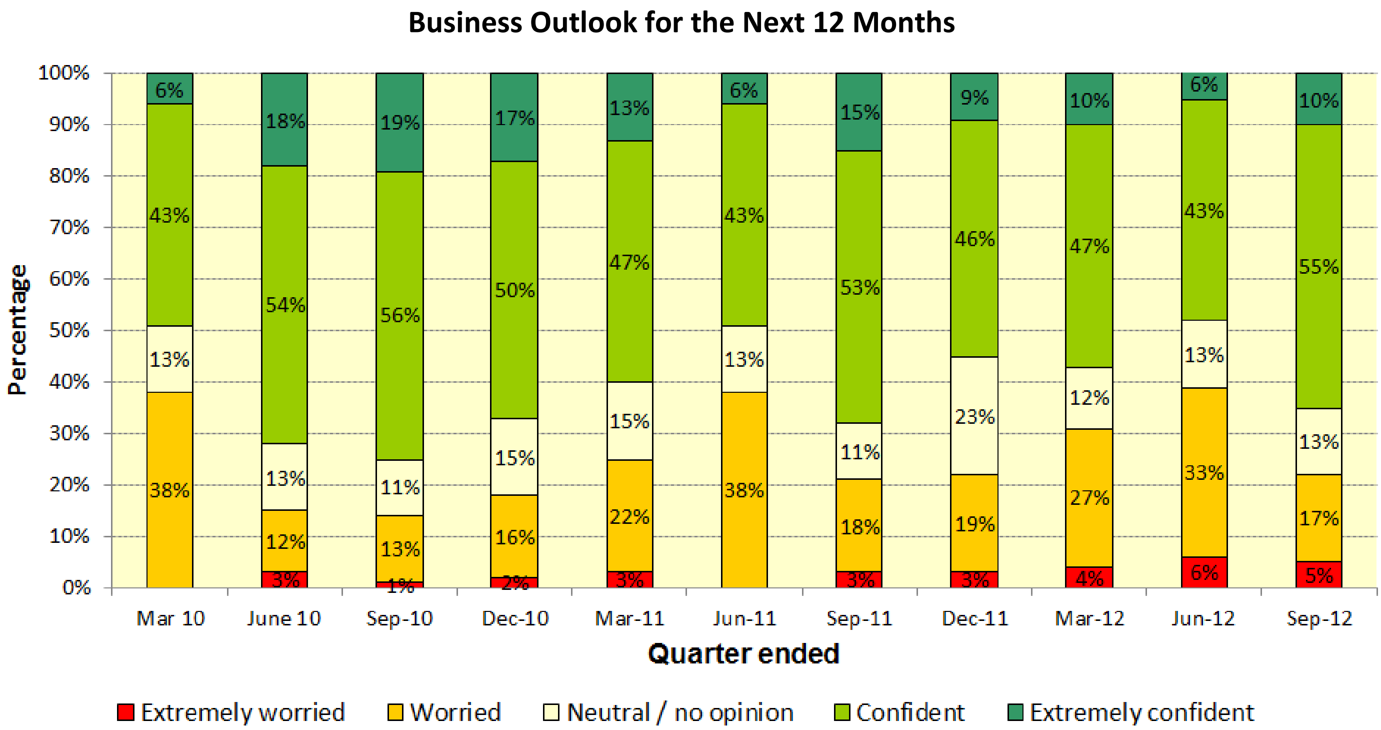
Factors influencing the outlook for the short term included the following:

- SATC marketing for Eyre Peninsula / Kangaroo Island.
- Forward bookings for functions / corporate sector improvement on last year.
- Private charters.
- Improved air access.

Less positively:

- Cost of living.
- Lack of major events.
- Fewer forward bookings from internationals.
- Cancellations of group bookings.
- Leisure travel is weaker.

The outlook for the next 12 months was as follows:



In the September 2012 quarter survey, 10% of the respondents were ‘extremely confident’ about the next 12 months and 55% were ‘confident’ which was an improvement on the June quarter result at which 49% were either ‘confident’ or ‘very confident’. The proportion who were ‘worried’ or ‘extremely worried’ was 22% again an improvement on the previous quarter (39% ‘worried’ / ‘extremely worried’).

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

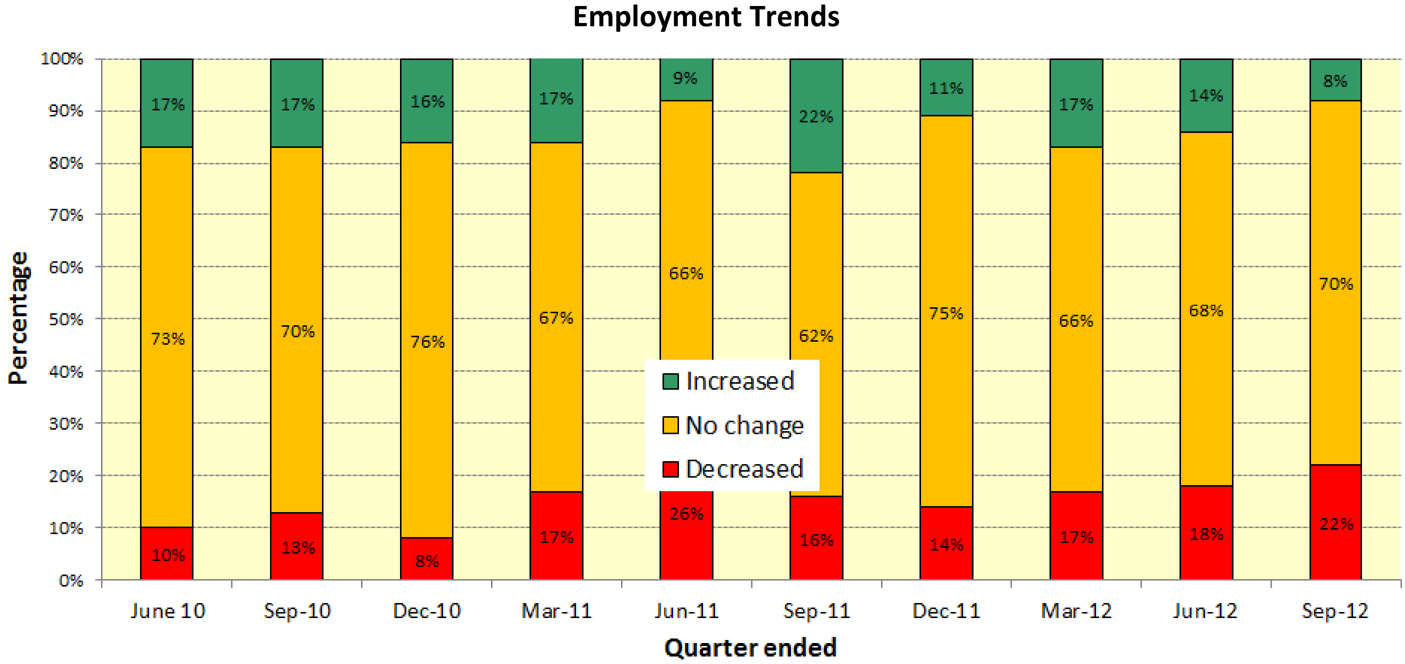
- Consumers taking shorter holidays closer to home.
- New attractions.
- Expanding product range.
- Economy slowly improving.
- Marketing of KI and the regions by the SATC.
- Major events.
- Increased Asian demand.

Less positively:

- Economic outlook still a concern.
- Cost of living.
- Discounting & pressures on yields.
- Need for political stability.

Employment

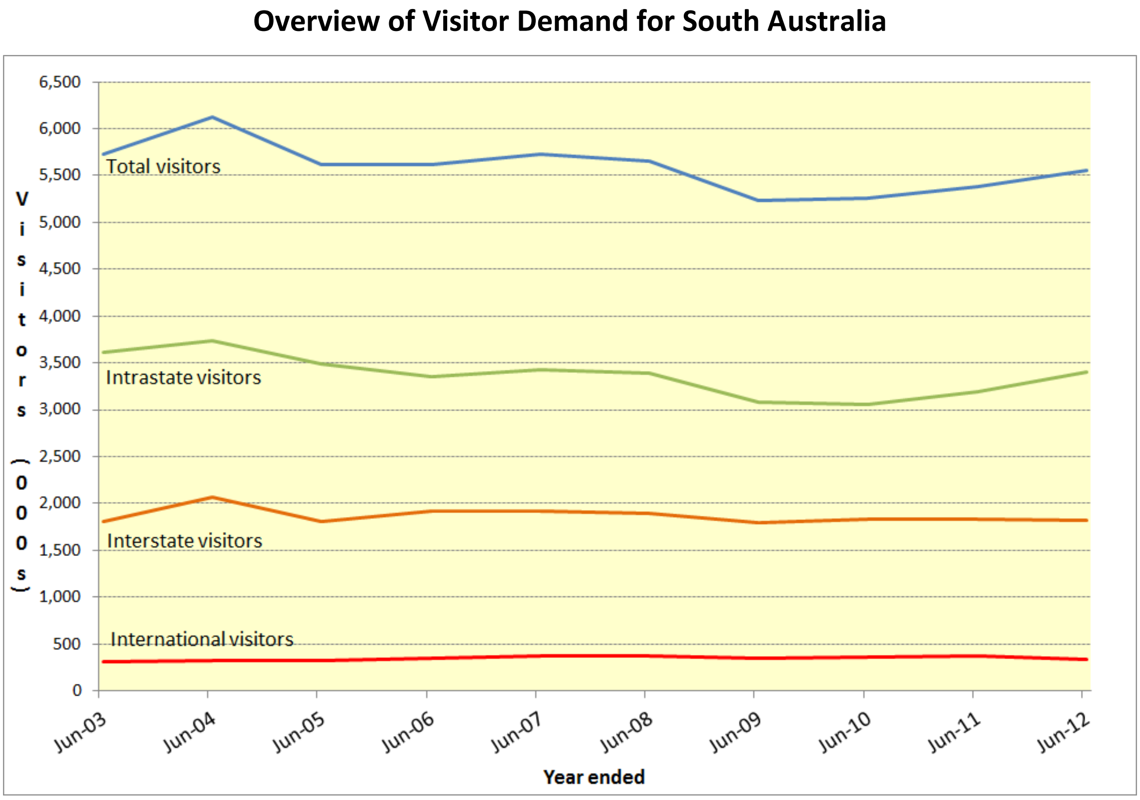
Respondents were asked whether the number of people employed in their business had increased, decreased or remained the same when compared to the same period last year.



In the September quarter 2012 the proportion employing more people was 8% while 22% were employing fewer people. Further information regarding employment trends from the ABS Labour Force survey is attached on page 8.

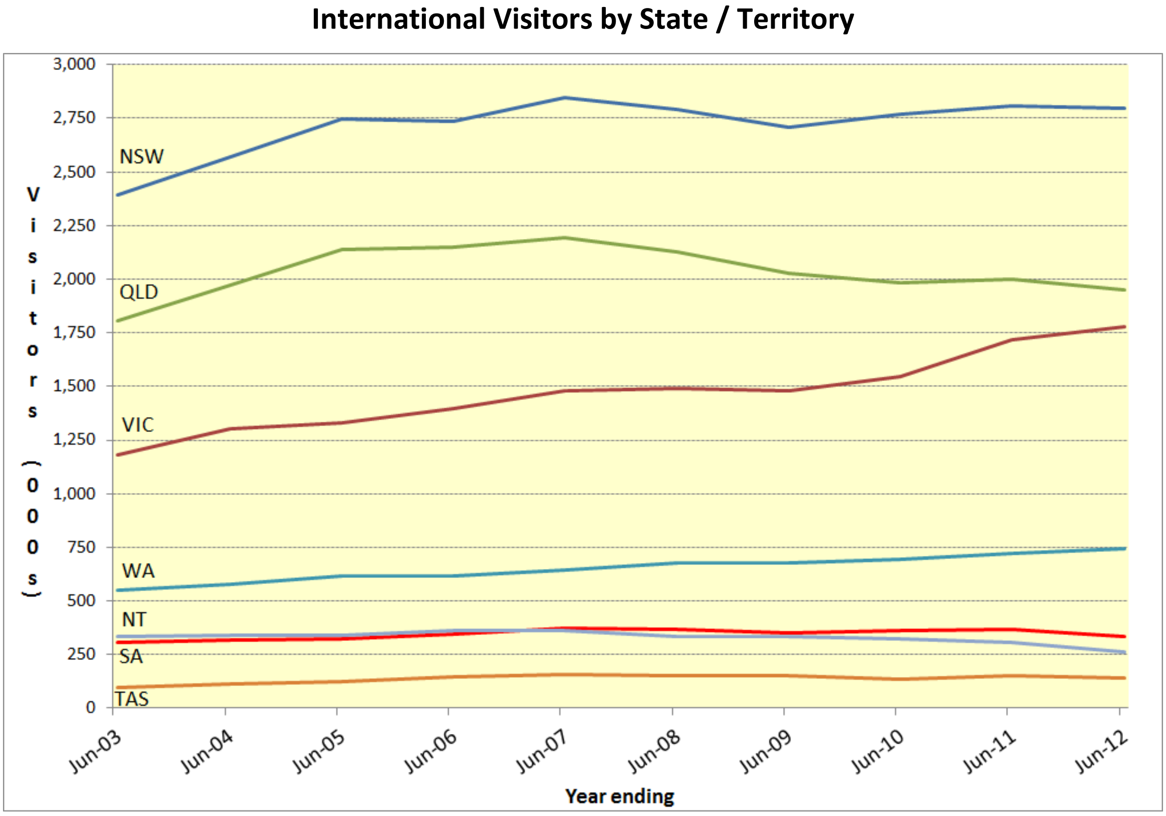
Annual Performance to June 2012

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**.



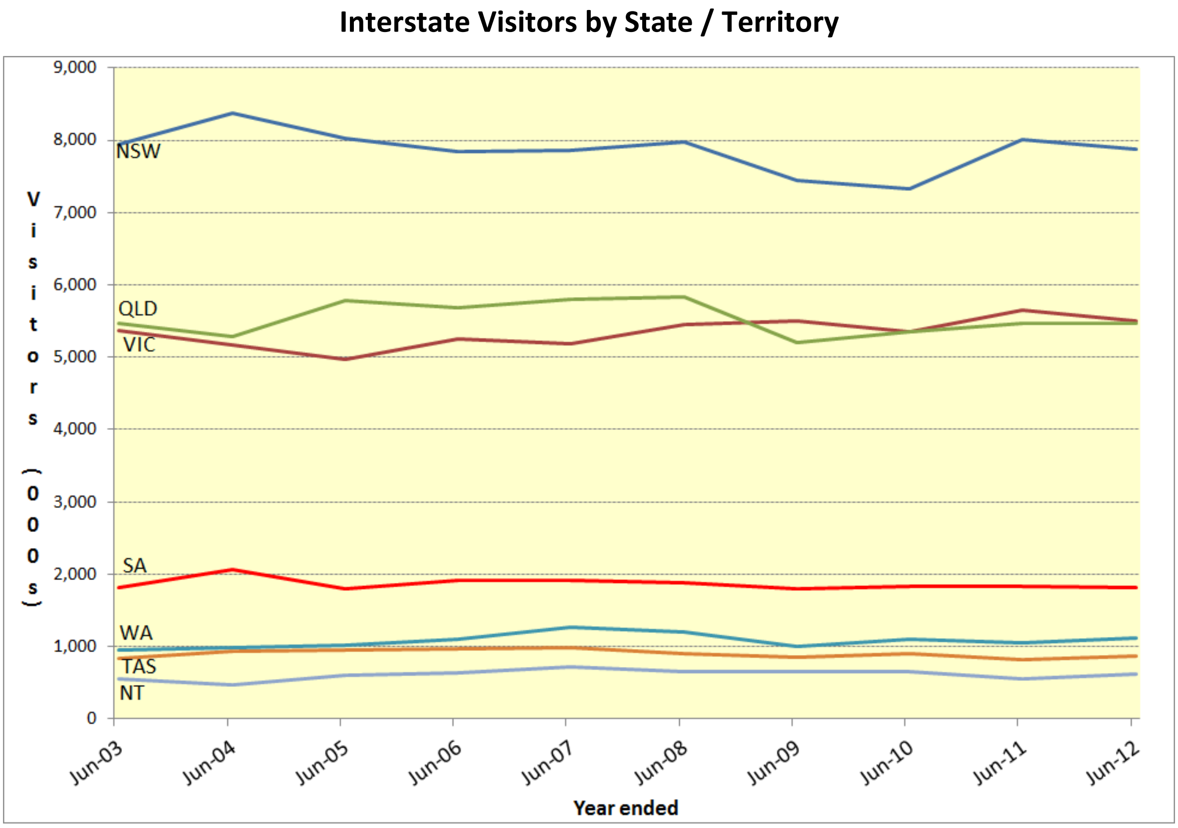
The results of these surveys show that the **number of overnight visitors to and within South Australia increased by 3%** in the year to June 2012 compared with the previous year. Visitor demand within Australia as a whole increased by 6% during this period.

Intrastate demand increased by 7%, interstate was steady while the number of overseas visitors contracted by 10%.



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

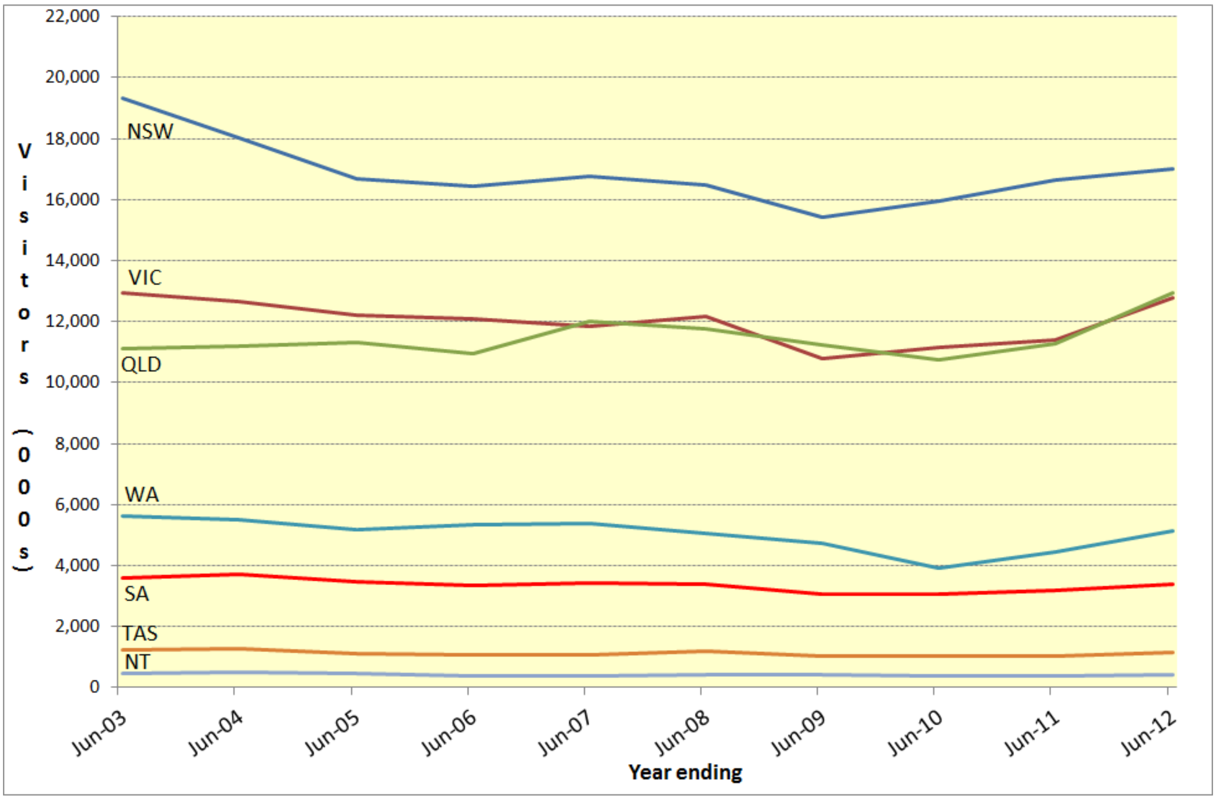
In the year ended June 2012 **international visitors to South Australia contracted by 10%** compared with an increase of 1% nationally.



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

In the year ended June 2012 **interstate visitors to South Australia were steady** compared with no change nationally.

Intrastate Visitors by State / Territory

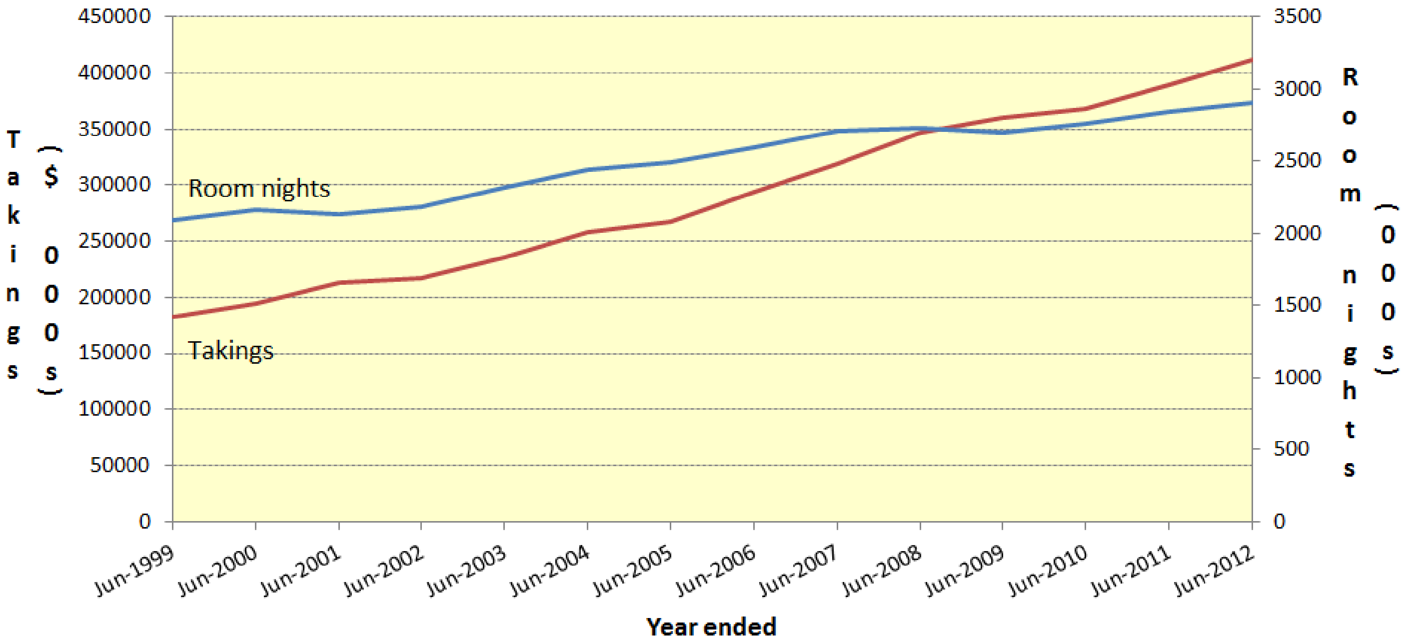


Tourism Research Australia. http://www.ret.gov.au/tourism. Travel by Australians. National Visitor Survey

In the year ended June 2012 intrastate visitors in South Australia increased by 7% which was consistent with the national increase (9%). Over the last 2 years intrastate demand has increased by 14% nationally compared to a 2% increase in interstate travel.

Information regarding the performance of the accommodation sector in South Australia is published by the Australian Bureau of Statistics.

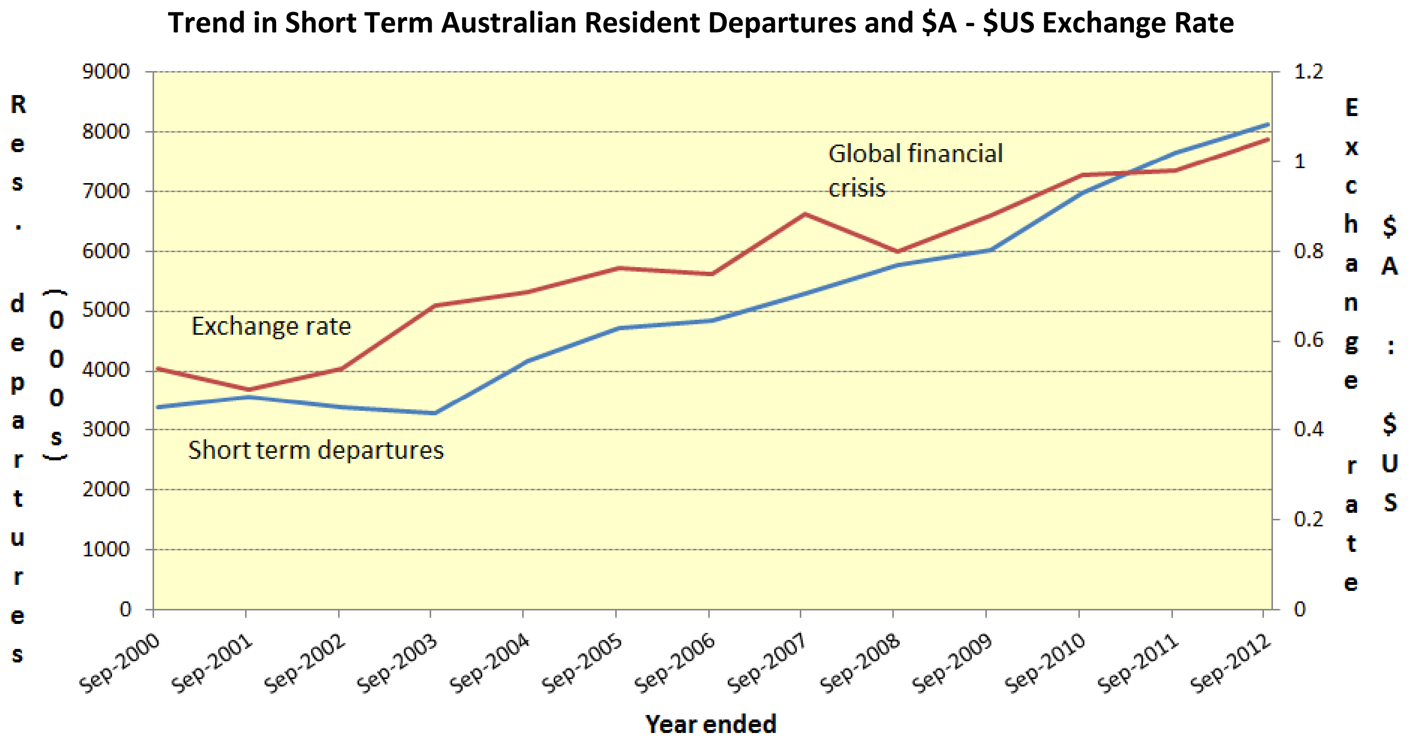
Trend in Room Nights Sold & Takings from Accommodation In SA - Hotels, Motels & Serviced Apartments with 15+ Rooms



Source: Australian Bureau of Statistics. Cat. 8635.0. Tourist Accommodation, Australia.

Room nights sold in hotels, motels and serviced accommodation in South Australia increased by 2.5% in the year to June 2012 to 2.91 million while takings from accommodation increased by 5.8% to $411 million.

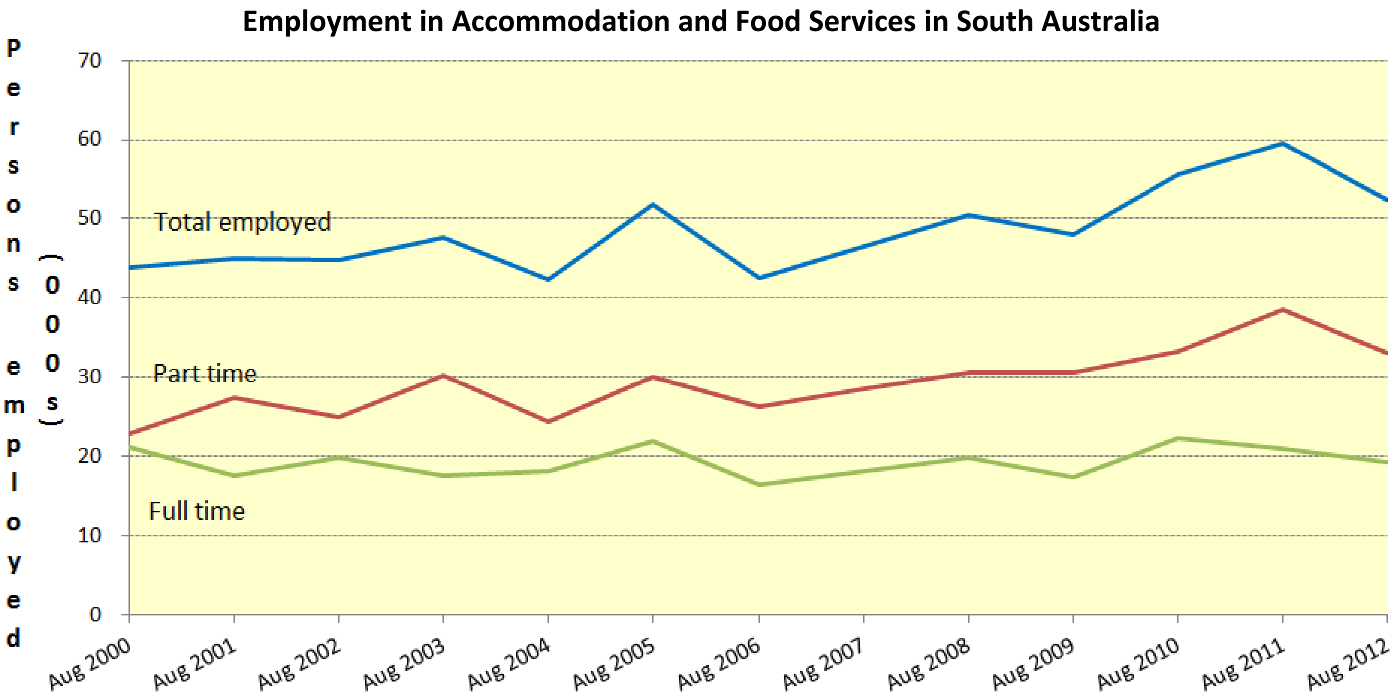
Information regarding short term overseas departures by Australian residents is published by the Australian Bureau of Statistics.



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 latest figures for the year to June 2012 show short term departures by Australian residents grew by 9.6% when compared to the previous year to a total of 8.1 million for the 12 month period. Annual average growth since September 2003 is 10.6% pa.

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 2012 show **a decline of 12% in the number of persons employed** overall in the accommodation and food sector from August 2011. Part time employment was down 14% while full time employment was down by 9%.

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 83 members responded to the September 2012 quarter survey.

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