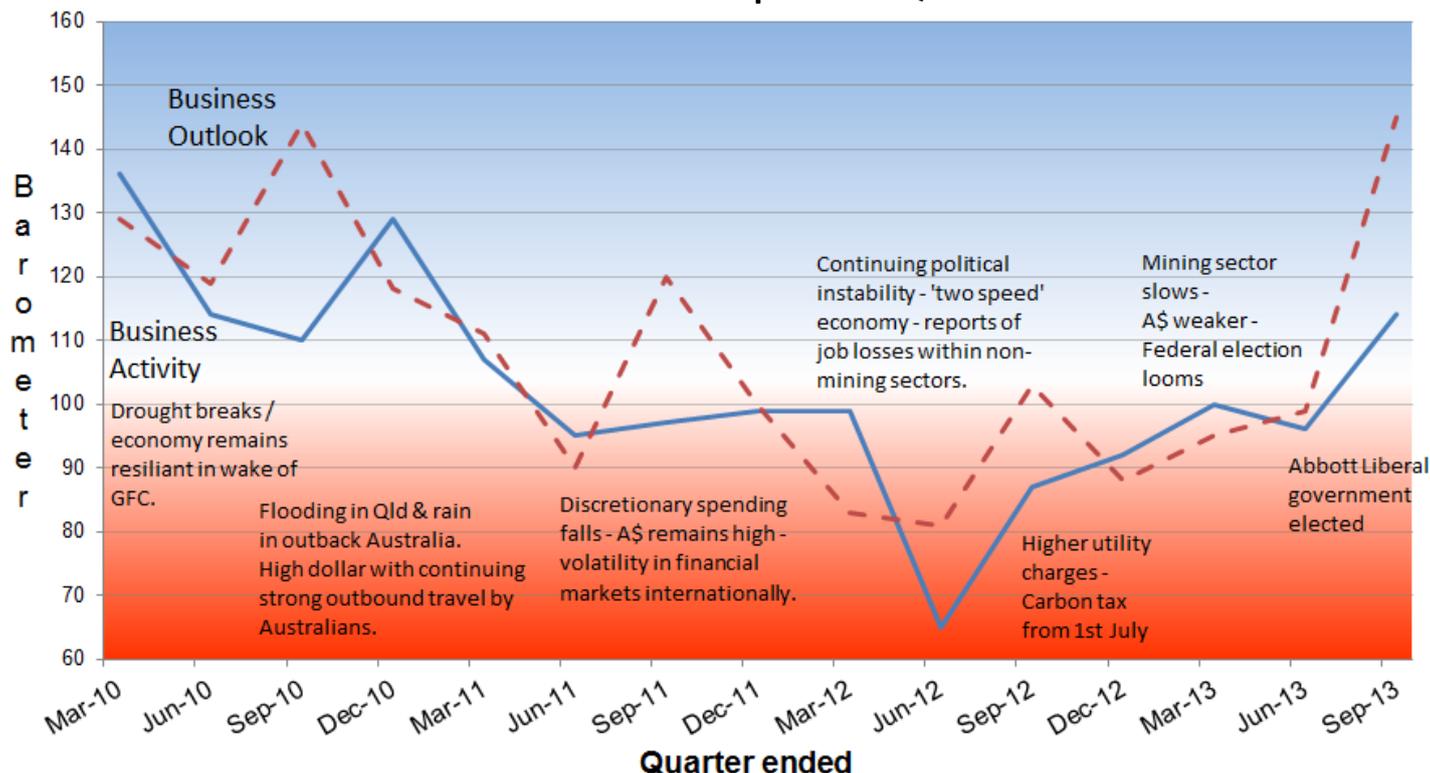


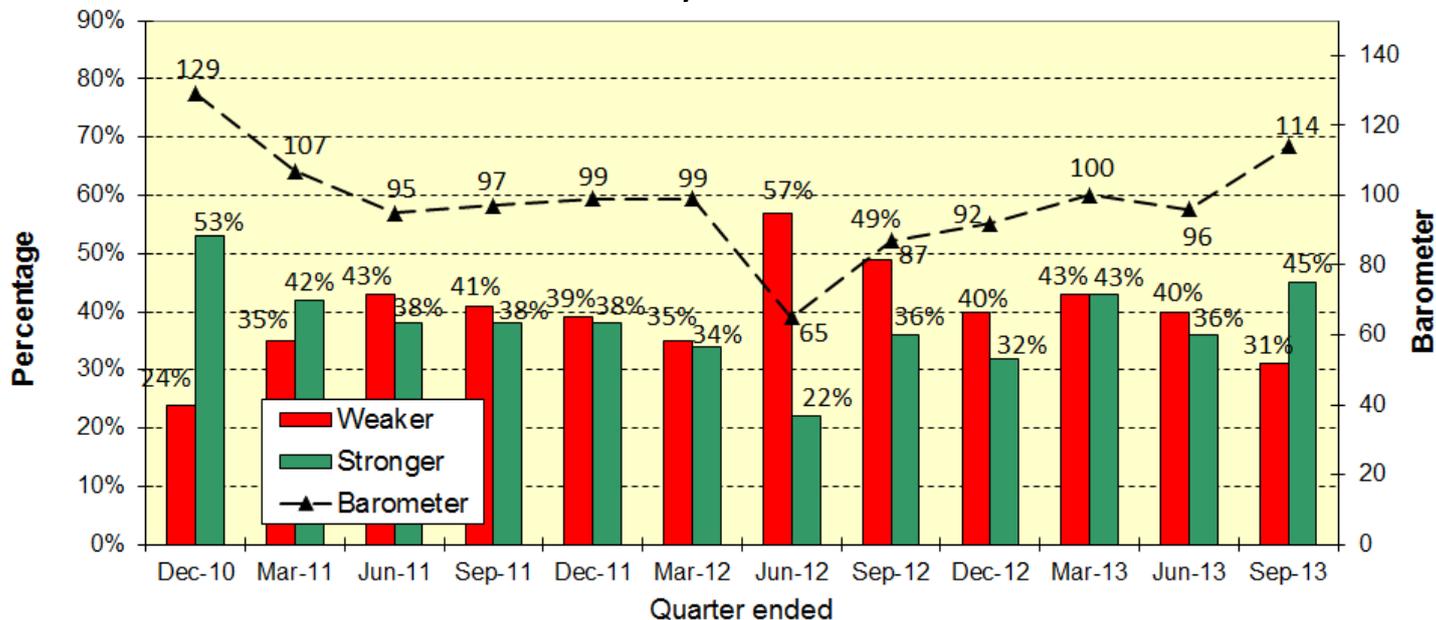
South Australian Tourism Industry Council SA Tourism Barometer – September Quarter 2013



New Optimism for Tourism Business

In the September quarter SATIC Barometer survey, the business activity index for the quarter increased by 19% to 114 points which continues the **general trend of improving performance** since the June 2012 quarter. The most striking result however is the **46% increase in the business outlook** index which is attributed to the expectation of a **more stable political climate** in addition to other positive factors.

Business Activity in the Last 3 Months



In the September quarter of 2013 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 45% - up from 36% at the June quarter survey. The proportion experiencing weaker conditions was 31% - down from 40% in the June quarter. The activity index was up by 18 points – an increase of 19%.

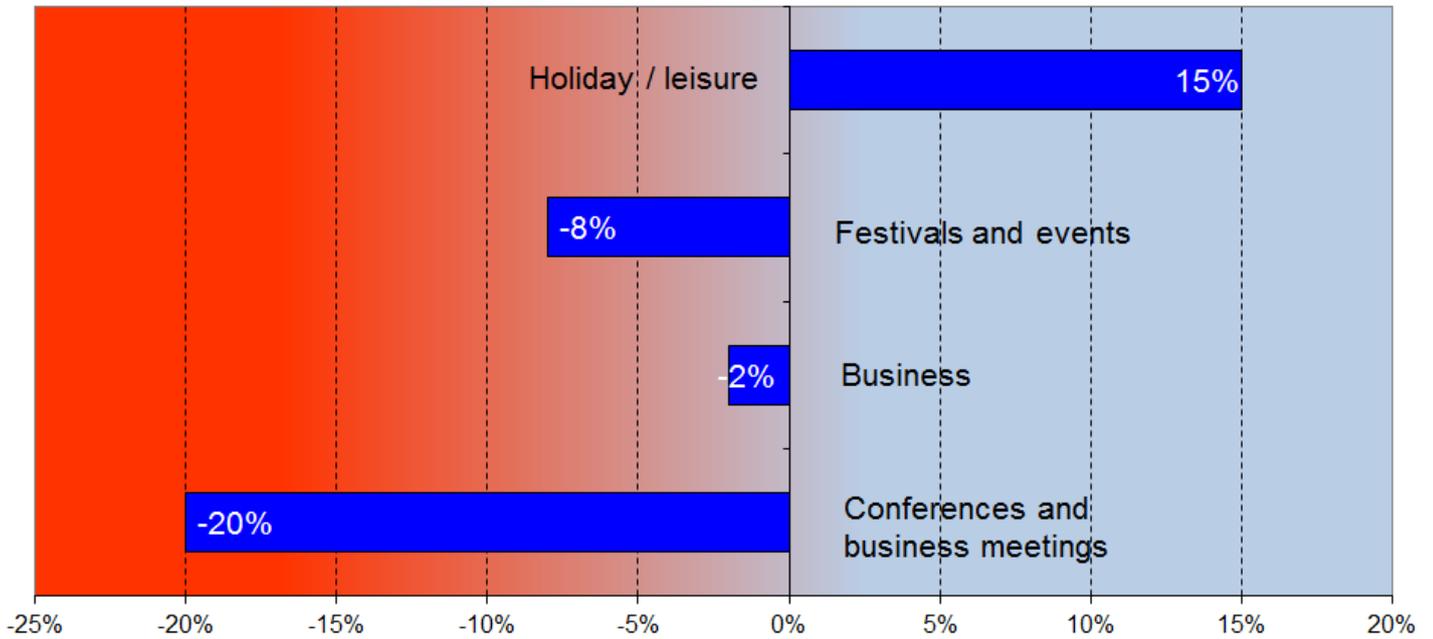
Factors underpinning performance were:

- Improving economy / lower dollar
- Digital strategy / improved online presence
- Online guest comments / Comments on Trip Advisor
- Marketing campaign for the Barossa – Be Consumed

Less positively:

- Wet winter
- Fewer events at this time of year
- Federal election – people unsure what will happen.
- Increase in accommodation supply
- MICE / business travel weaker

Business Activity by Sector

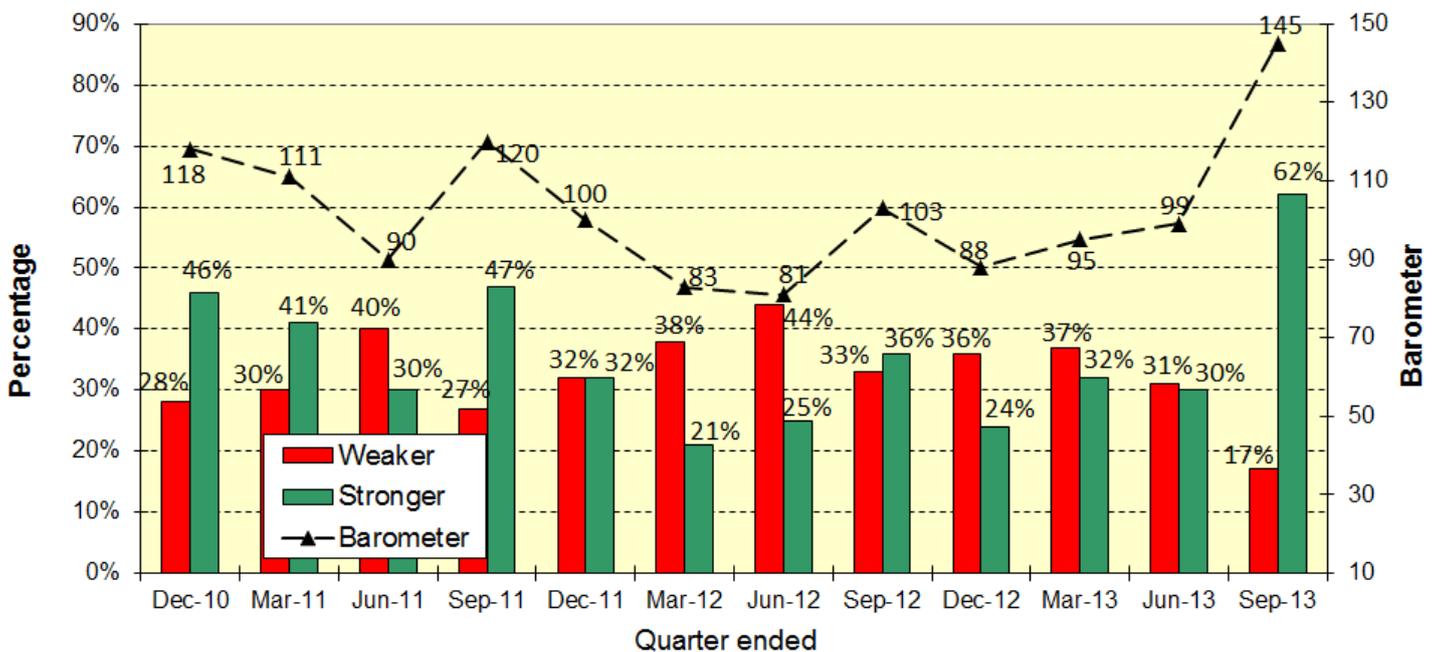


Business Activity - Deviation from Mid Point of 100

Analysis of business activity index by sector indicated that the **holiday / leisure sector had improved** with the index increasing by 15 points from 100 to 115. The **festivals and events and MICE sectors were around the same levels** as they were at the June quarter survey while the **business sector index has improved to some degree** – up from 85 to 98 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 2012.

Business Outlook for the Next 3 Months



In the September quarter the **short term business outlook index increased substantially** – up by 46% to 145 points. The proportion expecting improved performance grew from 30% to 62% while the proportion expecting conditions to weaken had fallen from 31% to 17%.

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

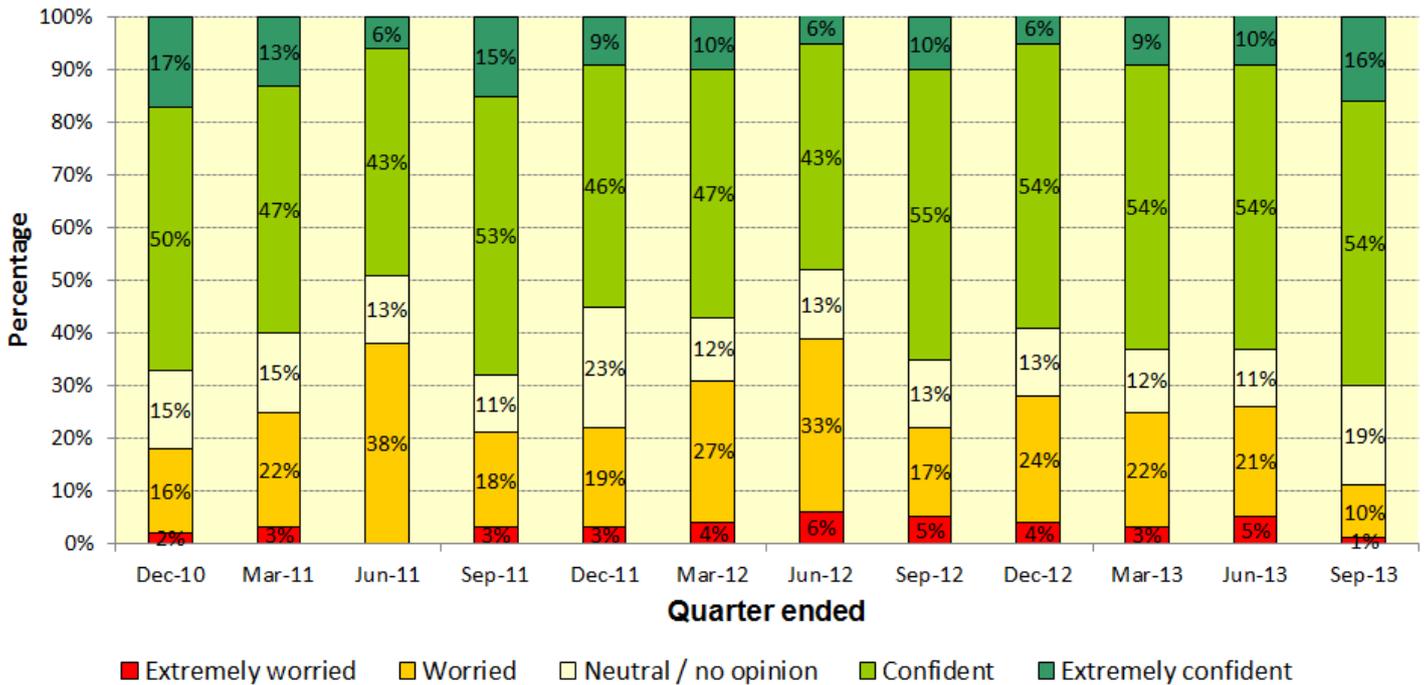
- More stable political environment
- Increase in enquiries / forward bookings
- Cruise ships
- Increased digital presence
- Regional marketing and events.

Less positively:

- Yield is poor – tourists not spending
- Inputs too high – electricity, water
- Forward bookings are weak
- Wine tourists spending less at cellar door.

The outlook for the next 12 months was as follows:

Business Outlook for the Next 12 Months



In the September quarter 2013 survey, 16% of the respondents were ‘extremely confident’ regarding the prospects for the next 12 months (up from 10%) and 54% were confident. The results show **improved confidence for the next 12 months**.

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

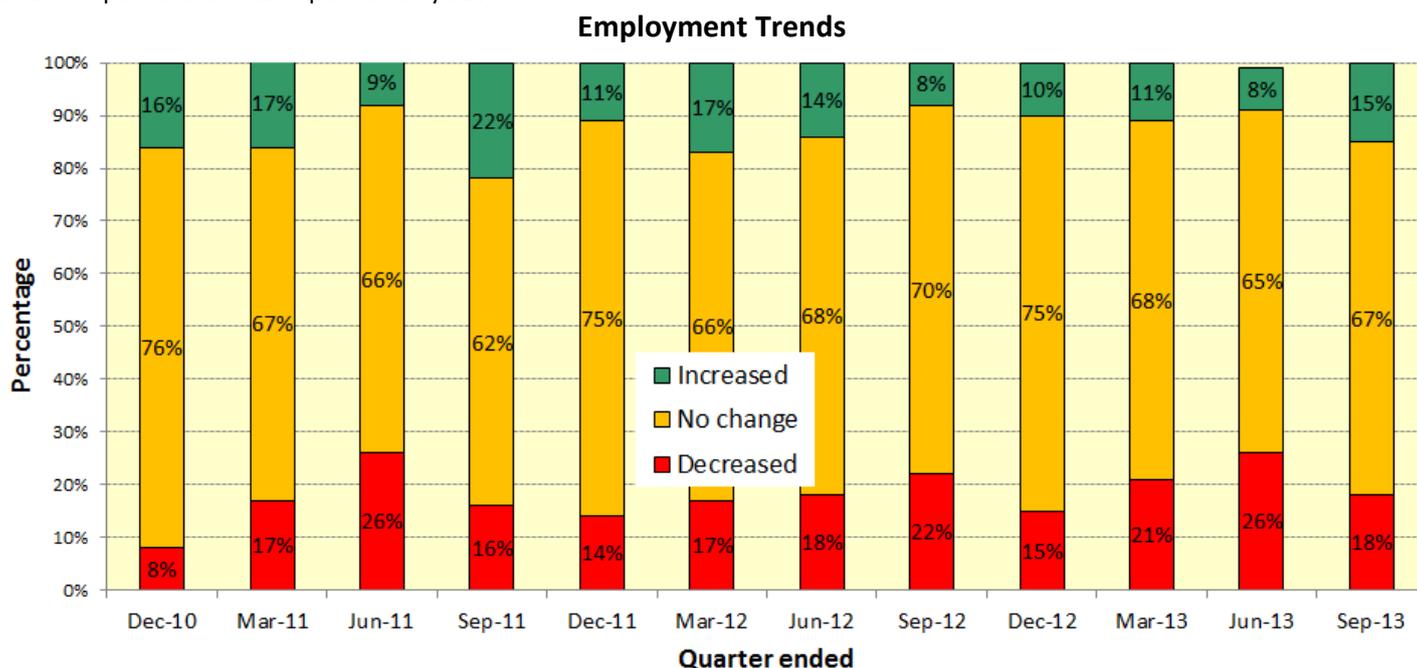
- Change of government / stability
- Decline of \$A
- Resurgence of US market
- Stronger economy and improving consumer confidence
- Marketing / momentum for the Barossa
- Food and wine advertising for SA generally.
- Air Asia X
- Adelaide Oval and other development in Adelaide
- Good harvest in SA.

Less positive:

- Depends on US economy and exchange rates
- Economy is still depressed
- Increase in accommodation supply.

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 2013 **the proportion employing more people increased** to 15% (up from 8%) while the **proportion employing fewer people fell** to 18%. Further information regarding employment trends from the ABS Labour Force survey is attached on page 8.

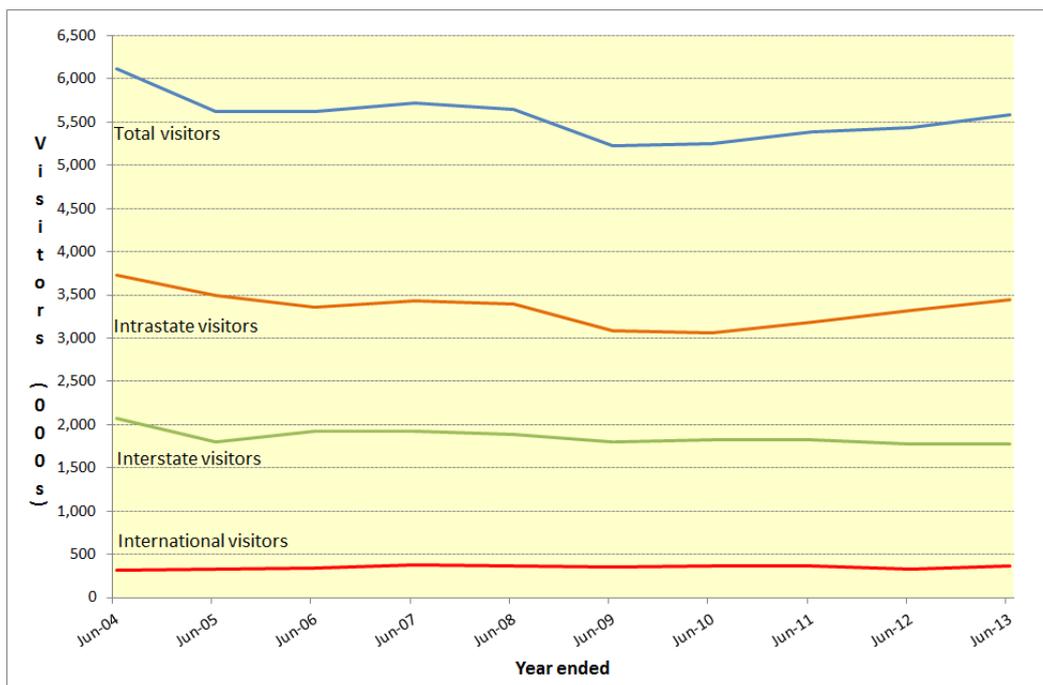
About The SATIC Tourism Barometer

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 89 members responded to the September 2013 quarter survey. *Report prepared by independent research consultants – Greenhill Research and Planning.*

Annual Performance to June 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.

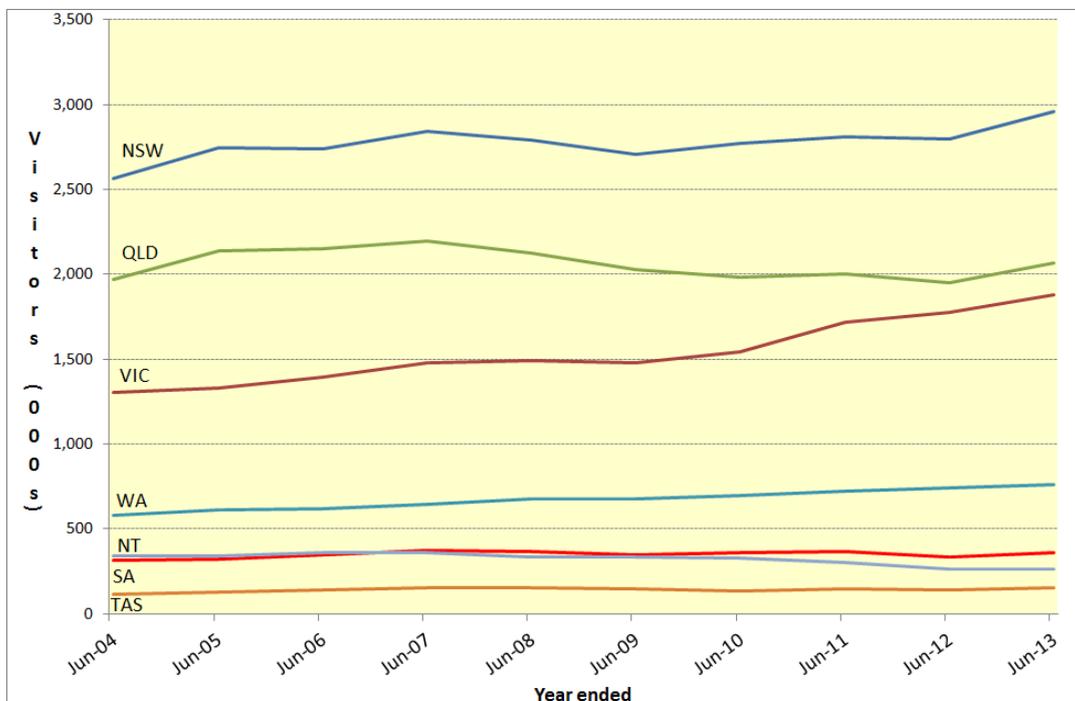
Overview of Overnight Visitor Demand for South Australia



The results of these surveys show that the number of **overnight visitors to and within South Australia increased by 3%** in the year to June 2013 compared with the previous year. **Visitor demand within Australia as a whole also increased by 3% during this period.**

The number of **international visitors grew by 9%** while **Intrastate demand in SA grew by 4%** and **interstate was flat.**

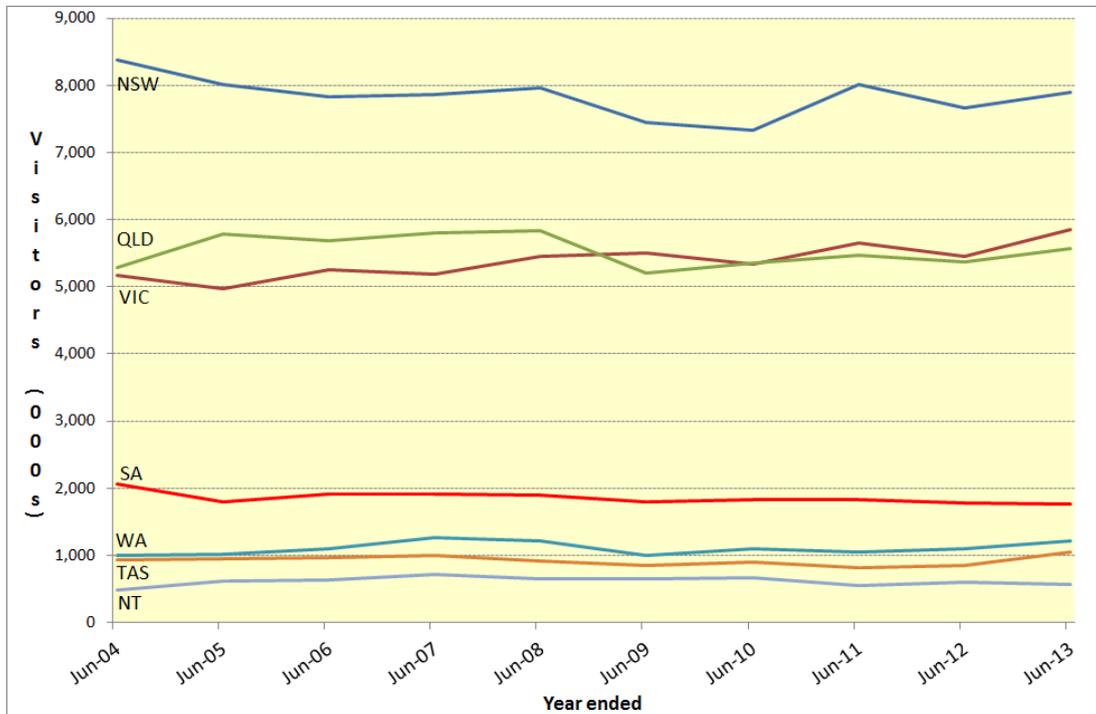
International Visitors by State / Territory



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

In the **year ended June 2013 international visitors to South Australia grew by 9%** compared with an increase of **5% nationally**. Since the **year ending June 2004 international visitors to SA have increased by 14%** compared with **24% nationally**. Victoria has enjoyed the largest increase, rising by **44%** followed by Tasmania - **38%** and Western Australia - **32%**.

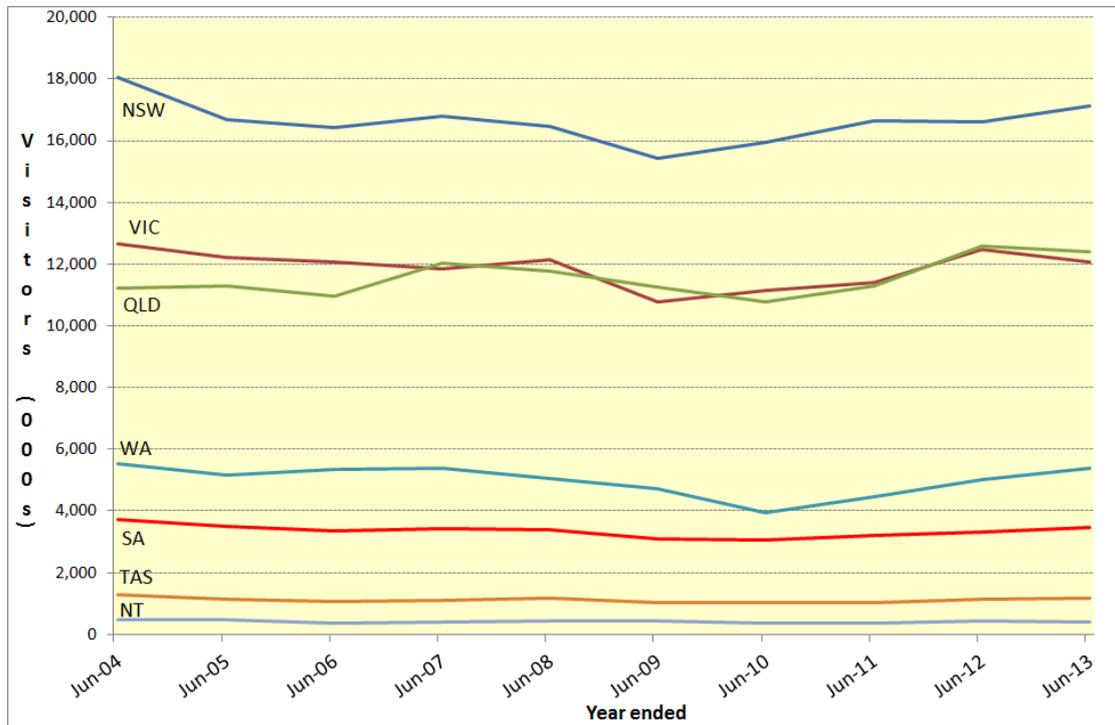
Interstate Visitors by State / Territory



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

In the year ended June 2013 the number of interstate visitors to South Australia remained steady when compared with the previous year. In the period since the year ending June 2004 interstate demand in SA has declined by 14% compared to a national increase of 5%. All other States and the Northern Territory have experienced growth over this extended period with the exception of NSW which is down by 6%.

Intrastate Visitors by State / Territory



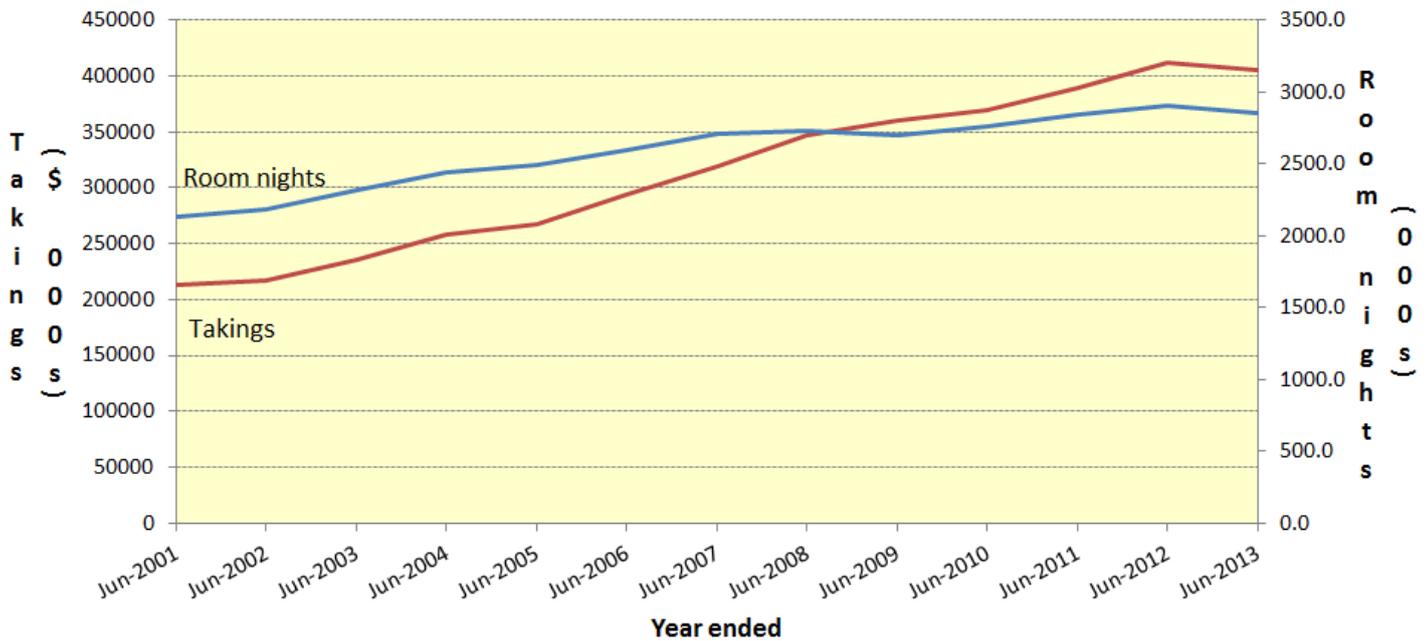
Tourism Research Australia. <http://www.ret.gov.au/tourism>. Travel by Australians. National Visitor Survey

In the year ended June 2013 intrastate visitors in South Australia grew by 4% compared with the previous year. Nationally the intrastate market grew by 1%. Since the year ending June 2004 intrastate demand in SA has declined by 8% compared with a fall of 1% nationally. All states and territories have experienced a contraction in intrastate travel over the longer term with the exception of Queensland which has grown by 11%.

Other Indicators

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

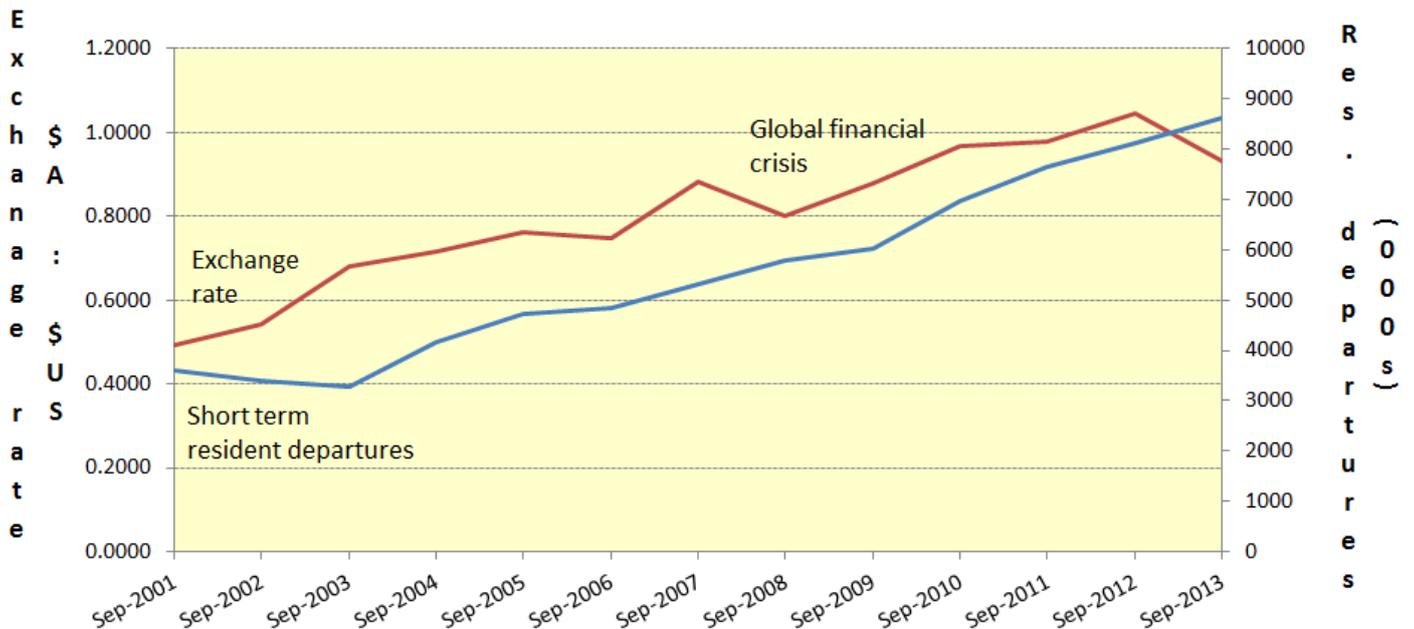


Source: Australian Bureau of Statistics. Cat. 8635.0. Tourist Accommodation, Australia.

Room nights sold in hotels, motels and serviced apartment accommodation in South Australia decreased by 1.8% in the year to June 2013 to 2,857,300 while takings were down by 1.5% to \$405.4 million. The average annual rate of growth since 2001 is 2.5% for room nights and 5.5% for takings.

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



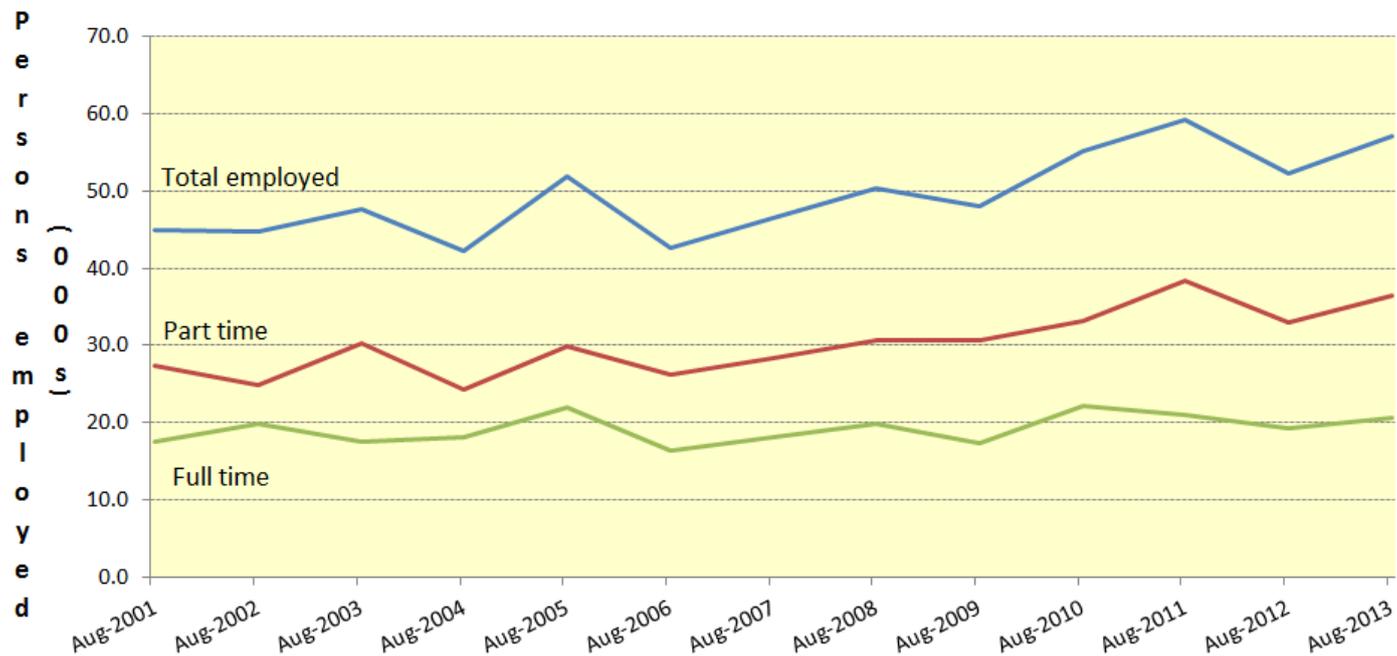
Source: Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.

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 exchange rate was above A\$1.00 for most of the year 2012-2013.

The latest figures for the year to September show **no change in the trend in short term departures by Australian residents with departures growing by 6.1% to 8.6 million** when compared to the previous year. Annual **average growth since September 2001 is 7.6% 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.

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 2013 show **an increase of 9% in the number of persons employed overall in the accommodation and food services sector** when compared with August 2012. Part time employment was up by 10% and full time employment was up by 8%.