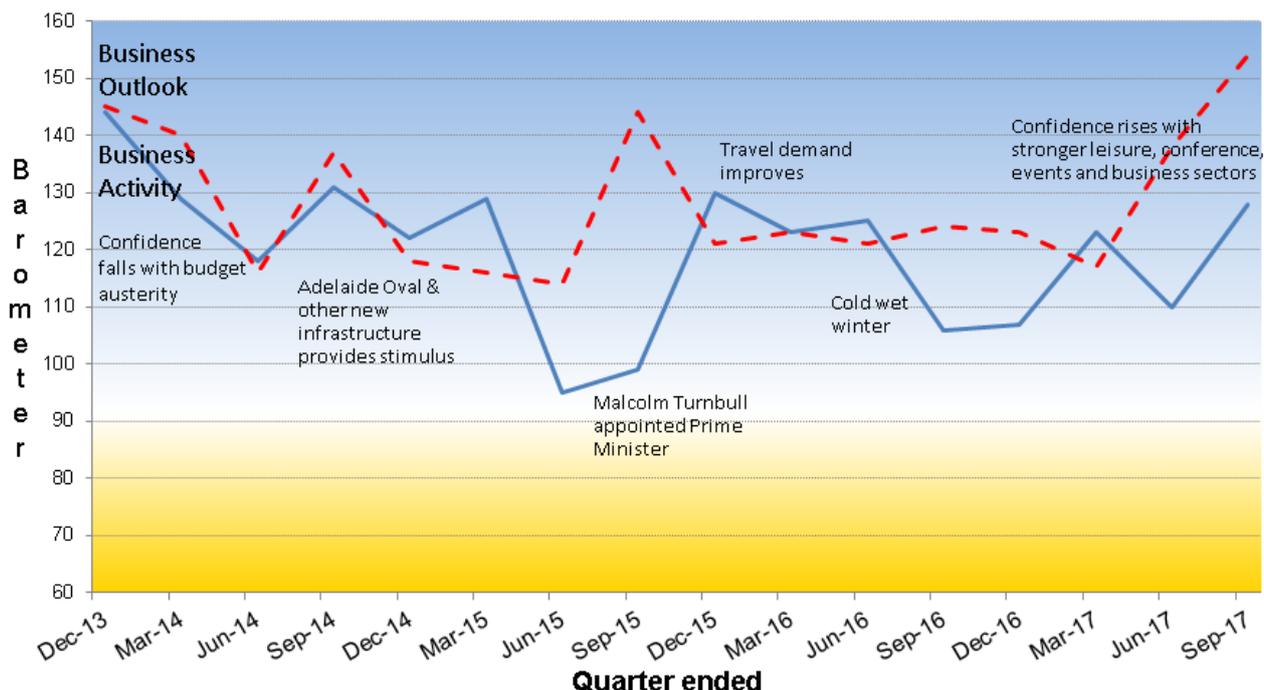


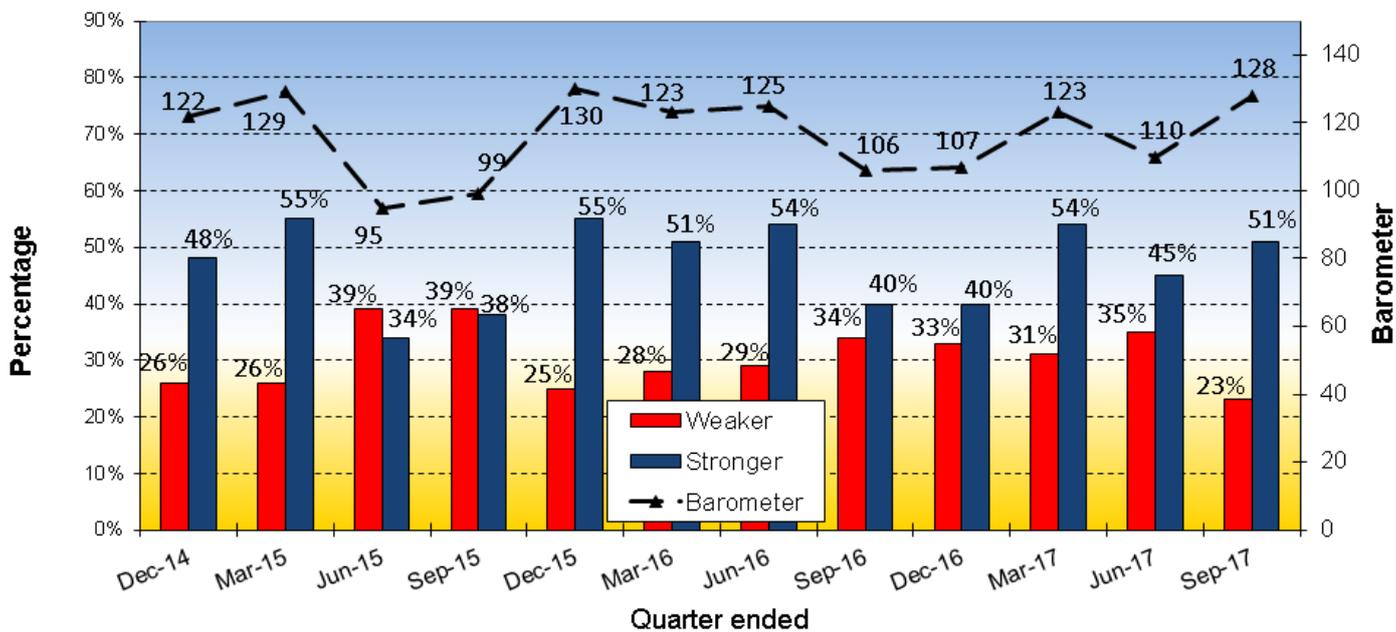
South Australian Tourism Industry Council SA Tourism Barometer – September Quarter 2017

Headline: Industry Sentiment at Record Levels



The SATIC business activity index for the September 2017 quarter was up by 16% reaching 128 points while the outlook for the next three months was very positive with the short term outlook index rising by 12% to reach a record level of 154 points. The optimism was not driven by any one particular factor, rather improvement in performance was broadly based with respondents reporting stronger business activity across all sectors.

Business Activity in the Last 3 Months



In the September quarter of 2017 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 51% - up from 45% at the June quarter survey. The proportion experiencing weaker conditions was 23% - down from 35% at the June quarter survey. As a result of these changes the performance index increased from 110 to 128 points – a rise of 16%.

Factors influencing performance were:

- Conferences ;
- Digital marketing / social media / improved trip-advisor ranking / reviews;
- Events;

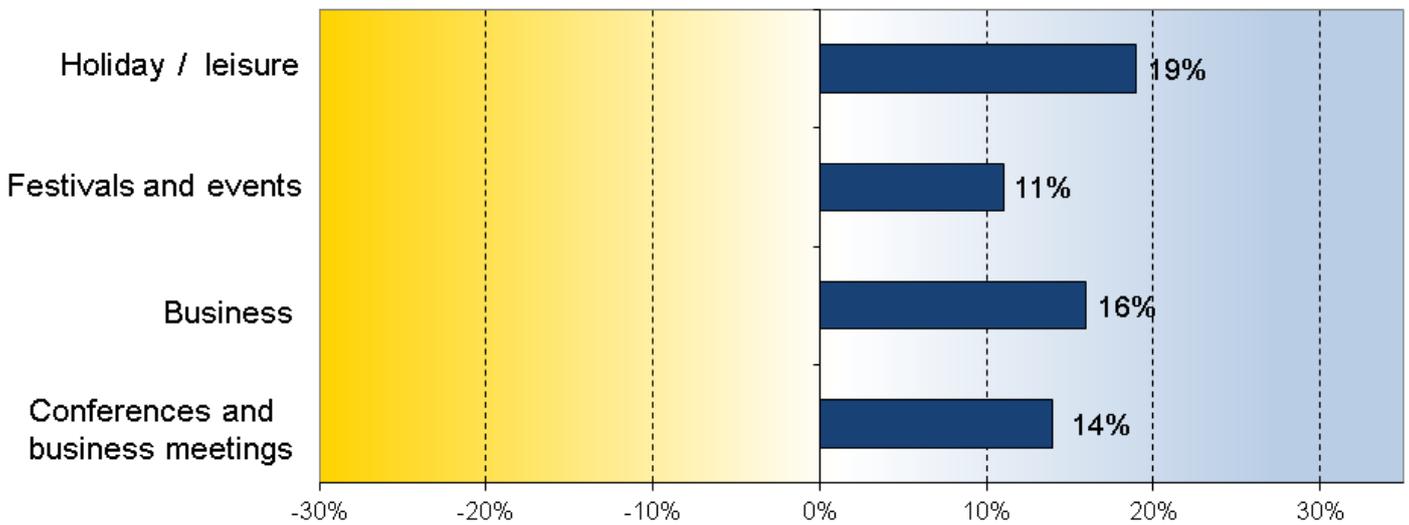
- Improved international / backpacker market;
- Improved group bookings / tours;
- Improved government support for tourism;
- Nature based activity / walking;
- Tourers / grey nomads;
- Weekend events e.g. weddings, golf.

Less favourable:

- Backpacker tax;
- Families are under more pressure financially;
- Fewer bus groups to Kangaroo Island;
- Increased accommodation supply in the region incl. AirBnB;
- Increased costs – power / concern over power prices contributing to negative sentiment;
- Trend to more direct bookings via internet impacting wholesale business.

The respondents were asked for which market sectors activity had increased or decreased.

Business Activity by Sector



Business Activity - Deviation from Mid Point of 100

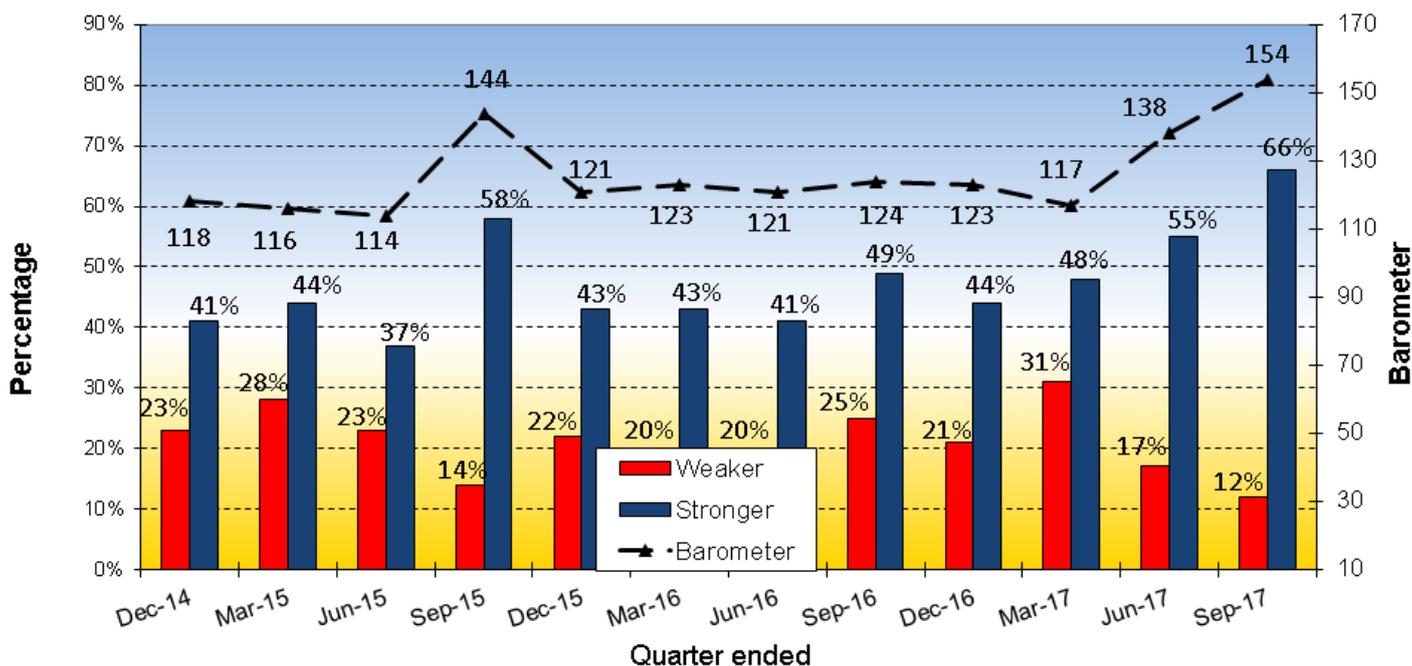
The sector indices were positive across all sectors.

When compared with the previous survey the holiday / leisure sector was down very slightly (-0.8%), while the other sectors were up - festivals and events by 13%, business by 10% and conferences / business meetings by 14%.

An index above 100 indicates growth with more businesses experiencing an increase from this market when compared to those experiencing contraction. An index below 100 indicates more businesses experienced weaker conditions.

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 2016.

Business Outlook for the Next 3 Months



In the September 2017 quarter there was a strong lift in the short term sentiment with the business outlook index rising to a record 154 points – up by 12% when compared with the June 2017 quarter. The proportion expecting improved performance was up from 55% to 66% while the proportion expecting weaker performance fell from 17% to 12%.

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

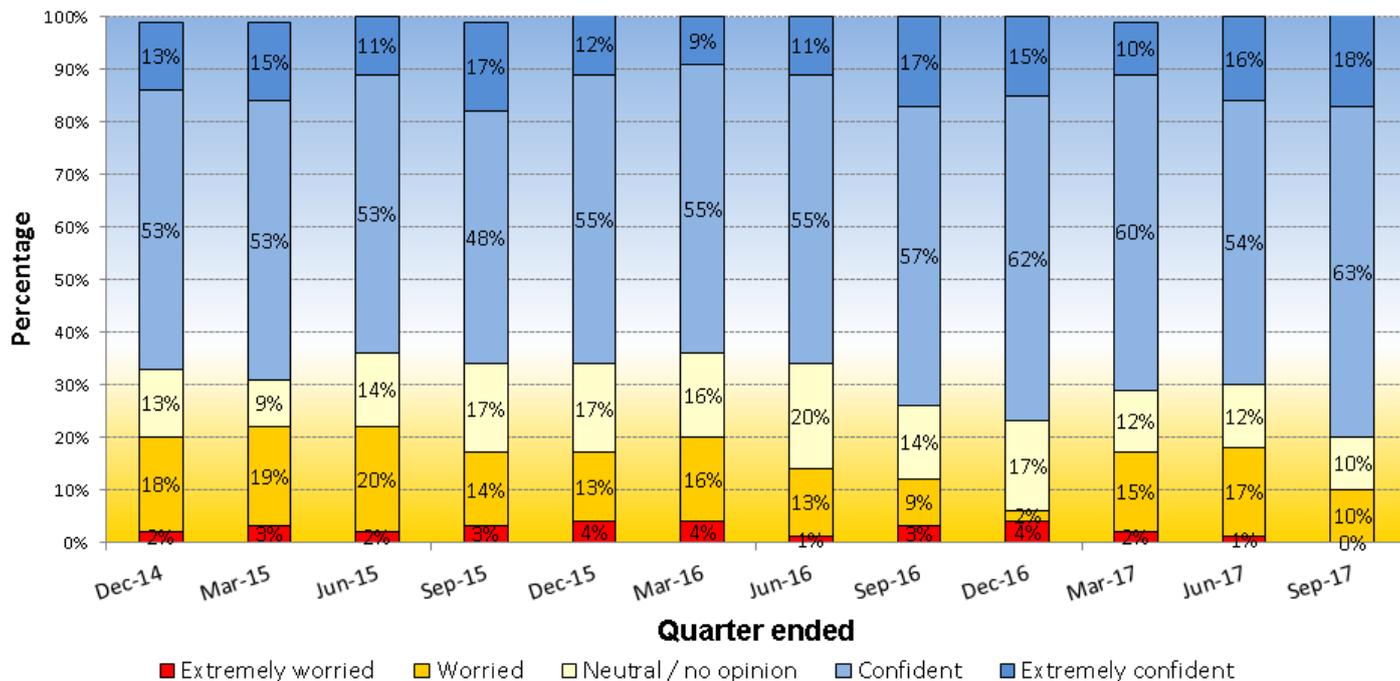
- Events in region, Ashes test; golf events; Xmas events,
- Expansion of the convention centre and more sales staff selling SA as a conference destination;
- Forward bookings / group bookings / enquiries;
- Further development of business offering / refurbishment;
- Improved access to Kangaroo Island;
- Improved business marketing via social media incl. customer reviews;
- Improved room yield;
- Inbound from Asia – India & China,
- Increasing awareness of our business;
- Murray River in good condition;
- Sale of Arrium and investment in mining sector.

Less positively:

- Closure of Holdens;
- Households under pressure / power prices;
- Increasing accommodation supply incl. AirBnB.

The outlook for the next 12 months was as follows:

Business Outlook for the Next 12 Months



In the September 2017 quarter survey, 18% of the respondents were ‘extremely confident’ regarding the prospects for the next 12 months and 63% were ‘confident’. The proportion ‘confident’ or ‘very confident’ (81%) was up from the previous survey – from 70%.

Factors underpinning business confidence in the longer term were:

- Backpackers;
- Convention centre upgrade and increased sales staff selling Adelaide as a conference centre. New UniSA building for medical conventions;
- Forward bookings are strong;
- Greater support by local government for tourism;
- Grey nomads;
- Improved booking systems;
- Improved marketing / social media;
- Increased corporate events;
- New product development / expanded the product offering;
- Promotion of nature based tourism / walking;
- Qantas flying to Kangaroo Island / airport development.

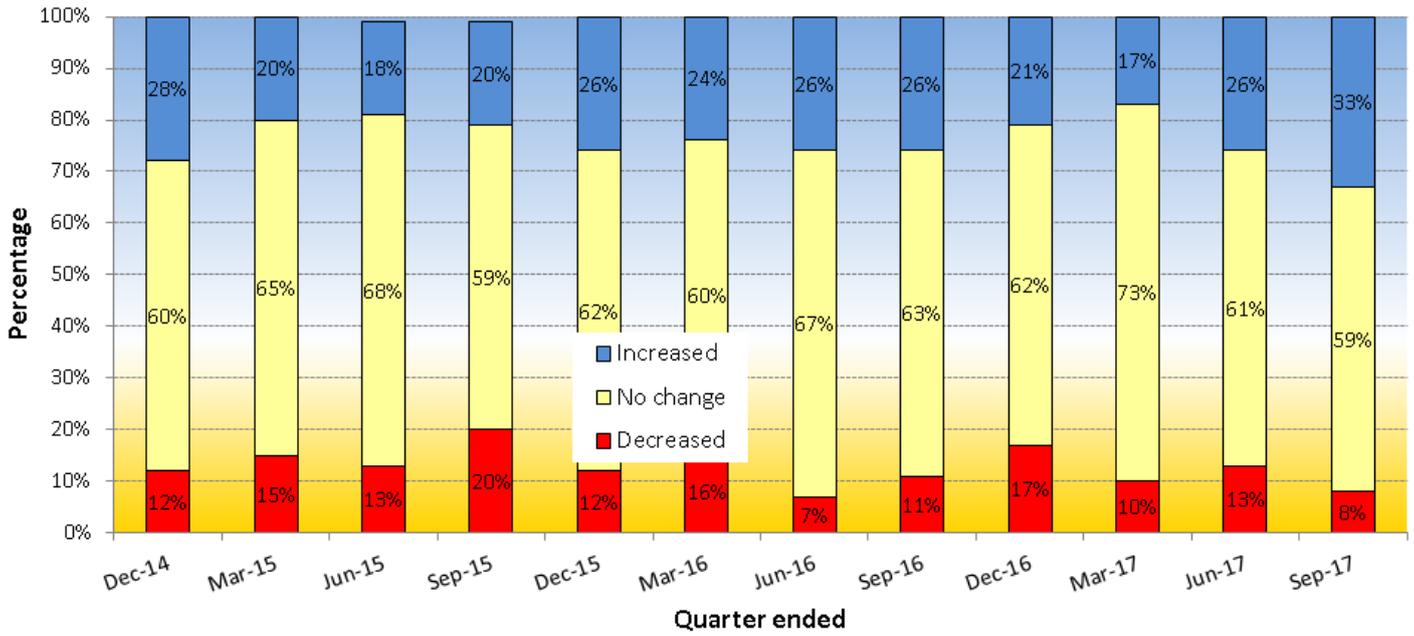
Less positive

- Air B&B is having a big impact on occupancy;
- Increased supply / competition incl. AirBnB;
- Weaker economy post Holdens closure.

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



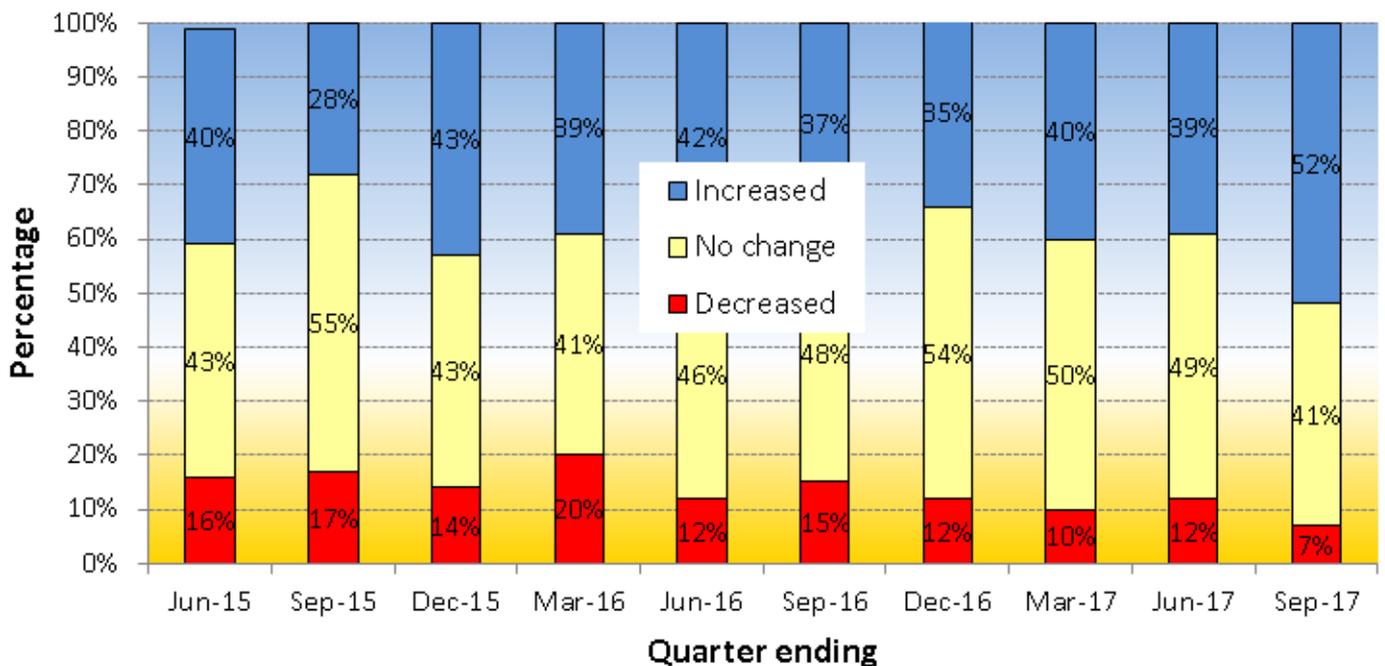
In the September 2017 quarter survey 33% of the respondents had employed additional staff in their business – up from 26% at the previous survey.

Further information regarding employment trends from the ABS Labour Force survey follows.

Wages

The respondents were asked whether their wages bill, when compared to the same quarter last year, had increased or decreased.

Wages Bill

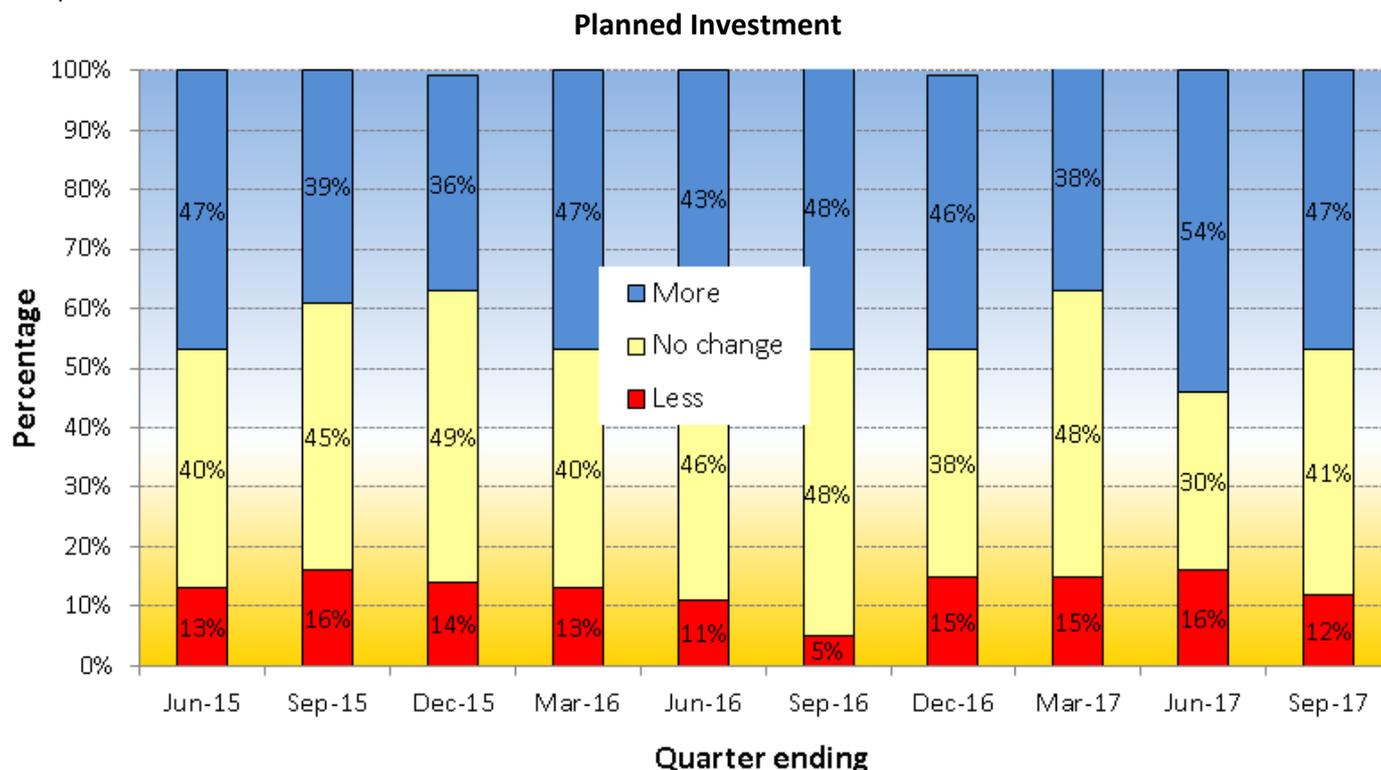


In the September 2017 quarter survey 52% of the respondents reported that their wages bill had increased – up from 39% at the previous survey.

Increase in wage costs were in most cases related to increase in demand and employing additional staff / hours while a decrease was due to employing fewer staff or requiring staff for fewer hours. In a number of instances higher award rates and also penalty rates were mentioned and also increases in servicing accommodation due to shorter stays.

Investment

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 2017 quarter survey 47% were planning more investment in their business – down slightly from 54% at the previous survey.

About The SATIC Tourism Barometer

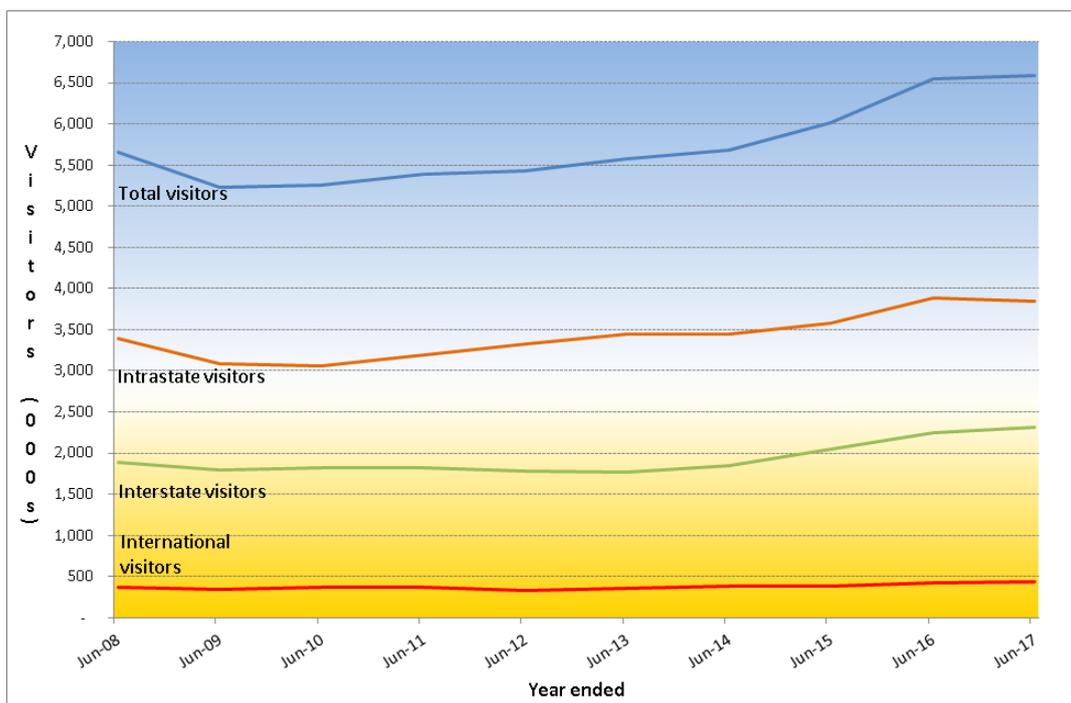
The SATIC Tourism Barometer is a quarterly survey of SATIC members designed to measure recent activity levels and the outlook for the future. The Barometer survey is conducted on-line and a total of 73 members responded to the September 2017 quarter survey. The survey was incentivized with respondents offered the chance to win a featured member profile in the SATIC newsletter The View.

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

Annual Performance to June 2017

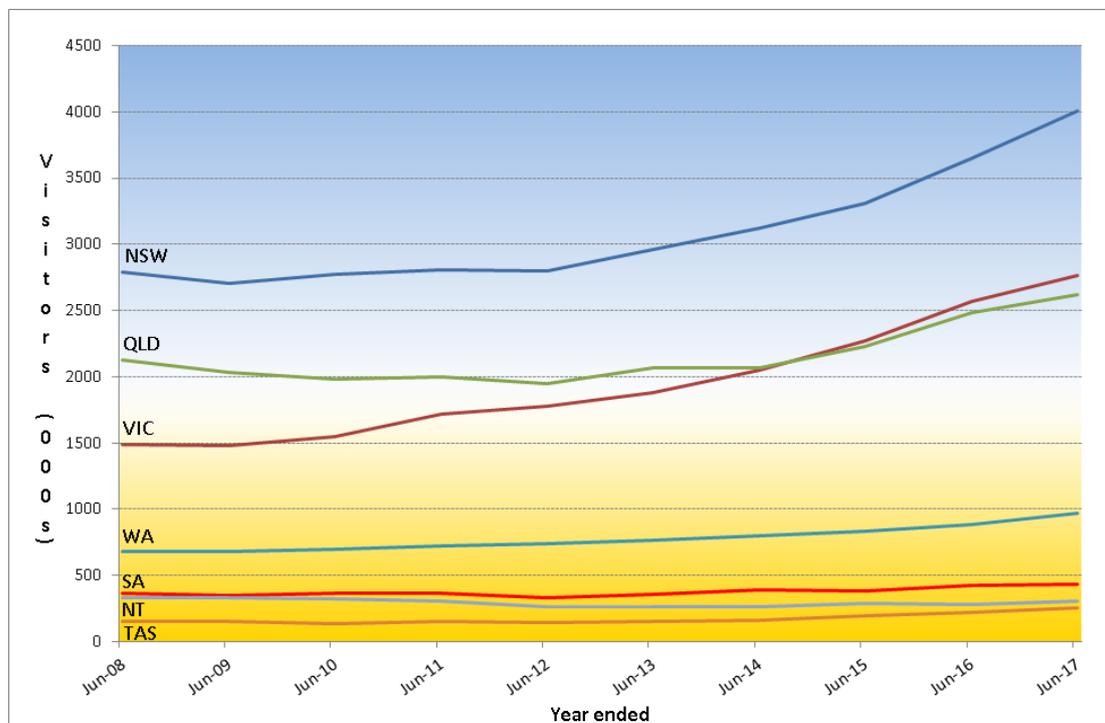
Information regarding travel demand in Australia is collected by Tourism Research Australia through two national sample surveys, the National Visitor Survey and the International Visitor Survey.

Overview of Overnight Visitor Demand for South Australia



The number of interstate visitors to SA in the year to June 2017 was 2,316,000 – up 3% from the previous year – while the number of intrastate visitors was 3,843,000 – down by 1%. The number of international visitors was 435,000 – an increase of 3%. Overall overnight visitor numbers increased by 1% to 6,594,000.

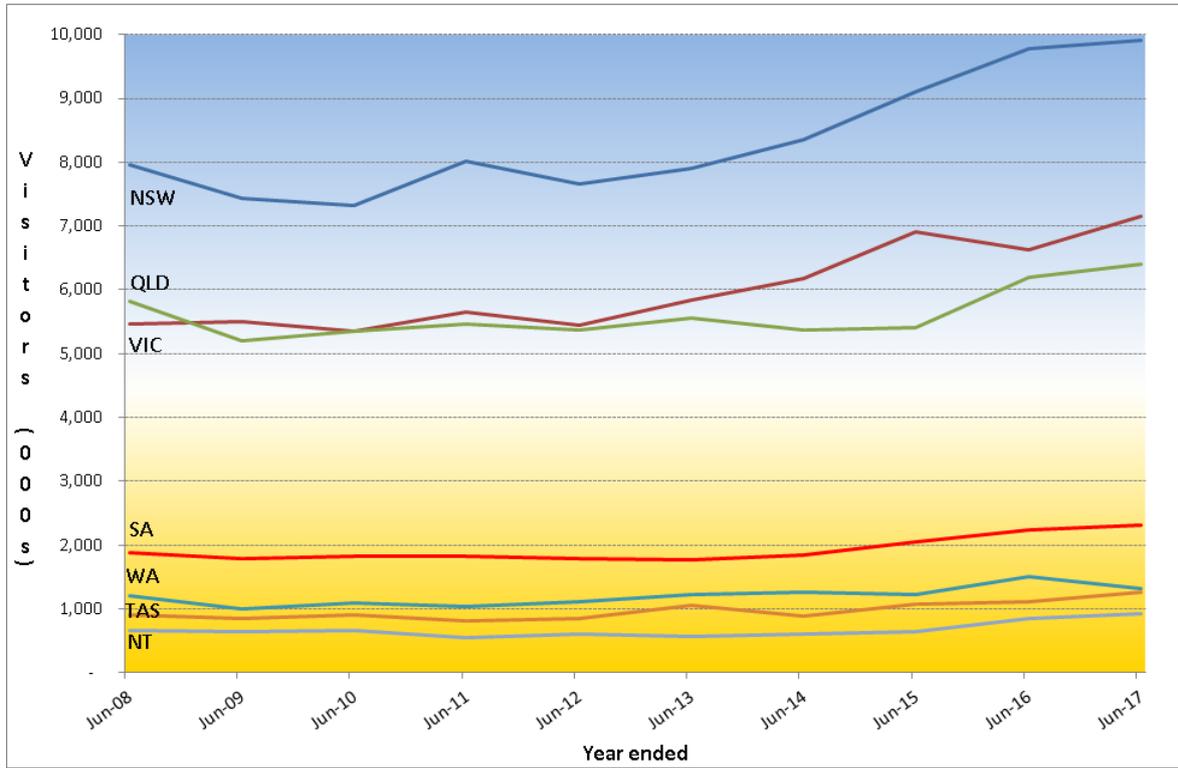
International Visitors by State / Territory



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

In the year ended June 2017 the number of international visitors to South Australia increased by 3% – from 422,000 to 435,000. Nationally international travel demand grew by 9%. Over the ten year period from 2008 international visitation has grown most strongly in Victoria (up 86%), Tasmania (up 62%) and WA (up 50%). SA has increased by 17% over this period compared with 52% for Australia as a whole.

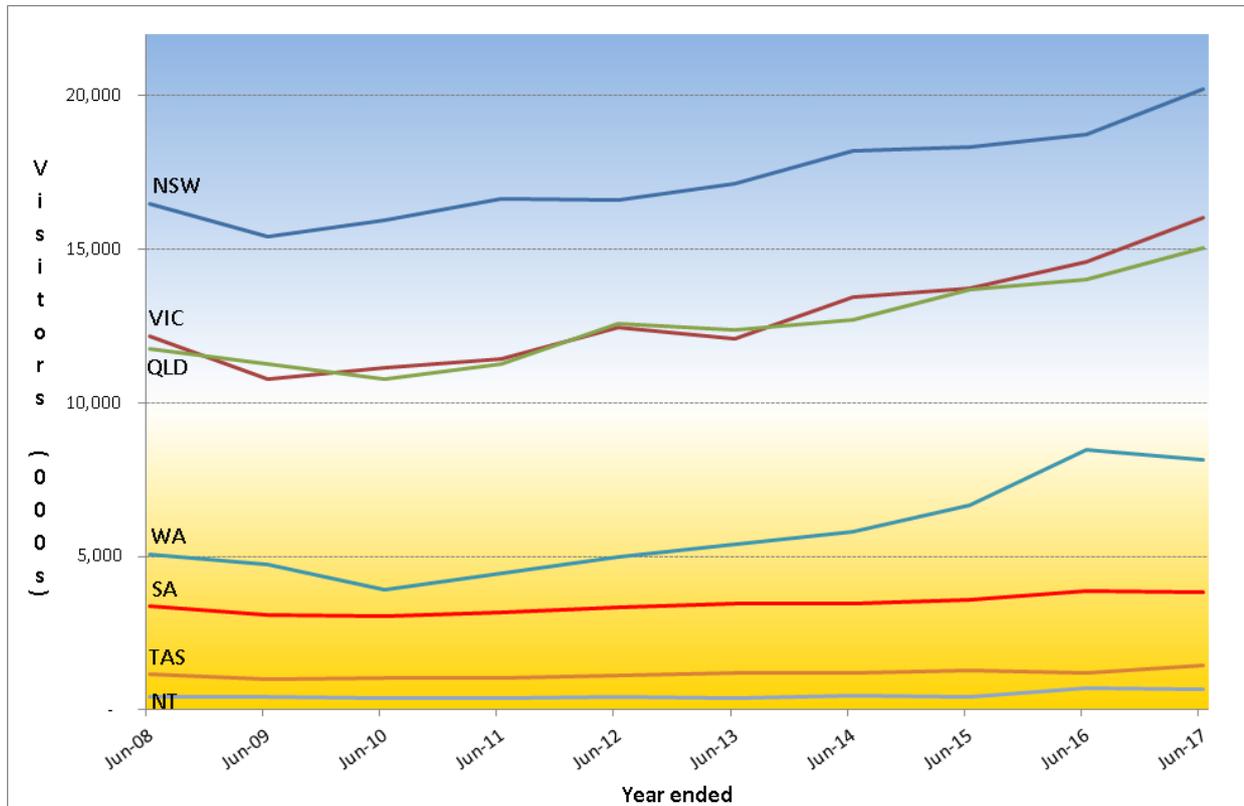
Interstate Visitors by State / Territory



Tourism Research Australia. <http://www.ret.gov.au/tourism>. Travel by Australians. National Visitor Survey. Figures for NSW not published.

In the year ended June 2017 the number of interstate visitors to South Australia increased by 3% to reach 2,316,000 visitors. Nationally interstate travel demand grew by 4%. Due to a change of sampling methodology the NVS is subject to a break in series from 2014.

Intrastate Visitors by State / Territory



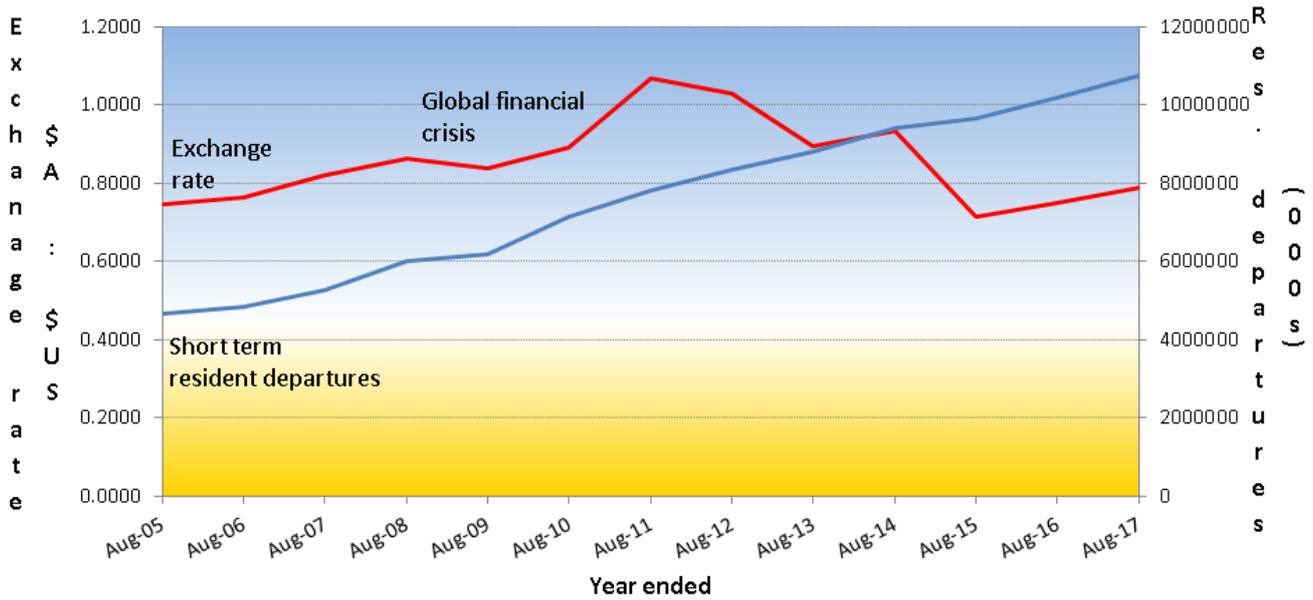
Tourism Research Australia. <http://www.ret.gov.au/tourism>. Travel by Australians. National Visitor Survey

In the year ended June 2017 the number of intrastate visitors in South Australia contracted by 1% from the previous year to 3,843,000 overnight visitors. Nationally intrastate travel demand grew by 6%. Due to a change of sampling methodology the NVS is subject to a break in series from 2014.

Other Indicators

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



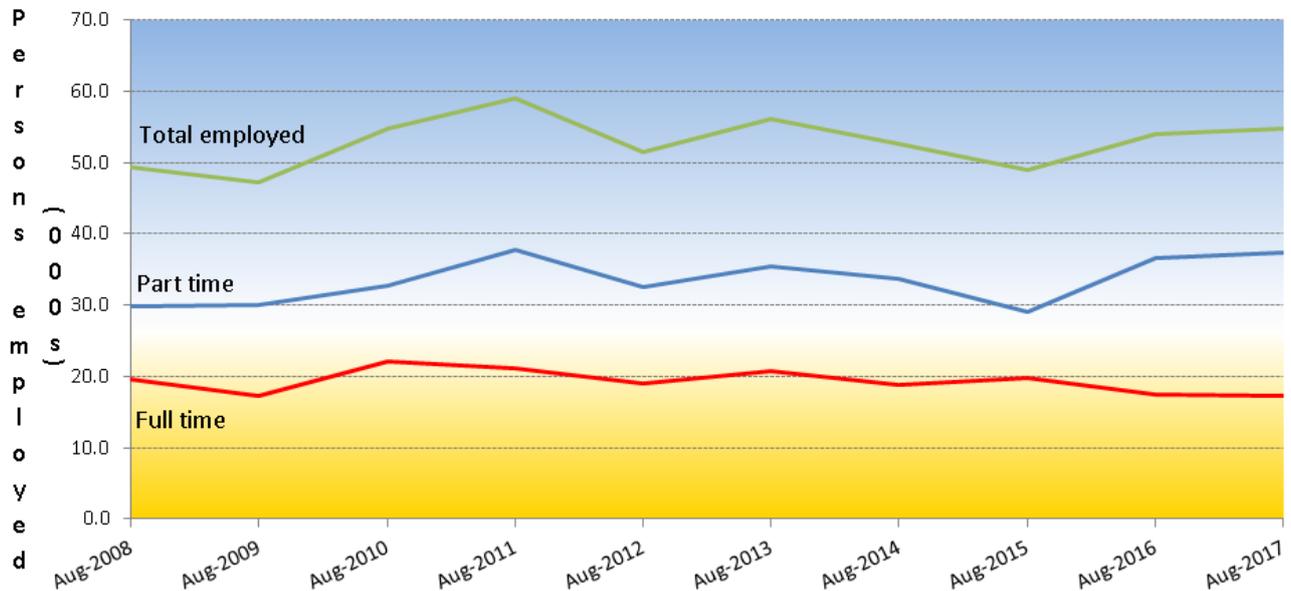
Source: Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.

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.

In the year ended August 2017 there were 10.77 million short term resident departures – an increase of 5.9% from the previous year.

The Australian Bureau of Statistics 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 2017 (54,700) showed an increase in total employment with the number of persons employed in the accommodation and food services sector rising by 1% when compared with August 2016. Full time employment (17,300) was down by 1% while part time employment (37,400) was up by 2%.

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 2016/2017 financial year were as follows:

Pax (000s)	2016/17	2015/16	% change
Domestic *	7,138	7,035	1.5%
International	952	858	11.0%
Total	8,090	7,893	2.5%

Source: Adelaide Airport - * includes regional

Domestic movements were up by 1.5% for the financial year while international passenger movements were up by 11.0%.

China was the biggest driver of international growth following the introduction of the direct flight from Adelaide to Guangzhou by China Southern in December 2016.

A new service between Adelaide and Nandi by Fiji Airways commenced on 30th June 2017.

For the 2017/18 Northern Winter Season Air New Zealand will upgrade its Auckland service to a B787 Dreamliner three times per week, providing 23% more capacity, a premium service, business class seats and freight capacity on the route. Cathay Pacific also announced it will maintain a 5 per week service all year round from July 2017 on its A330-300 which will add 15.8% more capacity on the route.