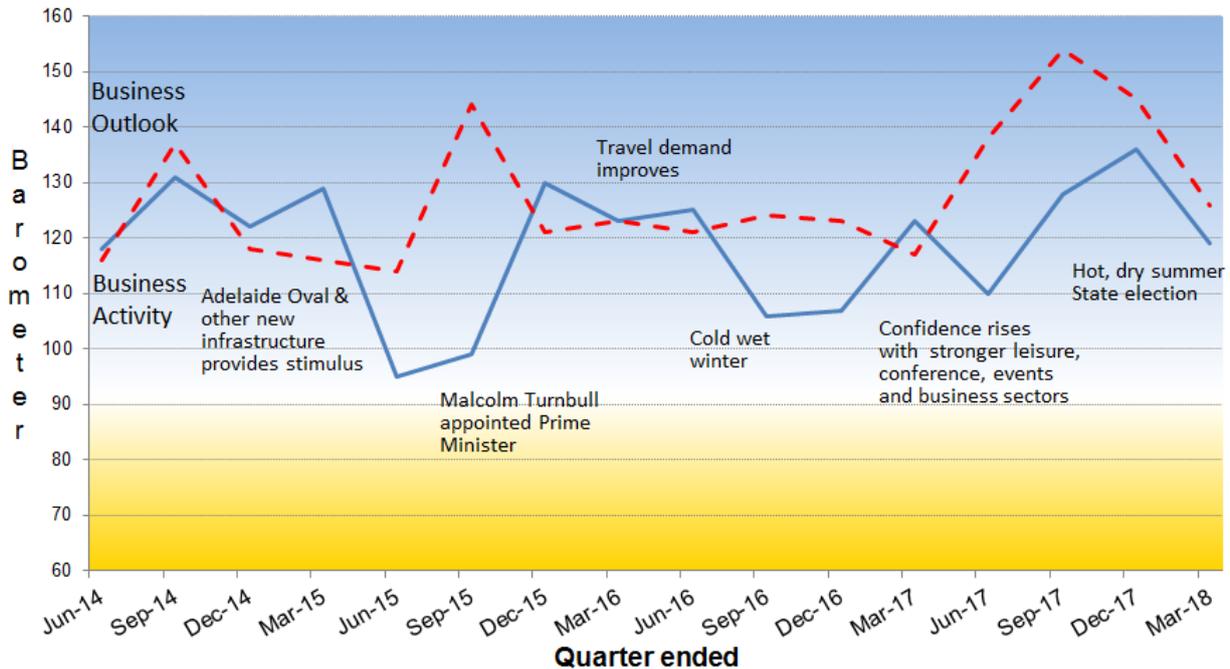


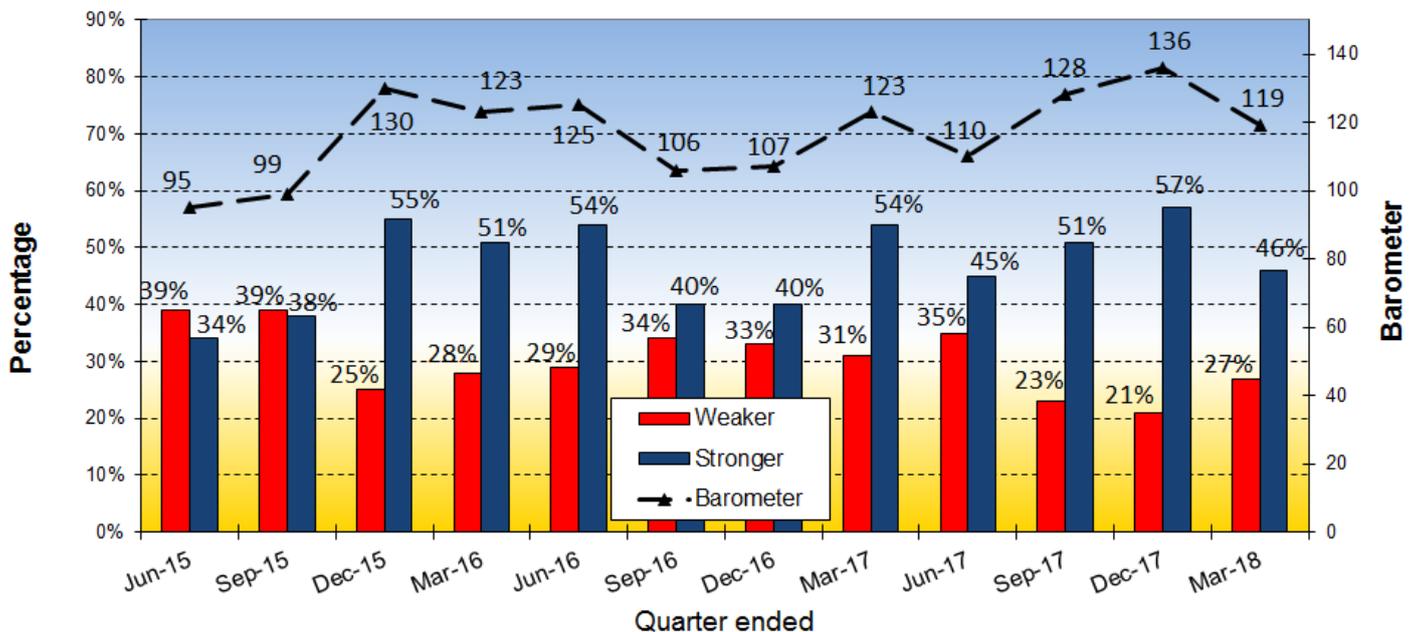
## South Australian Tourism Industry Council SA Tourism Barometer – March Quarter 2018

Headline: SATIC Barometer Continues to Reflect Positive Sentiment Although Coming Off Recent Highs



The SATIC business activity index for the March 2018 quarter contracted by 13% to 119 points while the outlook for the next three months also contracted by 13% falling to 126 points. The hot weather during January may have impacted events such as the Tour Down Under and regional travel to a degree. The demand estimates from Tourism Research Australia continue to show strong demand with record visitor arrivals in the year to December 2017.

### Business Activity in the Last 3 Months



In the March quarter of 2018 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 46% - down from the previous high at 57% recorded at the December 2017 survey. The proportion experiencing weaker conditions was 27 - up from 21% at the previous survey. As a result of these changes the performance index fell from 136 to 119 points – a fall of 13%.

Factors influencing performance were:

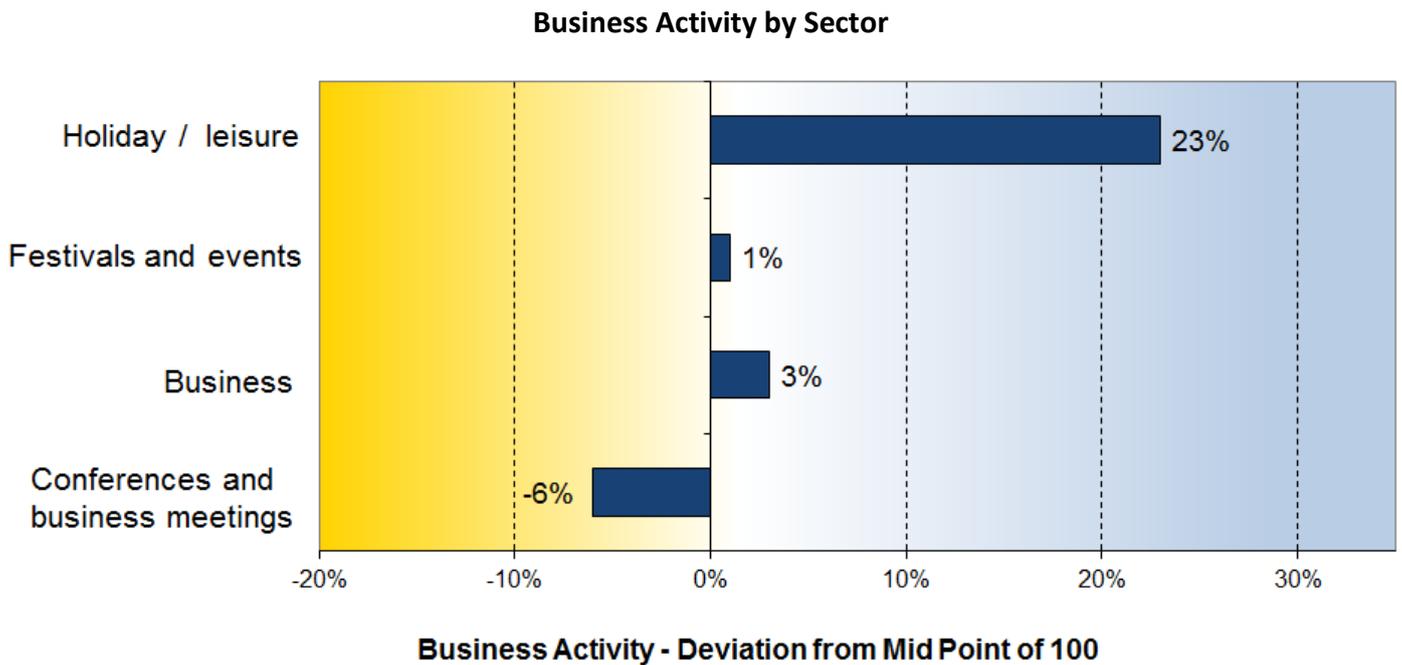
- Consistent demand from UK / European visitors;
- Consumers have more discretionary spending;

- Cruise boats;
- Destination SA trade event;
- Early Easter;
- Events – Tour Down Under / Adelaide 500 / Fringe / WOMAdelaide
- Fringe Festival in regional areas;
- Other regional events e.g. Peterborough Arts & Cultural Festival;
- Good weather;
- Interstate visitors / tourers.

Less favourable:

- Downturn in construction workers (regionally);
- Houseboat occupancy down;
- Hot & dry in remote areas;
- Increased competition from AirBnB;
- State election.

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



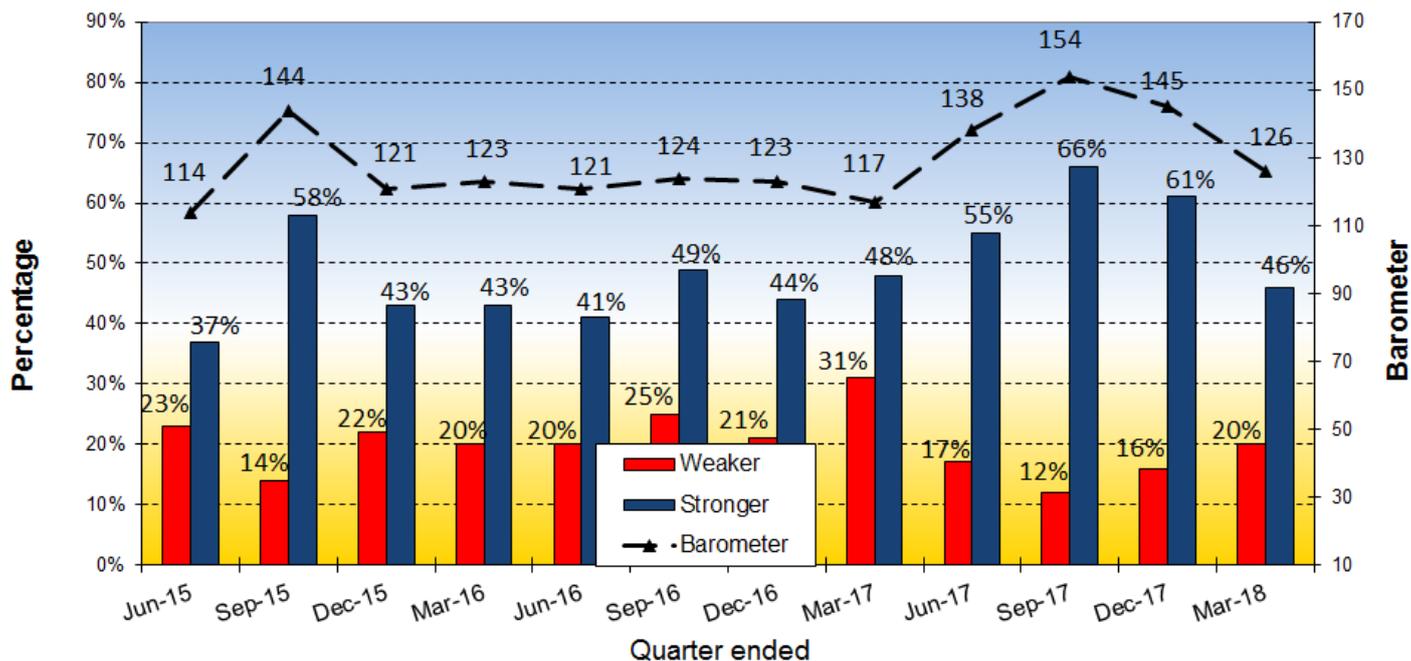
When compared on the basis of sector the holiday / leisure sector was the most positive with the business activity index at 123. The festivals and events and business sectors were steady while the index for conference and business meetings indicated weaker conditions.

When compared with the previous survey all of sector indexes were down - holiday / leisure by 8%, festivals and events by 11%, business by 16% 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 March 2018 quarter the short term business outlook index contracted by 13% to 126 points – back to a level which is consistent with the longer term average. The proportion expecting improved performance fell from 61% to 46% while the proportion expecting weaker performance grew from 16% to 20%.

Factors influencing the outlook for the short term included:

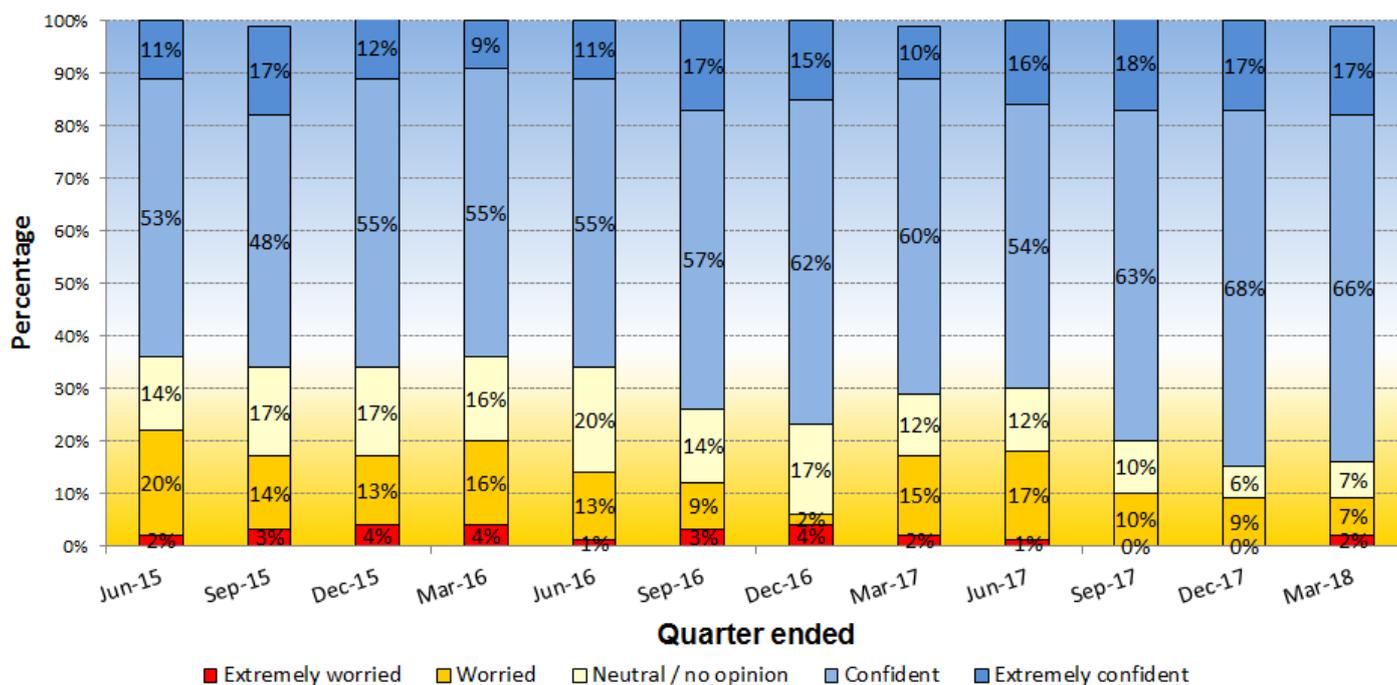
- ATE in Adelaide;
- Chinese visitors;
- Conferences / more conference bids in pipeline;
- Economy is stable;
- New State government;
- Strong forward bookings;
- Whyalla steel mill staying open.

Less positively:

- Changes to STAYZ will impact cash flow and bookings;
- Increased competition / supply;
- Lack of action to combat AirBnB & poor quality unaccredited accommodation;
- Less construction / building activity in the region.

The outlook for the next 12 months was as follows:

### Business Outlook for the Next 12 Months



In the March 2018 quarter survey, 17% of the respondents were ‘extremely confident’ regarding the prospects for the next 12 months and 66% were ‘confident’. The proportion ‘confident’ or ‘very confident’ (83%) was consistent with the previous survey (85%). Long term business outlook has remained very positive over the last three quarters.

Factors underpinning business confidence in the longer term were:

- Cruise boat program;
- Defence contracts;
- Development of a Tourism & Events Strategy for the region;
- Events program in SA;
- General economic conditions;
- Greater investment in marketing the business;
- Improved digital presence / social media;
- Positive exposure from Tourism Award;
- Leisure sector demand is strong;
- Marketing by the SATC;
- Mural on town silo;
- Nature & wildlife focus by Tourism Australia is good for regions;
- New State Government;
- Repeat visitation is strong;
- Travel Auctions help to manage demand.

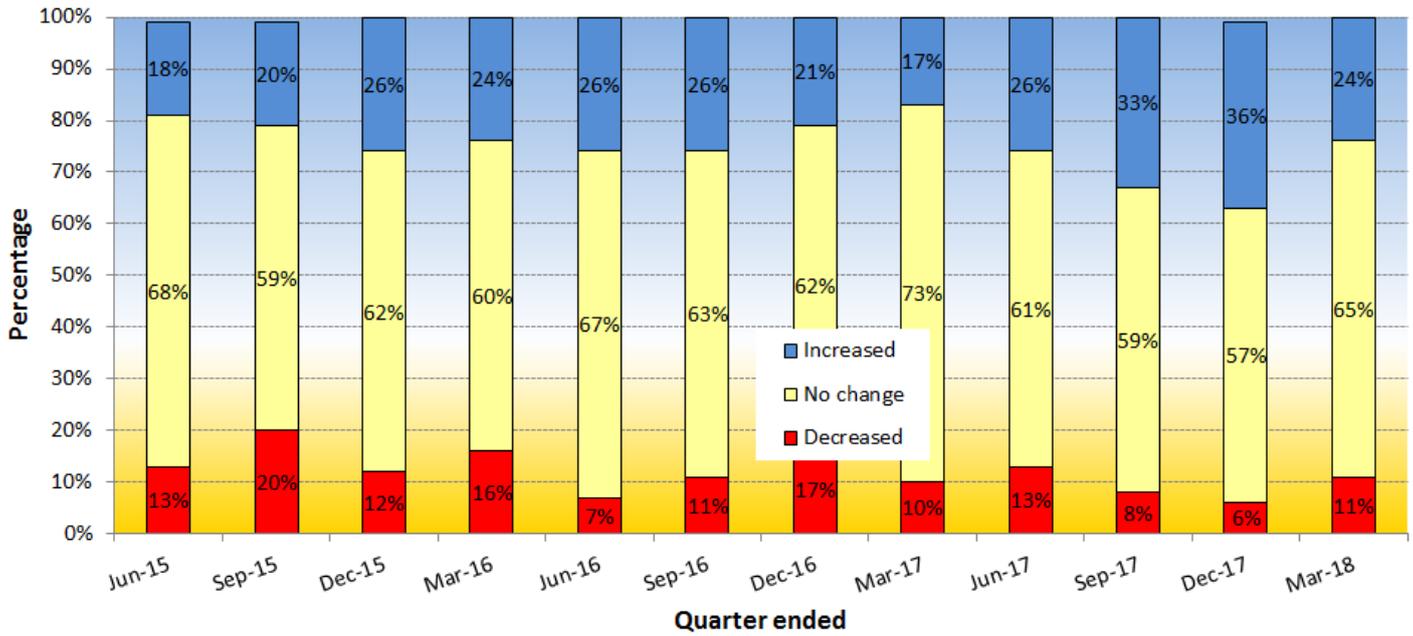
Less positive

- Increased supply / competition from AirBnB.

## 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



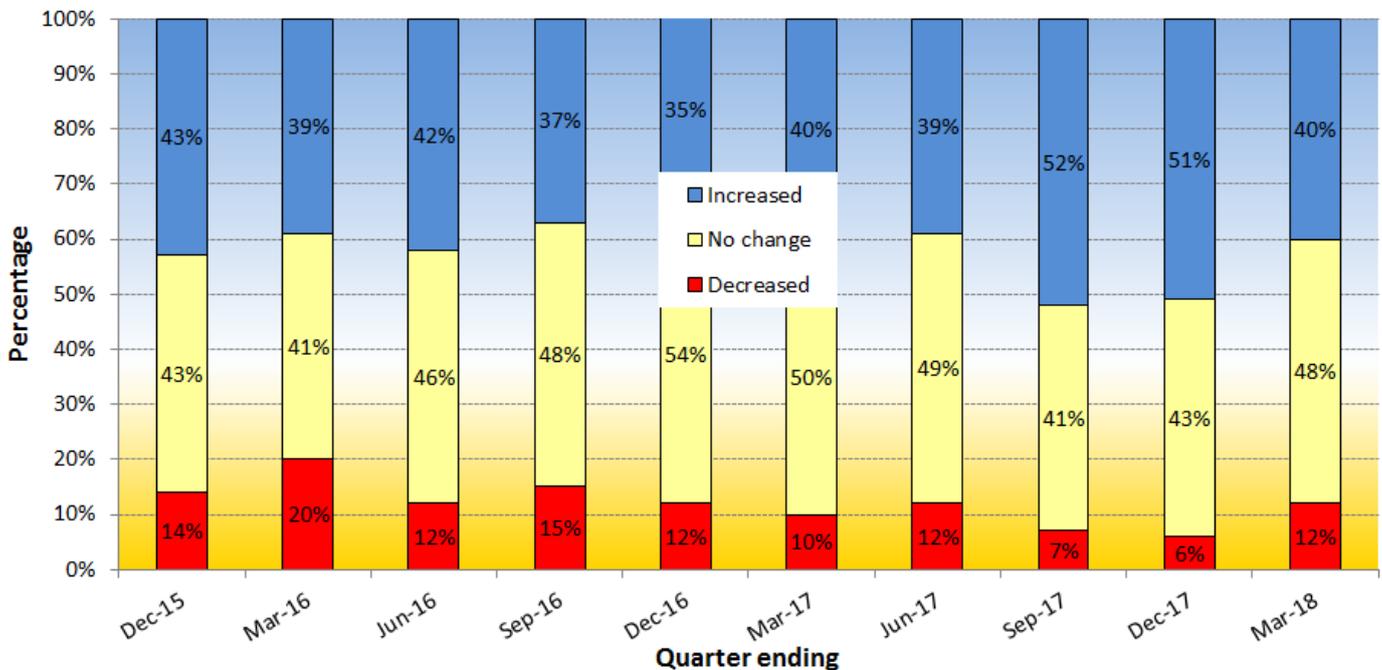
In the March 2018 quarter survey 24% of the respondents had employed additional staff in their business – down from 36% at the previous survey and 33% at the September 2017 quarter survey.

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



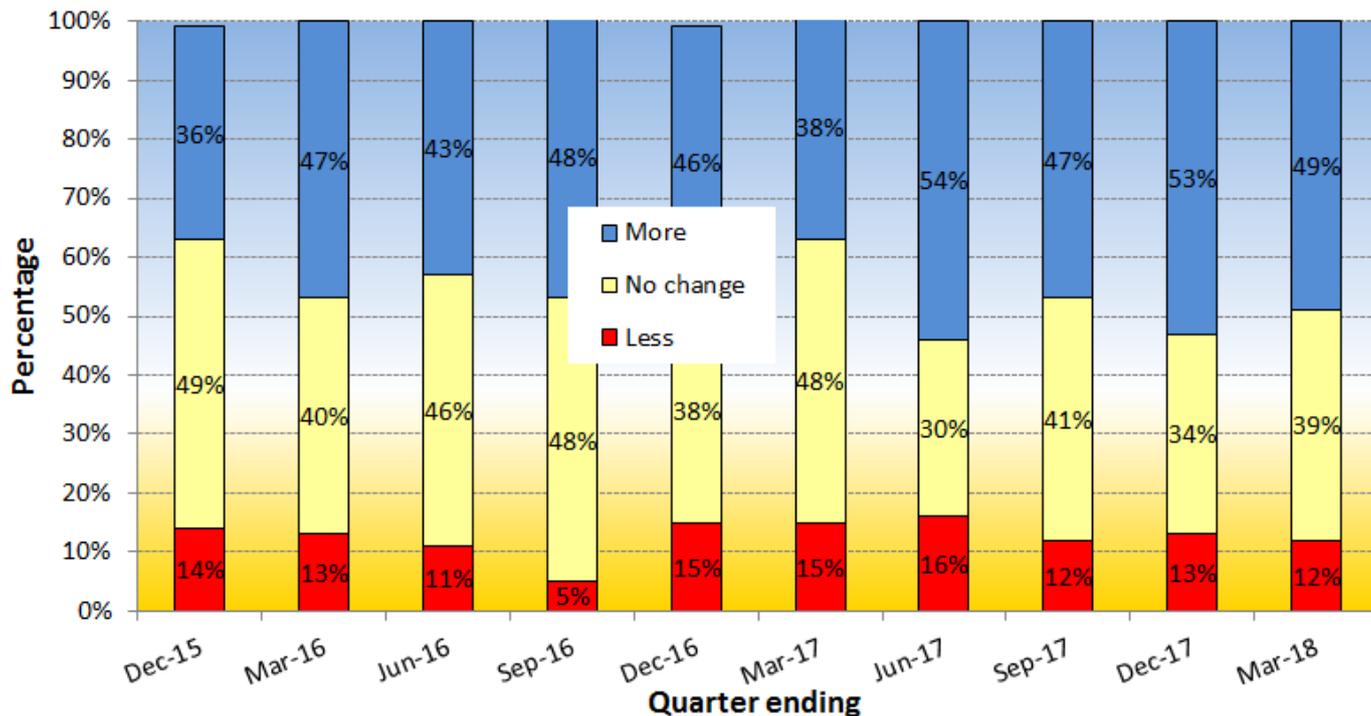
In the March 2018 quarter survey 40% of the respondents reported that their wages bill had increased – down from 51% at the December quarter survey.

The increase was due to higher wage rates in a number of instances. In other cases the increasing wage bill was due to increase in demand and employing additional staff / hours while a decrease was due to employing fewer staff or requiring staff for fewer hours.

## 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.

### Planned Investment



In the March 2018 quarter survey 49% were planning more investment in their business – down from 53% at the December quarter survey.

#### About the SATIC Tourism Barometer

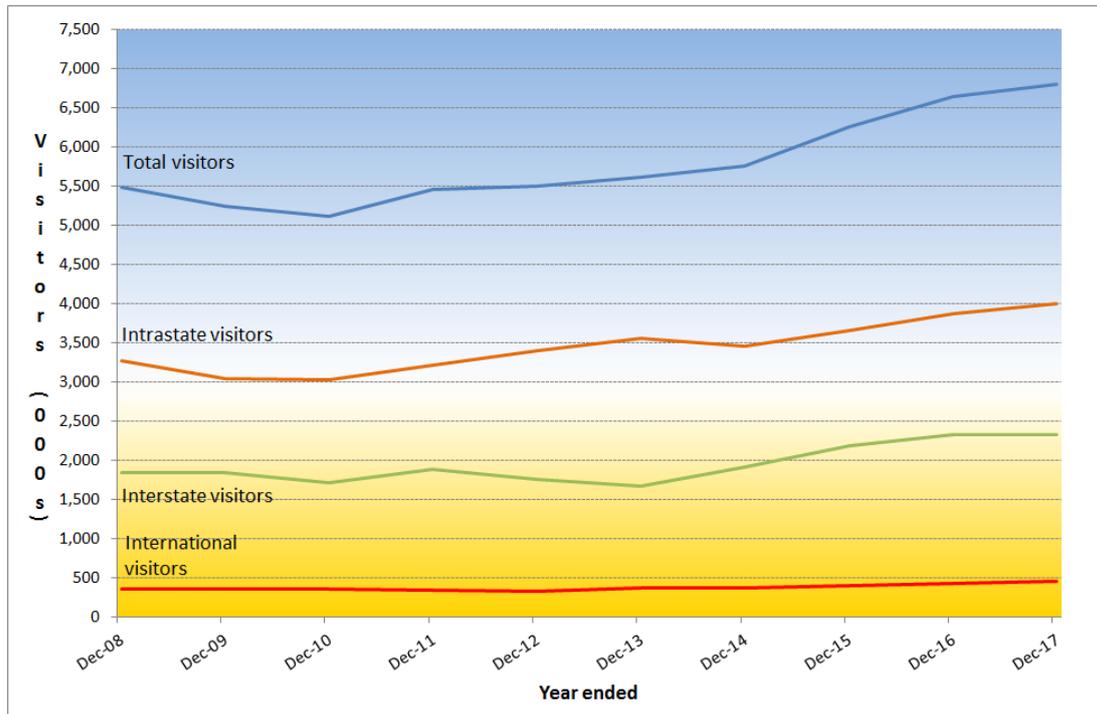
The SATIC Tourism Barometer is a quarterly survey of SATIC members designed to measure recent activity levels and the outlook for the future. The Barometer survey is conducted on-line and a total of 83 members responded to the March 2018 quarter survey.

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

## Annual Performance to December 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.

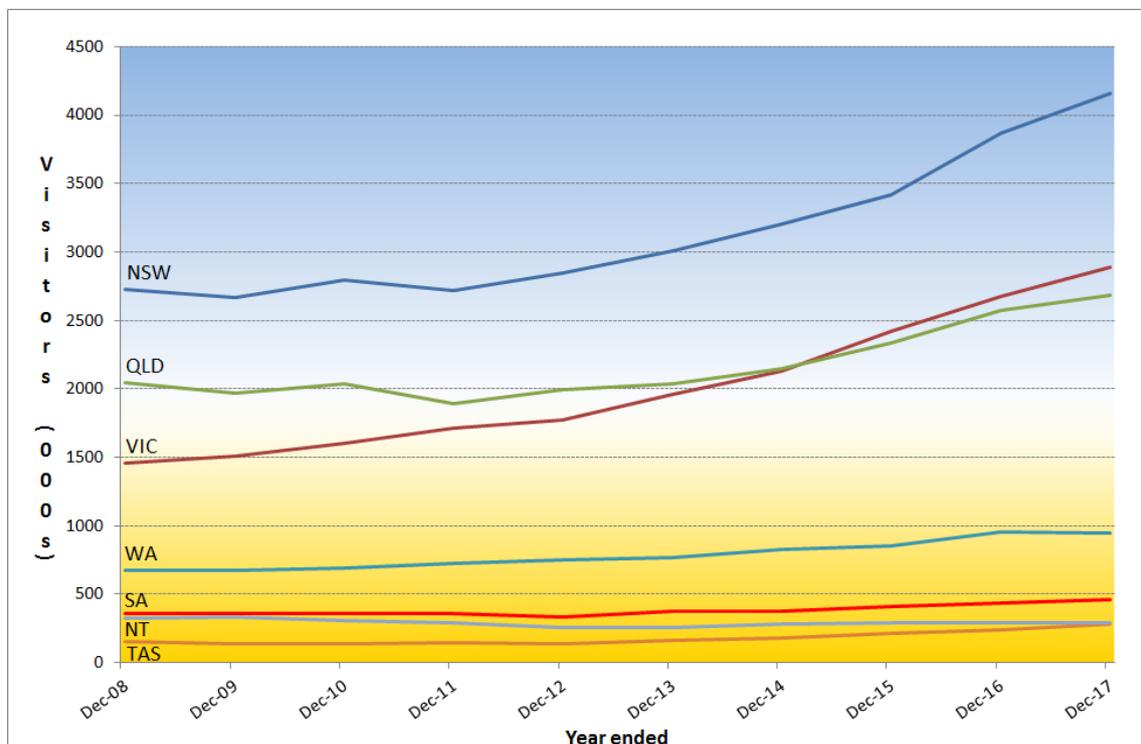
### Overview of Overnight Visitor Demand for South Australia



Tourism Research Australia. <http://www.tra.gov.au/research>

The number of interstate visitors to SA in the year to December 2017 was 2,339,000 – up slightly by 0.1% from the previous year – while the number of intrastate visitors was 3,998,000 – up by 3.2%. The number of international visitors was 462,000 – an increase of 6.9%. Overall overnight visitor numbers increased by 2.4% to 6,799,000.

### International Visitors by State / Territory

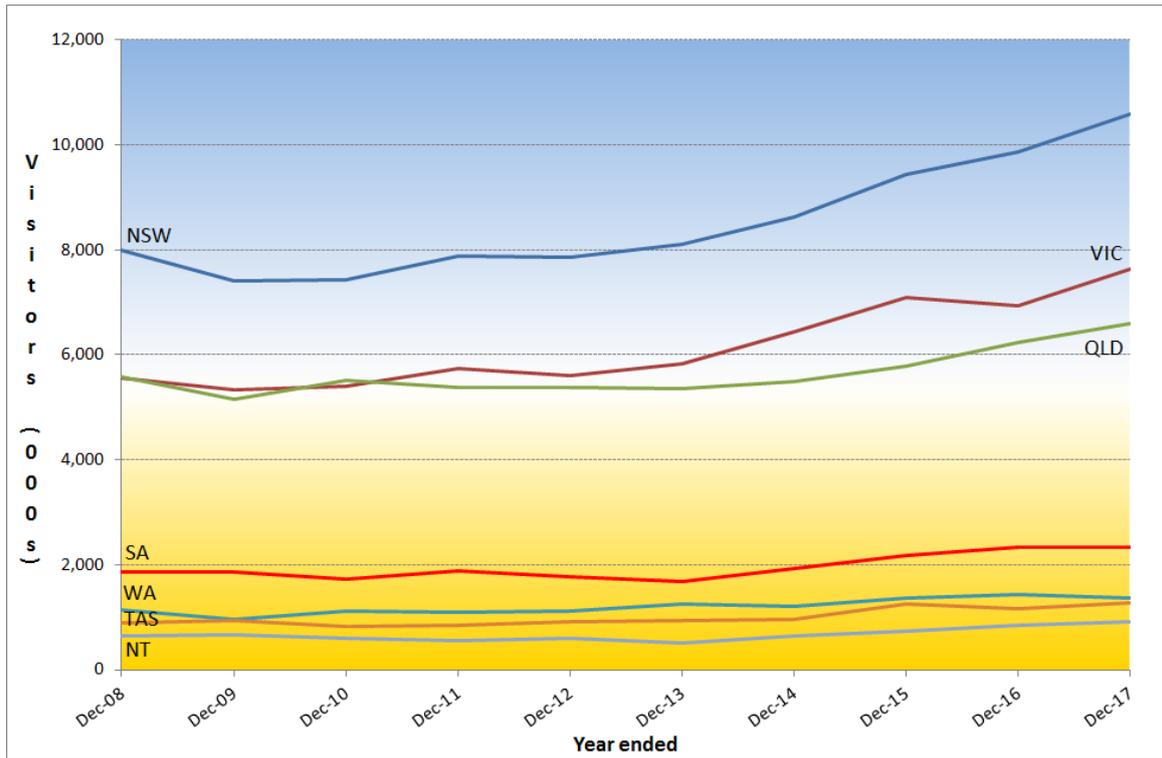


Tourism Research Australia. <http://www.tra.gov.au/research> International Visitors in Australia. International Visitor Survey

In the year ended December 2017 the number of international visitors to South Australia increased by 7% – from 432,000 to 462,000. Nationally international travel demand grew by 6%. Over the ten year period from 2008 international visitation has grown

most strongly in Victoria (up 98%), Tasmania (up 86%) and NSW (up 53%). SA has increased by 29% over this period compared with 59% for Australia as a whole.

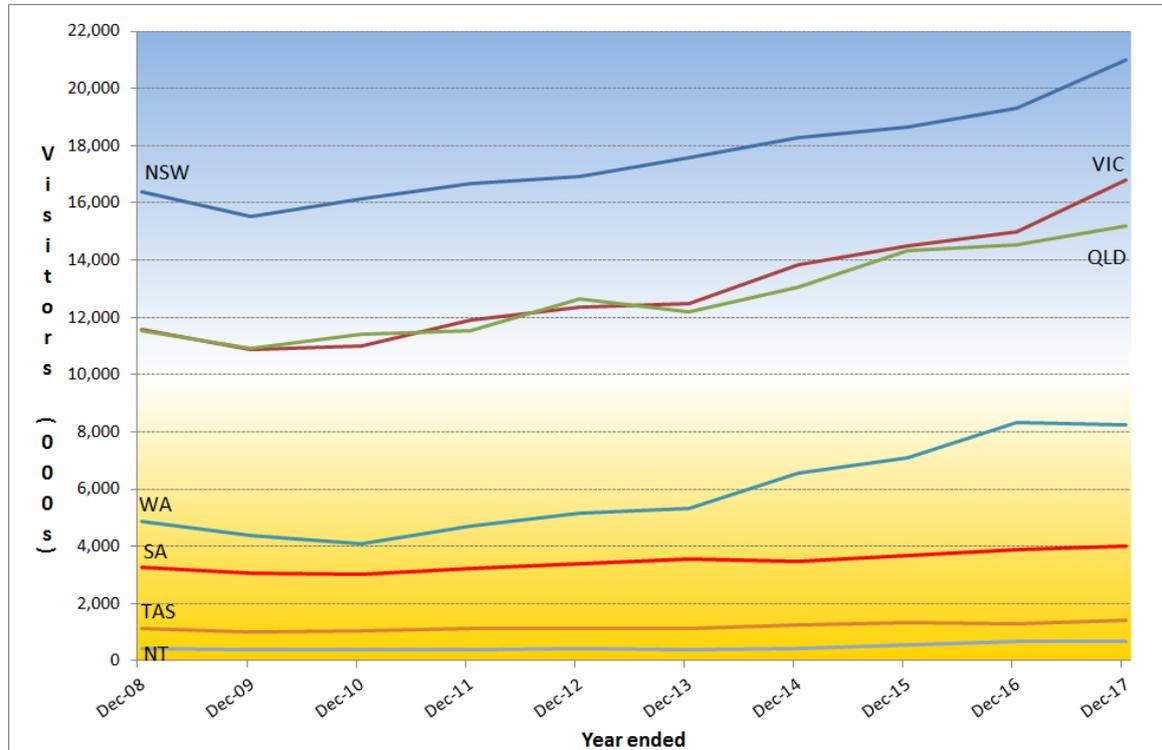
### Interstate Visitors by State / Territory



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

In the year ended December 2017 the number of interstate visitors to South Australia increased very slightly by 0.1% to reach 2,339,000 visitors. Nationally interstate travel demand grew by 8%. Due to a change of sampling methodology the NVS is subject to a break in series from 2014.

### Intrastate Visitors by State / Territory



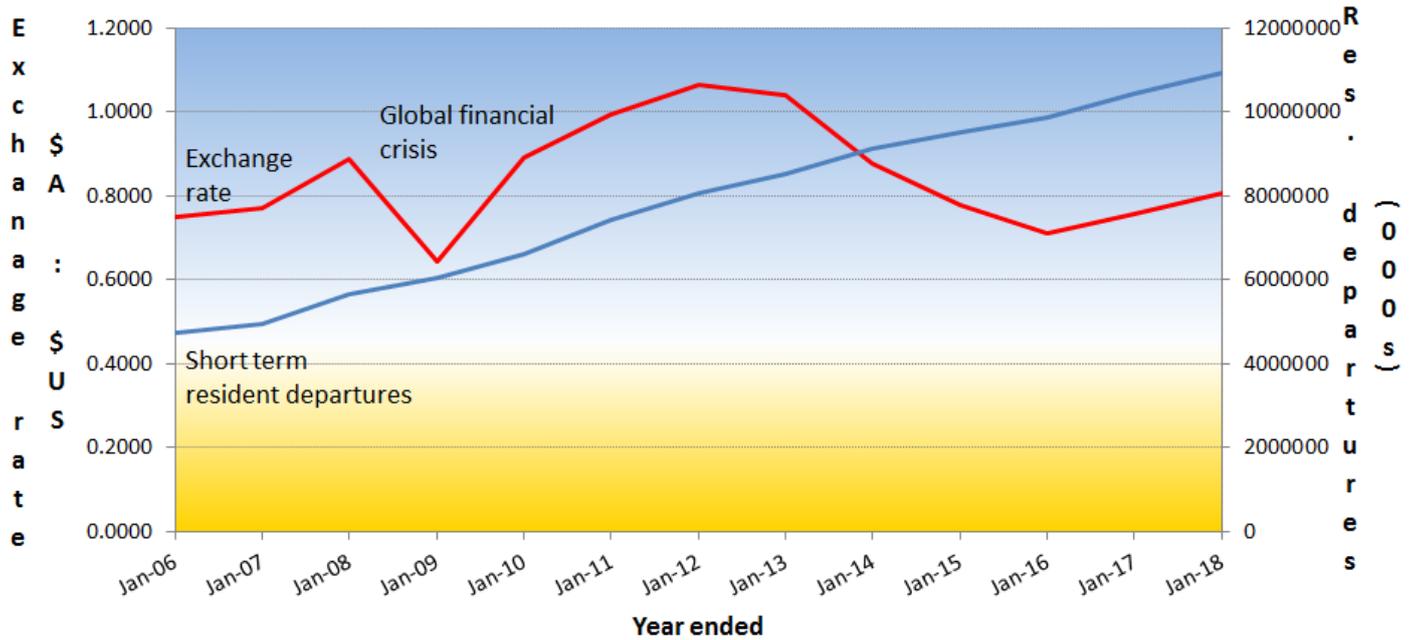
Tourism Research Australia. <http://www.tra.gov.au/research> Travel by Australians. National Visitor Survey

In the year ended December 2017 the number of intrastate visitors in South Australia grew by 3% from the previous year to 3,998,000 overnight visitors. Nationally intrastate travel demand grew by 7%. 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



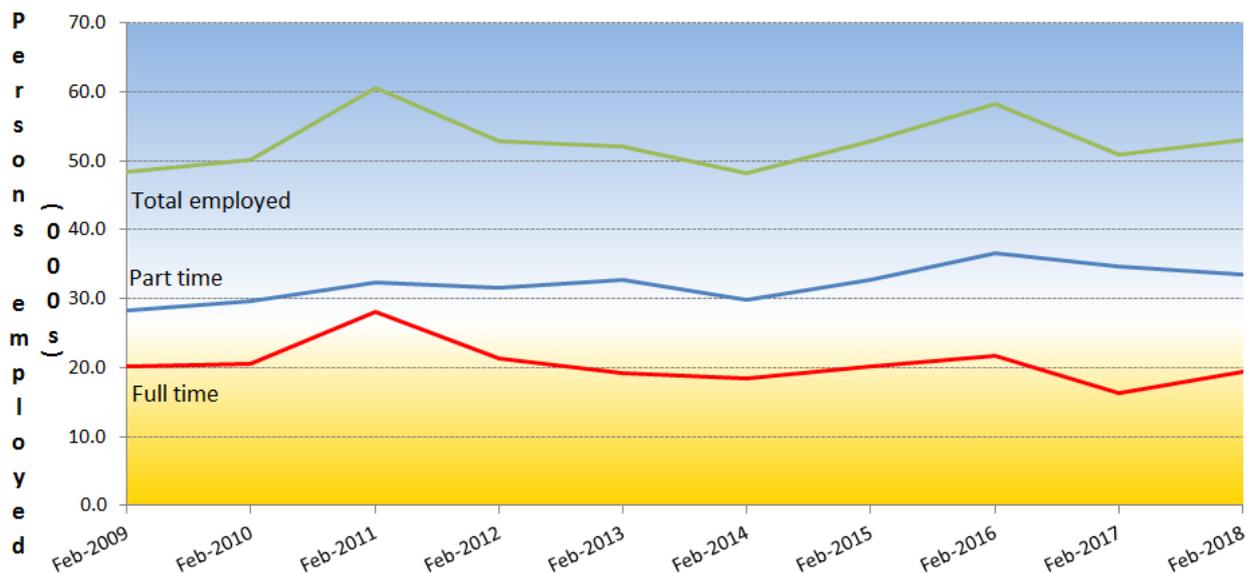
Source: Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.

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 January 2018 there were 10.90 million short term resident departures – an increase of 4.6% from the previous year. The trend in outbound travel by Australians shows no sign of slowing.

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 February 2018 showed an increase in total employment with the number of persons employed in the accommodation and food services sector rising by 4% from February 2017 to 53,000. Full time employment (19,500) was up by 19% while part time employment (33,500) was down by 3%.

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.