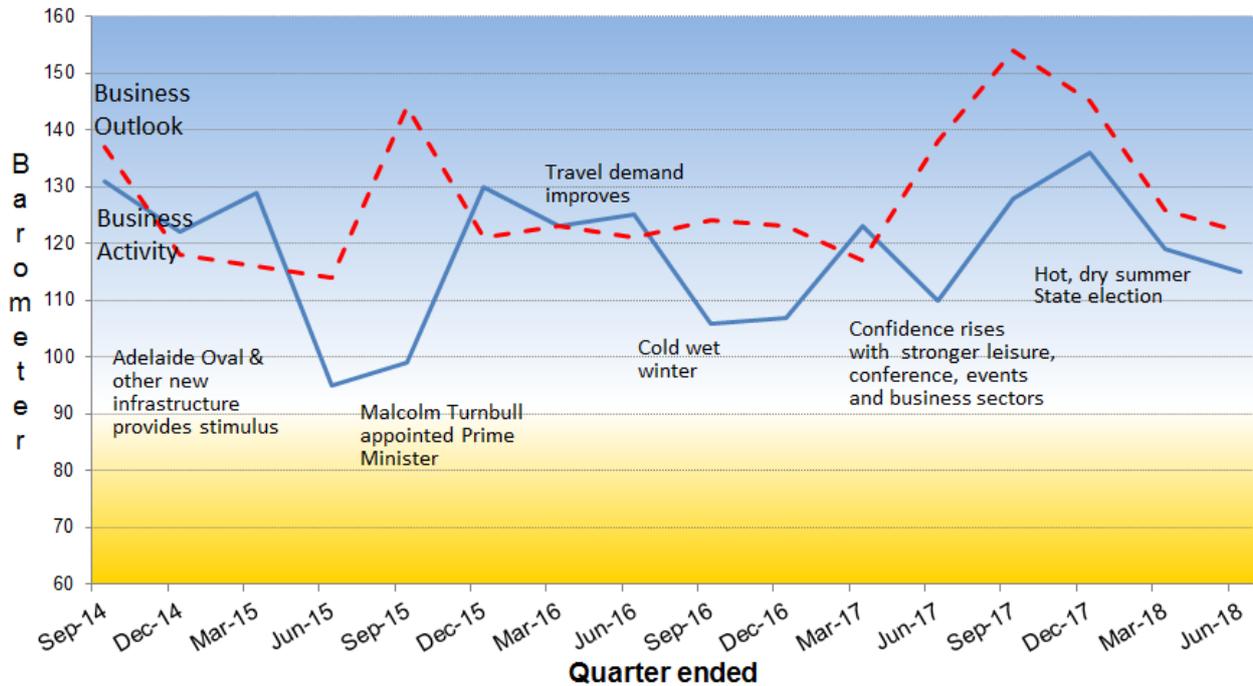


# South Australian Tourism Industry Council SA Tourism Barometer – June Quarter 2018

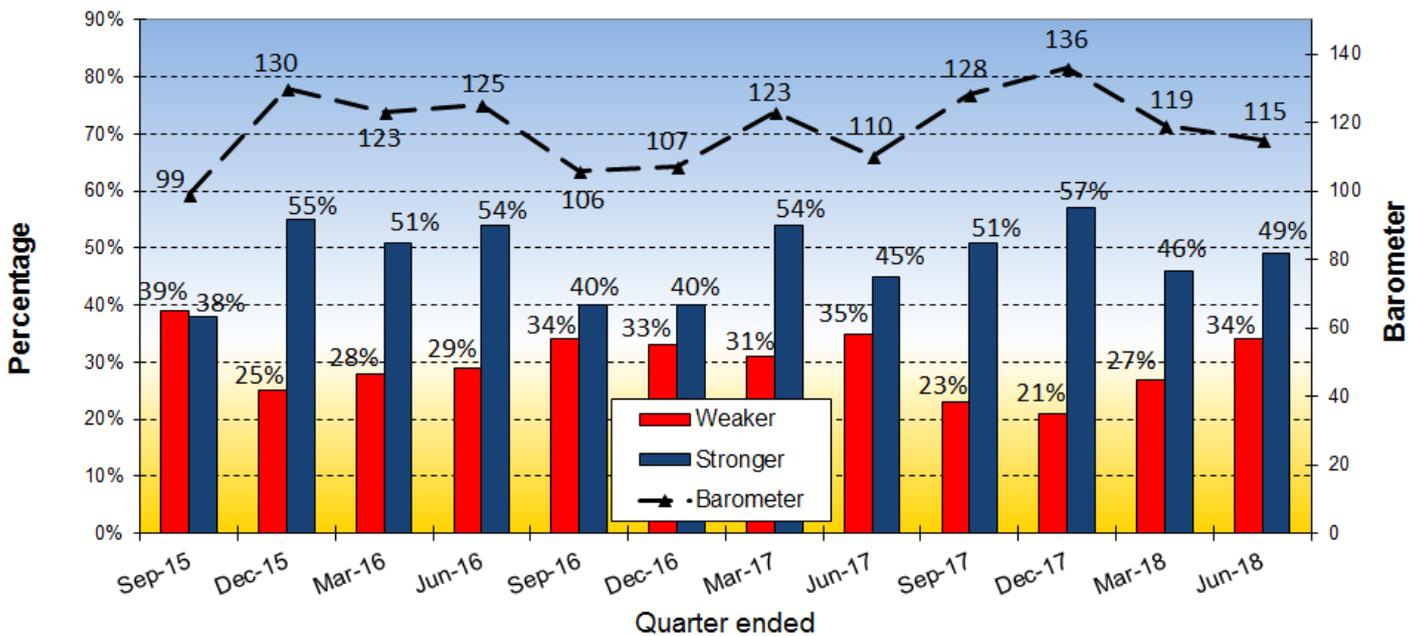
Headline: Industry Sentiment Slips, While Other Indicators Suggest Continued Growth

The SATIC Barometer for the June quarter 2018 showed a slight fall in the activity and short-term outlook indexes despite other indicators suggesting that the tourism industry is experiencing continuing growth. Positive indicators included a strong lift in employment in the accommodation and food services sector at May 2018 (up 21%) and growth in passenger movements through Adelaide Airport – up 4.3% for domestic and 6.2% for international for the quarter. The performance was supported by the hosting of the Australian Tourism Exchange in Adelaide in April and a significant Chinese incentive group of more than 3,000 visitors in June.



The SATIC business activity index for the June 2018 quarter continued a downward trend in 2018 falling slightly to 115 points (down by 3% from the March quarter survey). The business outlook index for the next three months was also down, contracting by 3% to 122 points.

## Business Activity in the Last 3 Months



In the June quarter of 2018 the proportion of survey respondents experiencing improved business activity when compared to the same period last year was 49% - up from 46% at the March survey. The proportion experiencing weaker conditions was 34% – up from 27% at the previous survey. As a result of these changes, the performance index fell from 119 to 115 points – a fall of 3%.

Factors influencing performance were:

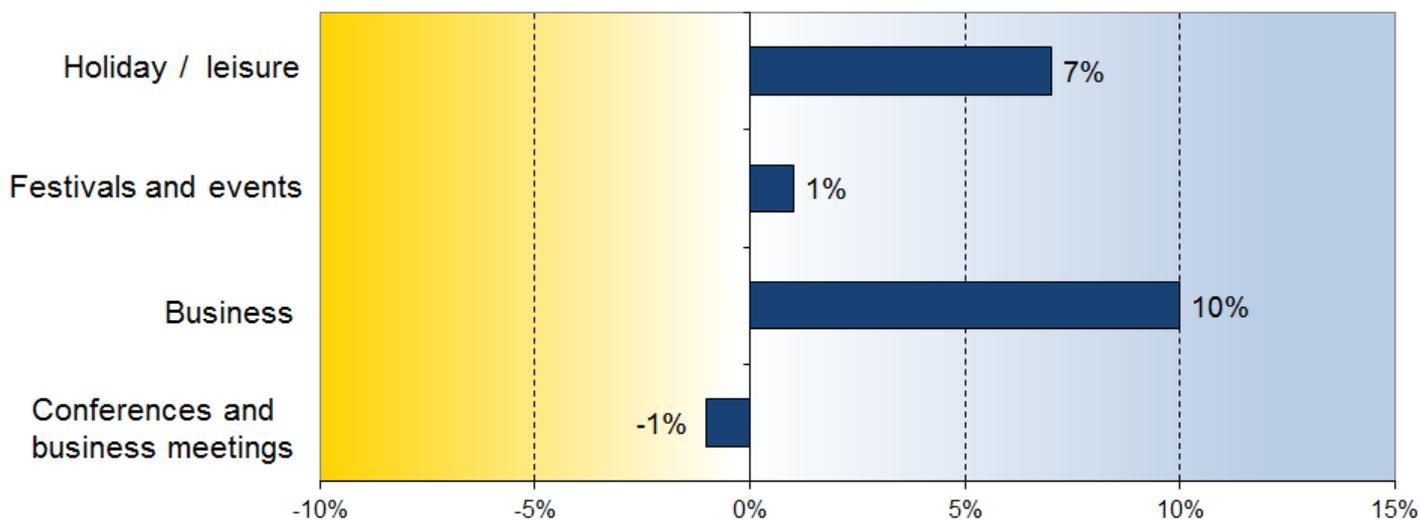
- Advertising campaigns / marketing;
- Chinese incentive group;
- Cruise ship activity;
- Conferences and conference delegates;
- Events – Finke Desert Races, NRM Beef Field Day, Marree Gymkhana & Motorkhana, Riverland Country Music Festival and Ulysses National AGM in Riverland;
- Government assistance;
- Grey nomads / tourers;
- Increase in business / work related travel;
- Interstate business is up;
- Leisure travel demand is generally up;
- Pre & post ATE famils;
- Proactive events strategy;
- Travel auctions;
- Warm weather & visitors staying longer.

Less favourable:

- Backpacker tax;
- Colder weather;
- Fewer tourers;
- Households under greater stress with living expenses;
- Increased supply / Airbnb;
- Less FIT leisure on weekends;
- Loss of the Stayz platform;
- Visitors are more likely to access information online rather than through a visitor centre.

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**

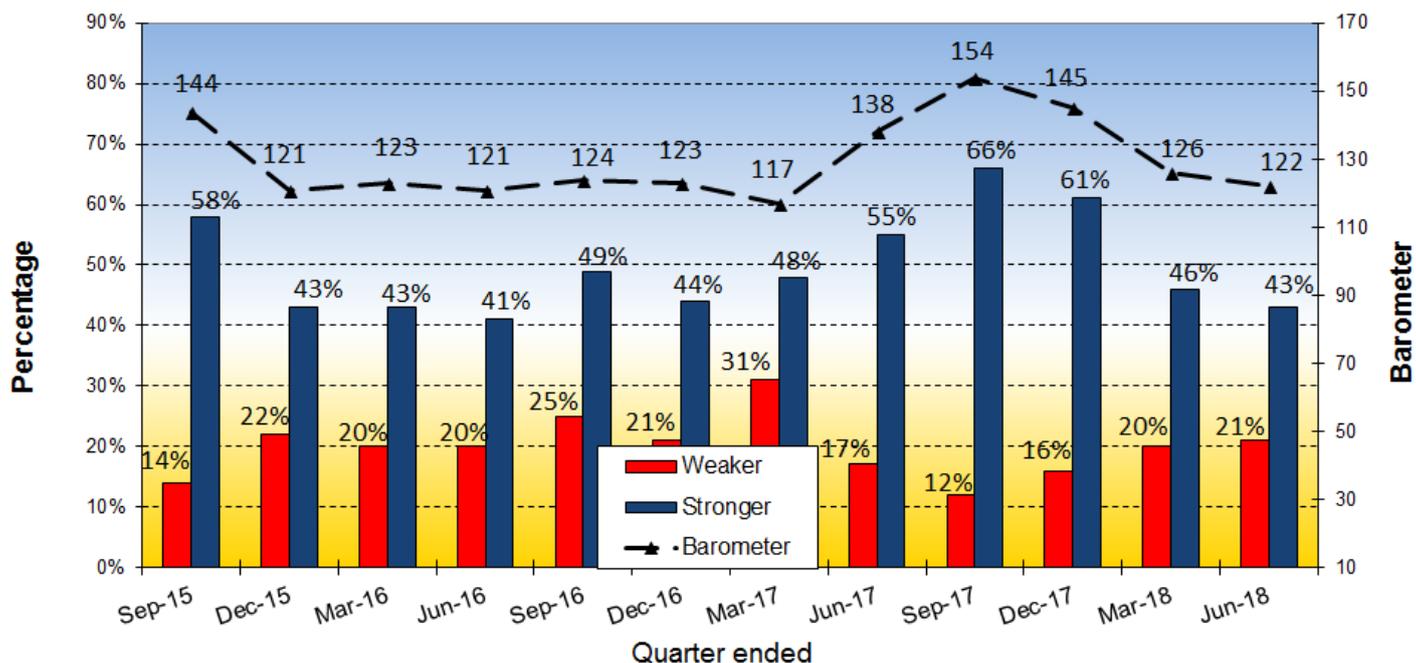
When compared on the basis of sector, the business sector was the most positive with the business activity index at 110. The holiday / leisure sector was also positive with an index of 107 while the festivals and events and conference / business meetings sectors were evenly balanced.

When compared with the previous survey the holiday / leisure sector index was down by 13%, business was up by 7%, conferences / business meetings sector was up by 5% while the festivals and events sector was steady.

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 2017.

### Business Outlook for the Next 3 Months



In the June 2018 quarter the short-term business outlook index contracted by 3% to 122 points. The proportion expecting improved performance fell from 46% to 43% while the proportion expecting weaker performance grew from 20% to 21%.

Factors influencing the outlook for the short term included:

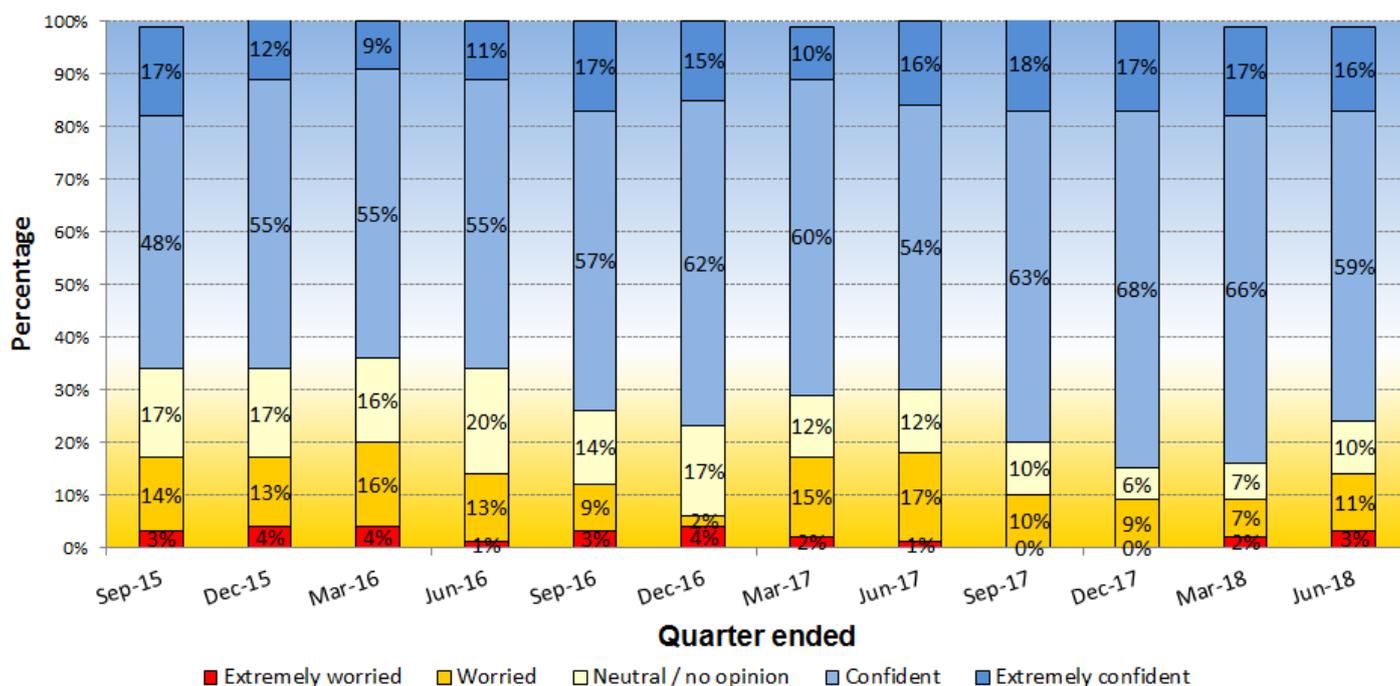
- Change of government;
- Improved product visibility;
- International visitor demand is strong;
- Forward bookings;
- Regional events – Big Red Bash; Marree Camel Cup;
- The Bend V8 race;
- Touring market looks strong;
- Water in Lake Eyre;
- Workers in the area.

Less positively:

- Backpacker tax;
- Consumers chasing discounts which impacts yield;
- Fewer forward bookings;
- Lack of planning for the region;
- Loss of the Stayz platform;
- More competition for day tours;
- Visitors accessing information digitally rather than through a physical VIC.

The outlook for the next 12 months was as follows:

### Business Outlook for the Next 12 Months



In the June 2018 quarter survey, 16% of the respondents were ‘extremely confident’ regarding the prospects for the next 12 months and 59% were ‘confident’. The proportion ‘confident’ or ‘very confident’ (75%) was down somewhat from the March quarter survey (83%).

Factors underpinning business confidence in the longer term were:

- Cruise boats;
- Defining our brand and developing an online marketing strategy;
- Expansion of Adelaide airport;
- Greater focus on tourism by local government;
- Improved marketing of our region;
- Increase in number of retirees travelling;
- Infrastructure projects in the region;
- Intrastate market – people holidaying closer to home;
- Investment in our business;
- Leisure travel demand is strong;
- Marketing by SATC with support by SATIC and ACC;
- New product in the region;
- Oodnadatta Track is attracting more visitors;
- Product development and staff training;
- Regional marketing;
- Rejuvenation projects for Port Adelaide (incl. light rail);
- SATIC workshops.

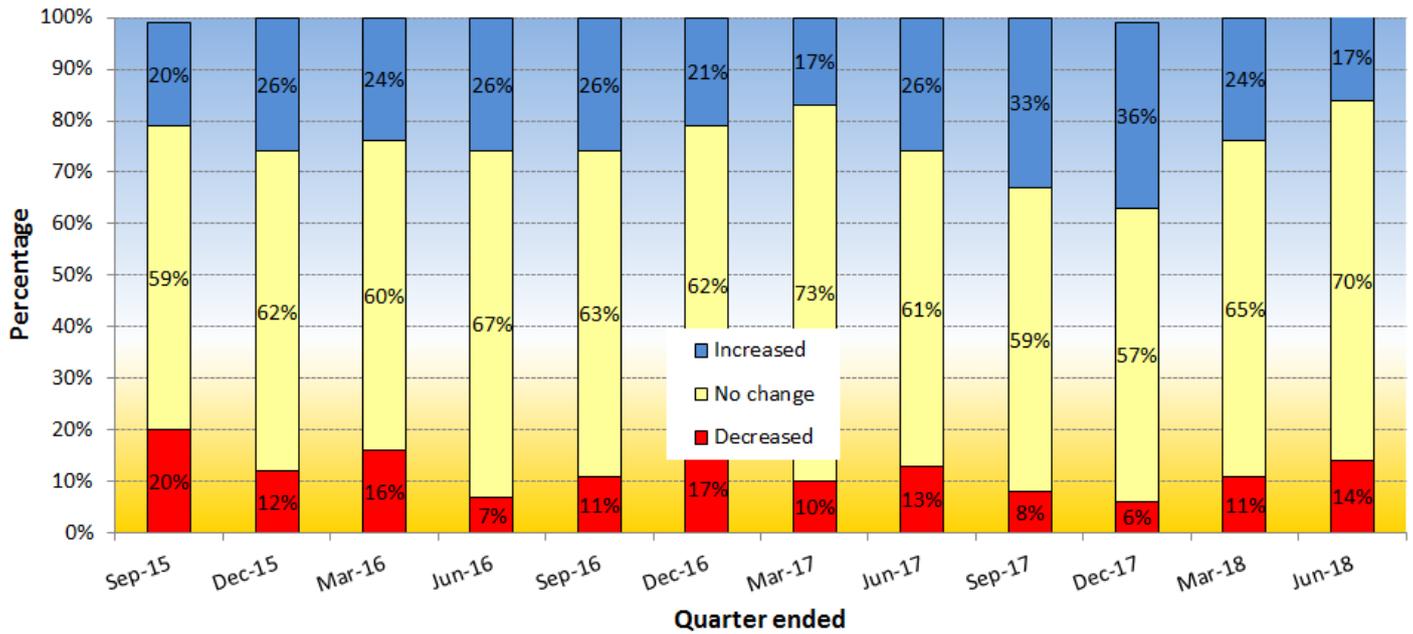
Less positive

- Backpacker tax;
- Business costs / inputs;
- Discounting;
- Households have less discretionary spending power;
- Increased supply / Airbnb;
- Relative cost of outbound travel;
- Poor road conditions in some areas.

## 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



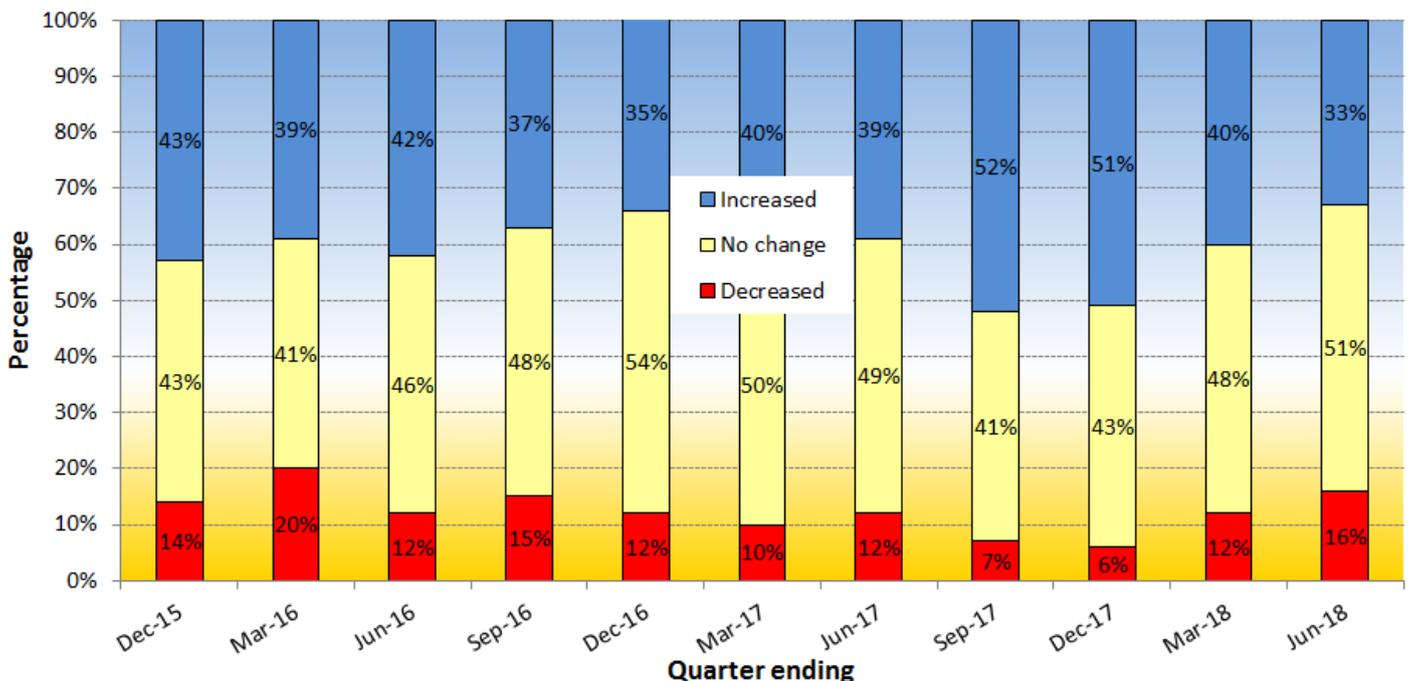
In the June 2018 quarter survey 17% of the respondents had employed additional staff in their business – down from 24% at the previous survey and 36% at the December 2017 quarter survey.

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



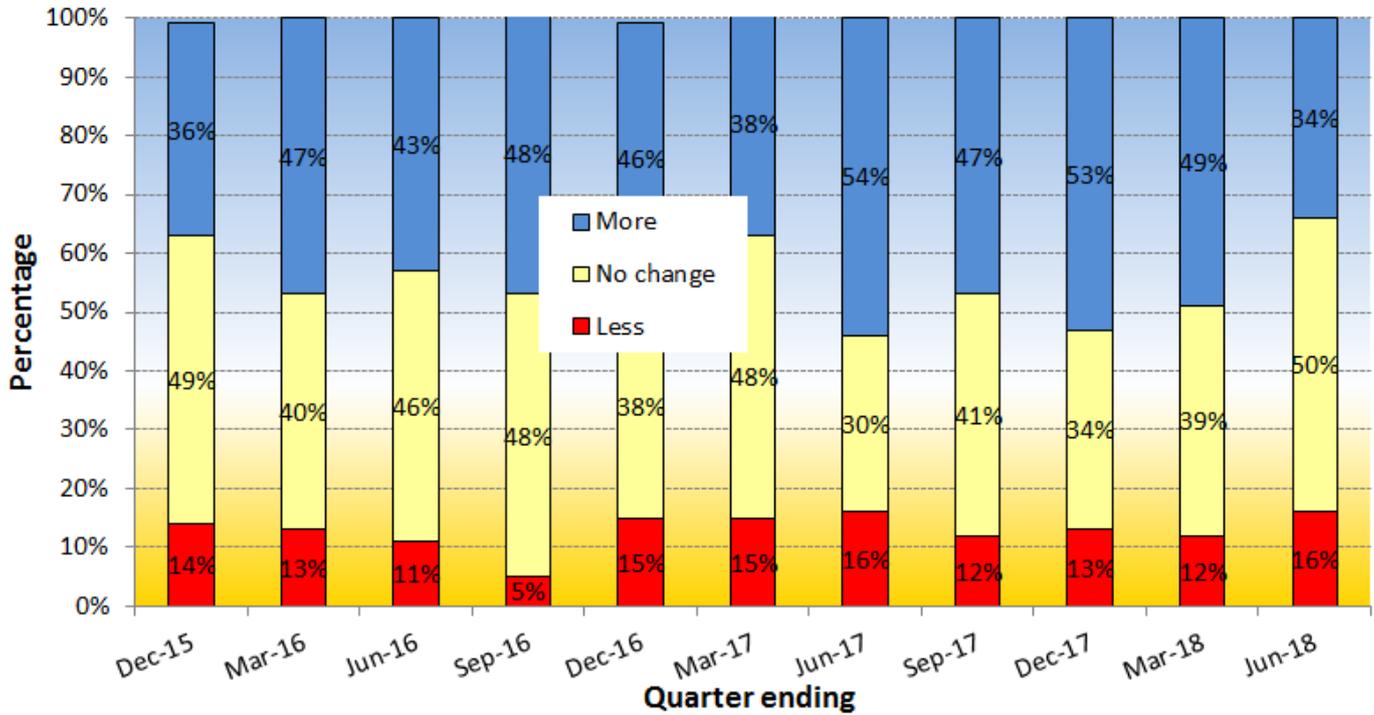
In the June 2018 quarter survey 33% of the respondents reported that their wages bill had increased – down from 40% at the March quarter survey and 51% at the December 2017 quarter survey.

The increase was due in most cases to employing more staff or extending staff hours. In some instances, CPI increase was mentioned. Employing more casual staff hours could also increase wage costs. 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 June 2018 quarter survey 34% were planning more investment in their business – down substantially from 49% at the March quarter survey.

### About the SATIC Tourism Barometer

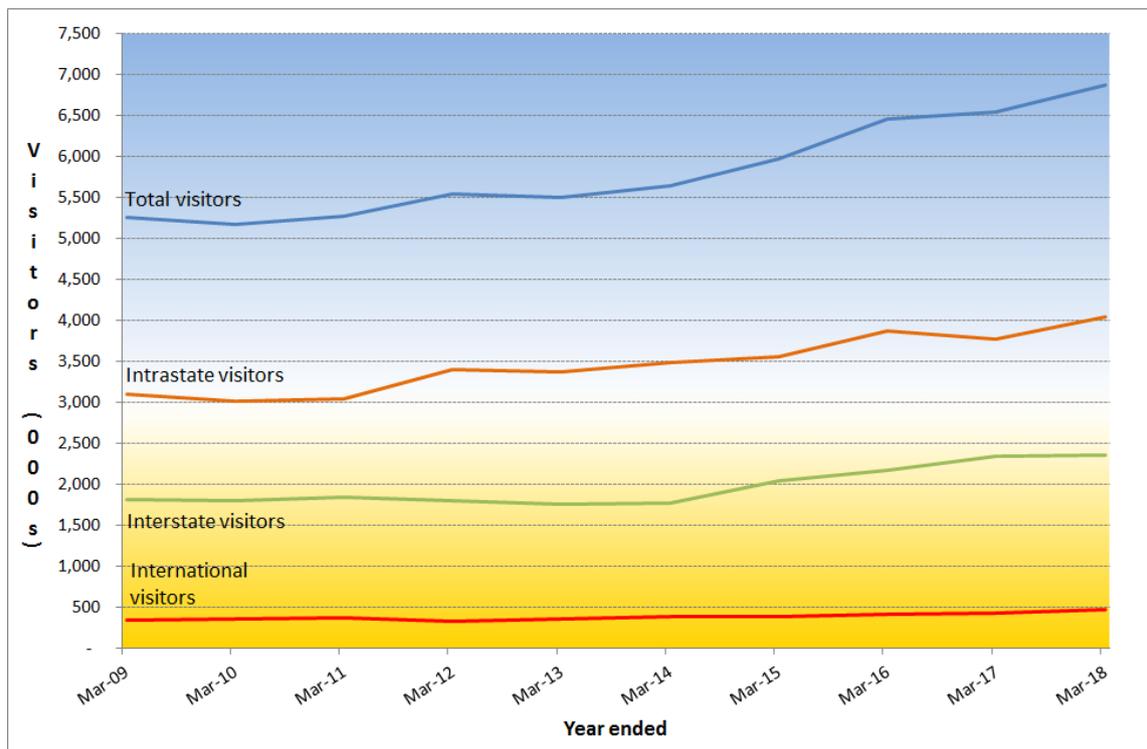
The SATIC Tourism Barometer is a quarterly survey of SATIC members designed to measure recent activity levels and the outlook for the future. The Barometer survey is conducted online and a total of 96 members responded to the June 2018 quarter survey.

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

## Annual Performance to March 2018

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.

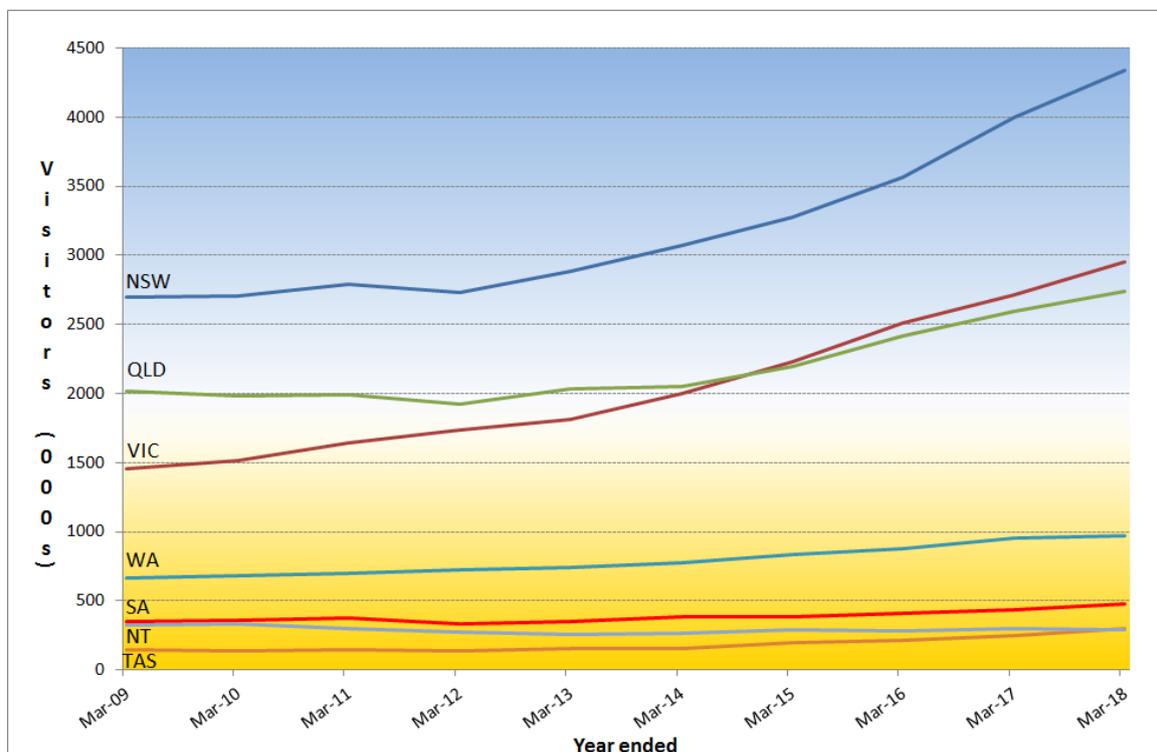
### Overview of Overnight Visitor Demand for South Australia



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

The number of interstate visitors to SA in the year to March 2018 was 2,362,000 – up slightly by 1% from the previous year – while the number of intrastate visitors was 4,044,000 – up by 7%. The number of international visitors was 475,000 – an increase of 9%. Over all sectors the number of overnight visitors increased by 5% to 6,880,000 (compared to 7% for Australia as a whole).

### International Visitors by State / Territory

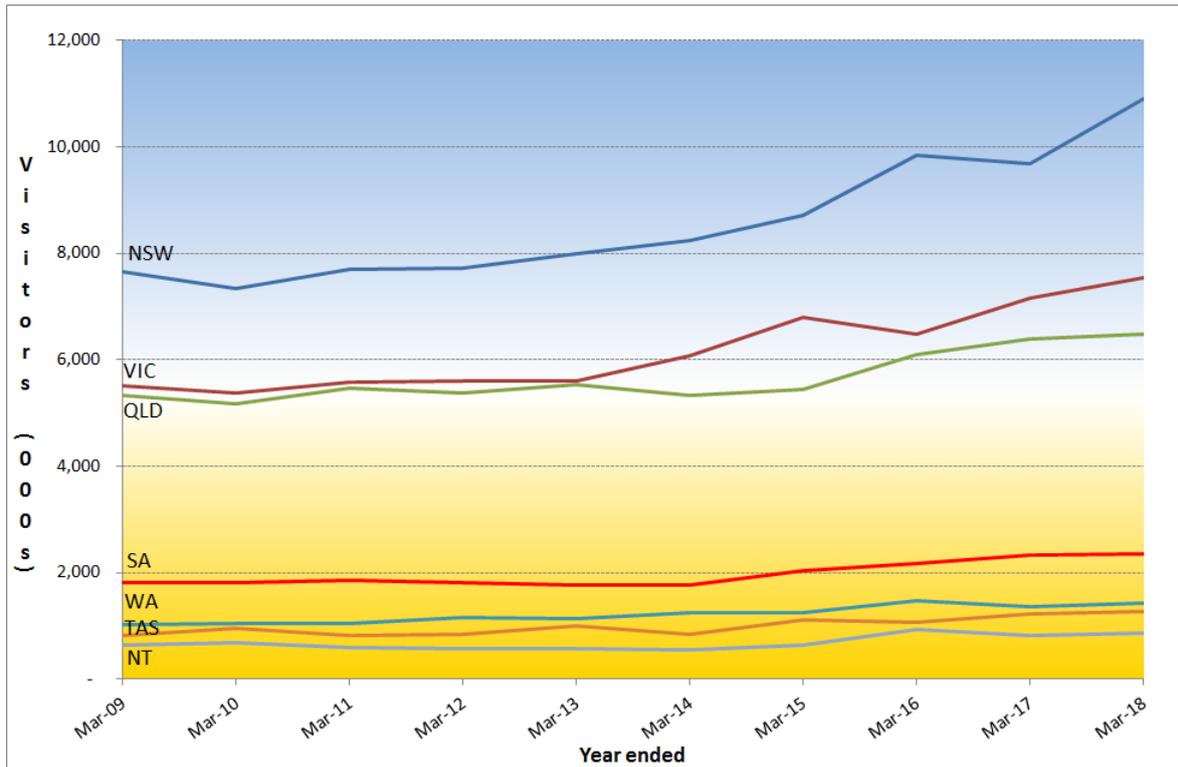


Tourism Research Australia. <http://www.tra.gov.au/research> International Visitors in Australia. International Visitor Survey

In the year ended March 2018 the number of international visitors to South Australia increased by 9% – from 436,000 to 475,000. Nationally international travel demand grew by 8%. Over the ten-year period from 2009 international visitation has grown most

strongly in Tasmania (up by 106%), Victoria (up by 104%), Tasmania (up 86%) and NSW (up 61%). The number of visitors to SA has increased by 36% over this period compared with 64% for Australia as a whole.

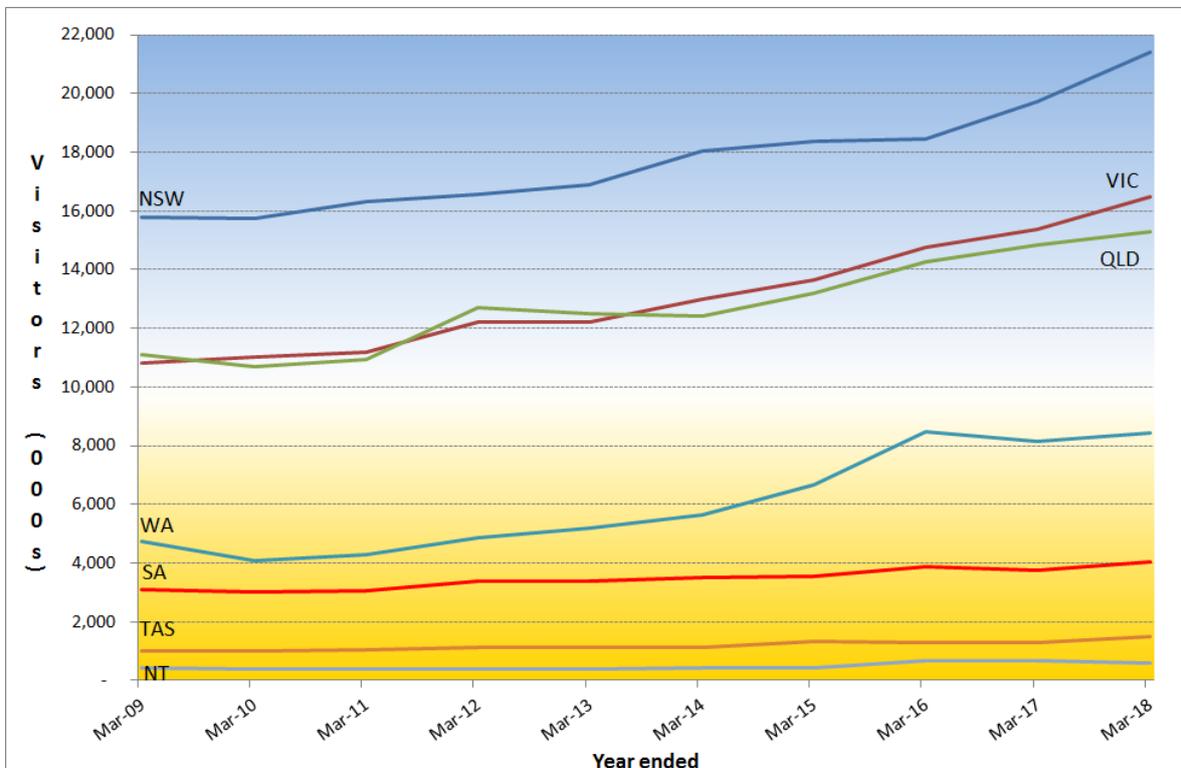
### Interstate Visitors by State / Territory



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

In the year ended March 2018 the number of interstate visitors to South Australia increased very slightly by 1% to reach 2,362,000 visitors. Nationally, interstate travel demand grew by 7%. Due to a change of sampling methodology the NVS is subject to a break in series from 2014.

### Intrastate Visitors by State / Territory



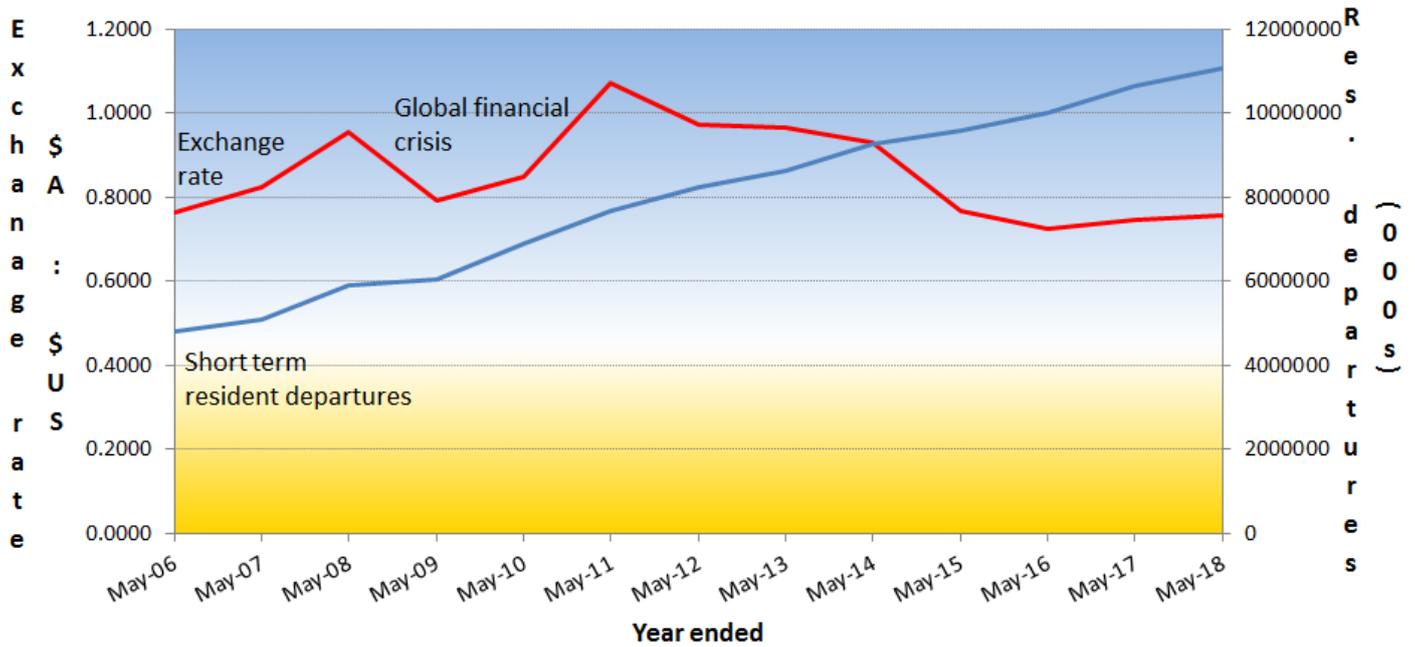
Tourism Research Australia. <http://www.tra.gov.au/research> Travel by Australians. National Visitor Survey

In the year ended March 2018 the number of intrastate visitors in South Australia grew by 7% from the previous year to 4,044,000 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



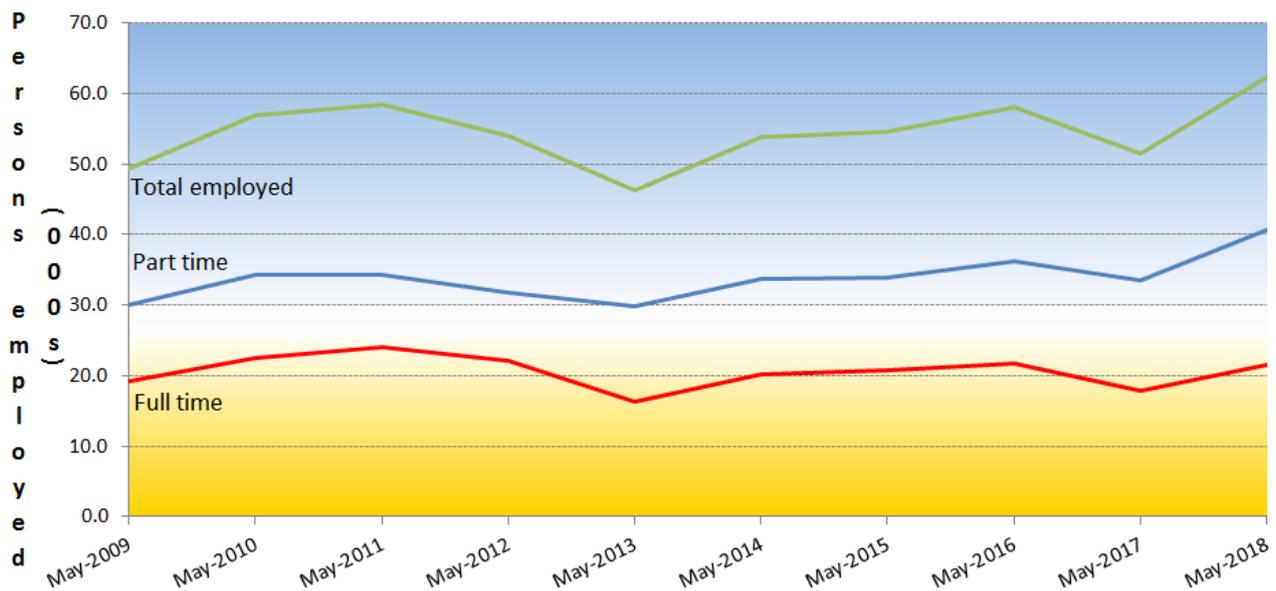
Source: Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.

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 May 2018 there were 11.09 million short term resident departures from Australia – an increase of 4.2% 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 May 2018 showed an increase in total employment with the number of persons employed in the accommodation and food services sector rising by 21% from May 2017 to 62,300. Full time employment was up by 21% to 21,600 while part time employment was also up by 21% to 40,700.

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 financial year 2017/18 were as follows:

<b>Pax (000s)</b>	<b>2017/18</b>	<b>2016/17</b>	<b>% change</b>
Domestic *	7,415	7,138	3.9%
International	1,005	952	5.5%
<b>Total</b>	<b>4,293</b>	<b>4,142</b>	<b>3.6%</b>

Source: Adelaide Airport - \* includes regional

Domestic movements were up by 3.9% for the 2017/18 financial year while international passenger movements were up by 5.5%.

For the June quarter total movements were up by 4.5% when compared with the June quarter of 2017 – up 4.3% for domestic and 6.2% for international.

Growth was supported by new routes and additional capacity to destinations such as Avalon, Hobart and Kangaroo Island have stimulated domestic growth.

Service increases during the financial year have come from Fiji Airways, Qatar Airways, China Southern, Singapore Airlines, Jetstar and Air New Zealand.

China Southern will increase to five flights per week between Adelaide and Guangzhou from October 28<sup>th</sup> with daily services in peak periods.

Both Malaysia Airlines and Cathay Pacific have also announced service increases in the second half of 2018.