

TiCSA Tourism Barometer

December Quarter 2022



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Uncertainty grows, but confidence remains

The 2022 December Quarter Tourism Barometer has declined across all categories. Despite the declines, the Barometer remains positive in all categories, meaning more businesses are reporting positive results than negative.

The growth in interstate and international visitors has been welcomed, but issues around staffing, rising business costs and high inflation continue to trouble tourism businesses in South Australia. Adding to the concerns and troubles has been the recent flooding that has impacted many tourism businesses. The rising business costs have driven many tourism operators to increase their prices, which has led to an increase in yield (i.e. \$/visitor and \$/night). Despite the increases experienced in the most recent quarters, South Australia continues to lose market share (in terms of visitation and visitor expenditure) to other states and the pace of these declines is increasing.

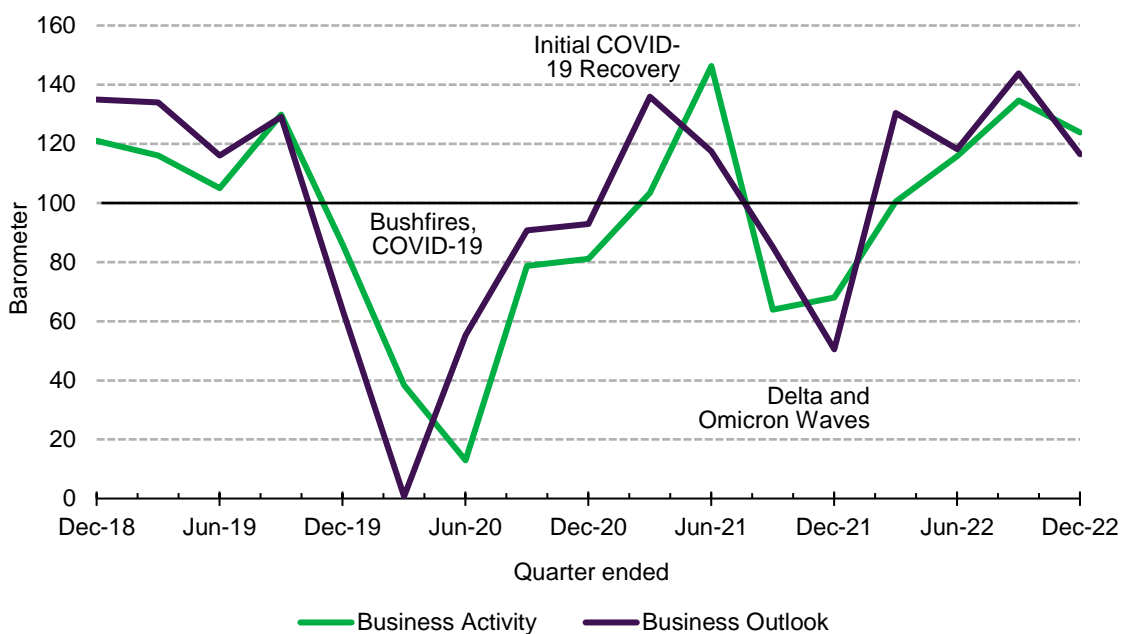
Time will tell if the current issues facing the tourism industry in South Australia can dampen the gains that the industry has seen over recent quarters.

Figure 1: TiCSA Tourism Barometer Dashboard Readings



Source: Tourism Industry Council South Australia

Figure 2: TiCSA Tourism Barometer



Source: Tourism Industry Council South Australia

Business Activity (Last Three Months)

The main reasons for the negative performance in the **December** quarter remained the same and were:

- Decreased visitors to the area;
- Rising business costs;
- Lack of consumer confidence;
- Unfavourable weather; and
- Flooding.

"High inflation means people have less money to travel, so they are not."

"Everyone is worried about the economy."

"We are assessing the damage from the flood, have to see where this goes."

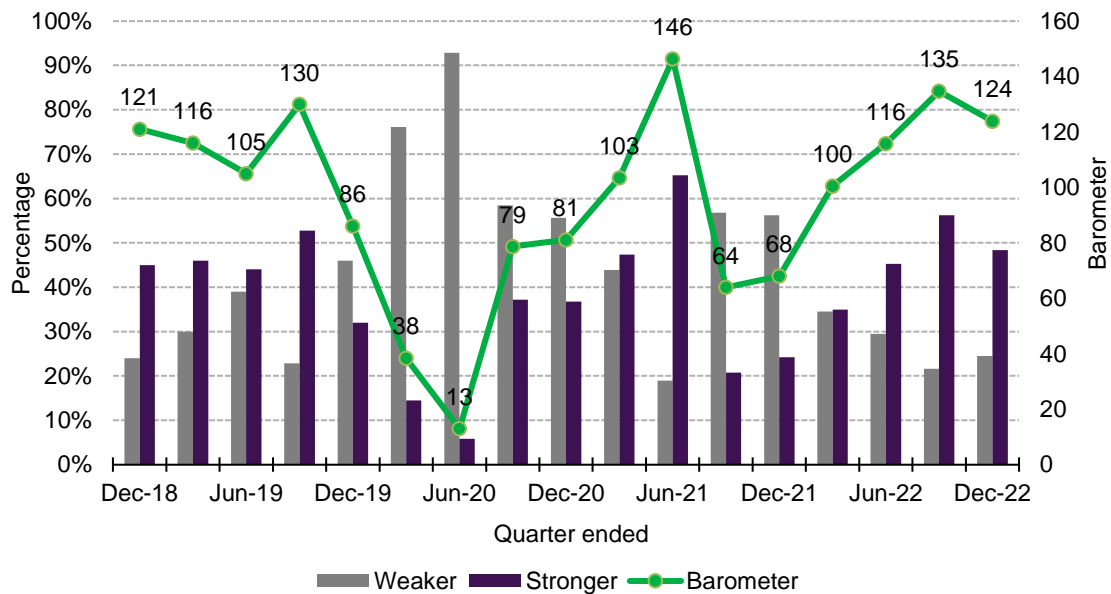
The main reasons for the positive performance in the **December** quarter were:

- Reduced COVID-19 impact;
- Increase in interstate travel;
- Travel generally **higher than last year's**;
- High season / coming out of low season;
- Increase in intrastate travel.

"We are finally back to normal after COVID."

"Things are going well, but we are cautious."

Figure 3: Business Activity in the Last Three Months

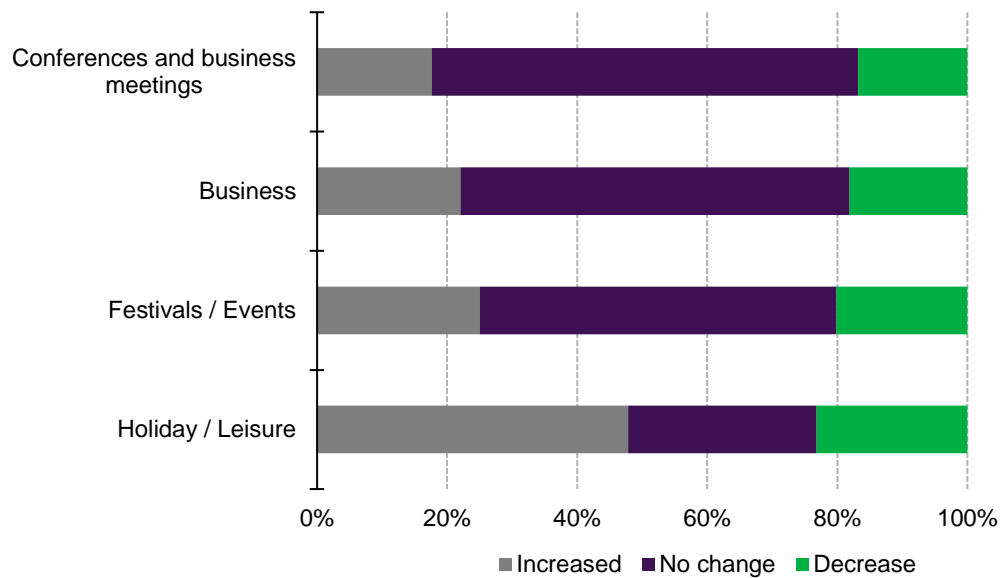


Source: Tourism Industry Council South Australia

Business Activity by Market Segment (Last Three Months)

In contrast to recent Barometer Reports, all segments experienced higher levels of decreased business activity and lower levels of increases in business activity. While movements were relatively minor, they were all consistent in their direction.

Figure 4: Business Activity – By Market Segment (December Quarter 2022)

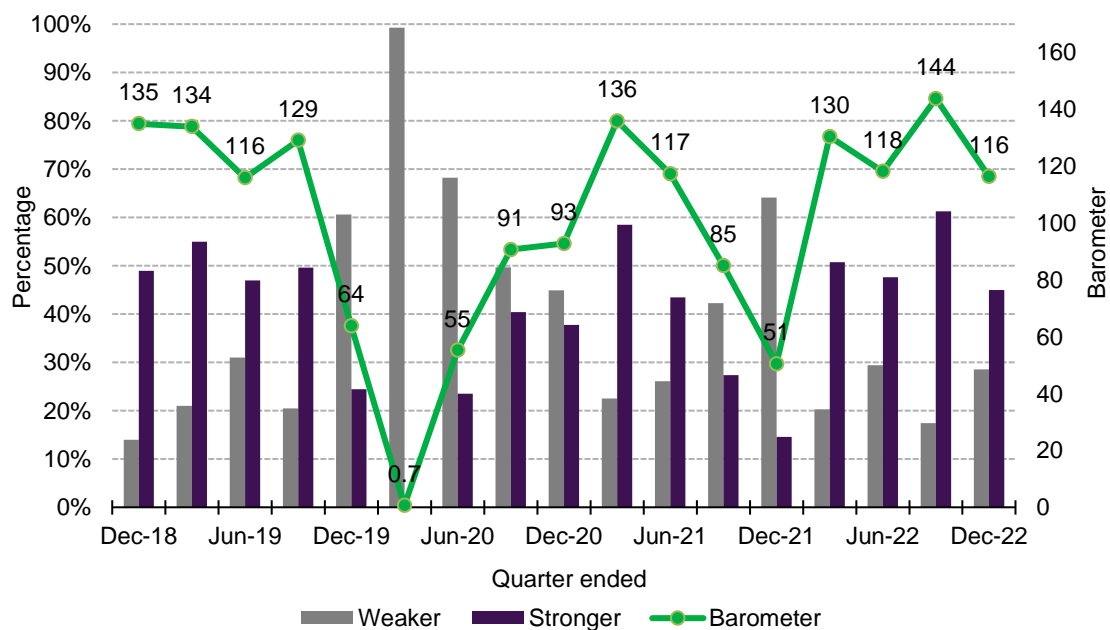


Source: Tourism Industry Council South Australia

Business Outlook (Next Three Months)

Like the overall Barometer, the business outlook over the next three months remains positive, however, has dropped from the September Quarter (a 5-year high).

Figure 5: Business Outlook for the Next Three Months

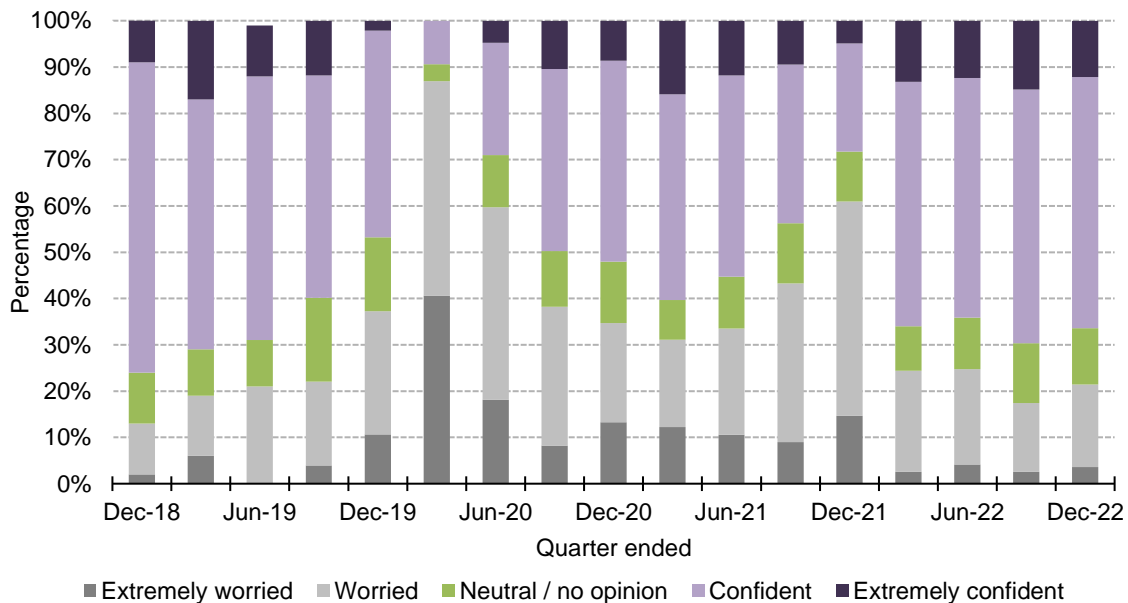


Source: Tourism Industry Council South Australia

Business Outlook (Next 12 Months)

Over the next 12 months, tourism businesses remain confident, however, those that are 'worried' about the future have increased slightly. Overall, two-thirds of tourism businesses are either 'extremely confident' or 'confident' about the future.

Figure 6: Business Outlook for the Next Twelve Months



Source: Tourism Industry Council South Australia

Table 1: The Top Factors Influencing the Future Outlook

Positive Factors	Negative Factors
<ul style="list-style-type: none"> • Stronger international market; • New products or developments; • Strong forward bookings; • Less COVID-19 impacts; and • Strong events calendar. 	<ul style="list-style-type: none"> • Cost of living increasing; • Business costs increasing; • Flooding; • Staff shortages; and • Limited forward bookings.

Source: Tourism Industry Council South Australia

"Future bookings look good."

"Australians are starting to travel overseas again."

"People are really travelling again, which is great to see."

"High cost of living, high fuel costs, weaker economy equals hard times ahead."

"The floods actually diverted people to our region."

"The flood will cost us dearly."

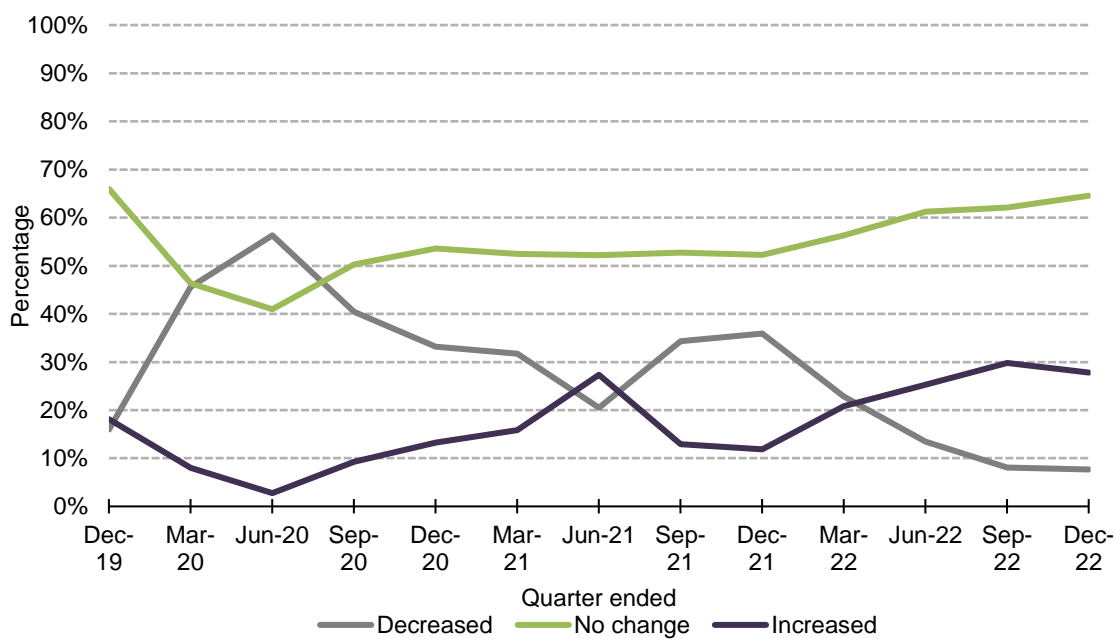
"We have started to see international travellers return."

"Unless the staffing issue can be addressed, we will not be able to meet demand."

Employment and Wages

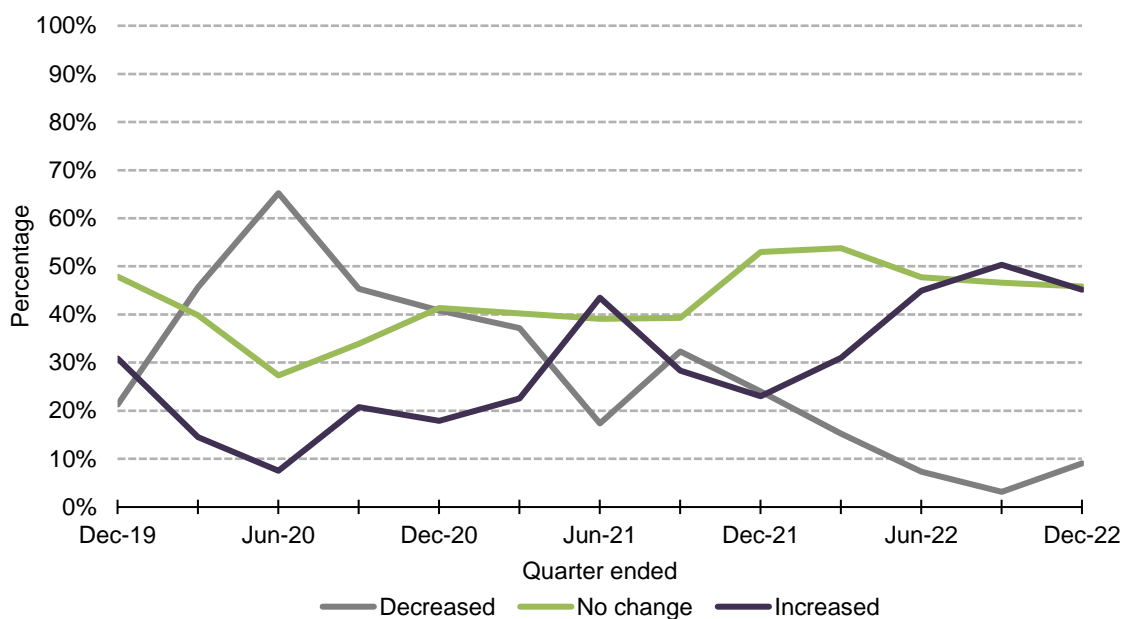
Employment remained relatively stable the December Quarter, with 65% of tourism businesses reporting no change. While employment remained stable, 45% of tourism businesses reported a higher wages bill. Other feedback in the Tourism Barometer continues to point to staffing shortages, likely leading to the wage increases. Many open positions remain unfilled and some businesses reported difficulties filling roles to keep pace with demand.

Figure 7: Employment Trends



Source: Tourism Industry Council South Australia

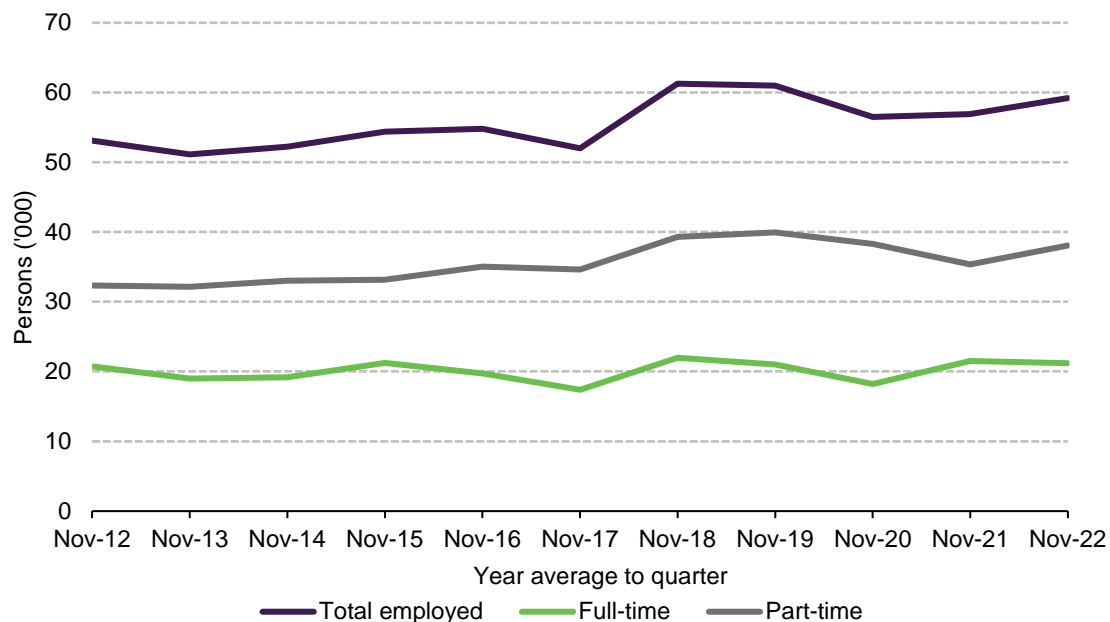
Figure 8: Wages Bill



Source: Tourism Industry Council South Australia

The ABS Labour Force Survey saw total employment in the accommodation and food services industry increase by 2,679 or 7.6% in the year to December 2022, driven by increases in part-time work, which was likely due to seasonal increase for the Christmas holiday period.

Figure 9: SA Employment, Accommodation and Food Services Industry



Source: ABS Labour Force, Australia, Cat. No. 6291.055.003

Staff Shortages and the Floods

The December Quarter Barometer clearly identified the on-going staffing shortages experienced by tourism businesses, with many citing these shortages are reducing their ability to meet demand. On-going labour shortages have been highlighted in the Barometer report over the last year.

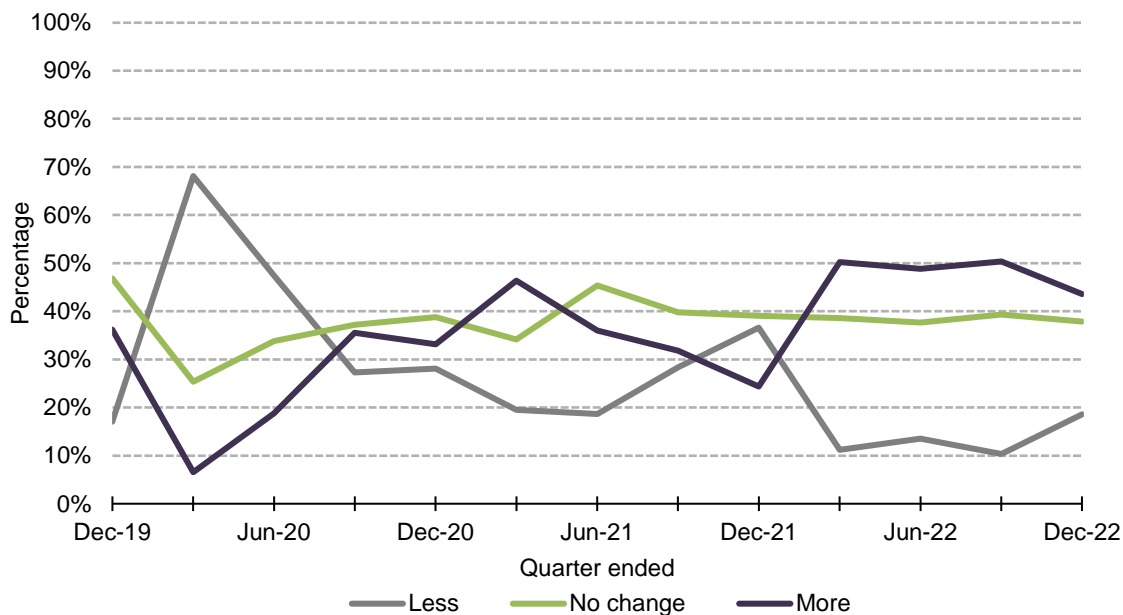
- Overall, tourism businesses reported they were operating at 51% their full capacity, which during the business Christmas period is concerning and can point to missed opportunities
- 17% of tourism businesses reported operating at reduced capacity (due to staffing shortage)
- 29% of tourism businesses reported that they were experiencing a significant impact due to current events (**including** flooding)
- 8% of tourism businesses said there were closed temporarily

While for some businesses in unaffected regions, the floods have delivered an unexpected increase in visitors. In affected areas, there has been devastation. Beyond missing out on a peak earning periods, many tourism businesses face steep costs of rebuilding and repairing that will also mean their extended closure. Further feedback in the Barometer points to media coverage deterring visitors to businesses that were unaffected. The recent flooding has caused significant impacts in affected regions.

Investment Outlook

Given the uncertainty in the market and the rising cost environment, it is not surprising that the investment outlook has decreased slightly with 20% of tourism businesses reporting a decrease in future investment.

Figure 10: Planned Investment



Source: Tourism Industry Council South Australia

Airport Passengers

Domestic and international passengers through the Adelaide Airport have increased dramatically, however, have not yet returned to pre-COVID (i.e. 2019) levels.

Table 2: Adelaide Airport Passenger Statistics

	Passengers ('000)			
	Sep Qrt 2022	Sep Qrt 2021	Sep Qrt 2020	Sep Qrt 2019
Domestic	1,718	428	286	1,936
International	132	9	4	310
Total	1,850	437	290	2,246

Note: Domestic movements include regional.

Source: Adelaide Airport, Passenger Statistics, November 2022

Statistical Note:

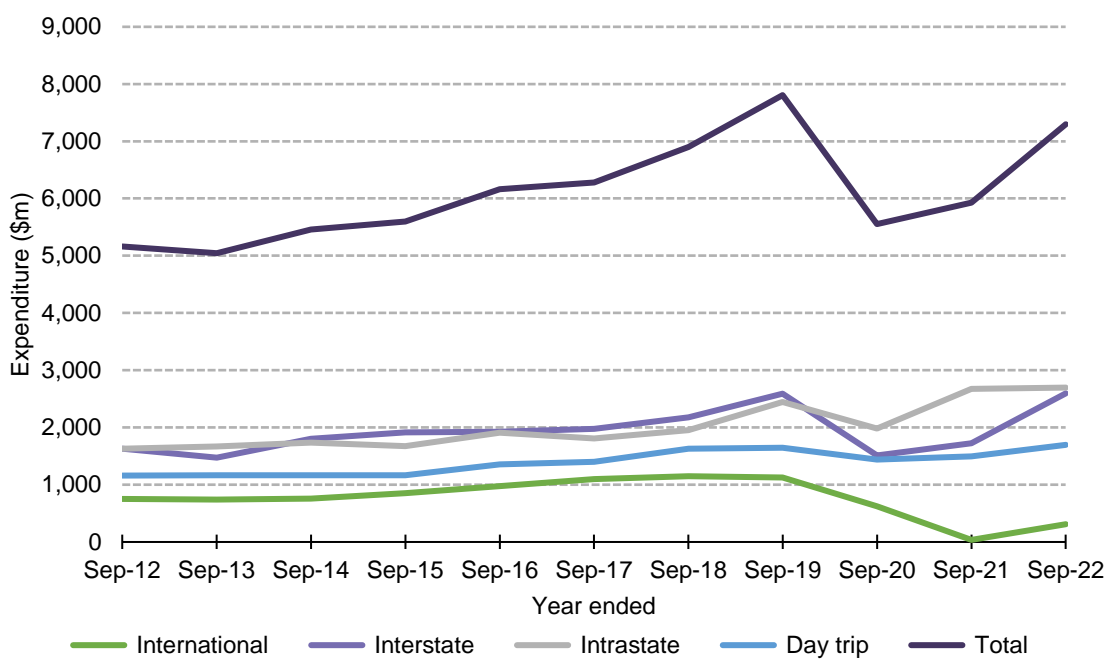
The TiCSA Tourism Barometer December Quarter 2022 survey was conducted online 10th January 2023 – 17th January 2023. A total of 157 responses were received, representing a margin of error of +/- 7.8% at a confidence level of 95%, demonstrating a statistically robust sample.

Visitation and Expenditure

The rebound of visitor expenditure has increased markedly, exceeding \$7 billion, which is just below the pre-COVID peak. All market segments experiences increases, except for intrastate visitation, which was stable.

While a very positive result, visitor expenditure in other states (namely Victoria, Queensland and Western Australia) saw much higher rates of growth across all visitor types. By comparison, visitor expenditure in all other states rose by 52% in the year ending September 2022 and in South Australia the growth rate was 23%.

Figure 11: Visitor Expenditure by Type, South Australia (2022)



Note: Year ending September.

Source: Tourism Research Australia

Table 3: Visitor Expenditure (\$m) by Type (2022)

	South Australia		All States	
	Sept-22	% Change	Sept-22	% Change
International	\$307	752.8%	\$8,756	927.7%
Interstate	\$2,598	50.5%	\$35,683	82.6%
Intrastate	\$2,694	0.9%	\$51,849	25.2%
Day trip	\$1,695	13.4%	\$25,122	37.6%
Total	\$7,294	23.0%	\$121,410	51.7%

Note: Year ending September. % change is from previous year.

Source: Tourism Research Australia

Visitation data reflects feedback from the survey and reported increases in interstate and international visitors, however, there was annual decreases in day trip and intrastate visitors. Tourism businesses reported that with overseas borders opening, some South Australians were choosing to travel overseas (instead of within South Australia). Despite the growth in international and interstate, recent levels remain below recent historical trends.

The growth in the international and interstate markets drove a significant increase in visitor nights in the year ending September.

Table 4: Visitors and Nights by Type, South Australia (2022)

	Visitors	Holiday	VFR	Business	Visitor Nights
Day trip	13,007	6,051	3,789	1,404	
Annual % Change	0.8%	-2.2%	28.0%	-11.5%	
3-year trend % Change	-6.2%	-7.5%	-1.3%	-15.3%	
10-year trend % Change	0.7%	0.1%	1.2%	0.6%	
Intrastate	4,567	2,190	1,206	861	13,138
Annual % Change	-2.3%	-13.2%	4.2%	21.7%	-8.7%
3-year trend % Change	-2.9%	-0.3%	-5.7%	-3.0%	-3.2%
10-year trend % Change	3.2%	3.5%	1.9%	4.5%	2.6%
Interstate	2,163	815	706	606	11,289
Annual % Change	49.4%	42.0%	42.3%	85.8%	27.0%
3-year trend % Change	-9.2%	-7.4%	-6.1%	-12.9%	-6.5%
10-year trend % Change	2.0%	2.1%	3.4%	1.4%	3.2%
International	95	17	51	12	3,902
Annual % Change	954.5%	7735.3%	794.9%	1117.9%	751.2%
3-year trend % Change	-41.3%	-56.4%	-29.4%	-39.6%	-26.4%
10-year trend % Change	-12.6%	-19.7%	-7.3%	-13.2%	-10.1%
Total	19,833	9,074	5,752	2,883	28,329
Annual % Change	4.2%	-2.3%	24.5%	10.0%	19.4%
3-year trend % Change	-6.3%	-6.5%	-3.4%	-12.0%	-9.4%
10-year trend % Change	1.2%	0.8%	1.5%	1.6%	-0.5%

Note: Year ending September.

Source: Tourism Research Australia

Despite the declines in visitation, yield has continued to rise, which is likely been driving through operators increases their prices. 61% of tourism businesses in the December Barometer reported increasing their prices, compared to 53% of businesses in the September Quarter and 45% of businesses in the June Quarter. In the December Quarter, tourism businesses reported an average increase of 11% in pricing, which is reflective of the rising costs of business that has been featured over the last few Barometer reports.

Compared to other states, South Australia continues to lose ground in terms of market share in both visitors and expenditure. The pace of the losses in market share are also increasing. As the South Australian tourism market continues to grow, it is losing ground to other states. This trend is in stark contrast to the COVID impacted years, where South Australia's market share rose.

Table 5: Expenditure and Yield, South Australia, by Type (2022)

	Expenditure (\$m)	Yield (\$/visitor)	Yield (\$/night)	Market Share Visitors (%)	Market Share Expenditure (%)
Day trip	\$1,695	\$130		7.0%	6.7%
Annual % Change	13.4%	12.1%		7.8%	8.2%
3-year trend % Change	1.0%	7.7%		6.7%	6.5%
10-year trend % Change	3.9%	10.6%		6.9%	6.4%
Intrastate	\$2,694	\$590	\$205	6.0%	5.2%
Annual % Change	0.9%	3.1%	10.2%	7.0%	6.5%
3-year trend % Change	3.3%	6.4%	6.6%	6.2%	5.7%
10-year trend % Change	5.2%	6.6%	8.6%	6.5%	6.0%
Interstate	\$2,598	\$1,201	\$230	7.9%	7.3%
Annual % Change	50.5%	0.8%	18.6%	8.4%	8.8%
3-year trend % Change	0.1%	10.3%	7.0%	7.7%	7.1%
10-year trend % Change	4.8%	9.3%	5.3%	7.6%	7.3%
International	\$307	\$3,229	\$79	4.6%	2.4%
Annual % Change	752.8%	-19.5%	0.0%	5.8%	2.6%
3-year trend % Change	-35.1%	10.6%	-11.8%	5.4%	2.5%
10-year trend % Change	-8.5%	16.5%	5.6%	6.5%	2.8%
Total	\$7,294	\$368	\$257	6.8%	6.0%
Annual % Change	23.0%	-11.5%	-2.6%	7.7%	7.4%
3-year trend % Change	-2.2%	-3.0%	2.3%	6.7%	5.7%
10-year trend % Change	3.5%	-0.7%	1.0%	7.0%	6.0%

Note: NA – not applicable. Year ending September. Market share represents the historical market share currently, for the previous year and from three/ten years ago.

Source: Tourism Research Australia



Report prepared in partnership with Lucid Economics.

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