

# TiCSA Tourism Barometer

**March Quarter 2023**



**LUCID**  
ECONOMICS

## Back to Normal?

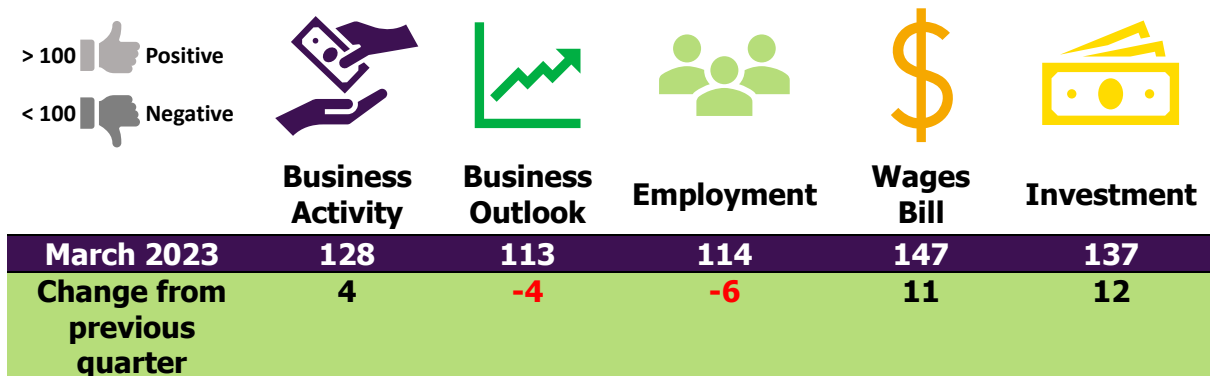
The 2023 March Quarter Tourism Barometer shows increased activity and on-going confidence about the future.

Based on a number of indicators and Barometer findings, it would appear that the tourism industry in South Australia is finally back to 'normal' after the COVID-19 pandemic. Interstate and international visitors have returned in large numbers and visitor expenditure now exceeds pre-COVID levels.

However, staff shortages, interest rate rises, rising costs and economic uncertainty have emerged as significant challenges for the tourism industry. While tourism activity is back, many tourism businesses are operating at just 50% capacity, struggle to find staff to fill shifts and have decreasing levels of profitability (due to increases in costs).

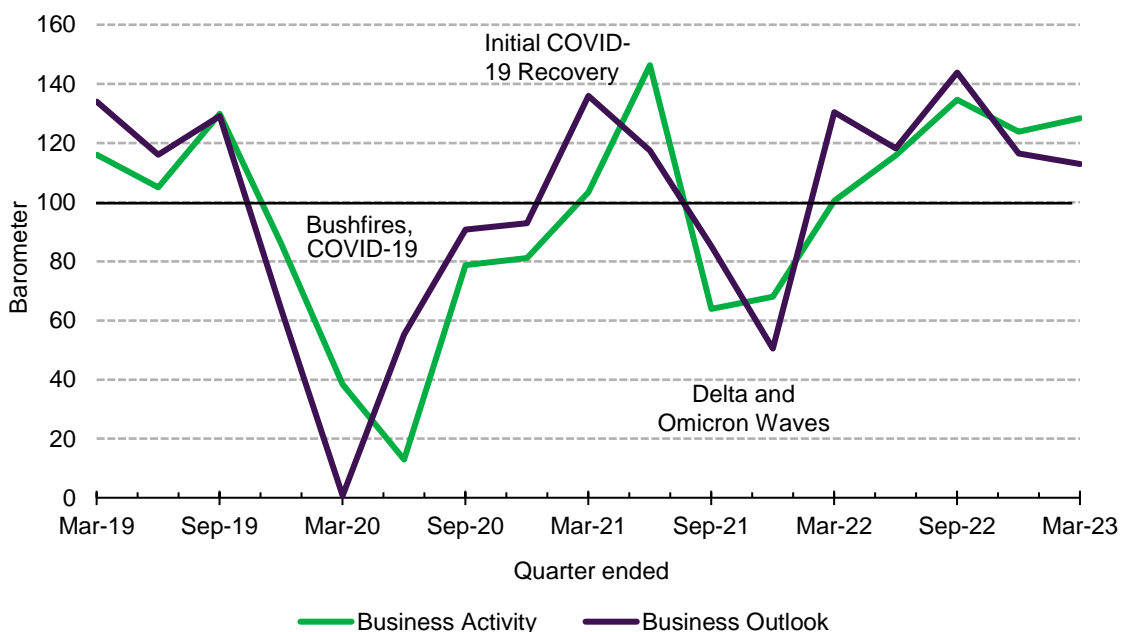
Welcome to the 'new normal'?

**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 March quarter remained the same and were:

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

***"Interest rates go up, consumer confidence goes down."***

***"We will not reopen from the flood damage for a while."***

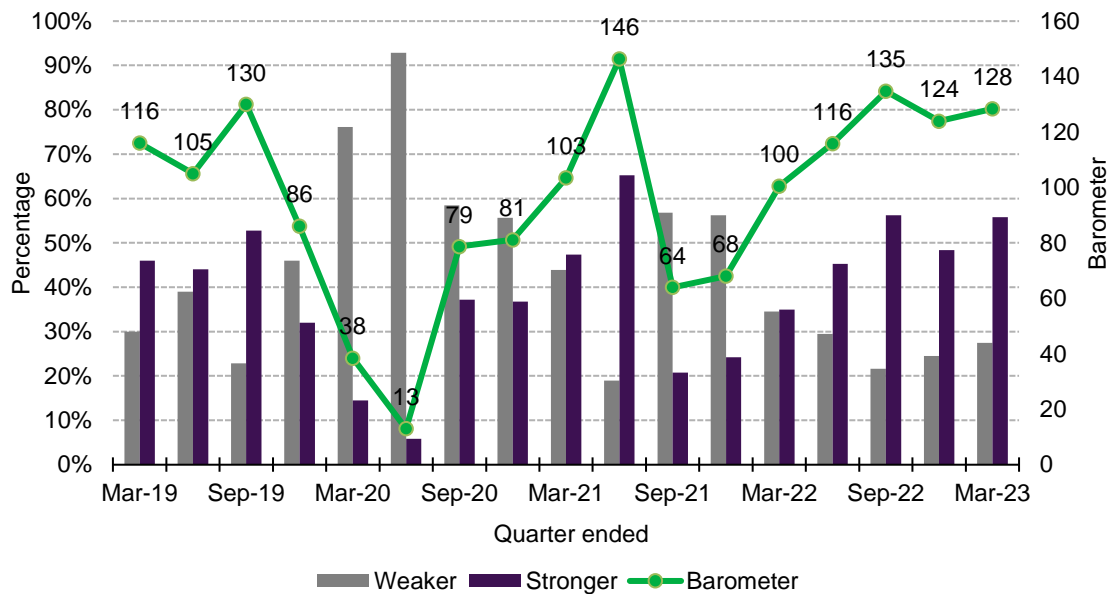
The main reasons for the positive performance in the March quarter were:

- Increase in interstate travel;
- Reduced COVID-19 impact;
- Travel generally higher than last year's;
- Increase in intrastate travel; and
- Increase in prices.

***"Business is back to normal."***

***"We have seen a lot of interstate and international visitors."***

**Figure 3: Business Activity in the Last Three Months**

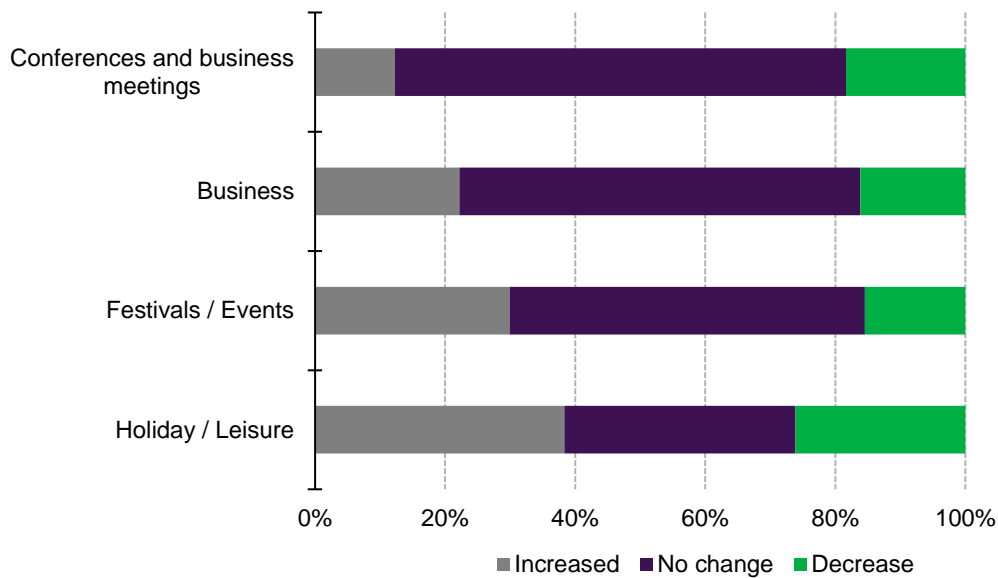


Source: Tourism Industry Council South Australia

### Business Activity by Market Segment (Last Three Months)

By market segment, the results in the March Quarter were mixed. Tourism businesses saw the festival/event market segment contributing more, while the holiday/leisure market segment dropped off slightly. Business, conferences and business meetings travel remained the same.

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

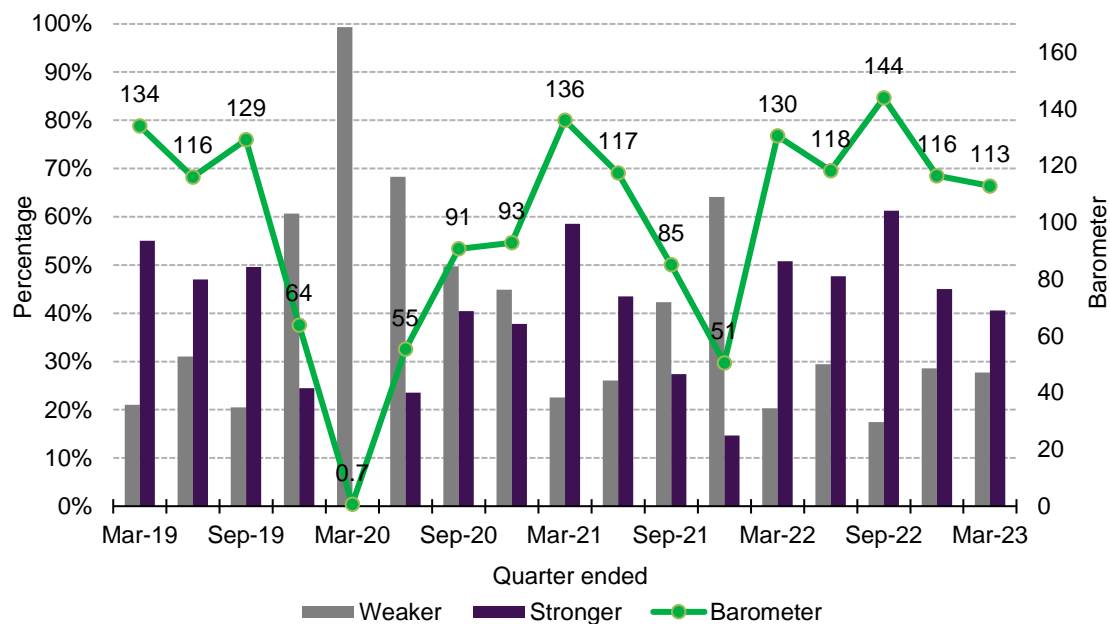


Source: Tourism Industry Council South Australia

### Business Outlook (Next Three Months)

In contrast to the overall Barometer, the business outlook over the next three months lost territory, but remains positive, with those expecting stronger trading over the next three months outnumbering those expecting a weaker period by three to two.

**Figure 5: Business Outlook for the Next Three Months**

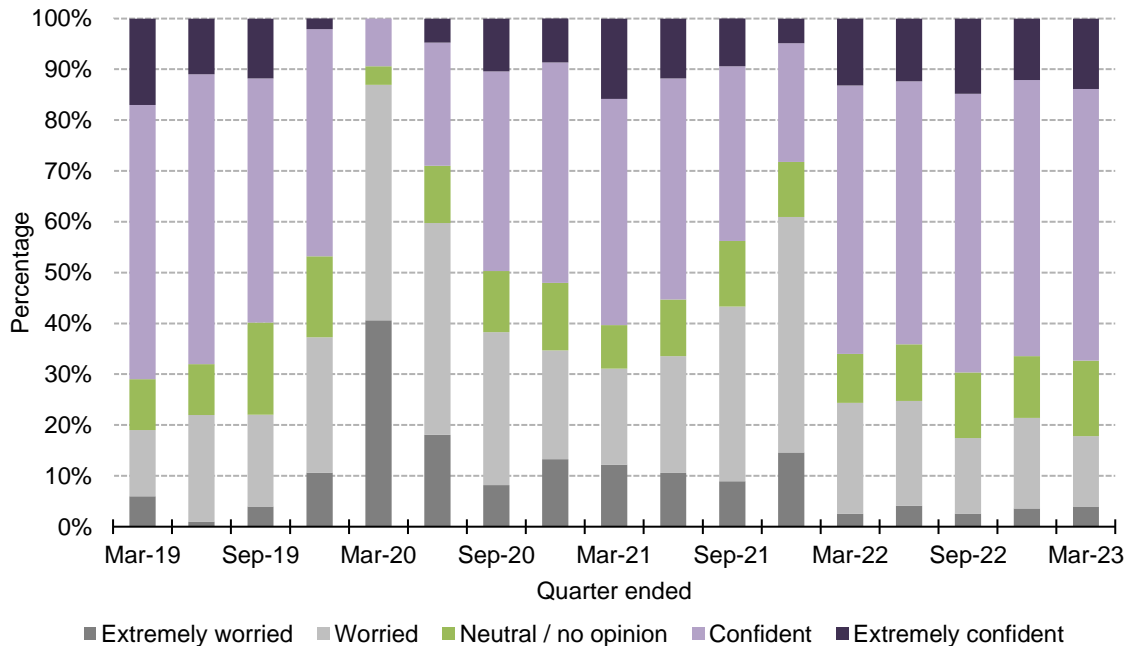


Source: Tourism Industry Council South Australia

## Business Outlook (Next 12 Months)

The business outlook over the next 12 months has remained relatively constant over the last year, with two-thirds of tourism businesses 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"> <li>Steady business growth;</li> <li>Strong forward bookings;</li> <li>Return of international markets;</li> <li>More travellers to the area; and</li> <li>New products or developments.</li> </ul>	<ul style="list-style-type: none"> <li>Cost of living;</li> <li>Weak economy;</li> <li>Limited forward bookings;</li> <li>Still recovery from flooding; and</li> <li>More outbound than inbound visitors.</li> </ul>

Source: Tourism Industry Council South Australia

***"People are happy to travel again, and we are happy to see them."***

***"The cost of everything is going up."***

***"Our region has secured a number of events over the next 12 months."***

***"Cost of living is increasing and interest rates are rising, our customers just don't have the money to travel anymore."***

***"We have 8-9 months of forward bookings from international trade."***

***"We are still closed due to flood damage."***

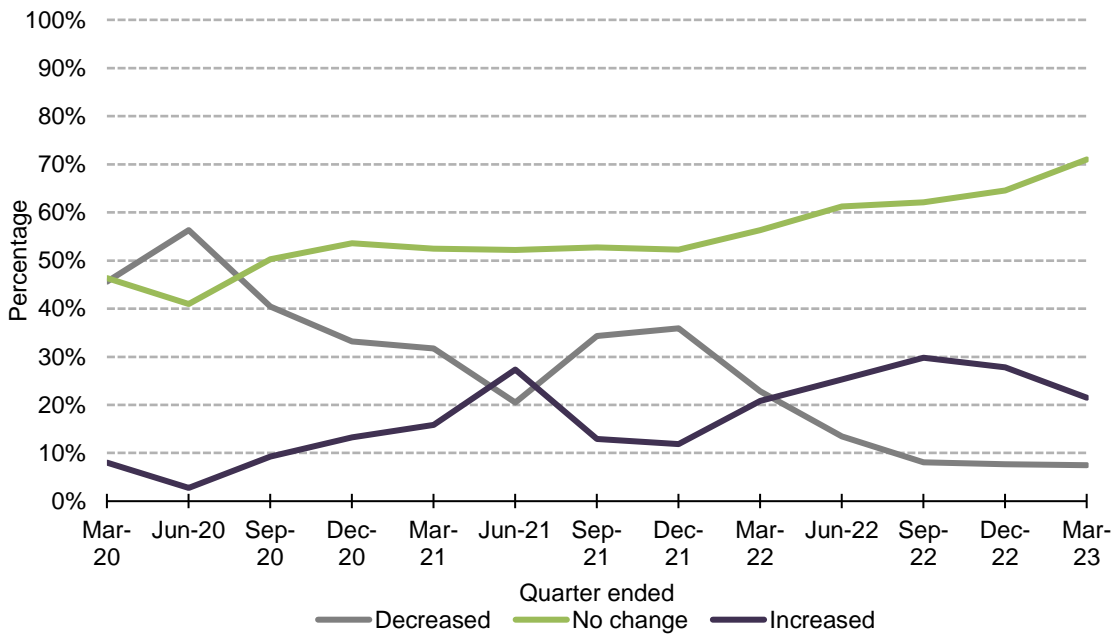
***"We are seeing a lot of new caravans and families travelling."***

***"I am not certain what the future holds."***

## Employment and Wages

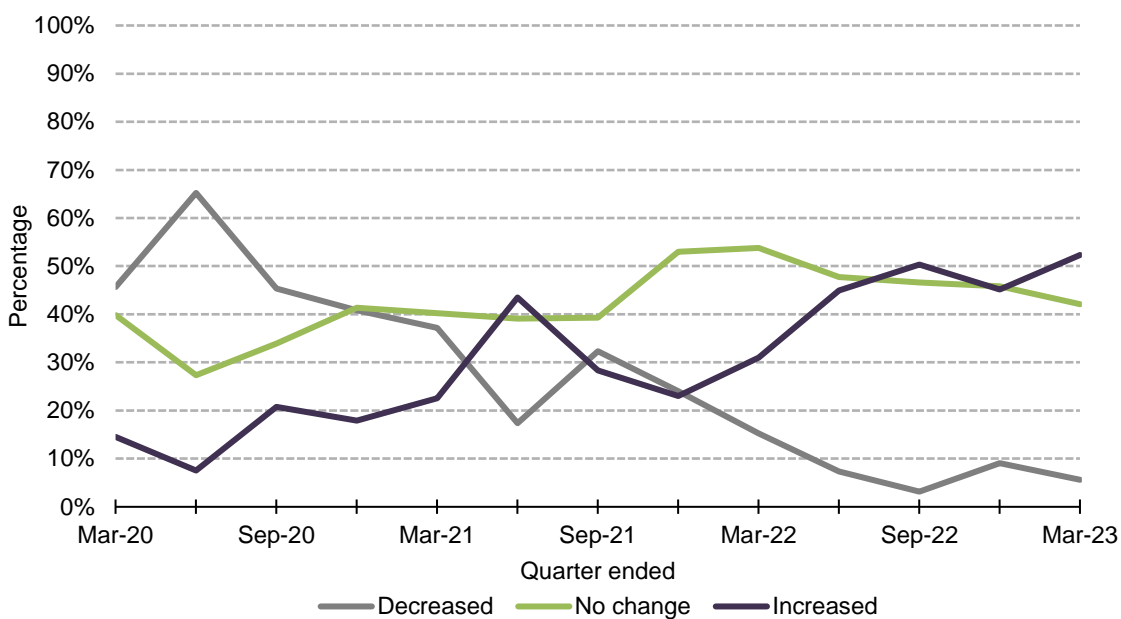
Employment remained stable the March Quarter, with over 70% of tourism businesses reporting no change. While employment remained stable, over half of tourism businesses reported a higher wages bill, which signals consistent increases in wages over the last year. Tourism businesses have highlighted mounting pressure from increasing operating costs (including wages) over recent Barometers as a rising concern.

**Figure 7: Employment Trends**



Source: Tourism Industry Council South Australia

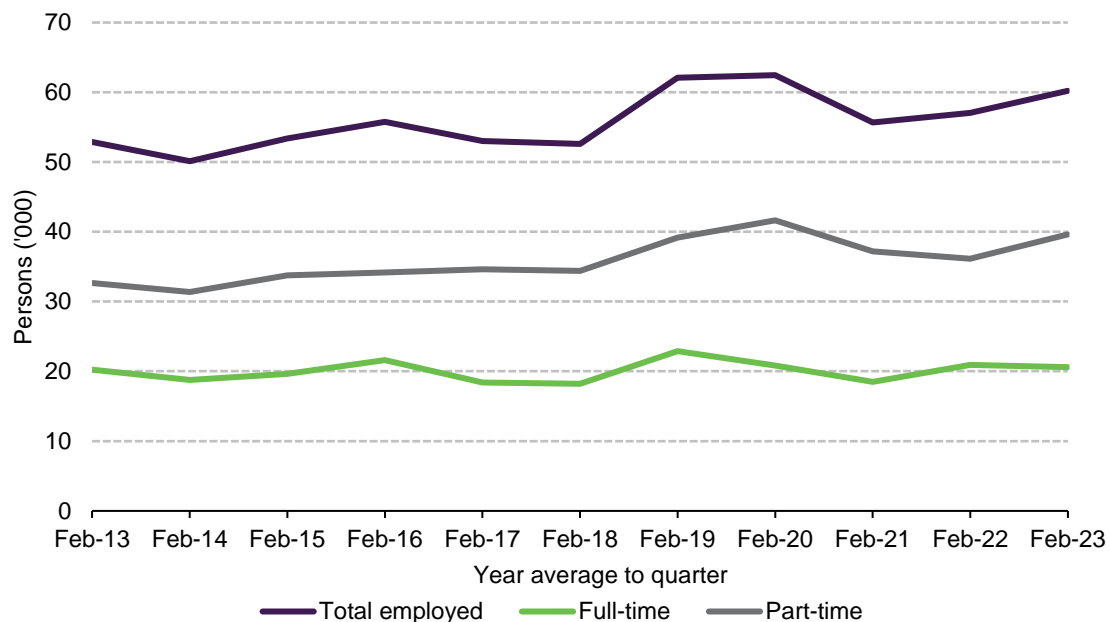
**Figure 8: Wages Bill**



Source: Tourism Industry Council South Australia

According to the ABS Labour Force Survey, total employment in the accommodation and food services industry increased to over 60,000 in February 2023, driven by an increase in part-time work. Full-time employment decreased slightly.

**Figure 9: SA Employment, Accommodation and Food Services Industry**



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

### Past COVID-19

Most of the indicators from this report have returned to levels consistent with the pre-COVID period. Visitation to South Australia and passengers through the Adelaide Airport are approaching pre-COVID levels, while visitor expenditure has exceeded its pre-pandemic level. While the tourism industry in South Australia appears to have finally gotten over COVID-19, many new challenges have emerged.

The following key challenges were cited by tourism businesses in South Australia in the latest Barometer report:

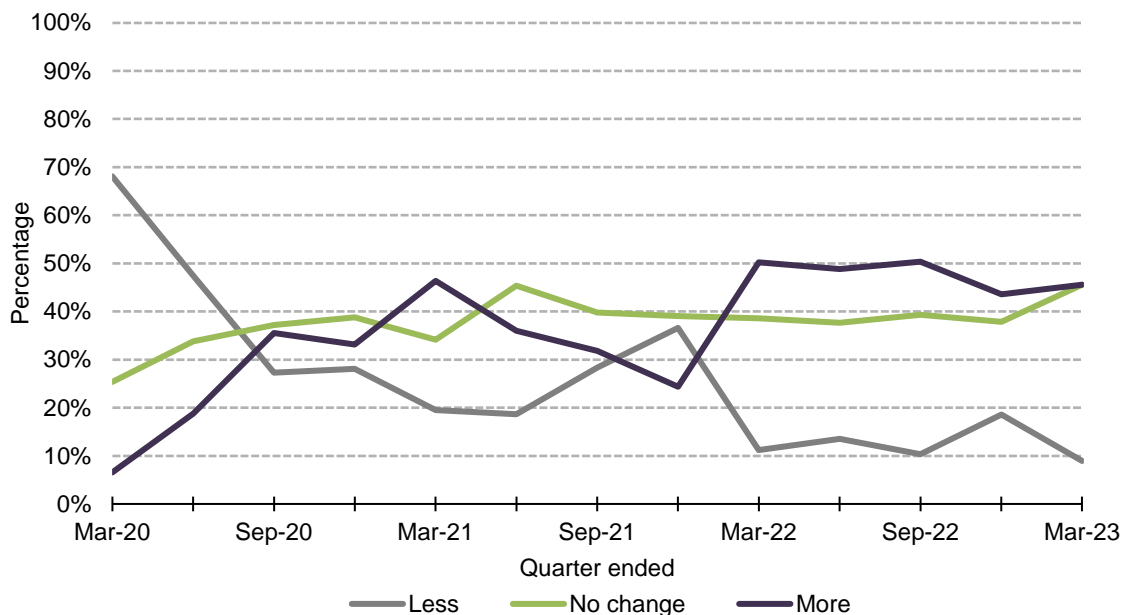
- Rising business costs (52% of businesses)
- Lack of staff (46% of businesses)
- Maintaining staff (34% of businesses)
- Lack of cash flow (29% of businesses)

For over a year, the Barometer has identified staff shortages and rising prices as key issues for tourism businesses in South Australia. Unfortunately, these challenges are likely to remain in the short term, even though we have gotten over COVID-19.

## Investment Outlook

The long-term optimism of tourism businesses in South Australia has also led to many of them considering future investment. Those businesses planning future investment have fluctuated around 50% over the past year. The investment outlook amongst South Australian tourism businesses has now returned to a more typical pre-COVID trend.

**Figure 10: Planned Investment**



Source: Tourism Industry Council South Australia

## Airport Passengers

Domestic and international passengers through the Adelaide Airport have increased and are getting close to pre-COVID levels (i.e. 2019).

**Table 2: Adelaide Airport Passenger Statistics**

	Quarterly Passengers ('000)			
	Dec-22	Dec-21	Dec-20	Dec-19
Domestic	1,817	771	600	2,018
International	164	9	6	298
<b>Total</b>	<b>1,981</b>	<b>779</b>	<b>606</b>	<b>2,316</b>

Note: Domestic movements include regional.

Source: Adelaide Airport, Passenger Statistics, February 2023

### **Statistical Note:**

The TiCSA Tourism Barometer March Quarter 2023 survey was conducted online April 3 – April 11, 2023. A total of 115 responses were received, representing a margin of error of +/- 9.1% at a confidence level of 95%.

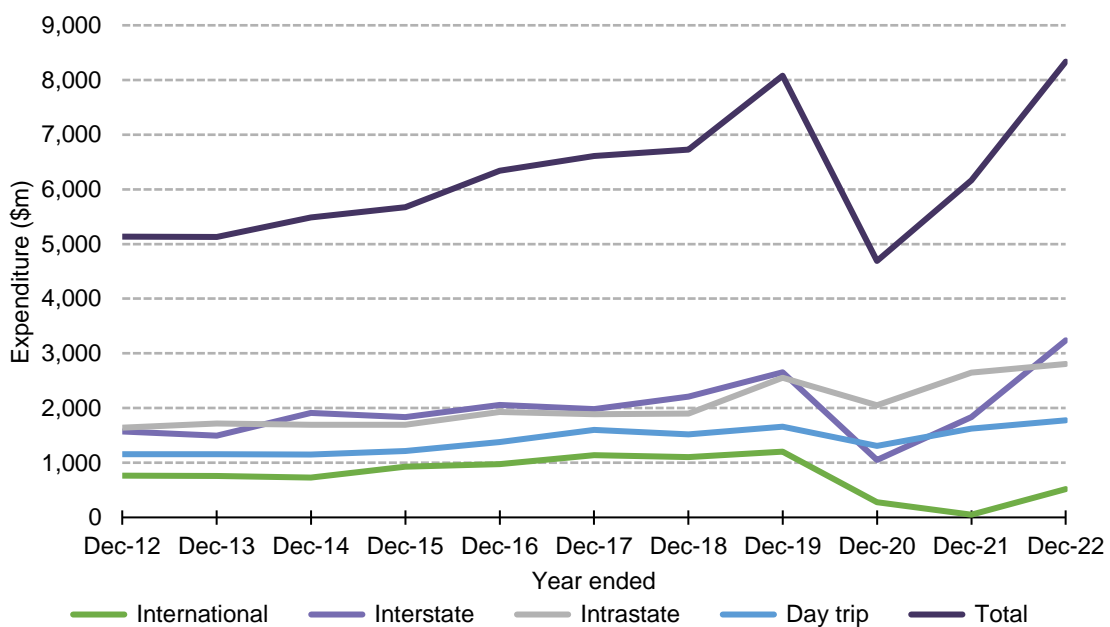


## Visitation and Expenditure

Visitor expenditure in South Australia has now exceeded pre-COVID levels, growing to \$8.3 billion in the year ending December 2022. All market segments experiences increases, with interstate visitor expenditure reaching a new record.

However, market share has also gone back to pre-COVID levels, slipping further from previous readings. With the exception of international visitor expenditure, all other areas grew at a slower rate in South Australia than other states.

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



Note: Year ending December.

Source: Tourism Research Australia

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

	South Australia		All States	
	Dec-22	% Annual Change	Dec-22	% Annual Change
International	\$519	959.2%	\$12,742	779.4%
Interstate	\$3,237	76.1%	\$45,560	136.1%
Intrastate	\$2,805	5.8%	\$55,698	34.4%
Day trip	\$1,774	9.2%	\$29,024	58.7%
<b>Total</b>	<b>\$8,335</b>	<b>35.2%</b>	<b>\$143,024</b>	<b>77.7%</b>

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

Source: Tourism Research Australia

Visitation data shows the considerable rebound of interstate and international visitors that has been highlighted by many businesses in the Barometer. At the same time, it shows the effects of many South Australians opting for travel outside of the State, with intrastate figures falling.

While visitor expenditure has surpassed its pre-COVID level, visitation is yet to reach this mark. Most visitor segments are below their respective 3-year trend levels.

Holiday visitors (interstate), business visitors (interstate and international) and VFR (day trip) were largely responsible for the increases in visitation.

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

	Visitors	Holiday	VFR	Business	Visitor Nights
<b>Day trip</b>	<b>13,479</b>	<b>6,386</b>	<b>3,967</b>	<b>1,370</b>	
Annual % Change	6.6%	7.7%	31.3%	-20.0%	
3-year trend % Change	-7.5%	-7.0%	-5.4%	-18.4%	
10-year trend % Change	1.2%	0.5%	1.7%	1.7%	
<b>Intrastate</b>	<b>4,496</b>	<b>2,093</b>	<b>1,250</b>	<b>847</b>	<b>13,301</b>
Annual % Change	-3.2%	-13.7%	6.9%	10.8%	-3.7%
3-year trend % Change	-4.3%	-2.9%	-6.5%	-0.6%	-3.2%
10-year trend % Change	2.8%	2.8%	1.7%	4.8%	2.5%
<b>Interstate</b>	<b>2,614</b>	<b>1,021</b>	<b>800</b>	<b>732</b>	<b>12,597</b>
Annual % Change	83.9%	81.3%	60.8%	132.7%	43.3%
3-year trend % Change	-4.1%	1.0%	-2.4%	-9.1%	-1.6%
10-year trend % Change	4.0%	4.2%	4.7%	3.2%	4.0%
<b>International</b>	<b>181</b>	<b>40</b>	<b>93</b>	<b>25</b>	<b>5,526</b>
Annual % Change	1,676.8%	1,5857.6%	1,359.1%	2,411.0%	818.3%
3-year trend % Change	-28.2%	-43.2%	-14.7%	-22.5%	-20.4%
10-year trend % Change	-7.4%	-13.0%	-2.6%	-7.1%	-7.2%
<b>Total</b>	<b>20,770</b>	<b>9,540</b>	<b>6,111</b>	<b>2,975</b>	<b>31,424</b>
Annual % Change	10.9%	7.0%	30.2%	6.5%	35.5%
3-year trend % Change	-6.8%	-5.9%	-5.4%	-12.3%	-6.8%
10-year trend % Change	1.7%	1.2%	2.0%	2.7%	0.3%

Note: Year ending December.

Source: Tourism Research Australia

Yield growth, combined with the increases in visitation, has added \$1 billion to total visitor expenditure in the December 2022 Quarter. Yield grew in every category, except in \$/visitor for international visitors. The increasing yield is reflective of increasing prices for tourism products and experiences in South Australia. The Barometer has shown repeated price increases from operators including a price increase of over 9% since January 2022.

While the yield growth and expenditure outcomes are very positive, South Australia has lost market share in terms of visitation and expenditure to the other States. The international market is the exception, where South Australia has increased its market share. New South Wales, Victoria, Queensland and Western Australia are generally growing faster than South Australia in terms of visitation and expenditure.

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

	Expenditure (\$m)	Yield (\$/visitor)	Yield (\$/night)	Market Share Visitors (%)	Market Share Expenditure (%)
<b>Day trip</b>	<b>\$1,774</b>	<b>\$132</b>		<b>6.7%</b>	<b>6.1%</b>
Annual % Change	9.2%	2.3%		7.9%	8.9%
3-year trend % Change	2.2%	10.8%		6.9%	6.3%
10-year trend % Change	4.4%	11.2%		6.9%	6.4%
<b>Intrastate</b>	<b>\$2,805</b>	<b>\$624</b>	<b>\$211</b>	<b>5.8%</b>	<b>5.0%</b>
Annual % Change	5.8%	9.3%	9.9%	7.0%	6.4%
3-year trend % Change	3.2%	7.8%	6.6%	6.3%	5.9%
10-year trend % Change	5.5%	9.0%	10.1%	6.5%	6.0%
<b>Interstate</b>	<b>\$3,237</b>	<b>\$1,238</b>	<b>\$257</b>	<b>7.8%</b>	<b>7.1%</b>
Annual % Change	76.1%	-4.2%	23.0%	8.6%	9.5%
3-year trend % Change	6.8%	11.3%	8.5%	7.7%	7.1%
10-year trend % Change	7.5%	11.7%	11.6%	7.4%	7.0%
<b>International</b>	<b>\$519</b>	<b>\$2,874</b>	<b>\$94</b>	<b>5.3%</b>	<b>2.6%</b>
Annual % Change	959.2%	-40.5%	14.6%	4.5%	2.0%
3-year trend % Change	-24.5%	5.2%	-5.1%	5.6%	2.7%
10-year trend % Change	-3.8%	13.5%	12.5%	6.8%	2.8%
<b>Total</b>	<b>\$8,335</b>	<b>\$401</b>	<b>\$265</b>	<b>6.6%</b>	<b>5.8%</b>
Annual % Change	35.2%	-11.5%	-2.6%	7.7%	7.7%
3-year trend % Change	1.1%	-3.0%	2.3%	6.8%	5.8%
10-year trend % Change	5.0%	-0.7%	1.0%	6.9%	5.9%

Note: NA – not applicable. Year ending December. 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.**

**Tourism Industry Council South Australia  
(TiCSA)**

**25 Pirie Street**

**Adelaide SA 5000**

**Ph: (08) 8110 0123**

**Email: [info@ticsa.com.au](mailto:info@ticsa.com.au)**