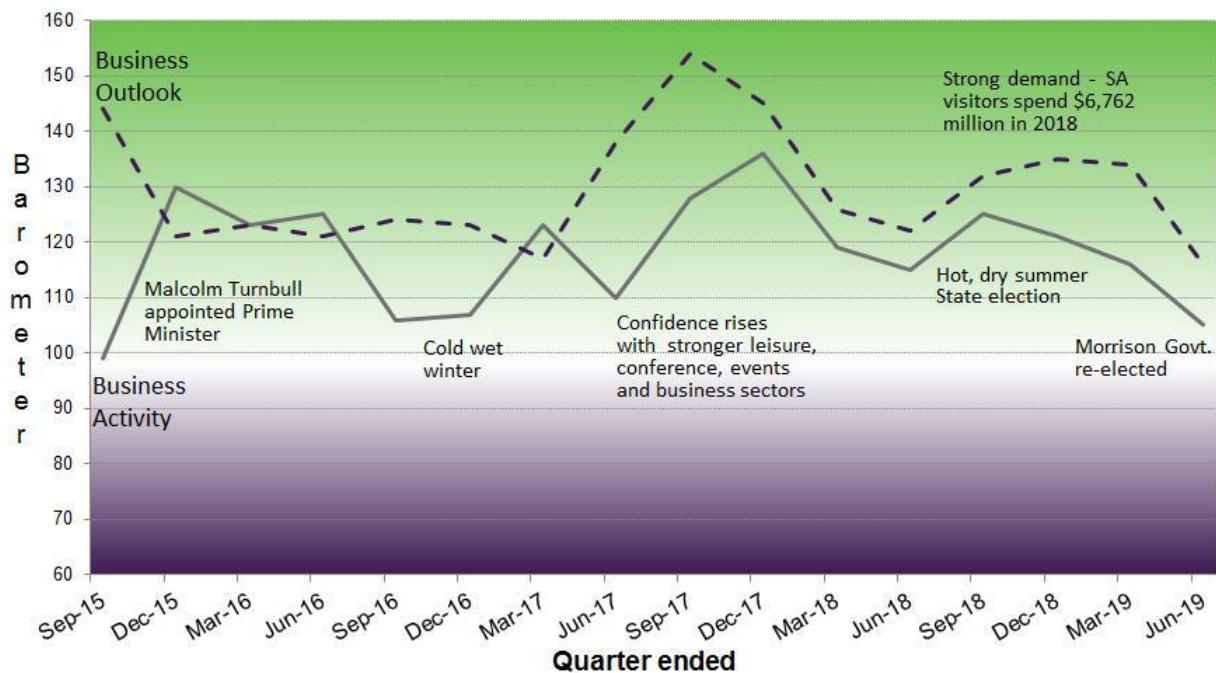


# Tourism Industry Council South Australia SA Tourism Barometer – June Quarter 2019

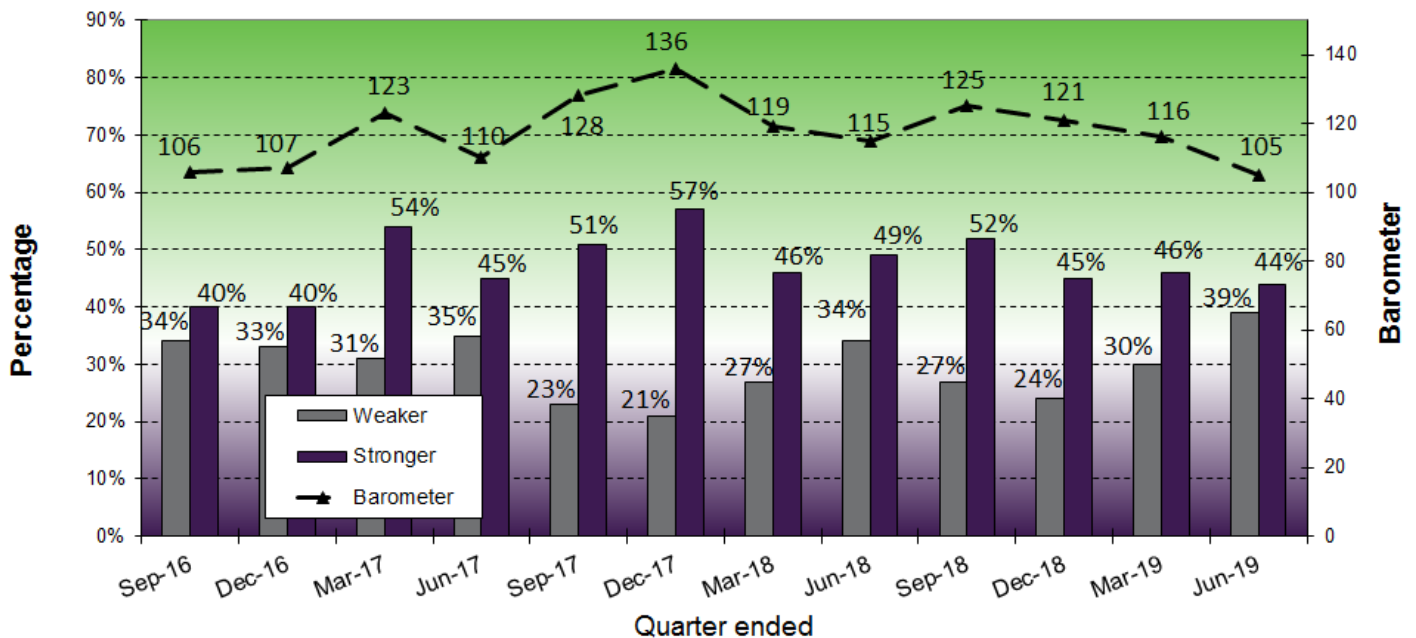
## Headline: Confidence Dips on Economic Outlook

The TiCSA barometer survey for the April to June 2019 quarter found that the business activity index and business outlook index both fell – by 10% and 13% respectively - from the previous quarter. While Tourism Research Australia statistics for the year to March 2019 show record visitor expenditure of \$7.2 billion in South Australia the barometer survey suggests there may be some challenges ahead.



The TiCSA Business Activity index for the June quarter 2019 was 105 points – down by 11 points (10%) from the March quarter survey. The Business Outlook index for the next 3 months was also down – to 116 – a fall of 18 points (13%) from the March quarter survey.

### Business Activity in the Last 3 Months



In the June quarter of 2019 the proportion of survey respondents reporting improved business activity when compared to the same period last year was 44% - down slightly from 46% at the March quarter survey. The proportion experiencing weaker conditions grew from 30% at the March quarter survey to 39%. As a result of these changes the business activity index fell by 10% to 105 points.

Factors influencing performance were:

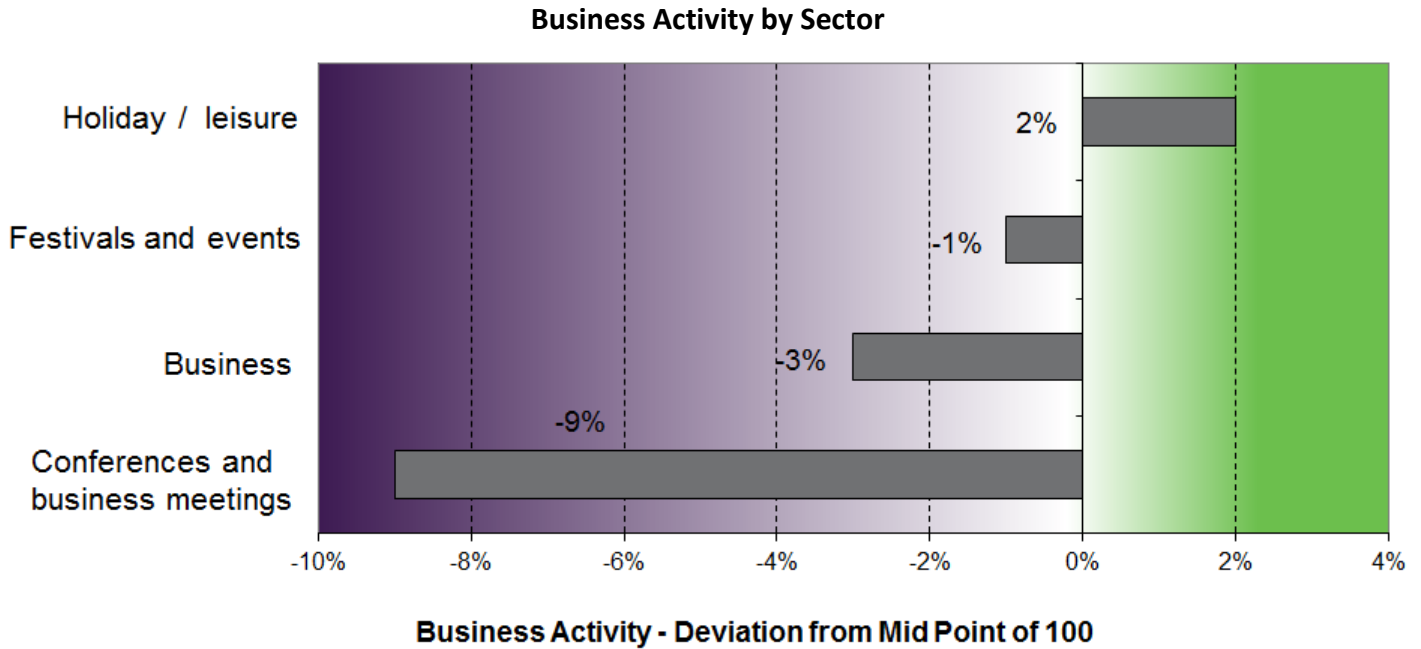
- Collaboration with National Parks;
- Easter and Anzac Day close together this year encouraged travel;
- Events – SA Masters games, Sea and Vines, SA Country Music Festival;

- Improved digital marketing / distribution;
- Improved relations with ITOs and overseas agents;
- Increased sales / marketing activity;
- New product development;
- People travelling to Uluru to climb rock before it closes;
- Repeat visitation;
- SATC winter hills campaign;
- Seasonal promotion in association with OTAs;
- Tour group activity increased slightly;
- Water in Lake Eyre;
- Workers in the area.

Less favourable:

- Consumers are worried about the economic outlook;
- Federal election;
- Fewer enquires and bookings following cessation of the Barossa Be Consumed campaign;
- Impact of the AWC proposal on the Kangaroo Island Wilderness Trail – lack of consultation on this issue;
- State tax increases;
- Unlicensed accommodation operators.

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 most positive with an activity index of 102 points.

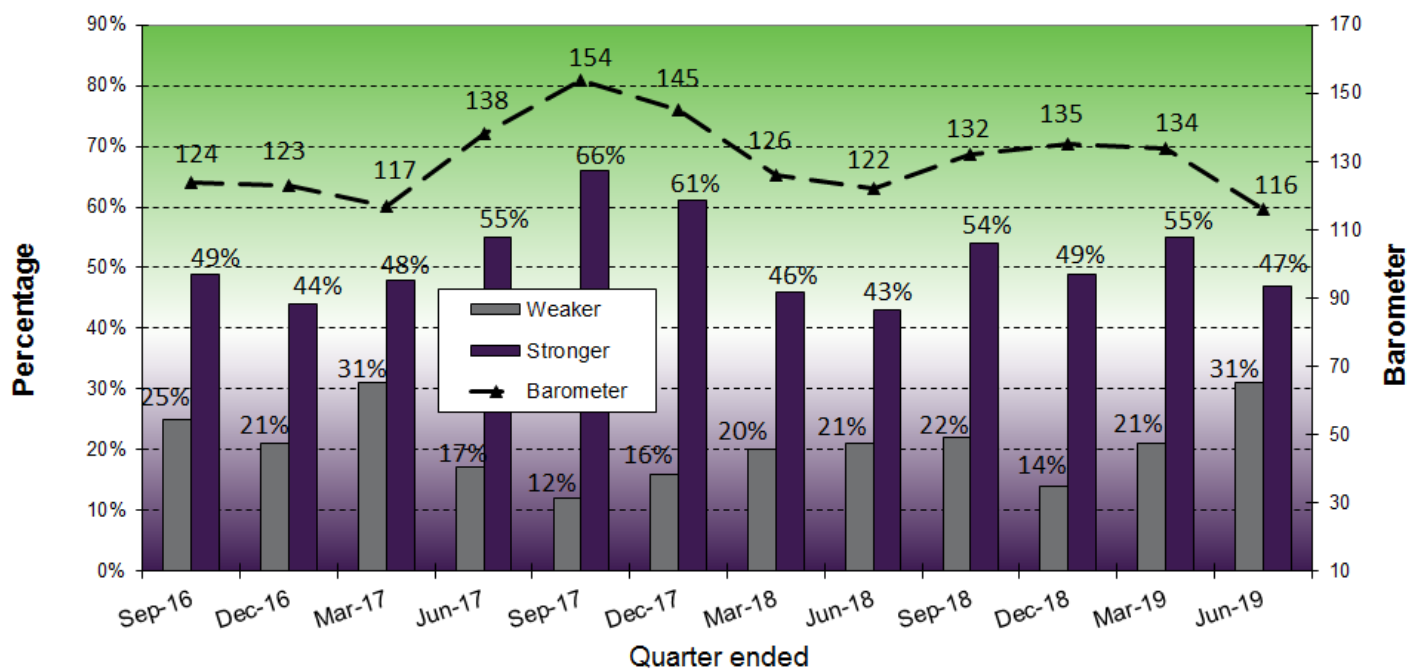
The other sectors were all below the midpoint suggesting weakness.

When compared with the previous survey the holiday / leisure sector index was down by 7%, the festivals and events index was down by 8%, the business sector index was up by 7% while the conferences / business meetings sector was down by 3%.

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 2018.

### Business Outlook for the Next 3 Months



In the June 2019 quarter the short-term business outlook index was 116 points – down by 13% from 134 points at the March quarter survey. The proportion expecting improved performance fell from 55% to 47% while the proportion expecting weaker performance increased from 21% to 31%. Over the last 3 surveys the proportion expecting weaker activity has increased from 14% to 31%.

Factors influencing the outlook for the short term included:

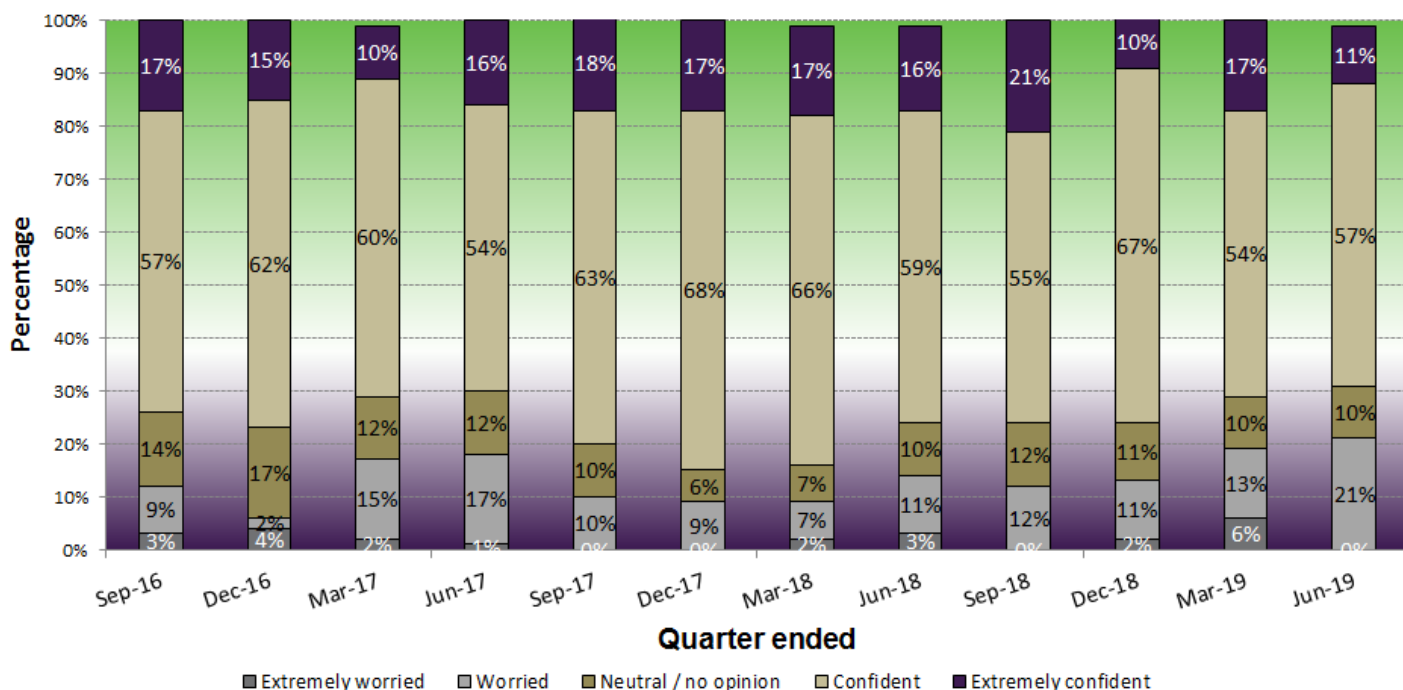
- Closing of the Uluru walk;
- Comments on WikiCamps;
- Developing cycling trail in assoc. with bike hire;
- Exposure of our business through Expedia and Viator;
- Stronger relations with booking agents;
- Upcoming events;
- Upcoming TV segments;
- Water in Lake Eyre;
- Workers in the area.

Less positively:

- Economic outlook is poor;
- Increasing competition and price cutting impacting yield;
- Lack of State marketing to interstate and international visitors;
- Need more opportunities for local business to leverage the KI Wilderness Trail.

The outlook for the next 12 months was as follows:

### Business Outlook for the Next 12 Months



In the June 2019 quarter survey, 11% of the respondents were ‘extremely confident’ regarding the prospects for the next 12 months and 57% were ‘confident’. The proportion ‘confident’ or ‘very confident’ (68%) was down slightly from the previous survey (71%).

Factors underpinning business confidence in the longer term were:

- Developing new product / experiences;
- Cruise ships;
- Federal Government should be more stable under Scott Morrison;
- Growing interest in nature based tourism;
- Improved digital presence / online distribution;
- Links with National Parks;
- Lower dollar;
- Seasonal workers.

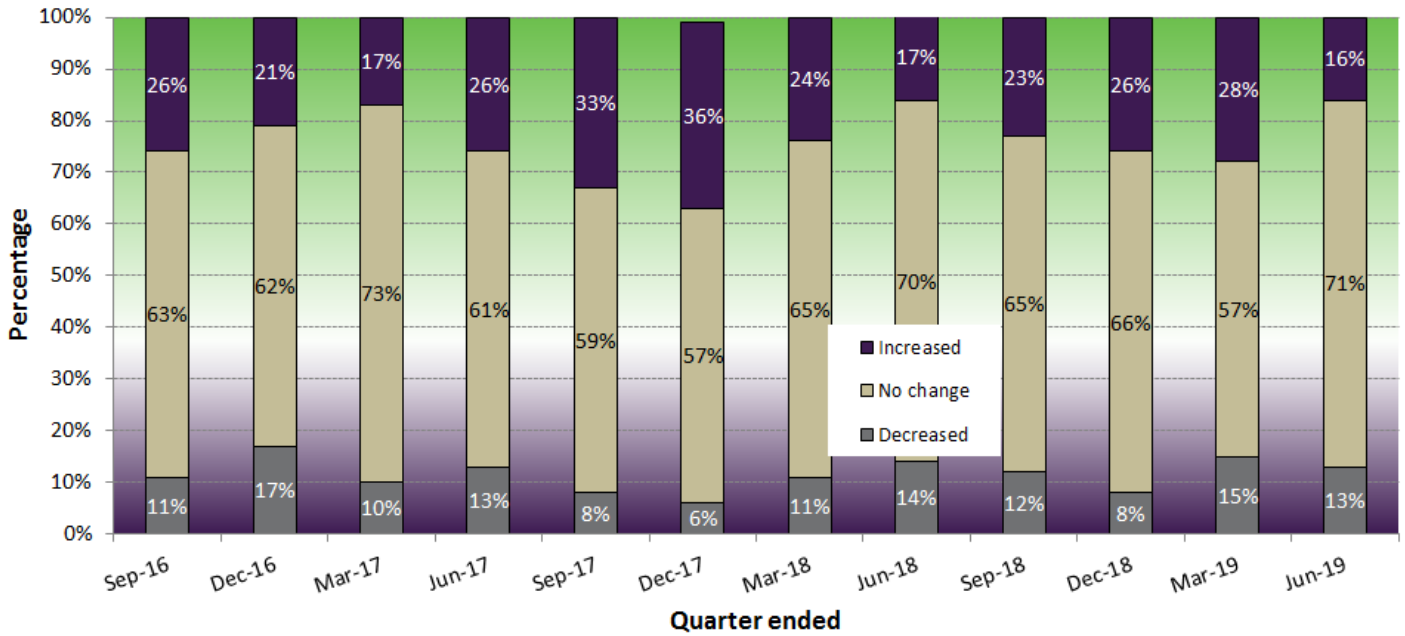
Less positive:

- Exorbitant utility charges;
- Failure to address climate change;
- Gouging of small business by TripAdvisor;
- Greater competition and price discounting;
- Proposed changes to land tax;
- Reduction in State tourism budget.

## 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



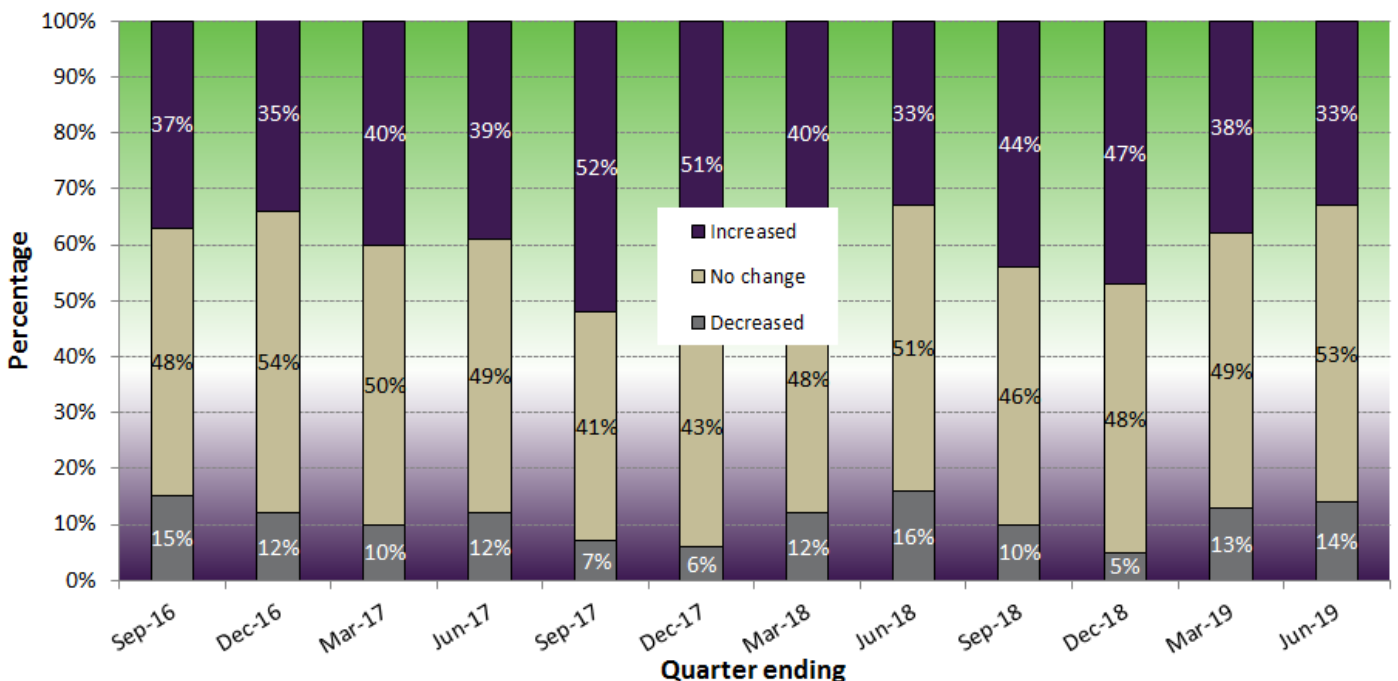
In the June 2019 quarter survey 16% of the respondents had employed additional staff in their business – down from 28% at the March quarter survey. The proportion reporting that fewer persons were employed declined slightly from 15% to 13%.

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



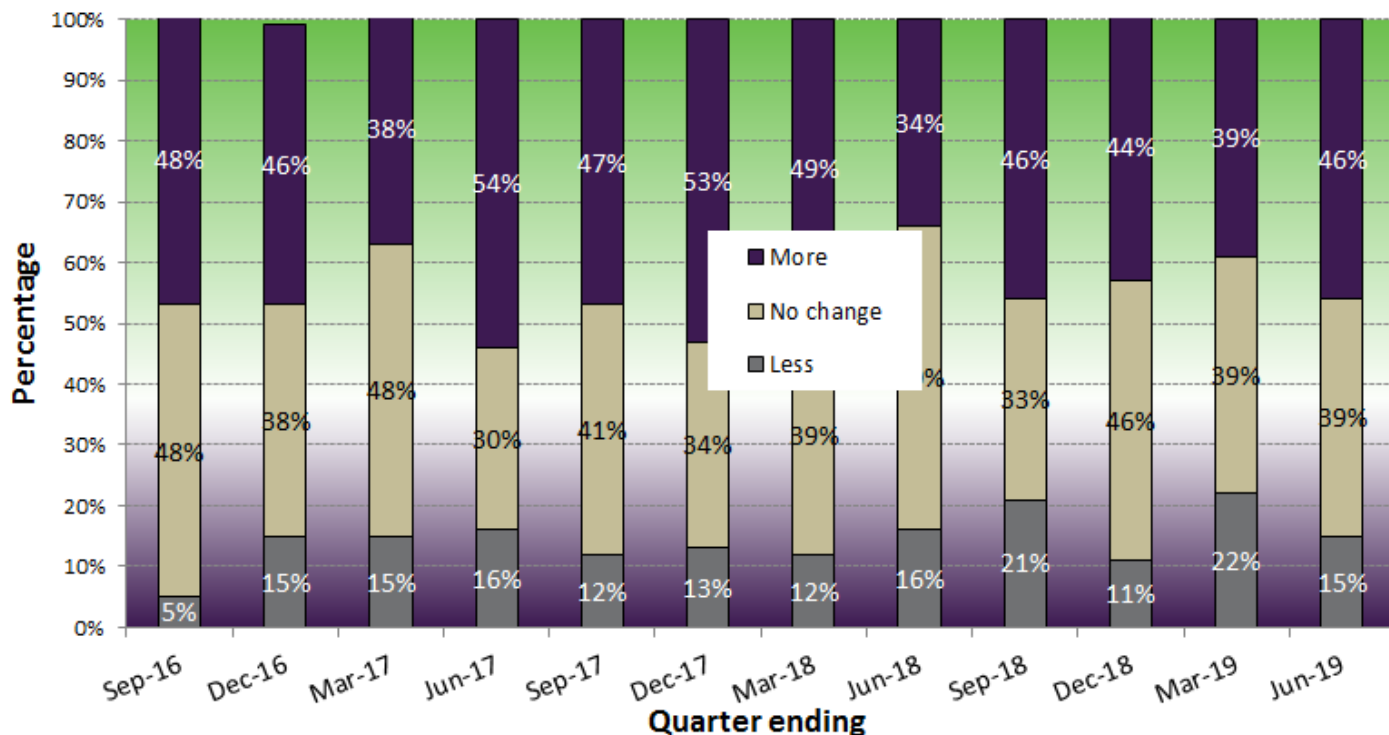
In the June 2019 quarter survey 33% of the respondents reported that their wages bill had increased – down from 38% at the March quarter survey and 47% at the December quarter survey.

In most cases changes in the wages bill were related to changes in the number of staff employed or changes in staff 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 2019 quarter survey 46% were planning more investment in their business – up from 39% in the March 2019 quarter survey.

#### About the TiCSA Tourism Barometer

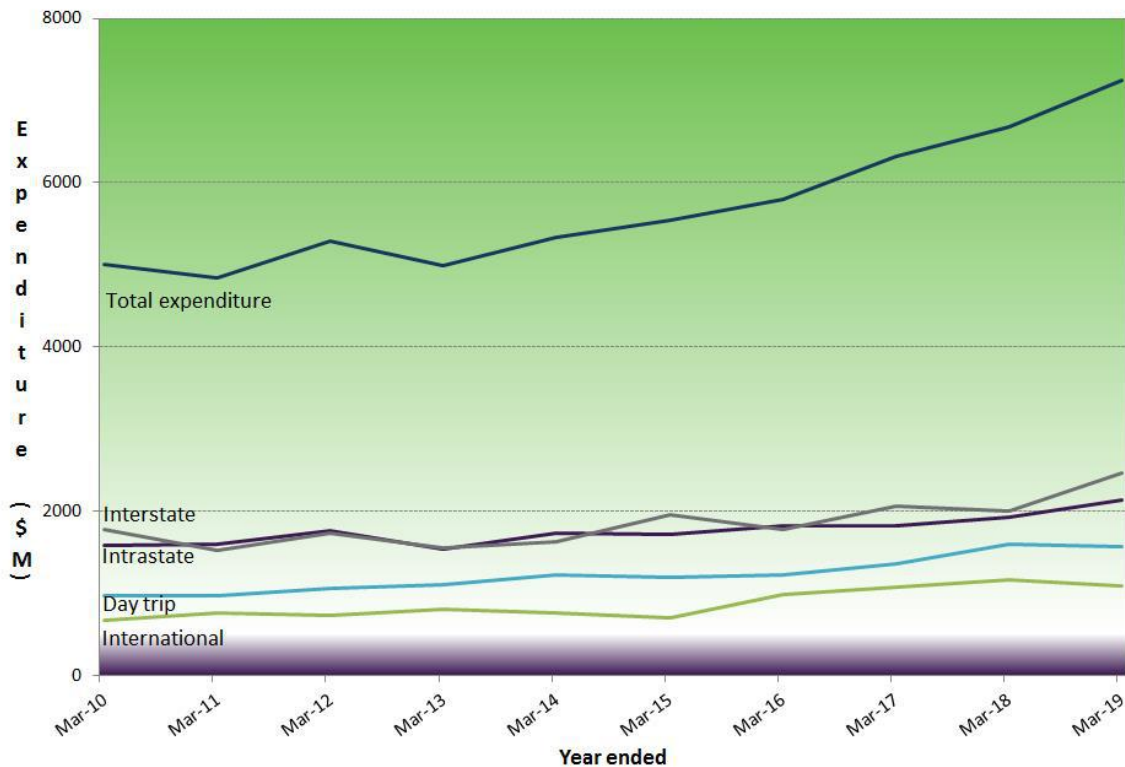
The TiCSA Tourism Barometer is a quarterly survey of TiCSA members designed to measure recent activity levels and the outlook for the future. The Barometer survey is conducted on-line and a total of 87 members responded to the June 2019 quarter survey.

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

## Annual Performance to March 2019

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

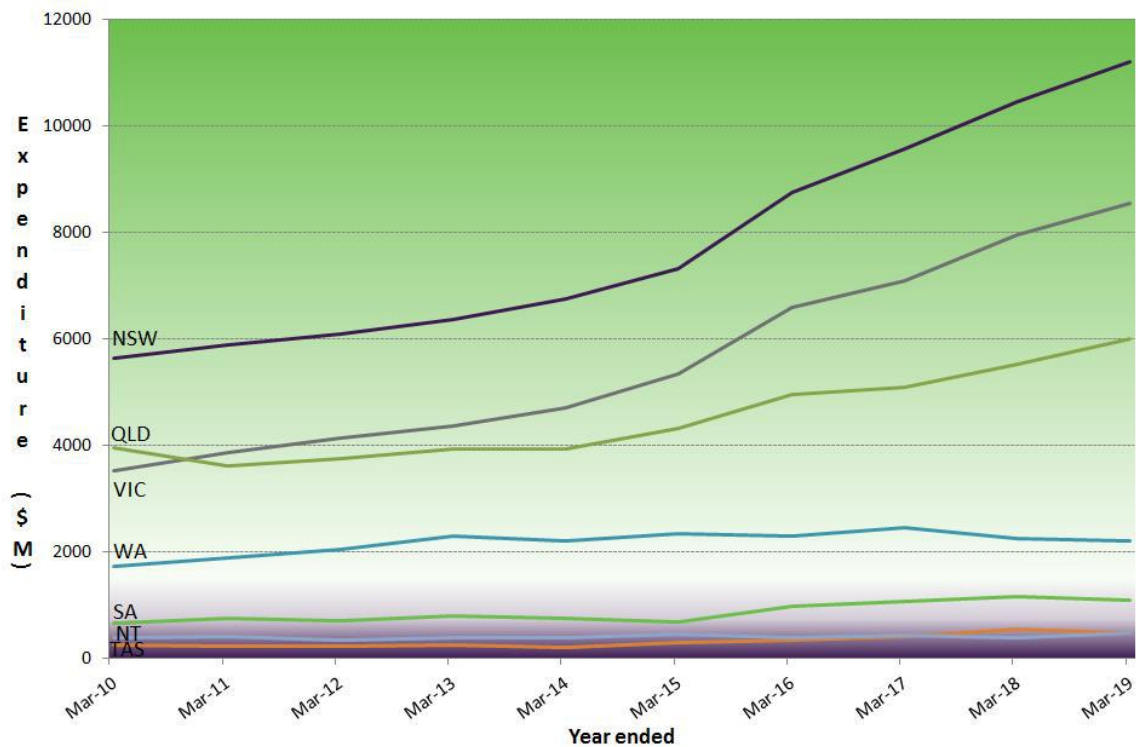
### Overview of Visitor Expenditure in South Australia



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

Day trip and overnight visitors spent \$7,249 million dollars in South Australia in the year to March 2019 – up by 8% from the previous year. Interstate visitor expenditure was \$2,455 million - up 23% (national average was up 13%) – while intrastate visitor expenditure was \$2,140 million – up by 12% (national average was up 15%). International visitor expenditure was \$1,088 million – down 7% (national average was up 6%) while day trip expenditure was \$1,566 million – down by 2% (national average was up by 12%).

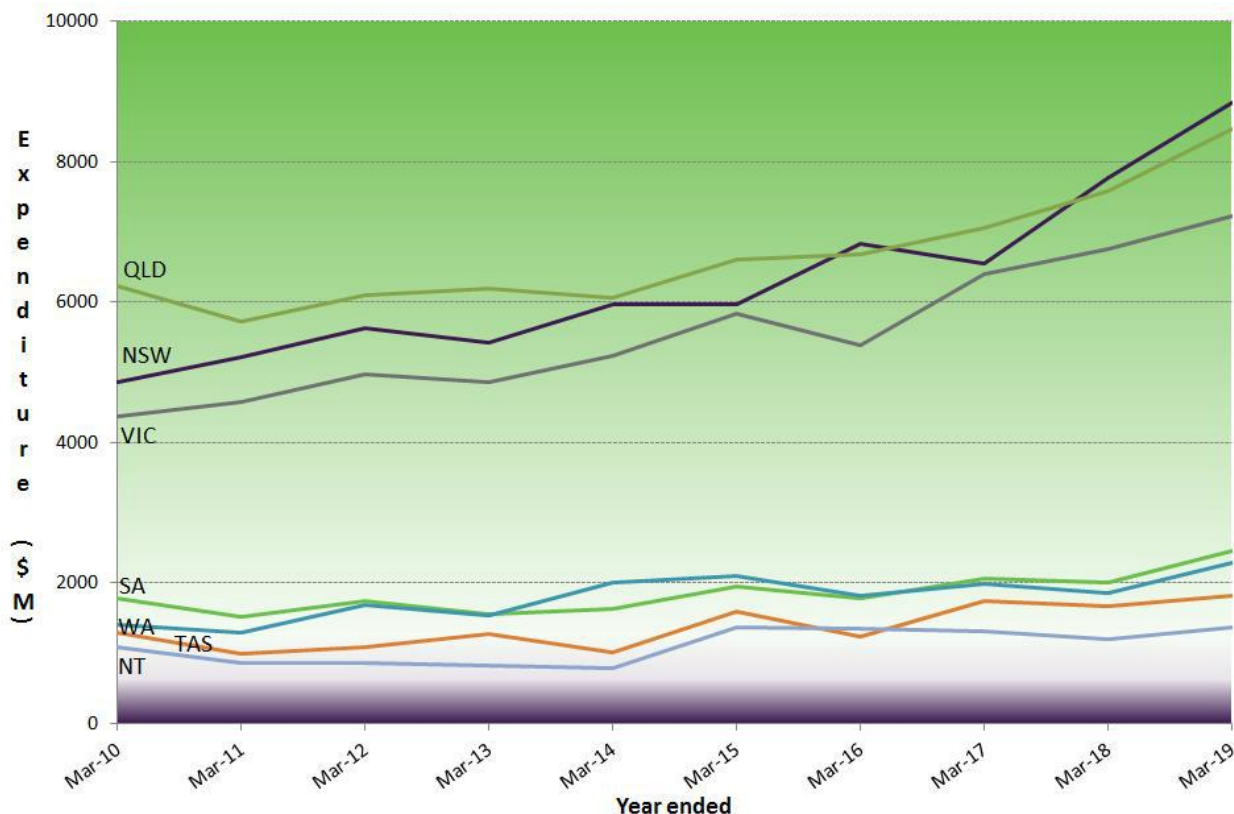
### International Visitor Expenditure by State / Territory



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

In the year to March 2019 the expenditure by international visitors to South Australia was \$1,088 million – a decline of 7% when compared to the previous year. Nationally, international visitor expenditure grew by 6%.

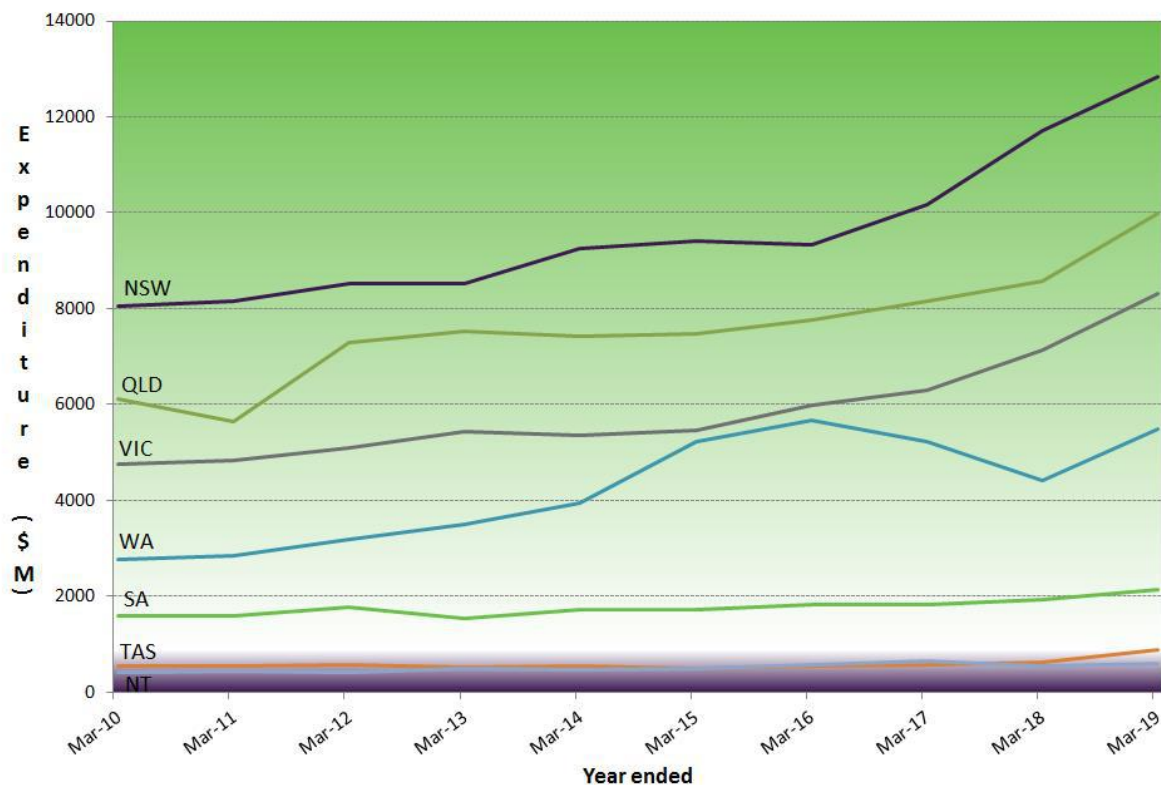
### Interstate Visitor Expenditure by State / Territory



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

In the year to March 2019 interstate visitors to South Australia spent a total of \$2,455 million – up by 23% from the previous year. Nationally, interstate visitor expenditure grew by 13%.

### Intrastate Visitor Expenditure by State / Territory

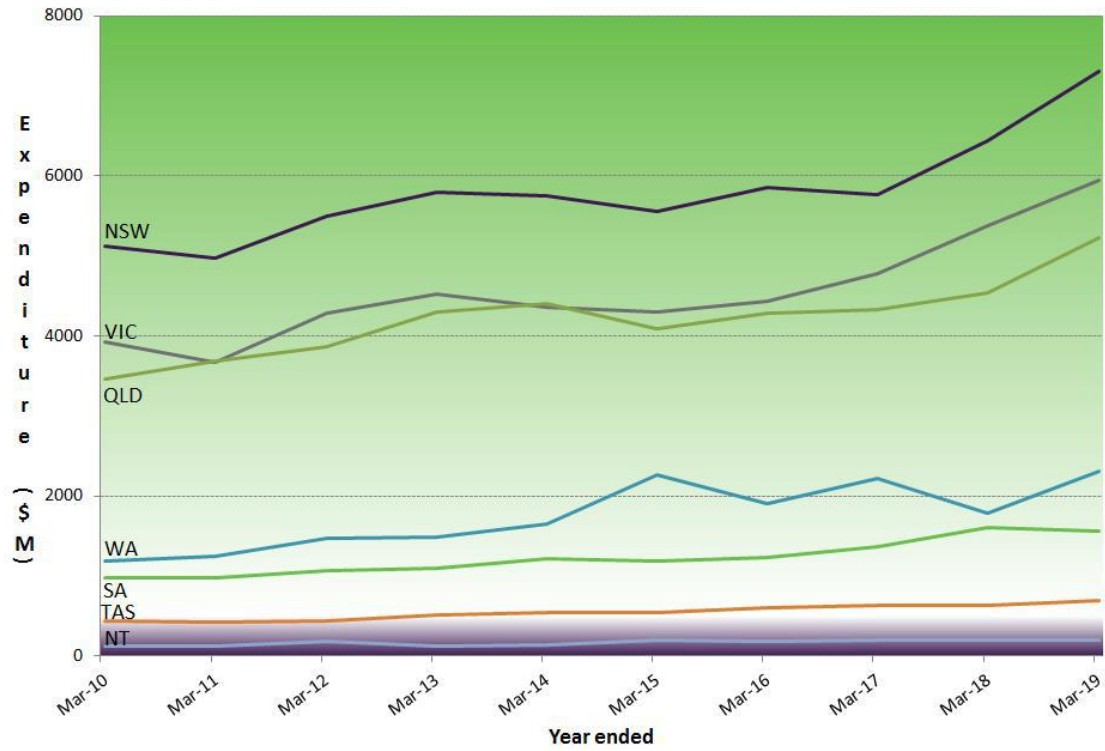


Tourism Research Australia. <http://www.tra.gov.au/research> National Visitor Survey

In the year ending March 2019 intrastate visitors in South Australia spent \$2,140 million – up by 12% from the previous year. Nationally intrastate visitor expenditure grew by 15%.



## Day Trip Visitor Expenditure by State / Territory

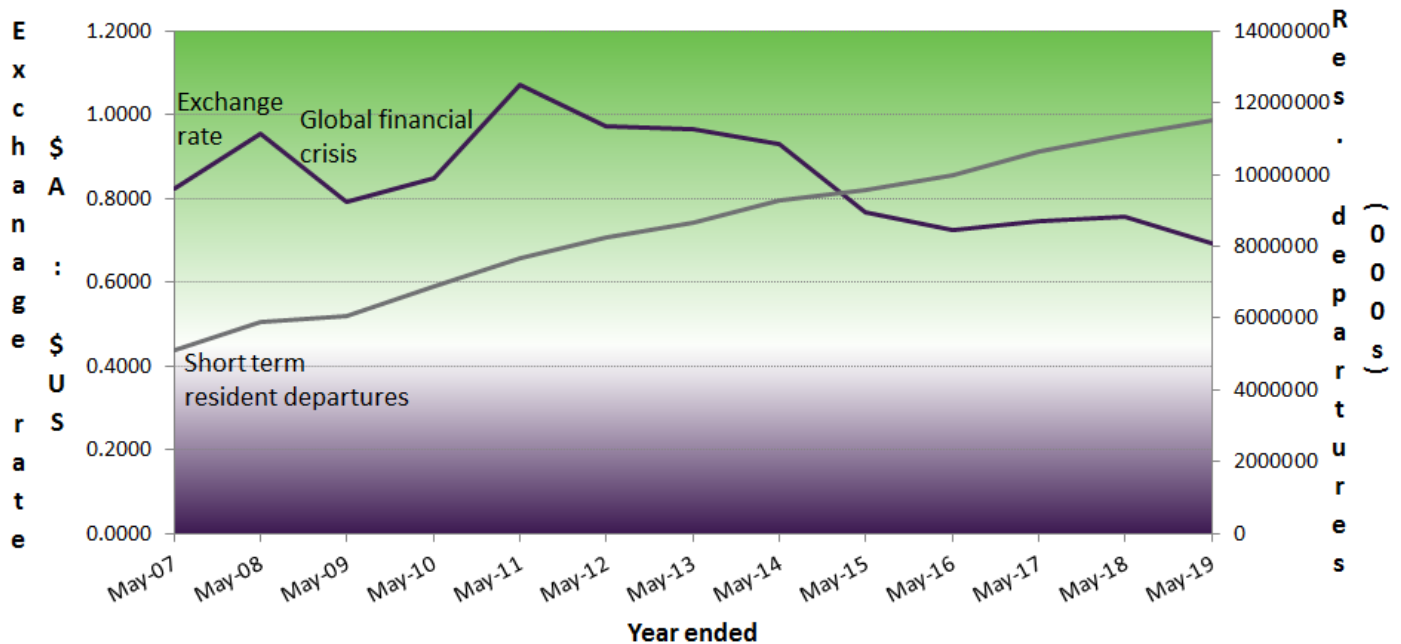


In the year ending March 2019 day trip visitors in South Australia spent \$1,566 million – down by 2% from the previous year. Nationally day trip expenditure grew by 12%.

### 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



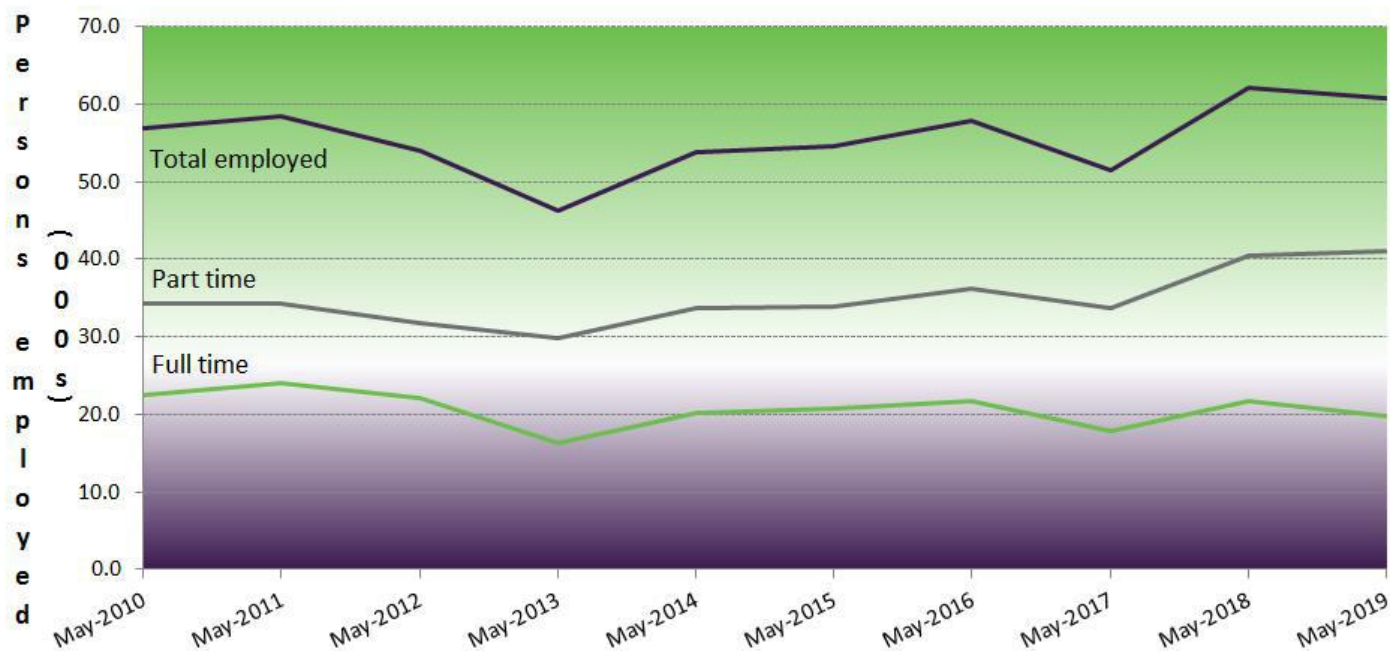
Source: Australian Bureau of Statistics Cat. 3401.0 - Overseas Arrivals and Departures.

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 2019 there were 11.52 million short term resident departures from Australia – an increase of 3.9% from the previous year. The average annual growth in outbound travel from 2007 is 7.0% per annum.

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 2019 showed a slight drop in total employment with the number of persons employed in the accommodation and food services sector down by 2% from May 2018 to reach 60,800 persons. Full time employment was down by 9% to 19,800 while part time employment was 41,000 – up by 1.5% from May 2018.

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.