

TiCSA Tourism Barometer

September Quarter 2021



LUCID
ECONOMICS

Houston, do we have a problem?

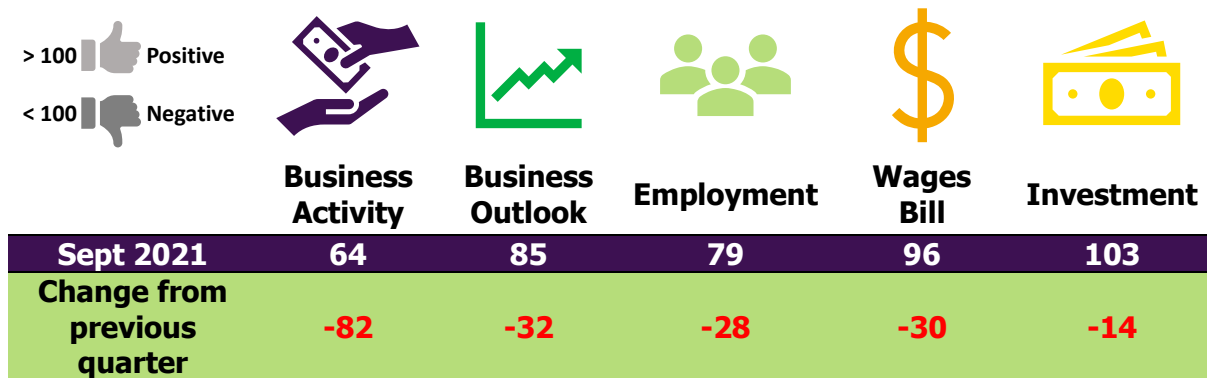
The TiCSA Tourism Barometer shows a sharp decline across all metrics in the September Quarter 2021, as lockdowns in Victoria and New South Wales took hold in July 2021.

The data demonstrates how vulnerable the tourism industry is to border closures and lockdowns. The intrastate visitor market continues to perform well and is likely holding up many tourism businesses across the state.

Recent announcements by the Commonwealth Government and various State Governments may provide some comfort regarding the future opening up of Australia after a strong vaccine rollout across most of the country. However, uncertainty regarding COVID-19, government policy and future travel patterns into Christmas and 2022 remain.

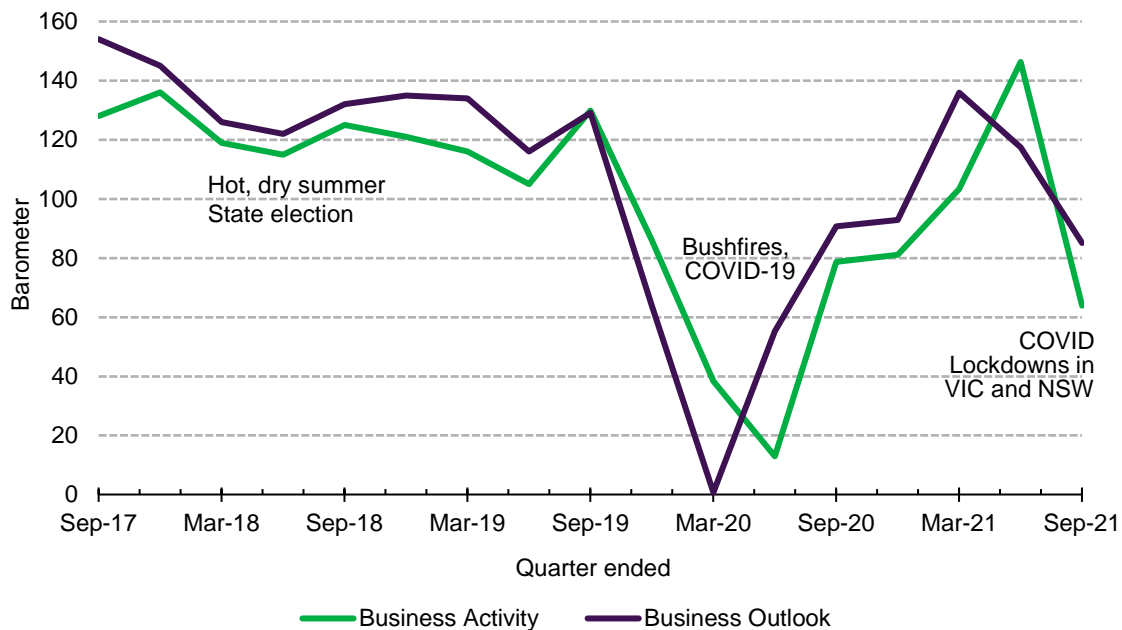
Hopefully the December quarter will see a strong rebound as the Christmas and New Year's holiday season ramps up.

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 September quarter remained the same and were:

- State’s border closures;
- Interstate border closures;
- International border closure;
- Decreased visitors to the area; and
- Lack of consumer confidence.

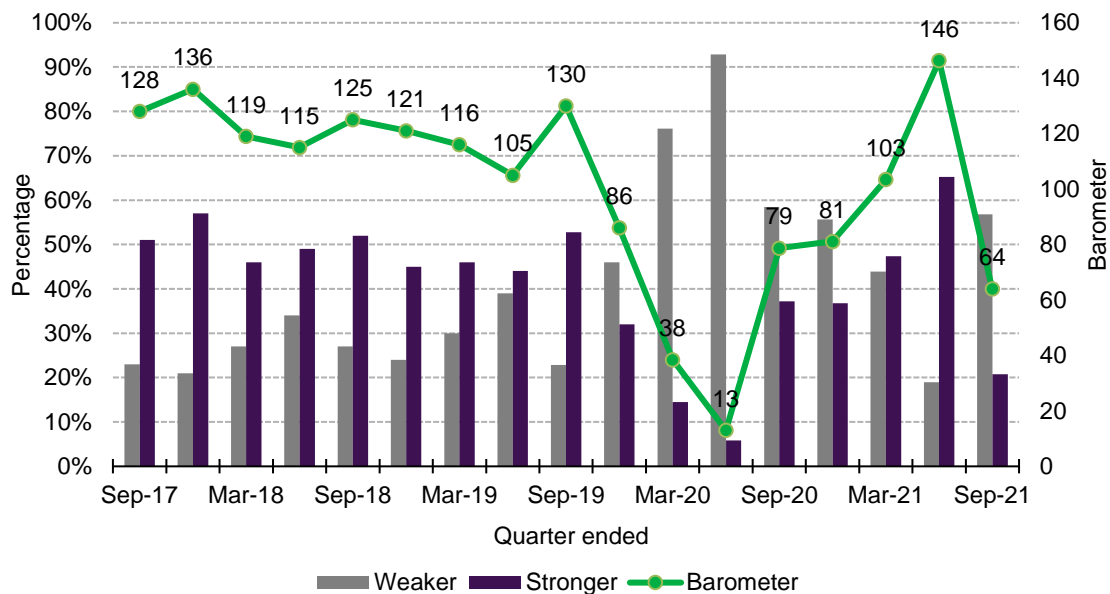
"Continual border closure and uncertainty will keep having an impact on the market."

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

- Increase in intrastate travel;
- Reduced COVID-19 outbreaks;
- School holidays; and
- Increased digital performance.

"We continue to see more South Australians visiting."

Figure 3: Business Activity in the Last Three Months

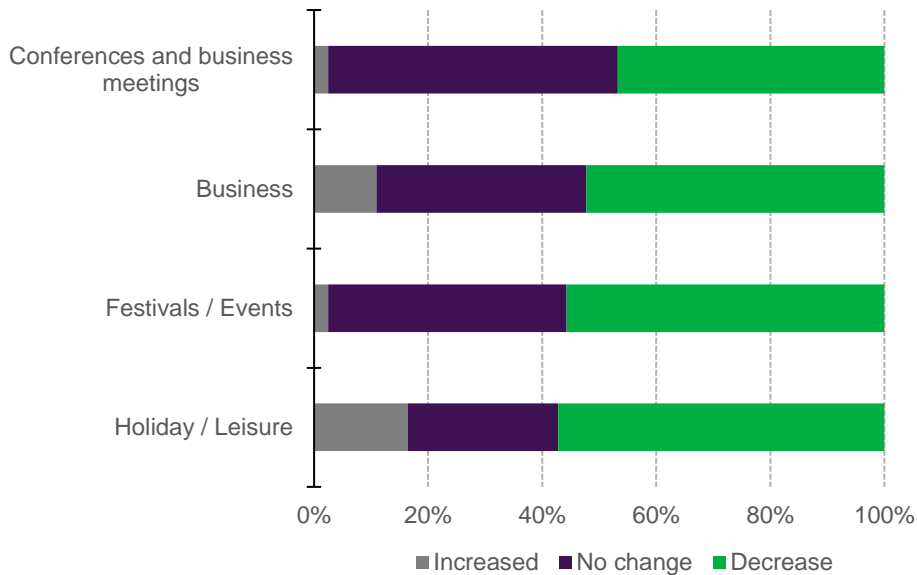


Source: Tourism Industry Council South Australia

Business Activity by Market Segment (Last Three Months)

All market segments saw decreases in the September Quarter, reversing the growing trends from March and June. Leisure and festivals/event travel saw the largest decreases.

Figure 4: Business Activity – By Market Segment (September quarter 2021)

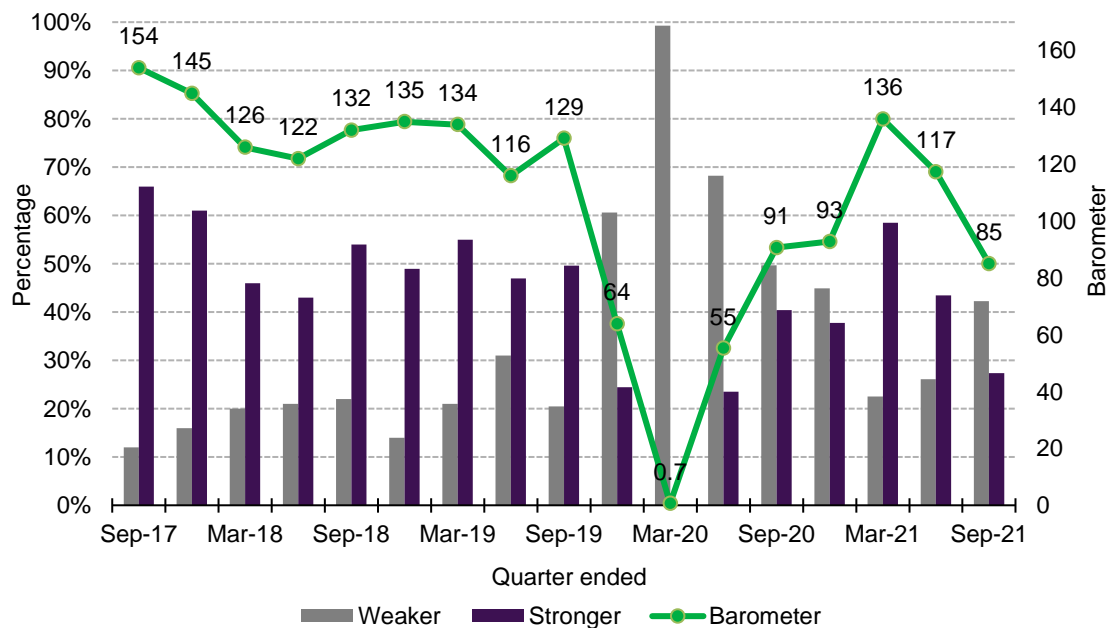


Source: Tourism Industry Council South Australia

Business Outlook (Next Three Months)

The business outlook over the next three months has also had a reversal, with more businesses now seeing weaker activity than stronger. The overall outlook barometer has dipped below 100 again, showing an overall pessimistic view of future market activity.

Figure 5: Business Outlook for the Next Three Months

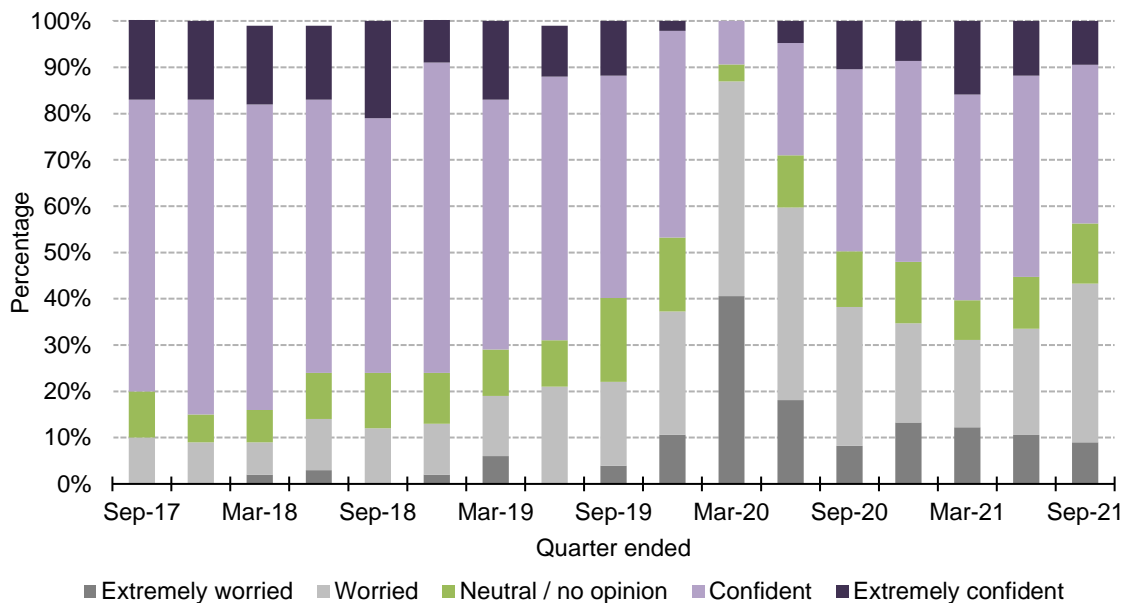


Source: Tourism Industry Council South Australia

Business Outlook (Next 12 Months)

Similar to the 3 month outlook, confidence in the 12 month outlook has also eroded. Unlike the 3 month outlook, businesses extremely worried or worried are the same as those businesses confident or extremely confident about the future, which signals a higher degree of optimism over the long term.

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"> • State borders to open soon; • Vaccination rollout; and • Summer season is coming. 	<ul style="list-style-type: none"> • Uncertainty related to COVID; • Potential for border closures; • Lack of confidence.

Source: Tourism Industry Council South Australia

"Borders will open again soon."

"Border closures, COVID uncertainty and a lack of forward bookings don't add up very well."

"The vaccine rollout is proceeding at a high rate."

"There is a fear of future border closures that prevent people from booking."

"It will be the summer season soon."

"There is a general lack of confidence."

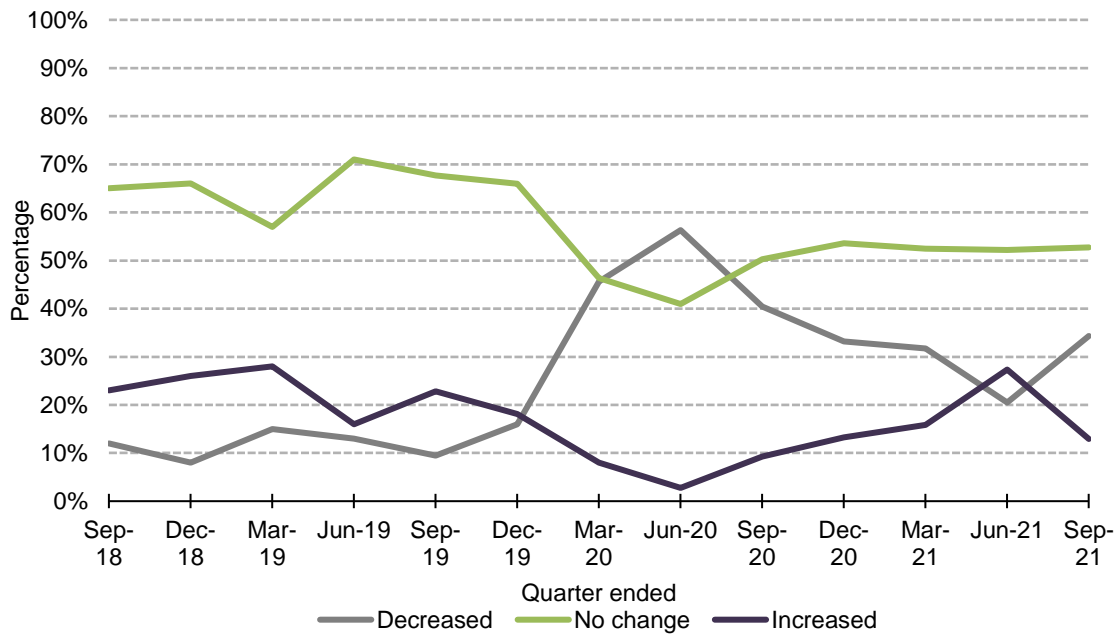
"The Victorian border will open soon."

"We have no confidence in policy makers to make the right decision."

Employment and Wages

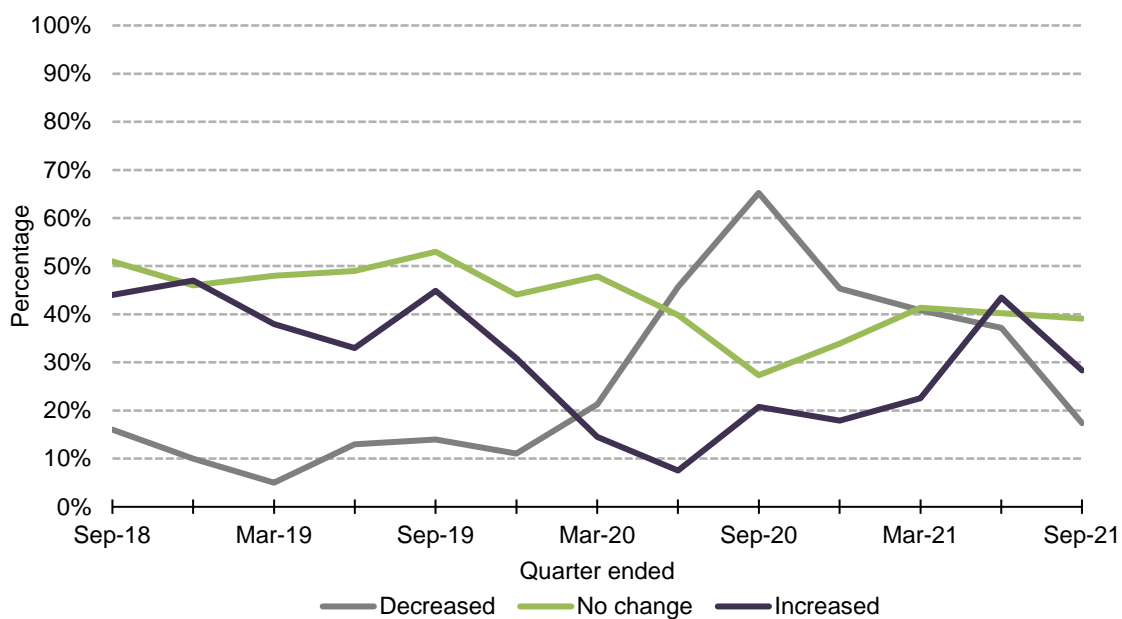
While just over half of all tourism businesses are maintaining employment levels, there has been a divergence between those hiring and those decreasing employment. More businesses have decreased their employment than have increased, back to a similar situation as December 2020. Interestingly, more businesses reported increased wages than those reporting decreasing wages, potentially signalling overall cost increases.

Figure 7: Employment Trends



Source: Tourism Industry Council South Australia

Figure 8: Wages Bill



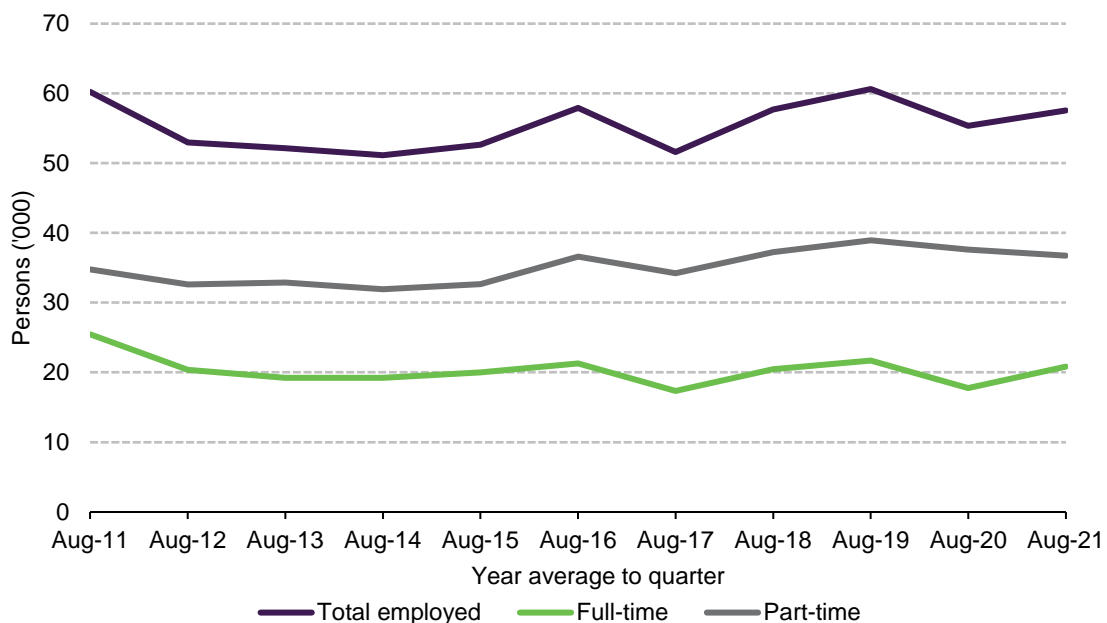
Source: Tourism Industry Council South Australia

Key factors that led to changes in employment and wages included:

- Lack of business;
- Less bookings;
- Difficulty finding staff;
- State vouchers increasing business;
- No more JobKeeper.

The ABS labour force survey reflected more of the June business sentiment than from the current survey. In August 2021, the accommodation and food services sector in South Australia employed 57,530 people. In the year ending August 2021, there was a modest employment increase in the sector, driven by an increase in part-time jobs.

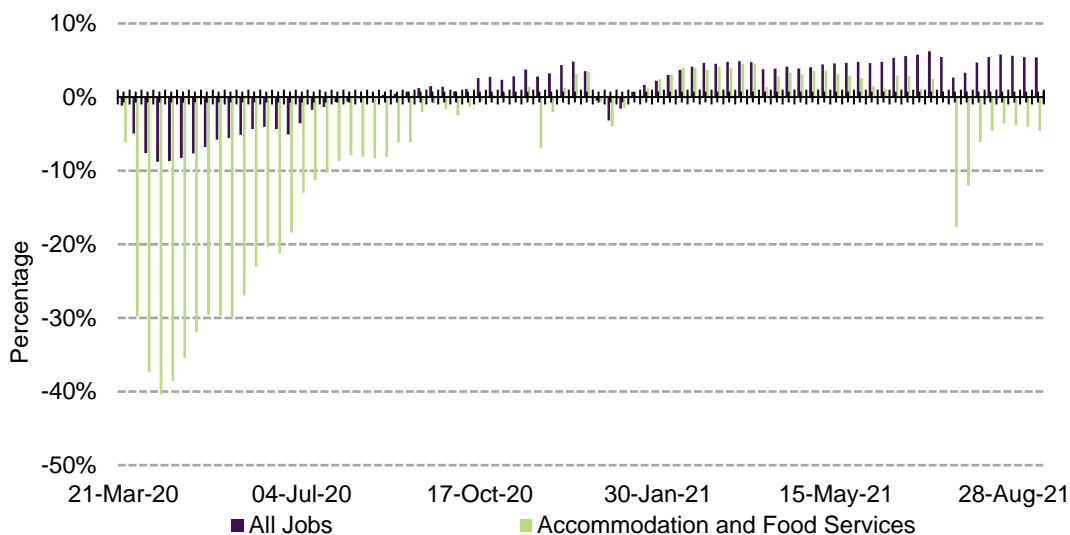
Figure 9: SA Employment, Accommodation and Food Services Industry



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

Weekly payroll job data shows how vulnerable the tourism industry is to border closures, with considerable jobs losses experienced in July when Victoria went into lockdown.

Figure 10: Job Losses (SA) 14/3/20 – 11/9/21

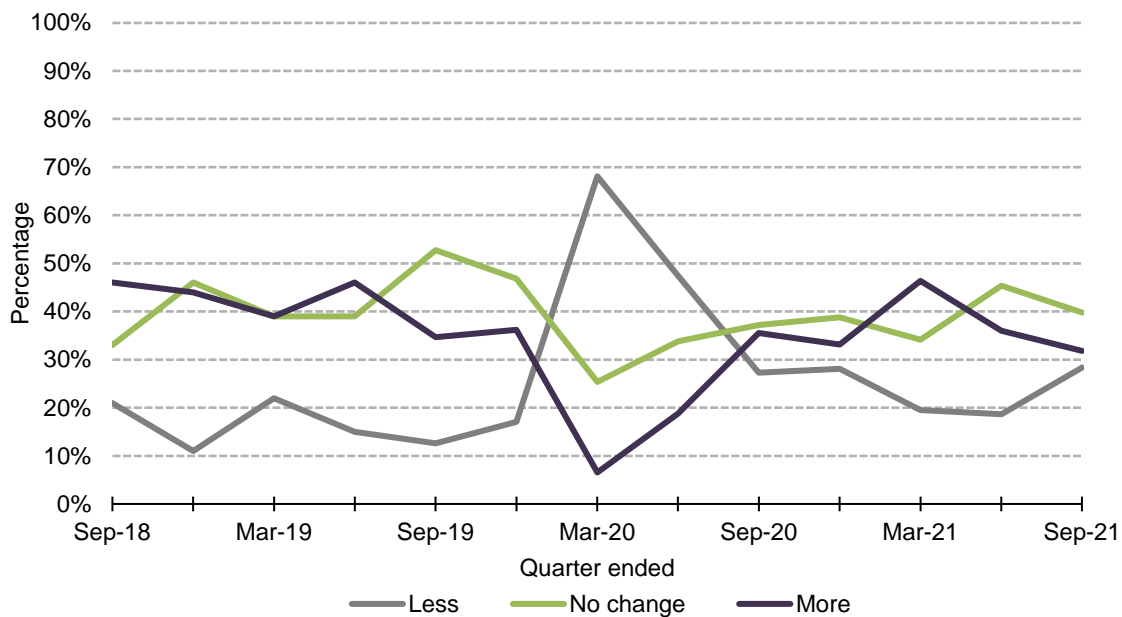


Source: ABS Weekly Payroll Jobs and Wages, Australia, Cat. No. 6160.0.55.001

Investment Outlook

The investment outlook has fallen again since the previous survey, with a decrease in businesses expecting increased investment and more businesses anticipating less investment. The change in no doubt connected to the lower levels of business activity and on-going uncertainty regarding COVID-19 and border closures.

Figure 11: Planned Investment



Source: Tourism Industry Council South Australia

Airport Passengers

While passenger movements through the Adelaide Airport have improved significantly since the September Quarter last year, they remain well below pre-COVID levels.

Table 2: Adelaide Airport Passenger Statistics

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

Note: Domestic movements include regional.

Source: Adelaide Airport, Passenger Statistics, July 2021

Statistical Note:

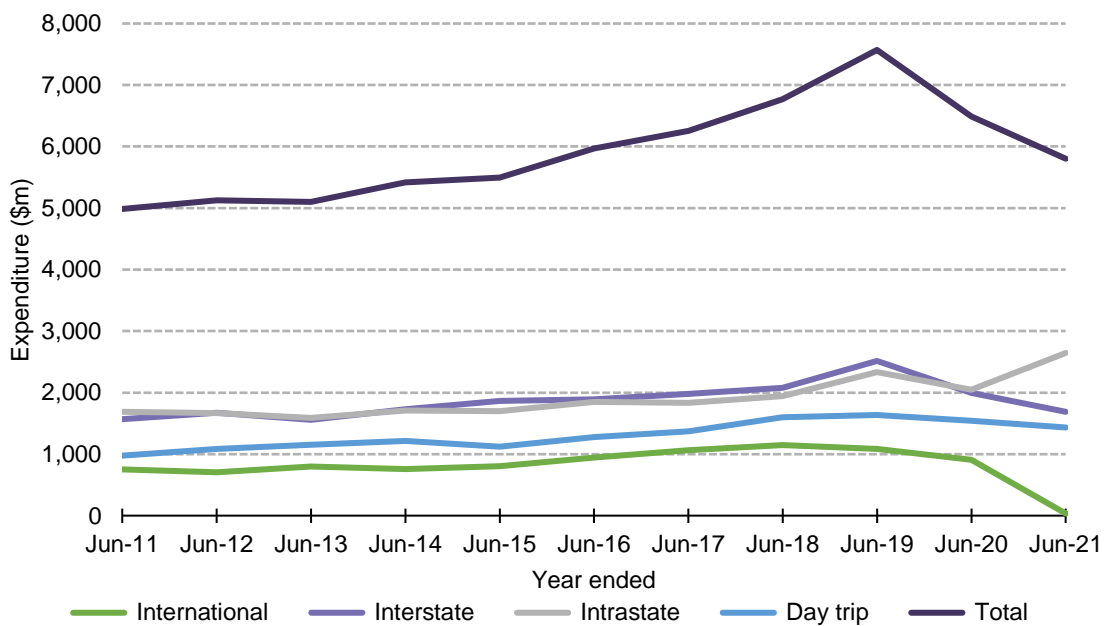
The TiCSA Tourism Barometer September quarter 2021 survey was conducted online between 1 October to 8 October 2021. A total of 232 responses were received, representing a margin of error of +/- 6.4% at a confidence level of 95%, demonstrating a statistically robust sample.

Visitation and Expenditure

Visitor expenditure continues to fall in the year ending June 2021. International expenditure for the year is now just \$34 million, down from a high of over \$1 billion. However, due to various border closures, intrastate visitor expenditure has reached the highest level for the decade and South Australia’s intrastate visitor expenditure is growing faster than other states.

Until all borders re-open with confidence, it is likely that visitor expenditure will remain depressed.

Figure 12: Visitor Expenditure by Type, South Australia (2020)



Note: Year ending June.

Source: Tourism Research Australia

Table 3: Visitor Expenditure (\$m) by Type (2020)

	South Australia		All States	
	Jun-21	% Change	Jun-21	% Change
International	\$34	-96.3%	\$819	-96.4%
Interstate	\$1,691	-15.2%	\$18,410	-35.6%
Intrastate	\$2,644	29.2%	\$42,932	24.8%
Day trip	\$1,433	-7.0%	\$18,943	-15.2%
Total	\$5,802	-10.6%	\$81,104	-25.1%

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

Source: Tourism Research Australia

Similar to visitor expenditure, intrastate visitation has surged, delivering an increase of over 20% in visitor nights, which was driven by a significant increase in leisure visitation during the year ending June 2021. International and interstate visitors and nights continue to lack severely due to on-going border closures. However, with the vaccine rollout now progressing at great pace in various states and recent announcements by the Commonwealth and some state governments, 2022 may see a return of both international and interstate visitors.

Table 4: Visitors and Nights by Type, South Australia (2021)

	Visitors	Holiday	VFR	Business	Visitor Nights
Day trip	13,211	6,415	3,216	1,606	
Annual % Change	-14.9%	-6.7%	-22.0%	-30.5%	
3-year trend % Change	-0.8%	-2.2%	-4.5%	10.1%	
10-year trend % Change	2.0%	1.7%	0.4%	4.9%	
Intrastate	4,911	2,683	1,205	743	14,806
Annual % Change	14.2%	43.8%	-12.3%	13.3%	20.7%
3-year trend % Change	6.3%	14.4%	-3.5%	6.8%	6.3%
10-year trend % Change	4.4%	5.2%	3.2%	5.4%	4.2%
Interstate	1,440	538	500	362	9,367
Annual % Change	-35.9%	-27.7%	-25.2%	-49.8%	-8.8%
3-year trend % Change	-17.0%	-16.0%	-14.5%	-20.6%	-7.5%
10-year trend % Change	-2.4%	-1.7%	-2.0%	-3.5%	0.7%
International	9	0	5	2	419
Annual % Change	-97.6%	-99.9%	-95.9%	-95.6%	-95.1%
3-year trend % Change	-73.4%	-90.2%	-68.2%	-67.8%	-65.8%
10-year trend % Change	-31.5%	-49.2%	-27.5%	-28.0%	-26.5%
Total	19,570	9,635	4,926	2,714	24,592
Annual % Change	-12.7%	-0.4%	-21.6%	-27.2%	-20.7%
3-year trend % Change	-1.7%	-0.6%	-6.3%	1.6%	-10.8%
10-year trend % Change	1.9%	2.0%	0.4%	3.1%	-1.2%

Note: Year ending June.

Source: Tourism Research Australia

While overall visitor expenditure continues to decrease, the intrastate market continues to perform well, delivering a strong increase in visitor expenditure, yield and market share. In the year ending June 2021, the interstate market also delivered a strong increase in market share despite a decrease in overall visitor expenditure and a decrease in yield (i.e. \$/night). Overall, South Australia continues to see increasing market shares across all visitor segments.

Table 5: Expenditure and Yield, South Australia, by Type (2021)

	Expenditure (\$m)	Yield (\$/visitor)	Yield (\$/night)	Market Share Visitors (%)	Market Share Expenditure (%)
Day trip	\$1,433	\$108		7.6%	7.6%
Annual % Change	-7.0%	9.1%		7.5%	6.9%
3-year trend % Change	-3.6%	-2.9%		6.7%	7.4%
10-year trend % Change	3.9%	6.3%		6.9%	6.4%
Intrastate	\$2,644	\$538	\$179	6.9%	6.2%
Annual % Change	29.2%	13.0%	7.2%	6.6%	5.9%
3-year trend % Change	10.9%	4.2%	4.2%	5.8%	5.4%
10-year trend % Change	4.6%	0.6%	1.3%	6.6%	6.8%
Interstate	\$1,691	\$1,174	\$180	8.2%	9.2%
Annual % Change	-15.2%	32.2%	-7.2%	7.9%	7.0%
3-year trend % Change	-6.7%	12.3%	0.8%	7.5%	6.6%
10-year trend % Change	0.7%	10.9%	0.0%	7.6%	7.2%
International	\$34	\$3,913	\$81	6.5%	2.6%
Annual % Change	-96.3%	52.2%	-24.3%	5.7%	2.7%
3-year trend % Change	-69.0%	16.3%	-9.4%	5.5%	2.7%
10-year trend % Change	-26.6%	25.3%	-0.4%	7.0%	2.9%
Total	\$5,802	\$296	\$236	7.5%	7.2%
Annual % Change	-10.6%	-11.5%	-2.6%	7.4%	6.0%
3-year trend % Change	-5.0%	-3.0%	2.3%	6.6%	5.7%
10-year trend % Change	1.5%	-0.7%	1.0%	7.0%	6.3%

Note: NA – not applicable. Year ending June. 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