

## Tourism industry on track to recovery, but new challenges arise

After a challenging two and half years, South Australia's tourism industry is enjoying a return to positive business activity, but concerns about rising costs, inflation, and labour shortages are threatening business confidence.

The Tourism Industry Council South Australia (TiCSA), the state's peak tourism industry body, has released the results of its latest Industry Sentiment survey. While the return of interstate and international visitors is making a positive impact, rising business costs were identified as the biggest challenge for almost two-thirds of businesses.

Staffing and wages also emerge as key challenges. Just 25% of businesses increased their workforce over the June quarter, while 45% of businesses reported an increase in wage expenses, many citing this was to attract and retain staff in a tight, competitive market. As one respondent aptly states, *'COVID [is] impacting on staff availability and needing to have more staff trained to cover gaps... Higher staff turnover... long term permanent employees left to pursue employment outside hospitality.'* These issues have been identified nationwide, with the two highest ranked concerns being a lack of staff and rising staff costs.

The increasing costs of doing business are also starting to flow on to customers with 45% of businesses reporting they had increased their prices since last year.

While short-term business outlook has softened because of these challenges, the resilience of the South Australian tourism industry is reflected in the 12-month outlook, where almost two-thirds of businesses are 'confident' or 'extremely confident'.

TiCSA CEO, Shaun de Bruyn said that the positive business activity is promising, but the survey results are a reminder that recovery from COVID-19 will not be a swift and smooth journey.

'Labour shortages, rising inflation, and an uncertain economy take the shine off what looks to be a pathway to the strong recovery of the tourism industry,' Mr de Bruyn said. 'We must emphasise that recovery isn't immediate, and despite things looking bright, we must continue to work with industry to build their resilience.'

Minister for Tourism, the Hon Zoe Bettison MP echoes the optimistic long-term outlook of Mr de Bruyn and the industry. Minister Bettison said, "Despite the challenges our state and the rest of the world have endured in the last two years, the South Australian tourism industry continues to go from strength to strength with almost two thirds of business owners and operators stating that despite the rising business costs they are 'confident' or 'extremely confident' as visitor expenditure in SA continues to increase."

"Market shares across all segments continue to be relatively high compared to historical levels and we are also thrilled that according to the latest STR data, accommodation occupancy in regional SA was 56% up in June 2022, well above the pre-COVID June 2019 result of 48%."

As a government, we acknowledge that staffing and wages remain the key challenges for business operators in the tourism industry. Therefore we are committed to providing support and assistance to those



who need it the most while we work towards securing events that will promote our wonderful state and encourage the return of interstate and international visitors.”

Mr de Bruyn added that TiCSA’s recently signed commitment with the State Government would be fundamental in providing support.

‘It is heartening to have a formal commitment to work collaboratively with the State Government to address issues and priorities of the tourism industry. This positions us well to support the recovery from the ravages of COVID-19, as well as face challenges ahead.’

‘Our [Tourism Industry Recovery Agenda](#) remains critical to ensuring businesses stay afloat and continue to recover and rebuild from the impacts of the last 2.5 years, and South Australia continues to claw back the \$5.3bn lost in visitor expenditure.’

## **END**

To view the full June quarter Tourism Barometer Report, please click [here](#).

To view past Tourism Barometer Reports, please click [here](#).

### **Key findings:**

- 72% of businesses reported they were *not* experiencing a downturn due to COVID-19
- Over 60% of businesses cited rising business costs as a key challenge moving forward
- Interstate border reopening and therefore increased interstate travel was one main reason for positive performance in the June quarter
- 49% of businesses reported an increase in the holiday/leisure market segment
- Almost two-thirds of businesses are either ‘extremely confident’ or ‘confident’ about the next 12 months
- Business outlook has decreased marginally by 12 points on January quarter
- Negative factors influencing future outlook include increasing inflation, higher interest rates, uncertain economy, staff shortages and rising COVID-19 case numbers
- Positive factors influencing future outlook include strong market demand, removal of border restrictions, more interstate and international visitors, and new products or renovations
- 25% of businesses increased their workforce

The Tourism Industry Council South Australia (TiCSA) is a not-for-profit, member-based organisation with over 1000 members. Established in 2009, TiCSA has two primary objectives – advocacy and business development.

For further commentary, please contact:

TiCSA CEO

**Shaun de Bruyn**

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

Phone: 0419 841 190

p (08) 8231 3085 | e [info@ticsa.com.au](mailto:info@ticsa.com.au)

**TiCSA: Tourism Industry Council South Australia**

5 Pirie Street, Adelaide South Australia 5000

GPO Box 2071, Adelaide South Australia 5001 | [www.ticsa.com.au](http://www.ticsa.com.au) | [www.trusttheticksa.com.au](http://www.trusttheticksa.com.au)

ABN. 64 992 585 804

