

TiCSA Tourism Barometer

September Quarter 2022



LUCID
ECONOMICS

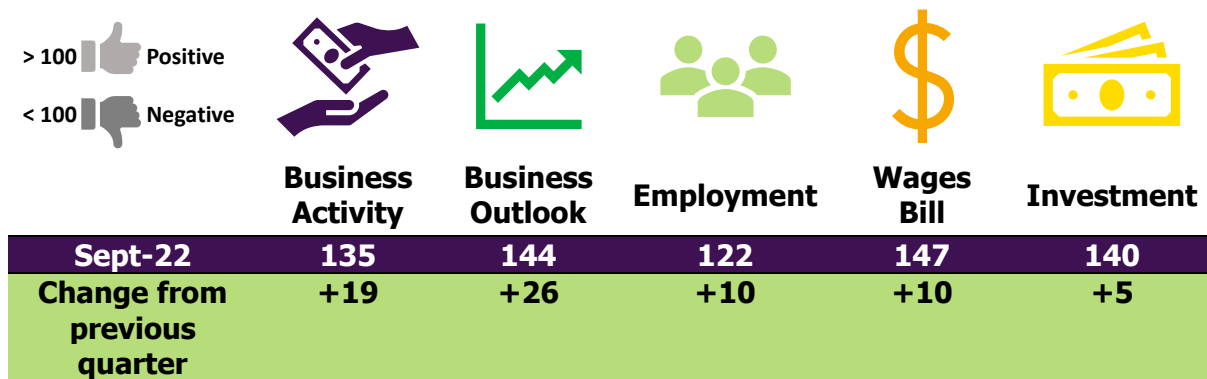
Confidence continues, but uncertainty remains

Confidence has grown in the TiCSA Tourism Barometer for the September Quarter (to the highest level since December 2017). Tourism businesses in South Australia are experiencing higher levels of activity, are more optimistic and are planning further investment into the future.

However, issues around staffing persist and concerns about the economy continue to grow. Higher interest rates, rising cost of living and the increases in operating costs are weighing on tourism businesses.

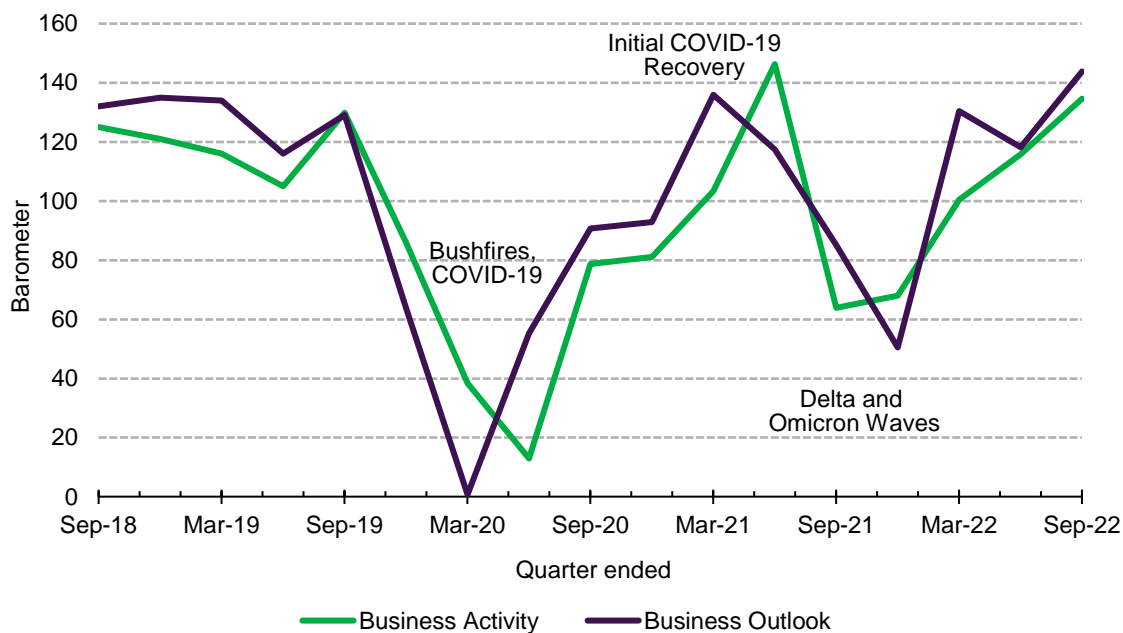
At the same time, recent gains in the South Australian tourism market are not keeping pace with other states. Throughout the COVID-19 pandemic, South Australia experienced high levels of market share and growing yield. While yield has continued to grow, market share has been lost (particularly in the interstate and international markets).

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:

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

"Less people travelling in SA now that our borders are open."

"I am nervous about the economy and consumer confidence."

"Cost of everything has gone up."

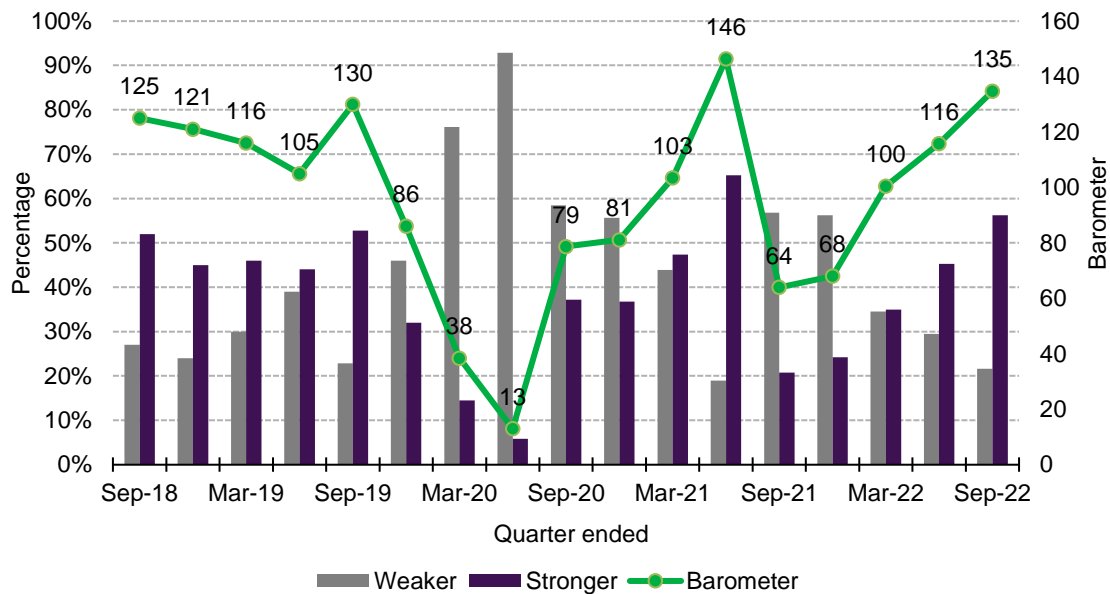
The main reasons for the positive performance in the September quarter were:

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

"We have strong forward bookings."

"We are seeing a lot more visitors from overseas and interstate."

Figure 3: Business Activity in the Last Three Months

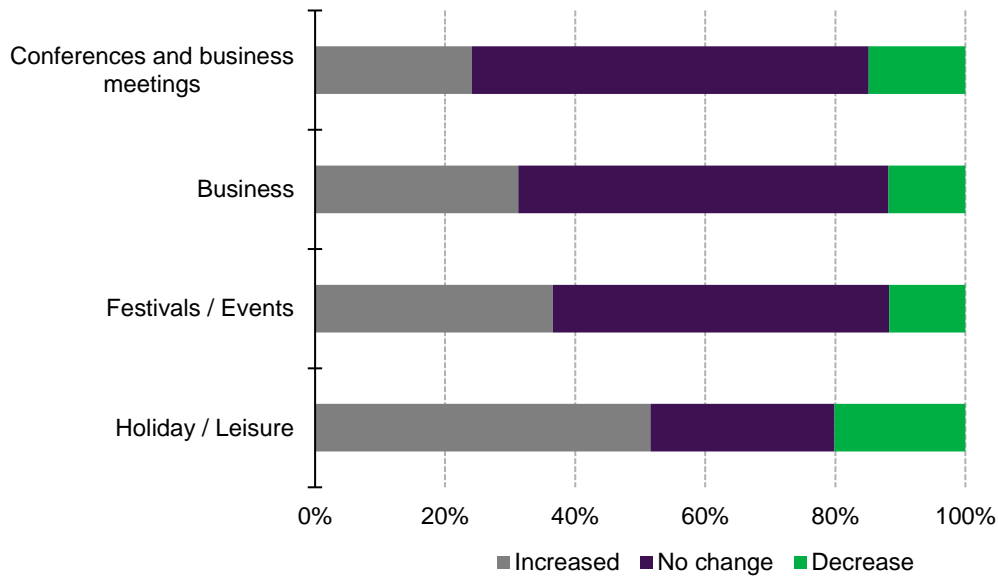


Source: Tourism Industry Council South Australia

Business Activity by Market Segment (Last Three Months)

In a continuation of the previous Barometer Report, all segments experienced higher levels of increased business activity and lower levels of decreases in business activity. The segments with the largest gains over the last three months were business and Festivals/Events.

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

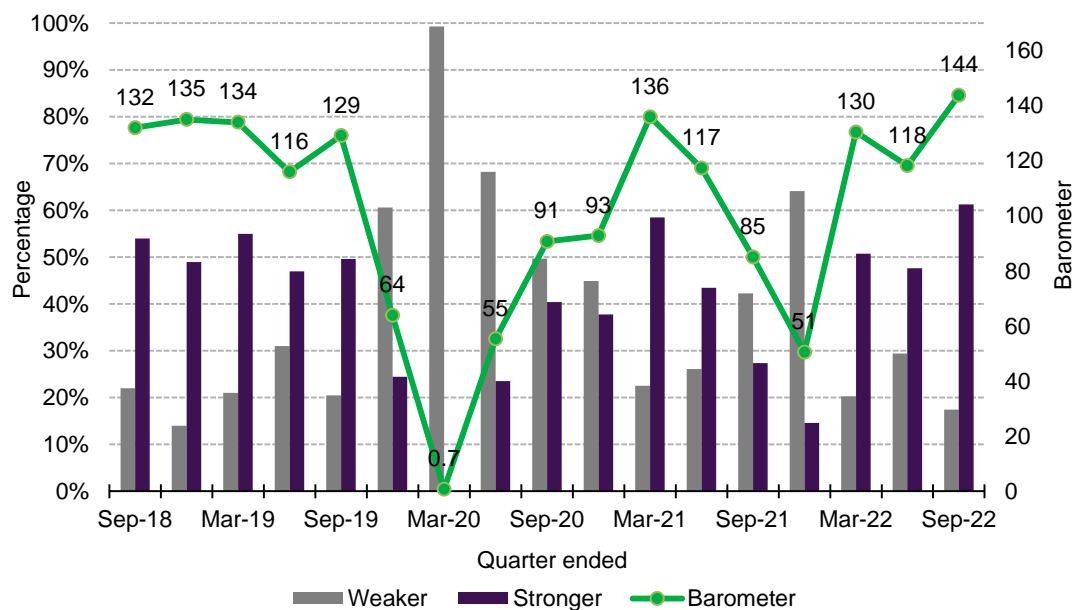


Source: Tourism Industry Council South Australia

Business Outlook (Next Three Months)

The business outlook over the next three months remains very positive as tourism businesses look towards the Christmas holiday season. This level of optimism has not been seen since the December Quarter of 2017.

Figure 5: Business Outlook for the Next Three Months

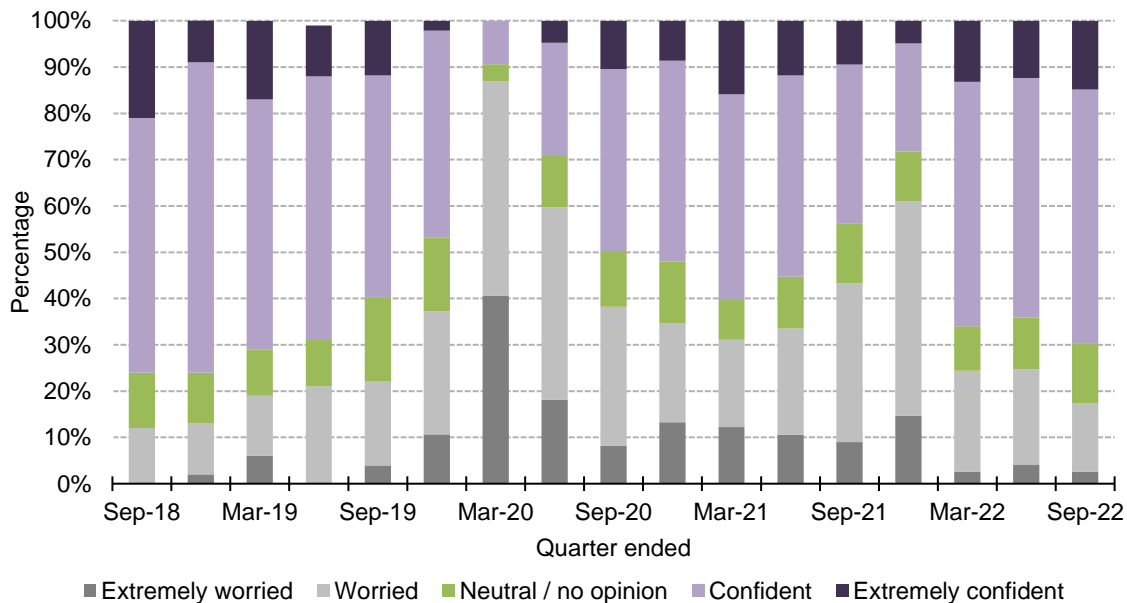


Source: Tourism Industry Council South Australia

Business Outlook (Next 12 Months)

Similar to the 3 month outlook, confidence in the 12 month outlook remains positive with 70% of tourism businesses being either 'extremely confident' or 'confident' in their business outlook.

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"> • Increased visitation to the area; • Removal of COVID restrictions; • International visitors returning; • More events; and • Recent investments made. 	<ul style="list-style-type: none"> • Increasing inflation; • Business costs increasing; • Weaker economy; • Staff shortages; and • Uncertainty about the future.

Source: Tourism Industry Council South Australia

"We are operating at near 100%, even in slow periods."

"We are booked out for three months."

"Looking forward to working without COVID constraints."

"We have secured more business events."

"We have invested heavily in our business over the last two years, now looking to reap the benefits."

"Rising interest rate, rising operating costs, and less customers due to increasing cost of living."

"We are really concerned about the economy."

"We just can't attract or retain staff."

"The housing shortage means that accommodation is taken up by local workers."

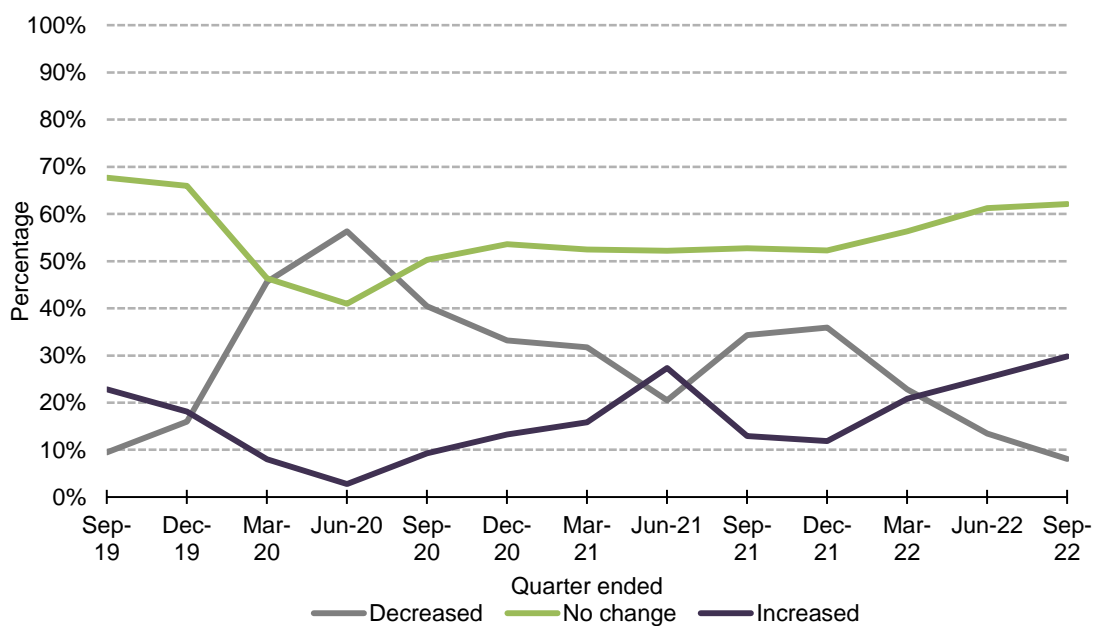
"Tourism numbers are still a roller coaster."

Employment and Wages

In the September Quarter, tourism businesses saw a continued increase in hiring, however, compared to other feedback in the Barometer, it is likely that there is demand for more staff that is not being filled.

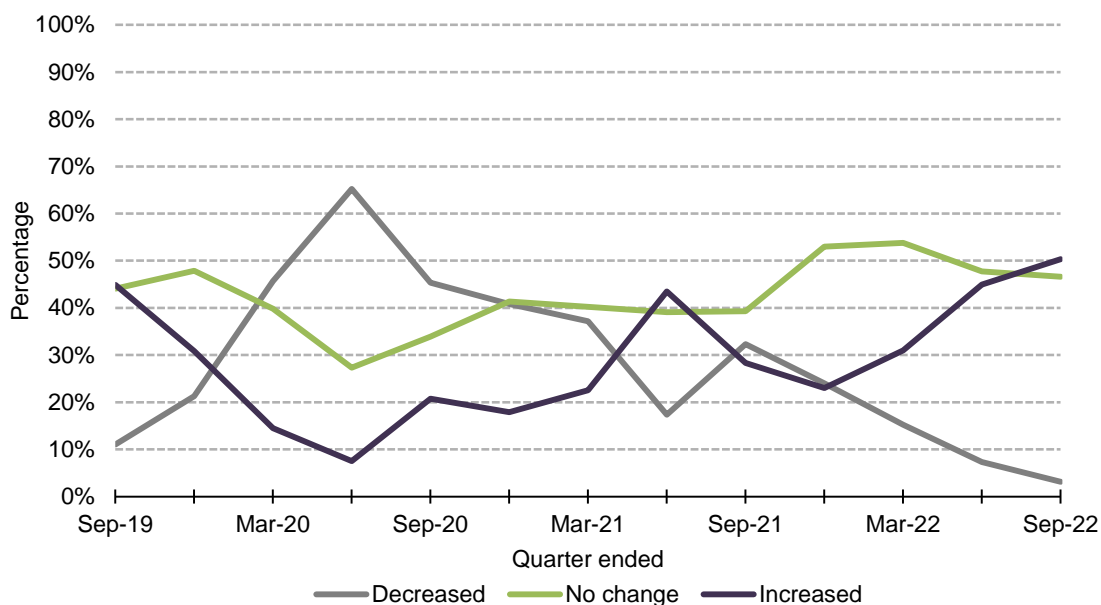
Just over half of all tourism businesses have reported a higher wages bill, demonstrating the tightness of the labour market as well as the result of increasing costs. Until inflation begins to ease, the wages bill for tourism businesses is likely to continue to increase.

Figure 7: Employment Trends



Source: Tourism Industry Council South Australia

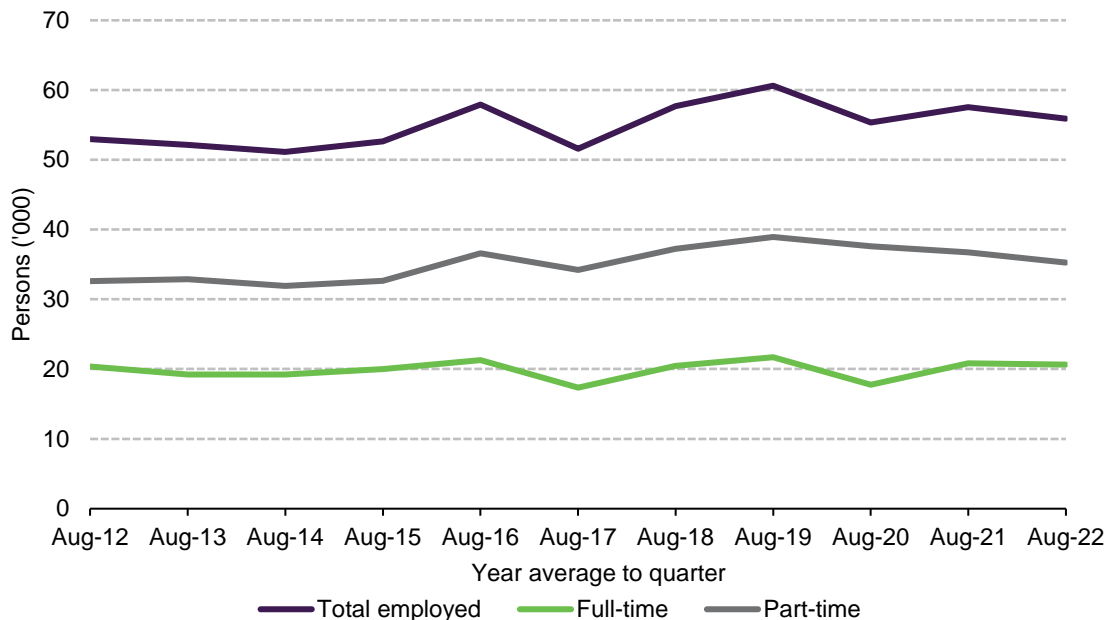
Figure 8: Wages Bill



Source: Tourism Industry Council South Australia

The ABS Labour Force Survey saw total employment in the accommodation and food services industry decrease by 2.8% or 1,623 jobs in the year to August 2022.

Figure 9: SA Employment, Accommodation and Food Services Industry



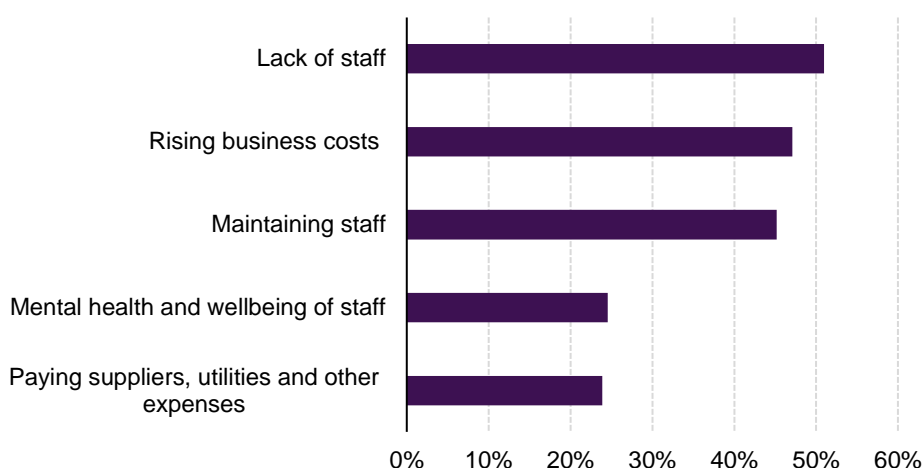
Source: ABS Labour Force, Australia, Cat. No. 6291.055.003

Other Important Trends

The September Quarter Barometer also uncovered a number of additional important trends:

- While just **30% of businesses said they increased staff numbers**, just **over 50% has increased wages bill**
- **53% of businesses increased their prices** in the September Quarter, compared to **45% of businesses in the June Quarter**
- **Only 14% of tourism businesses said they were still experiencing a downturn due to COVID-19**, with 86% of businesses citing they were unaffected by COVID-19 now

Figure 10: Key Issues/Challenges Facing SA Tourism Businesses

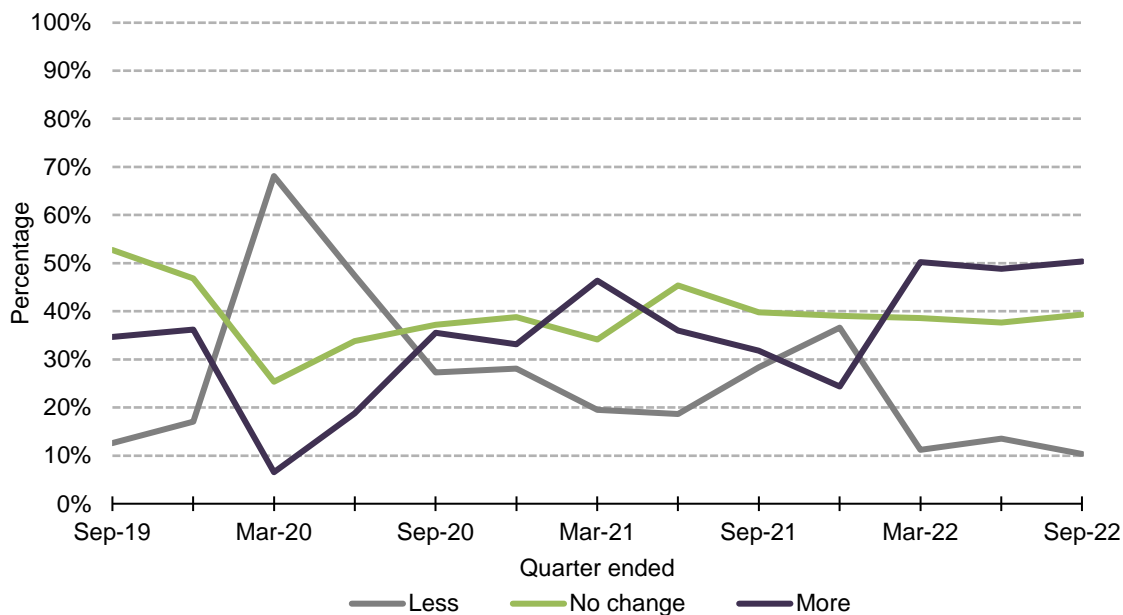


Source: Tourism Industry Council South Australia

Investment Outlook

The investment outlook has stabilised with 50% of tourism businesses planning future investment. These results are also represented in the wider survey and has contributed to recent positive survey outcomes.

Figure 10: Planned Investment



Source: Tourism Industry Council South Australia

Airport Passengers

International passengers through the Adelaide Airport have increased markedly, in a welcomed sign of inbound visitation. However, passenger traffic remains only 46% of pre-COVID (i.e. 2019) levels.

Table 2: Adelaide Airport Passenger Statistics

	Passengers ('000)		
	Mar Qrt 2022	Mar Qrt 2021	Mar Qrt 2020
Domestic	1,028	832	1,585
International	35	8	233
Total	1,063	840	1,818

Note: Domestic movements include regional.

Source: Adelaide Airport, Passenger Statistics, May 2022

Statistical Note:

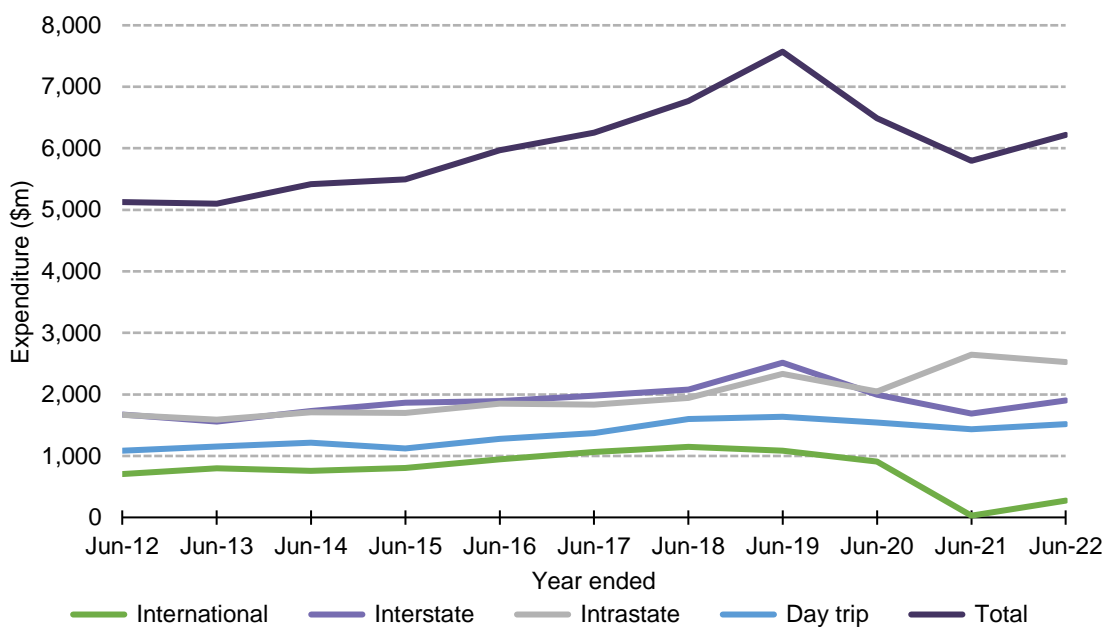
The TiCSA Tourism Barometer September Quarter 2022 survey was conducted online 4th October 2022 – 12th October 2022. A total of 179 responses were received, representing a margin of error of +/- 7.3% at a confidence level of 95%, demonstrating a statistically robust sample.

Visitation and Expenditure

While visitor expenditure in South Australia has now rebounded from the years significantly impacted by COVID-19, intrastate visitor expenditure has decreased in the year ending June 2022.

Furthermore, while international and interstate visitor expenditure have increased dramatically in South Australia, many of other states continue to experience higher growth from these markets.

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



Note: Year ending June.

Source: Tourism Research Australia

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

	South Australia		All States	
	Jun-22	% Change	Jun-22	% Change
International	\$272	777.4%	\$7,539	921.5%
Interstate	\$1,902	12.5%	\$24,453	32.8%
Intrastate	\$2,526	-4.5%	\$44,596	3.9%
Day trip	\$1,517	5.9%	\$20,446	7.9%
Total	\$6,217	7.2%	\$97,034	19.8%

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

Source: Tourism Research Australia

Visitation data reflects feedback from the survey and increases in interstate and international visitors. The leisure market leads this growth, however, all segments are showing strong increases. The data also shows further declines across day trip and intrastate markets over the last year, increasing from the previous quarter, except for business visitors.

The losses in day trip and intrastate visitation, driven by the leisure segment, has seen a drop of 7.7% in overall visitation in South Australia for the year ending June 2022. Fortunately, the gain in international visitor nights was significant enough to make up for the loss in interstate and intrastate visitor nights. While the average length of stay for intrastate and international visitors was stable, the average length of stay for interstate visitors fell from 6.5 nights in June 2021 to 5.5 nights in June 2022. Interestingly, yield (i.e. expenditure per visitor night) still increased.

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

	Visitors	Holiday	VFR	Business	Visitor Nights
Day trip	11,996	5,529	3,199	1,600	
Annual % Change	-9.2%	-13.8%	-0.5%	-0.4%	
3-year trend % Change	-7.8%	-9.3%	-7.3%	-6.4%	
10-year trend % Change	0.2%	-0.2%	-0.5%	1.4%	
Intrastate	4,447	2,191	1,185	798	13,180
Annual % Change	-9.4%	-18.4%	-1.7%	7.4%	-11.0%
3-year trend % Change	-1.3%	2.3%	-2.0%	-5.2%	-1.8%
10-year trend % Change	3.0%	3.5%	1.5%	4.3%	2.2%
Interstate	1,564	598	548	393	8,655
Annual % Change	8.6%	11.2%	9.6%	8.6%	-7.6%
3-year trend % Change	-17.5%	-14.7%	-12.8%	-24.3%	-12.3%
10-year trend % Change	-1.3%	-1.0%	1.3%	-3.5%	0.5%
International	56	9	32	5	2,826
Annual % Change	588.7%	4953.5%	515.0%	468.3%	599.9%
3-year trend % Change	-50.7%	-65.3%	-39.5%	-54.1%	-33.3%
10-year trend % Change	-16.9%	-24.8%	-11.4%	-20.2%	-12.0%
Total	18,063	8,326	4,963	2,797	24,661
Annual % Change	-7.7%	-13.6%	0.8%	3.1%	0.3%
3-year trend % Change	-8.0%	-7.8%	-7.4%	-10.1%	-12.1%
10-year trend % Change	0.5%	0.4%	0.0%	1.0%	-1.6%

Note: Year ending June.

Source: Tourism Research Australia

Total visitor expenditure has continued to grow solidly with strong gains in the interstate and international market segments. Visitor expenditure from the intrastate market decreased 4.5% in the year ending June 2022. Interestingly yield per visitor and per night increased across all segments, which may be influenced through operators increasing their prices (as per the survey results).

Relative to other states, South Australia is starting to lose ground in terms of market share in both visitors and expenditure. While the movements are relatively minor, they are generally across all visitor segments and shows that South Australia is not growing at the same pace as other states.

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

	Expenditure (\$m)	Yield (\$/visitor)	Yield (\$/night)	Market Share Visitors (%)	Market Share Expenditure (%)
Day trip	\$1,517	\$126		7.5%	7.4%
Annual % Change	5.9%	16.7%		7.6%	7.6%
3-year trend % Change	-2.5%	5.6%		6.7%	6.7%
10-year trend % Change	3.4%	10.7%		6.9%	6.2%
Intrastate	\$2,526	\$568	\$192	6.6%	5.7%
Annual % Change	-4.5%	5.6%	7.3%	6.9%	6.2%
3-year trend % Change	2.7%	4.0%	4.6%	5.8%	5.5%
10-year trend % Change	4.2%	4.2%	6.9%	6.4%	6.1%
Interstate	\$1,902	\$1,216	\$220	7.9%	7.8%
Annual % Change	12.5%	3.6%	22.2%	8.2%	9.2%
3-year trend % Change	-8.9%	10.4%	3.9%	7.7%	7.2%
10-year trend % Change	1.3%	9.0%	2.7%	7.6%	7.4%
International	\$272	\$4,846	\$96	5.1%	2.8%
Annual % Change	777.4%	26.1%	24.7%	5.8%	2.6%
3-year trend % Change	-36.9%	27.8%	-5.6%	5.4%	2.4%
10-year trend % Change	-9.1%	35.0%	11.1%	6.5%	2.7%
Total	\$6,217	\$344	\$252	7.3%	6.4%
Annual % Change	7.2%	16.1%	6.8%	7.5%	7.2%
3-year trend % Change	-6.4%	5.3%	20.7%	6.6%	5.7%
10-year trend % Change	1.9%	15.2%	42.4%	6.9%	6.0%

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