South Australia's Strategic Plan

OBJECTIVE: Growing Prosperity
TOURISM TARGET (T1.15)

Tourism Implementation Plan

South Australian Tourism Commission
April 2008

South Australian Strategic Plan Tourism Implementation Action Plan

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Introduction

South Australia's Strategic Plan provides the vision and framework for building a prosperous, healthy and sustainable State (see www.SAplan.sa.org.au).

The Plan, first released in 2004 was revised during 2006 following an extensive community consultation process and an updated plan was released in 2007.

The new Plan contains six objectives and 98 measurable targets to be achieved over the next ten years, one of which is a tourism target and a number to which tourism will contribute.

The tourism industry target is to increase visitor expenditure from $3.7 billion in 2002 to $6.3 billion in 2014 (T1.15). Responsibility for achieving this target is a joint one between the tourism industry and the Government.

At the request of the Executive Committee of Cabinet this *South Australia Strategic Plan Tourism Implementation Action Plan* is designed to demonstrate SATC's approach to accelerating progress in achieving the tourism target under the SA Strategic Plan.

The chart below shows the relationship between the SA Strategic Plan and key tourism planning initiatives at Commonwealth, State, Regional and SATC agency levels.

Commonwealth	**State**	**Tourism Industry**	**SATC**
Commonwealth Tourism White Paper	South Australia's Strategic Plan	South Australian Tourism Plan (SASP Tourism Implementation Plan)	Corporate Plan (SASP Tourism Implementation Plan)
Various Initiatives e.g. National Tourism Incidence Response Plan; National Tourism Investment Strategy; Climate Change Adaptation Framework; Domestic Tourism Action Plan etc.	Specific plans e.g. Planning Strategy; State Infrastructure Plan; Transport Plan; Land-use Planning Frameworks; Biodiversity Strategy; Natural Resource Management Plans; Marine Park Plans; etc	SA Tourism Export Strategy	Marketing Plan
		Tourism Industry Workforce Strategy	Sustainable Tourism Package
		Integrated Regional Strategic Tourism Plans	Tourism Development Framework
		Sector Plans (e.g. wine and food, nature, cycling etc)	Group Operational Plans

One of the aspirations for the new SA Strategic Plan is to extend its relevance and application to the regional level. For tourism this will mean aligning targets in regional strategic tourism plans with the State's Strategic Plan tourism target.

The following Implementation Plan provides: an outline of the drivers of tourism demand; the achievability of the target; a structured and detailed account of how the SATC will address the industry's five critical success factors; provides KPI milestones in relation to these factors; identifies twelve related priority strategies and budget requirements; identifies links between these strategies and other SASP targets and shows how progress will be monitored to ensure key actions contribute to the new tourism expenditure growth target of $6.3 billion by the year 2014.

SA STRATEGIC PLAN OBJECTIVE: Growing Prosperity
TOURISM TARGET (T1.15)

EXECUTIVE SUMMARY

TARGET (T1.15):
$6.3 billion in tourist expenditure by December 2014

OUTLOOK:
Forecast trend growth $5.2 billion by December 2014

CHALLENGE:
$1.1 billion gap to be filled by lifting competitive performance

IMPERATIVE:
Increase SA preference and win more holidays from higher yielding prospects

APPROACH:

PLAN →
- Goals
- Strategic intent
- Consumer prospects
- Strategic programs
- Implementation mechanisms
- KPIs
- Tracking and Evaluation

DEVELOP →
- The most appealing SA for prospective consumers
- What is here today?
- What do we need?
- Experiences
- Infrastructure
- Events
- Industry partnerships
- Investor relations
- Regulatory processes

ACTIVATE →
- Access and distribution
- Airline relationships
- Drive routes
- Trade relationships
- Web-site management
- Content
- Direct booking
- Sales collateral
- Brochures
- Event owner relationships (networks)

COMMUNICATE
- Brand
- All consumer communication
- Agency relationships
- Media relationships
- Co-operative communications

CRITICAL SUCCESS FACTORS:
- Communicate the best of SA today
  - Domestic
  - International
- Get more planes to land
- Develop a more appealing SA of tomorrow (including events)
- Align the 'rules' with the vision to help things happen
- Develop a strong industry partnership.

KEY PERFORMANCE INDICATORS:
- Headline: Grow SA 'consideration' pool to 1.3 million by 2014
- Communications: Convert more of SA's domestic target audience to actual visits (725,000 trips by 2014)
- Export Expenditure (excluding education): $750m by 2014
- Access: 10,000 international inbound and 100,000 domestic seats by 2014
- Experiences: $200 million in strategic tourism development by 2014
- Policy: All regions completed regional tourism plans and DPAs by 2014
- Industry: establishment of effective business-to-business entity by 2014.

TARGET T1.15:
Increase visitor expenditure in South Australia's tourism industry from $3.7 billion in 2002 to $6.3 billion by 2014. This will be achieved by increasing visitor numbers and length of stay and more importantly by increasing visitor spending.

TOURISM TARGET MILESTONES (see Scorecard page 36)

	Benchmark	**KPI Milestones** (Year Ending)						
Year	2007	2008	2009	2010	2011	2012	2013	2014
Expenditure ($m)	4.2	4.6	4.9	5.2	5.5	5.8	6.1	6.3

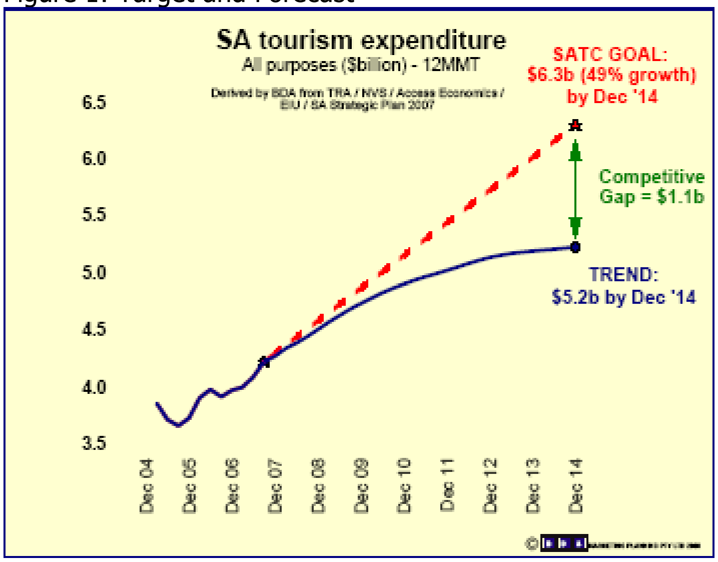
TOTAL EXPORT TARGET (T1.14)
The South Australian Strategic Plan also contains a target for Total Exports i.e. *treble the value of South Australia's export income to $25 billion by 2014* (T1.14). As a key export sector worth $23.3 billion nationally (i.e. total inbound economic value, Dec. 2007) tourism is and will be an important contributor to this target.

A target of $750 million in international visitor expenditure by 2014 (excluding education) has been set to contribute to this target. This target of $750 million is included in this Implementation Strategy as a KPI because of its relationship to SASP target (T1.14) and because the approach and critical factors identified in this plan are equally relevant to the export (international) market growth.

Contribution to other SASP Targets
While South Australia's Strategic Plan (SASP) contains one target for tourism (T1.15) and a relatively direct connection with the Export target (T1.14), the successful achievement of these targets will also contribute to the higher performance of a broad range of other SASP targets (e.g. Jobs; Share of Overseas Students; Total Population; Work-life Balance; Ecological Footprint; Cultural Engagement; Understanding Aboriginal Culture; Regional Population Levels, VET Participation). It should be noted that while the intrastate (local) tourism market will not be significant in contributing to the tourism target it is a key contributor to Work-life balance target for the local population.

TOURISM TARGET T1.15 – PERFORMANCE AND FORECAST
South Australia achieved a 2.2% average annual growth in tourism expenditure between 2002 and 2007. While the last year (2007) saw a 5.8% increase in expenditure on the SA result for 2006, it is unlikely this performance will be sustained given the factors identified in the next section.

Figure 1: Target and Forecast



The forecast for South Australian tourism expenditure growth based on the Tourism Forecasting Council's national forecasts and SA trend, is for SA to achieve tourism expenditure of $5.2 billion by the year 2014. **This leaves a gap between trend and target of $1.1 billion.**

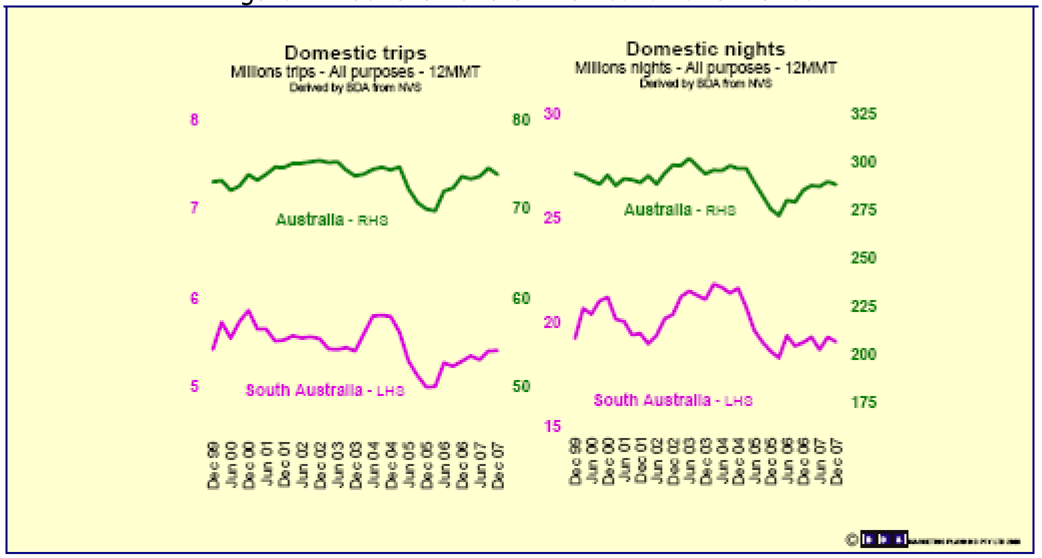
INFLUENCES ON TOURISM OUTLOOK:
For South Australia to attain the target of $6.3 billion it must sustain average annual growth in expenditure of 6% per annum over the period 2006 to 2014.

This is a considerable challenge given the Tourism Forecasting Council's November 2007 national forecast for a combined average international and domestic tourism expenditure growth of 1.8% per annum over this period.

<u>Domestic Tourism</u>
Domestic tourism comprises 94% of South Australia's visitors, 74% of visitor nights (2007) and 88% of visitor expenditure so it is worth examining this market in some detail.

Tourism performance data shows that at both the national and SA level there has been variable performance in the domestic market (Figure 2).

Figure 2: Australian and SA Domestic Performance



Analysis by Tourism Research Australia indicates that the same numbers of people are travelling, but they are taking fewer trips and spending fewer nights away. People are also spending less per trip. (Source: Domestic Overnight Leisure Travel – Recent Trends and Challenges, Tourism Research Australia, October 2005)

External Influences

Significant trends in the demand drivers for domestic tourism highlight the challenges ahead for tourism. A summary of the significant factors that are currently having an impact on domestic holiday travel trends include –

- Australians travelling <u>outbound</u> in record numbers (particularly Sydney and Melbourne markets). The intention to travel overseas and actual overseas travel by Australians remains strong.
- This trend is supported by the <u>strength of the Australian dollar</u> and the relative gap between the cost of domestic and overseas travel
- Economic performance (e.g. inflationary pressure and higher levels of personal and <u>household debt</u> (especially Sydney and Melbourne – the main sources of domestic travel)
- <u>Changes in the labour market</u> making travel more difficult, including increasing casualisation of the work force, long working hours and people not taking their holiday leave – the Australian working population has around 70–90 million days of unused leave, with 30% of the population taking no leave in the past 12 months (Source: Unused Leave and Travel Intentions Study, AC Neilson, June 2005 and September 2005).

Internal Influences

Consumer research undertaken into the domestic market for Tourism Research Australia has identified further competitiveness issues confronting the tourism industry. In summary, these include:

- There is new competition from <u>other leisure choices which deliver tangible or instant gratification</u> (e.g. technology, cars, home renovations and furnishings). The travel memory can be evoked when needed, meaning it is not necessary to travel as often

- Travel is either about cultural or intellectual enrichment or bragging rights. Travel within Australia currently does not fill either of these needs. Trips within Australia are about the end benefit delivered – connecting with family and friends, meeting obligations to them, or compensatory needs like pampering. Travel within Australia is seen as a 'break' - 'holidays' are taken overseas
- There is a shift to wanting more quality travel experiences. Travel within Australia is seen as poor value for money. Accommodation is seen as poorly integrated into local life. Consumers want better quality assurance. There is a perception of lack of activities and attractions relative to overseas.
  (Source: Changing consumer behaviour: Impact on the Australian domestic tourism market, Tourism Research Australia, Feb 2007).

Influences on Regional Tourism
In addition to the factors above, there are others that will impact more particularly on **regional** destinations further away from capital cities. These include:

- The growth in low cost air carriers (i.e. Virgin Blue and Jetstar) offering city-to-city travel at more affordable prices (increasing seating capacity between capital cities and major tourism regions). South Australia is disadvantaged as there are no regional destinations serviced by low cost carriers.
- The proportion of Australians taking fly drive domestic holidays has increased while the proportion of drive only holidays has declined.
- The rising price of petrol may act to suppress demand in the up till now strong touring market.
- In terms of accommodation supply, nationally, the strongest growth has occurred in 4-star accommodation (61% between June 2001 and December 2007) with guest nights i.e. demand also up by 61% (Source: ABS Survey of Tourist Accommodation). Regions that aren't competitive in terms of this product are likely to suffer.

The question is, which of the above factors are more transient representing general cyclical changes and which represent long-term structural shifts in tourism demand.

The 2007 Tourism Research Australia report *'Changing consumer behaviour: Impact on the Australian domestic tourism market'*, found that *'in the face of increasing competition for share of wallet and of time, the industry may need to accept that domestic travel is unlikely to return to historically high levels … however, changes in both communication and product can increase share'*.

International Tourism

Following the multiple demand "shocks" at the turn of the century, such as September 11 2001, the Bali bombings (2002), and SARS concerns (2003), international tourism to Australia as a whole has recovered and grown consistently, demonstrating its long-term robustness.

South Australia's recovery lagged behind this national growth until 2006. In the twelve months to June 2007, South Australia experienced its highest number of international visitors recorded (375,000).

Australia remains one of the top three 'aspirational' destinations in major overseas source markets, with its potential primarily constrained only by the long haul nature of travel from many markets.

The UK continues to dominate South Australia's inbound tourism although others are now starting to lift as well, notably the US and NZ. Some less traditional SA markets are beginning to emerge, notably France and China (i.e. the latter now ranked 5th for SA compared with 5th for Australia).

External Influences

In the short-term, factors such as the rising value of the Australian dollar relative to other key currencies making Australia less competitive, the uncertainty in global financial markets, recession in the US economy and the impact of this on other key market economies will have a significant influence on overall inbound tourism demand.

In the longer-term the Climate Change debate and the concern for the carbon footprint involved in long-haul travel may be an issue. Already in Europe there is a call to reduce outbound long-haul travel and this may have implications for demand from Australia' s inbound tourism market. It certainly will have an impact on expectations from this market for sustainable products/experiences (not necessarily a selling point but an expectation).

Unforseen events (e.g. terrorism, natural disasters, pandemics), or any unfavourable publicity concerning Australia can also affect future demand in this market.

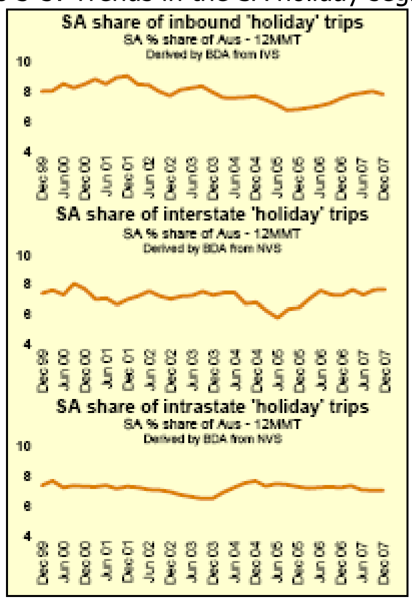
Internal Influences

Recent research conducted by Tourism Australia has revealed that the quality of Australian product (experiences, attractions and facilities) and service is losing ground relative to its competitors. Furthermore, the increasingly tight labour market (and tourism's inability to compete for labour with other sectors) may impact on the quality of service and satisfaction of visitors in the future.

TOURISM OUTLOOK AND ACHIEVABILITY OF TARGET:
It is clear that reaching the target will not just happen. Without an appropriate strategic response to the changing circumstances outlined in the previous section, there could be an ever-widening gap between the target and the forecast growth.

Figures 3-5 below show that for all major markets over the period 1999 – Mar 2007 holiday purpose travel to South Australia has effectively flat-lined overall.

Figures 3-5: Trends in the SA holiday segment



Interstate Market
A recent Tourism Research Australia study, *'Through the looking glass: The future of domestic tourism in Australia'*, February 2008 examined two scenarios depending on how the industry responds to the changes in consumer demand and the competitive landscape:

a) Scenario A: assumes the tourism industry successfully responds and adjusts to current issues by nurturing growth and adapting to change. This scenario is consistent with the current forecasts prepared by the Tourism Forecasting Committee.

Under this scenario domestic visitor nights will grow by 1% between 2006 and 2020 or 0.1% per annum. Overnight expenditure (in constant dollars) is expected to grow by 13% overall or by 0.9% per annum.

b) Scenario B: assumes that the industry responds less successfully to current trends – with little development in tourism product, distribution, marketing approaches and government policies. Scenario B assumes reduction in the average number of domestic trips per person and a falling share of wallet through failure of effective marketing communications for tourism in the face of competing products and services.

Under this scenario domestic visitor nights will contract by 19% between 2006 and 2020 or – 1.5% pa. Overnight expenditure (in constant dollars) falls by 7% between 2006 and 2020.

The report concludes that *'the critical choice faced by the tourism industry overall is whether it will adopt a passive or active stance in determining its future'.* In this context achieving the tourism target will be a significant challenge. It will not be a case of riding on a growing market, but aggressively competing for an improved share of the existing market.

International Market
The Tourism Forecasting Committee forecasts that inbound visitor arrivals to Australia will increase by 4.8% per annum, reaching 8.03 million by 2014 - compared to annual average growth of 2.9% between 1996 and 2006. Total inbound visitor nights will grow at 4.4% pa reaching 236 million in 2014 while economic value will grow at 4.7% pa over this period and reach $32 billion in real terms by 2014.

The TFC expect that from late 2008 the new generation of jet aircraft will relieve supply constraints and place downward pressure on airfares, stimulating growth in inbound demand. A modest weakening of the Australian dollar in the medium term is also expected to positively influence inbound demand. While the outlook for the international market is more positive than for the interstate market it should be remembered that this comes off a smaller base.

Outlook Summary
The indicators suggest that there will be some challenging times ahead for the tourism industry. This will fuel aggressive competition between tourism destinations. However, there are also opportunities for those that recognise and work with the trends to pursue focused and cohesive strategies.

It has to be said that achieving the tourism target through an all out assault to establish a growing share of the market will require appropriate resources. Given the drivers outlined, the growth target must be conditional upon having the capacity to action the critical success factors discussed in the next sections.

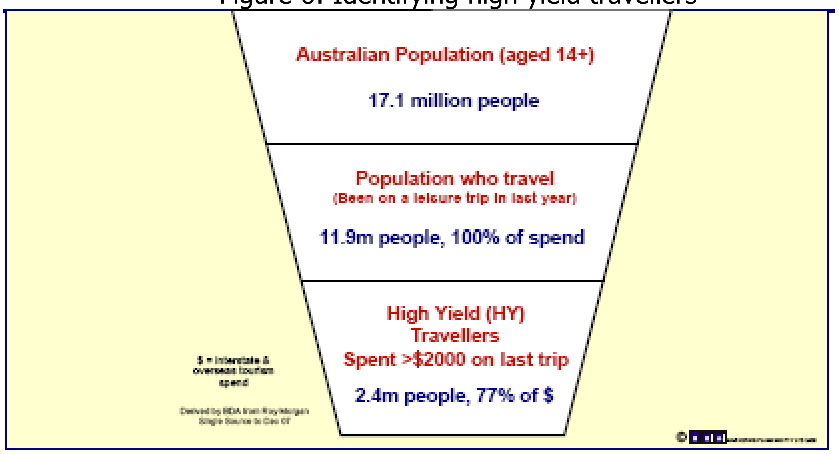
KEY ISSUES

Market Focus

South Australia's tourism target is expressed in terms of tourist expenditure. Figure 6 shows that 14% of the Australian population (i.e. 2.4 million people) spent more than $2,000 on their last trip.

Significantly, this 14% contributed more than 77% of the total amount spent by Australians on interstate and overseas trips. These higher yield travellers are therefore the key consumer market.

Figure 6: Identifying high yield travellers



SATC's strategy is to target this high yield market segment (i.e. travellers who spend more than $2,000 in total or $200 per person per night on their last trip). In the first instance SATC will target those in this segment that also have a preference to visit SA – that is, people mainly in Melbourne and Sydney who have SA in their 'consideration set' of potential holiday destinations (June 2007). Most are young and older affluent couples that take an average of four trips per year to various destinations.

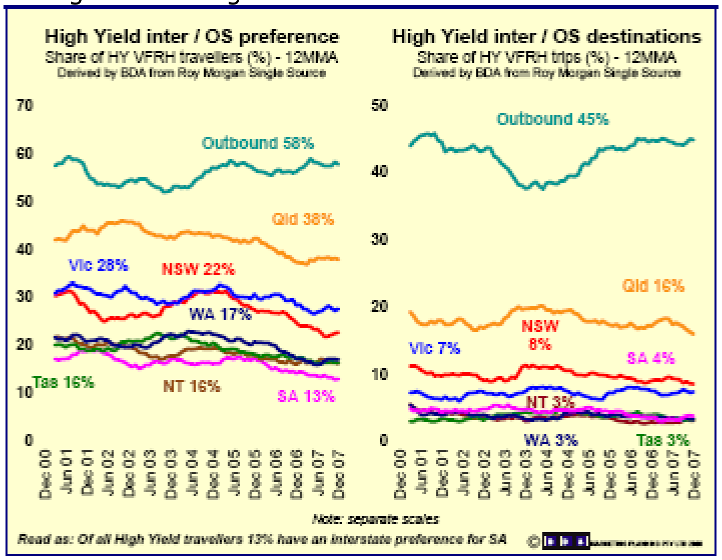
Targeting this segment will not be too limiting or alienate other prospects. On the contrary, by focusing on a primary audience with a clear message and relevant compelling experiences, and exceeding expectations, others are more likely to follow.

Preference[1]

However, within this context, South Australia has a considerable challenge. Figure 7 demonstrates that within this broad high yield market segment South Australia records the lowest appeal at 13% and currently wins just 3% of Australia's high yield holidays. Of these, 47% also visit another State on the same trip, which diminishes the potential yield from those visitors SA does get.

[1] Used in this plan interchangeably with the term 'consideration'.

Figure 7: SA High Yield Preference and Actual Travel



The key challenge in the quest to achieve the SA Strategic Plan tourism target is to increase the 'pool' of people that have SA as one of the holiday options they are considering. This will require a single-minded focus on developing more appealing SA experiences and improving communication.

Recent appeal testing research carried out in the domestic market for the South Australian Tourism Commission found that **the best of SA today will achieve only $300m of the $1.1 billion gap between trend and target growth through better marketing communications**. **That is, the best of SA today leaves us $800 million short of filling the gap. The research is clear that this will have to be achieved through developing a more appealing experience based on our inherent strengths** (Source: Project Trend, BDA Marketing Planning, February, 2008).

The key challenge in the quest to achieve the SA Strategic Plan tourism target therefore is to lift the State's appeal and preference levels. This will require a single-minded focus on destination development and improving consumer communication.

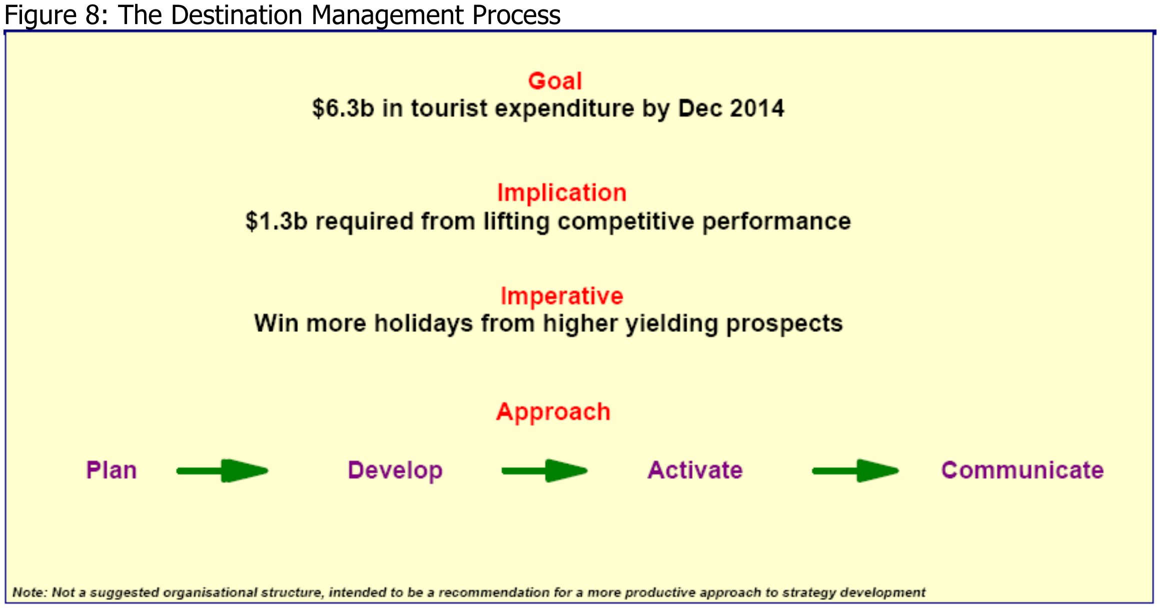
STRATEGIC APPROACH AND CRITICAL SUCCESS FACTORS:

There is no one 'silver bullet' that alone can address the complex range of drivers and issues identified in the previous sections.

However, a key paradigm shift required to help realise the tourism target, is for SATC to move from primarily a marketing focus to a more integrated destination management focus that communicates the best of South Australia today and develops a more appealing South Australia of tomorrow.

Figure 8 summarises the iterative process of planning, developing, activating and communicating that will be required to tackle the challenge ahead.

Figure 8: The Destination Management Process



The first step has been to align SATC's organisational structure to better deliver on the plan, develop, activate and communicate destination management process and the five critical success factors identified in previous and more recent planning processes.

Critical Success Factors

There are five critical success factors for the achievement of the tourism target. These are:

1. **We must communicate the best of what SA offers today**
   by conveying a compelling brand message to our domestic and overseas markets and by improving our distribution channels (including cooperatively marketing with airlines and significant tourism operators and optimising the use of technology).

2. **We must get more planes to land in SA**
   to ensure that when people from our domestic and international markets decide on SA it is affordable and easy to get here.

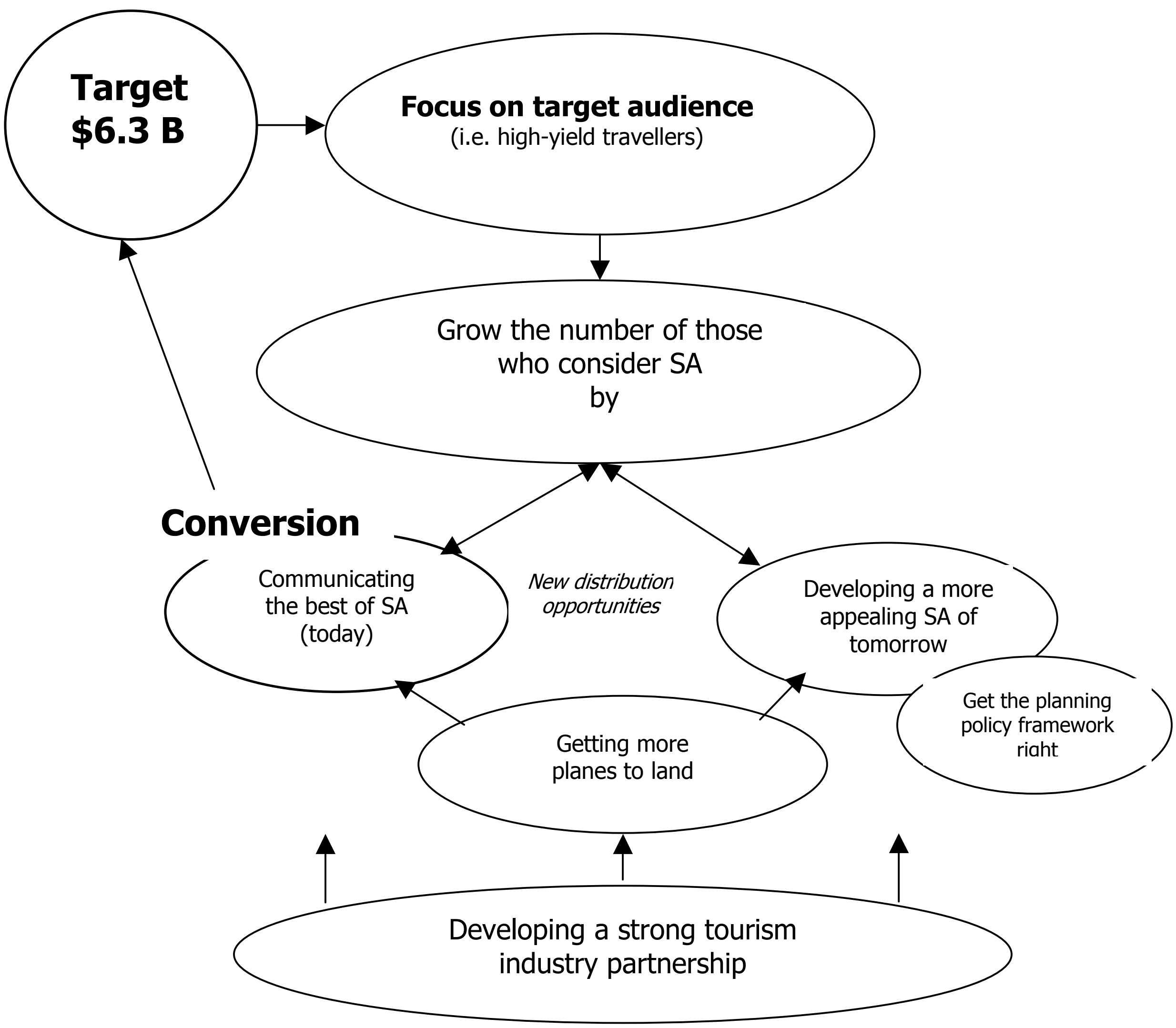
3. **We must develop a more appealing SA of tomorrow**
   by giving priority to attracting investment capital into regional SA and into events to improve SA's competitive appeal.

4. **We must align the 'rules' with the vision**
   to ensure that there is a positive policy environment to facilitate new tourism development, and

5. **We must build a stronger industry partnership**
   to ensure we can progress from a perceived cottage industry sector to a genuine economic leader with reduced reliance on Government.

These critical success factors cannot be addressed in isolation. Because of the inter-dependencies they must be tackled together. SATC's strategy for accelerating progress on the tourism target can best be summarised in the following strategy map (Figure 9). Appendix 2 shows this from a consumer decision-making perspective.

Figure 9: SASP Target Strategy Map



‘HEADLINE’ KPI: Grow SA’s high-yield ‘demand pool’

Objective: To increase the proportion of the interstate high-yield market who consider SA as a holiday destination.

Key Performance Indicator: Increase the domestic high-yield segment’s consideration of SA from 13% in 2007 to 25% by 2014 (see Scorecard page 36).

Benchmark	**KPI Milestones** (Year Ending)*						
2007	2008	2009	2010	2011	2012	2013	2014
13	13	14	15	17	19	22	25

* NB: Holiday Tracking Survey uses the terminology ‘preference’ to describe consideration behaviour. Figures 2007-2009 take account of arresting a current decline in the first instance. (Source: BDA based on Roy Morgan Holiday Tracking Survey)

Strategically tourism’s headline KPI must reflect the multi-faceted process involved in achieving the target. The critical challenge in achieving the target is to grow the appeal of SA as a foundation for the ongoing marketing communications task of converting ‘prospects’ into actual visitors. Appeal is largely a function of the experiences available relative to consumer needs.

Even though this target market has SA in their consideration set, they still have a vast array of other holiday choices. Consumer research has shown that the market generally has a poor knowledge and no ‘mental map’ of SA. Despite there being ‘good-will’ towards SA in this target audience, to remain competitive, SA must develop new product that stimulates these ‘prospects’ to convert interest into a decision to holiday in SA.

This KPI provides a broad notion of our success in changing the appeal of SA in the important high yield segment. Although a range of markets are involved in achieving the SASP target, for simplicity sake, the interstate market is used as the best measurable indicator of changing consideration.

If SA increases its proportion of high yield experience seekers to 25% this would result in a ‘pool’ of 1.3 million ‘most profitable prospects’ for SA by 2014 (i.e. South Australia is on the radar for a growing number of high yield travellers).

Specific actions to address each of the above critical success factors and grow preference for SA are detailed in the following Tables. Other existing priority actions that complement these initiatives consistent with the Plan-Develop-Activate-Communicate approach are briefly identified on page 34. Key performance indicator scorecards are shown on pages 36-40.

Critical Success Factor 1: COMMUNICATE THE BEST OF SA TODAY – DOMESTIC MARKET

Objective: To communicate with impact to convert more of our interstate high-yield target audience into actual visitors to SA[2].

Key Performance Indicator 1(a): Increase the number of trips taken by people from our target audience that actually visit SA to 725,000 by 2014 (see Scorecard page 37).

Benchmark	**KPI Milestones** (Year Ending)*						
2007	2008	2009	2010	2011	2012	2013	2014
480,000	500,000	520,000	550,000	580,000	620,000	670,000	725,000

Latest figures for Sept. 2007. (Source: Derived by BDA from National Visitor Survey and Roy Morgan Holiday Tracking Survey)

Strategy 1.1: *Focus on the target audience (most profitable prospects) in the first instance.*

Actions:

- Maintain an ongoing competitive analysis of SA's position and performance in the tourism market
- Target high yield SA 'preferrers' in the first instance
- Understand and respond to the primary motivations and needs of the target audience.

Context:
Tourism is a complex area where there must be a good understanding of both the external and internal drivers. This requires an ongoing competitiveness analysis capability to track and evaluate progress against the target. SA's most profitable travel prospects in the domestic market are those high yield travellers (i.e. spent over $2,000 in total or $200 per person on their last trip) who have SA in their consideration set ('SA preferrers'). By focusing on this market segment others will come.

Impediments:
Possible resistance from some industry stakeholders who do not see an alignment between their product and the target audience (or alternatively sees the target market as too narrow).

Imperative:
SA must know its target audience intimately. All marketing communication messages should be directed at stimulating this market – which already has SA in its consideration set – to actually take a holiday in SA. The SATC budget has been reallocated to maximise 'above the line' (direct to the consumer) marketing programs.

Deliverable:
An ongoing analytical, tracking, evaluation and potential product-testing tool.

Budget:
To be found within existing budget.

Timeframe:
Competitive analysis and product testing completed June 2008. Tracking and evaluation ongoing.

Other Agencies/Partners/Stakeholders:
Regional Tourism Associations. Local Government (product and infrastructure).

Links to Other SASP Targets:
No direct links with other SASP targets.

[2] That is, trips taken by high-yield travellers who are considering SA.

Strategy 1.2:
Focus on communicating the most appealing SA products to the target audience (i.e.A-Team approach)

Actions:
- Implement targeted domestic consumer campaigns
- All consumer communication to reflect and reinforce SA brand strategy (see appendix 2)
- Promote only the best of SA.

Context:
The most ready and focused means of achieving the target is to convert more of the interstate high yield market that is already considering SA as a holiday destination. Effective marketing communications and distribution effort that will see these potentially 'most profitable prospects' converted into 'actual' visitation and expenditure in SA. Although a range of markets are involved in achieving the SASP target, for simplicity sake the interstate market is used as the best measurable indicator of changing conversion.

Impediments:
Research conducted for SATC shows that the target audience has a low awareness of the best experiences in SA. Consumers also have no 'mental map' of SA to which they can relate to in order to make a holiday decision.

Imperative:
SATC has commissioned research to test the appeal of SA to determine best promotional prospects. We also know from TRA research that current tourism marketing efforts generally do not address consumer needs (i.e. the focus is on the destination not the needs) and that consumers want to know the best a destination offers and not be confused by a plethora of information. (Source: Changing consumer behaviour: Impact on the Australian domestic tourism market, Tourism Research Australia, Feb 2007).
SA must build awareness and preference through consistent message imparting knowledge of SA.

Deliverables:
SA must convert those high yield visitors that are considering SA, into actual visitors (i.e. must give them compelling information and reasons to come). Highly targeted and crafted campaigns are required especially those linked to specific experiences and activities. Emotionalise the experience.

Budget:
To achieve a competitive media weight and impact will require additional resources.

Timeframe:
Ongoing.

Other Agencies/Partners/Stakeholders:
Key industry operators, airlines (cooperative marketing partners).

Links to other SASP Targets:
Economic growth (T1.1), Jobs (T1.10), Exports (T1.14), Interstate migration (T1.23), Regional population levels (T5.9).

Strategy 1.3:
Strengthen SA distribution channels and digital influence.

Actions:

- Develop Global Distribution Strategy
- Identify critical trade distribution channels and build key relationships (including non-traditional partners)
- Undertake cooperative campaigns with key distribution partners
- Continually improve distribution infrastructure (ATDW, SA.com etc).

Context:
Tourism like any product relies on an effective distribution system to connect potential customers with suppliers. High yielding visitors are more discerning and conduct more research on the experiences they wish to undertake and importantly demand to be able to complete end-to-end transactions online. The internet is therefore assuming greater importance.

Impediments:
Tourism is highly competitive with almost every country in the world seeking to attract the travelling consumers attention and make it easy for them to make a decision and purchase. SA is a minor player in this game and so must be creative and innovative to compete.

Imperative:
SA must be seen as fresh and desirable destination that is easy, and from a trade perspective, profitable to do business with. SA's challenge is to stimulate a more interesting SA for consumers to buy through the linking and bundling of existing and new quality products. An effective on-line presence and infrastructure is an integral part of all consumer and business activity.

Deliverable:
Global Distribution Strategy. Cooperative campaigns with key distribution partners (especially airlines, and travel and media web-sites) with a minimum of doubling the SATC's marketing expenditure. New international language versions of the sa.com web-site. More quality (bundled) SA product in the marketplace.

Budget:
Within existing budget.

Timeframe:
Global Distribution Strategy by 2008/2009.

Other Agencies/Partners/Stakeholders:
Australian Tourism Data-base Warehouse (ATDW), Australian Tourism Export Council (ATEC), Education Adelaide, DTED, Tourism Australia.

Links to other SASP Targets:
No direct linkages but indirectly Economic Growth (T1.1), Business Investment (T1.5), Total Exports (T1.14), Business Innovation (T4.7).

Strategy 1.4:
Strengthen the nexus and joint initiatives between tourism and other sectors (e.g. wine, food).

Actions:
- Ensure mutually beneficial co-brand messages and marketing activities especially with an export focus (e.g. trade missions, hosting visiting writers, leveraging events etc)
- Encourage regional investment to strengthen and differentiate the wine-food-tourism appeal of different destinations
- Participate by adding value to the World Food Exchange initiative.

Context:
Research consistently shows that SA is most associated with wine. The SA Tourism Plan seeks to strengthen the nexus between wine, food and tourism. The Wine and Food Working Group of the Minister's Tourism Round Table is developing the Wine and Food Tourism Strategy, which among other things, seeks to regain SA's mantle as the premier wine and food state and to enrich the wine and food experience.

Impediments:
Given SA's strengths and emerging strengths in these areas, it is immensely unproductive for the different sectors to work in silos. While collaboration has improved significantly in recent times there is still much to be done. In addition to the potential missed opportunities there is intense competition from other sectors nationally and other producers internationally.

Imperative:
SA must defend and further develop the State's competitive advantage into a winning partnership. SA wine and food industry should leverage one-another's marketing initiatives and leverage event opportunities. Encourage the wine and food industries to engage in tourism product development to achieve critical mass and quality of experience.

Deliverable:
Unified SA brand message and marketing presence achieving mutual benefits. Stronger leverage of Tourism Australia international promotion. Greater cooperation and funding between stakeholders for staging of major wine/food/tourism focused events such as World Food Exchange and Tasting Australia.

Budget:
To be largely achieved within existing budget by mobilising and using resources efficiently. Budget allocations on a case-by-case basis to be made for specific opportunities/initiatives.

Timeframe:
Major thrust 2008-2010.

Other Agencies/Partners/Stakeholders:
SA Wine Industry Council, Premier's Food Council, PIRSA (Ag, Food and Wine Unit), DTED, MTRT Wine and Food Working Group, regional wine, food and tourism stakeholders

Links to other SASP Targets:
Economic growth (T1.1), Business Investment (T1.5), Jobs (T1.10), Exports (T1.14), Regional population levels (T5.9).

Critical Success Factor 1: COMMUNICATE THE BEST OF SA TODAY – INTERNATIONAL MARKET

Objective: To work with Tourism Australia to increase the number of international visitors to SA and more importantly their tourism expenditure.

Key Performance Indicator 1(b): Increase international tourism expenditure from $334 million (base with education is $489 million in 2007) to $750 million by the year 2014 (see Scorecard page 37).

	Benchmark	**KPI Milestones** (Year Ending)*						
Year	2007*	2008	2009	2010	2011	2012	2013	2014
Expenditure ($m)	334	375	420	470	525	590	660	750

* NB: Expenditure figures exclude education to avoid double counting with SASP target T1.16 (share of overseas students). Based on 12.25% p.a. compound growth. (Source: BDA derived from International Visitor Survey).

Strategy 1.5:
Target high-yielding international markets.

Actions:
- Identify clear KPIs for overseas representatives
- Proactively educate TA staff in Sydney and overseas on SA
- Develop cooperative marketing partnerships with international airlines and travel trade partners
- Focus on Public Relations
- Host Australian Tourism Exchange (ATE) in 2010.

Context:
Australia currently has a 1% share of total global inbound travel (SA has a 4% share of Australian inbound visitor nights). Australia is consistently in the top three 'aspirational' destinations for major origin markets. This then, is a market with significant development potential.

Impediments:
The major constraints are: access and the long haul nature of travel from many overseas markets, the high value of the Australian dollar and the lack of competitiveness of Australian and particularly SA product. Importantly, SA's international marketing budget has remained static over the past six years while marketing and representation cost have increased.

Imperative:
SA must seek to increase and promote more SA product with key wholesalers in each market.

Deliverable:
More visitors and better regional dispersal.

Budget:
Requires additional funding especially to develop emerging new markets of China and India.

Timeframes: Ongoing

Other Agencies/Partners/Stakeholders:
Tourism Australia, ATEC, Airlines, Wholesalers, Inbound Operators.

Links to other SASP Targets:
Economic Growth (T1.5), Exports (T1.14), Share of overseas students (T1.16), Overseas migration (T1.24), Film industry (T4.2).

Critical Success Factor 2: GET MORE PLANES TO LAND IN SA

Objective: To improve air access to South Australia (supporting existing carriers while seeking to expand global capacity, connectivity and distribution)

Key Performance Indicator 2 (a) and (b): Increase weekly direct international inbound seat capacity into Adelaide to 10,000 seats and weekly domestic inbound seat capacity to 100,000 by 2014 (see Scorecard page 38).

	Benchmark	**KPI Milestones** (Year Ending)						
Year	2007	2008	2009	2010	2011	2012	2013	2014
International	5,570	6,000	6,500	7,000	7,600	8,300	9,100	10,000
Domestic	70,000*	73,000	77,000	81,000	85,000	90,000	95,000	100,000

*Note: Provisional figure for 2007 calendar year. Figures are domestic and international inbound seat capacity. (Source: BTRE and Airline schedules)

Strategy 2.1:
Target existing airlines both international and domestic to expand number of flights.

Actions:
- Encourage extra flights by Singapore Airlines, Malaysia Airlines, Cathay Pacific Airways and Qantas
- Encourage daily flights to New Zealand (Qantas & Air NZ)
- Encourage more domestic air links and services for Adelaide by targeting domestic carriers.

Context:
The State Government's efforts have seen an increase in direct international air services to Adelaide growing from 13 in 2003 to 27 in 2008. Singapore Airlines has grown from three services a week in 2003 to daily services in 2005 and Cathay Pacific Airways has gone from two services a week in 2006 to a daily service in 2007. Both airlines, together with Malaysia Airlines, have non-stop direct services to major destinations in Asia, UK, Europe, the USA and Africa from their respective hubs in Singapore, Hong Kong and Kuala Lumpur. In addition, Air New Zealand have also increased direct services to Auckland and now fly six times a week (Air New Zealand has non-stop connections to Los Angeles/San Francisco). Qantas has remained on three flights a week to Singapore.

Impediments:
Without a critical mass of flights, airlines currently see SA as a fringe player. There is no panacea measure. SA must focus on the fundamentals and invest in stimulating a critical mass of inbound flights. Airlines will only consider commercially viable opportunities.

Imperative:
SA must win support of local airline offices then work with head offices. A compelling business case and demonstration of aggressive global positioning of SA products and services is essential. A sound business case and financial incentives through joint cooperative marketing are key factors. Existing airline partners are crucial to SA market distribution capacity.

Deliverable:
Successful business case based on SA's trade opportunities and business and leisure demand, supported by collaborative public relations opportunities. Propose joint cooperative marketing opportunities. A joint cooperative marketing approach is a win-win, in that it helps both the airline to shore up loads and the destination to promote itself and increase visitors.

Budget:
Preparation of business case within existing budgets.

Timeframes:
Ten flights weekly from Singapore Airlines and daily flights from Malaysia Airlines by 2009

Daily flights to New Zealand by 2008.
Other Agencies/Partners/Stakeholders: Singapore Airlines, Malaysia Airlines, Qantas, Cathay Pacific, Air New Zealand, Adelaide Airport Limited, DTED, DTEI.
Links to other SASP Targets: Economic Growth (T1.1), Exports (T1.14), Share of Overseas Students (T1.16).

Strategy 2.2:
Target new air services that provide more direct air links into Adelaide.

Action:
- Target new airlines from emerging, fast growing markets in the Asia Pacific
- Raise the business profile of South Australia internationally with a focus on emerging markets
- Align trade and investment shows with destination brand in countries where airline head offices are based
- Target domestic airlines such as Tiger Airways to base operations in Adelaide and expand the network of domestic air services into Adelaide
- Promote SA and Adelaide Airport at International Aviation/ Airline forums/airline head offices.

Context:
Existing airlines serving Adelaide Airport have begun to increase the number of weekly services into Adelaide. This will provide encouragement to other carriers and hence provide Adelaide Airport with direct air connectivity to more international and domestic ports.

Impediments:
Airlines currently have a poor knowledge of SA and see SA as a fringe player. This is a 'chicken and egg' problem – because there are a lack of airline services, airlines are ambivalent hence there is a lack of direct air traffic etc. Again, there is no panacea measure. SA must focus on the fundamentals by increasing the critical mass of traffic.

Imperative:
Airlines are attracted to destinations with a strong economy and business climate as well as airports with a sufficient critical mass of air traffic and a good network of domestic air linkages. We must break the nexus between lack of existing services and lack of traffic and therefore, lack of interest from other airlines. We need to ensure airlines do not play one State off against another (e.g. Emirates, Jetstar). We must also seek stronger support from the Commonwealth (DOTaRS and DITR) for promoting secondary gateways such as Adelaide. New airline partners are crucial to SA market distribution capacity.

Deliverable:
Need to financially incentivise major existing airlines to step up services in order to obtain interest from new airlines. Set up route development fund to incentivise airlines through joint marketing cooperation.

Budget:
Additional budget required for cooperative marketing similar to that secured to attract additional direct flights from NZ, Singapore and Kuala Lumpur.

Timeframes:
Following consolidation of existing airlines, target two new airlines to either start flying to Adelaide or have base operations to Adelaide by 2009.

Other Agencies/Partners/Stakeholders:
DTED, DTEI, Adelaide Airport Ltd, key industry sectors and companies.

Links to other SASP Targets:
Economic Growth (T1.1), Exports (T1.14), Share of Overseas Students (T1.16).

Strategy 2.3:
Help ensure increased passenger loads on the existing direct international services to Adelaide.

Actions:

- Engage government, business community and other groups in SA to travel on the direct services to Adelaide (SA outgoing loads)
- Similarly encourage overseas visitors to travel on the direct services to Adelaide – through SATC and SA Trade Offices (SA inbound loads).

Context:
The key factor in any airline's decision is the commercial viability of services – therefore need high passenger carriage and high content of business travel (at least 20-30%) on ADL direct services. Loads must be supported each way. Existing airlines must see load factors on their Adelaide services growing to justify increasing the number of flights. Other airlines in turn must see opportunities to consider ADL as a major gateway and potentially viable route from their analysis of the route passenger load figures.

Impediments:
Qantas' preference is to promote its services via MEL or SYD – which does not help Adelaide. Many SA businesses and passengers tend to book flights via Melbourne or Sydney instead of the direct Adelaide services. Statistics confirm that a significant proportion of SA origin and destination traffic is routed via Melbourne and Sydney. This works against SA's case because it overstates the Melbourne and Sydney routes traffic carriage and conversely understates the carriage on the Adelaide route and gives airlines the wrong view of respective and true market sizes.

Imperative:
Help ensure the viability and success of the existing airlines direct non-stop Adelaide services

Deliverable:
Work with DAIS, Business SA and Adelaide Airport Limited to develop practical means to achieve this. Work with overseas representatives and include KPI in contracts to boost demand for direct Adelaide flights.

Budget:
Within existing budget (SATC's existing international trade and consumer marketing capability is crucial in this regard).

Timeframes:
Develop strategy and initiate action in 2008.

Other Agencies/Partners/Stakeholders:
Whole of government, Business SA, EDB, SA Travel Agents, Education Adelaide.

Links to other SASP Targets:
Economic Growth (T1.5).

Critical Success Factor 3: DEVELOP MORE APPEALING SA OF TOMORROW

Objective: To increase investment in tourism development and events (i.e. facilitating strategic new tourism development that creates a more appealing SA and reinforces the brand image, marketing communications message and distribution opportunities).

Key Performance Indicator 3: Achieve at least $200m in new or refreshed high priority strategic projects by 2014 (i.e. those that score greater than 80 pts on SATC's Strategic Project Assessment Matrix (see Scorecard page 39).

Benchmark	**KPI Milestones** (Year Ending)*						
2007	2008	2009	2010	2011	2012	2013	2014
10	15	20	30	60	100	150	200

* NB: Figures are cumulative. Milestones allow for long lead times in stimulating investment and in realising development outcomes. Projects can be new or significant refreshed product, but must be under construction to be recorded (Source: SATC audit based on Strategic projects Assessment Matrix).

Strategy 3.1: *Facilitate strategic investment in new development.*

Actions:

- Identify key gaps/opportunities for strategic tourism development
- Investigate land-banking mechanisms to facilitate strategic investment
- Encourage whole-of-Government support for strategic projects
- Provide case management support to strategic development proposals
- Focus infrastructure funding in priority areas and for strategic projects.

Context:
Consumer research shows clearly that SA lacks competitiveness in preference and product and needs new investment especially in regional SA. SATC is currently developing a focussed approach to identifying strategic priorities. Other strategic planning work, including the joint SATC/DEH *Responsible Nature-based Tourism Strategy* and *Regional Tourism Strategy Plans* identify opportunities.

Impediments:
The Minister's Tourism Round Table Working Party report *'Removing the barriers to tourism investment in regional South Australia'* identified nine risk factors that impede regional investment in tourism. It also identified processes for supporting high priority and low risk tourism developments in a prudential manner.

Imperative:
There can be no healthy regional tourism industry without investment. However, it is all about risk. The challenge is to forge an appropriate partnership to mitigate the risk within a prudential framework. A workable solution must be committed to as has been done in other States.

Deliverable:
Program of priority tourism developments that will affect a paradigm shift in how SA is viewed as a holiday destination. Investment to be proactively sought for key projects and projects to be case managed.

Budget:
To be determined – the 'Barriers' report recommended a menu of options including: incentives such as staggered taxes and charges; and infrastructure support (the latter predominantly within existing funding), as is provided in other jurisdictions. These 'incentives' would be sufficient to engage the financial sector and break the current investment impasse.

Timeframe: Destination Development Strategy by July 2008.
Other Agencies/Partners/Stakeholders: TTF, EDB, DTED, Minister's Tourism Round Table Working Party. DPC (Case Management Unit), Planning SA, DEH (State), DEH (Commonwealth), DWLBC, Adelaide City Council, Local Government, proponents.
Links to other SASP Targets: Business Investment (T1.5), Exports (T1.14), Business Investment (T1.5), Work-Life Balance (T2.12) (SA Market), Regional population levels (T5.9).

Strategy 3.2:
Grow existing events and festivals and attract, develop new major events and festivals and provide leveraging opportunities for business.

Action:
- Bid for new major events and festivals consistent with State's brand positioning
- Secure one mega event
- Develop a balanced calendar of events by securing winter month events and festivals to strengthen industry profitability
- Promote Adelaide as an international destination through media and TV broadcast.

Context:
The State Tourism Plan contains an objective to grow this opportunity by developing a balanced program of events and festivals. SA currently achieves a 26% association factor in the consumers' mind as a place with great events and festivals. As the third highest association factor among all the States (behind Victoria [77%] and NSW [60%] and well ahead of the next State Queensland at 14%, this is a sound platform to build upon. SA's securing of UCI Pro Tour status for the Tour Down Under has been a major coup.

Impediments:
Strong competition from other countries and Australian States, especially Victoria, which is striving for the mantle of Events Capital of the world. Bidding for events is highly competitive where success tends to breed further success as one becomes known for delivering quality events. Lack of competitive event venue infrastructure is a key issue.

Imperative:
Events give people a specific reason to come. Importantly, they significantly support SA's brand proposition of being *a vibrant and welcoming place that celebrates the good things in life*. It is important to build a perception that anytime is a good time to visit SA, because there's always something exciting going on. Business to support and leverage event opportunities.

Deliverable:
Deliver new events and festivals consistent with SA's brand positioning and particularly those that can spread event activity across the year. Raise SA's export profile through marketing and PR support to the State's major events and festivals.

Budget:
Additional funding, allowing for lead times, would be required for new events on an opportunity-by-opportunity basis through cases presented in separate Cabinet Submissions with additional funding required for growing existing events (e.g. *Tour Down Under*), or $5 million dedicated bidding fund.

Timeframe:
Secure one mega event by 2014.

Other Agencies/Partners/Stakeholders:
City of Adelaide, Arts SA, Regional Tourism Associations, DTED, ORS, ACTA and event sponsors.

Links to other SASP Targets:
Economic growth (T1.1), Business Investment (T1.5), Exports (T1.14), Healthy South Australians (T2.4), Cultural Engagement – Arts Activities (T4.4).

Critical Success Factor 4: ALIGN THE 'RULES' WITH THE VISION

Objective: To provide a positive whole-of-government and planning policy framework (to facilitate investment in innovative sustainable tourism development).

Key Performance Indicator 4: 80% of SA Outer Metro and Country Councils with positive policy provisions for tourism in their Development Plans by 2014 through tourism specific DPA or conversion to latest Tourism BDP Module (see Scorecard page 39).

Benchmark	**KPI Milestones** (Year Ending)						
2007*	2008	2009	2010	2011	2012	2013	2014
-	2	5	9	15	30	35	40

* NB: Figures are cumulative. There are 50 Outer Metro and Country Councils (priority Councils determined by SATC's Tourism Development Framework). (Source: Planning SA data).

Strategy 4.1:
Implement SATC's 'Sustainable Tourism Package' and remove impediments to tourism development.

Actions:

- Ensure the State's Development Plan facilitates priority sustainable tourism development (e.g. medium scale experiential accommodation and wine – food – nature – coastal – tourism value-adding development)
- Ensure Better Development Plan (BDP) and other Government policy is geared to commercially viable tourism development.

Context:
SATC's *Sustainable Tourism Package* – an aligned series of initiatives to achieve sustainable tourism development – is designed to provide inspirational leadership in innovative and sustainable tourism. Regional Strategic Tourism Plans, Development Plan Amendments, and the *Design Guidelines for Sustainable Tourism Development* are key initiatives in this regard.

Impediments:
The Native Vegetation Regulations are a particular impediment to achieving the target of at least three nature retreat style accommodation developments by 2009 (Source: *Responsible Nature-based Tourism Strategy*). There is no avenue to consider tourism development (except through the Major Development exemption, which is a time consuming and expensive process – and hence disincentive for medium scale development).

Imperative:
Research shows South Australia currently ranks easily the least of all States for being associated with both nature-based and coastal tourism experiences (a key motivator for tourism). There is a need to facilitate nature-based tourism where the accommodation is part of the experience – especially for the international market. Developments should provide a net benefit to native vegetation, or other biodiversity conservation programs.

Deliverable:
Regional Tourism Plans and subsequent Development Plan Amendments. A positive and facilitative Better Development Plan (BDP) in terms of tourism development.

Budget:
Within existing budget.

Timing:
DPAs completed by 2014. Better Development Plan (version 4 modules) by October 2008.

Other Agencies/Partners/Stakeholders: Planning SA, DEH, DWLBC, DTED, Local Government.
Links to other SASP Targets: Business Investment (T1.5), Exports (T1.14), Public sector – quick decision-making (T1.8), Ecological Footprint (T3.7).

Critical Success Factor 5: DEVELOP A STRONGER INDUSTRY PARTNERSHIP

Objective: To create a stronger industry capacity/self-reliance (i.e. develop a greater industry capacity for ensuring workforce planning, sustainability, quality assurance and 'business to business' service capabilities).

Key Performance Indicator 5: Effective industry body established by the end of 2009 (see Scorecard page 40).

Benchmark	**KPI Milestones** (Year Ending)*						
2007*	2008	2009	2010	2011	2012	2013	2014
-	-	1	-	-	-	-	-

*NB: The prerequisite to developing a high level KPI in this regard is the need for a strong industry body. SATC is willing to provide appropriate support to an industry initiative provided clear KPIs are achieved. New KPIs will be established as part of formation of this body.

Strategy 5.1:
Help build industry capacity and capability to achieve greater self-reliance.

Action:
- Support the establishment of a strong industry body that can deal with industry related issues and needs.

Context:
Unlike most large industries, tourism does not have an effective body that serves the industry (e.g. retailing, farming, mining etc). One of the key drivers identified in the South Australian Tourism Plan 2003-2008 was the need to build tourism industry capacity and capability. Larger states have the critical mass to support effective industry bodies with help from Government. In SA, the *SA Tourism Alliance* is a small organisation with no dedicated secretariat or resources and struggles to represent the broad industry or regions adequately.

Impediments:
The tourism industry comprises 95% small to medium scale business, which are fragmented across the State. This constrains its capacity to raise resources. SA is one of few States that does not have an effective industry capacity and capability. Due to this market failure, the industry is heavily reliant on the Government, through SATC, to deal with almost all matters relating to tourism. This breeds a dependency within the industry and retards its growth.

Imperative:
There is a need to stimulate the establishment of a strong and sustainable industry body that can deliver business-to-business services and assistance to industry participants i.e. addressing industry issues (e.g. workforce planning, industrial relations, public liability), undertake business training, drive sustainability initiatives, maintain accreditation program, small sector data (IPAT) etc. This body must have a critical mass of professional resources and ideally bring together the disparate industry associations.

Deliverable:
This is primarily an industry responsibility. SATC can provide catalyst and support role only. Funding tied to clear KPIs.

Budget:
This will require some Government seed funding as occurs in other jurisdictions. This could be provided over an initial establishment phase based on a business plan and clearly articulated KPIs – reducing over time as the organisation becomes more self sufficient.

Timing: Encourage implementation of appropriate action by June 2009.
Other Agencies/Partners/Stakeholders: Industry leaders, participants and associations.
Links to other SASP Targets: Economic Growth (T1.1.) (Indirectly), Workforce planning: Non-school qualifications (T6.19), Higher education (T6.20), VET participation (T6.21).

PRIORITY EXISTING ACTIVITIES

Further priority projects within the *Plan – Develop – Active – Communicate* approach outlined on page 15 that will underpin or support the critical success factors include the following:

Plan

- Minister's Tourism Round Table
- Review South Australian Tourism Plan (focus on industry and industry accountability)
- Global Distribution Strategy.

Develop

- Expand existing major events and festivals
- Attract new major events
- SATC/DEH MOU – development adjacent to parks
- Niche market development (e.g. nature-based, cycling, dive, etc)
- Focussed application of infrastructure program (e.g. regional strategies implementation and strategic projects).

Activate

- Education Adelaide MOU
- Australian Tourism Export Council (ATEC) MOU
- Three-year funding agreements with regional stakeholders
- Australian Tourism Exchange (ATE)
- Top Twenty Trade Event
- Other trade events
- International representation
- www.southaustralia.com
- ConnectSA (online booking service)
- Network with event owners to build relationships
- Support for business tourism (conferences, conventions and meetings).

Communicate

- Cooperative marketing campaigns with trade and airline partners
- Visiting Journalist Program and PR activities
- Co-operative retail marketing programs
- Targeted consumer segments/campaigns
- High quality collateral
- *Shorts* Campaign
- Support for regional market plans.

SUMMARY OF KEY PERFORMANCE INDICATORS

Headline Indicator - Preference

The fundamental tourism indicator that influences the expenditure target is the size of the domestic 'demand pool' for SA (i.e. in the first instance high-yield prospects that consider SA as a holiday option). It is from this pool that the crucial task of conversion takes place.

The aim is to grow SA's pool of high yield travellers that consider an SA holiday from 13% (2007) to 25% by the end of 2014. Note: SA is currently the least preferred State destination in the interstate domestic market (i.e. fewer people have SA in their 'consideration set' of places to holiday). (See KPI No.1 below)

No.	**Key Performance Indicators**	**Measure**	**Benchmark**
HL	Grow SA's high-yield 'demand pool' (See HL Scorecard)	25% by 2014	13% (2007)
1a	Conversion of target audience (See Scorecard 1a)	725,000 trips by 2014	480,000 (2007)
1b	Grow international visitor expenditure (See Scorecard 1b)	$750 million by 2014	$334 m (2007)
2	Increase in air access (See Scorecard 2a and 2b)	10,000 inbound seats 100,000 domestic seats by 2014	5,570 (2007) 70,000 (provisional 2007)
3	New 'signature' development (See Scorecard 3)	$200 million by 2014 (cumulative)	10 (2007)
4	Improved policy environment (See Scorecard 4)	80% councils completed DPAs/BDP tourism modules by 2014	0 (2007)
5	Industry Maturity (See Scorecard 5)	Establishment of accountable industry body by end 2009	Tourism Alliance (but no capacity/capability)

APPENDIX 1

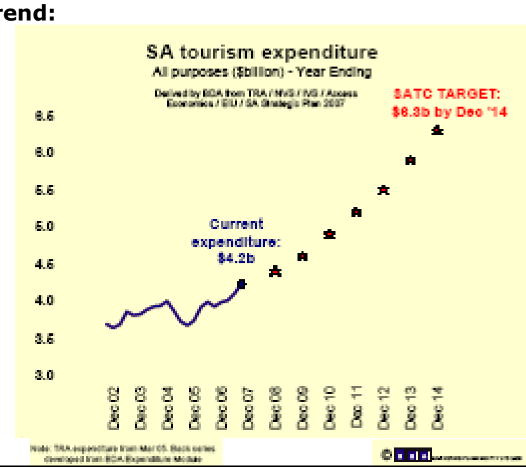
Target Milestones Scorecard

T	**TARGET**: $6.3 billion expenditure **INDICATOR: Yearly total tourist expenditure milestones** **MEASURE:** $6.3 billion in tourism expenditure	**Making Progress?** YES, BUT

Summary:
On track, but trend, taking into account forecast economic conditions over the period to 2014 suggest SA will only achieve $5.2 billion in tourism expenditure by 2014 leaving a gap of $1.1 billion (see page 6).

Partners:
- SATC
- Tourism Trade/Operators
- Government Agencies
- Local Government

Trend:



Comparisons: NSW (31% of national tourism expenditure), Queensland (26%), Victoria (20%), Western Australia (10%), Tasmania (3%), Northern Territory (2%), ACT (2%). No comparison currently available as to growth trends in expenditure.

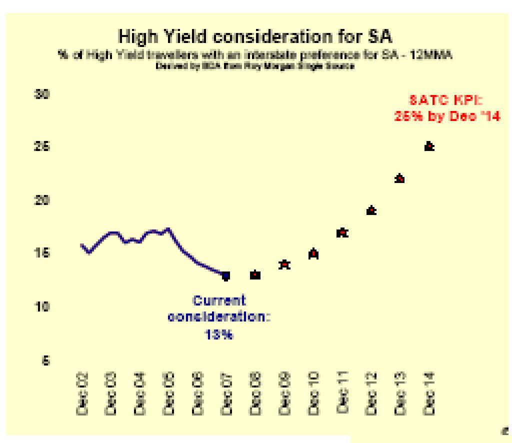
Key Performance Indicator Scorecards

HL	**HEAD-LINE KPI:** Grow the high-yield demand 'pool' for SA **INDICATOR: High-yield market segment's consideration of SA as a holiday destination** **MEASURE:** Grow the high yield consideration pool from 13% (2007) to 25% by 2014	**Making Progress?** NO

Summary:
Monitoring of consideration (preference) of SA as a holiday destination shows that following relatively static performance a pronounced decline has been experienced since 2005. At 13%, SA is the least preferred State as a holiday/VFR destination (see page 13).

Partners:
- SA Tourism Commission
- Tourism Trade/Operators
- Regional Tourism Associations
- Regional Development Boards
- Local Councils
- Government Agencies

Trend:



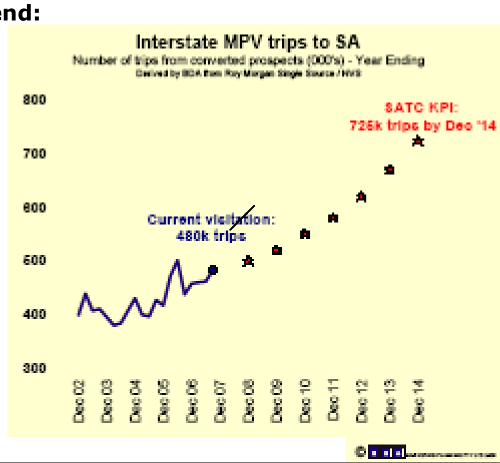
Comparisons:
Overall, less people in the domestic market prefer an interstate holiday (at the same time larger numbers are travelling outbound). All States have experienced declines in preference in recent years with Queensland and NSW being the most sustained and significant. What is significant for SA is that it remains the least preferred State.

1a	**CRITICAL SUCCESS FACTOR**: Communicate the best of SA today **INDICATOR: The volume of the target audience that is converted into actual visits** **MEASURE:** 725,000 trips by 2014	**Making Progress?** YES, BUT

Summary:
Following a sharp downturn in 2006 SA has recovered to convert an increasing number of its target audience into actual visits although this is still below its historically high 12 months to June 2005 figure.

Partners:
- SA Tourism Commission
- Tourism Trade/Operators
- Regional Tourism Associations
- Airlines

Trend:



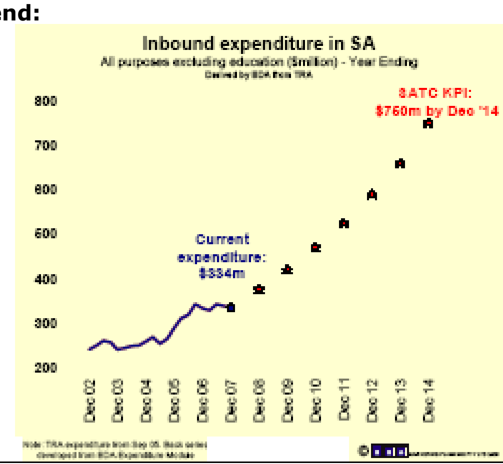
Comparisons: Competitive comparisons are not currently available as other States do not necessarily target the same audience. However, we do know that SA currently converts only 3% of the overall high-yield market with 47% of these visiting other destinations as part of their trip (down from 53% in the previous period).

1b	**CRITICAL SUCCESS FACTOR**: Communicate the best of SA today **INDICATOR: International tourist expenditure** **MEASURE:** $750 million in international visitor expenditure by 2014	**Making Progress?** STALLED

Summary:
Expenditure by international tourists to SA has flattened since an historical high in 2006, despite SA achieving an historical high number of visitors in 12 months to June 2007. Increased expenditure is related to visitor mix, length of stay and high yield product offering. Developing a more appealing SA is an important critical success factor in this regard.

Partners:
- Tourism Australia
- Australian Tourism Export Council
- Inbound Operators
- Wholesalers

Trend:

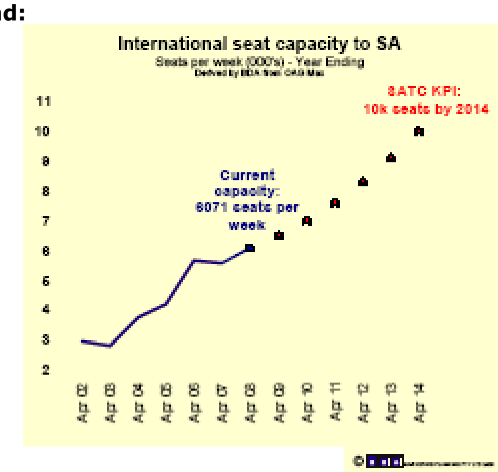


Comparisons: Competitor data not currently available for international expenditure excluding education. This will be available for future report cards.

2a	**CRITICAL SUCCESS FACTOR**: Air Access (International) **INDICATOR: Weekly inbound airline seat capacity** **MEASURE:** 10,000 seats by 2014	**Making Progress?** YES

Summary:
Seat capacity has grown strongly following declines after 1995 i.e. since 2002 capacity has grown 104% off a low point of 2,974 (northern summer schedule – April 2008). This is now tracking more positively in terms of achieving the target for 2014. Singapore Airlines MOU signed for 2 years a major coup.

Trend:



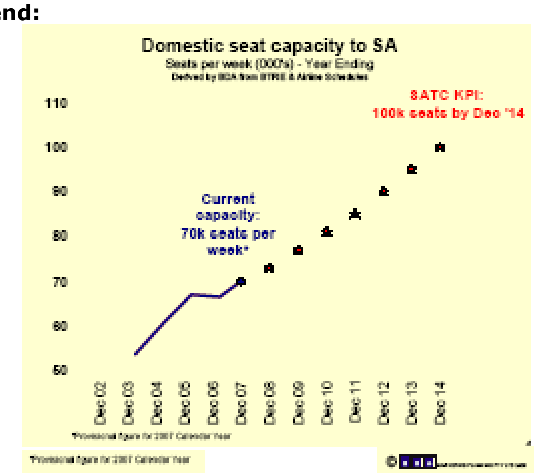
Partners:
- SA Tourism Commission
- Department of Transport Energy and Infrastructure
- Department of Trade and Economic Development
- Adelaide Airport Limited
- International Airlines

Comparisons:
Despite healthy growth in capacity, South Australia currently has less than 2% share of Australia's inbound weekly seat capacity. This represents a severe competitive disadvantage in having less capacity than every other State, but Tasmania.

2b	**CRITICAL SUCCESS FACTOR**: Air Access (Domestic) **INDICATOR: Weekly domestic airline seat capacity** **MEASURE:** 100,000 seats by 2014	**Making Progress?** YES

Summary:
Seat capacity has recovered strongly after the demise of Ansett in 2001, particularly with the launch of Virgin Blue services and subsequently Jetstar services. With new airline Tiger Airways also starting services to Adelaide, this trend should continue.

Trend:



Partners:
- SA Tourism Commission
- Department of Transport Energy and Infrastructure
- Department of Trade and Economic Development
- Adelaide Airport Limited
- International Airlines

Comparisons:
Adelaide is now Australia's 5th largets airport in terms of domestic passengers carried, having been overtaken by Perth in the latest 06/07 figures. An important step for increasing Adelaide's domestic capacity and air linkages is to secure an airline base from one of the major domestic airlines (as Melbourne, Brisbane and Perth have).

3

CRITICAL SUCCESS FACTOR: Develop a more appealing SA of tomorrow

INDICATOR: Construction of new '<u>signature</u>' tourism development

MEASURE: $200 million of strategic development by 2014

Making Progress?
YES, BUT

Summary:
Significant general investment in tourism, but there is a need is for signature development that alters consumer (and investor) perceptions of the brand (SA). Southern Ocean Lodge has been a breakthrough in this regard, but additional innovative, high quality development is required.

Partners:
- Private sector
- Financial institutions
- Other Government agencies
- Local Government

Trend:

Comparisons: Other States are continuing to develop new product, especially in nature-based tourism. SATC brand health research shows SA is the State least associated with having experiences of nature (only 17% association in 2007). This is largely a product quality and development issue. SATC's successful case management of Southern Ocean Lodge development is a positive message to investment community.

4

CRITICAL SUCCESS FACTOR: Positive Policy Framework

INDICATOR: Improved policies for tourism development

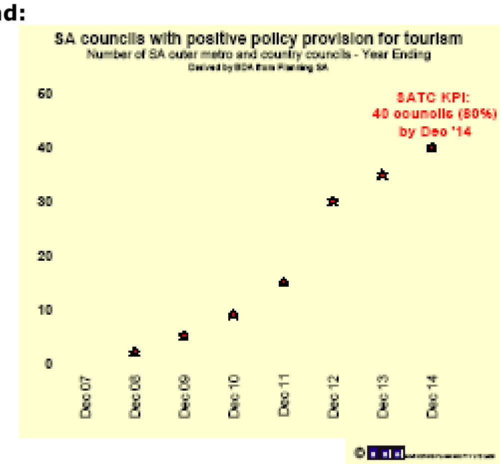
MEASURE: Development Plans containing positive tourism policy

Making Progress?
YES, BUT

Summary:
Regional Strategic Plans are the key to effective policy change at the local level. Clare Valley/Barossa, KI, Riverland and Fleurieu Peninsula Plans completed. Flinders/Outback plan close to completion. (These are the basis for making policy changes). Work on Development Plan Amendments (DPAs) dependent on Councils' Better Development Plan (BDP) conversions. DC Goyder Tourism DPA almost completed.

Partners:
- Government Agencies (e.g. PIRSA, Planning SA, DEH, DWLBC, CFS)
- Local Government

Trend:



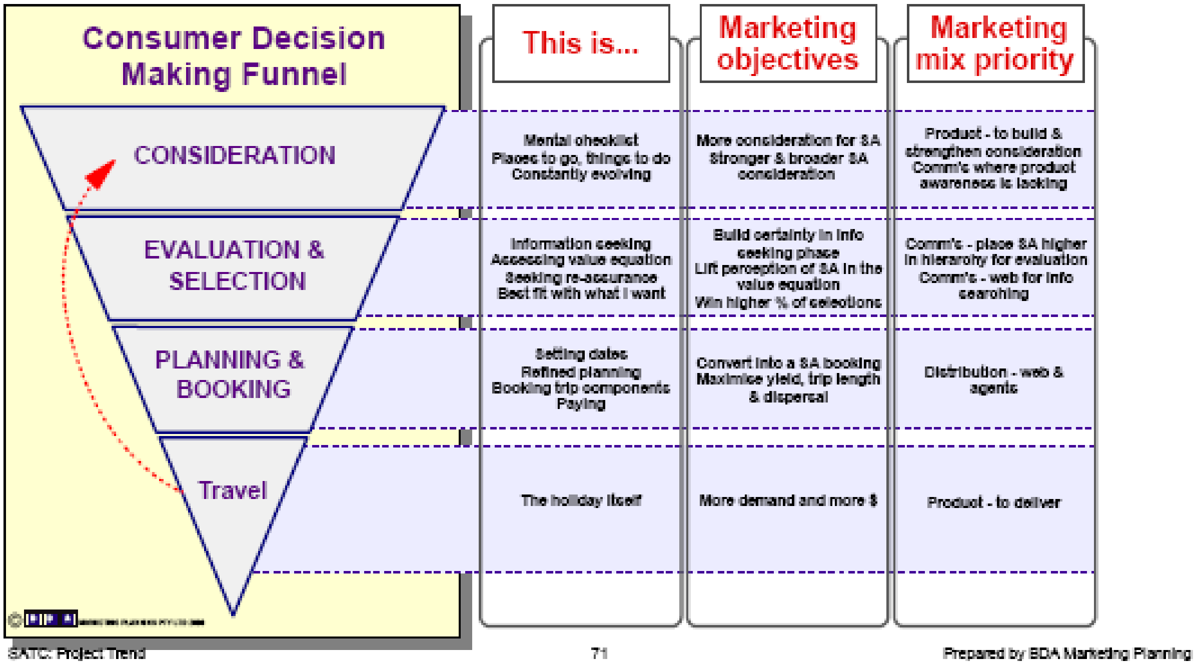
Comparisons: While other jurisdictions undertake regional planning for tourism no other State is known to be pursuing policy reform on such a systematic and integrated basis as SA.

5	**CRITICAL SUCCESS FACTOR**: Industry Maturity **INDICATOR: Establishment of effective industry entity** **MEASURE:** If established and any Government support provided, then delivery on KPIs established in a clearly articulated Business Plan	**Making Progress?** Early Discussions

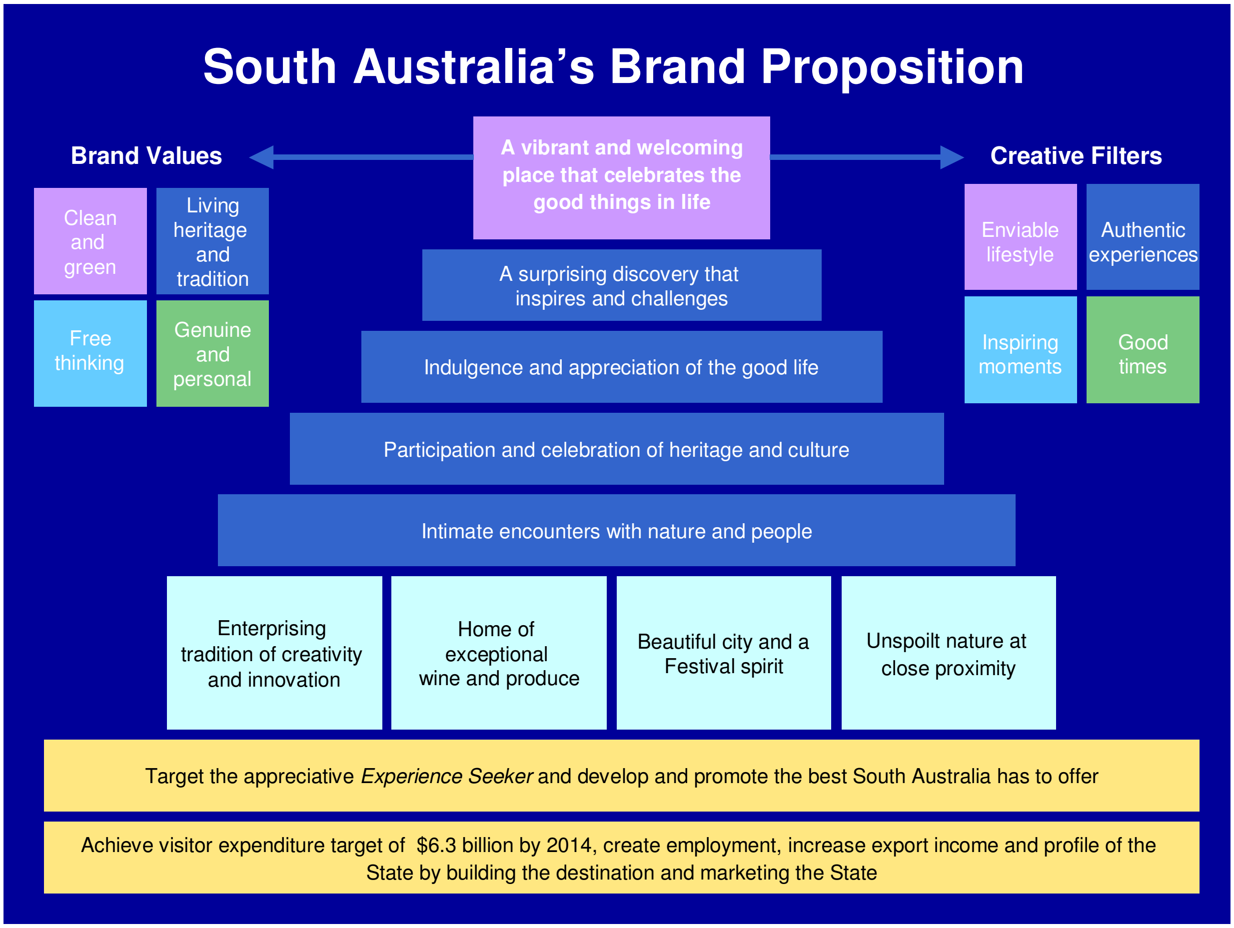
Summary: This is primarily an industry issue, although given the SME nature of the industry (over 95%) and market failure, SATC will have some role in encouraging the development of industry capacity and capability in this regard.	**Trend:** SATC is in the process of identifying those roles and functions that it currently performs that would be best undertaken by the industry. Other functions such as workforce planning and driving climate change behaviour among operators will also be included. It is envisaged that these functions would be transferred along with appropriate resources and a clear agreement incorporating KPIs. Preliminary work and negotiations are underway in this regard.
Partners: ○ Key SA industry leaders ○ SA Tourism Alliance ○ SA Tourism Acrreditation ○ Tourism and Transport Forum ○ Australian Tourism Export Council ○ Individual sector associations	

Comparisons: Most State's have functioning tourism bodies. Queensland, Victoria and Tasmania in particular have active Industry Councils. Most State bodies receive support in one form or another from Government to achieve outcomes that are not considered to be the province of the Government sector.

APPENDIX 2: SATC CONSUMER MARKETING MODEL



APPENDIX 3: SA's BRAND STRATEGY



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