

“ACHIEVING RECOVERY IN A CHANGED WORLD”

The Cairns Economy

Recent Movements & Short / Medium Term Prospects



**Presentation to the
Cairns Chamber of Commerce Luncheon**

Ref: J2368 | August 2010

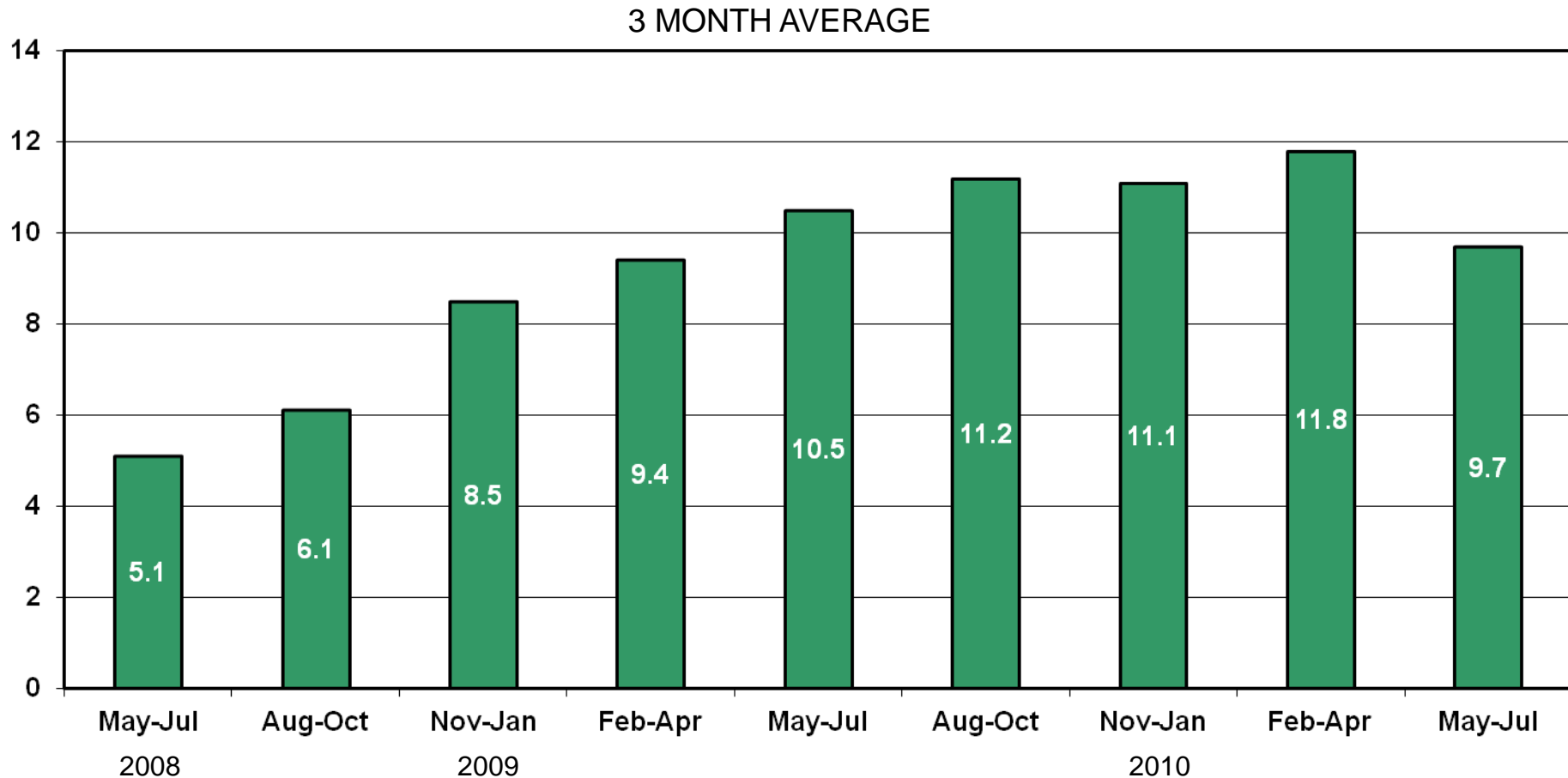
2009 / 2010

ONE OF CAIRNS' WORST YEARS



UNEMPLOYMENT RATE

Far North Queensland Statistical Division

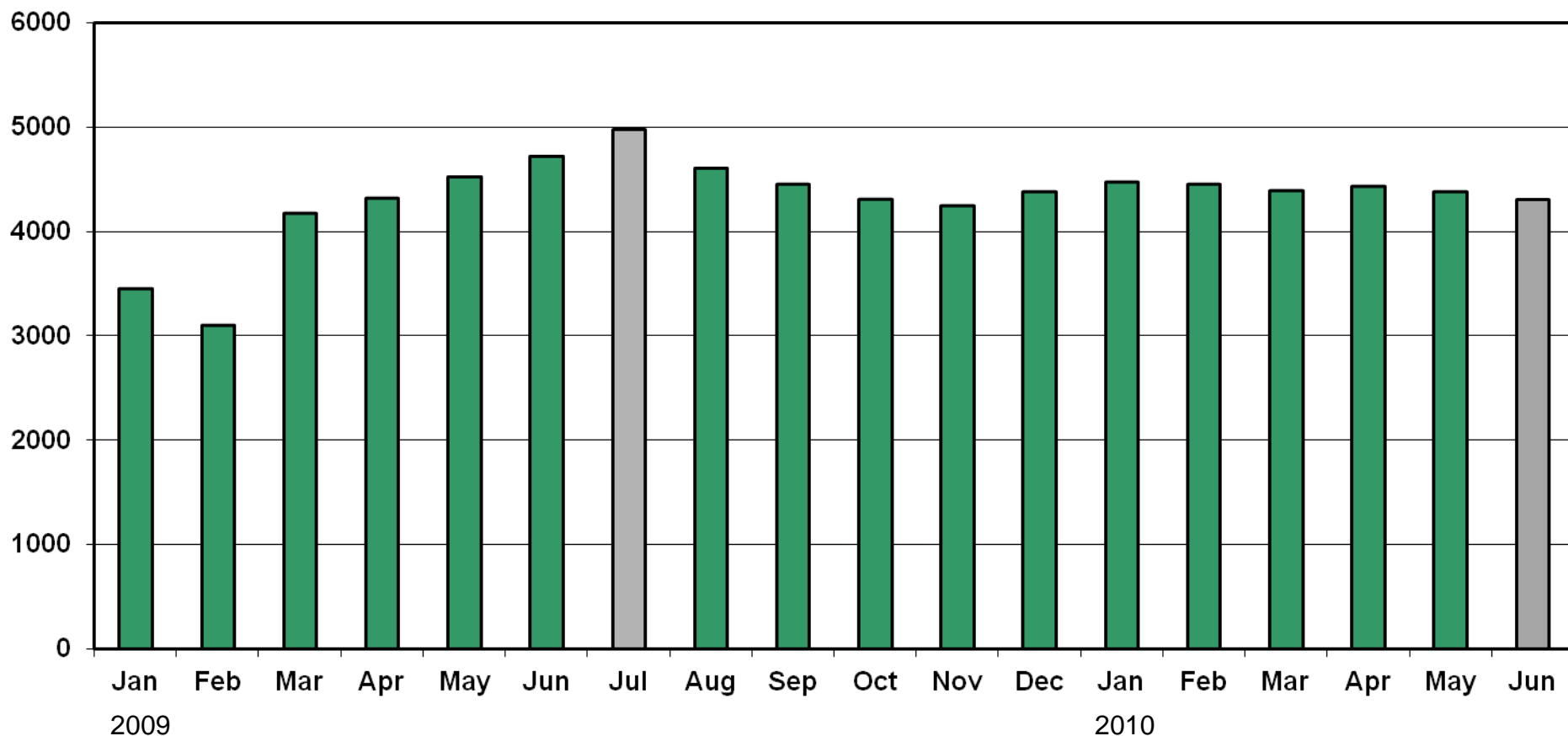


Source: Cummings Economics from ABS data.



NUMBERS ON NEWSTART & YOUTH ALLOWANCE

Far North Queensland Statistical Division

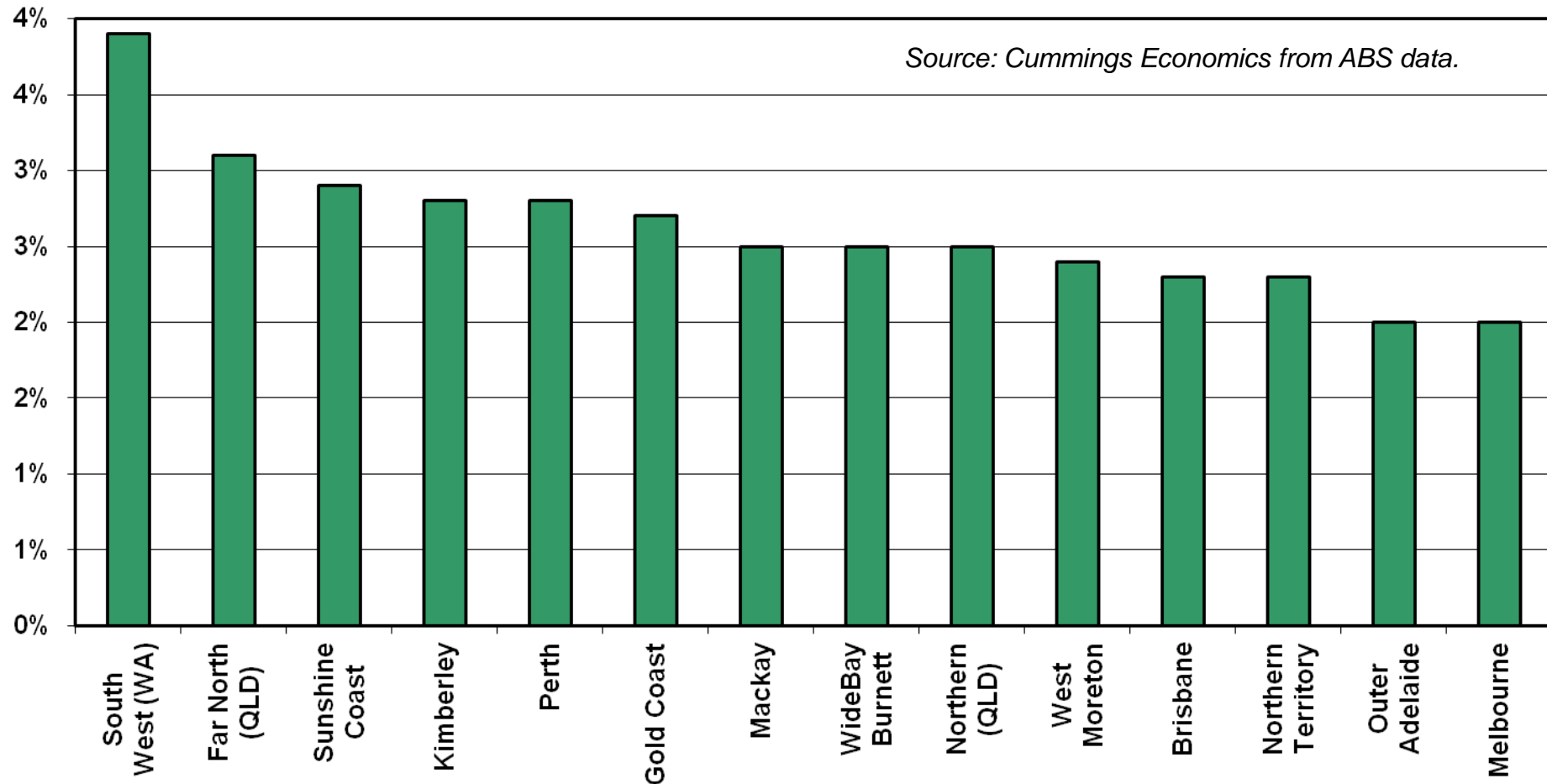


Source: Cummings Economics from DECVR data.

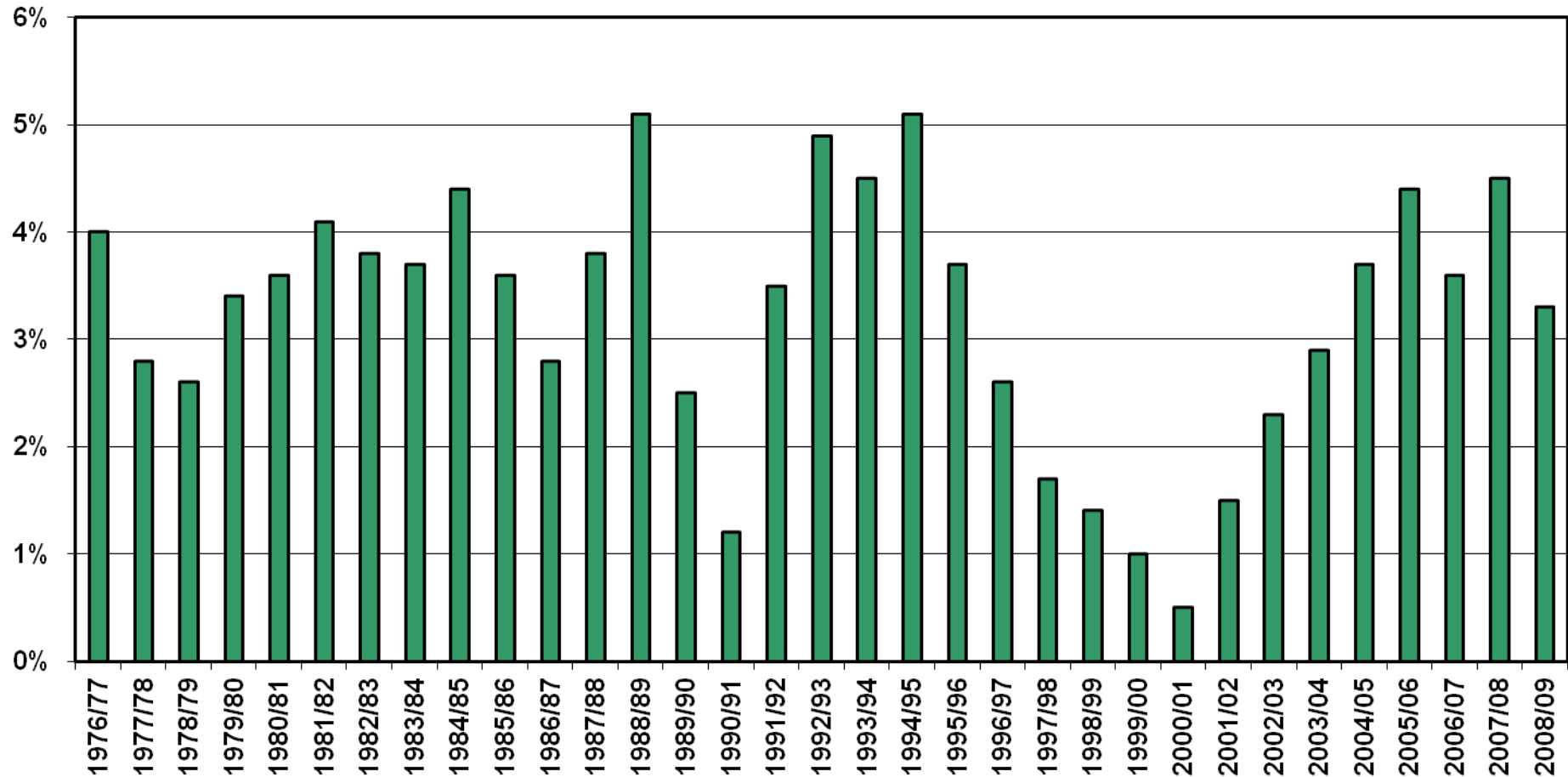


RESIDENTIAL POPULATION GROWTH 2007/08

FASTEST GROWING REGIONS IN AUSTRALIA (Stat. Div. in Aust.)



RESIDENTIAL POPULATION GROWTH - CAIRNS

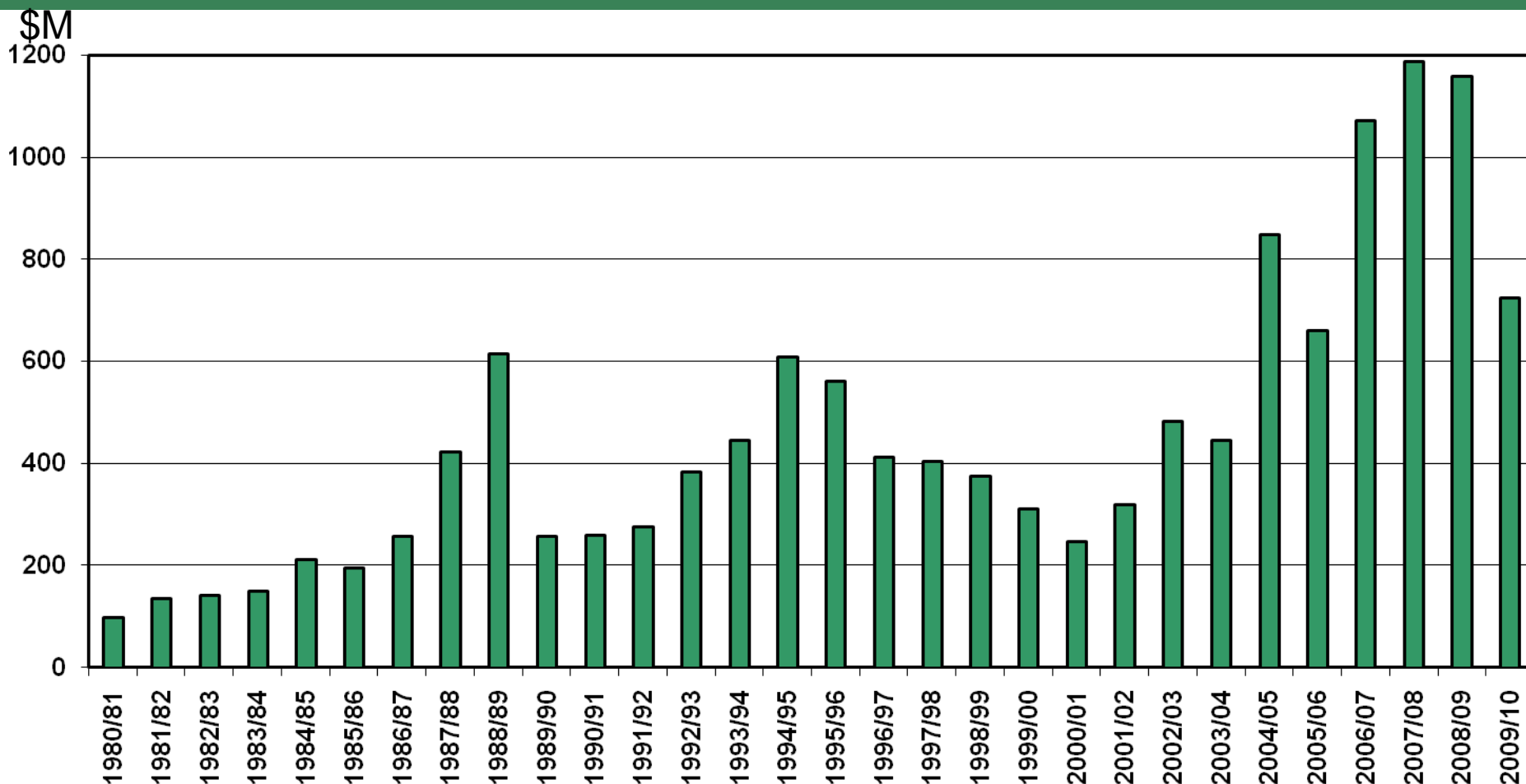


Source: Cummings Economics from ABS data.



VALUE OF BUILDING APPROVALS

Far North Queensland Statistical Division



Source: Cummings Economics from ABS data.



OTHER FACTORS CONTRIBUTING

- * LARGE CONSTRUCTION COMPANIES IN TROUBLE
- * THE QANTAS / JETSTAR DECISION ON JAPANESE FLIGHTS
- * THE WINDING BACK OF CYCLONE LARRY RECOVERY EXPENDITURE



PRIVATE BUILDING APPROVALS

	2007/08	2008/09	2009/10
Dwellings Number	2991	1284	1181
Non-Dwelling Value	\$365M	\$141M	\$123M

Source: Cummings Economics from ABS data.



2009 FEDERAL MAJOR INFRASTRUCTURE PACKAGE

CAIRNS REGION MISSES OUT





CONSUMERS TIGHTEN BELT



CONSUMER DURABLES SALES DOWN



3000 PLUS MINING WORKFORCE AFFECTED
WITH FLOW-ON EFFECTS IN OTHER SECTORS



TOURISM RESOURCES - TOURISM GROWTH

CAIRNS AIRPORT PASSENGER MOVEMENTS (Excluding international transits)

	<u>No.</u>	<u>%</u>	
1997/98	2,725,000	0.4%	Asian crisis +6%
1998/99	2,770,000	1.7%	
1999/00	2,882,000	4.0%	
2000/01	2,972,000	3.1%	
2001/02	2,878,000	(-3.2%)	Ansett collapse
2002/03	3,083,000	7.1%	+ 32%
2003/04	3,402,000	10.3%	
2004/05	3,689,000	8.4%	
2005/06	3,832,000	3.4%	
2006/07	3,889,000	1.4%	High dollar
2007/08	3,846,000	(-0.8%)	
2008/09	3,703,052	(-4.0%)	Loss of Japanese flights
2009/10	3,565,888	(-3.7%)	Loss of Japanese flights

Source: Cummings Economics from CPA & Cairns Airports.



TOURISM EXPENDITURE FAR NORTH QUEENSLAND

	<u>DOMESTIC \$M</u>	<u>INTERNATIONAL \$M</u>	<u>TOTAL \$M</u>
2003/04	\$1,424	\$1,020	\$2,444
2004/05	\$1,319	\$1,106	\$2,425
2005/06	\$1,468	\$1,110	\$2,578
2006/07	\$1,545	\$1,041	\$2,586
2007/08	\$1,546	\$1,030	\$2,576
2009 (YE DEC)	\$1,741	\$813	\$2,554
2009/10 (YE MAR)	\$1,791	\$810	\$2,607

Source: Cummings Economics from NVS & IVS data.



PRIMARY INDUSTRIES SECTOR HOLDS

GROSS FARMGATE VALUE OF AGRICULTURE & AQUACULTURE FAR NORTH QUEENSLAND 2008-09

TABLELANDS	\$303M
WET TROPICS	\$907M
CAPE YORK	\$66M
GULF	\$210M
	\$1486M

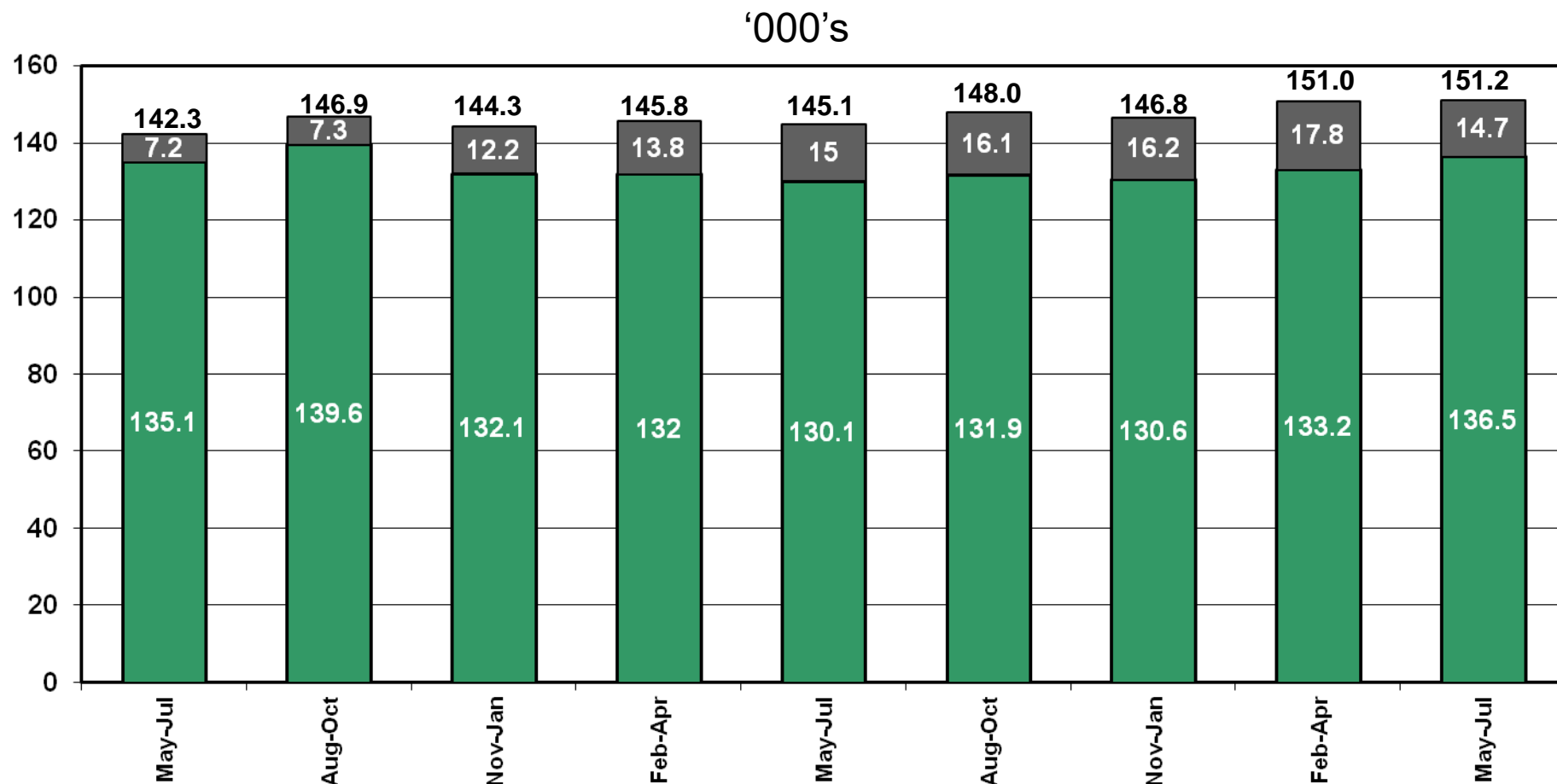
DOES NOT INCLUDE FISHING + FORESTRY
+ VALUE ADDED PROCESSING

Source: Cummings Economics from DEEDI (Primary Industries Section).



EMPLOYED, UNEMPLOYED & TOTAL WORKFORCE

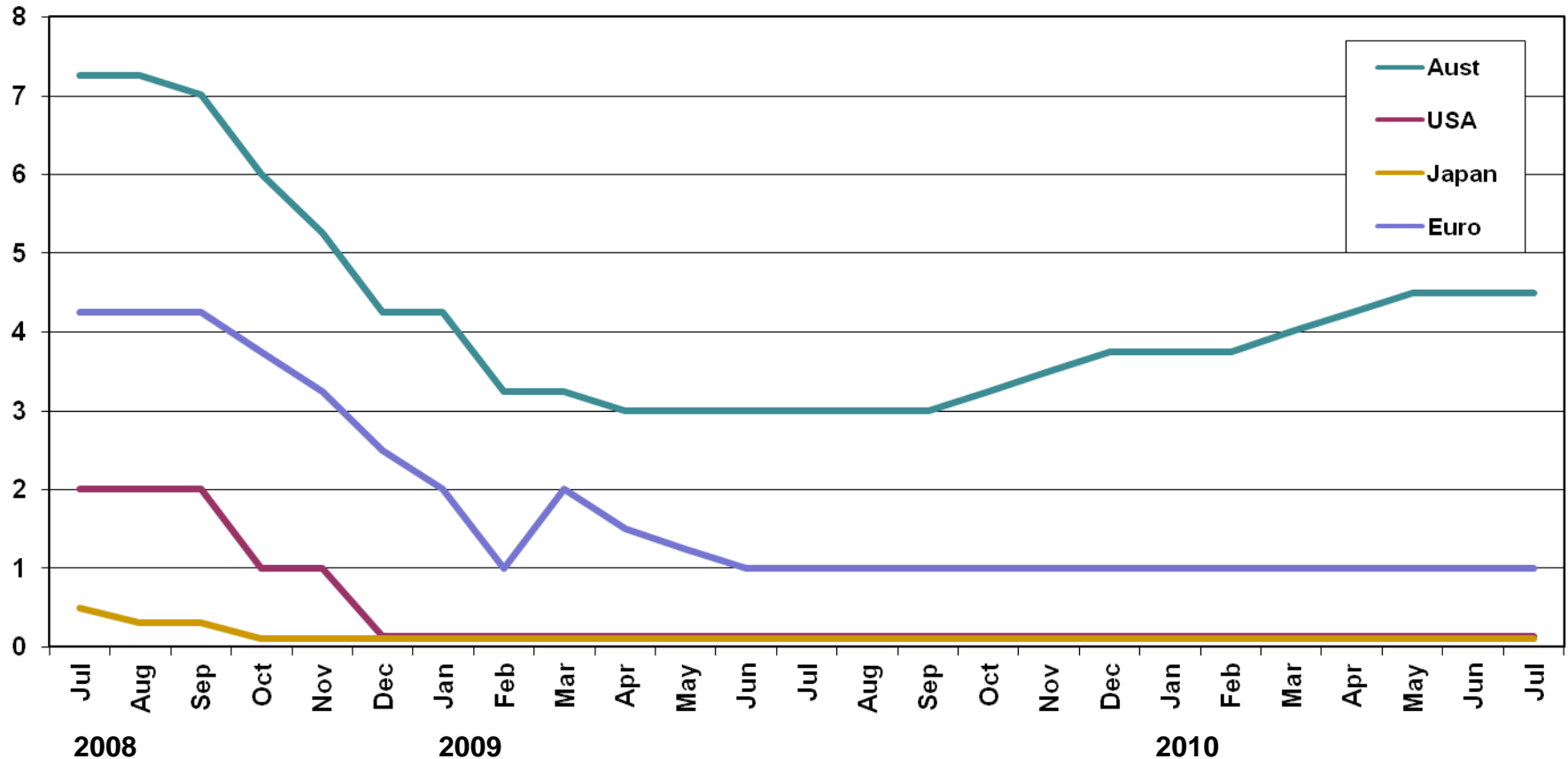
Far North Stat Division – 3 Month Averages



Source: Cummings Economics from ABS data.



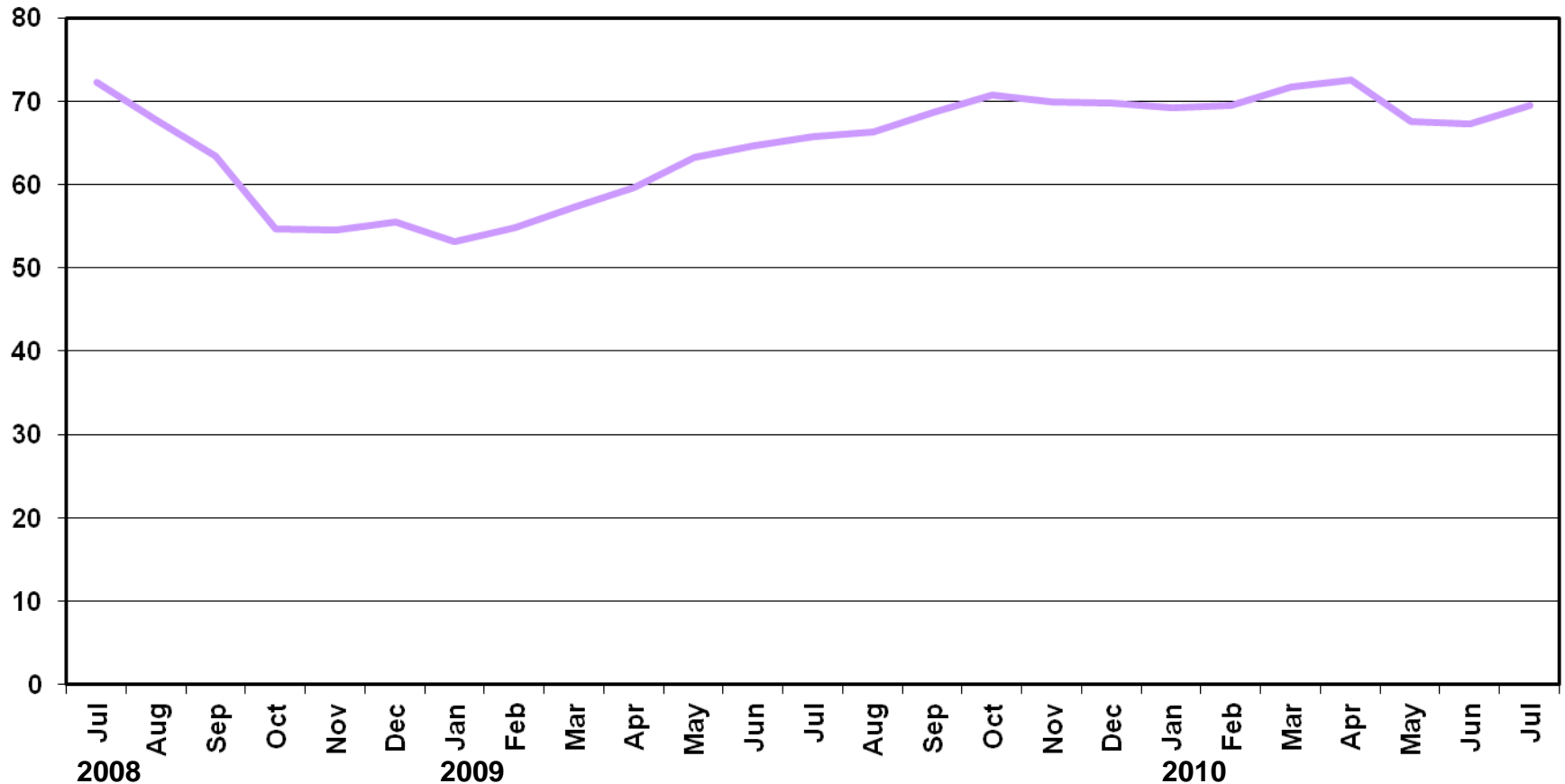
OFFICIAL INTEREST RATES – AUSTRALIA COMPARED



Source: Cummings Economics from RBA data.



\$AUST TO \$US IN CENTS



Source: Cummings Economics from ABS data.



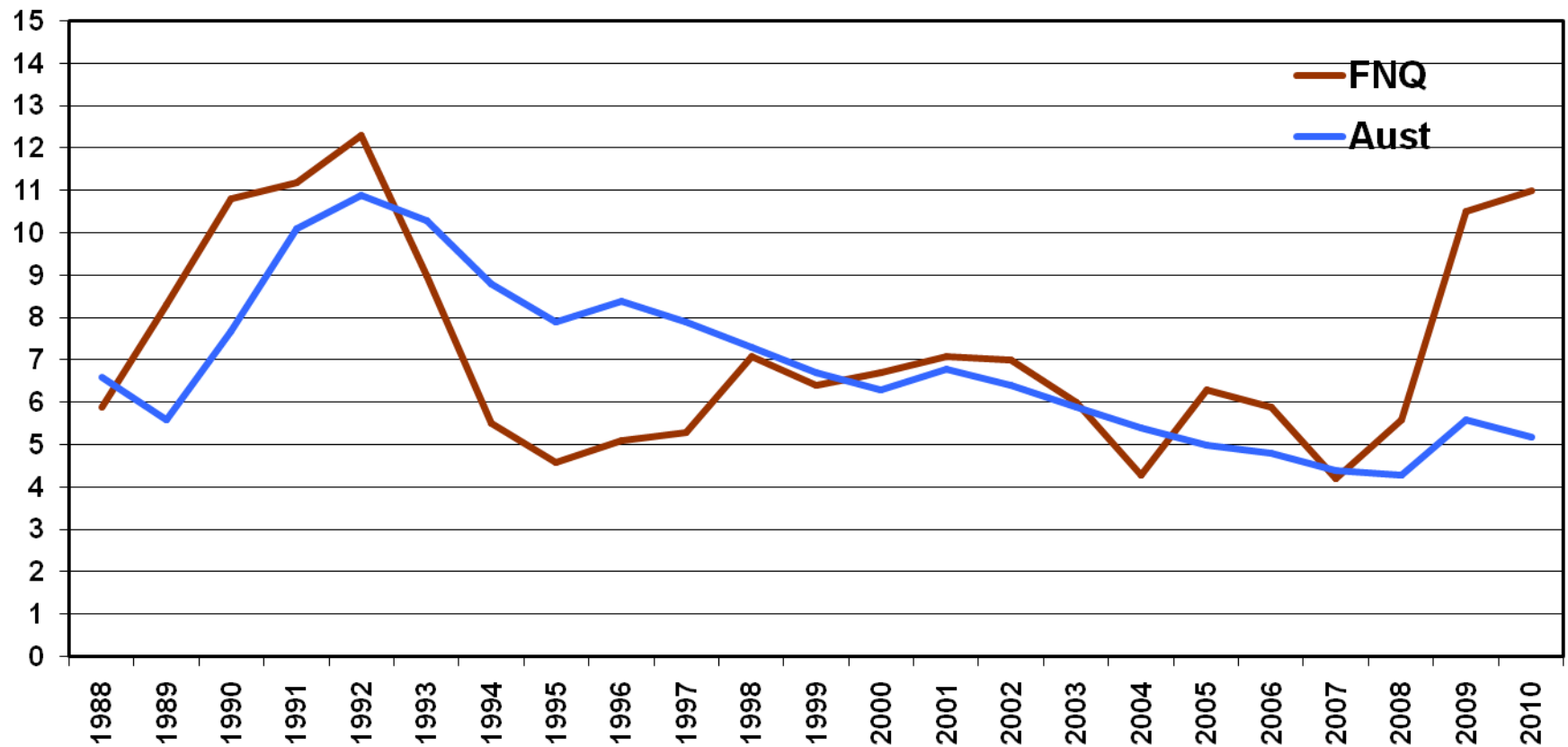
COMPARATIVE BUILDING APPROVALS - GOVERNMENT

	2009/10	
Stat Division	Dwellings	Non-Dwelling Construction
Northern Territory	314	\$278M
Far North Qld	206	\$184M
Northern Qld	386	\$278M
Mackay Region	46	\$365M

Source: Cummings Economics from ABS data.



UNEMPLOYMENT RATE FAR NORTH QUEENSLAND & AUSTRALIA



Source: Cummings Economics from ABS data.

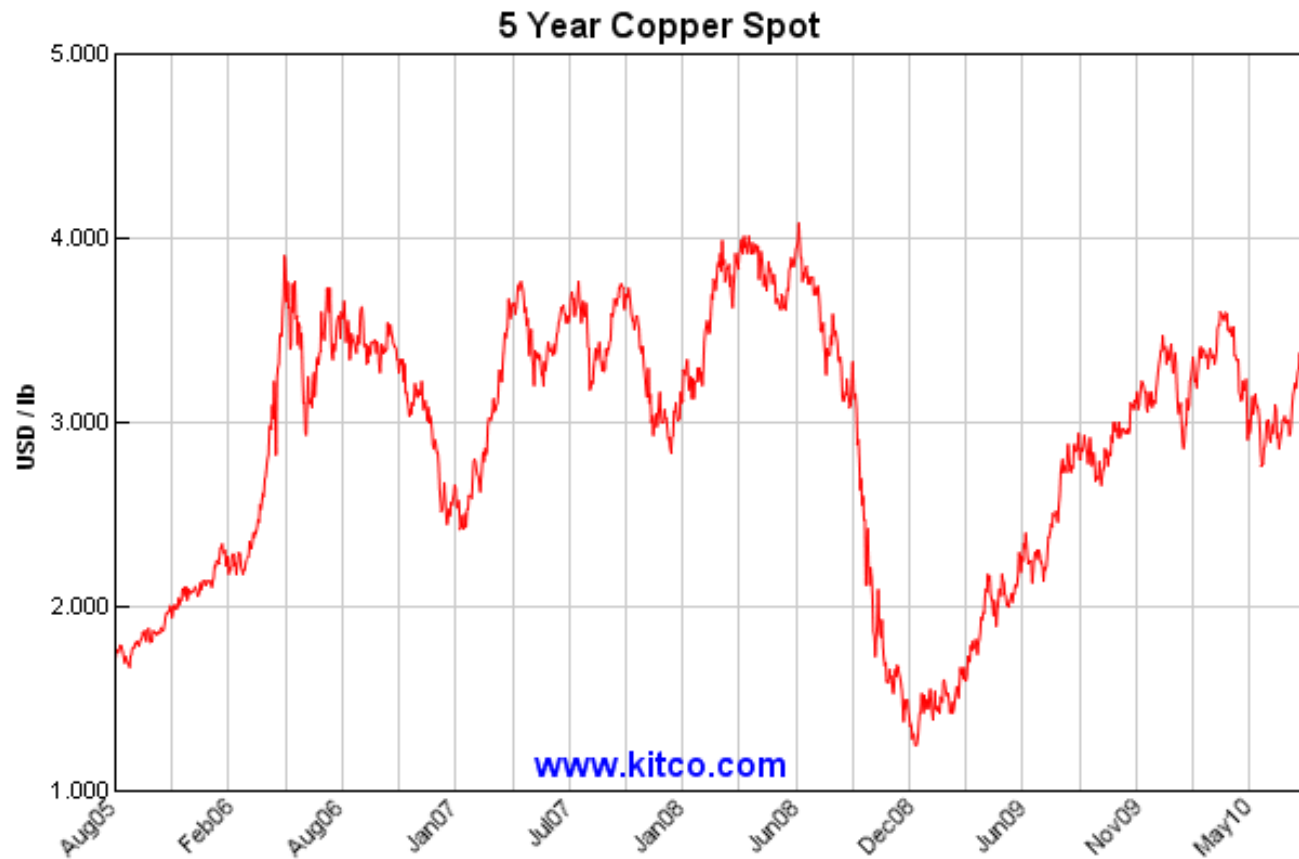


PRIMARY INDUSTRIES

SHORT TERM	
MIXED SITUATION	
NEGATIVE	DAIRYING, BANANAS
POSITIVE	SUGAR



MINERAL PRICES



ESTIMATED EMPLOYMENT IN MINING

CAIRNS FAR NORTH QUEENSLAND

		<u>Estimate</u>	<u>(cf est 2008)</u>
Estimated residential mining workforce in the region	1,150	1,300	(1,600)
Estimated workforce flying into mines in the region	150		
Estimated workforce flying in to mines outside the region		1,500	(1,400)
North West Queensland	700		(970)
PNG and NT	800		(480)
Estimated equivalent full time workforce for construction and maintenance operations at mines		500	(500)
Total		3,300	(3,500)

Source: Cummings Economics from industry information.



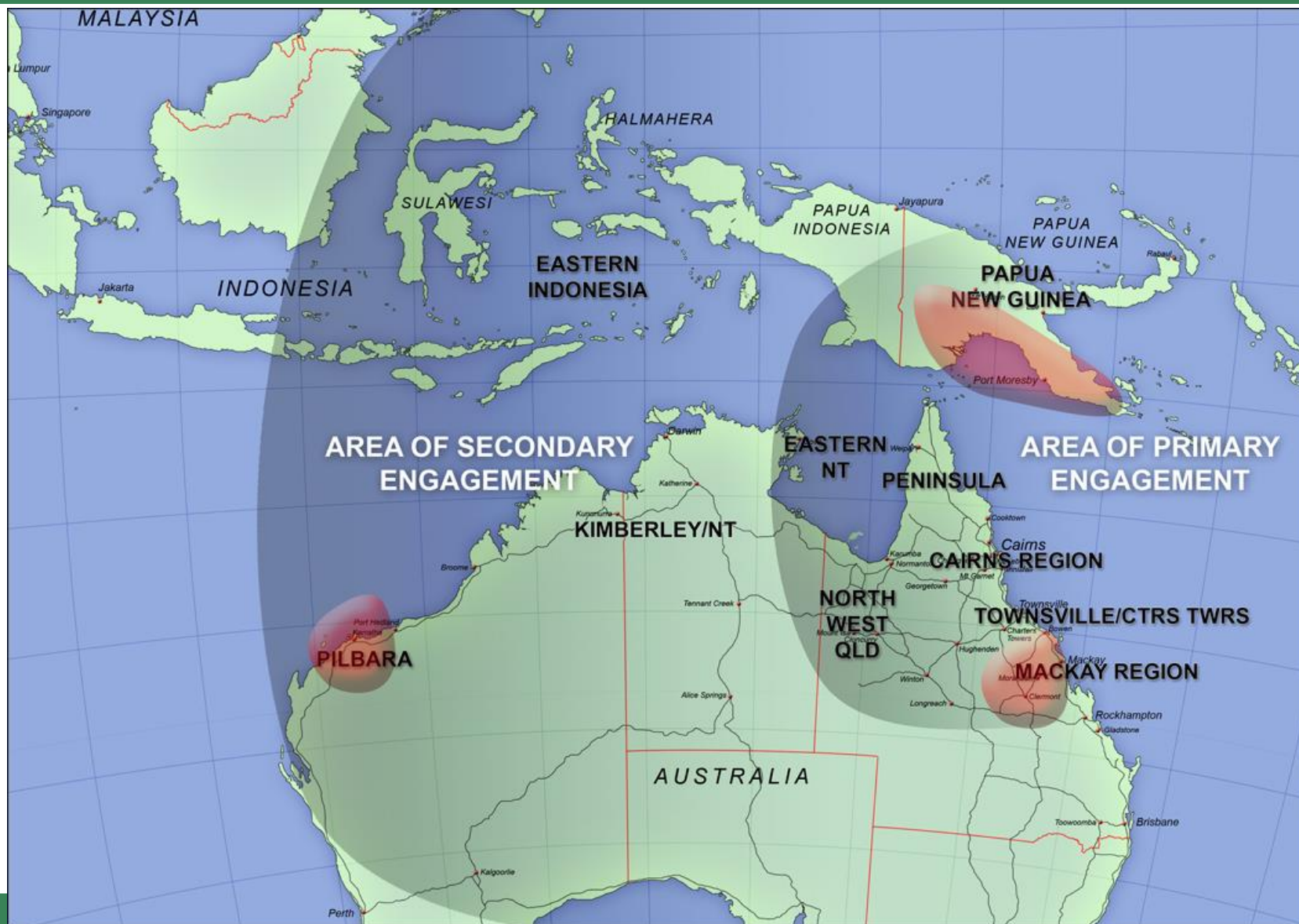
MINING IN FAR NORTH STAT DIVISION

ESTIMATE OF PROSPECTIVE ADDITIONAL OPERATIONS & EMPLOYMENT

18 OPERATIONS - 1700 ~ 2000 JOBS

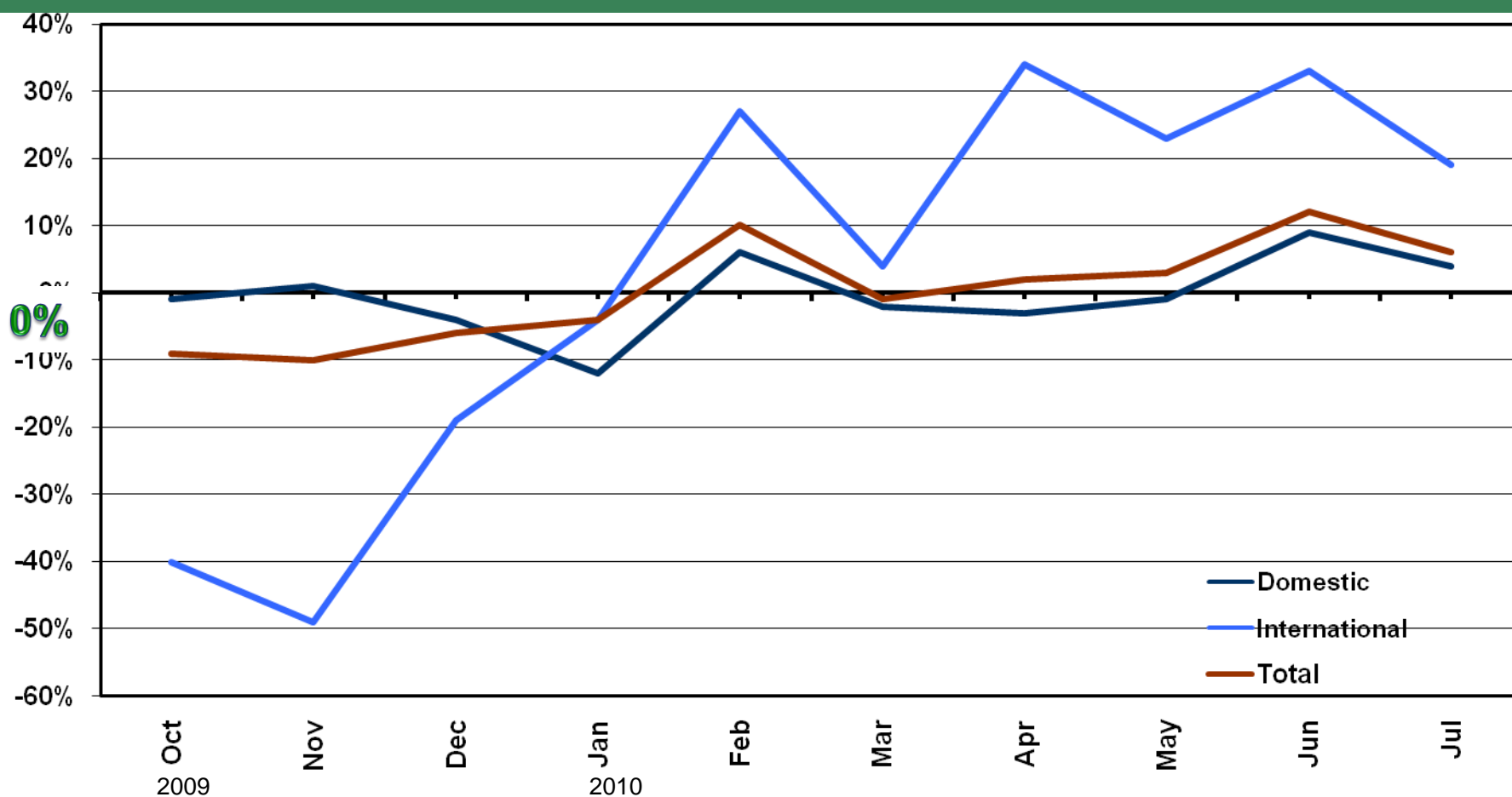


AREAS OF PRIMARY & SECONDARY ENGAGEMENT



PASSENGER ARRIVALS AND DEPARTURES – CAIRNS AIRPORT

% CHANGE ON PREVIOUS YEAR



Source: Cummings Economics from ABS data.



TTNQ TOURISM MONITOR

JUNE & JULY 2010

HOTELS / RESORTS	JUNE	JULY
100 ROOMS PLUS	+13.3%	+3.8%
50 – 99 ROOMS	-4.2%	+7.5%
UNDER 50 ROOMS	+4.3%	+2.5%
TOTAL	+4.3%	+5.0%
CARAVAN PARKS	UP STRONGLY	
LAND TOURS & ATTRACTIONS	+16%	+7%
REEF FERRIES	UP	



TEMPORARY ELECTION UNCERTAINTIES



STIMULUS PACKAGE

BUILDING THE EDUCATION REVOLUTION \$150M

MOST NOW STARTED PEAK 2ND HALF 2010 WIND DOWN OVER 2011

SOCIAL HOUSING \$90M

MORE THAN HALF STARTED PEAK ACTIVITY 2ND HALF OF 2010 & INTO 1ST HALF 2011

REMOTE INDIGENOUS HOUSING \$200M

SLOW STARTING – MOST IN 2010/11



GOVERNMENT CONSTRUCTION

	2010/11	2011/12
JCU	\$60M	\$60M
TAFE	\$25M	-
MARINE COLLEGE	\$4M	-
AG COLLEGE	\$8M	-
TERMINAL	\$4M	-
CAIRNS BASE	\$80M	\$120M
LOTUS GLEN	\$90M	\$90M
GP SUPER CLINIC	\$7M	-
TAGAI COLLEGE T.I.	\$20M	\$18M
COMMUNITY HEALTH	\$5M	-
AMBULANCE / POLICE	\$13M	-
TOTAL	\$316M	\$288M



CIVIL WORKS

CARDWELL SHIRE	\$90M
SOUTHERN BRUCE HWY	\$150M
PENINSULA ROAD BRIDGES	\$15M
CASSOWARY COAST WATER	\$40M
PENINSULA SEWERAGE PLANTS	\$57M
KENNEDY DEVELOPMENTAL RD	\$2M
JUBILEE BRIDGE	\$20M
	\$374M
TIMING ?	



NEXT 12 MONTHS

POSITIVES

- ✧ **TOURISM UPLIFT**
- ✧ **MINING JOBS – SERVICES**
- ✧ **PREVIOUSLY UNDERSUPPLIED GOVERNMENT SERVICES**
- ✧ **NO LARGE OVERSUPPLY OF PROPERTY HAS DEVELOPED**



NEXT 12 MONTHS



WORLD ECONOMY



RESERVE BANK AND INTEREST RATES



AUSTRALIAN DOLLAR



RETURNING CONFIDENCE – PERCEPTION
OF THE REGION AMONG INVESTORS



**COMPARATIVE LONG TERM GROWTH
REGIONAL STATISTICAL DIVISIONS
1981 – 2009**

	1981	2009	% Growth
Far North	140,168	269,650	+92%
North	156,501	241,515 ⁽¹⁾	+54%
North West	40,167	33,979	(-15%)
Mackay	89,763	158,560 ⁽²⁾	+77%
Fitzroy	145,522	220,714	+52%
Central West	14,324	12,270	(-14%)
Darling Downs	168,641	237,211	+41%

□ *Note:* 3 largest. ⁽¹⁾ Including Bowen. ⁽²⁾ Excluding Bowen.

Source: Cummings Economics from ABS data.



**COMPARATIVE LONG TERM GROWTH
QUEENSLAND'S MAIN REGIONAL CITIES
1947 – 2009**

	1947	2009	% Growth
Cairns	16,644	147,118	+783%
Townsville	34,109	168,402	+394%
Mackay	13,486	83,680	+520%
Rockhampton	34,088	77,017	+126%
Bundaberg	15,926	51,109	+220%
Toowoomba	35,194	128,600	+265%

□ *Note: 3 largest.*

Source: Cummings Economics from ABS data.



CAIRNS & PENINSULA AUSTRALIA

- * RECOVERING IN A CHANGED WORLD OF MASSIVE INDUSTRIALISATION IN ASIA
- * TOURISM RECOVERY JOINED BY
- * MAJOR NEW OPPORTUNITIES IN MINING & PRIMARY INDUSTRIES





**TROPICAL TABLELANDS | GULF SAVANNAH | TORRES STRAIT
WESTERN CAPE | EASTERN CAPE | COOKTOWN DISTRICT
GREAT BARRIER REEF | WORLD HERITAGE RAINFORESTS | SAVANNAH WOODLANDS** 36



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