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**"The Northern
Professionals"**

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Comment by Economist, W S (Bill) Cummings on Council of Mayors of South East Queensland – 2015 Queensland State Election Advocacy Document "INVESTING IN QUEENSLAND'S CORE GROWTH REGION"

The main thesis of the document represents a flawed understanding of the dynamics of the Queensland economy. It is a thesis that if followed, will cramp Queensland's progress, including the process of Brisbane continuing to close up on Sydney and Melbourne as a competitor metropolitan service centre.

In answer to the statement, "What makes Queensland work", it claims that, "South East Queensland has for two generations been a key driver of the economic growth of Queensland and Australia". In making this statement, the authors make a fundamental mistake of confusing 'symptom' for 'cause'.

The strong growth in Brisbane and South East Queensland is a 'symptom' of Queensland's growth. It is not the 'cause'.

Fifty years ago in the 1960s, Queensland was regarded as the "Cinderella State". The book, "Queensland's Industrial Enigma" recorded, "*Queensland has always been a land of unfulfilled promise. Its very vastness eroded the vision of unlimited resources it engendered, its wealth has been hard to win and much of it has proved illusory, and yet faith in its natural endowment has dominated economic thought and policy throughout the hundred years of its existence. More than half of the State is in the tropics, but it is not simply lassitude or moral torpor induced by the heat that lie behind its failure to meet the expectations it has aroused: over the years it has become more and more a victim of its geography and its pride.*"

What has happened to change that situation?

The real direct economic reason is that Queensland has massively increased its earnings from the rest of the world – locating additional activity in Queensland and laying the foundations for major expansion of its economy and population.

The origin of almost all that increase in earnings from the rest of the world lies outside of Brisbane and the South East, in regional Queensland; in central and northern Queensland and the west. Queensland's earnings from outside the state are dominated by mineral and primary product exports and tourism.

As the attached tables indicate, South East Queensland produces only about 3% of Queensland's minerals. It produces only 13% of agricultural output. Even in tourism, in international holiday visitor numbers, Cairns exceeds Brisbane and the Gold Coast and the Whitsundays exceeds the Sunshine Coast.

Even though much of the exports through Brisbane are from outside the South East corner, the value of exports through Brisbane’s seaport and airports represent only about 20% of the state’s total in value.

Brisbane and the South East is fortunate that when Queensland’s central and northern regions, with their expanding export and interstate derived earnings, look to source metropolitan level goods and services, they mainly source them from the nearest supplier, Brisbane and SEQ, rather than more distant Sydney and Melbourne and/or direct from overseas.

The benefits that this has given Brisbane and SEQ is illustrated by the growth of population in Queensland outside of the South East of 30 per cent over the period 1991 to 2011 compared with the growth of New South Wales population outside of Sydney, Newcastle and Wollongong of 16 per cent and Victoria outside of the Melbourne Geelong area of 11 per cent.

However what needs to be recognised in this whole debate, are some even more fundamental factors that have been reversing Queensland’s previous historical lag in growth.

Historically, tropical and also sub-tropical Queensland represented a much greater challenge to an Australian society with its technology and population derived from temperate zone north-western Europe.

Strongest early growth of the Australian economy was across the southern states. Sub-tropical Queensland lagged. Tropical Queensland, especially in the Far North regions, posed even greater challenges.

As suitable environment related technology in the primary industries and aspects affecting everyday living, has developed, the situation has changed. Sub-tropical southern Queensland in more recent years has been part of the global ‘sunbelt’ phenomenon.

The impacts of the improvement in technology suited to the area are now clearly in evidence across tropical Australia and more broadly in tropical areas in general. From small beginnings, the northern cities like Cairns, Townsville, Mackay and Darwin are surging ahead. As an example, Cairns city’s population in 1947 was recorded at 16,644. Today it is ten times that at over 160,000. The Cairns region is approaching two-thirds the population of the State of Tasmania. Along the way, in population, Cairns has passed six cities located in southern Australia. Its airport stands next to the metropolitan cities and Gold Coast with over four million passenger movements – ten times those of the early 1980s.

On the growth trajectory of the past 20 years, by 2050, Cairns, Townsville and Darwin can all be expected to have residential populations in the 350,000 – 400,000 range.

All this is very good news for Brisbane and South East Queensland.

But coming out of a relatively underdeveloped past, the northern regions are still in a catch up phase in many government services and infrastructure. It is a sound investment policy for Queensland to invest in a growing North and Far North of the State.

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Table #1: Comparative Growth in Residential Population, 1991-2011

	<u>Per cent</u>
State	
Queensland	51%
New South Wales	27%
Victoria	25%
City Region	
Brisbane SEQ	62%
Sydney, Newcastle / Wollongong	25%
Melbourne Geelong	30%
Remainder	
Regional Queensland	30%
Regional New South Wales	16%
Regional Victoria	11%

Source: Cummings Economics from Australian Bureau of Statistics data.

Note: Faster growth in regional Queensland underpinned by massive growth of earnings from outside Queensland, compared with slower growth in non-metropolitan New South Wales and Victoria, played a major role in underpinning Brisbane SEQ’s faster growth than Sydney and Melbourne. Queensland’s remaining regional population at 1.34 million now exceeds regional population in Victoria at 1.14 million.

Table #2: Comparative Growth in Residential Population, 2001-2011

	<u>Per cent</u>
Cairns	69%
Mackay	54%
Townsville	47%
Brisbane SEQ	62%

Note: Northern City Growth based on City Statistical Sub-Divisions.

Source: Cummings Economics from Australian Bureau of Statistics data.

Table #3: Gross Value of Agricultural Production, 2010-11

	<u>\$m</u>	<u>(Per cent)</u>
Queensland	\$9,554 m	(100%)
Brisbane SEQ	\$1,253 m	(13%)
Regional Queensland	\$8,301 m	(87%)

Source: Cummings Economics from Australian Bureau of Statistics data.

Table #4: Value of Mineral Production, 2010-11

	<u>\$m</u>	<u>(Per cent)</u>
Queensland	\$35,016 m	(100%)
Brisbane / Moreton / Darling Downs	\$971 m	(3%)
Remainder of State	\$34,045 m	(97%)

Note: Darling Downs includes substantial areas outside the SEQ region as defined.

Source: Cummings Economics from Queensland Mines and Energy data.

Table #5: International Holiday Visitors, YE September Quarter 2014

	<u>No.</u>
Cairns	665,000
Gold Coast	642,000
Brisbane	642,000
Whitsundays	191,000
Sunshine Coast	184,000

Source: Cummings Economics from Tourism Research Australia-International Visitor Survey.

