

CUMMINGS ECONOMICS

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Historical Note

PUTTING THE GOVERNMENT STRAIGHT ABOUT CAIRNS AND THE FAR NORTH'S ECONOMY & PROSPECTS

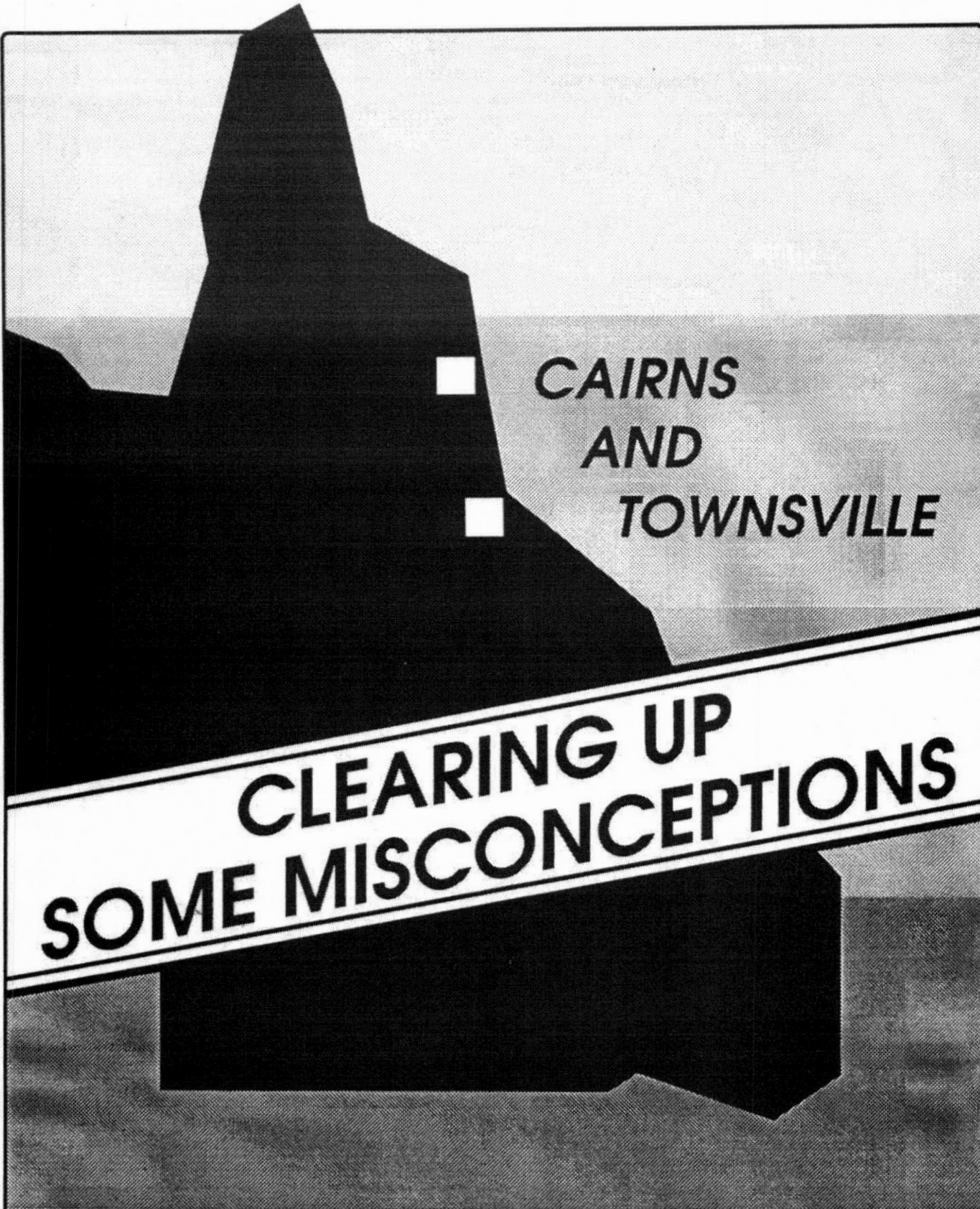
From time to time, it has been necessary to strongly correct misconceptions in Brisbane government circles about the position and prospects of the Cairns/ Far North region in the State's economy.

One such occasion arose with the election of the new Goss Labour Government in 1990 that resulted in the Cairns Chamber of Commerce and the Far North Queensland Promotion Bureau (now called Tourism Tropical North Queensland) producing a document that was widely circulated in government circles entitled "*Cairns and Townsville, Clearing Up Some Misconceptions*". The document caused substantial controversy at the time.

It is now 36 years on and it is of interest to go back and understand the trends and issues of those times as the region seeks to plot its way forward.

The following provides the Executive Summary of the more detailed document.

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**CAIRNS
AND
TOWNSVILLE**

CLEARING UP SOME MISCONCEPTIONS

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**CAIRNS CHAMBER
OF COMMERCE**

INTRODUCTION

Queensland's size and climatic range leads to a complex diversity of regional economic structures and trends that can be difficult to understand.

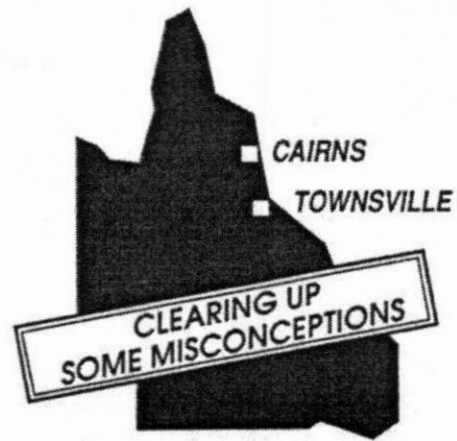
The fact that the state capital is in the far south east and that substantial numbers of the State Government's advisors have not visited, or have only superficial knowledge of large parts of the state adds to the potential for misunderstanding.

Over the years these misunderstandings have been particularly common in relation to the state's northern regions and especially about the relationship of the cities of Cairns and Townsville.

The following is designed to provide information to help the new Queensland government focus clearly on the two cities and the regions they service. It highlights the structure and strengths of the regions and the role they can play in the continuing orderly development of the north.

It is designed to help avoid mistakes that can badly impede the state's, and particularly the north's, rapid development.

EXECUTIVE SUMMARY



INTRODUCTION

Queensland is a large state with regional structures that can be hard to understand. It is important that the new Queensland Government get the state, and especially Cairns and Townsville and the regions they service, into clear focus to avoid misunderstanding and policy mistakes.

REGIONAL REALITIES - A SERIES OF STATE-SIZED REGIONS

The major thread in understanding the growth patterns of the north is to appreciate its large size. The realities of areas and distances leads to a series of four state sized regions (Fitzroy/Central West, Mackay, Townsville/Mt. Isa, Far North/Peninsula/Gulf), each with its own regional port city (Rockhampton, Mackay, Townsville and Cairns) with a typical capital city relationship (about 50% of the population) to the region it services (see Map 2 and Table 4).

THE NORTH GROWS FASTEST AND THE 4 REGIONS CONSOLIDATE

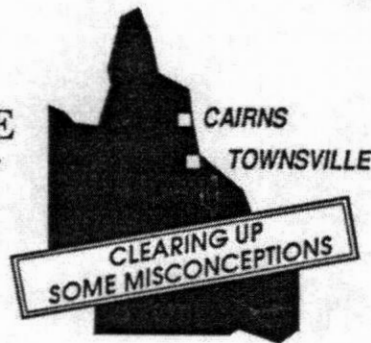
In the post war period the pattern of Queensland regional cities has changed dramatically with the northern cities growing fastest, but with the old pastoral ports of Townsville and Rockhampton losing their dominance. The north has consolidated more and more into the four regions. Cairns is now larger than Rockhampton and not far behind Townsville. Mackay is approaching Rockhampton in size (see Table 5).

RESOURCE BASED GROWTH - CAIRNS OUTPACING TOWNSVILLE

The real engine of growth of the north is the development of its resource potential, be it in plant growth potential, minerals, marine resources and, importantly these days, in tourism resources.

The basis of the Cairns region's rapid growth has been its ability to diversify its economic base from a situation in the 1950's where sugar accounted for about 60% of the value of its base industries to one where sugar has been joined or exceeded by, other primary industries, by mining and by tourism. A major fishing industry has also been developed (see Tables 8 & 9).

EXECUTIVE SUMMARY (continued)



By and large the Townsville region started with a larger and more diversified base with sugar, mining and the pastoral industries being of about equal importance (Table 10).

Although the Townsville region's sugar industry has grown more and its pastoral industry remains dominant, the Cairns region has been able to diversify its agriculture more, with 60% of Queensland's coast has built a major fishing industry, has moved up relatively in mining, and has realised an opportunity to use its unique combination of world class tourism resources to build up a major tourist industry (Tables 11-15).

CONSEQUENCES - CAIRNS OVERTAKING TOWNSVILLE IN SIZE

As a result, Cairns hinterland population has grown faster and has now moved past that of Townsville (including the Mt. Isa area). Cairns itself has grown much faster and Greater Cairns 'on-the-ground' population is within 5 years of passing Townsville in size (Tables 16 & 18).

Cairns has become the major construction industry focal point.

MANUFACTURING - CAIRNS THE REAL GROWTH CENTRE

Most of the north's manufacturing is either primary product processing or servicing local markets. Minerals and pastoral industry processing puts the Townsville region manufacturing employment ahead, but the number of establishments is about the same (Table 23).

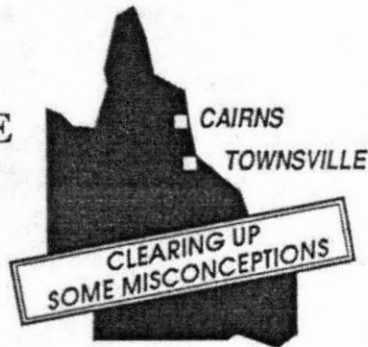
Manufacturing servicing wider northern regional areas is distributed between the 2 regions led by the cement works in Townsville and the brewery in Cairns.

However when the primary product processing plants are largely isolated from the statistics, by looking at the 2 city local government areas only, it is clear that Cairns is the major manufacturing growth centre at present, outstripping Townsville in numbers of establishments, and, in the not too distant future in employment (Table 25).

CAIRNS MANUFACTURING BREAKS INTO WORLD MARKETS

As part of Cairns' dynamic growth in this field, it has developed special skills such as ship building, leisure garments and sports fishing gear which have broken into national and world markets.

EXECUTIVE SUMMARY (continued)



CAIRNS DOMINATES AIR SERVICES AND AIR FREIGHT

Cairns airport is now the largest regional airport in Australia and next to Adelaide in size (Table 21).

As a trading city Cairns has become the focus of air services domestically and internationally and leads in air freight cargoes (Table 27).

Cairns completely dominates air freight movement across the north and into regional markets in Indonesia, Papua New Guinea and the Pacific.

EXPLODING A MYTH - CAIRNS REGIONAL SEAPORTS LARGEST

Although Townsville as a port handles more cargo than Cairns this is mainly because of the movement of Mt. Isa's minerals ex Townsville. However, freight to and from Cairns region ports like Karumba and Weipa can be shipped direct and in total tonnages the Cairns region's ports exceed those of the Townsville region (Table 28).

GENERAL SEA CARGO ABOUT EQUAL - CAIRNS STILL LEADS IN REGIONAL SEA TRADE

In general cargo tonnages the ports of Cairns and Townsville are about the same (Table 29).

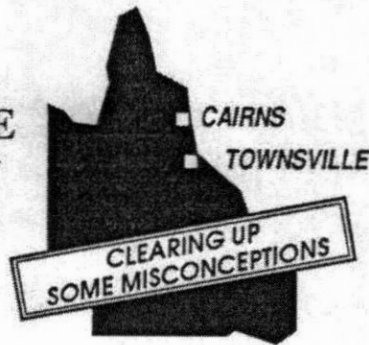
While Townsville has recently gained dominance in sea cargoes to Papua New Guinea especially to service Curtin Brothers mining contracts, Cairns dominates in regional shipping to Peninsula, Gulf, Northern Territory and Indonesian ports and, in total tonnages to regional ports still exceeds Townsville (Table 30).

GOVERNMENT INFRASTRUCTURE OUT OF STEP

In comparison with the relative growth and size of the regions, Townsville is disproportionately supported by government employment [37% of its workforce, c.f. Cairns - 24%] (Table 31).

The Cairns region is seriously deficient in government services. It is the only regional city in Australia in the 50,000 to 100,000 population range without a higher education institution. Its land transport infrastructure in the Gulf and Peninsula is grossly underdeveloped. Supply of crown industrial estate land in Cairns has been deficient (Tables 32 & 33).

EXECUTIVE SUMMARY (continued)



NEED FOR MULTI-FACETED PARALLEL DEVELOPMENT

Given its resources and locational advantages Cairns is clearly emerging as the largest city in northern Australia and likely to pass Townsville within the decade.

In doing so, Cairns - like Townsville will continue to develop on the basis of a multi-faceted economy.

While it is important that Townsville's development as a regional manufacturing port trading city is supported to service its region, this should not be seen as a substitute for Cairns' development as a manufacturing port trading city.

The Government's regionalisation policy is on the right track provided it recognises the realities of the potential and structure of Queensland's northern regions and cities, the multi-faceted nature of their economies and the need for parallel development.