LEARNING THE LESSONS OF THE PAST 10 YEARS

ADDRESS TO THE CAIRNS FORUM 4 BUSINESS GROWTH

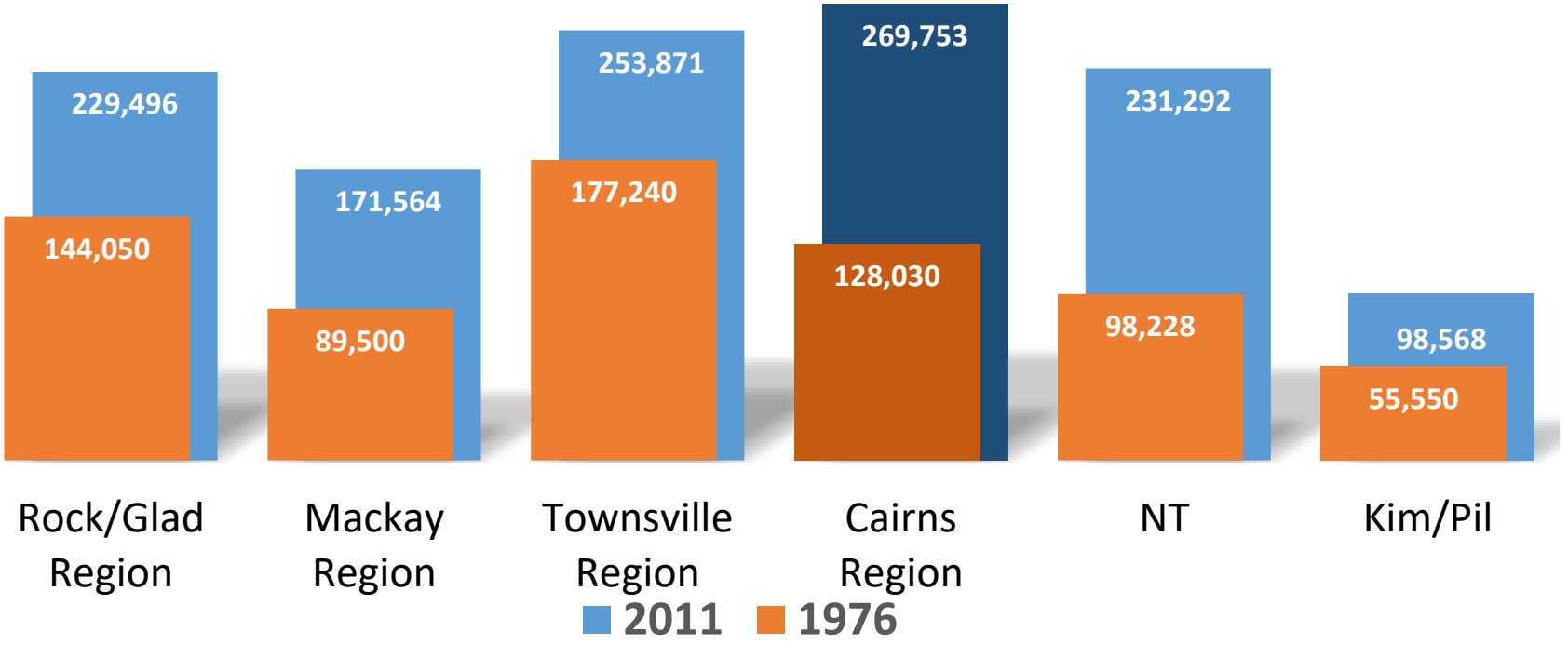
by W S (Bill) Cummings

CUMMINGS ECONOMICS

REF J3059 | MAR 2017

EMPHASIS ON HOW DECISIONS AT A NATIONAL AND STATE LEVEL HAVE AFFECTED THE REGION'S ECONOMY

RESIDENTIAL POPULATION, NORTHERN AUSTRALIA REGIONS 1976 & 2011



Source: Cummings Economics from ABS Cat No. 3218.0 et al.

ESTIMATED RESIDENTIAL POPULATION, REGIONAL CITIES 1976 & 2015

	1976	2015
Cairns	**49,590**	**147,993**
Rockhampton	53,660	80,665
Bendigo	55,152	92,888
Orange/Bathurst	55,933	80,008
Albury Wodonga	63,409	88,949
Ballarat	68,450	90,841
Toowoomba	69,390	114,622
Launceston	81,636	86,663

Source: ABS Regional Population Growth, Cat No. 3218.0.

AUSTRALIA'S MAJOR REGIONAL CITIES

RANK	CITY	TYPE
1	Gold Coast/Tweed Heads	Metropolitan Fringe
2	Newcastle/Maitland	Metropolitan Fringe
3	Canberra/Queanbeyan	National Capital
4	Sunshine Coast	Metropolitan Fringe
5	Wollongong	Metropolitan Fringe
6	Hobart	Regional
7	Geelong	Metropolitan Fringe
8	Townsville	Regional
9	**Cairns**	**Regional**
10	Darwin	Regional

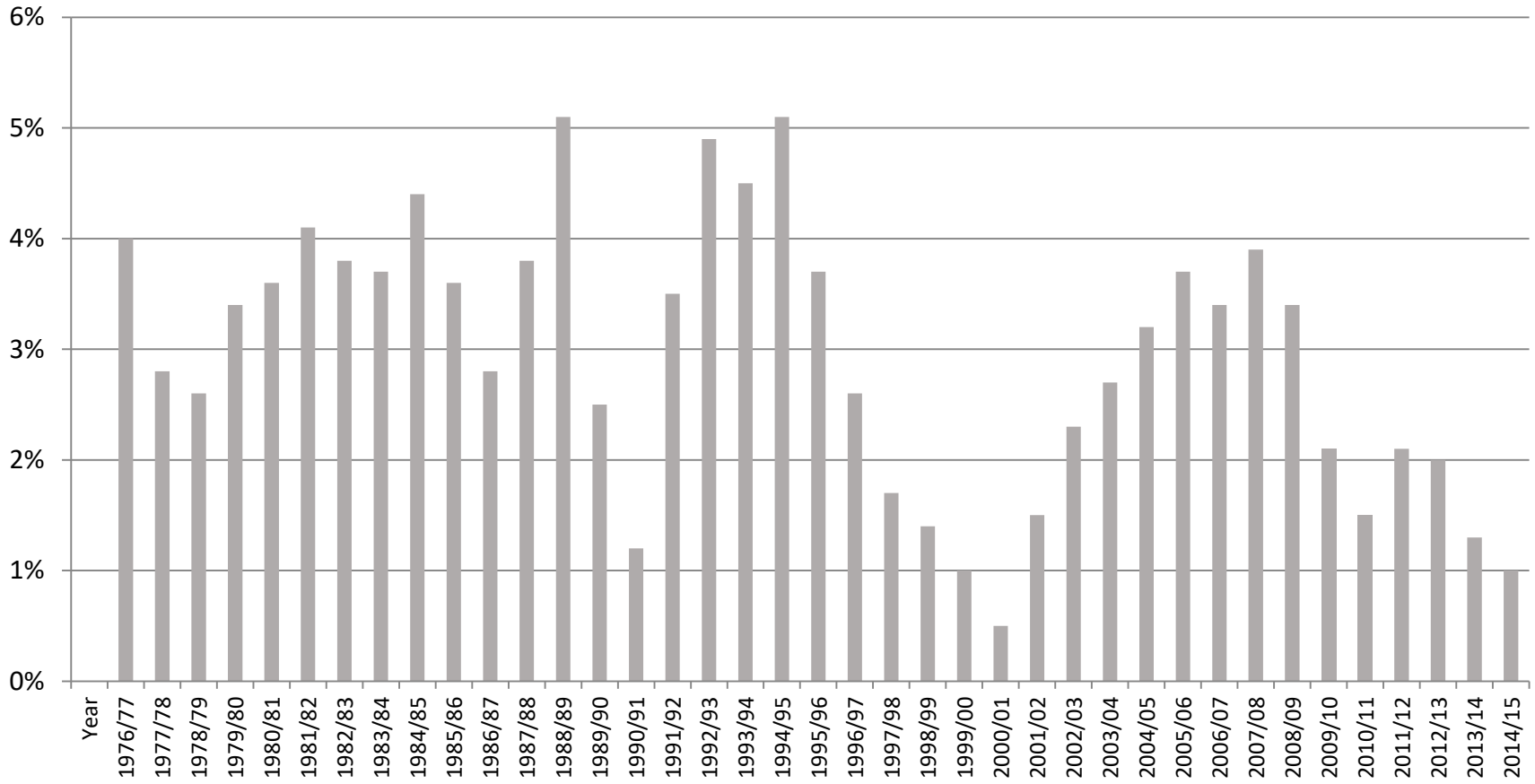
Source: Australian Bureau of Statistics (ABS) Significant Urban Areas Populations.

ESTIMATED VALUE OF BASE INDUSTRIES (1),
FNQ STATISICAL DIV 2006-07

	$	%
Agricultural & Pastoral	$1,300 m	21%
Fishing (est)	$200 m	3%
Mining (sale)	$840 m	15%
Processing, value added and other relevant manufacturing (est)	$900 m	15%
Tourism	$2,450 m	40%
Other	$400 m	7%
Total	$6,090 m	100%

Note (1): Industries mainly oriented to earning income from outside the region.
Source: Cummings Economics.

CAIRNS RESIDENTIAL POPULATION GROWTH RATE 1977-78 TO 2014-15



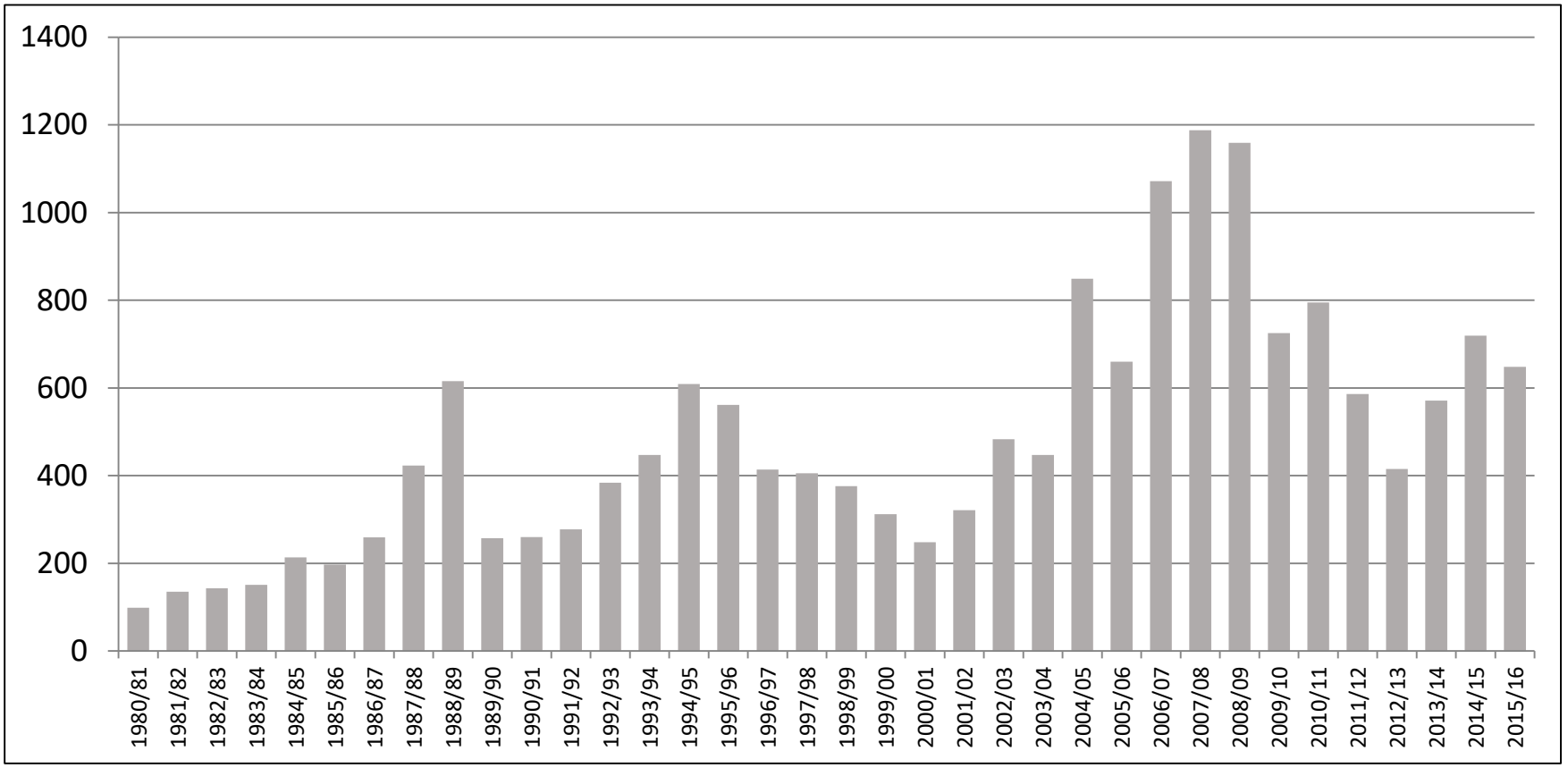
Source: Cummings Economics from ABS data.

MAJOR GLOBAL EVENTS AFFECTING ECONOMY

GLOBAL FINANCIAL CRISIS

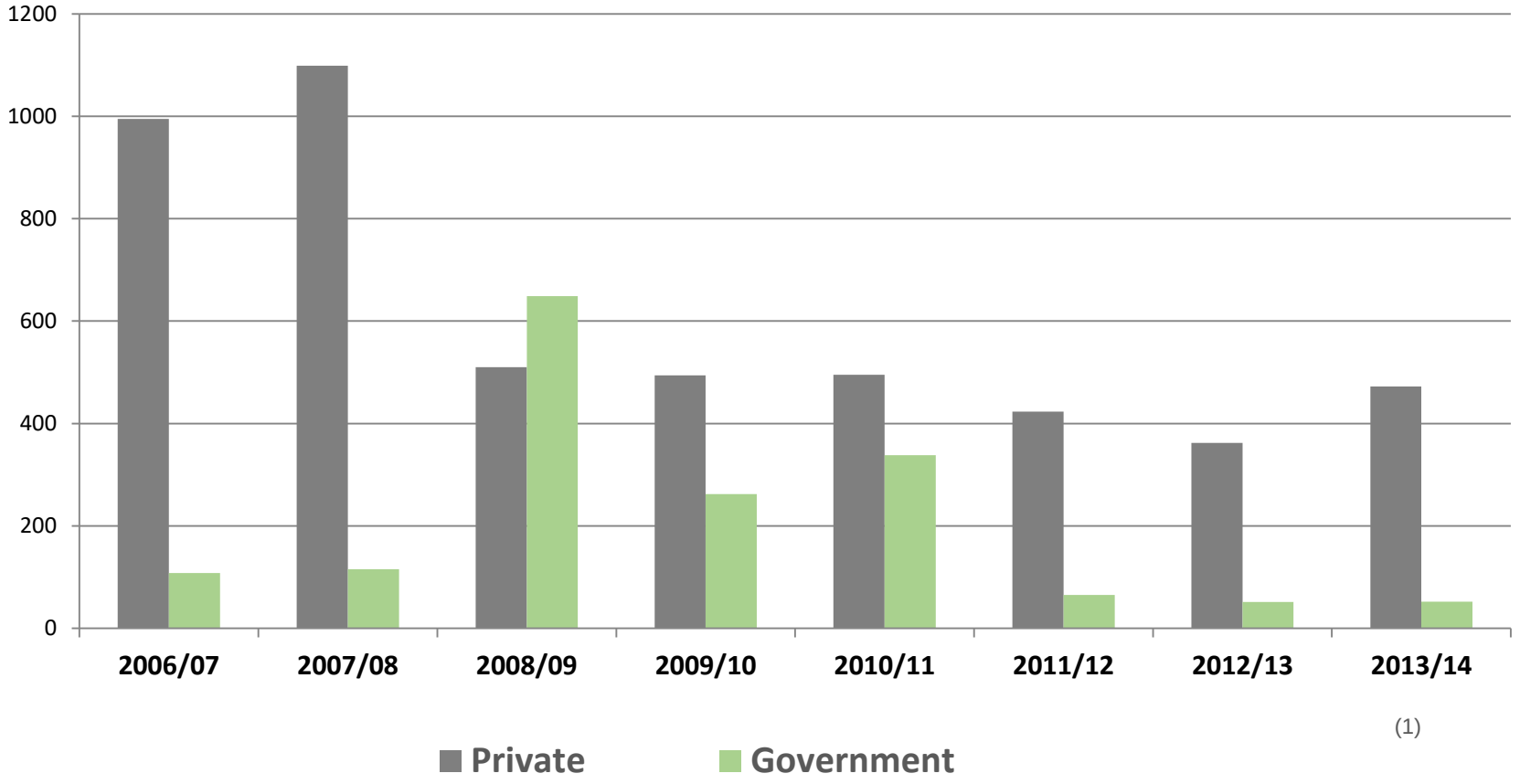
CHINA LED MINING INVESTMENT BOOM

VALUE OF BUILDING APPROVALS, FNQ STATISTICAL DIVISION $M



Note: 2015-16 based on 11 months to end May 2016.
Source: Cummings Economics from ABS Cat 8731.0

TOTAL VALUE OF BUILDING APPROVALS FNQ STATISTIVAL DIVISION
PRIVATE VS GOVERNMENT



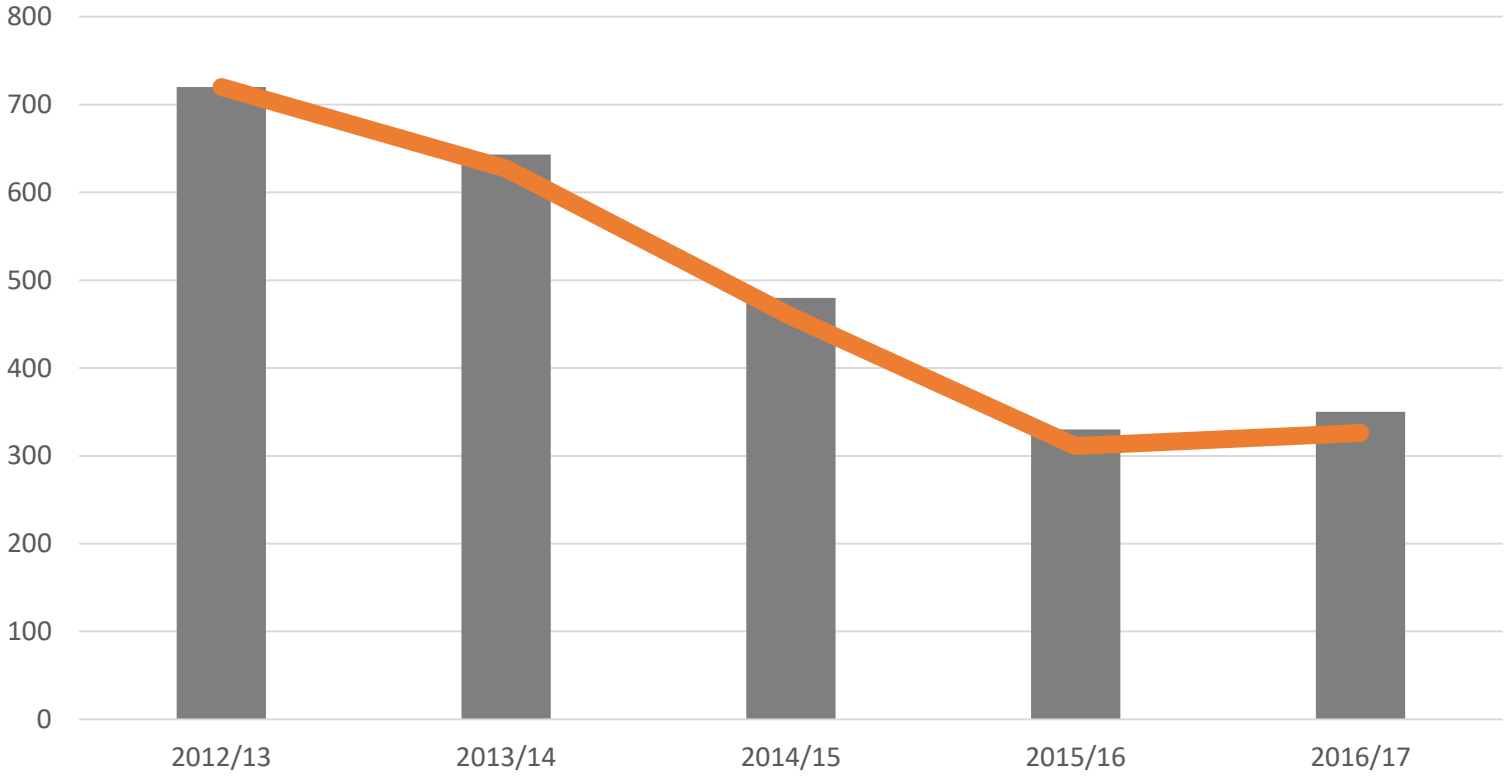
Note: 2013-14 based on 11 months to end May 2014
Source: Cummings Economics from ABS Cat 8731.0

VALUE OF BUILDING APPROVALS, PUBLIC SECTOR, MAJOR NORTHERN REGIONS
2011-2012 TO 2015-2016

	Cairns SA4 Region	Townsville SA4 Region	Fitzroy SA4 Region	Northern Territory
2011-12	$50 m	$273 m	$66 m	$202 m
2012-13	$31 m	$245 m	$200 m	$301 m
2013-14	$34 m	$78 m	$80 m	$220 m
2014-15	$24 m	$80 m	$23 m	$254 m
2015-16	$54 m	$147 m	$61 m	$569 m
Total	**$193 m**	**$823 m**	**$430m**	**$1,546 m**

Source: ABS Regional Population Growth, Cat No. 3218.0.

STATE GOVERNMENT CAPITAL EXPENDITURE DOWN STRONGLY

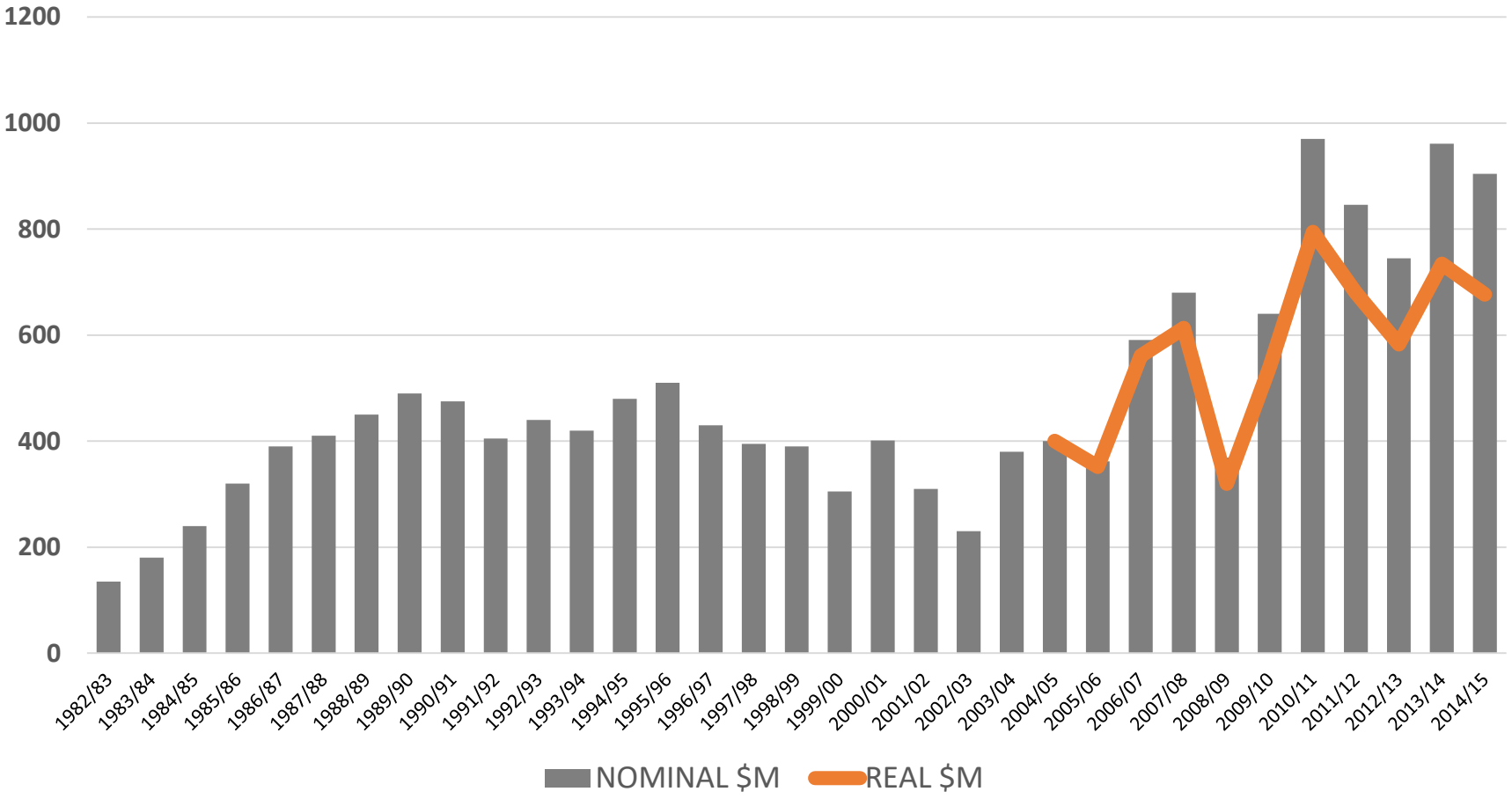


Source: Queensland Budget Papers Appendix C Take C1

DECLINE 2012-13 TO 2015-16 : $390M NOMINAL $410M REAL

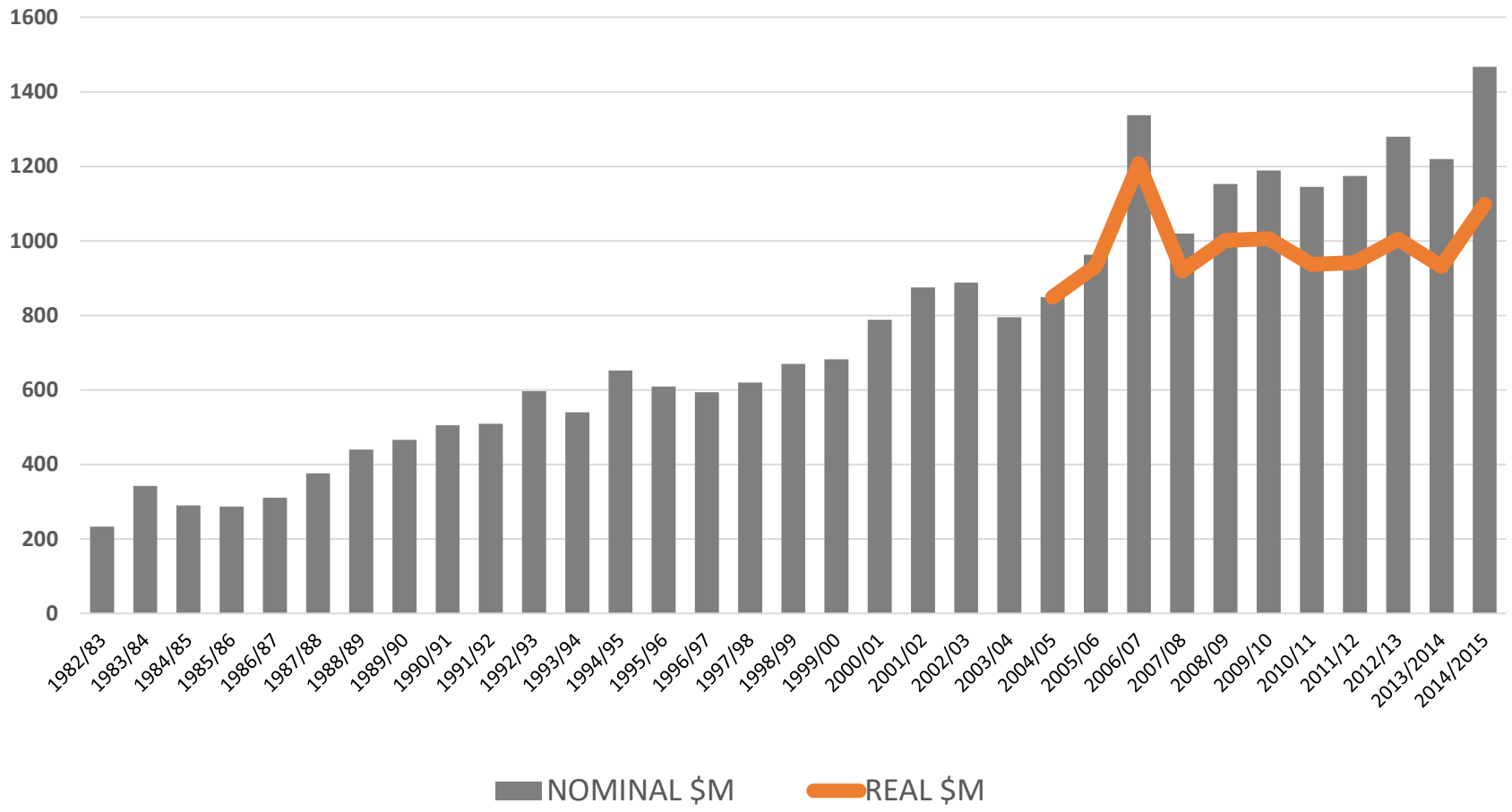
DECLINE (-54%) LARGEST IN STATE

VALUE OF MINING PRODUCTION, TROPICAL NORTH QUEENSLAND



Source: Cummings Economics from Queensland Mines & Energy data

GROSS VALUE OF AGRICULTURAL PRODUCTION, TROPICAL NTH QLD (AT FARMGATE) $M

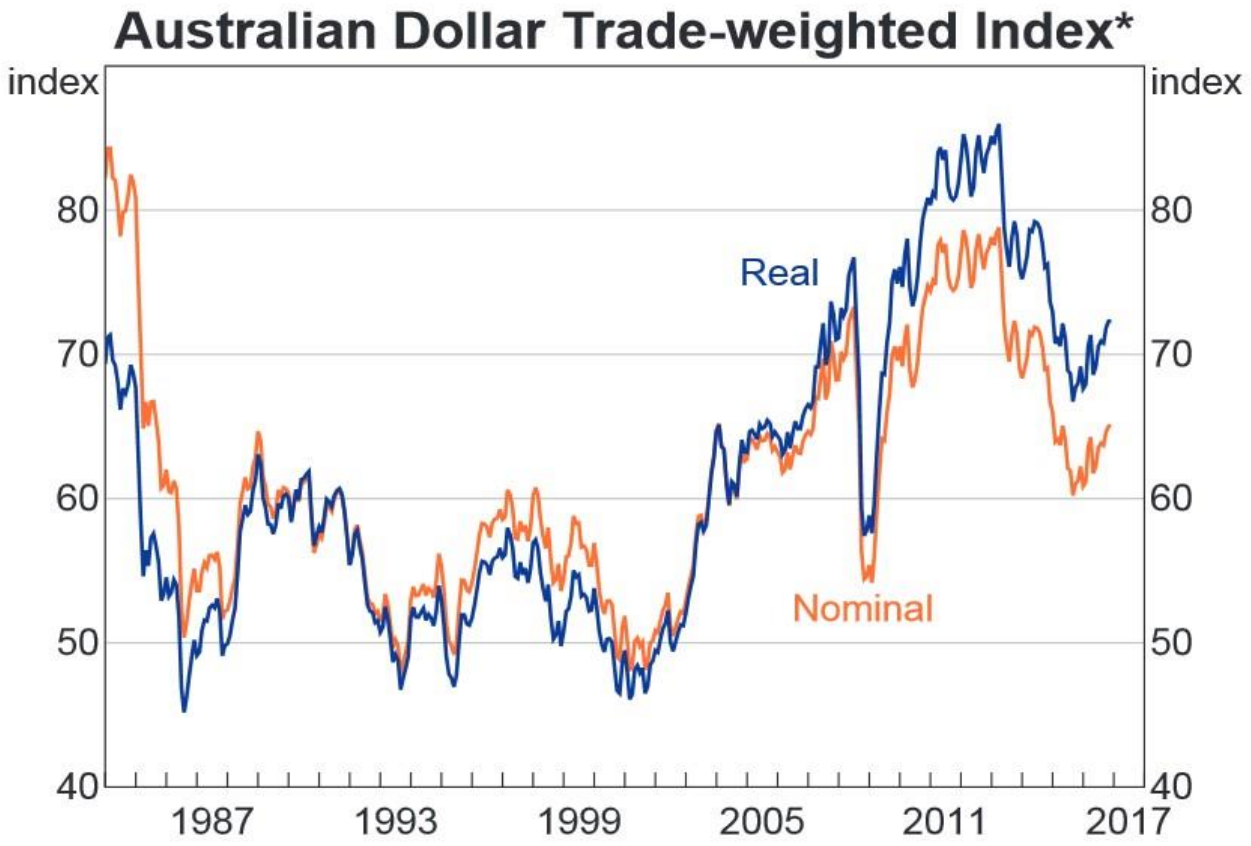


Note: Growth 2004-05 to 2014-15 : 4.4%pa nominal 2.0%pa real. $310m including post farmgate.
Source: Cummings Economics from ABS data.

LONG-TERM GROWTH OF TOURISM IN CAIRNS REGION

LATE 1980s	DOLLAR FLOATED AND DEVALUES : TOURISM GROWS VERY STRONGLY
MID-1990s	DOLLAR RISES : TOURISM GROWTH SLOWS
1997	ASIAN CRISIS : LOSS OF AIR SERVICES : TOURISM DOWN A BIT : DROP IN DOLLAR
EARLY 2000s	LOW DOLLAR : TOURISM GROWING
MID-2000s	DOLLAR UP : TOURISM GROWTH SLOWS

EXCHANGE RATES



* May 1970 = 100 for nominal; real indexed to equate post-float averages; latest observations for real TWI are estimates

Sources: ABS; RBA; Thomson Reuters; WM/Reuters

JUNE 2008

QANTAS CUTS SEATS FROM JAPAN

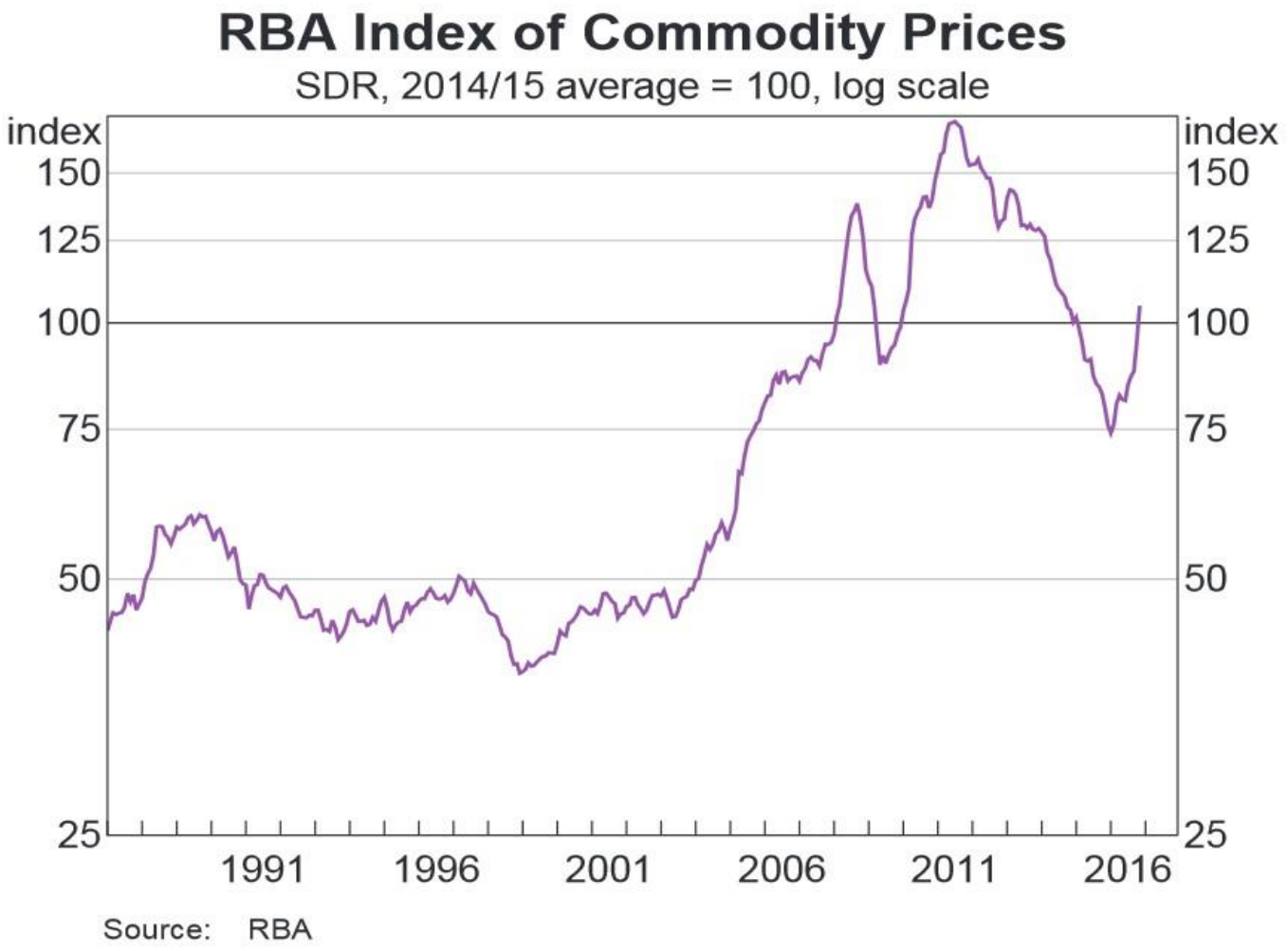
FROM OVER 200,000 TO ABOUT 100,000

SEPTEMBER 2008

GFC HITS

DOLLAR DROPS SHARPLY

COMMODITY PRICES

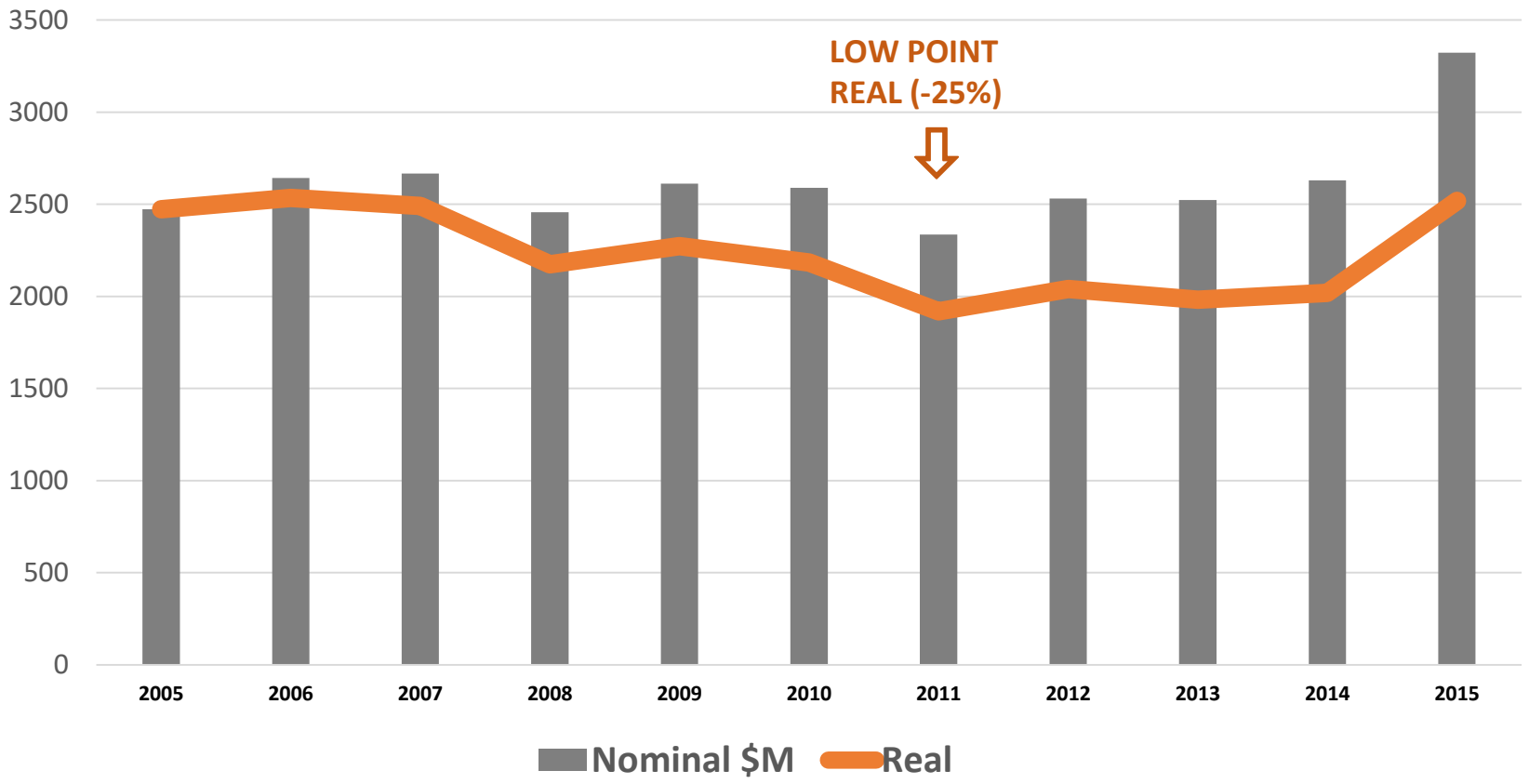


COMPARATIVE OFFICIAL INTEREST RATES OCTOBER 2011

	%
Australia	**4.75%**
European Central Bank	1.25%
Canada	1.00%
Bank of England	0.50%
USA	0.13%
Japan	0.50%

Source: Reserve Bank of Australia, Table F13.

TOURISM EXPENDITURE, TROPICAL NQ REGION, OVERNIGHT VISITORS
NOMINAL & REAL



Source: Cummings Economics from Tourism Research Australia

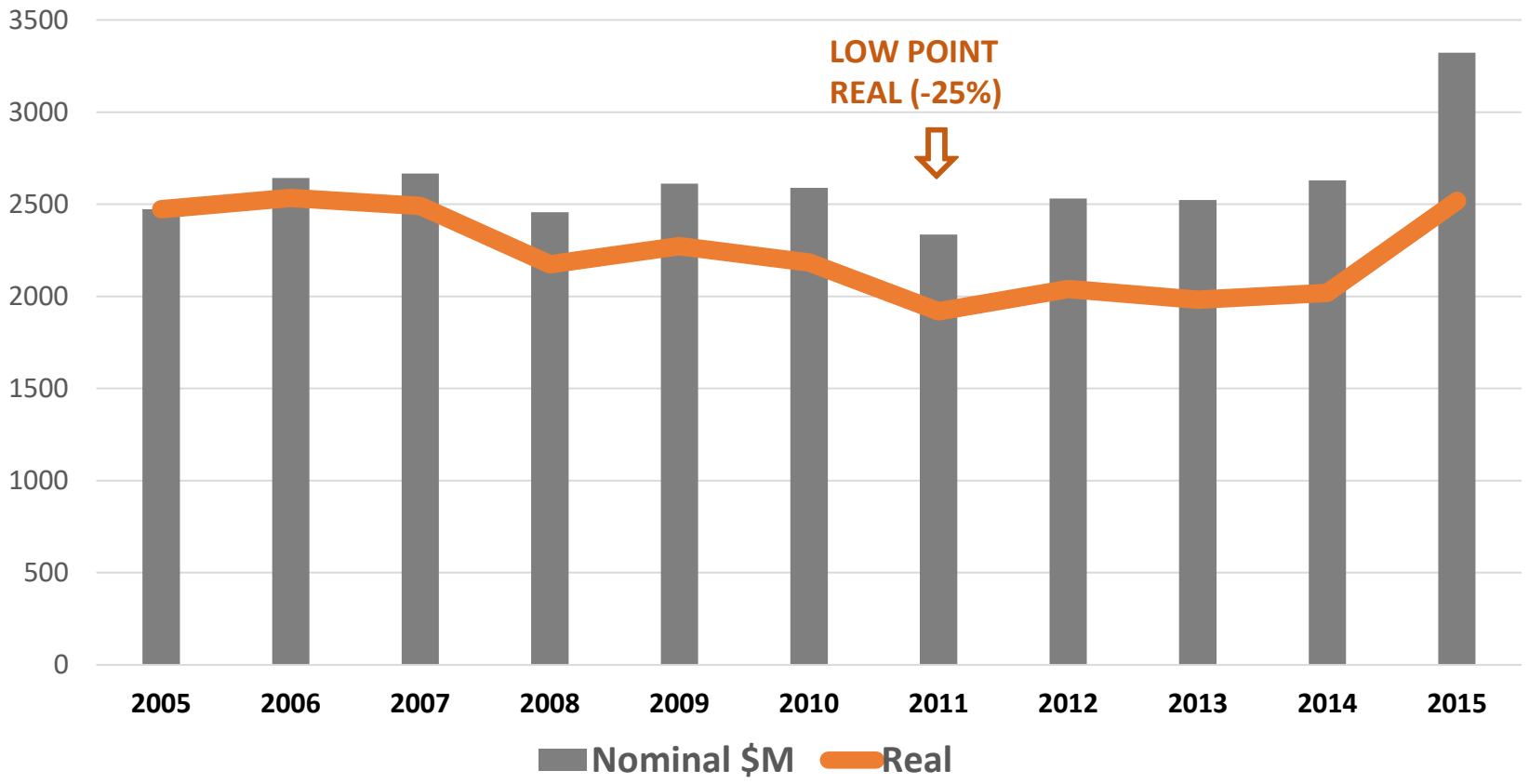
SEPTEMBER 2011

COMMODITY PRICES PEAK
AND START FALLING BACK SHARPLY

AUSTRALIAN CASH RATE REMAINS
WELL ABOVE OVERSEAS RATES

AUSTRALIAN DOLLAR REMAINS ABOVE
PARITY WITH US DOLLAR UNTIL MAY 2013

TOURISM EXPENDITURE, TROPICAL NQ REGION, OVERNIGHT VISITORS
NOMINAL & REAL



Source: Cummings Economics from Tourism Research Australia

LESSONS

- IN DIVERSITY STRENGTH
- BETTER FISCAL AND MONETARY POLICY
- PRESS CASE FOR GOVERNMENT INVESTMENT IN THE REGION

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