

CAIRNS REGIONAL ECONOMY

PRESENTATION TO CAIRNS FORUM 4 BUSINESS GROWTH
BY W S CUMMINGS



CUMMINGS ECONOMICS

www.cummings.net.au

CE Ref J3335 | 25th Sep 2020



- **COVID-19 IMPACTS SO FAR**
- **NEXT TWELVE MONTHS**
- **FUTURE DIRECTIONS**



THE IMPACT PATTERN ON EMPLOYMENT

Industry of Employment by Occupation, Cairns City LGA & Cairns Region - Count of employed persons aged 15 years and over

Industry	Cairns City LGA	Cairns Region
Agriculture, Forestry and Fishing	1,175	6,041
Mining	1,051	1,716
Manufacturing	2,700	4,583
Electricity, Gas, Water and Waste Services	663	997
Construction	5,901	8,304
Wholesale Trade	1,705	2,228
Retail Trade	7,690	10,935
Accommodation and Food Services	7,273	10,390
Transport, Postal and Warehousing	4,590	6,109
Information Media and Telecommunications	591	776
Financial and Insurance Services	1,085	1,439
Rental, Hiring and Real Estate Services	1,456	1,910
Professional, Scientific and Technical Services	3,392	4,479
Administrative and Support Services	3,099	4,349
Public Administration and Safety	5,796	7,823
Education and Training	6,503	9,330
Health Care and Social Assistance	10,445	14,080
Arts and Recreation Services	1,440	1,921
Other Services	3,050	4,330
Inadequately described/Not stated	2,830	4,395
Total	72,405	106,148

Source: ABS 2016 Census of Population and Housing.

NEGATIVE

TOURISM (-80%) - EST 22,000 WITH FLOW-ON
 OTHER FOOD & DRINK SERVICES – PART 5,000 DIRECT
 TRANSPORT (PAX) – PART 8,000 DIRECT
 INTERNATIONAL EDUCATION
 ARTS & RECREATION – 1,900 DIRECT

POSITIVE

HEALTH CARE & SOCIAL ASSISTANCE
 ADDITIONAL JOB SEEKER PAYMENTS

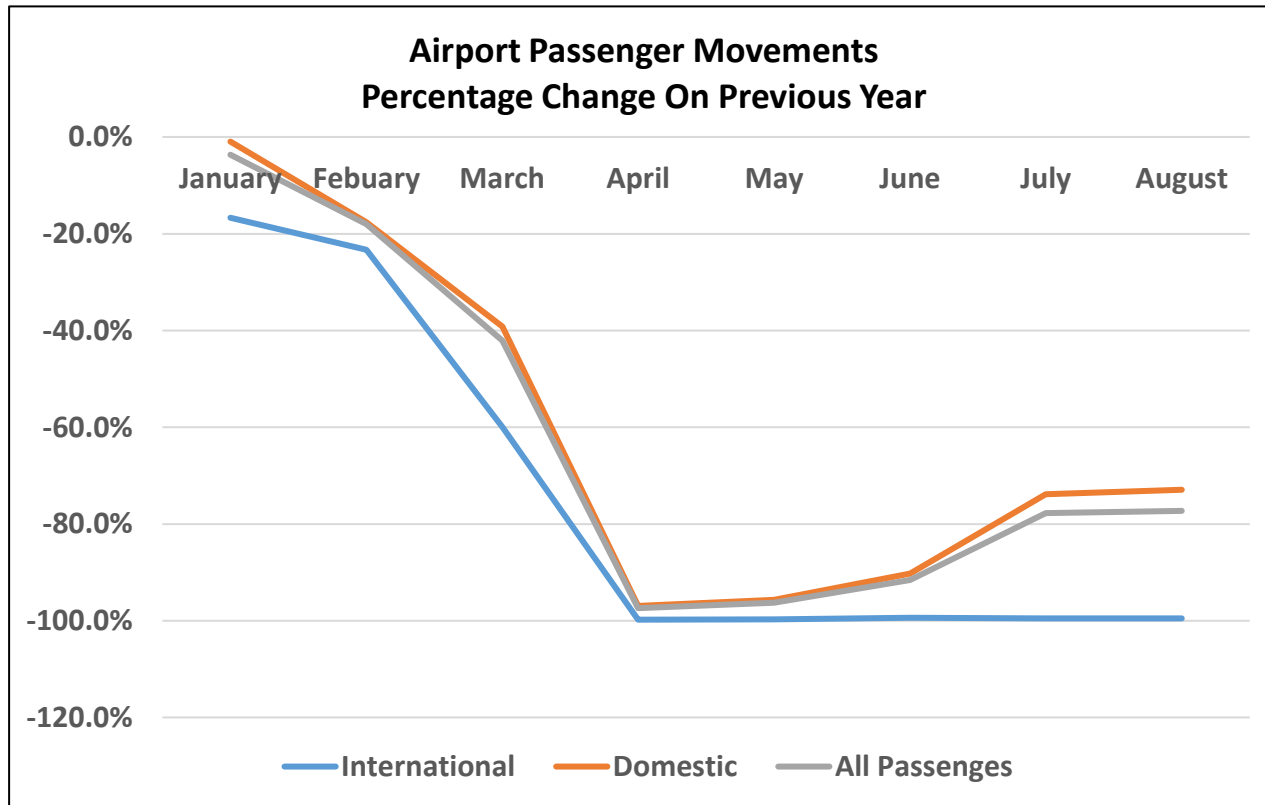
UNKNOWN IMPACT

CONSTRUCTION INVESTMENT – 8,300 DIRECT

ESTIMATE

UNEMPLOYMENT FROM ABOUT 6% UP TO 20%

TOURISM



Source: Cairns Airport PL.

VALUE :	QUEENSLAND – ONE THIRD	INTERSTATE – OVER ONE THIRD	INTERNATIONAL – ALMOST ONE THIRD
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OTHER PARTS OF ECONOMY

FOOD, RECREATION, ENTERTAINMENT

- **INITIAL LOCK DOWN LOCAL –**
Mar, Apr, May, June
- **RELAXATION –**
July, Aug, Sep

TOURISM

- **QUEENSLAND TRAVEL –**
Substitute to interstate
and overseas travel effect

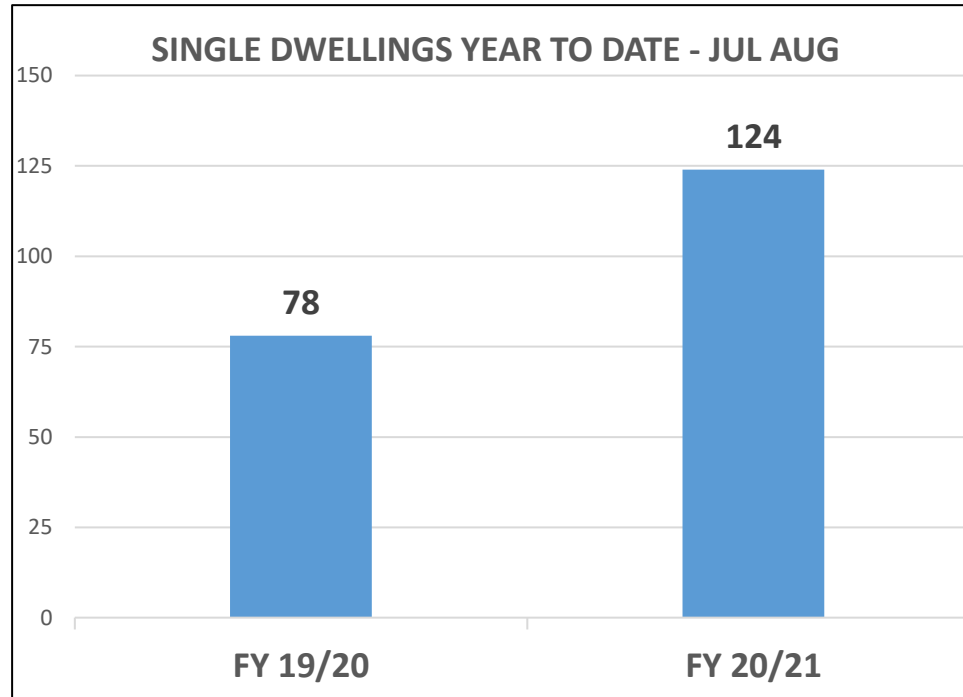


MASSIVE GOVERNMENT SUPPORT

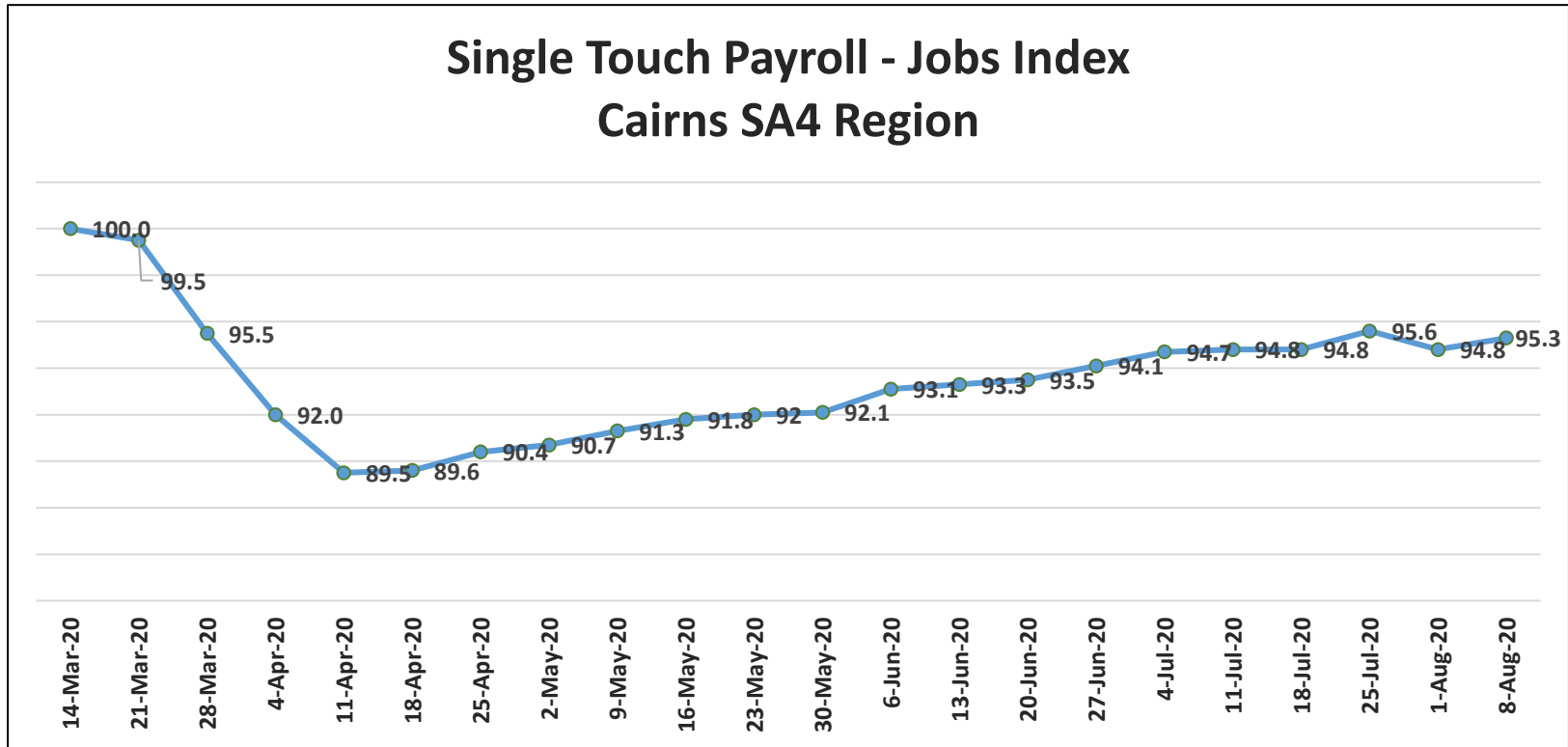
JOBSEEKER	FROM ABOUT \$20M TO \$80M A MONTH	6 months +360M
JOBKEEPER	ABOUT 9,000 BUSINESSES AND ORGANISATIONS @ AVERAGE 3 PER BUSINESS	6 months +\$486M minimum
CASH INJECTION	BUSINESSES EMPLOYING – SMALL \$20,000	
CONSTRUCTION ASSISTANCE PROJECTS		
RESERVE BANK	MONETARY POLICY \$52BN	\$520M
STATE GOVERNMENT		
LOCAL GOVERNMENT		
PRIVATE	UP TO \$20,000 SUPER WITHDRAWAL	Up to \$600M
TOTAL FEDERAL GOVERNMENT		Over \$300BN
CAIRNS/TNQ SHARE		Over \$3.0BN
IN ECONOMY		~ \$14BN PA

CONSTRUCTION

CAIRNS CITY COUNCIL BUILDING APPLICATIONS APPROVED



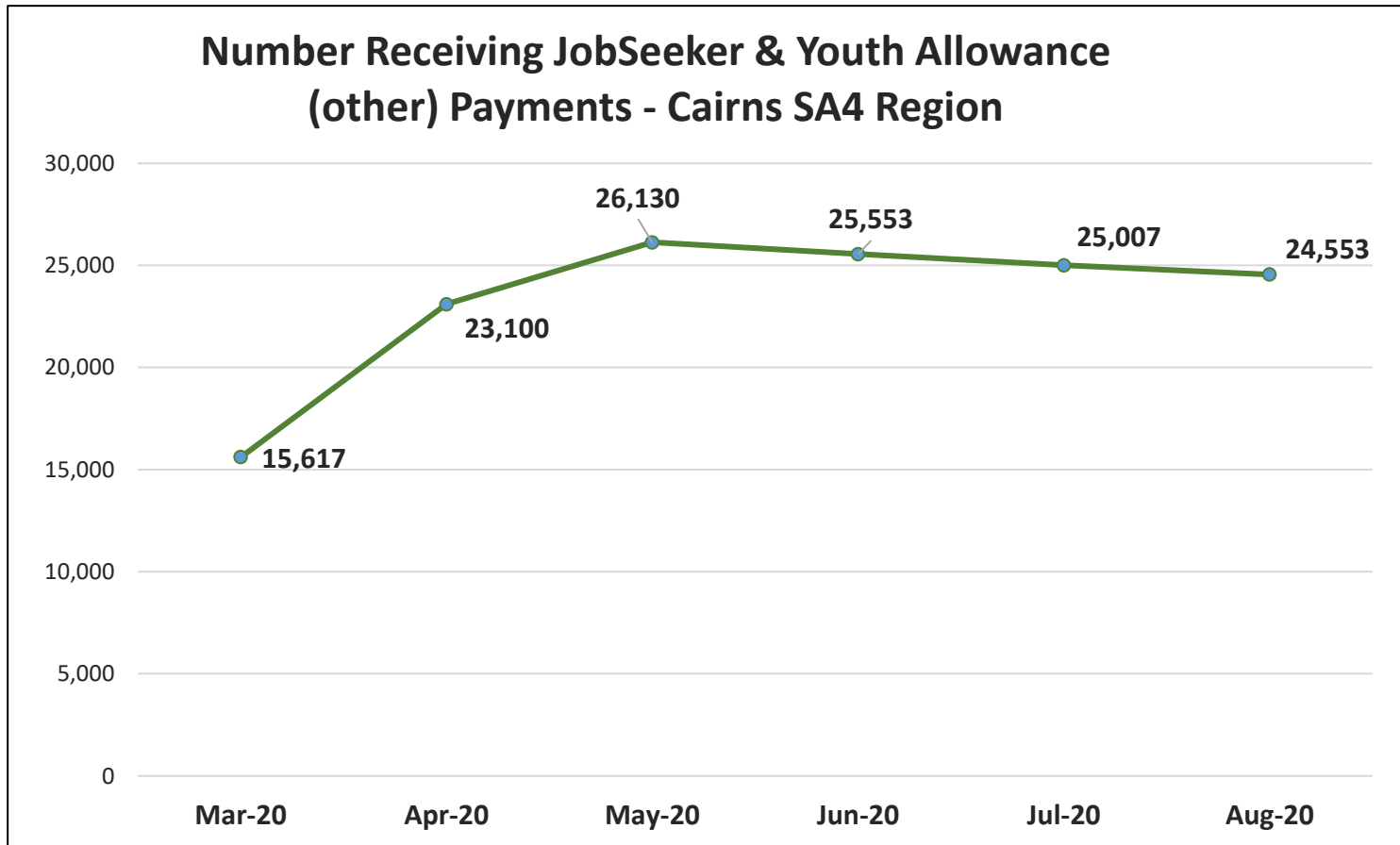
RESULTING OVERALL LEVEL OF ACTIVITY



APRIL DOWN 11% | LATEST DOWN 5%

Source: Cummings Economics from Australian Bureau of Statistics Cat No. 6160.0.55.001.

JOBSEEKER CHART



Source: Cummings Economics from Australian Department of Social Services.

NEXT 12 MONTHS

DEC QTR

NEGATIVE

NO CASH SUPPORT OF \$5,000 SMALL BUSINESS
JOBSEEKER - MODERATED
JOBKEEPER – SOME BUSINESSES OUT
DEFERRED PAYMENTS HIT INDIVIDUALS & FIRMS

POSITIVE

CONTINUING RELAXATIONS – LOCAL/ QLD POSSIBLE INTERSTATE BY XMAS

MAR QTR

NEGATIVE

CONTINUING SCALED DOWN GOVERNMENT SUPPORT
DEFERRED PAYMENTS HIT INDIVIDUALS & FIRMS
SUPERANNUATION ACCESS CEASES

POSITIVE

(?) OPENING INTERSTATE/ OVERSEAS MARKET POSSIBLE SOME BUBBLES
POTENTIALLY TWO THIRDS OF MARKET BACK OPEN BUT LOW SEASON

**BEYOND
MAR QTR**

NEGATIVE

CONTINUING SCALED DOWN GOVERNMENT SUPPORT

POSITIVE

(?) POSSIBLE INTERNATIONAL BUBBLES

TRAGEDY

WHAT COULD WE HAVE DONE WITH THE \$3BN OF SPECIAL GOVERNMENT SUPPORT MONEY

- **PORT ?**
- **ROADS ?**
- **DAMS ?**
- **HOSPITAL ?**
- **UNIVERSITY DEVELOPMENT ?**

FISCAL BURDEN & CUT BACK INTO FUTURE

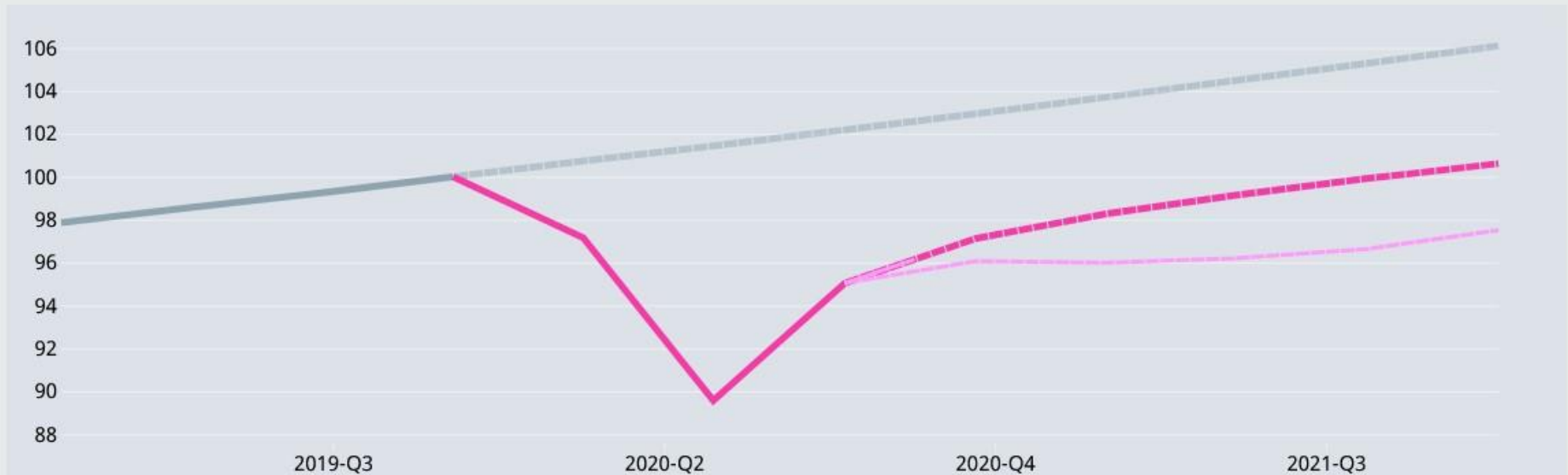


WORLD ECONOMY DOWN

OECD Economic Outlook September 2020

World GDP, index 2019-Q4=100

Compare with June forecasts:



If the threat from the virus fades more quickly than expected, improved consumer confidence could boost global activity sharply in 2021.

Source: OECD (2020), "OECD Economic Outlook, Interim Report September 2020", OECD Economic Outlook: Statistics and Projections (database).



WORLD ECONOMY AFFECTED

Real GDP Growth

%, year-on-year

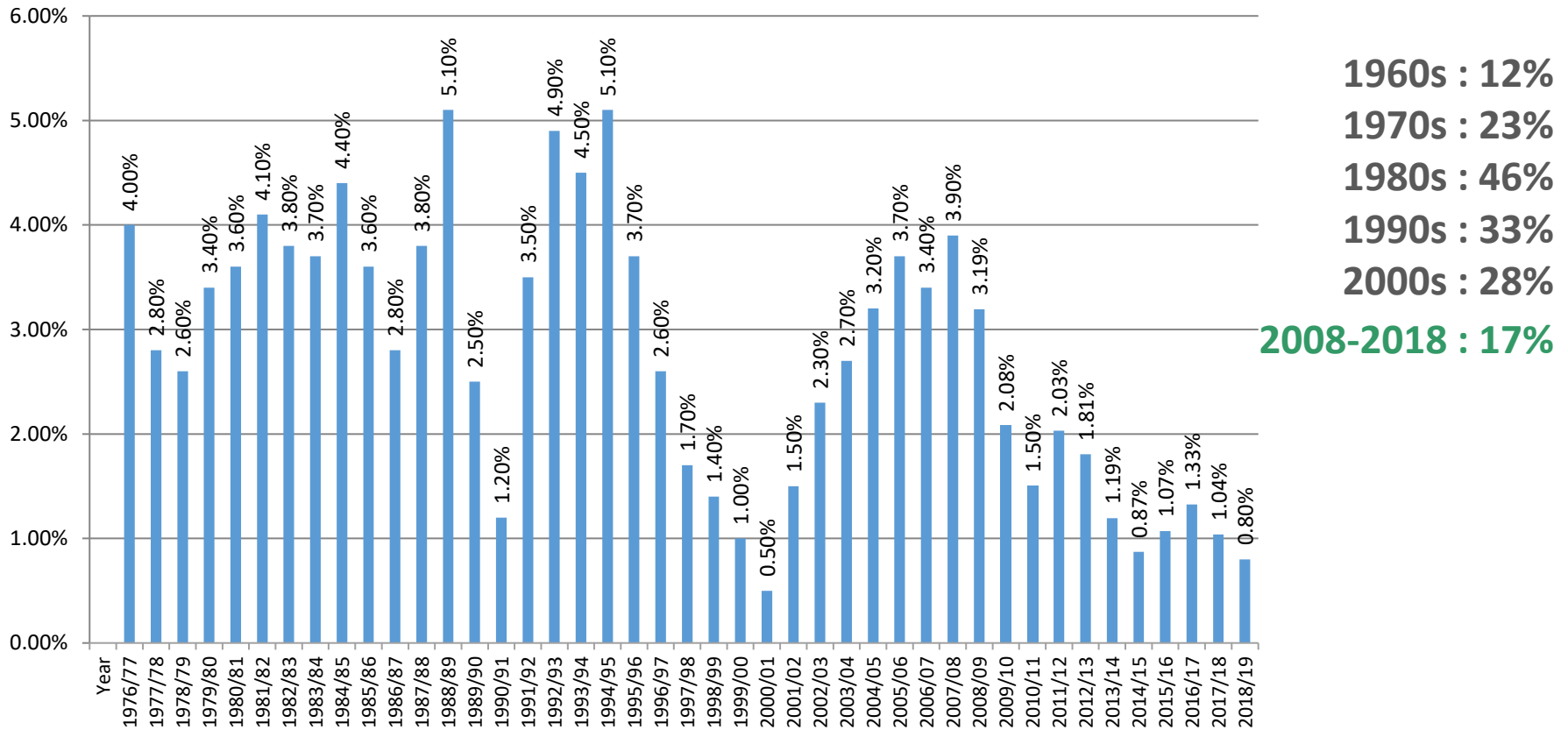
Country	2019	2020	2021
Argentina	-2.1	-11.2	3.2
Australia	1.8	-4.1	2.5
Brazil	1.1	-6.5	3.6
Canada	1.7	-5.8	4.0
China	6.1	1.8	8.0
France	1.5	-9.5	5.8
Germany	0.6	-5.4	4.6
India	4.2	-10.2	10.7
Indonesia	5.0	-3.3	5.3
Italy	0.3	-10.5	5.4
Japan	0.7	-5.8	1.5
Korea	2.0	-1.0	3.1
Mexico	-0.3	-10.2	3.0
Russia	1.4	-7.3	5.0
Saudi Arabia	0.4	-6.8	3.2
South Africa	0.1	-11.5	1.4
Turkey	0.9	-2.9	3.9
United Kingdom	1.5	-10.1	7.6
United States	2.2	-3.8	4.0
World	2.6	-4.5	5.0
Euro area	1.3	-7.9	5.1
G20	2.9	-4.1	5.7

Forecasts are highlighted by the light grey background

Source: OECD (2020), *OECD Economic Outlook, Interim Report September 2020*, OECD Economic Outlook: Statistics and Projections (database). - Created with Datawrapper

FUTURE CHALLENGE CAIRNS POPULATION GROWTH

CAIRNS LOWEST DECADE OF POPULATION GROWTH SINCE 1960s



Source: Cummings Economics from ABS Data.

DRIVERS OF ECONOMIC GROWTH

ESTIMATED GROWTH OF KEY SECTORS EARNING OUTSIDE INCOME (ie. Pre Covid)

	ACTUAL	EXCLUDING INFLATION	“REAL” GROWTH
FARM GATE AGRICULTURE 2005/06 – 2017/18	\$687 m	\$388 m	+ 40%
MINING 2005/06 – 2016/17	\$587 m	\$478 m	+ 131%
TOURISM 2005/06 - 2019	\$1,058 m	\$230 m	+ 9%

COVID EXTRA CHALLENGE



RESET NEEDED

STRATEGY SET IN 1960s EARLY 70s

COULDN'T RELY ON SUGAR EXPANSION FOR EVER

TOWNSVILLE – ARMY BASE, UNIVERSITY, MARINE RESEARCH CENTRE, MINING & PASTORAL HIGH

CAIRNS – RISK OF BEING LEFT BEHIND

STRATEGY HIGHLY SUCCESSFUL FOR 40 YEARS

TIME FOR A RESET

CHALLENGE TO NEW GENERATION

Article “Cairns Connect”

4 FIELDS OF OPPORTUNITY

3 CHANGES IN PREOCCUPATIONS

2 IMPLICATIONS



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