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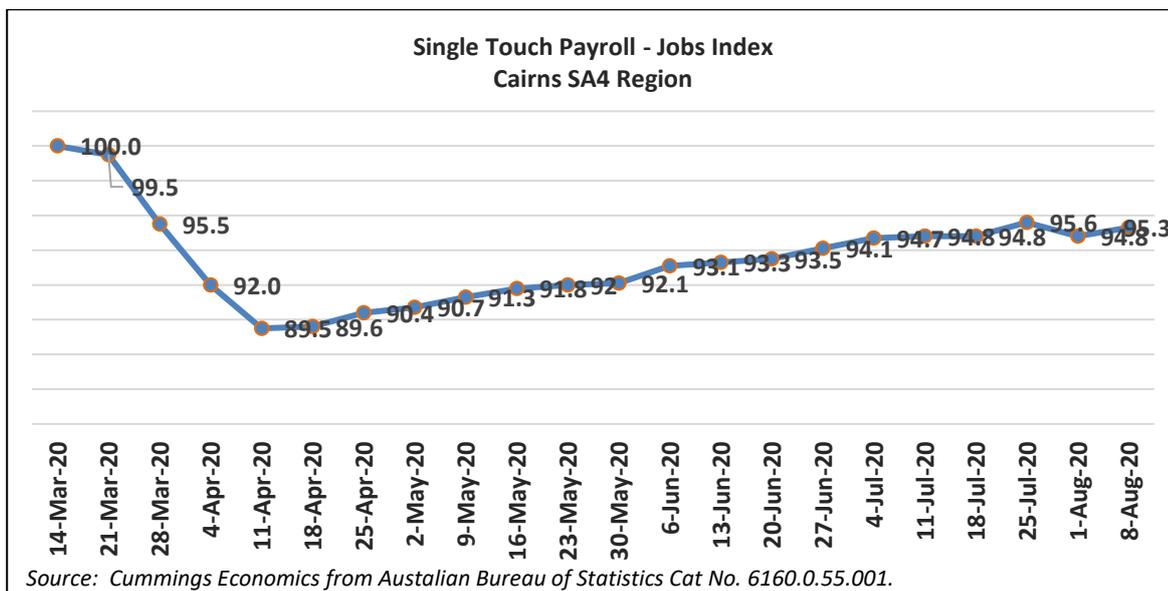
CAIRNS REGION – RISING FROM THE ASHES

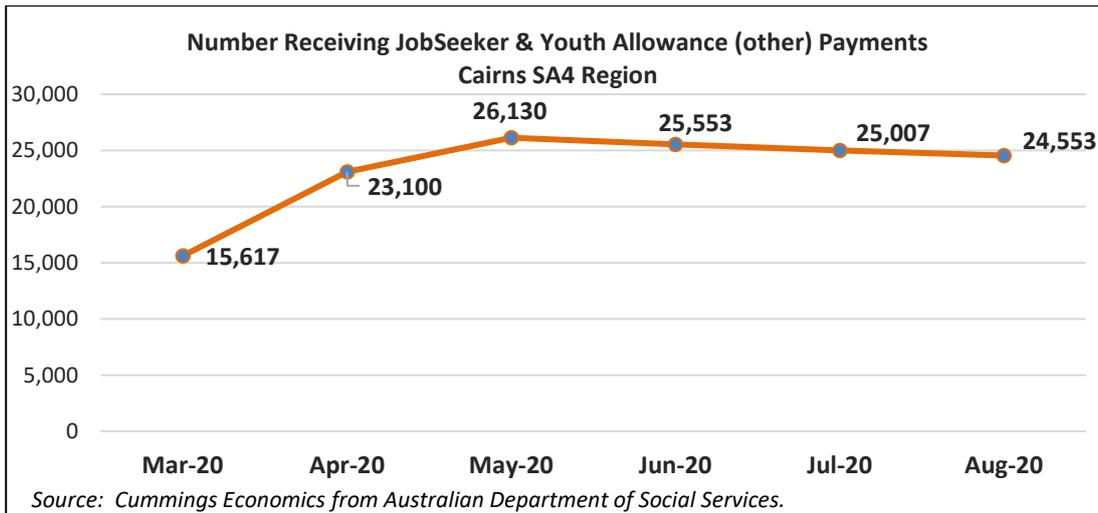
The excellent history of Cairns by Dorothy Jones, *“Trinity Phoenix”*, published at the time of the Cairns Century in 1976, records how the tiny settlement of Cairns on the shores of Trinity Inlet was almost eclipsed by other port settlements along the coast. But, like the Phoenix of mythology, having been burnt in fire rose again from the ashes.

The city and region, with its heavy exposure to interstate and international tourism, has been hard hit by the restrictions imposed to combat the Coronavirus. It is time now for the region like the Phoenix, to rise from the ashes. With local lockdowns over, most tourism restraints starting to lift and government incentives leading to an upsurge in dwelling construction and the property market, prospects for a progressive recovery during the rest of 2020-21 are looking promising.

RECOVERY ALREADY UNDERWAY

Latest figures available indicate that after the major impact of the local lockdown in April, the recovery is already underway. The Jobs Index of Payroll Returns to the Australian Tax Office indicates jobs in the Cairns region plunged by 11% during April but, propped up by JobKeeper support, have progressively returned to being only 5% down in August. While JobSeeker numbers soared in April and May, they have been drifting down since then.

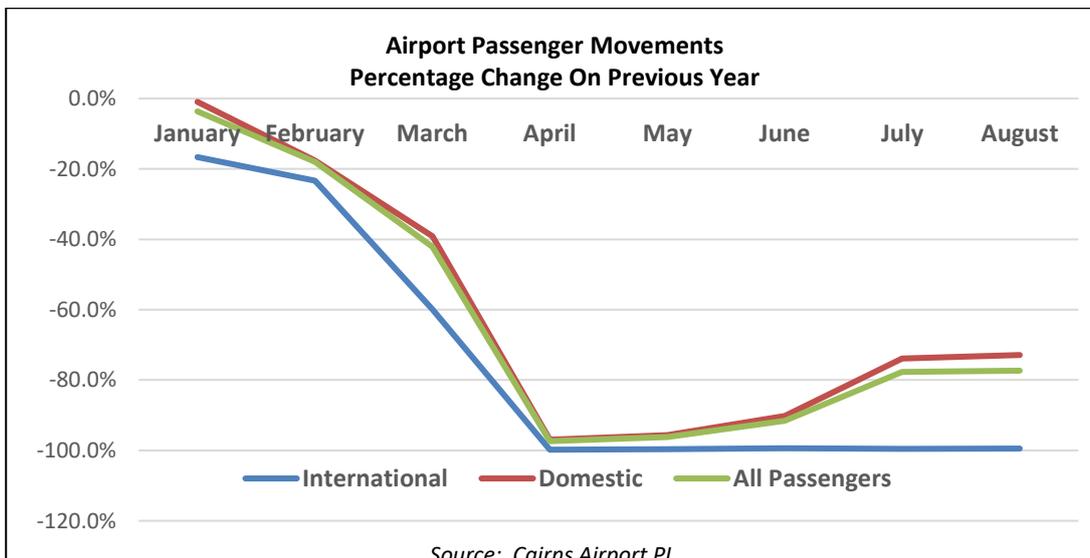




The airport’s international terminal figures remain dead. However, the one-third of our tourism income from travel within Queensland has been returning. Indeed in outlying areas of the region, it has returned very strongly.

Interstate tourism has historically accounted for over a third of our tourism income and it seems likely to return in the not too distant future, with hopes for a surge in “pent up” demand because Australians still cannot travel overseas.

While the major international tourist markets’ contribution of the final one third of tourism income seem likely to be locked out until well into the future, there are prospects of some “bubble” services from countries like New Zealand and Singapore and special arrangements with Papua New Guinea.

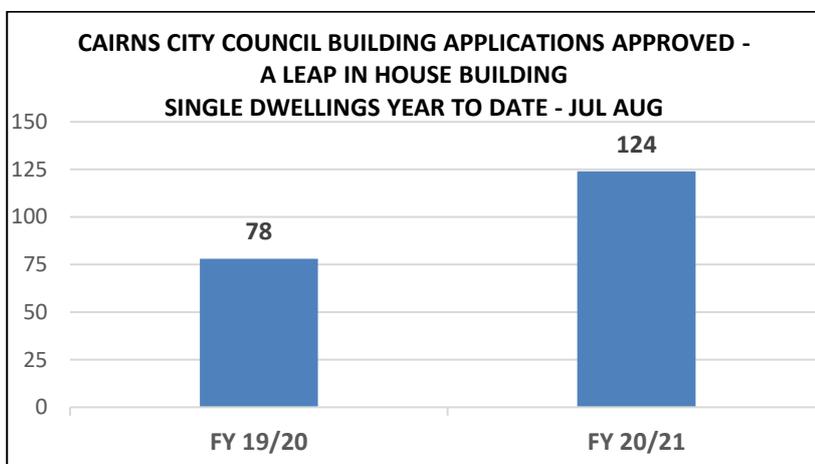


VALUE :	QUEENSLAND – ONE THIRD	INTERSTATE – OVER ONE THIRD	INTERNATIONAL – ALMOST ONE THIRD
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Those businesses heavily dependent on international tourism and education will continue to be heavily affected, and it is of some concern that the JobKeeper assistance to these firms will cease end March. However, it is important not to over emphasise their position in the overall regional economy of about 8%.

THE FEDERAL GOVERNMENT’S LENDING HAND

Of course, the impact of the restrictions would have been much worse but for the massive support of the Federal Government that will see something like \$1BN pumped into the Cairns regional economy over the 12 months end March 2020 to end March 2021. On top of this, of the order of \$600M extra will flow through over this period from JobSeeker. The special incentives for construction has fired up number of single dwelling building approvals in Cairns.



And to help the economy recover, the recent Federal budget passes from “holding the line” with JobSeeker and JobKeeper to major JobMaker stimulus of income tax reductions and incentives to business to invest in new capacity but also to recoup part of the large losses the restrictions have caused.

The tax environment for businesses has probably never been friendlier in recent times. On top of this, there are substantial incentives to accelerate project spending by Federal, State and Local governments.

TIME FOR BUSINESS TO “SHOW ITS PACES”

The city’s businesses can have a great deal of confidence that the region can rise again to prosperity and growth.

Even though the city’s growth has been below its long-term averages over the past decade, the Cairns region has still managed to lead growth across the north and be among the fastest growing in regional Australia.

It's a lucky region with a range of strong sectors other than tourism. Its agricultural industries have been growing. Recent calculations on the historic drivers of the region's development indicate that in 'real' terms (ie. excluding inflation), the value of agricultural production had grown by 40% between 2005-06 and 2017-18. With 26% of Australia's water runoff, the potential to keep this growth going is high.

Mining in this region is a smaller sector. The same calculations indicated that value of production had risen by of the order of 130% in 'real' terms from 2005-06 to the latest figures available in 2016-17. There are still significant opportunities for further expansion in the area.

Because the Cairns region is now the largest in population in the north, opportunities are occurring to increasingly bring metropolitan level services to the region in fields like education, health, sports, entertainment and events.

The region is well placed to increase its role as a prime gateway hub centre in the wider North Australia's Pacific region, especially against a background of Australia's "Pacific Engagement".

The Cairns region has always been a private enterprise led region. With very favourable government incentives in place, it is now time for business to "show its paces" to lift the region Phoenix like back to self-reliant prosperity and growth.