

# CUMMINGS ECONOMICS

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## AVIATION IN THE CAIRNS REGION LEADING REGIONAL AUSTRALIA

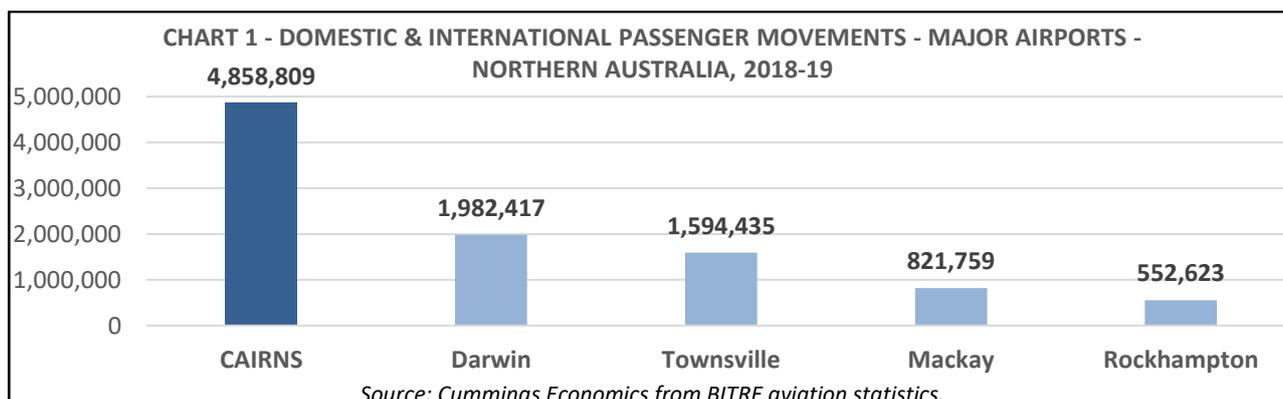
### Article For Connect Cairns Magazine

Recent research carried out by Cummings Economics highlights that the Cairns region not only leads the north in aviation development, but the region now leads in aviation employment in all of regional Australia outside the major metropolitan centres. It also highlights the important role the sector plays in the region's economy. While Covid has temporarily severely affected much activity during 2020 and 2021, some elements have prospered and grown.

#### Northern Leadership in Passenger Movements

With the largest regional residential population in northern Australia and by far the largest tourism flows, it is not surprising that Cairns Airport leads the north in domestic and international passenger flows that have grown over the years to close to 5 million pre-Covid in 2018-19.

As **Chart 1** illustrates, Cairns Airport domestic and international passenger flows dwarf other northern airports to total almost as many passengers as the others combined.



But Cairns Airport not only leads the north in passenger movements, it exceeds other non-metropolitan airports of Federal, State and Territory capitals of Canberra, Hobart and Darwin and is only exceeded by metropolitan fringe Gold Coast airport (see **Table 1**).

TABLE 1 – DOMESTIC & INTERNATIONAL PASSENGER MOVEMENTS, PRE-COVID 2018-19	
Gold Coast	6.4 million
<b>CAIRNS</b>	<b>4.9 million</b>
Canberra	3.2 million
Hobart	2.7 million
Darwin	2.0 million

Source: Cummings Economics from BITRE aviation statistics.

## LEADERSHIP IN EMPLOYMENT

However, Cairns Airport operations include a large general aviation sector that services an area one and a half times the size of Victoria, an area poorly serviced by roads and regularly cut off from Cairns during the wet season. This results in a relatively large number of aircraft servicing the area along with coastal surveillance, medical and emergency aircraft, and tourism sight-seeing services. These services extend north to Papua New Guinea. Apart from international passenger services provided by Air Niugini (with substantial location of pilots in Cairns), there are usually regular charter services including passengers and freight into at least five locations in Papua New Guinea.

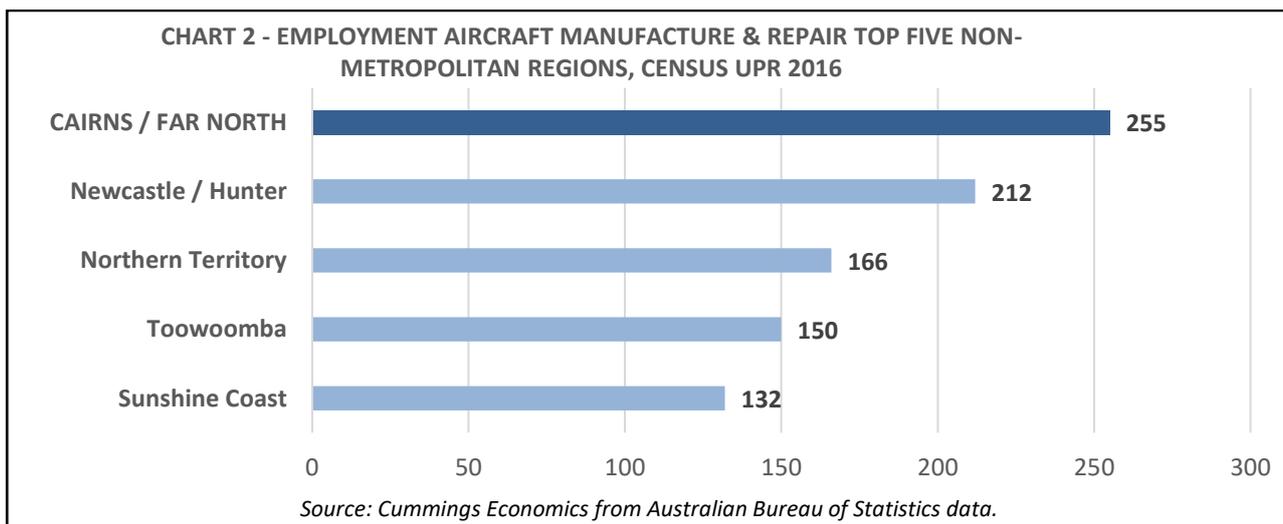
Against this background, the Cairns region leads the Gold Coast in employment recorded in Air Transport (see **Table 2**), and leads all non-metropolitan regions.

<b>CAIRNS / FAR NORTH</b>	<b>1154</b>
Gold Coast	1108
Northern Territory	811
Sunshine Coast	628
Illawarra	545

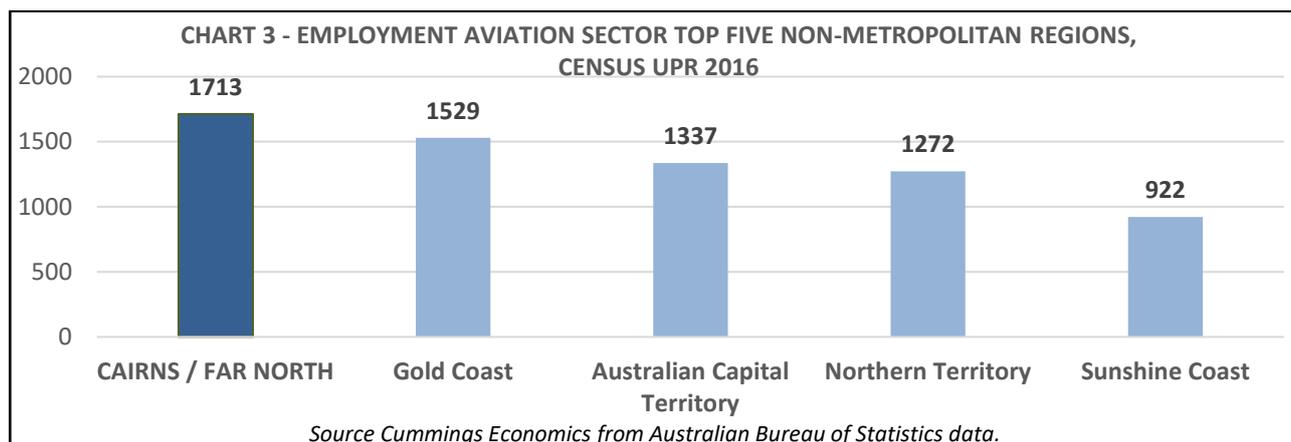
*Source: Cummings Economics from Australian Bureau of Statistics data.*

All this small aircraft activity has led to Cairns developing as an aircraft maintenance and repair centre that has included attracting the major Hawker Pacific operation that draws up to medium size aircraft from around Australia and the Asia Pacific region in competition with centres in southern Australia and Asia.

As **Chart 2** illustrates, the Cairns region leads non-metropolitan centres in employment in this type of activity with Newcastle/ Hunter region next followed by the Northern Territory.



Despite being behind Canberra and Gold Coast in ‘other air transport support services’, the Cairns region leads in total aviation sector employment (see **Chart 3**).



## AN IMPORTANT ROLE IN THE REGIONAL ECONOMY

The important role the domestic and international services play in the region's economy is well known. With most visitors to the region arriving or departing by air, a large part of the region's \$3.5bn earnings from overnight visitors is dependent on the airport.

In 2018-19, apart from domestic freight, some 2,400 tonnes of extremely high value freight was exported to overseas markets, especially high value seafoods. In the past, up to about 2,000 FIFO workers, especially to mining operations across the north and into Papua New Guinea were identified bringing large amounts of wage incomes into the region.

Past estimates of the impact of the Cairns airport on the economy, including the value of industry activity dependent on the airport, have indicated the airport was accounting for over 20% of the region's employment and economic activity including 'flow-on' effects.

However, not so well identified has been the impact of the 'cluster' of general aviation and maintenance activity located on the western side of the airport.

Typical of the type of skilled services 'clusters' of a type identified by economist Michael Porter in the 1990s, the cluster has grown over the years to include highly specialised services like avionics and a specialist education and training element (Cairns Aviation Skills Centre).

The research indicated that the general aviation and maintenance sector resulted in the location of over 100 aircraft based at Cairns Airport, some 33 different operations (some jointly owned and operated), a turnover of an estimated \$320 million in 2019, direct employment of over 700 and with 'flow-on' effects, accounted for an estimated total of 1700 jobs in the area.

## COVID IMPACTS

Clearly, large parts of the aviation sector have been heavily affected by COVID in 2020 and 2021.

However, while some sectors of the general aviation (especially those involved in tourism flights), were negatively affected, some, especially in the maintenance sector, after initial lockdown effects, have seen increases in business in late 2020 and through 2021, as regional air services were sustained and aircraft diverted from overseas maintenance to services within Australia.