THE CAIRNS ECONOMY
Realities, Successes, Failures, Lessons
*Where to from here?*

Ref: J2130
July 2008
A TIME OF CHANGE

- Climate change doubts
- Green house gas responses
- New oil shock
- Loss of air services to Japan
- New governments
- Council amalgamation
- New political parties
- Sale of airport
- Credit squeeze
- Inflationary pressures
Industries earning outside income based on natural resource advantages

SERVICE INDUSTRY STRUCTURE
SERVICE INDUSTRY
OUTSIDE EARNINGS

- Trade area expansion, especially higher order services.
- Specialist skills, “Clusters”.
1960’s / 1970’s

- Trade area expansion
  = blocked - south weak to north.

- Special skill clusters
  = weak – not enough.

- Base industry expansion/diversification
  = pursued.
CAIRNS’ FOREMOST ECONOMIC ROLE

Servicing City/Capital

- (A transport, distribution, manufacturing, retail, administrative, services hub for Far North Queensland)
The Tropical North Queensland region serviced by the city of Cairns is 1½ times the size of Victoria. It is as deep from north to south as the State of New South Wales, in area as large as the British Isles, and about the size of California.
TROPICAL -

- Initial challenges to technology from north west Europe.
- Late settled.
- Initially slow to develop.
- Now catching up.
NOT POOR IN UNDERLYING RESOURCES

- Plant Growth Potential.
- Marine Resources.
- Minerals.
- Natural Tourism Resources.
THE REGION ACCOUNTS FOR 26% OF AUSTRALIA’S WATER RUNOFF
NOT POOR IN UNDERLYING RESOURCES

- Plant Growth Potential.
Traditionally smaller but on the way up.

Mining company jobs risen recently from about 800 to about 1,600.

Extra 1,600 on way over 5-year time frame.

Air links to 17 mining operations – 2,100 ‘fly-in’ workers – more on the way.
Mining Related Air Services Queensland Areas
Mining Related & Other Relevant Air Services, Interstate & Overseas
NOT POOR IN MARINE RESOURCES

EMPLOYMENT IN MARINE INDUSTRIES
BY STATISTICAL DIVISIONS, 2006.

Source: ABS Census data plus estimated defence element.
## TOURISM RESOURCES
### Tourism Growth Phases

### CAIRNS AIRPORT PASSENGER MOVEMENTS
(Excluding international transits)

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997/98</td>
<td>2,725,000</td>
<td>0.4%</td>
</tr>
<tr>
<td>1998/99</td>
<td>2,770,000</td>
<td>1.7%</td>
</tr>
<tr>
<td>1999/00</td>
<td>2,882,000</td>
<td>4.0%</td>
</tr>
<tr>
<td>2000/01</td>
<td>2,972,000</td>
<td>3.1%</td>
</tr>
<tr>
<td>2001/02</td>
<td>2,878,000</td>
<td>(-3.2%)</td>
</tr>
<tr>
<td>2002/03</td>
<td>3,083,000</td>
<td>7.1%</td>
</tr>
<tr>
<td>2003/04</td>
<td>3,402,000</td>
<td>10.3%</td>
</tr>
<tr>
<td>2004/05</td>
<td>3,689,000</td>
<td>8.4%</td>
</tr>
<tr>
<td>2005/06</td>
<td>3,832,000</td>
<td>3.4%</td>
</tr>
<tr>
<td>2006/07</td>
<td>3,889,000</td>
<td>1.4%</td>
</tr>
<tr>
<td>2007/08</td>
<td>3,936,000</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Source: Cummings Economics from Cairns Ports data.
UNDERLYING FACTORS TO REALISATION OF REGION’S POTENTIAL

- Growing Global Markets.
- Transport Developments.
- Development of Technology Suited to the Area.
- Success Breeds Success.
TRANSPORT IMPROVEMENTS

- Bulk carriers.
- Improved roads and freight efficient road vehicles.
- Wide bodied jets.
• Impacts of skyrocketing fuel costs.

• Greenhouse gas measures.
New Generation of Aircraft in 2009

Boeing Dreamliners
Airbus A380
TECHNOLOGY SUITED TO THE AREA

- Health.
- Plant and animal breeds.
- Agricultural mechanisation.
- Reef and rainforest viewing.
- Everyday living.
SUCCESS BREEDS SUCCESS

- Build up industry, population, infrastructure.
- More sophisticated business services, education, health, sporting and cultural facilities.
- More civilised/comfortable place to live.
- Fall in real costs of living and doing business.
POWERFUL ADVANTAGES
DEVELOPING
AS A SERVICE CENTRE
NORTHERN AUSTRALIA AND
NEARBY ASIA PACIFIC
TROPICAL AUSTRALIA - Business Numbers in FINANCE, INSURANCE, PROPERTY & BUSINESS Services, June 2007

No. of businesses:

- Pilbara: 501
- Kimberley: 417
- Darwin/NT: 3,804
- Cairns/FNQ: 3,759
- Tvl/NQ: 3,312
- Mac/Mackay: 3,453
- Rctn/Fitzroy: 510
- Nth West/Ctl West: 0

Total: 5,535

Source: ABS Data.
Percent of Workforce in Education & Health Services Major Queensland Regions, 2006 Census (UPR)

<table>
<thead>
<tr>
<th>Statistical Division</th>
<th>Education &amp; Training</th>
<th>Health Care &amp; Social Assistance</th>
<th>Total</th>
<th>Total Workforce Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toowoomba/Darling Downs</td>
<td>8.9%</td>
<td>10.7%</td>
<td>19.6%</td>
<td>96,765</td>
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<tr>
<td>Townsville/North</td>
<td>8.1%</td>
<td>10.7%</td>
<td>18.8%</td>
<td>94,377</td>
</tr>
<tr>
<td>Rockhampton/Fitzroy</td>
<td>8.3%</td>
<td>8.6%</td>
<td>16.9%</td>
<td>87,632</td>
</tr>
<tr>
<td>Cairns/Far North</td>
<td>7.0%</td>
<td>9.3%</td>
<td>16.3%</td>
<td>107,468</td>
</tr>
</tbody>
</table>

Source: Cummings Economics from ABS Census data.
OTHER

- Indigenous communities.
- Defence and surveillance.
- Trade PNG and Papua Indonesia.
NEW OPPORTUNITIES

- In service industry catch up.
- In natural resource endowed base industries.
- In expanding trade area opportunities.
- In specialist skill cluster activity.
www.cummings.net.au