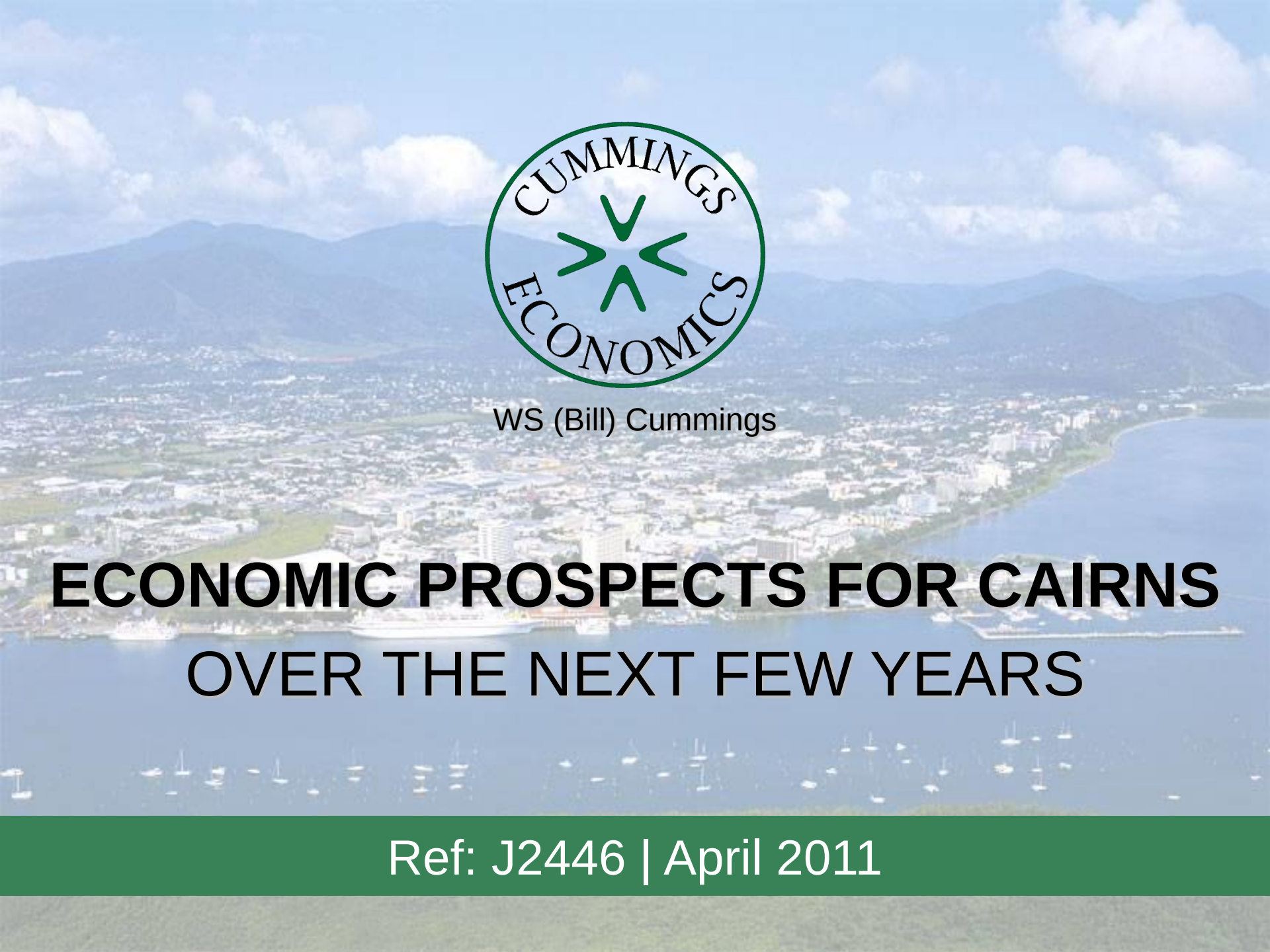
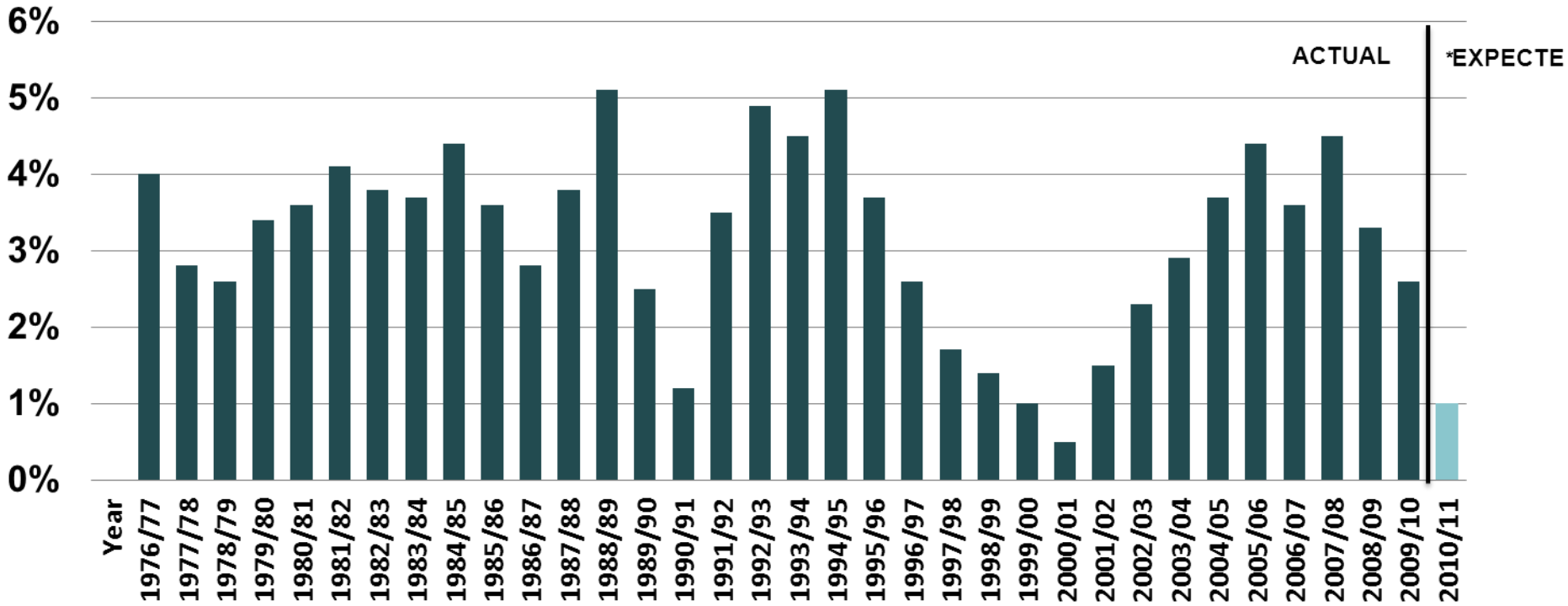


WS (Bill) Cummings

ECONOMIC PROSPECTS FOR CAIRNS
OVER THE NEXT FEW YEARS

Ref: J2446 | April 2011

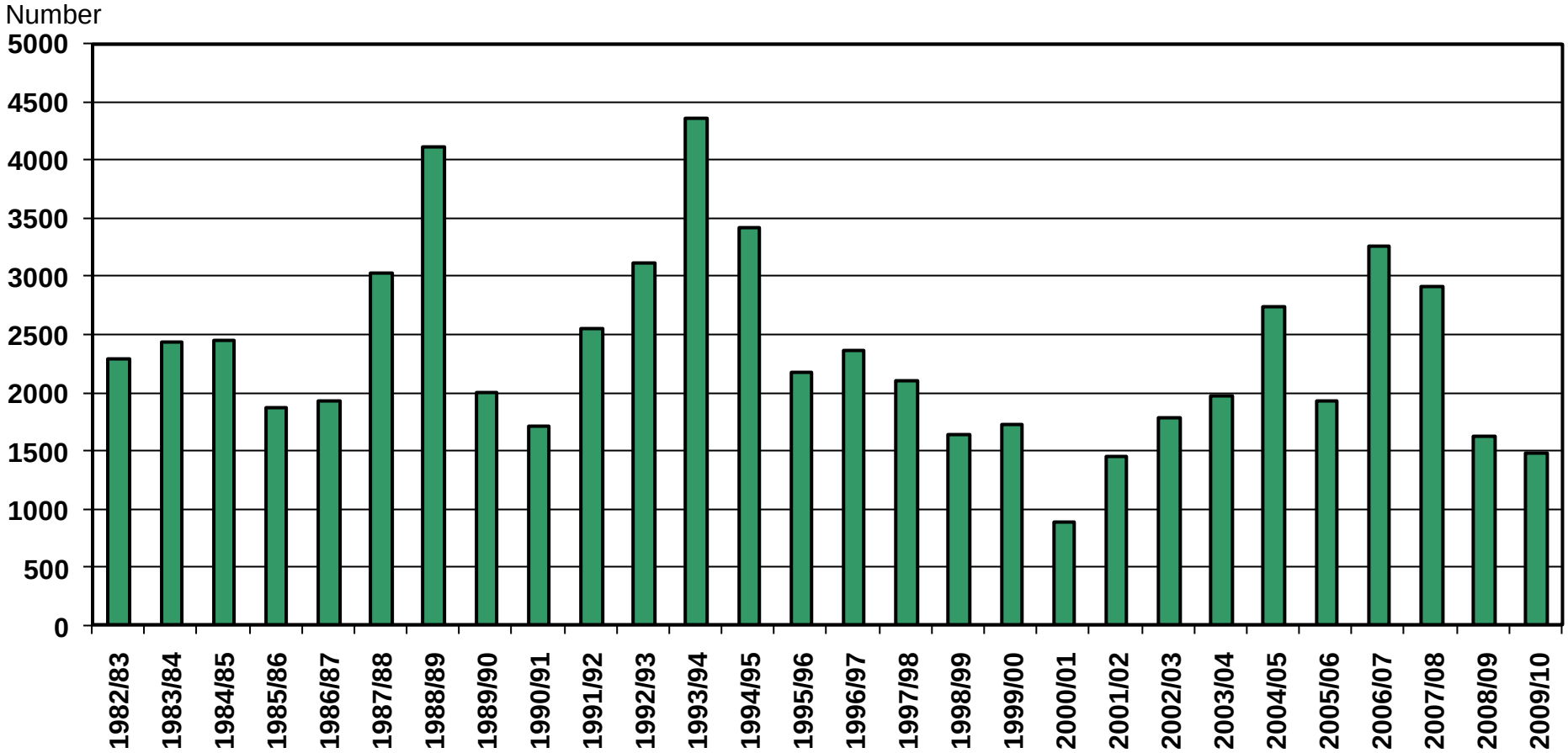
RESIDENTIAL POPULATION GROWTH - CAIRNS



* Note: Expected order of magnitude growth rate 2009/10 & 2010/11.

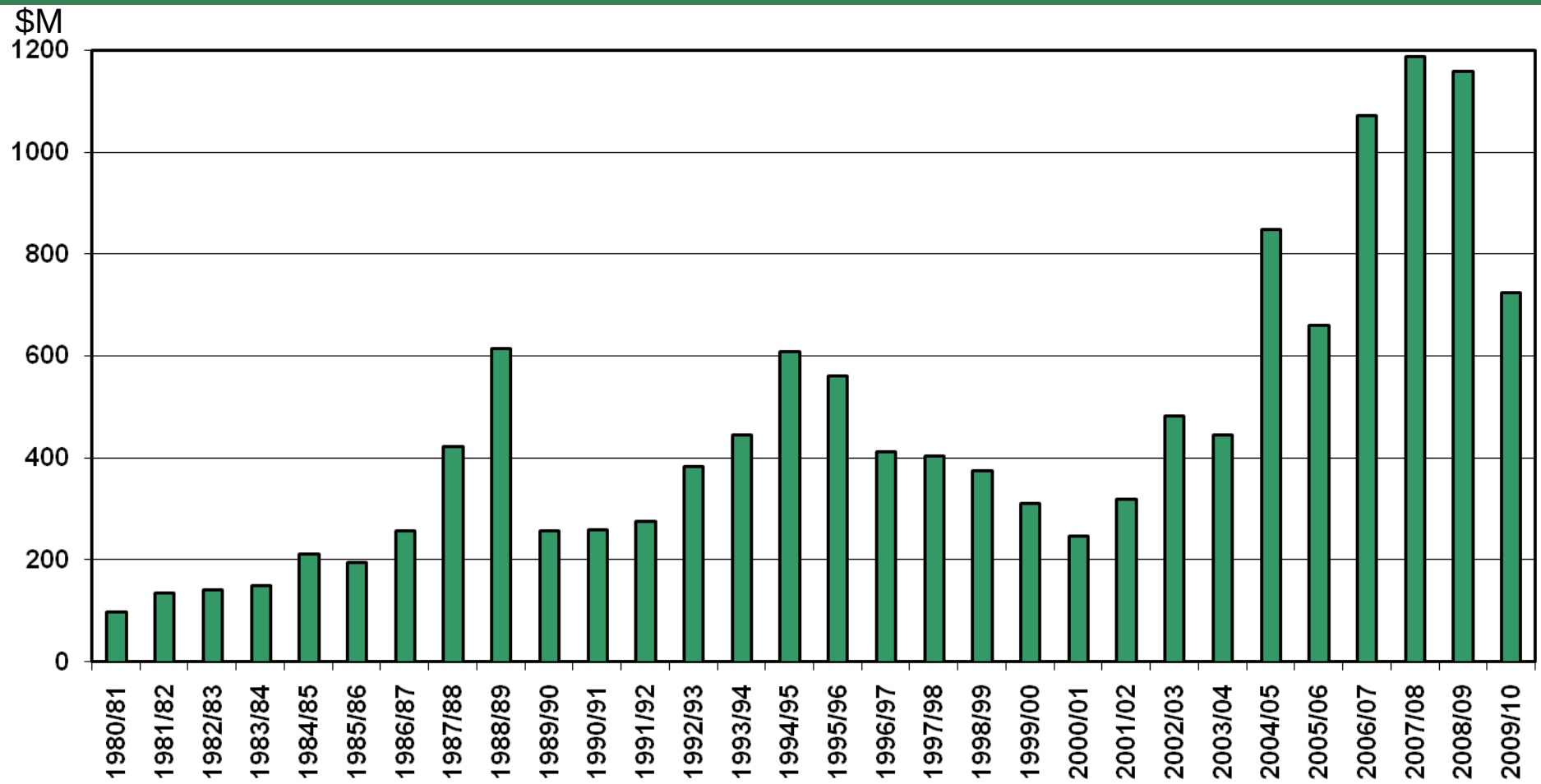
Source: Cummings Economics from ABS data.

DWELLING APPROVALS
Far North Queensland Statistical Division



Source: Cummings Economics from ABS data.

VALUE OF BUILDING APPROVALS
Far North Queensland Statistical Division

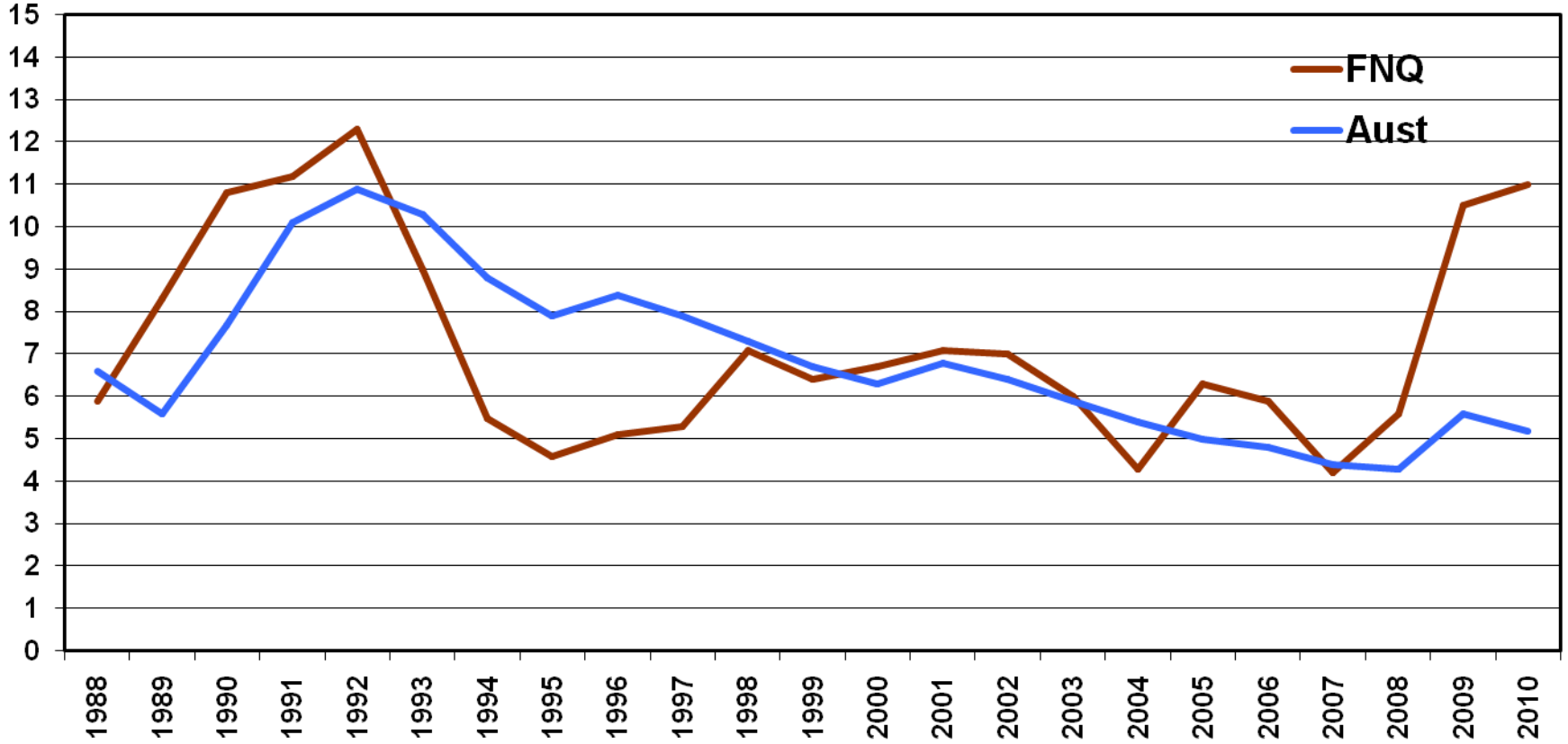


Source: Cummings Economics from ABS data.

WORKFORCE CHANGES CAIRNS SSD-URP

	Growth 1996-2001	*Growth 2001-2006*	
Agriculture, forestry & fishing	-15.38%	-27.04%	
Mining	-23.96%	74.35%	
Manufacturing	5.16%	0.02%	
Electricity, gas, water & waste services	53.28%	21.68%	
Construction	-14.66%	71.93%	Construction affected
Wholesale trade	-6.14%	-8.48%	
Retail trade	15.23%	10.94%	
Accommodation & food services	1.83%	-2.44%	
Transport, postal & warehousing	3.34%	15.32%	
Information media & telecommunications	-12.11%	-3.94%	
Financial & insurance services	-13.77%	12.50%	Construction affected
Rental, hiring & real estate services	-6.58%	26.06%	Construction affected
Professional, scientific & technical services	0.56%	21.68%	
Administrative & support services	4.06%	3.65%	
Public administration & safety	9.21%	38.48%	
Education & training	19.52%	11.93%	
Health care & social assistance	15.14%	26.57%	
Arts & recreation services	-6.14%	2.40%	
Other services	-12.81%	12.45%	
Total	**1.21%**	**16.35%**	

UNEMPLOYMENT RATE
FAR NORTH QUEENSLAND & AUSTRALIA



Source: Cummings Economics from ABS data.

Workforce Far North Queensland Statistical Division (1)

		Average Employed ('000)	Average Unemployed ('000)	Total Workforce ('000)	Average Unemployment Rate %
2008	1st half	130.8	8.0	138.8	5.8%
	2nd half	137.4	8.0	145.4	5.5%
2009	1st half	129.1	14.6	143.7	10.2%
	2nd half	132.1	16.3	148.4	11.0%
2010	1st half	133.5	16.6	150.1	11.0%
	2nd half	137.3	13.1	150.4	8.7%
Growth 2nd half 2010 on 1st half 2008					
No.		7.3	5.1	11.6	
Percent		*+5.5%*	*+63.8%*	*+8.4%*	

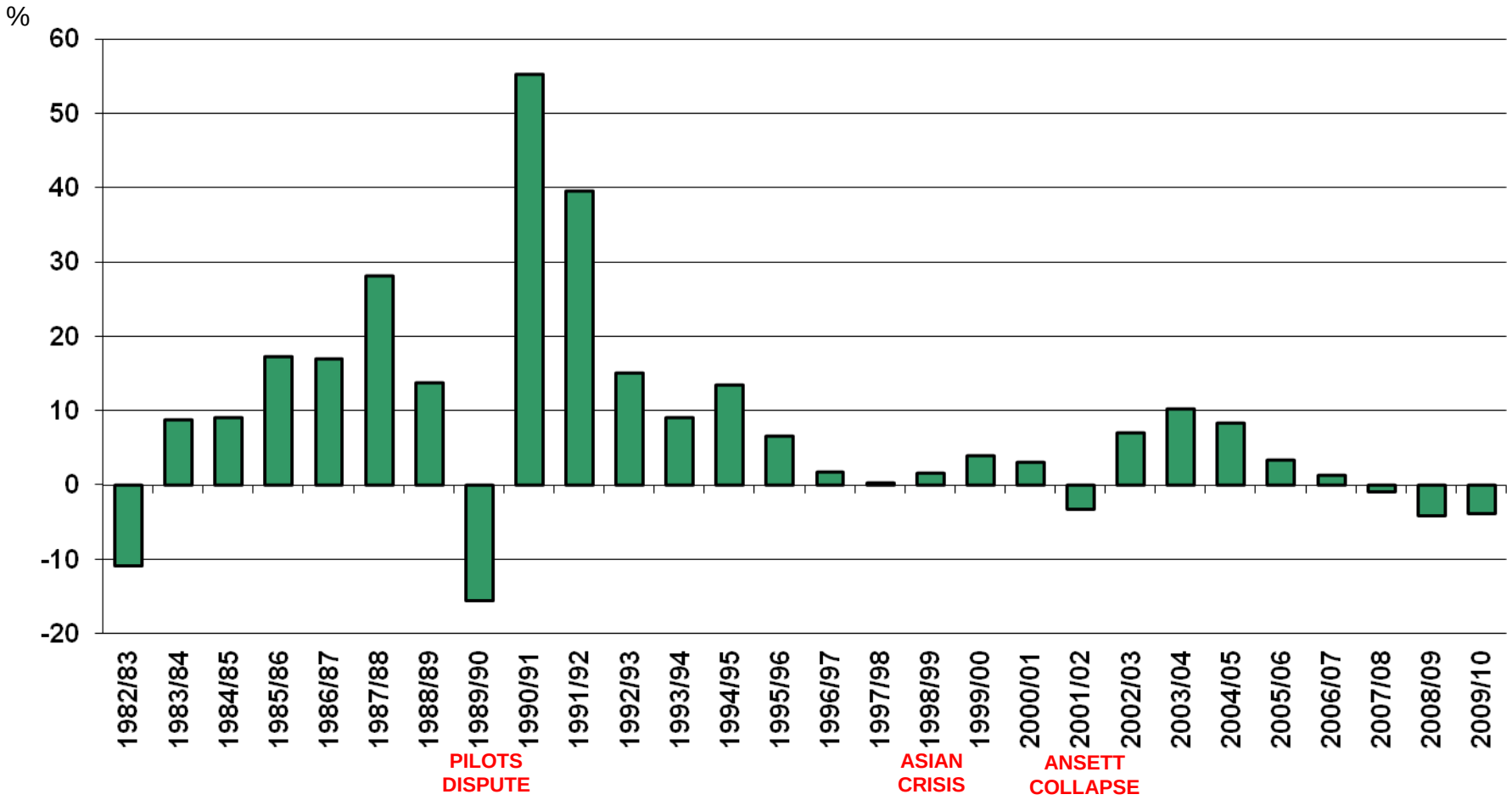
(1) *Note: Cairns city and its servicing region.*
Source: Cummings Economics from ABS data.

ESTIMATED INCOME OF 'BASE INDUSTRIES'
EARNING INCOME FROM OUTSIDE THE REGION (1)

Estimated 2008/09 Income	
Tourism	$2.5 bn
Primary industries	$1.7 bn
Mining	$0.7 bn
Other (manufacturing, service industries, regional trade, etc)	$1.0 bn
Total	**$5.9 bn**

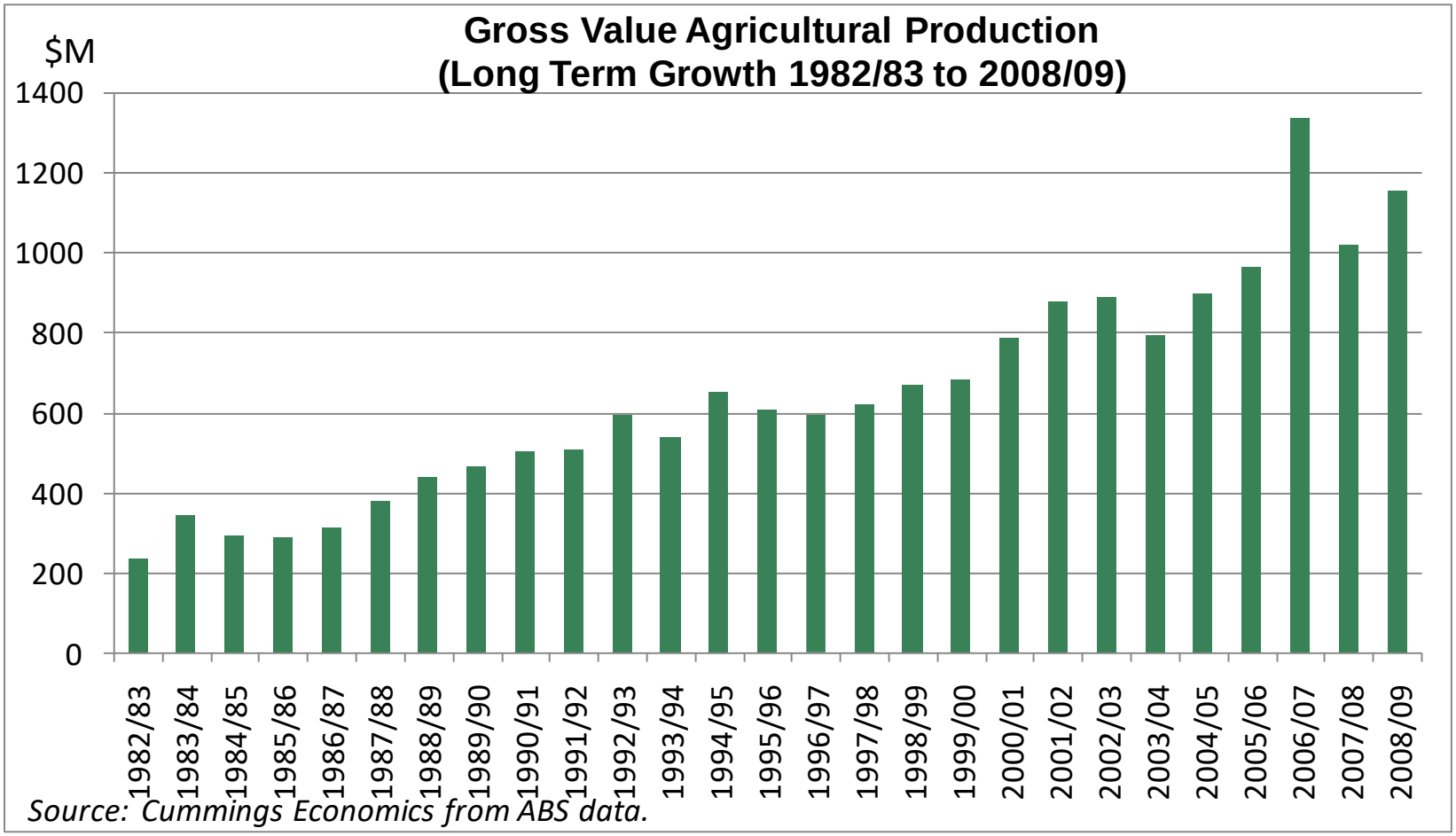
(1) *Note: ie. approximate regional exports overseas and to the rest of Australia.*

YEAR ON YEAR GROWTH IN PASSENGER NUMBERS CAIRNS AIRPORT



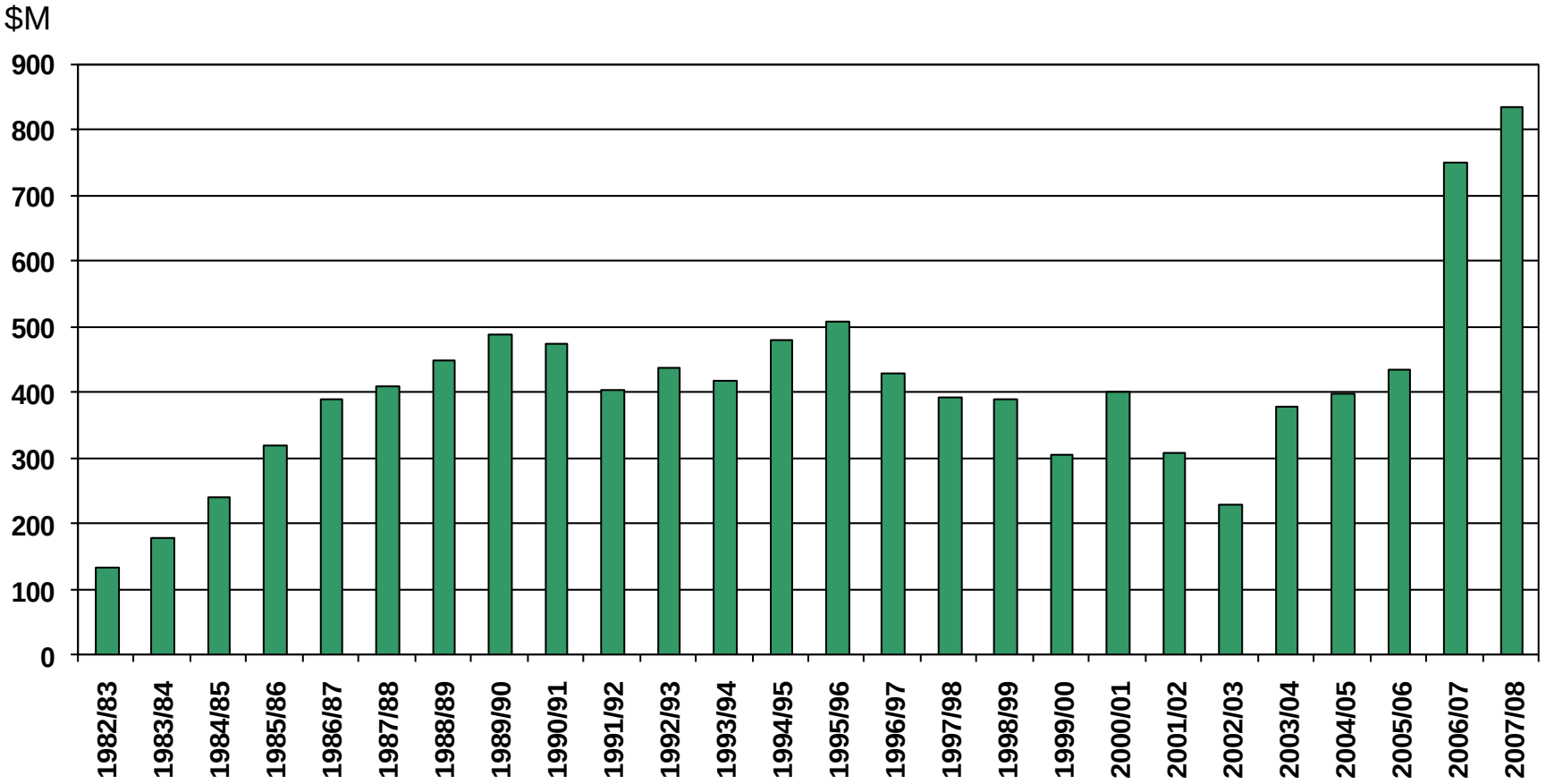
Source: Cummings Economics from ABS data.

GROSS VALUE AGRICULTURAL PRODUCTION
(LONG TERM GROWTH 1982/83 TO 2008/09)



Source: Cummings Economics from ABS data.

VALUE OF MINING FAR NORTH QUEENSLAND



Source: Cummings Economics from ABS data.

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Agriculture, forestry & fishing	-15.38%	-27.04%	**A** AGRICULTURE
Mining	-23.96%	74.35%	**M** MINING
Manufacturing	5.16%	0.02%	
Electricity, gas, water & waste services	53.28%	21.68%	
Construction	-14.66%	71.93%	
Wholesale trade	-6.14%	-8.48%	
Retail trade	15.23%	10.94%	
Accommodation & food services	1.83%	-2.44%	**T** TOURISM RELATED
Transport, postal & warehousing	3.34%	15.32%	
Information media & telecommunications	-12.11%	-3.94%	
Financial & insurance services	-13.77%	12.50%	
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Administrative & support services	4.06%	3.65%	
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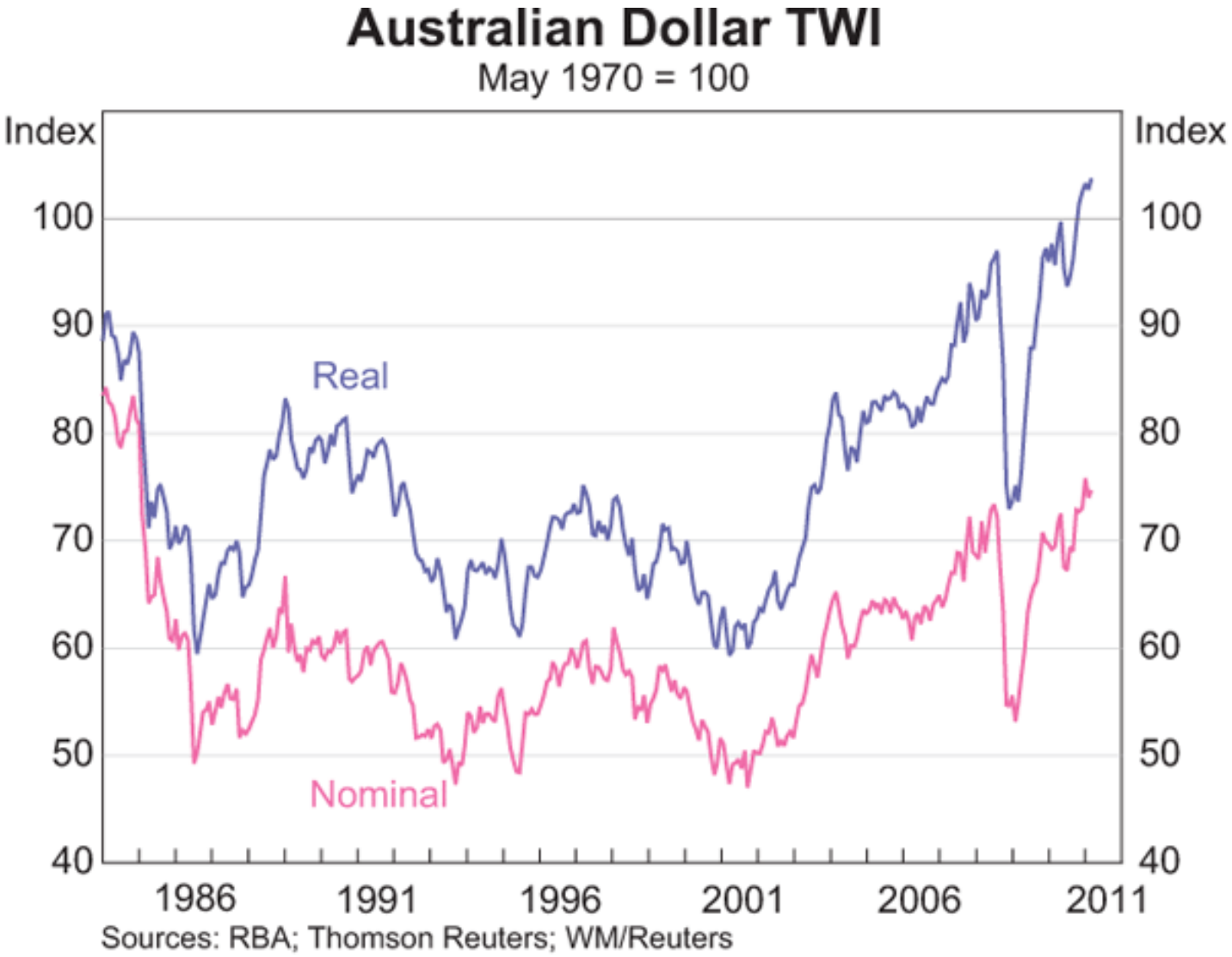
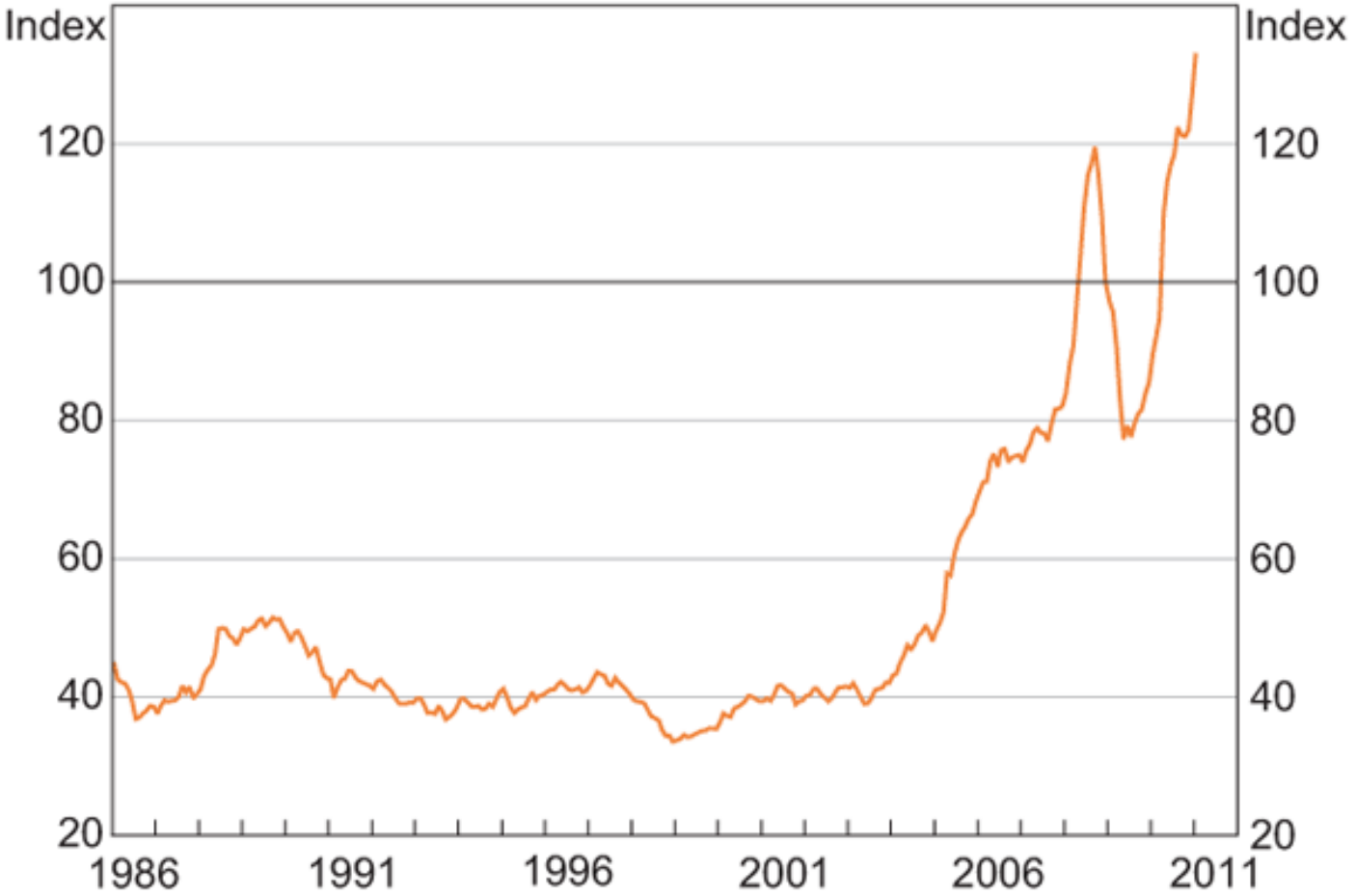

Australian Dollar TWI
May 1970 = 100
Index
Index
100
90
80
70
60
50
40
Real
Nominal
1986
1991
1996
2001
2006
2011
Sources: RBA; Thomson Reuters; WM/Reuters

RBA Index of Commodity Prices

2008/09 average = 100, SDR



Source: RBA

LATE 2008 & 2009

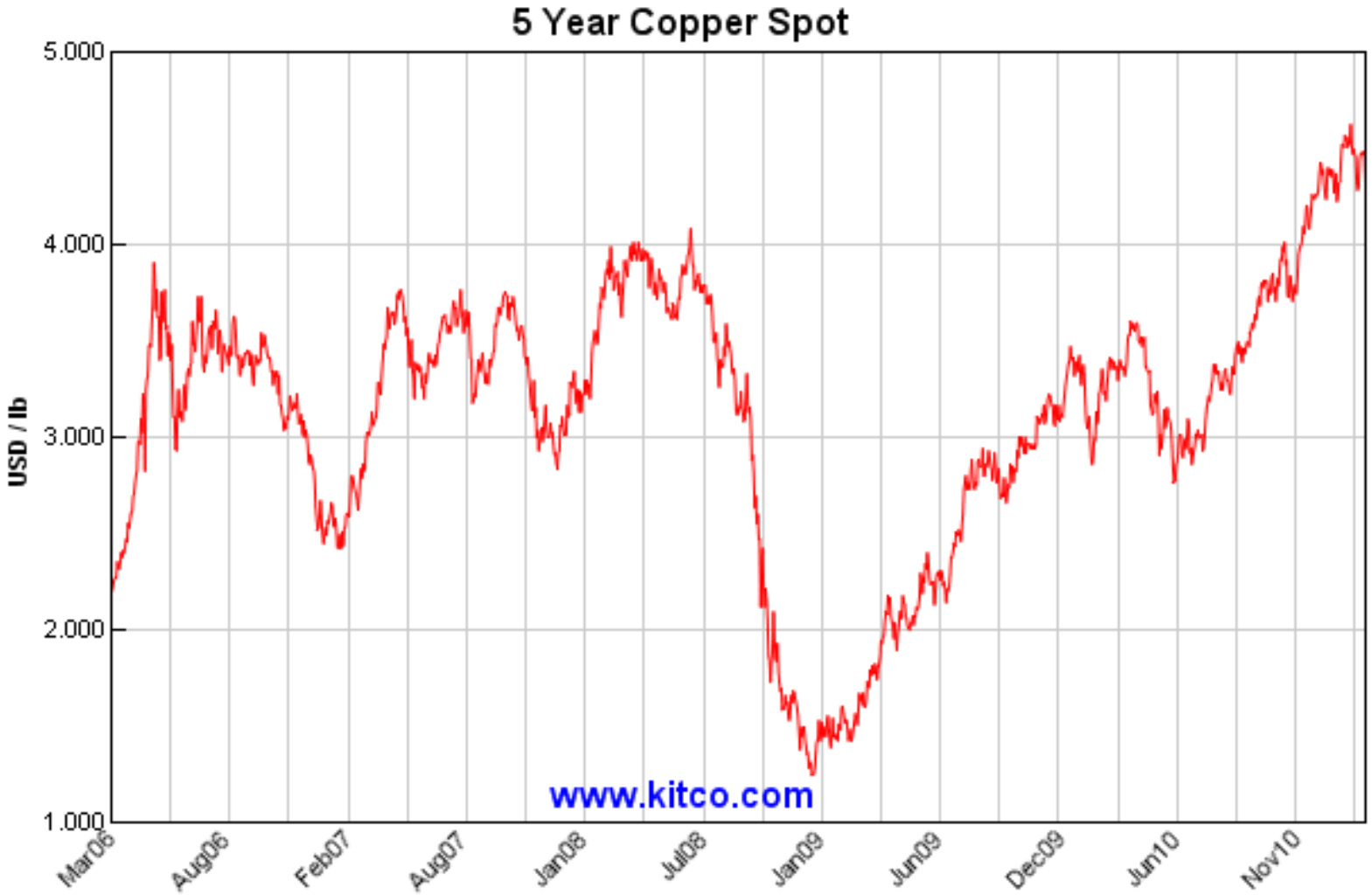
- JAPANESE FLIGHTS DECISION
- CONSTRUCTION FINANCE STOPS OVERNIGHT
- COMMODITY PRICES DROP
- INTEREST RATES DROP
- AUSTRALIAN DOLLAR DROPS

Monthly Passenger Movements Cairns Airport
Percent Increase on Same Month Previous Year

2010	**International Terminal**	**Domestic Terminal**	**Total**
Jan	(-4.1%)	(-11.8%)	**(-10.7%)**
Feb	+27.1%*	+6.3%	**+9.5%**
March	+5.2%	(-2.3%)	**(-1.1%)**
April	+34.9%	(-2.9%)	**+1.5%**
May	+22.2%	(-0.7%)	**+2.6%**
June	+31.9%	+8.7%	**+12.1%**
July	+20.1%	+4.2%	**+6.6%**
Aug	+31.0%	+4.1%	**+8.2%**
Sep	+30.7%	+8.0%	**+11.3%**
Oct	+29.7%	+6.9%	**+10.1%**
Nov	+39.1%	+5.7%	**+10.3%**
Dec	+27.2%	+15.0%	**+17.0%**
2011			
Jan	+30.9%	+0.8%	**+14.0%**

** Note: Affected by timing and Chinese New Year.*

Source: Cummings Economics from ABS data.


5 Year Copper Spot
5.000
4.000
3.000
2.000
1.000
USD / lb
www.kitco.com
Mar06
Aug06
Feb07
Aug07
Jan08
Jul08
Jan09
Jun09
Dec09
Jun10
Nov10

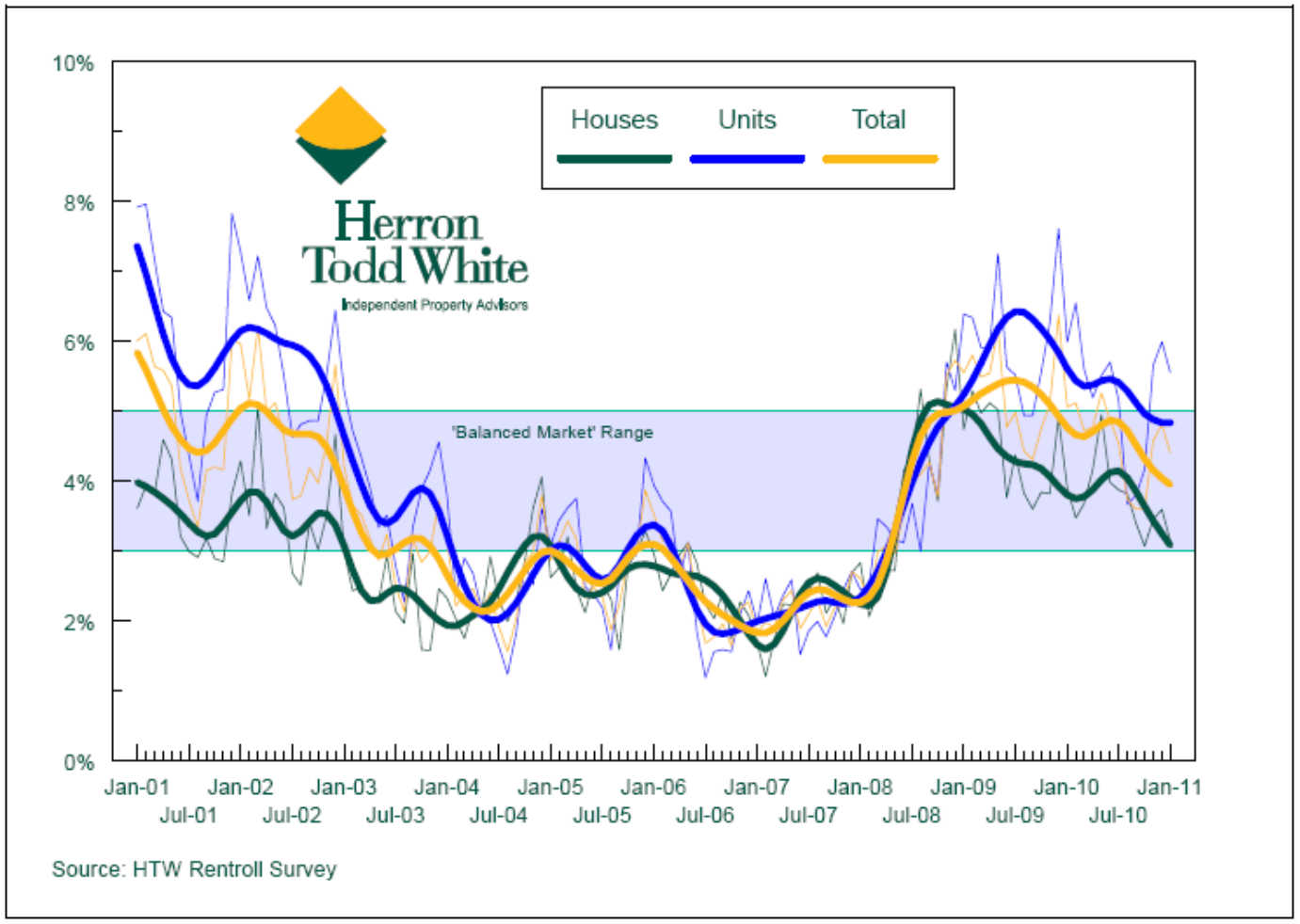
FUTURE

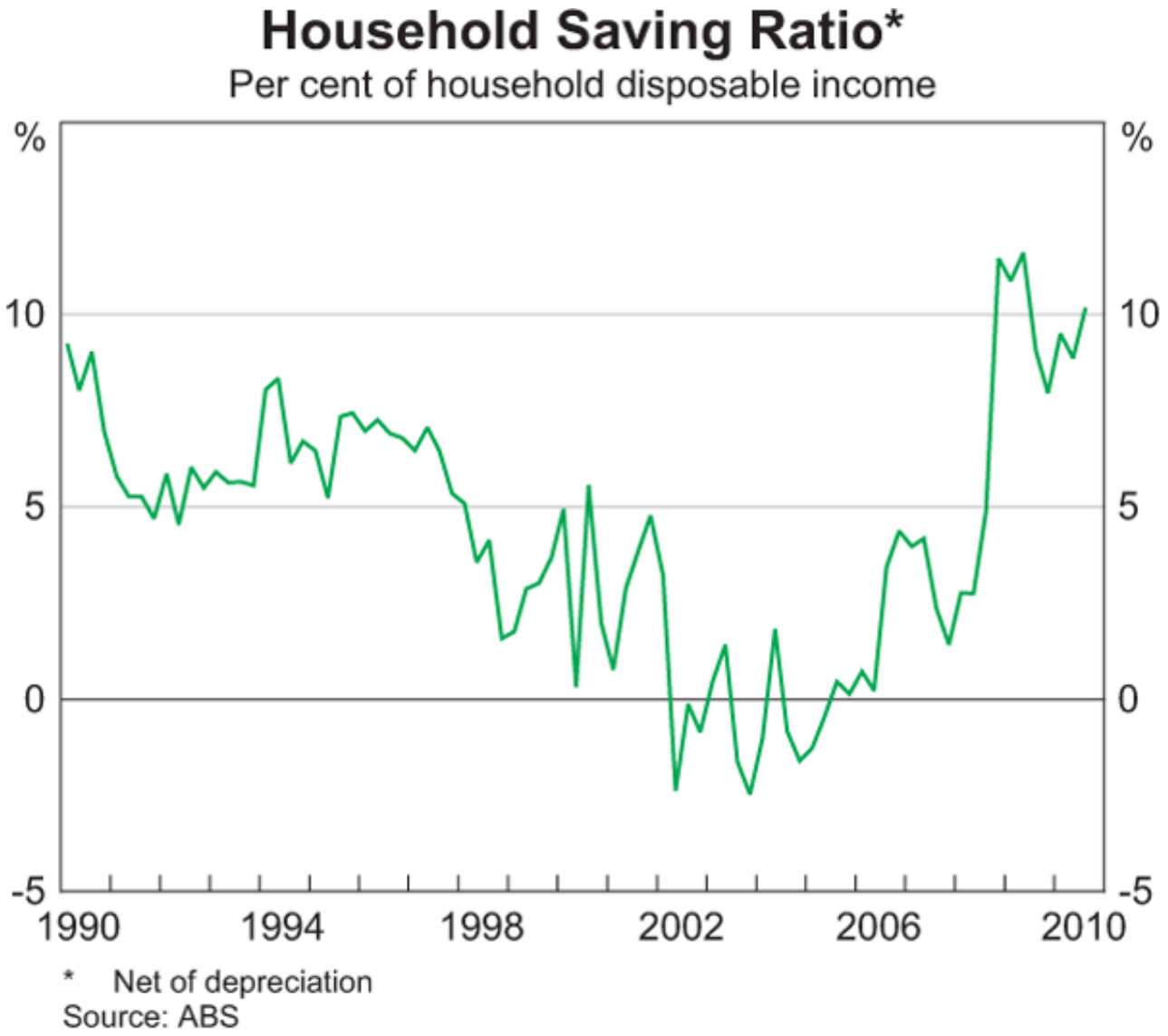
- AGRICULTURE
- TRADE WITH PNG
- FLY - IN
- GOVERNMENT SECTOR

FUTURE

RECOVERY ONLY WHEN PRIVATE BUILDING APPROVALS RECOVER

RENTAL VACANCY RATES




Household Saving Ratio*
Per cent of household disposable income
%
%
10
10
5
5
0
0
-5
-5
1990
1994
1998
2002
2006
2010
* Net of depreciation
Source: ABS

TURNAROUND FORCES

NATIONAL SETTINGS	• AUD / INTEREST RATES
LOCAL CONDITIONS	• POPULATION GROWTH AT STANDSTILL • NOT SPENDING / SAVING
TOURISM	• DIRECT CHINESE FLIGHTS • CONFERENCE, SPORT, EDUCATION
PNG	• IMPROVED FLYIN SERVICES • TRANSPORT LINKS
MINING	FLY IN CENTRAL QLD / OTHER
HINTERLAND MINING	• COPPERSTRIKE, KAGARA, CONSOLIDATED TIN • WEPIA EXPANSION
GOVERNMENT	• CATCHUP UNIVERSITY • HOSPITAL (TERTIARY) • CULTRAL
MARITIME	• NAVY, CARGO • SUPERYACHT
AGRICULTURE	• MAREEBA SUGAR EXPANSION • BIOFUELS

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Ref: J2239 | 31 July 2009

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