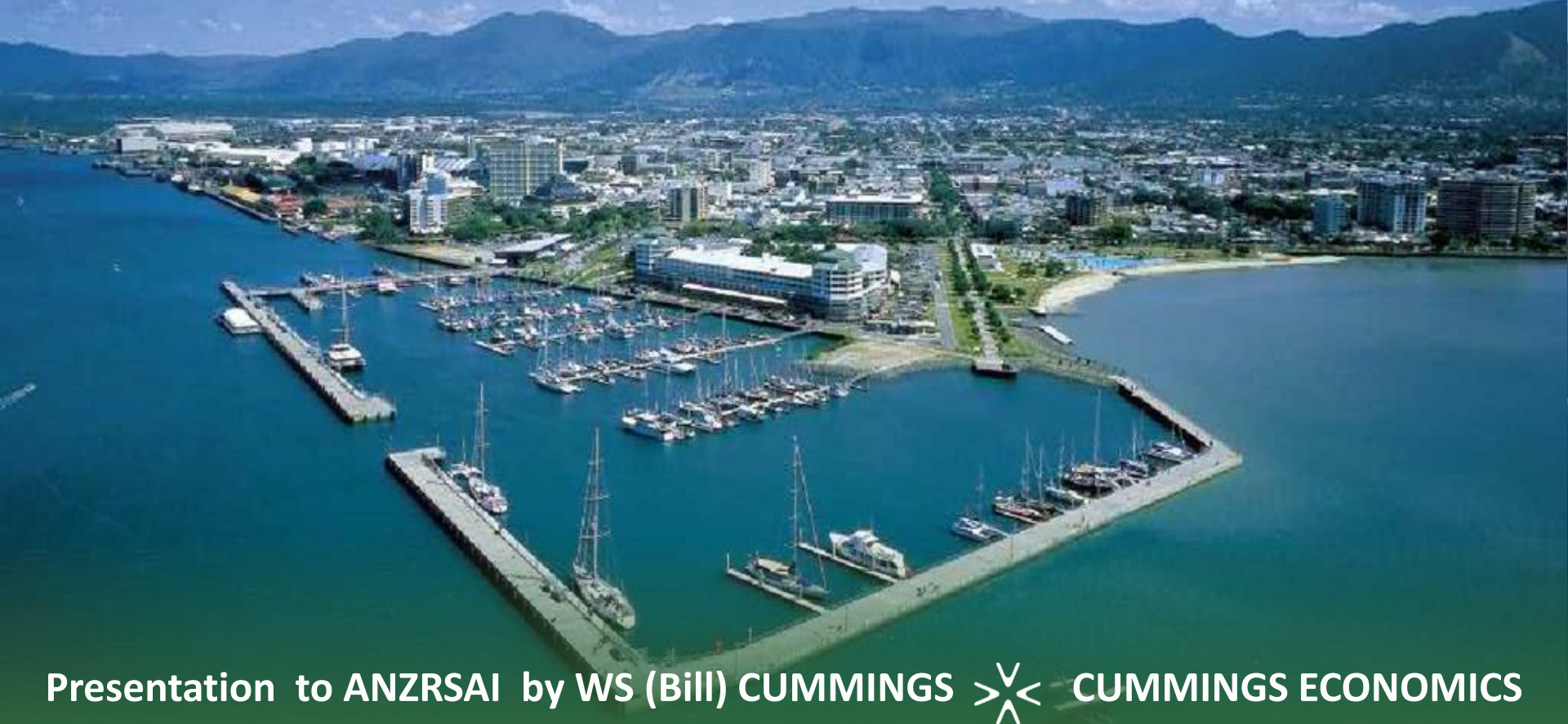
BEING TROPICAL

The positives & the negatives for regional development

08 December 2011



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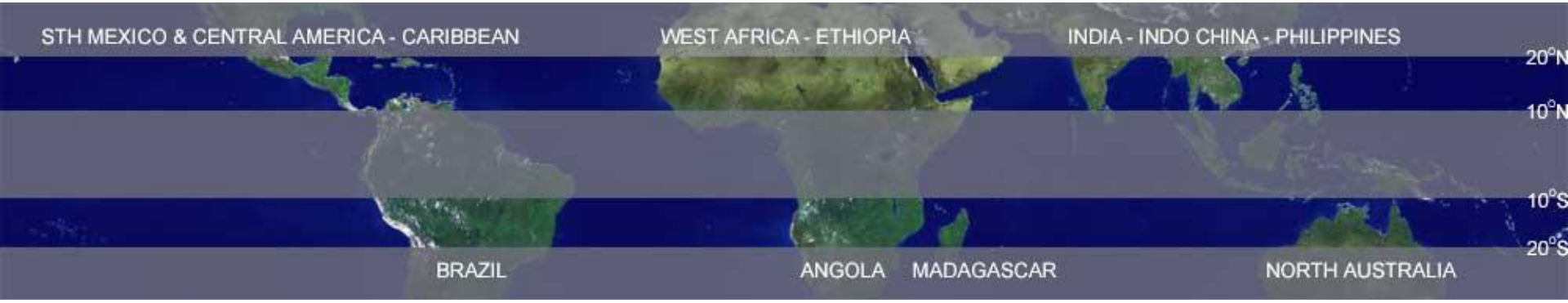
TROPICAL ZONE



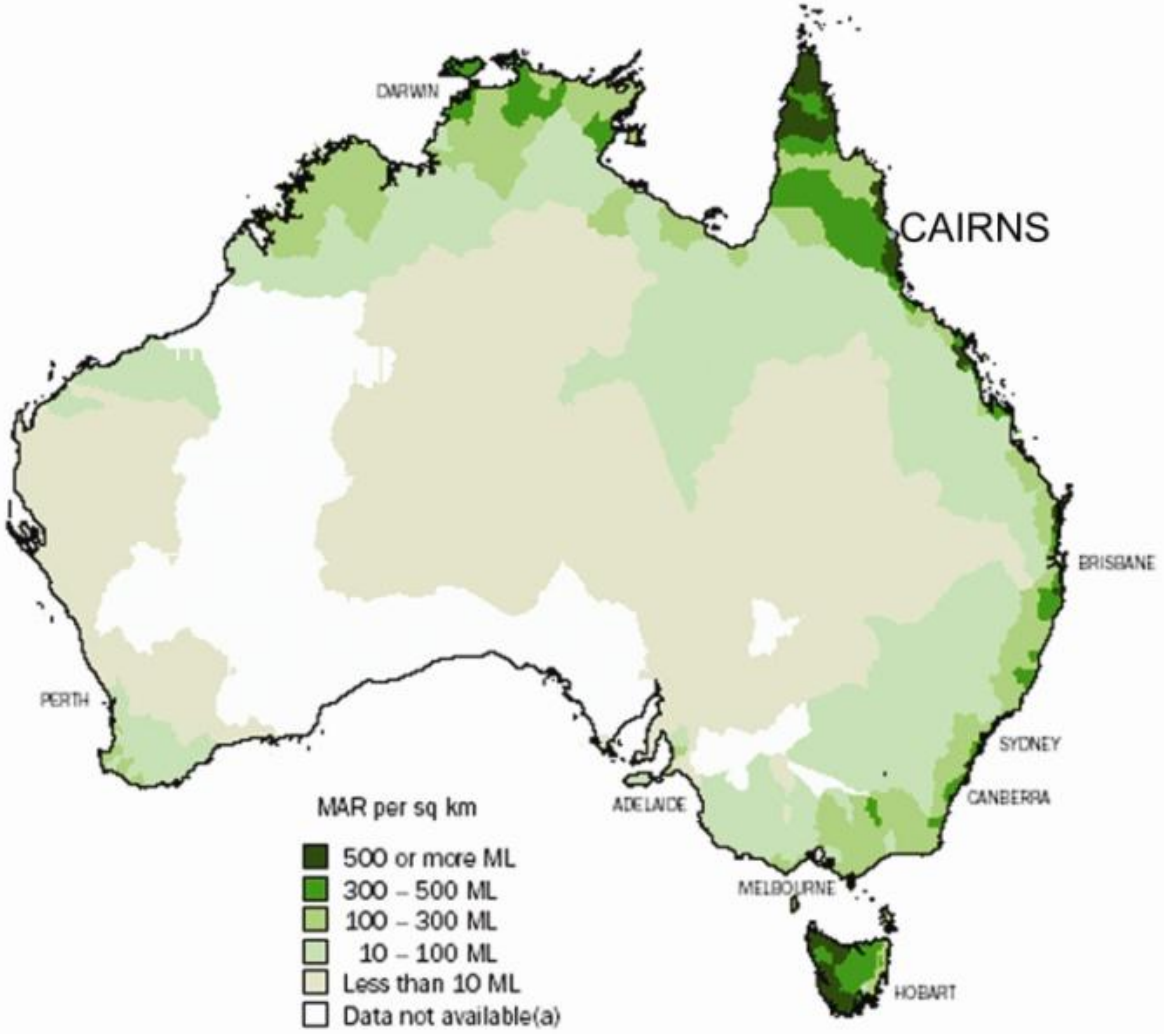
EUROPEAN SETTLEMENT LATE

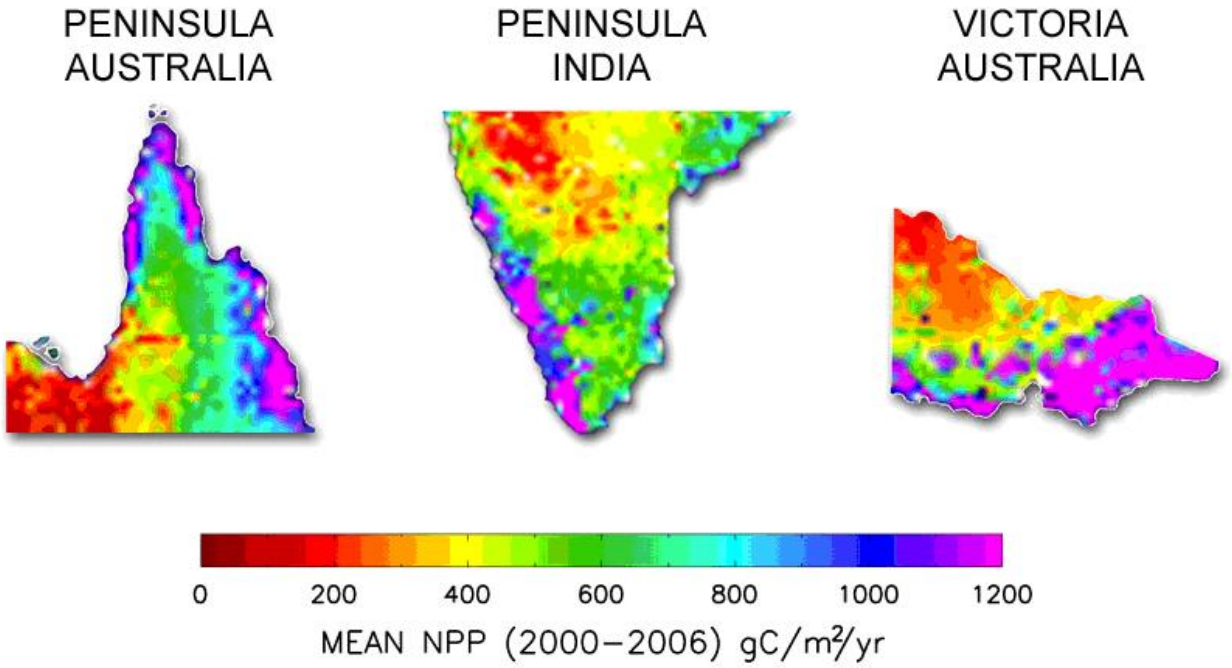
PROGRESS INITIALLY SLOW & HARD WON

In 1951, in the Journal of Farm Economics, prominent American Economics Professor and former US Ambassador to India, J.K. Galbraith wrote (1) "*.....if one marks off a belt of a couple of thousand miles in width encircling the earth at the equator, one finds within it "no" developed countries. The industry such as there is, is extractive - tributary to the economies further North or South. The agriculture, excepting a substantial amount of plantation agriculture, is also primitive. Everywhere the standard of living is low and the span of human life is short. Surely all this is not an accident*."

Kenneth Galbraith, US Economist and Ambassador to India

AUSTRALIA'S MEAN ANNUAL WATER RUN OFF





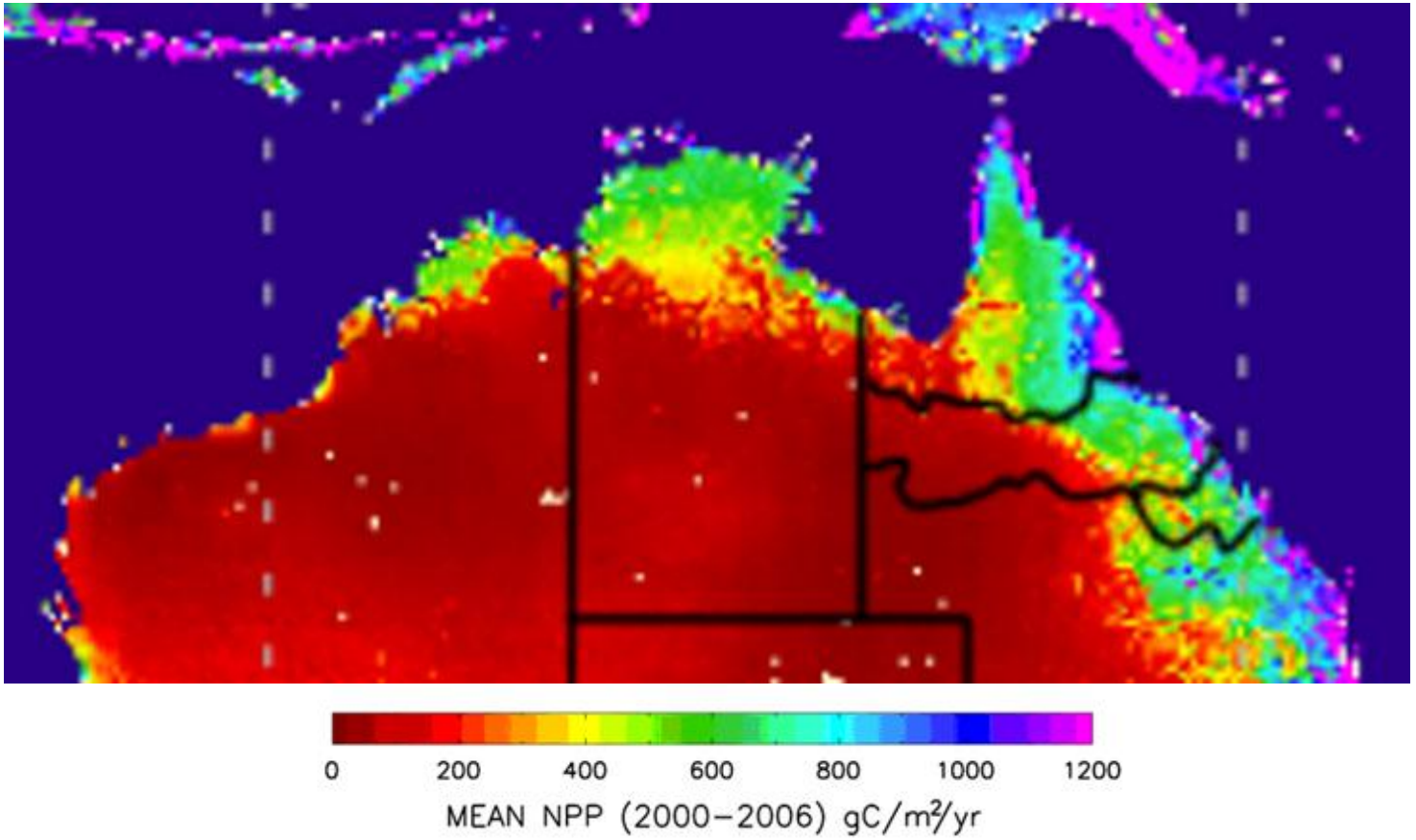
Source: NTGC University of Montana from Modis Satellite Data.

VALUE OF AGRICULTURAL PRODUCTION (FARM GATE)

FAR NORTH	$1.2bn
VICTORIA	$10.3bn
SE & SW QLD	$4.4bn

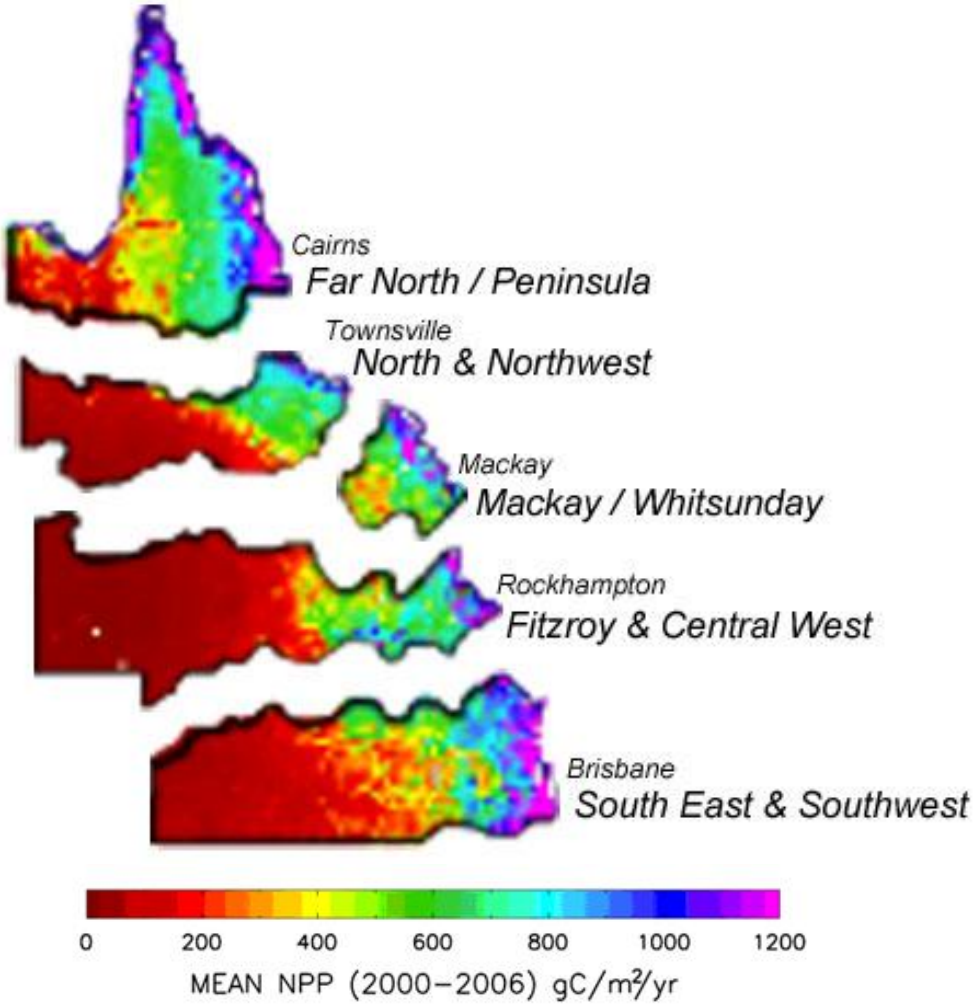
AGRICULTURAL POTENTIAL

MEASURES OF NET PRIMARY PRODUCTIVITY



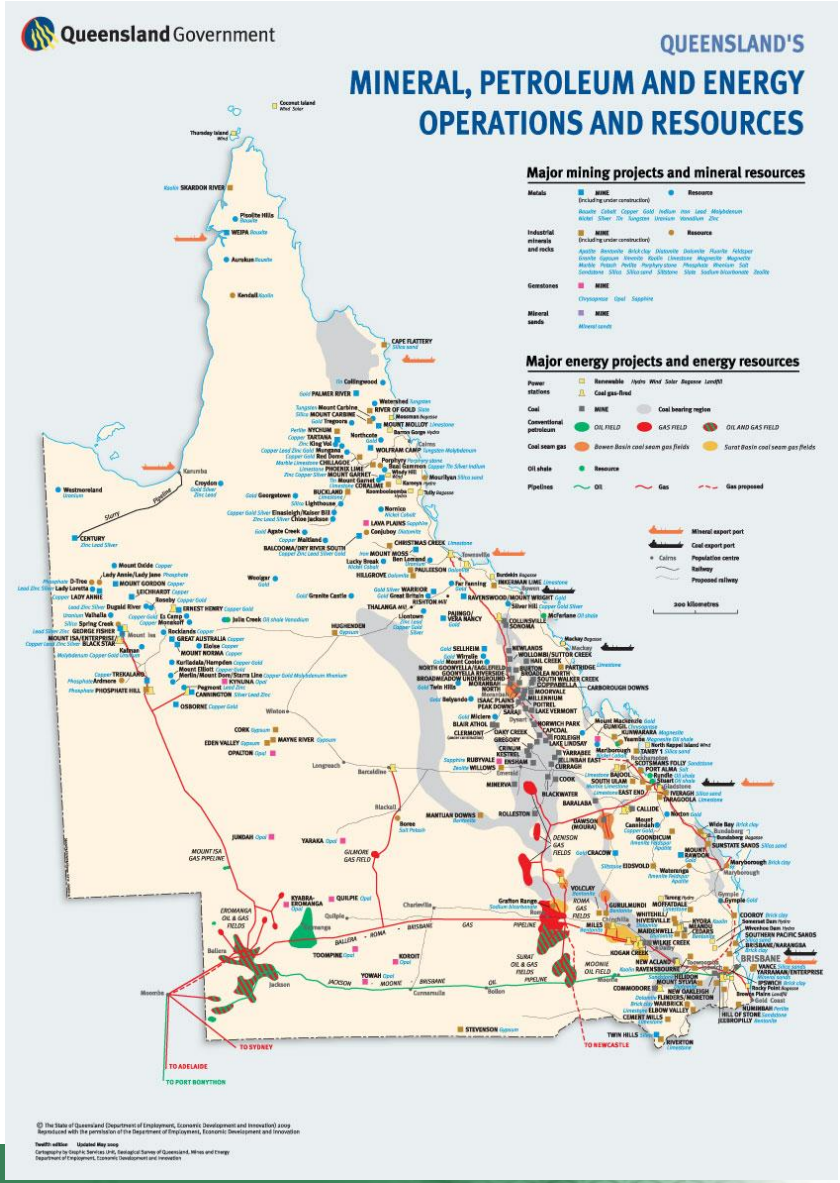
Source: NTGC University of Montana from Modis Satellite Data.

AGRICULTURAL POTENTIAL



Source: NTGC University of Montana from Modis Satellite Data.

MINERAL OCCURRENCES IN QUEENSLAND



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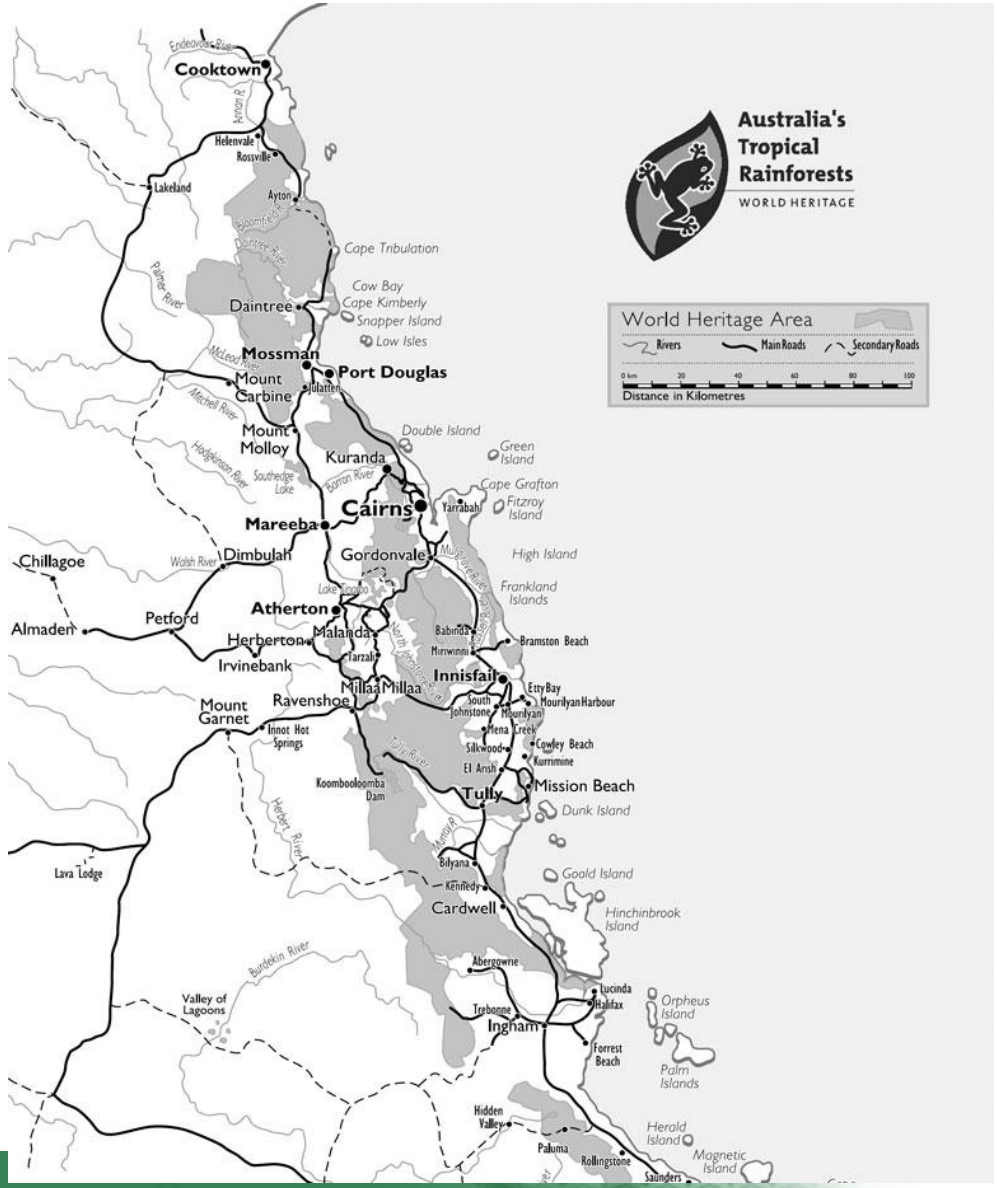
WET TROPICS WORLD HERITAGE AREA



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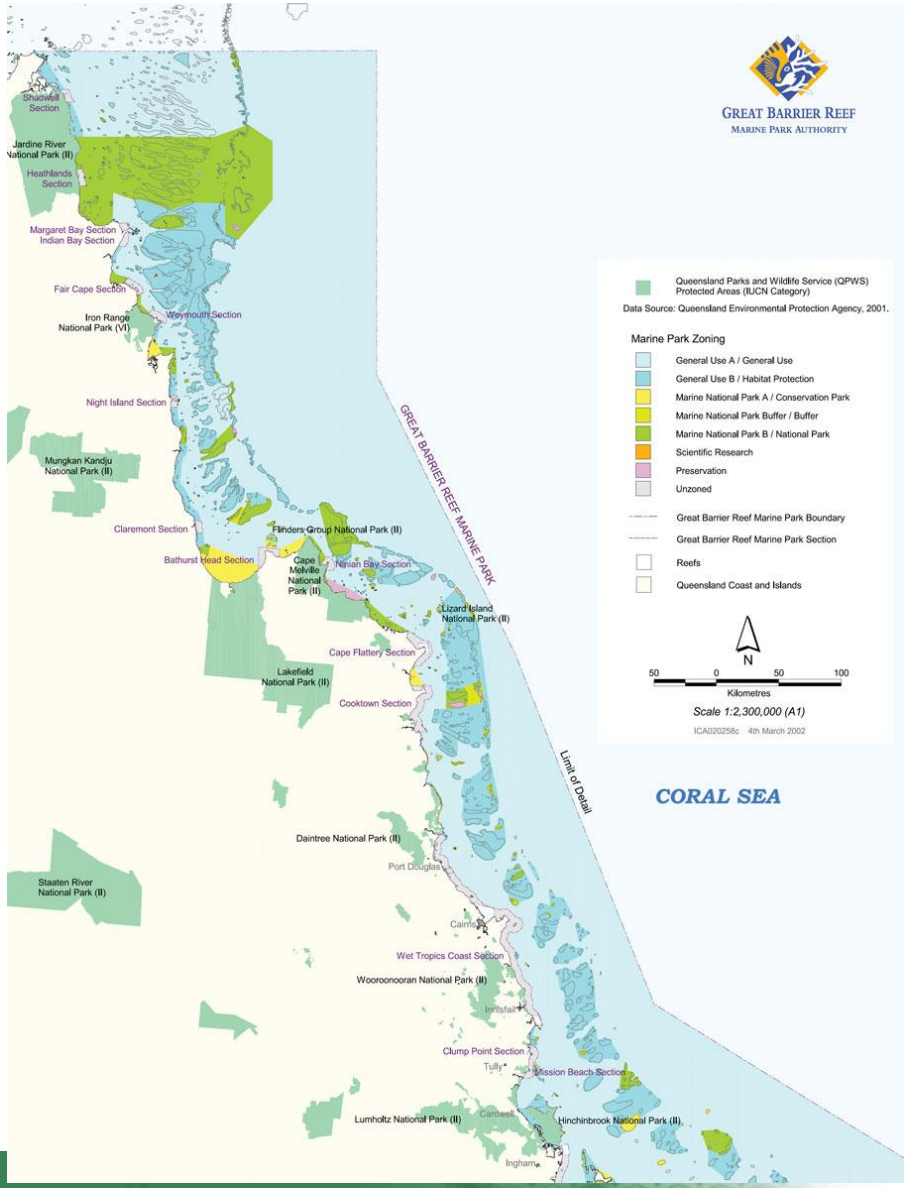
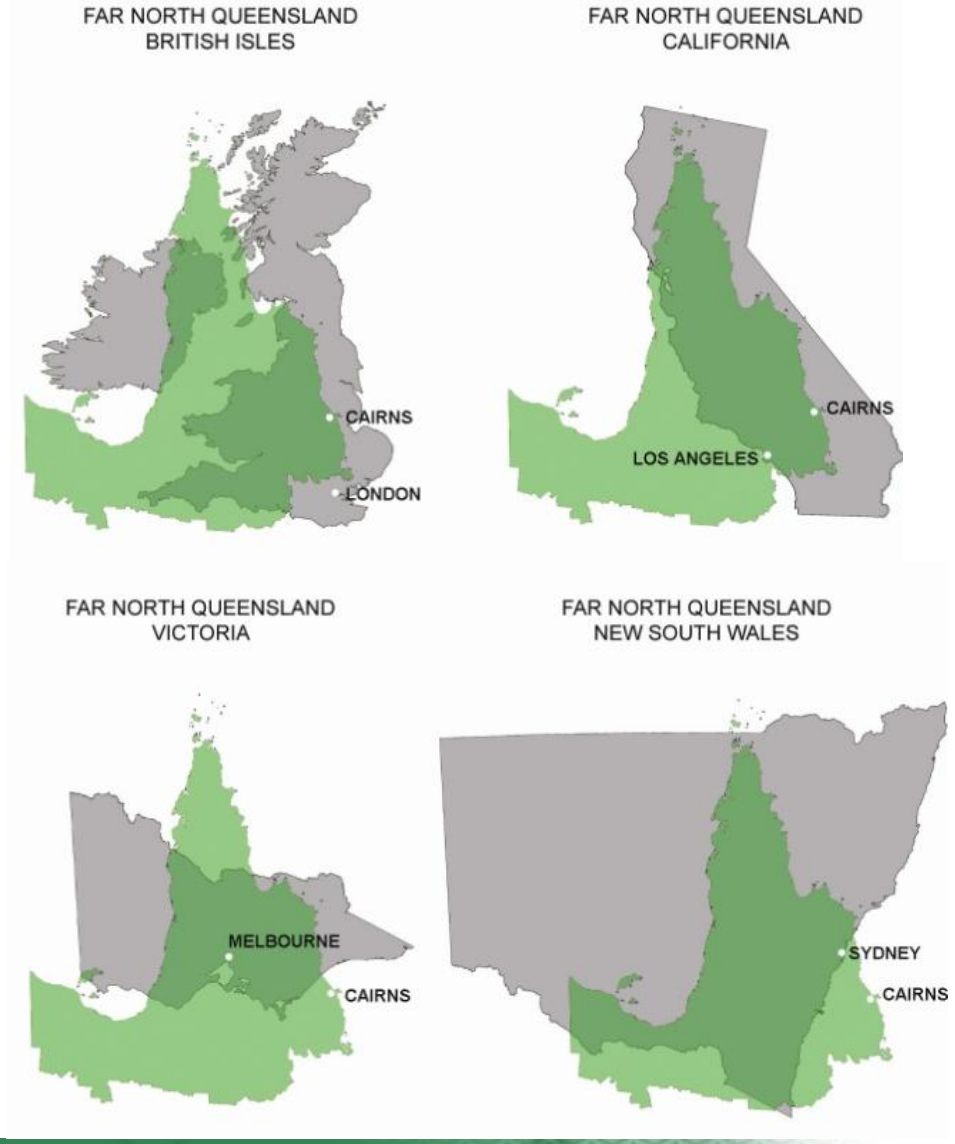
GREAT BARRIER REEF

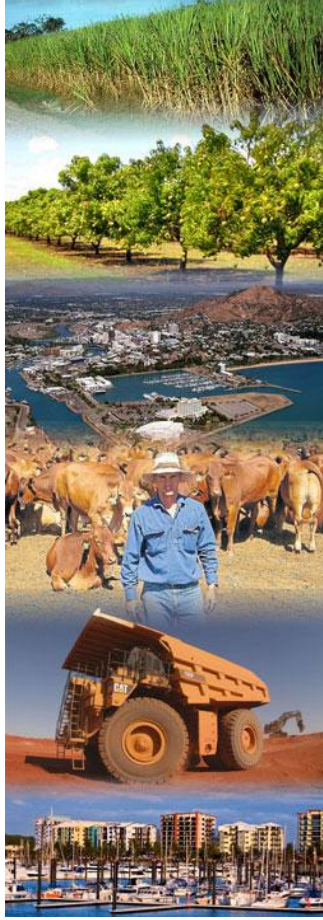


QUEENSLAND'S NORTHERN & CENTRAL REGIONS & REGIONAL CAPITALS

EQUIVALENT SIZE & AREA OF PENINSULA AUSTRALIA / FAR NORTH Q'LD REGION



STILL A FRONTIER ECONOMY



POPULATION 300,000 IN AN AREA 1.5 TIMES THE SIZE OF VICTORIA

OFF CENTRE FOR MAJOR AUSTRALIAN MARKETS

LIMITED SCOPE IN MANUFACTURING FOR NATIONAL MARKETS

4 MAJOR UNDERLYING FACTORS

LEADING TO DEVELOPMENT OF NATURAL RESOURCE BASE

1

EXPANDING GLOBAL ECONOMY

REACHING OUT FOR PREVIOUSLY MARGINAL RESOURCES

MAJOR GROWTH IN ASIA

GROWTH PHASES IN DEMAND

- MINERALS, ENERGY, BASIC AGRICULTURAL COMMODITIES
- HIGHER VALUE & PROTEIN AGRICULTURAL COMMODITIES
- TOURISM

2

FALLING RELATIVE TRANSPORT & COMMUNICATIONS COSTS

3

TECHNOLOGY SUITED TO THE AREA

4

SUCCESS BREEDS SUCCESS

NEGATIVES

SIDE EFFECTS OF TRANSPORT & COMMUNICATION COSTS

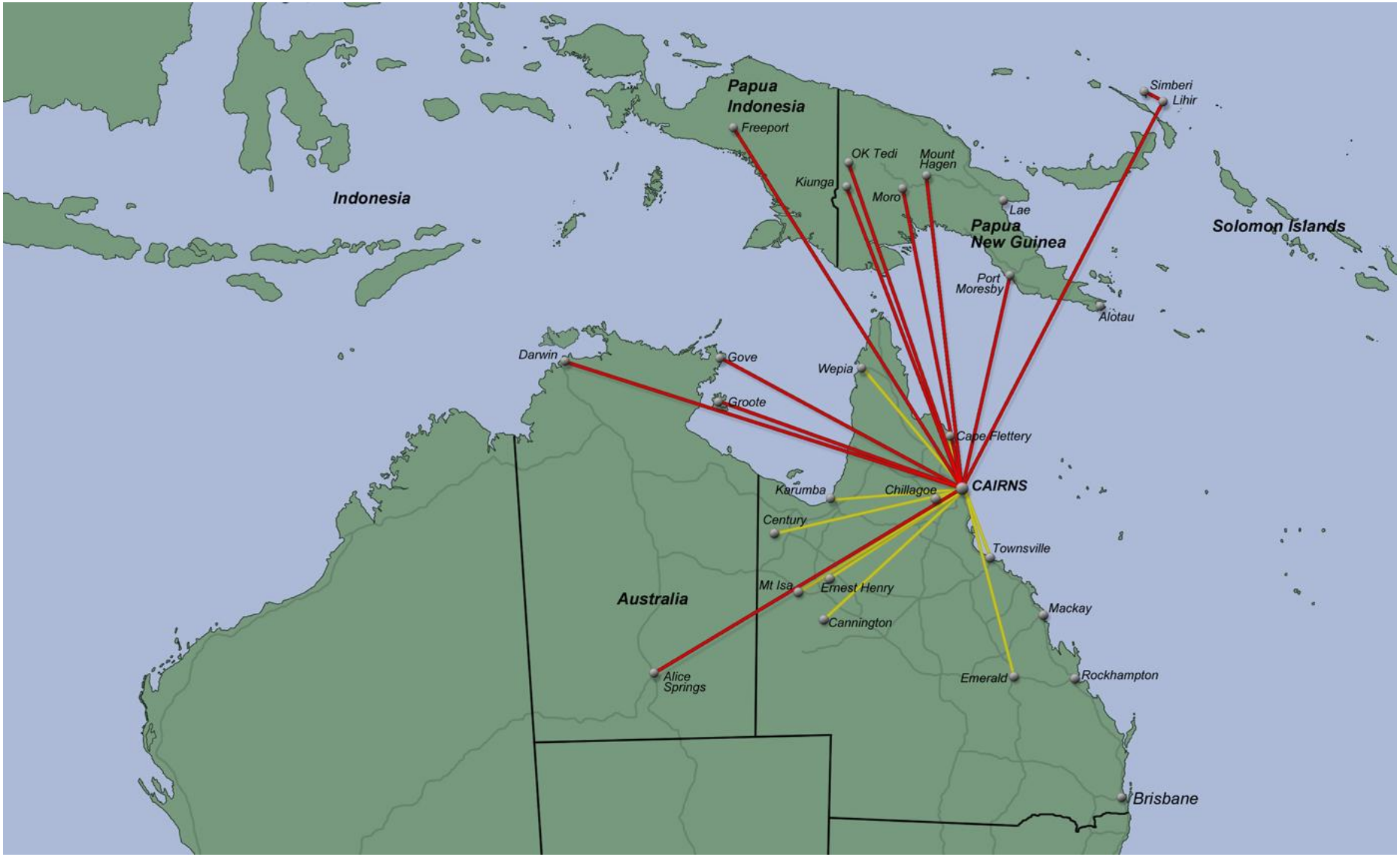
ENVIRONMENTAL CONSTRAINTS

Estimated Gross Value of Production 'Base Industries' in FNQ, 1957 & 2008/09

	1957		2008/09	
	$m	***% of Total***	**$m**	***% of Total***
Sugar Cane	$33.9 m	*42.2%*	$240 m	*4.1%*
Other Agriculture/Pastoral	$21.6 m	*26.9%*	$890 m	*15.1%*
Total Agriculture	$55.5 m	*69.1%*	$1,120 m	*19.1%*
Mining	$ 1.5 m	*1.9%*	$680 m	*11.5%*
Fishing (see Note [3])	na	*na*	$200 m	*3.4%*
Manufacturing (est Value Added)	$23.3 m	*29.0%*	$850 m	*14.4%*
Tourism	na	*na*	$2,450 m	*41.5%*
Other	na	*na*	$600 m	*10.2%*
Total	**$80.3 m**	***100.0%***	**$5,900 m**	***100.0%***

[1] *Note : It should be noted that a number of the figures for 2008/09 are estimates and basis is given below.*
[2] *Note : 'Base Industries' generally refers to those industries earning income from outside the region.*
[3] *Note : For 1957, included in other agriculture.*
Source : Cummings Economics from :
1957 Figures – 1959 Q'ld Year Book.
2008/09 Agriculture – Cummings Economics, ABS & other sources.
2008/09 Mining – Q'ld Department of Mines.
2008/09 Fishing – Estimate from various work carried out by Cummings Economics.
2008/09 Manufacturing – Estimate based on ABS Sales of Goods & Services Figures 2006/07 less Value of Inputs.
2008/09 Tourism – Tourism Research Australia, NVS & IVS overnight visitors.
2008/09 Other – Estimate based on information from other work.

Papua
Indonesia
Indonesia
Freeport
Amamampare
Wewak
OK Tedi
Mount
Hagen
Madang
Kiunga
Moro
Kikori
Kopi
Lae
Papua
New Guinea
Port
Moresby
Simberi
Lihir
Rabaul
Kieta
Honiara
Alotau
Skardon River
Port Musgrave
Darwin
Gove
Weipa
Boyd Point
Groote
Roper River
Cape Flattery
Bing Bong
Chillagoe
Karumba
Mareeba
CAIRNS
Atherton
Burketown
Normanton
Mourilyan
Mt Garnet
Georgetown
Townsville
Australia
Cloncurry
Bowen
Mt Isa
Existing Services
Existing Port
Potential New
Minerals Port



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“PORTER” CLUSTERS

MARINE SERVICES $800M

AVIATION SERVICES $400M

Cairns' Position on List of Australia's Main Cities

City Stat Sub Divisions		**Estimated Residential Population, 2010**
15	DARWIN	127,532
14	CAIRNS	150,920
13	TOWNSVILLE	172,316
12	GEELONG	178,650
11	HOBART	214,705
		Census Count (Total including visitors), 2006
15	DARWIN	117,332
14	CAIRNS	143,436
13	TOWNSVILLE	148,414
12	GEELONG	159,254
11	HOBART	198,945
		cf. Population (Estimated Residential), 1976
Cairns		49,590
Rockhampton		53,660 *
Bendigo		55,152 *
Orange/Bathurst		55,933 *
Albury Wodonga		63,409 *
Ballarat		68,450 *
Toowoomba		69,390 *
Launceston		81,636 *
Townsville		90,540

** Cities then larger than Cairns in population now with less population than Cairns.*
Source: Cummings Economics from ABS data.

POSITIVES

PREVIOUSLY UNDERDEVELOPED

STILL GOING THROUGH BROAD BASED RESOURCE DEVELOPMENT

OPPORTUNITIES FROM RESOURCE DEVELOPMENT

NEAR NORTH

TRANSPORT & COMMUNICATION CONTINUE TO BREAK DOWN OLD BARRIERS

CLOSER TO ASIAN GROWTH

TECHNOLOGY SUITED TO THE AREA

- INDUSTRY
- EVERYDAY LIVING

HARDSHIP POSTING

DESIRED PLACE TO LIVE

IN A CATCH UP PHASE

NEGATIVES

LEGACY OF UNDER DEVELOPED INFRASTRUCTURE

STILL SMALL POPULATION OFF CENTRE NATIONAL MARKETS

FRAGMENTED NATIONAL BOUNDARIES TO THE NEAR NORTH

WEAK TECHNOLOGY FLOWS FROM OTHER TROPICAL AREAS

STILL REAL PROBLEMS OF CYCLONE DAMAGE

LARGE INDIGENOUS POPULATIONS HAVE SPECIAL CHALLENGES

LACK OF APPRECIATION OF DIFFERENT STAGE OF DEVELOPMENT

OUTSIDE ENVIRONMENTAL LOBBIES

OLD PERCEPTIONS OF BEING ABLE TO WORK & LIVE IN THE TROPICS & HEALTH HAZARDS

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