



**MINING, AGRICULTURE, TOURISM, TRANSPORT, CONSTRUCTION,
MANUFACTURING, DEFENCE, EDUCATION, ADMINISTRATION, SERVICES**

The Cairns Economy

Recent Trends and Prospects



WS (Bill) Cummings
PRESENTATION TO



Ref: J2776 | 22 July 2014

LAST YEAR'S ADDRESS

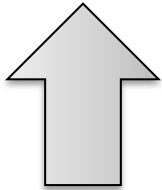
PROSPECTS FOR CAIRNS REGION'S ECONOMY LOOKING BETTER THAN HAVE BEEN SINCE THE GLOBAL FINANCIAL CRISIS HIT FIVE YEARS AGO IN 2008.

From address 23rd of July 2013

IMPACTS ON THE REGIONAL ECONOMY

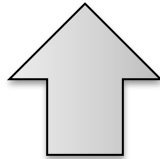
I

**INVESTMENT /
CONSTRUCTION
RISING MODESTLY**



C

**HOUSEHOLD
EXPENDITURE
RATE
RECOVERING**



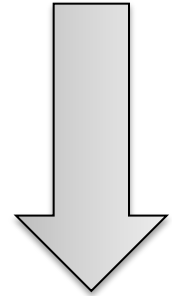
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**OUTSIDE
EARNINGS
OVERALL UP
MODESTLY**



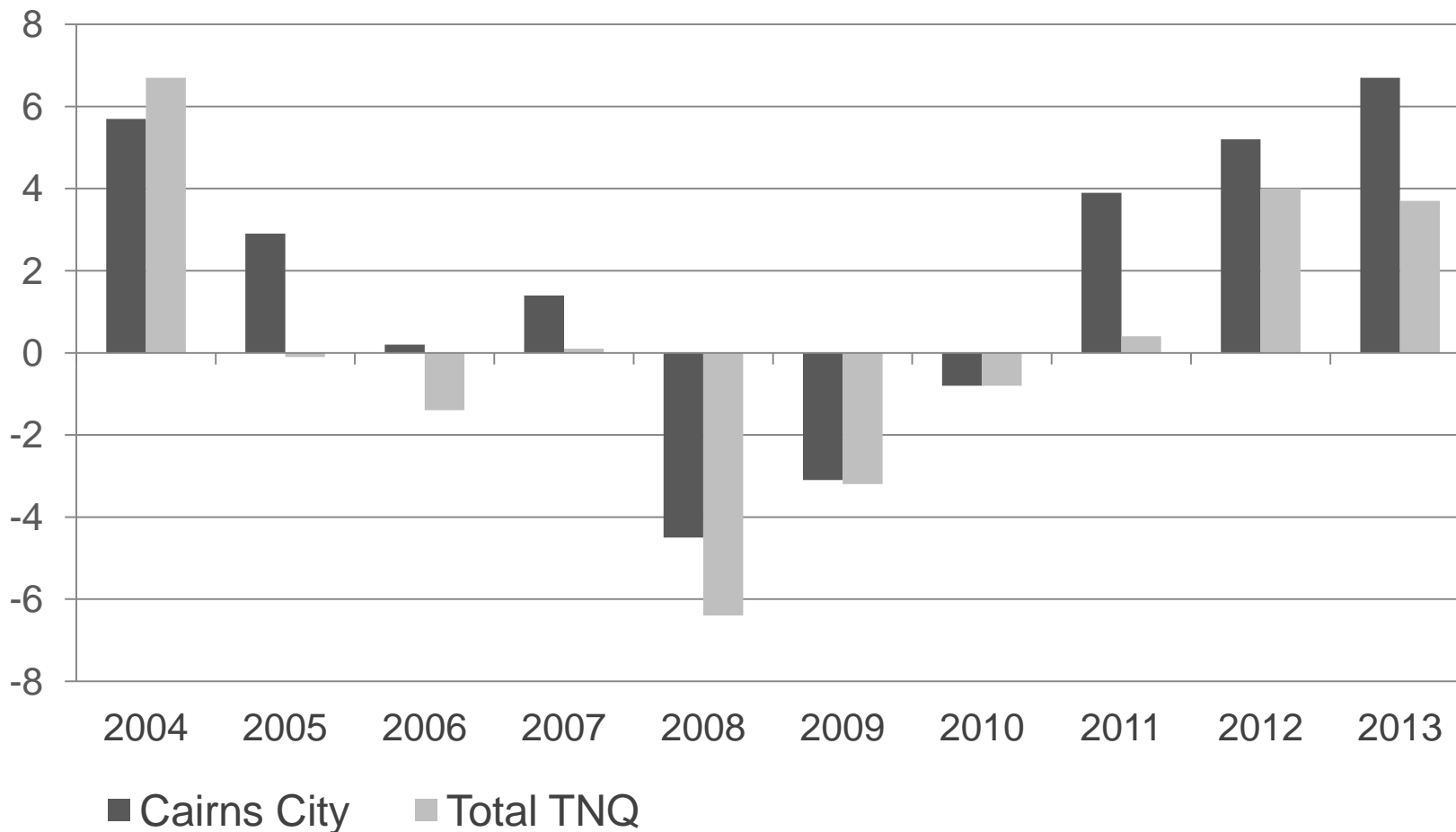
G

**GOVERNMENT
EXPENDITURE
DOWN**



% GROWTH IN ROOM NIGHTS OCCUPIED

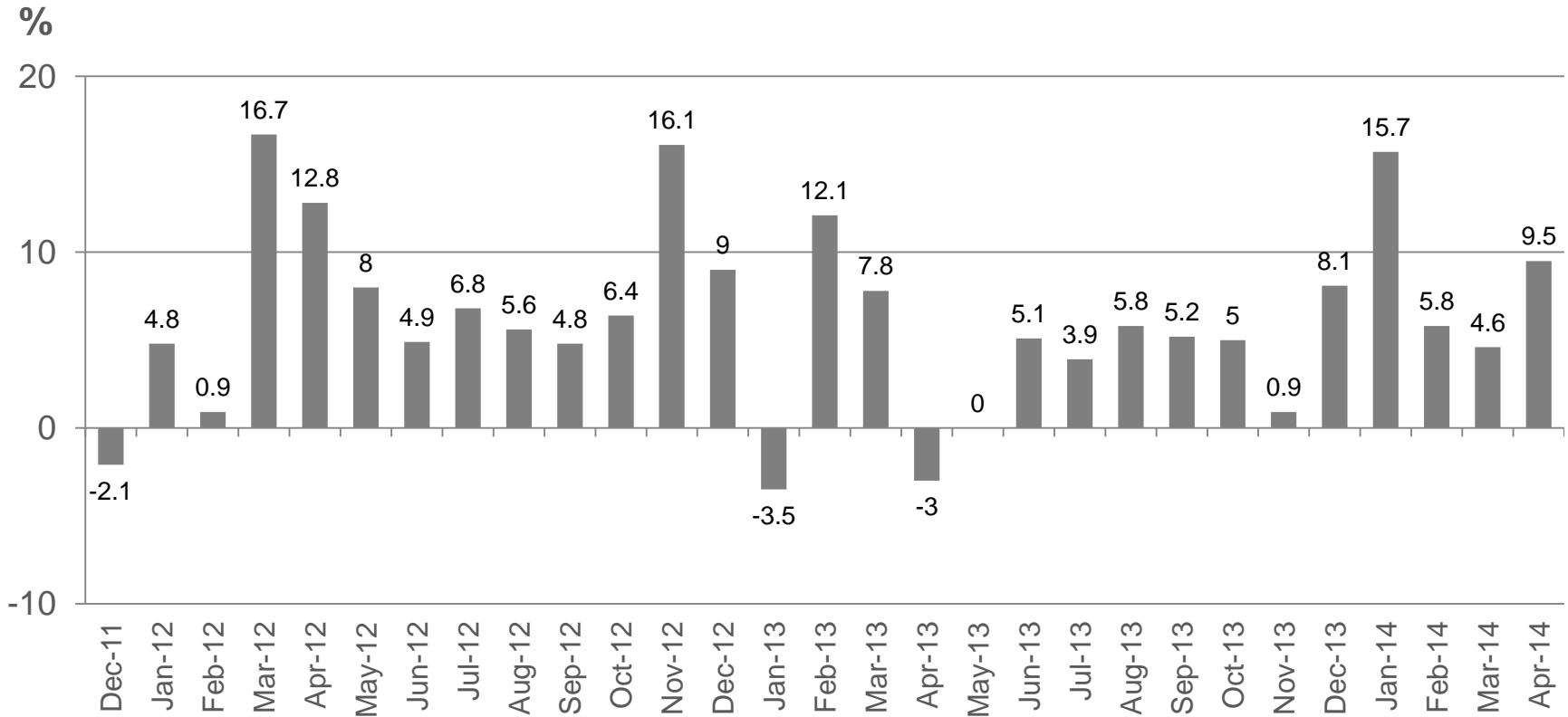
HOTELS, MOTELS & SERVICED APARTMENTS 2004 – 2013 (1st HALF)



Source: Australian Bureau of Statistics Cat No. 8635.3.55.001

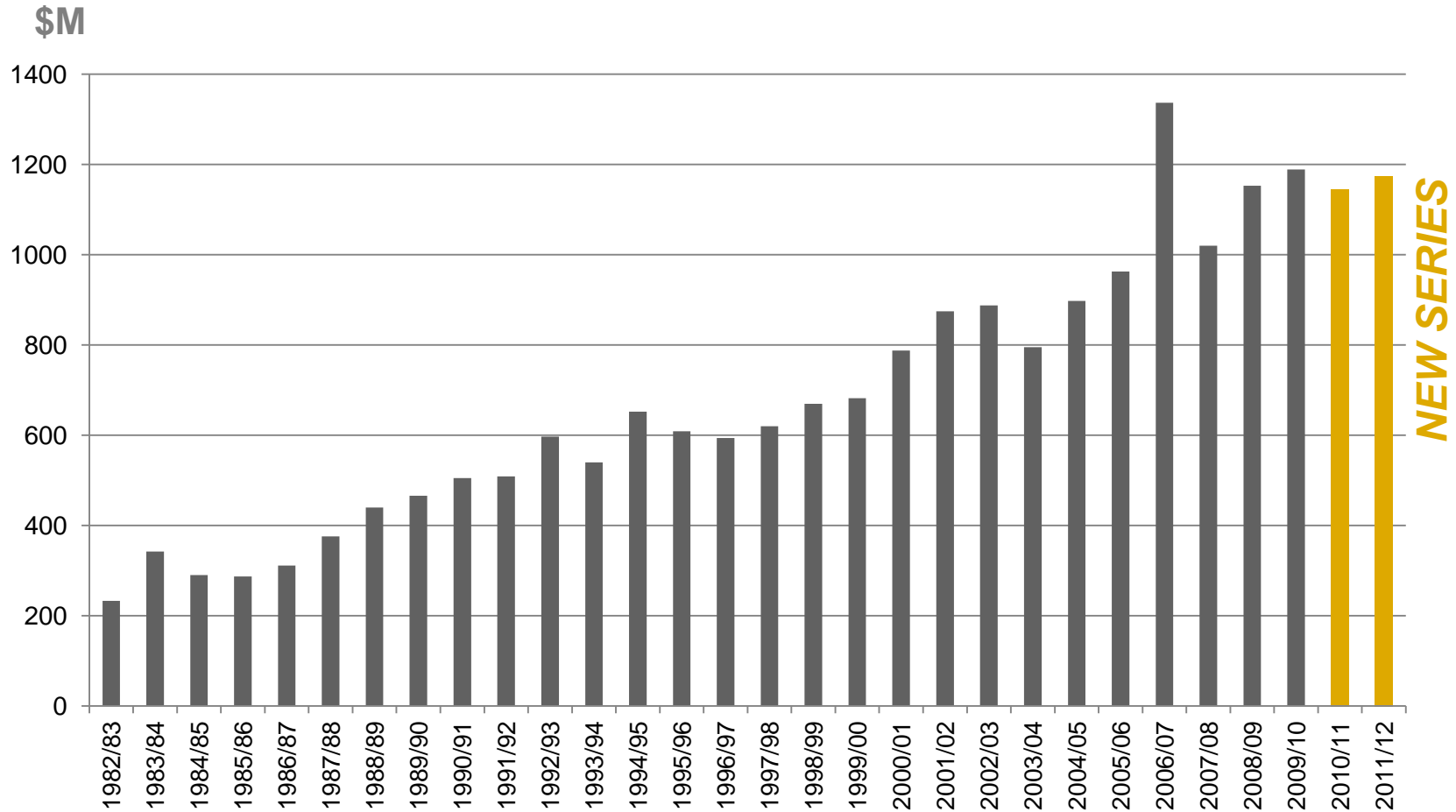
GROWTH IN HOTEL, MOTEL ROOM NIGHTS

DEC 2011 to APR 2014



Source: Compass Research, TTNQ Tourism Monitor.

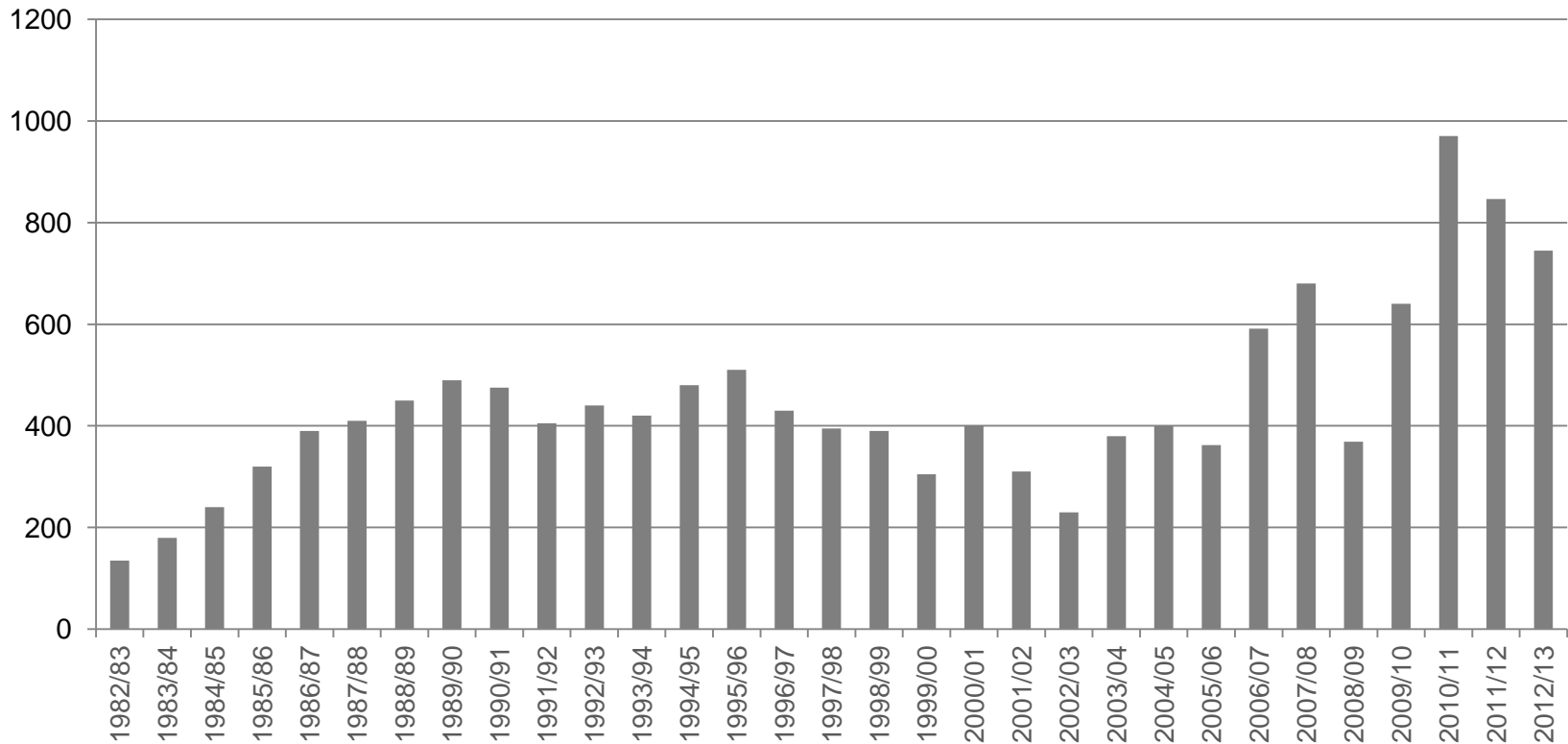
GROSS VALUE OF AGRICULTURAL PRODUCTION



Source: Cummings Economics from ABS Agricultural Financial Statistics 7503.0.

Note: Up to 2009/10 Far North Queensland Statistical Division : From 2010/11 includes part Carpentaria Shire

VALUE OF MINING PRODUCTION FAR NORTH QUEENSLAND



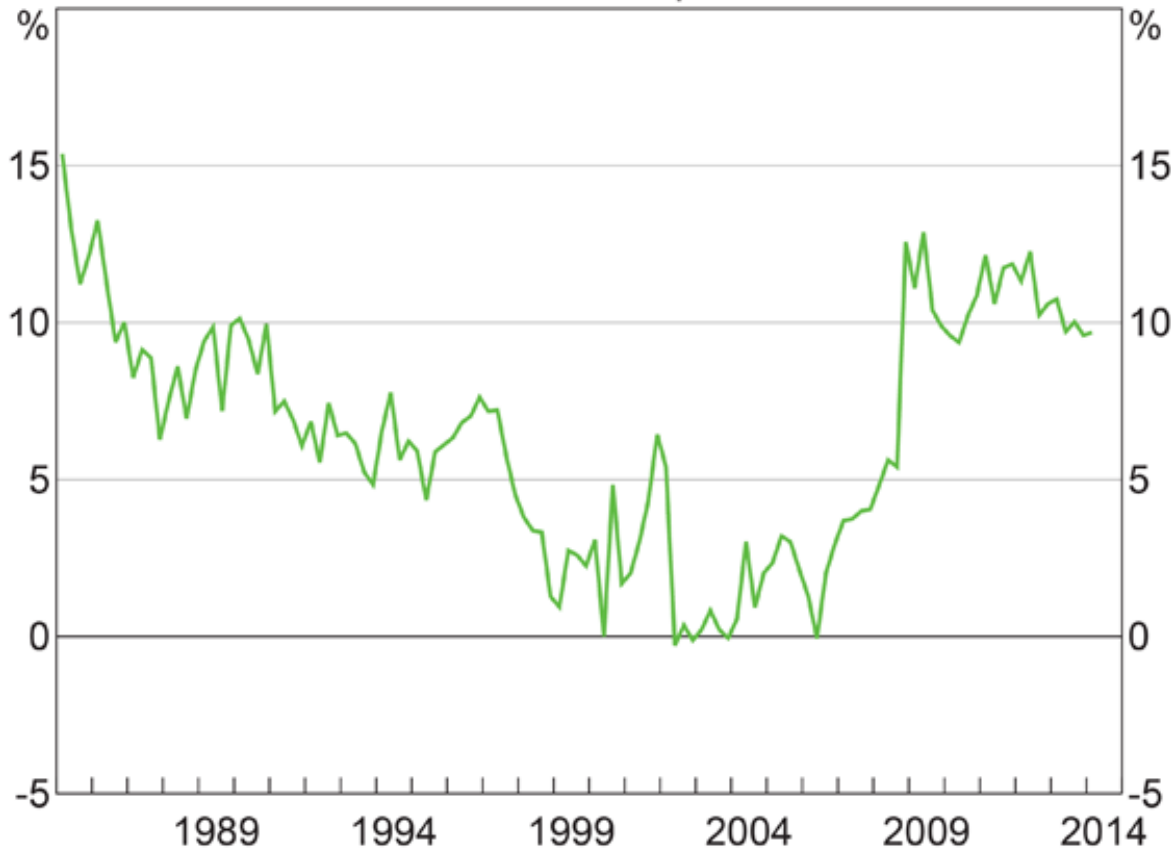
Source: Cummings Economics from Queensland Mines & Energy data.

FIFO to construction down : to operations & maintenance steady.

PNG loss of Interoil office : sales in education & training, construction services and steel fabrication.

Household Saving Ratio*

Per cent of household disposable income

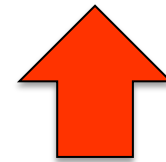


* Net of depreciation

Source: ABS

C

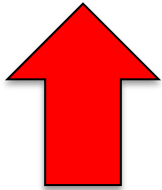
**HOUSEHOLD
EXPENDITURE
RATE
RECOVERING**



IMPACTS ON THE REGIONAL ECONOMY

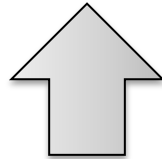
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**INVESTMENT /
CONSTRUCTION
RISING MODESTLY**



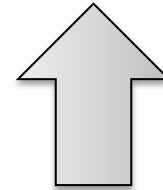
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**HOUSEHOLD
EXPENDITURE
RATE
RECOVERING**



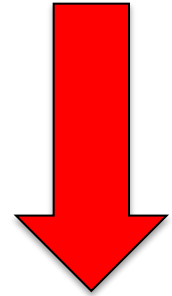
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**OUTSIDE
EARNINGS
OVERALL UP
MODESTLY**



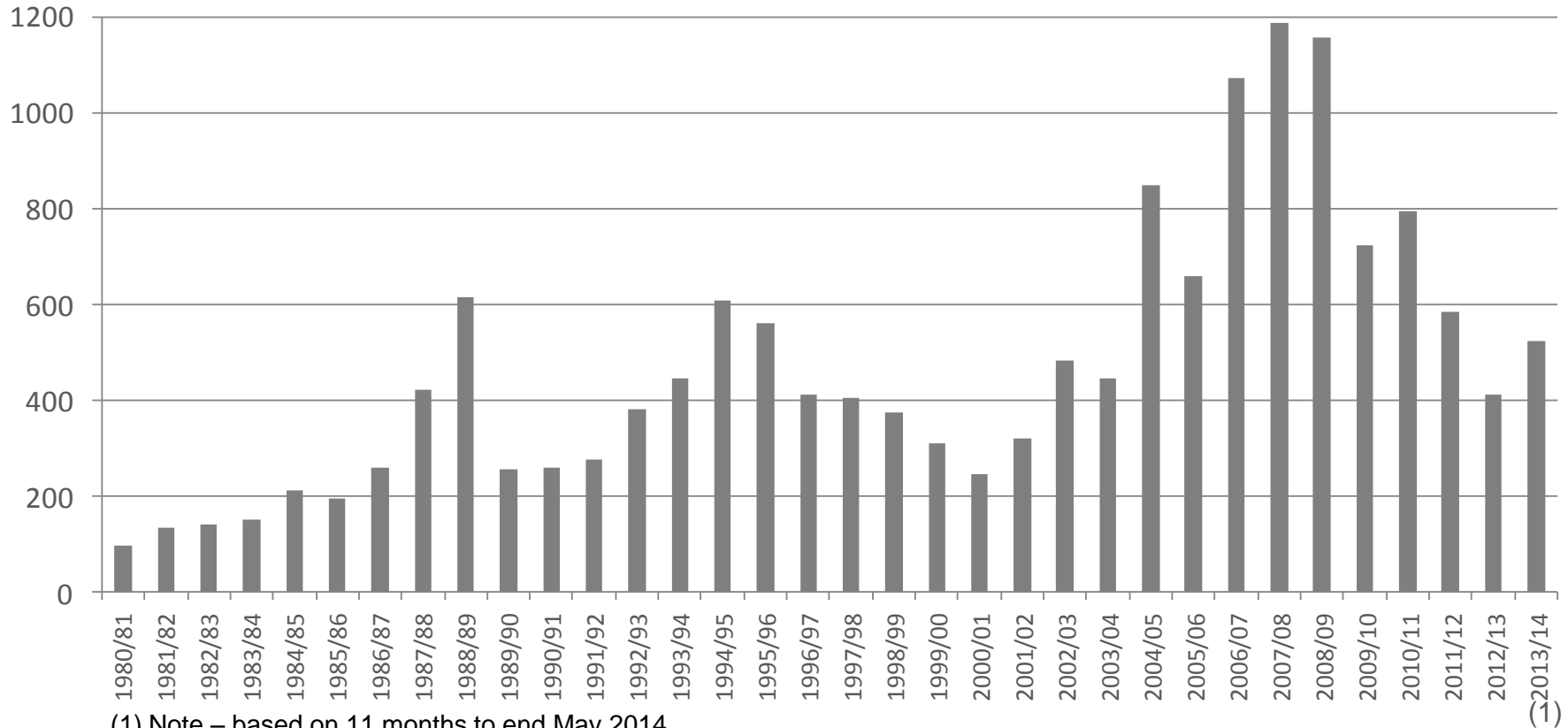
G

**GOVERNMENT
EXPENDITURE
DOWN**



VALUE OF BUILDING APPROVALS

FAR NORTH QUEENSLAND STATISTICAL DIVISION \$M

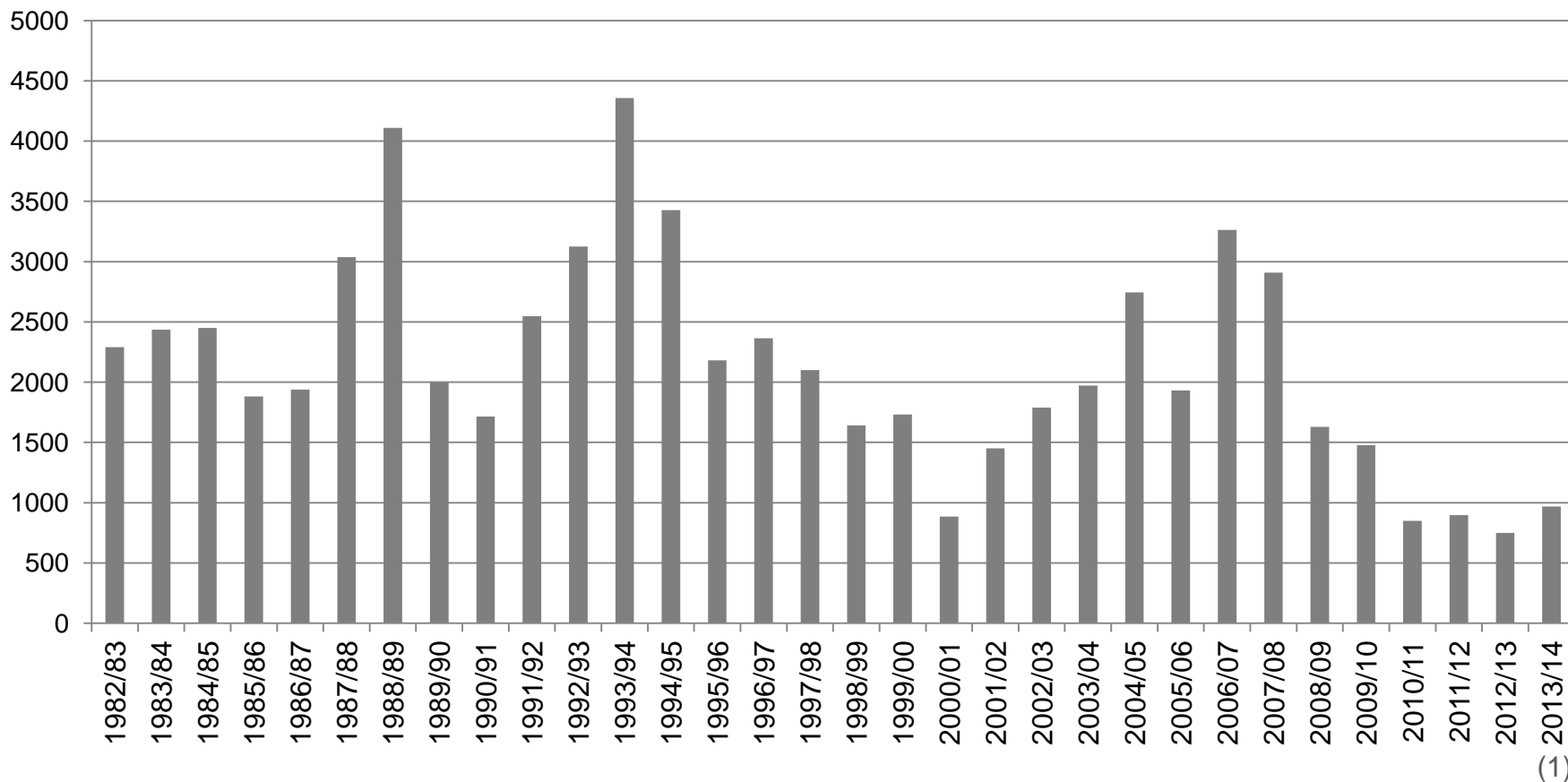


(1) Note – based on 11 months to end May 2014.

Source: Cummings Economics from ABS data.

DWELLING APPROVALS

FAR NORTH QUEENSLAND STATISTICAL DIVISION



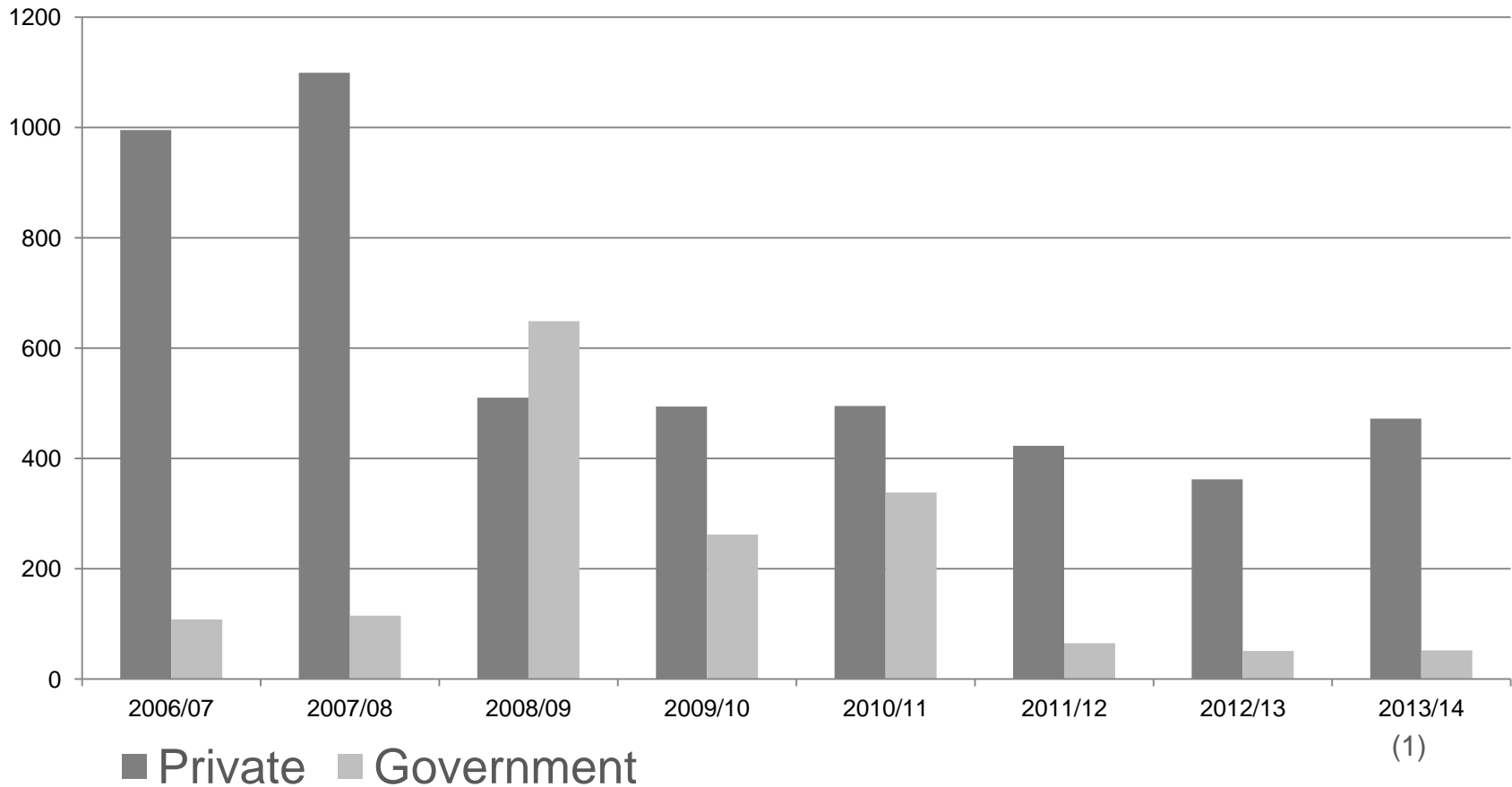
(1) Note - based on 11 months to end May 2014.

Source: Cummings Economics from ABS data.

TOTAL VALUE OF BUILDING APPROVALS

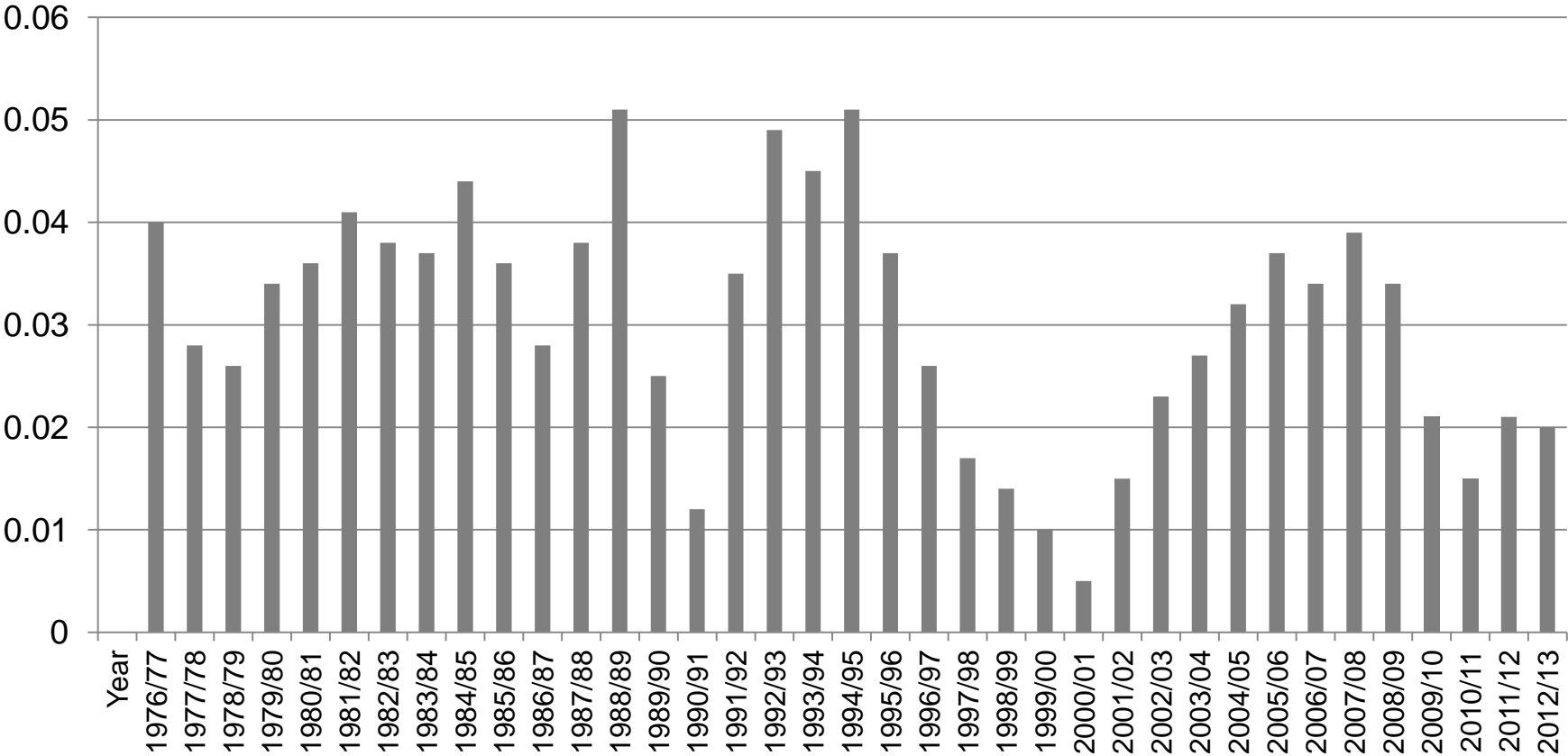
FAR NORTH QUEENSLAND STATISTICAL DIVISION

PRIVATE VS GOVERNMENT



(1) Note - based on 11 months to end May 2014.
 Source: Cummings Economics from ABS data.

RESIDENTIAL POPULATION GROWTH : CAIRNS



(1) Cairns Statistical Subdivision from 2011. Cairns North & Cairns South SA3 from 2011.

Source: Cummings Economics from ABS data. Cat No. 3218.0 and previous.

RESIDENTIAL POPULATION % GROWTH

10 YEARS 2002/03 TO 2012/13

ROCKHAMPTON	SA3	20%
MACKAY	SA3	30%
TOWNSVILLE	SA3	28%
CAIRNS	SA3s	32%
DARWIN	SA4	26%

Source: Cummings Economics from ABS Cat No. 3218.0.

Growth Far North Queensland Region 46,000 (21%)

LOOKING FORWARD

RISING INVESTMENT / CONSTRUCTION

STARTING POINT:

- DWELLING VACANCIES LOW : RENTS UP
- HOTEL MOTEL OCCUPANCY RATES BACK UP

SOME PROPOSED DEVELOPMENTS IN THE PIPELINE INCLUDE

CAIRNS CITY	RESIDENTIAL
CAIRNS NORTH	6 residential towers, 1 corporate, 1100 apartments over time
	2 x 15 storey towers / residential development
	15 storey commercial / residential development
	TOURISM
	400 hotel rooms
	300 bed backpacker hostel
	The Aquarium Project
NORTH SIDE	Bluewater expansion
	A retirement village
	200 - 500 house lots
	Residential units
SOUTHSIDE	Towards 2000 house lots

GROWTH IN CHINESE INCOME LEVELS

YEARS	GDP US \$ TRILLION	GDP PER CAPITA (INT \$ PPP)
2002	1.45	2,891
2003	1.64	3,227
2004	1.93	3,625
2005	2.26	4,115
2006	2.71	4,759
2007	3.50	5,562
2008	4.52	6,201
2009	4.99	6,798
2010	5.93	7,571
2011	7.33	8,411
2012	8.23	9,185

Source: United Nations.

GROWTH IN CHINESE OUTBOUND VISITOR NUMBERS

	No. M	ANNUAL GROWTH
2006	35M	
2007	41M	18.6%
2008	46M	11.9%
2009	48M	4.0% (GFC)
2010	57M	20.4%
2011	70M	22.4%
TOTAL INCREASE	36 m	15.3% AV % PA

(1) Note: Includes travel to Hong Kong, Macau & Taiwan.

Source: Travel China Guide.

GROWTH IN CHINESE VISITORS

	CAIRNS	AUSTRALIA
2000	6,682	106,807
2001	14,936	145,134
2002	10,789	168,032
2003	11,970	161,116
2004	26,360	227,394
2005	33,325	268,442
2006	34,184	289,779
2007	55,276	329,813
2008	47,022	347,319
2009	38,503	343,821
2010	62,734	408,327
2011	73,757	490,427
2012	102,075	573,071
AV. ANNUAL GROWTH	26% PA	15% PA

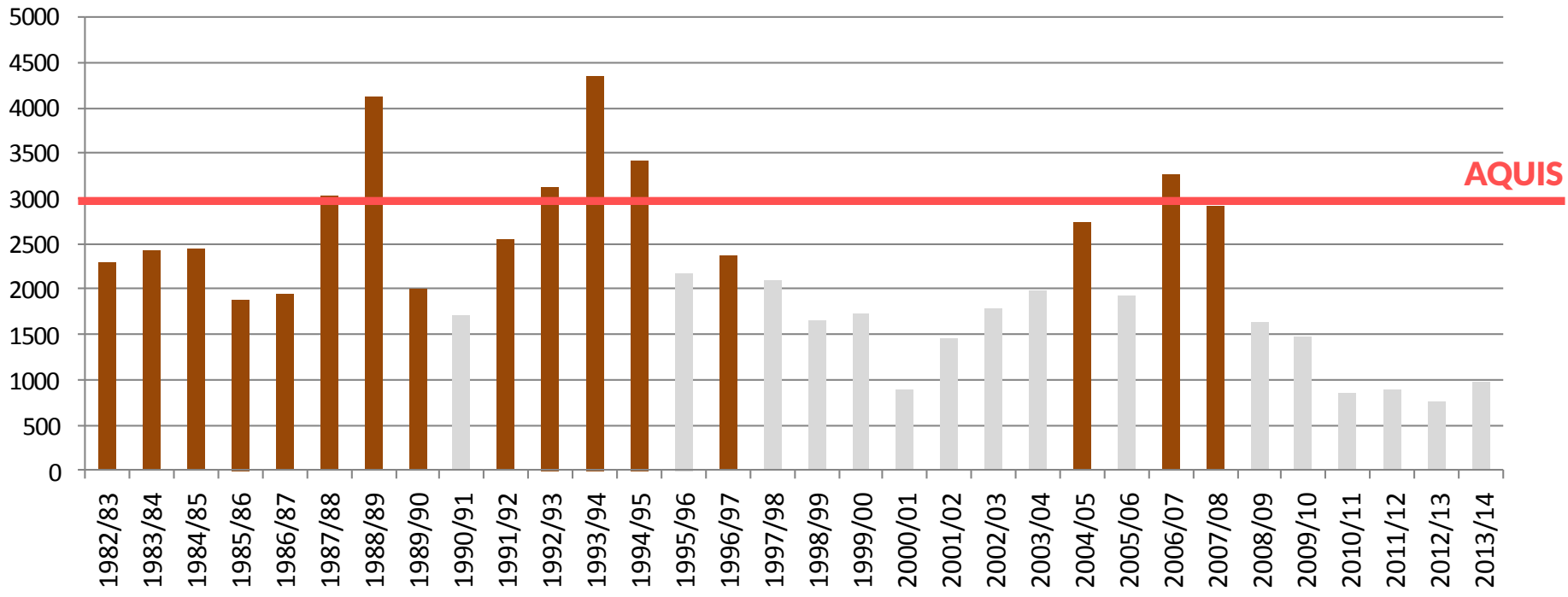
Source: Tourism Research Australia – International Visitor Survey.

COMPARISON PROJECTED AQUIS PROJECT WITH PERIOD 1984 TO 1996

INCREASE IN HOTEL MOTEL ROOMS FNQ

	ACTUAL 1984 - 1996	PROJECTED AQUIS 2015 - 2027
NO. OF ROOMS AT BEGINNING	2717	10800
AT END 12 YEARS	9010	6500
INCREASE	6293	6500
% INCREASE	+232%	+60%
INCREASE : 4 YEARS	1986 - 1990	AQUIS STAGE 1
NO.	4259	3500
GROWTH	+147%	+32%

YEARS IN WHICH RATIO OF DWELLING APPROVALS TO POPULATION WAS ABOVE INDICATED DEMAND FOR DWELLING CONSTRUCTION, TO CURRENT POPULATION STIMULATED BY AQUIS



POPULATION
CITY 70,000
REGION 154,000

CITY 160,000
REGION 280,000

POPULATION INCREASES : CAIRNS CITY

	<u>ACTUAL</u> <u>1984-1996</u>	<u>AQUIS PROJECTED</u> <u>2015 - 2027</u>
POPULATION AT START	70,000	160,000
INCREASE	40,000	80 - 90,000
POPULATION AT END	110,000	240 - 250,000
% INCREASE	+57%	+50-56%

BACK TO MID TO LATE 1980s

- SOME TRANSITORY STRESSES AND STRAINS
- BUT BETTER KNOWN IN ADVANCE TO PLAN FOR AND RESPOND TO

COMMONWEALTH WHITE PAPER PROCESS

- LIFE EXPECTANCIES
- URBAN POPULATION GROWTH
- HISTORICAL DEVELOPMENT AND PROSPECTS

- AGRICULTURAL POTENTIAL
- REGIONAL ROADS
- SEAPORT UPGRADING & CONTAINER SERVICES
- AIR FREIGHT OPPORTUNITIES
- HEALTH, UNIVERSITY, COMMUNITY SERVICES AND FACILITIES



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