CAIRNS & THE NEW ECONOMIC FUNDAMENTALS
GETTING BEYOND THE UNCERTAINTY

PRESENTATION TO CAIRNS CHAMBER OF COMMERCE

WS (Bill) Cummings
Ref: J2878 | 28th July 2015
<table>
<thead>
<tr>
<th><strong>JULY</strong>: LAST YEAR’S CHAMBER ADDRESS</th>
<th>PROSPECTS OF MAJOR SURGE IN DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OCTOBER</strong></td>
<td>AQUIS &amp; SHIPPING DEVELOPMENT PROJECT</td>
</tr>
<tr>
<td></td>
<td>UNRAVELLING</td>
</tr>
<tr>
<td><strong>JANUARY</strong></td>
<td>CHANGE OF STATE GOVERNMENT</td>
</tr>
<tr>
<td><strong>RESULT</strong></td>
<td>MAJOR UNCERTAINTY</td>
</tr>
</tbody>
</table>
UNCERTAINTY IMPACTS ON MAJOR ELEMENTS OF THE ECONOMY

I
INVESTMENT / CONSTRUCTION

C
HOUSEHOLD EXPENDITURE

Ex
OUTSIDE EARNINGS

G
GOVERNMENT EXPENDITURE

X
X
X
(1) Note – based on 10 months to end April 2015.
Source: Cummings Economics from ABS data.
INDEX OF AUSTRALIAN ELECTRICITY PRICES

Council of Australian Governments signed the Australian Energy Market Agreement: 30th June 2004
WTI Crude Oil

$47.39 ▼ -0.75 -1.58%

2015.07.27 end-of-day
POPULATION GROWTH CAIRNS
STALLED BELOW TREND
# ABS Numbers Employed Cairns Region

<table>
<thead>
<tr>
<th>JUNE QTR</th>
<th>'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>116.6</td>
</tr>
<tr>
<td>2014</td>
<td>108.0</td>
</tr>
<tr>
<td>2015</td>
<td>109.2</td>
</tr>
</tbody>
</table>
MESSAGE TODAY TWO-FOLD

IN THE BACKGROUND UNDERLYING HIGHLY FAVOURABLE TRENDS

INSPIRATION FROM THE PAST AND FIND WAYS TO RELEASE OPPORTUNITIES
FALLS IN AUSTRALIAN DOLLAR

COMMODITY PRICES DOWN

INTEREST RATES COMPARED WITH THE REST OF THE WORLD LOWER
## CHANGE JULY 2014 TO JULY 2015

<table>
<thead>
<tr>
<th>Currency</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Dollar</td>
<td>-22.6%</td>
</tr>
<tr>
<td>Chinese Yuan</td>
<td>-22.0%</td>
</tr>
<tr>
<td>Japanese Yen</td>
<td>-6.1%</td>
</tr>
<tr>
<td>Korean Won</td>
<td>-12.4%</td>
</tr>
<tr>
<td>Euro</td>
<td>-5.7%</td>
</tr>
<tr>
<td>British Pound</td>
<td>-15.3%</td>
</tr>
<tr>
<td>Trade Weighted Index</td>
<td>-15.4%</td>
</tr>
</tbody>
</table>
TOURISM EXPENDITURE
YEAR ENDING SEP 2015

<table>
<thead>
<tr>
<th>OVERNIGHT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DOMESTIC</td>
<td>$1.79BN</td>
</tr>
<tr>
<td>INTERNATIONAL</td>
<td>$0.91BN</td>
</tr>
<tr>
<td>DAYTRIPS</td>
<td>$0.23BN</td>
</tr>
<tr>
<td>OUTBOUND</td>
<td>$0.08BN</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$3.01BN</td>
</tr>
</tbody>
</table>

Further details see full report on tourism impact in regional economy @ [www.cummings.net.au](http://www.cummings.net.au)
% GROWTH IN ROOM NIGHTS OCCUPIED
HOTELS, MOTELS & SERVICED APARTMENTS 2004 – 2013 (1st HALF)

Source: Australian Bureau of Statistics Cat No. 8635.3.55.001
CAIRNS AIRPORT

Yearly passengers: rolling total

- Increase June QTR 2015 on 2014
  - Domestic Terminal: 4%
  - International Terminal: 12%
  - Total: 6%

<table>
<thead>
<tr>
<th></th>
<th>Jul</th>
<th>Sep</th>
<th>Nov</th>
<th>Jan</th>
<th>Mar</th>
<th>May</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>FY2013</td>
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<tr>
<td>FY2014</td>
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<td></td>
</tr>
<tr>
<td>FY2015</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
CHINESE VISITORS TO AUSTRALIA & CAIRNS REGION

% CAIRNS: 2002 7% : 2013-14 22%
VALUE OF MINING PRODUCTION
FAR NORTH QUEENSLAND

Source: Cummings Economics from Queensland Mines & Energy data.
AIRLINKS TO MINING RELATED CENTRES
SECOND FAVOURABLE SHIFT

ATTITUDES TO NORTH: WHITE PAPER

FREE TRADE AGREEMENTS
CAIRNS REGION DOMINATES BIOLOGICAL RESOURCES

RESULTS IN REGIONAL LEADERSHIP

TOURISM

PRIMARY INDUSTRIES

LIFESTYLE
### Value Fruit Production

**Australia’s Major Fruit Producing Regions 2013/14**

<table>
<thead>
<tr>
<th>Region</th>
<th>State</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>North West Region</td>
<td>VIC</td>
<td>$752M</td>
</tr>
<tr>
<td>South East Region</td>
<td>SA</td>
<td>$664M</td>
</tr>
<tr>
<td>Cairns Region</td>
<td>QLD</td>
<td>$525M</td>
</tr>
<tr>
<td>Murray + Riverina Regions</td>
<td>NSW</td>
<td>$470M</td>
</tr>
<tr>
<td>Shepparton Region</td>
<td>VIC</td>
<td>$355M</td>
</tr>
<tr>
<td>Wide Bay Region</td>
<td>QLD</td>
<td>$228M</td>
</tr>
</tbody>
</table>

Cairns Region now Australia’s 3rd largest fruit producing region.
SUGAR PRICES

WATER RUNOFF
MITCHELL RIVER BASIN 22.95 MILLION MEGALITRES
MURRAY DARLING BASIN 23.87 MILLION MEGALITRES
HARVESTED SORGHUM STRATHMORE STATION

WATER RUNOFF
GILBERT BASIN 4.38 MILLION MEGALITRES
ORD RIVER BASIN 4.7 MILLION MEGALITRES
IFED PROPOSED DEVELOPMENT
GILBERT RIVER BASIN
COOKTOWN DISTRICT

CROPPING UP TO $40M

2 MILLION HA AGRICULTURAL SOILS IN PENINSULA
CAIRNS REGION HAS LED LONG-TERM REGIONAL POPULATION GROWTH QUEENSLAND
SUCCESS BREEDS SUCCESS

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOURISM</td>
<td>AQUARIUM &amp; ADVENTURE WATERS</td>
</tr>
<tr>
<td>TOURISM &amp; POPULATION</td>
<td>NOVA8 C3TOWERS</td>
</tr>
<tr>
<td>POPULATION</td>
<td>JCU &amp; CQU CAMPUSES</td>
</tr>
<tr>
<td>HOSPITAL, ENTERTAINMENT &amp; SPORTING</td>
<td>FACILITIES</td>
</tr>
<tr>
<td>SMALL SHIPPING</td>
<td>SKILLS &amp; FACILITIES FOR 2BN PACIFIC PATROL BOAT CONTRACT</td>
</tr>
</tbody>
</table>
MAJOR PROJECTS: APPROVED, BEING PROCESSED / PROPOSED

- MT PETER HIGH SCHOOL
- MT PETER RESIDENTIAL DEVELOPMENT
- EDMONTON INDUSTRIAL 50HA
- GORDONVALE WOOLWORTHS
- BELL BIRD PARK RESORT PALM COVE 200 ROOMS
- PALM COVE 99 HOLIDAY UNITS
- BOTANICA RESIDENTIAL 1280 UNITS
- ADVENTURE WATERS WATER PARK $45M
- TRINITY BEACH PROFESSIONAL BUILDING
- TRINITY BEACH MULTIPLEX BLUEWATER 387 LOTS
- TRINITY PARK SHOPPING DEVELOPMENT
- GOLDEN LAKES FOREST MOUNTAIN $122M
- RETIREMENT VILLAGE KEWARRA 168 UNITS
- AQUIS PROJECT YORKEY'S KNOB $8BN
- PACIFIC PATROL BOAT TENDER $1BN
- FLORENCE ST 16 STOREYS UNITS
- NOVA 8 $400M 1500 UNITS
- C3 TOWERS $550M 796 UNITS
- NQ VILLAS 399 UNITS
- MOOROOBOOL AGED CARE 144 BEDS
- TOBRUK MEMORIAL POOL 22M
- CAIRNS INTERNATIONAL AIRPORT LONG TERM EXPANSION PLAN $1BN
- NEW CIVIC THEATRE $65M
- AQUARIUM $10M
- ACACIA COURT EXPANSION 417 ROOMS
- CQU UNIVERSITY CAMPUS
- EVOCA COLLEGE MCLEOD ST
- CITY CENTRE ALIVE UPGRADE $17M
- CAIRNS PRIVATE HOSPITAL REDEVELOPMENT $20M

OTHER UNITS: 333
RESIDENTIAL LOTS: 1885
FUNDAMENTALS FAVORABLE FOR REACCELERATION
NEED TO REMOVE THE UNCERTAINTIES
REALISE THE OPPORTUNITIES
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