WINNING THROUGH

TRENDS AND PROSPECTS FOR THE CAIRNS & TROPICAL NORTH QUEENSLAND ECONOMY

PRESENTATION TO CAIRNS CHAMBER OF COMMERCE

WS (Bill) Cummings | Cummings Economics

CAIRNS & TROPICAL NORTH QUEENSLAND

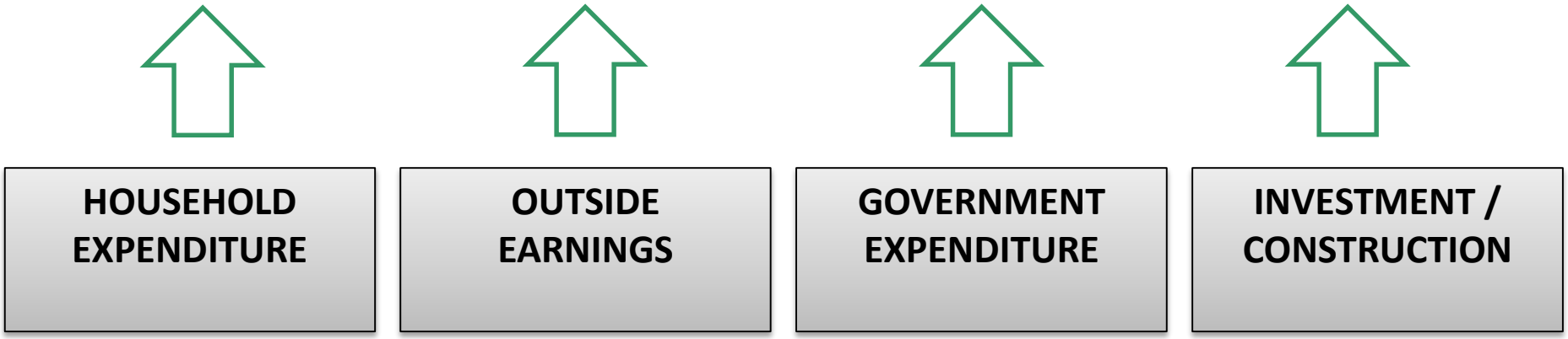
CUMMINGS ECONOMICS

CAIRNS CHAMBER OF COMMERCE

Ref: J3171 | 24th July 2018

LOOKING FORWARD in 2017

ALL MAJOR SEGMENTS OF THE ECONOMY LOOKING POSITIVE



EX : OUTSIDE EARNINGS

STRONG EXPANSION UNDERPINS A GROWING ECONOMY & POPULATION

RESOURCE BASED

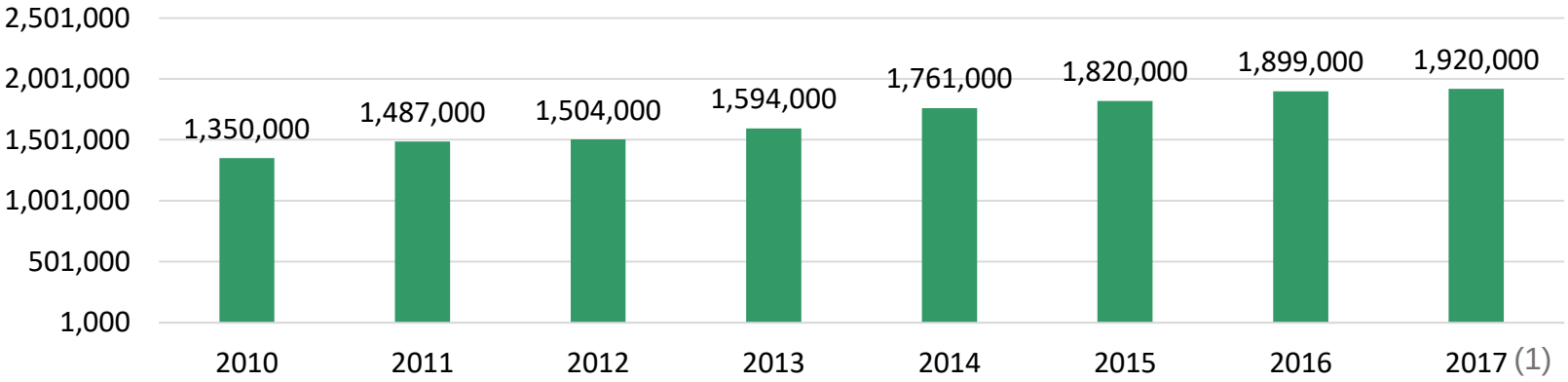
TOURISM
PRIMARY INDUSTRIES
MINING

SKILLS BASED

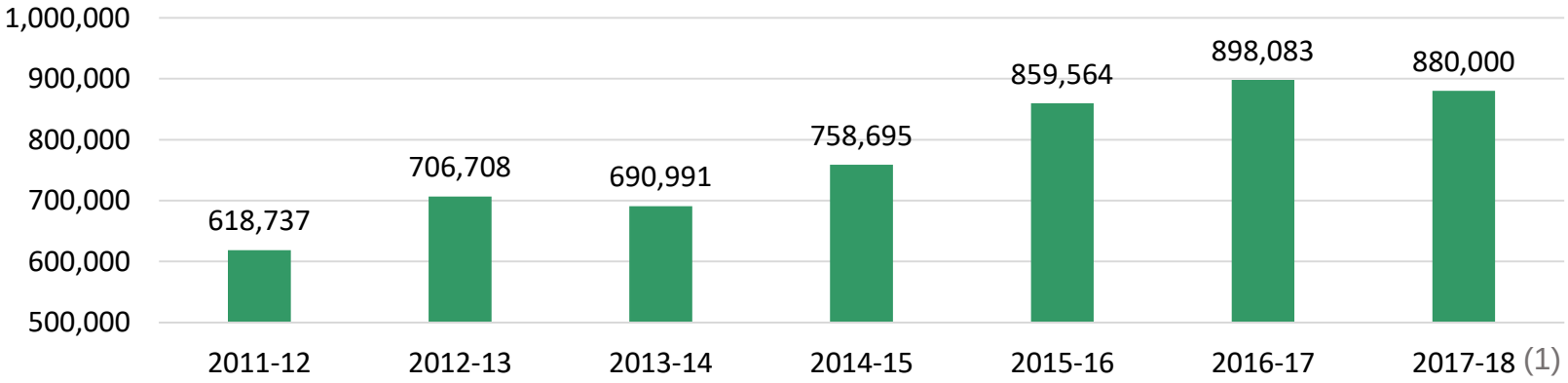
MARINE & AVIATION SERVICING
FIFO & TRADE WITH NEAR NORTH
INTERNATIONAL EDUCATION

RECOVERY GROWTH IN DOMESTIC & INTERNATIONAL VISITORS

DOMESTIC **VISITORS**



INTERNATIONAL **VISITORS**

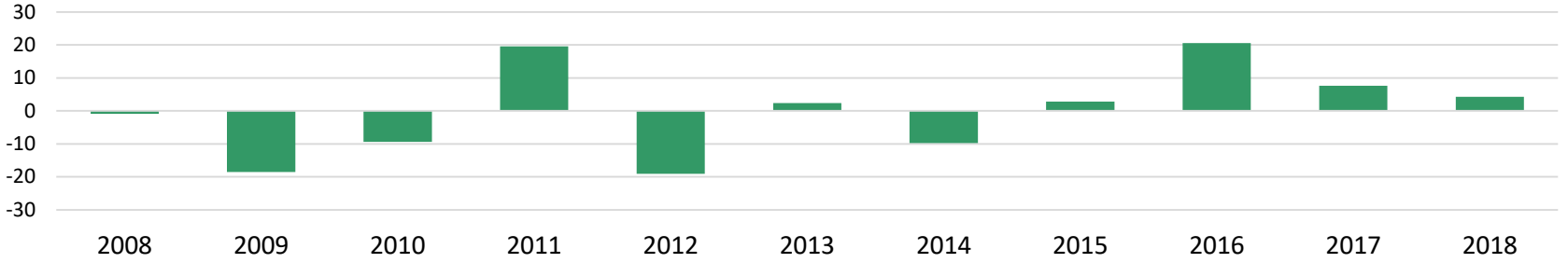


Note 1: 12 MONTHS TO MARCH QTR 2018

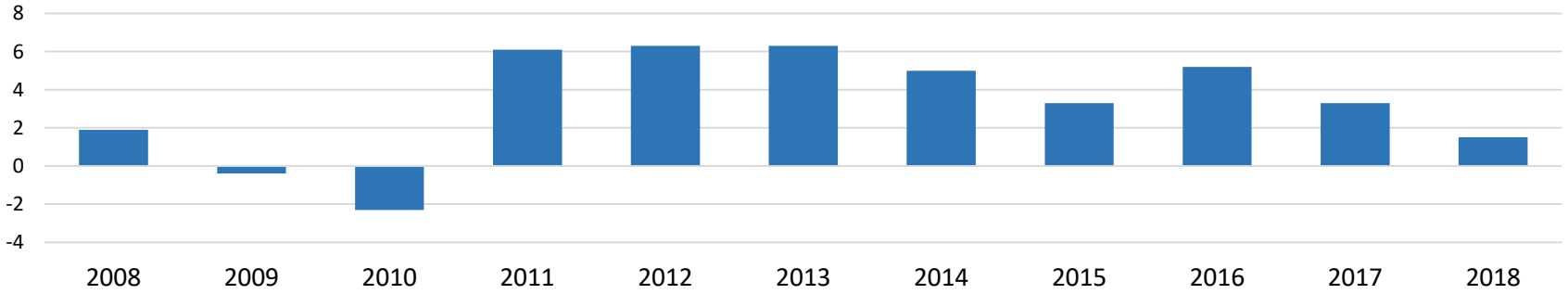
Source: TRA NVS & IVS

GROWTH IN PASSENGER NUMBERS ARRIVING / DEPARTING CAIRNS AIRPORT

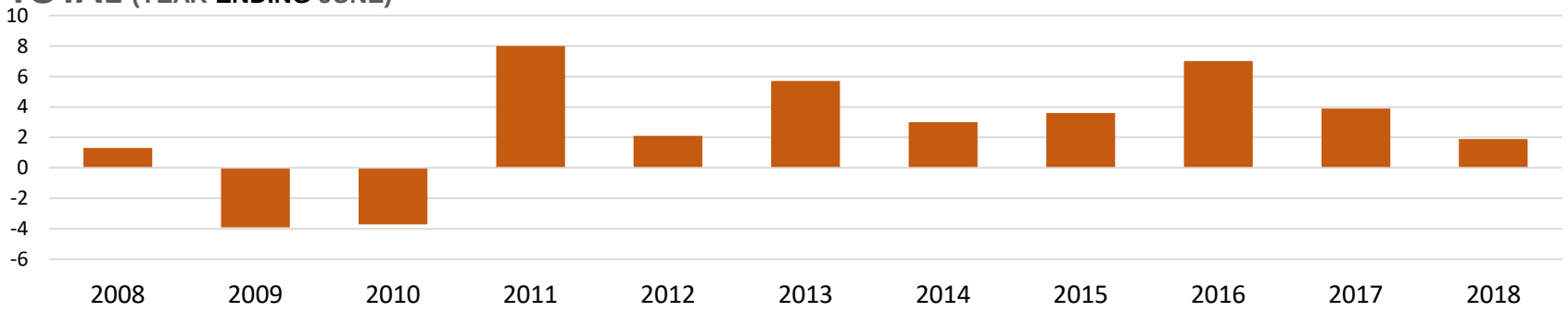
INTERNATIONAL TERMINAL (YEAR ENDING JUNE)



DOMESTIC TERMINAL (YEAR ENDING JUNE)



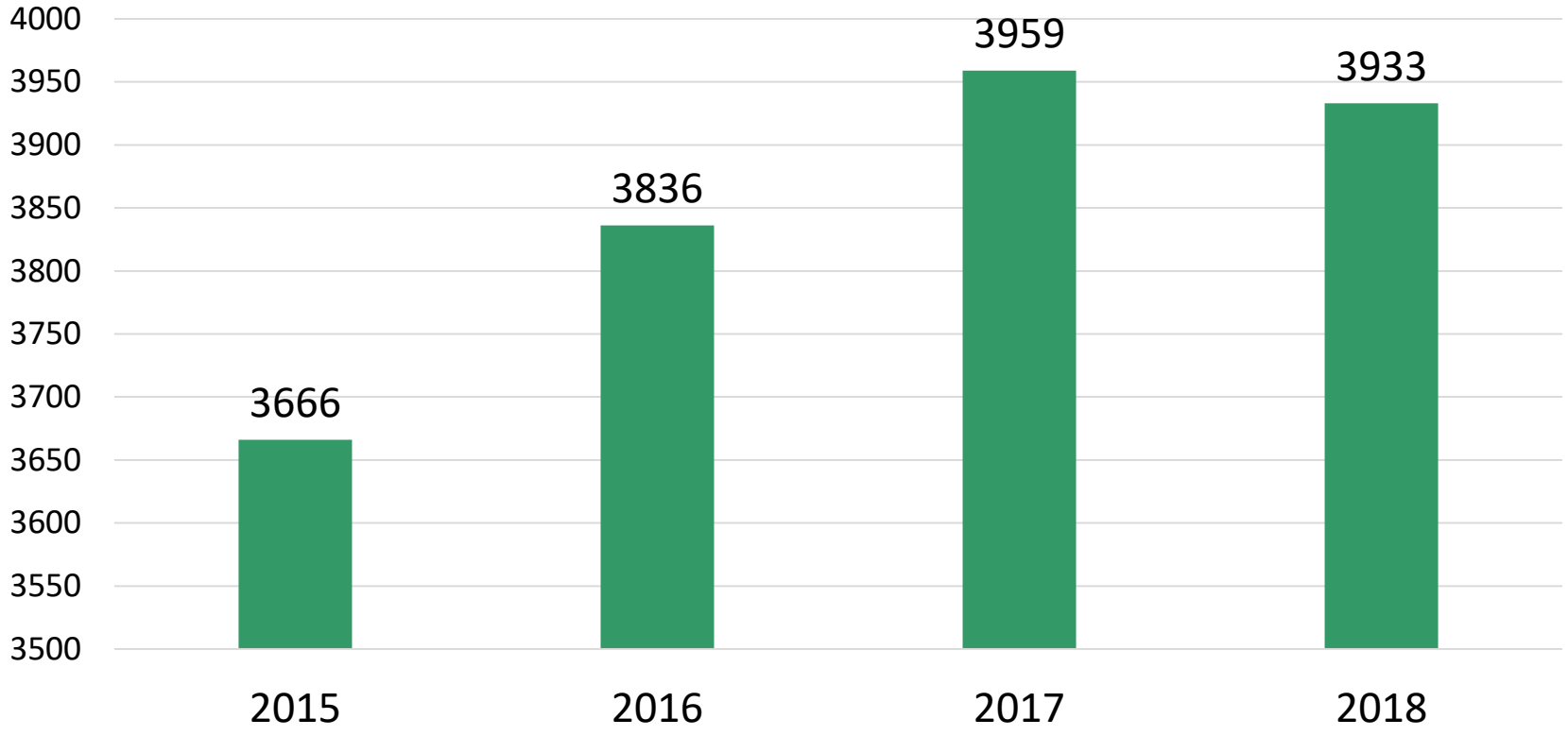
TOTAL (YEAR ENDING JUNE)



Source: Cairns Airport Pty Ltd

AIRLINE SEATS MAJOR ROUTES INTO CAIRNS

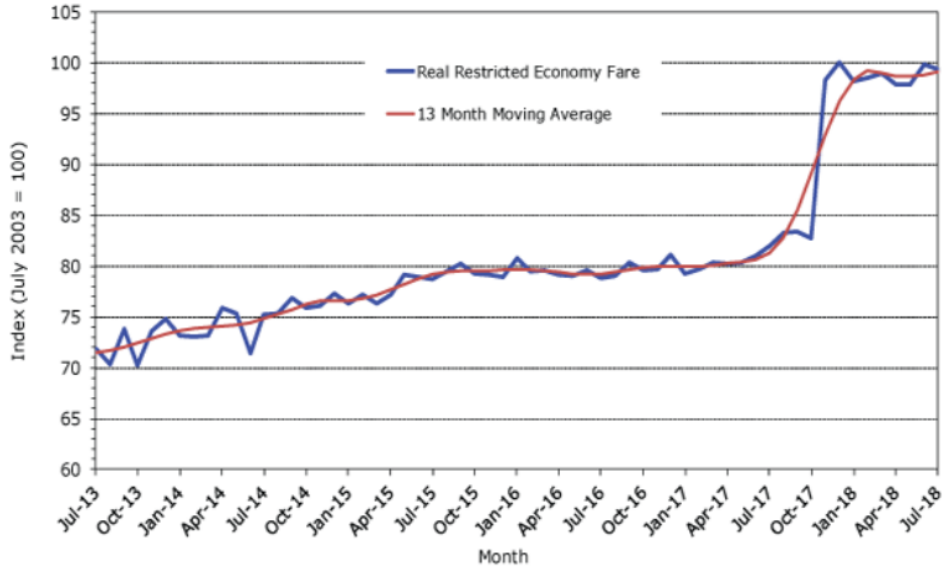
CNS to BNE, SYD, MEL : YEAR ENDING MAY



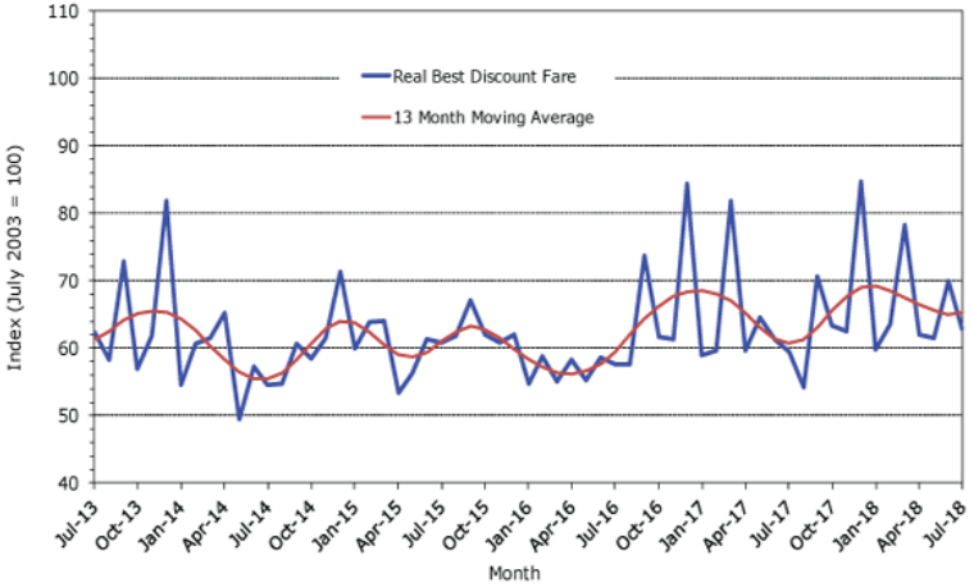
Source : BITRE

DOMESTIC AIRFARES

Domestic Air Fares (Restricted Economy)

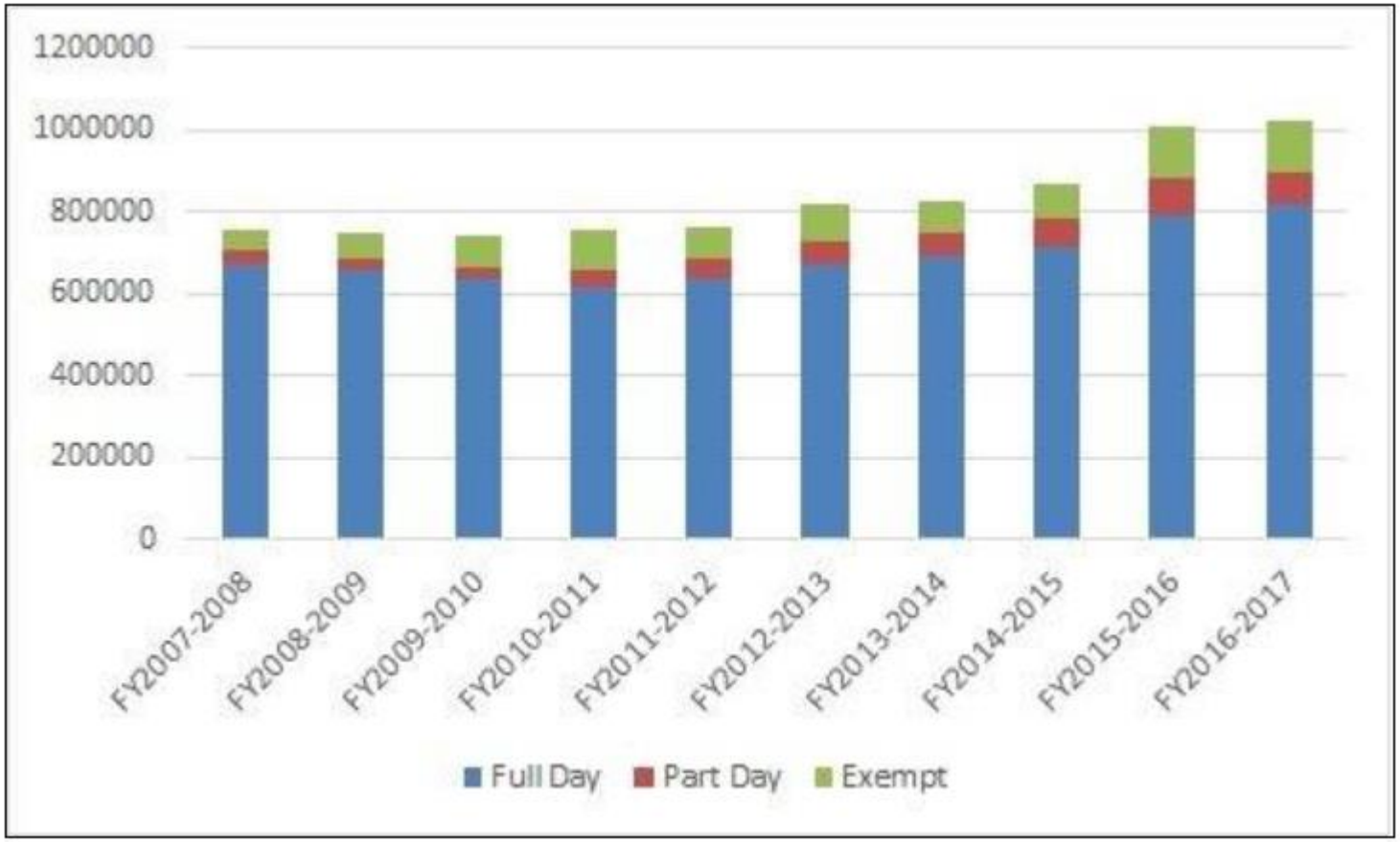


Domestic Air Fares (Best Discount)



Source : BITRE

REEF VISITATION CAIRNS AREA



Source : GBRMPA

HOTEL ACCOMMODATION

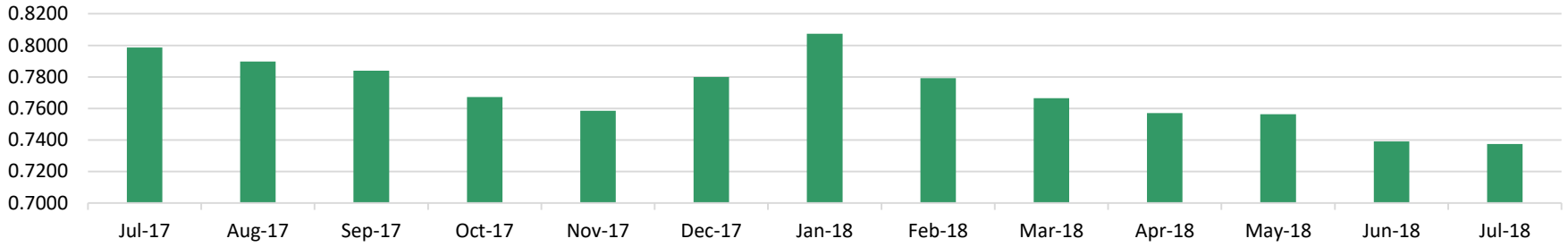
YE JUNE 2018 OVER YE JUNE 2017

CHANGE IN ROOMS SOLD	0.0%
ROOMS AVAILABLE	(-0.7%)
OCCUPANCY	+0.7%
ROOM REVENUE	+3.2%

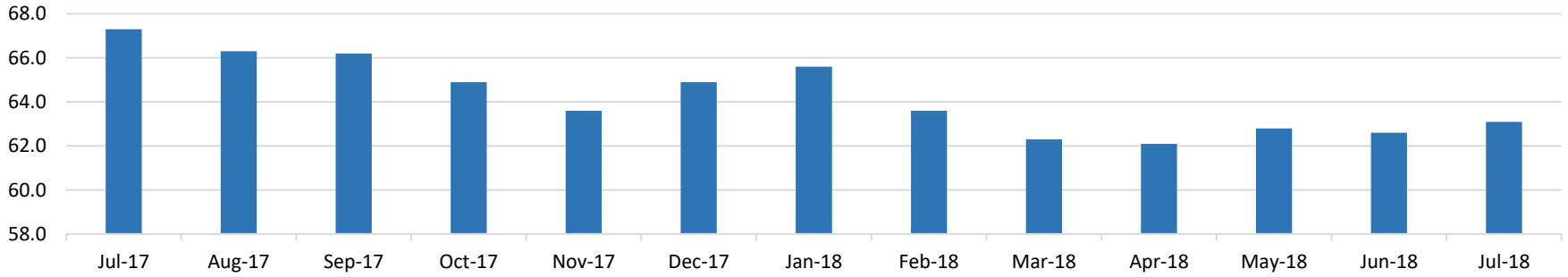
Source : TTNQ / STR

EXCHANGE RATES AUSTRALIAN DOLLAR

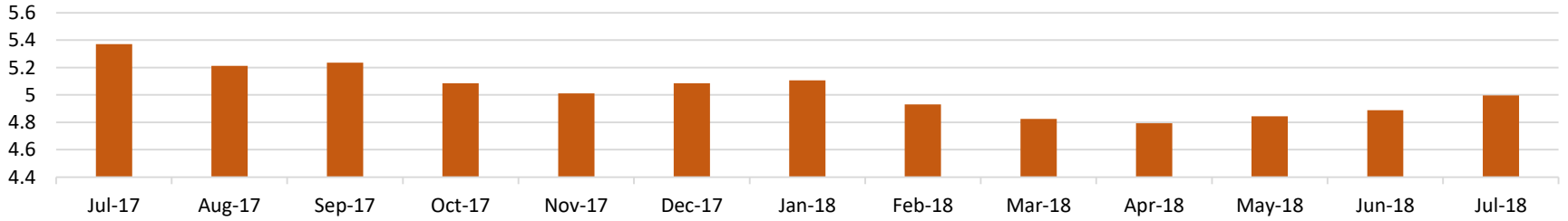
AUD/USD Exchange Rate



Trade-weighted Index



AUD/CNY Exchange Rate



TOURISM : LOOKING FORWARD

LOWER AUSTRALIAN DOLLAR

INTERNATIONAL

- FULL EFFECTS OF NEW CHINA FLIGHTS 2018/19

DOMESTIC

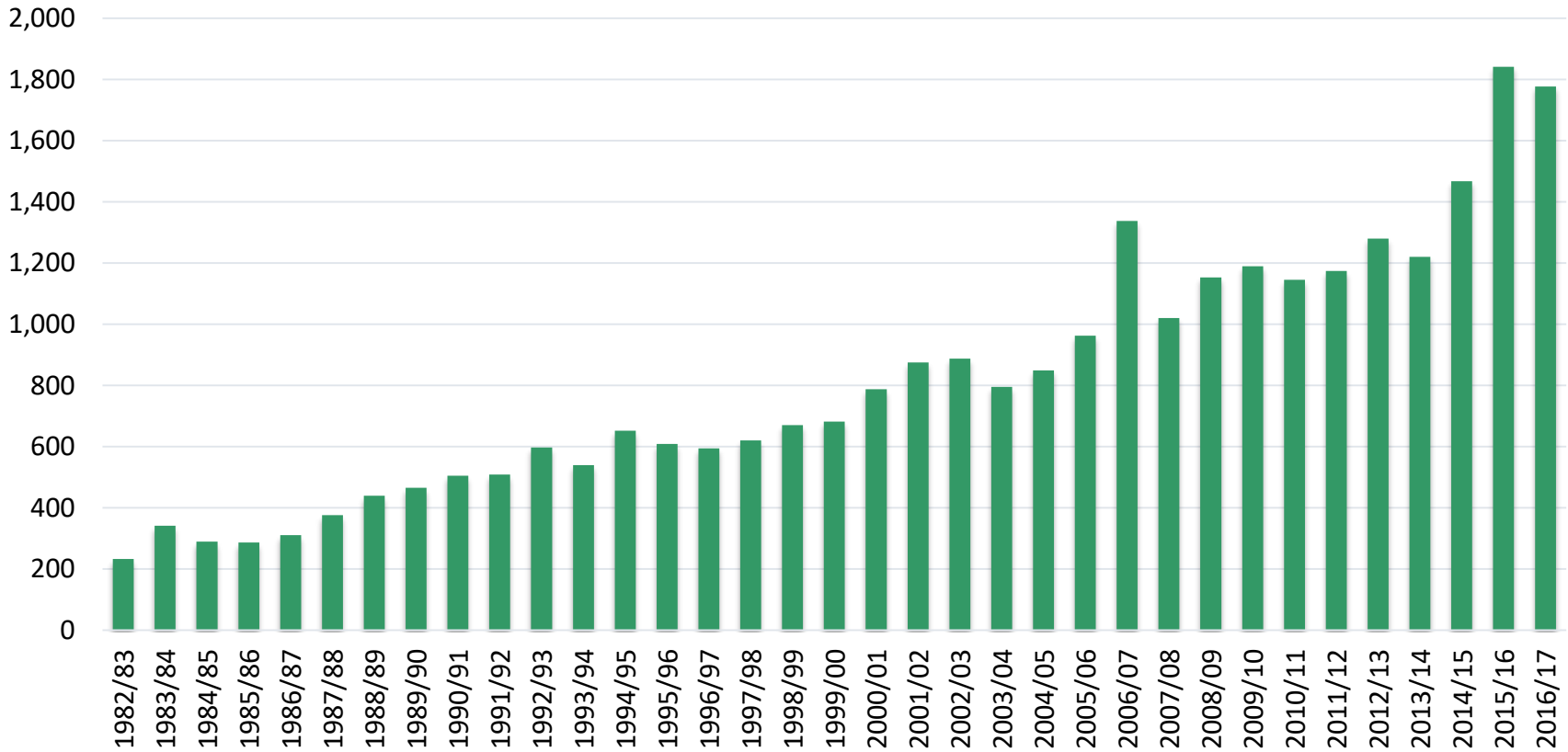
- DOMESTIC TOURISM GROWING AUSTRALIA WIDE
- EXPANSION OF SEAT NUMBERS?
- DIVERSION OF INTERNATIONALS FROM DOMESTIC FLIGHTS FREEING UP SEATS

WORRY

- IMPACT OF REEF PUBLICITY

AGRICULTURE

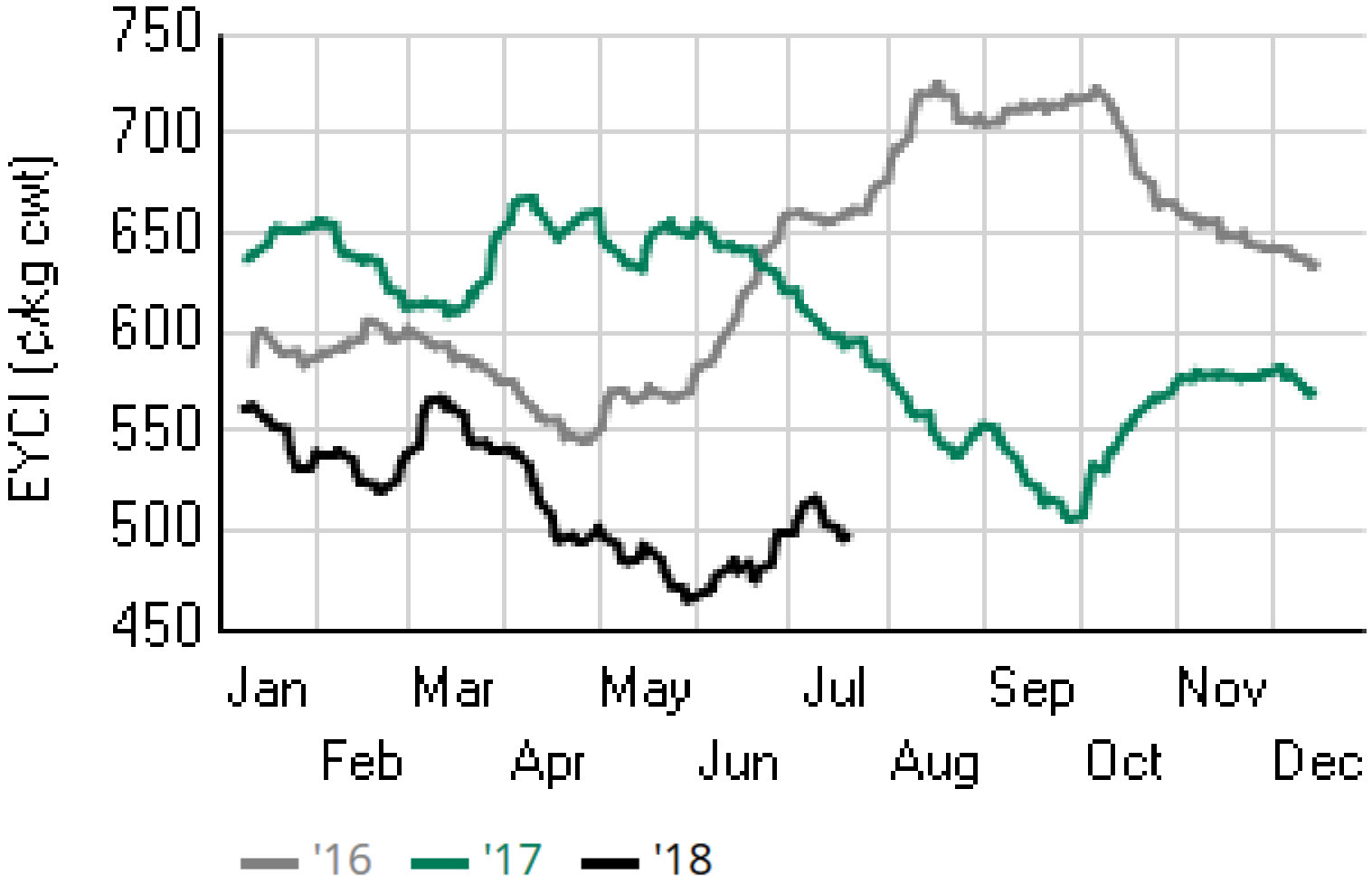
GROSS VALUE OF AGRICULTURAL PRODUCTION, TROPICAL NTH QLD (AT FARMGATE) $M



Source: Cummings Economics from ABS Data.

CATTLE PRICES DOWN

EASTERN YOUNG CATTLE INDICATOR



Source: Meat & Livestock Australia

SUGAR PRICES DOWN

This is a whole-of-season ICE 11 price chart for the 2018 Season, based on the current 3:2:1 pricing ratio applicable to QSL Target Price Pool growers. Source: Bloomberg.

Source: QSL

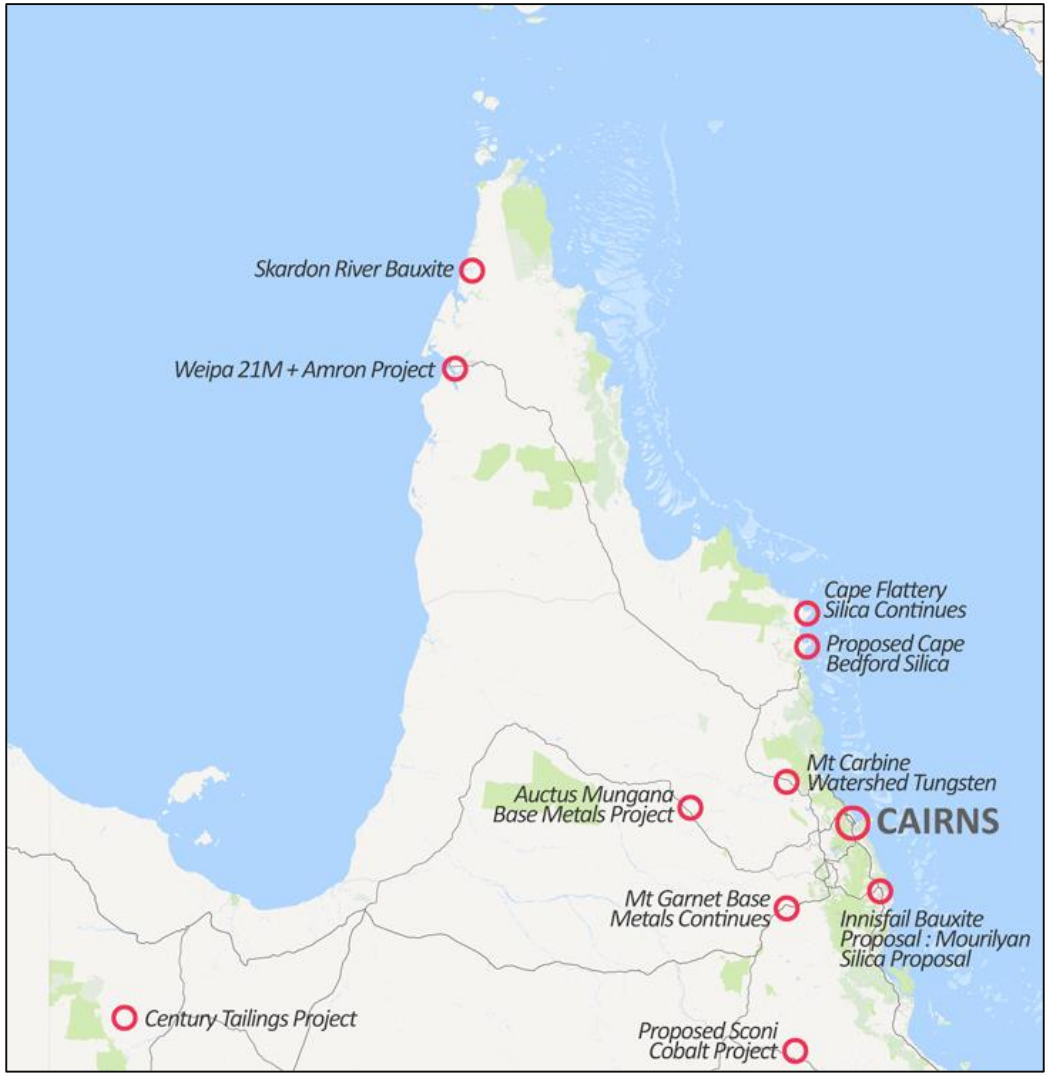
OTHER PRIMARY INDUSTRIES

- THIRD LARGEST FRUIT PRODUCING REGION IN AUSTRALIA : BANANAS LARGEST
- LARGE PRODUCTION OF VEGETABLES & ORNAMENTALS
- MAJOR DAIRY & POULTRY PRODUCTION AREA IN THE NORTH
- LEADING FISHERIES REGION IN THE NORTH & AQUACULTURE
- LEADING FOREST INDUSTRIES IN THE NORTH

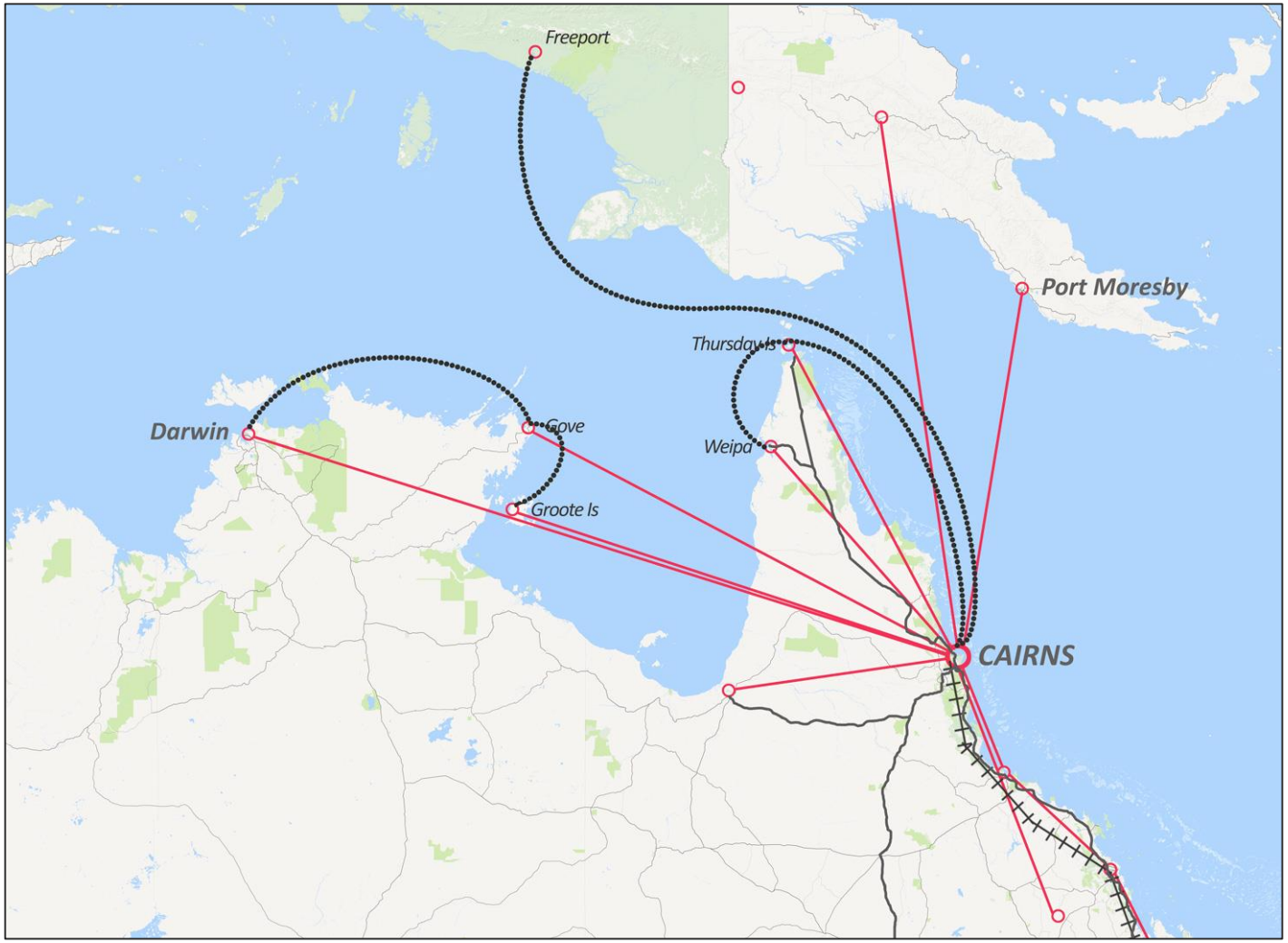
HIGHLY DIVERSIFIED & OVERALL GROWTH OCCURRING

MINING

$1.3 BN in 2016/17 COMPARED WITH $0.6BN in 2006/07



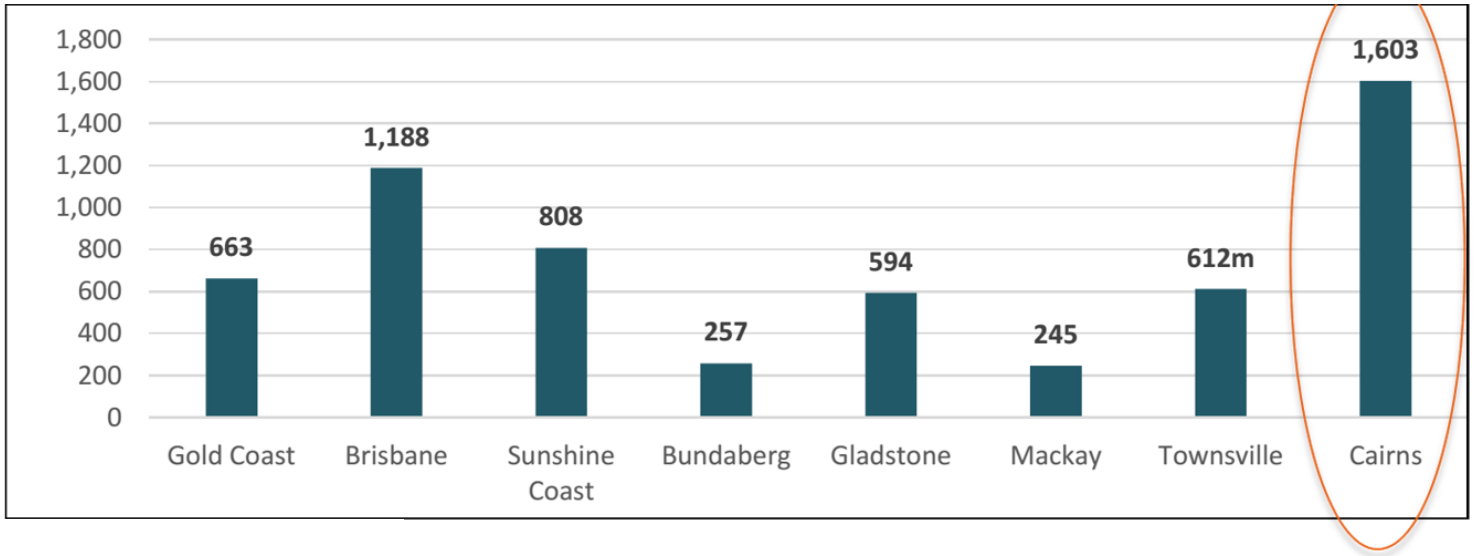
LOGISTICS HUB



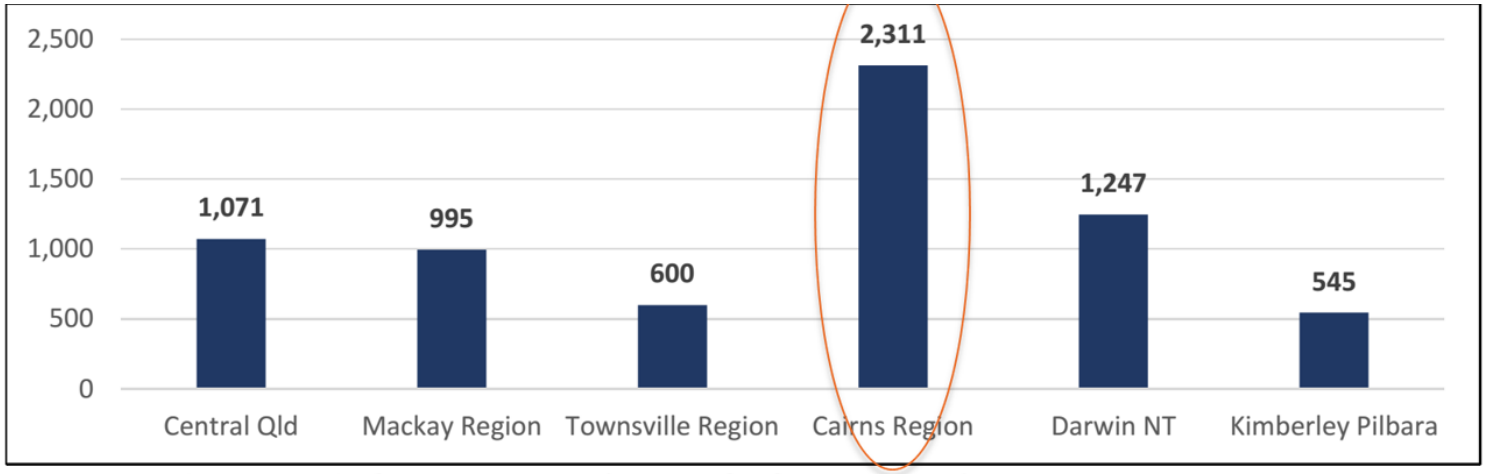
SHIPPING & AIR SERVICES TO NEAR NORTH / FIFO SUPPLY & SERVICES TO MINES & COMMUNITIES.
PENINSULA TORRES, NORTHERN TERRITORY, NORTHWEST QLD, CENTRAL QLD, PAPUA INDONESIA, PNG.

LEADING MARINE INDUSTRIES BASE

Registered Commercial Vessels, Queensland Regions, April 2017

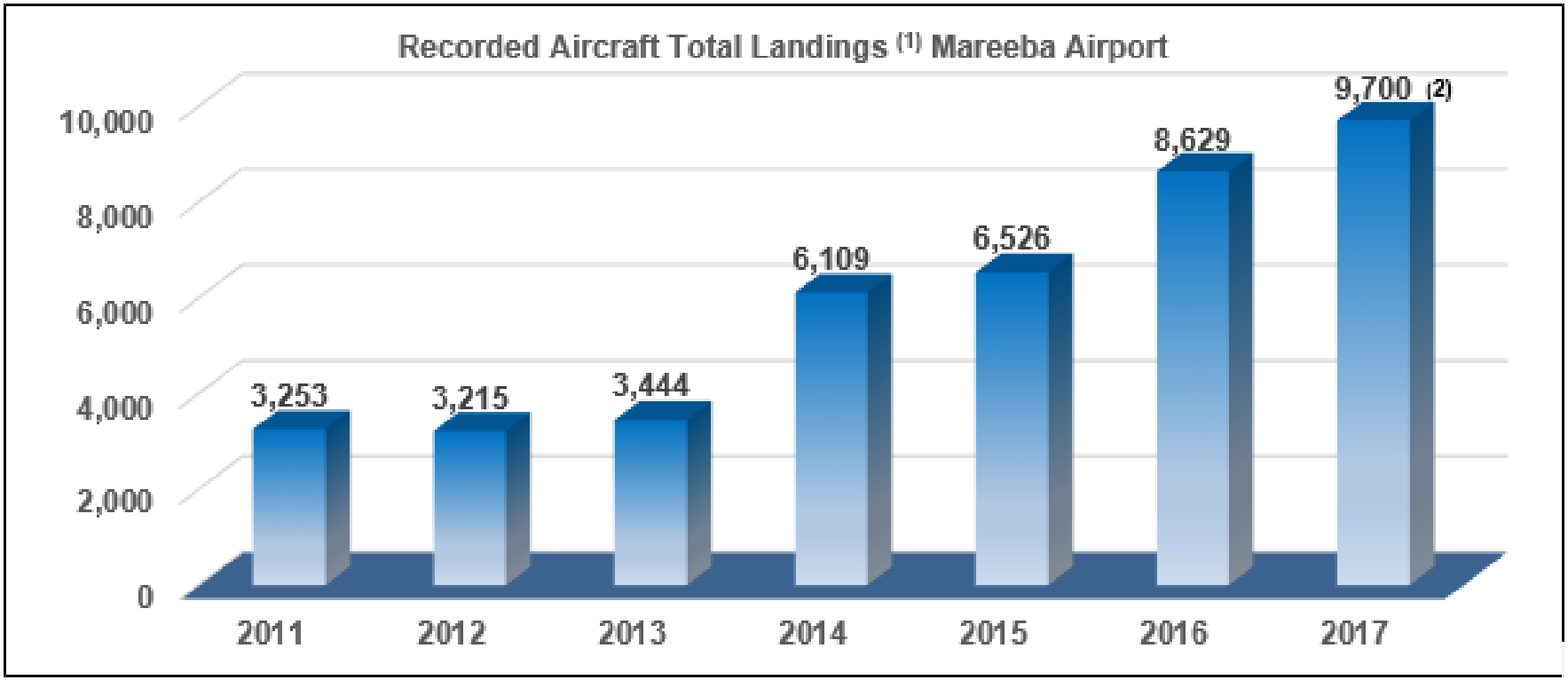


Employment in Marine Activities, Northern Australia, Census Identified plus Navy



Source: Cummings Economics from Census Data plus Dept of Defence Navy Employment.

LEADING AVIATION SERVICES HUB

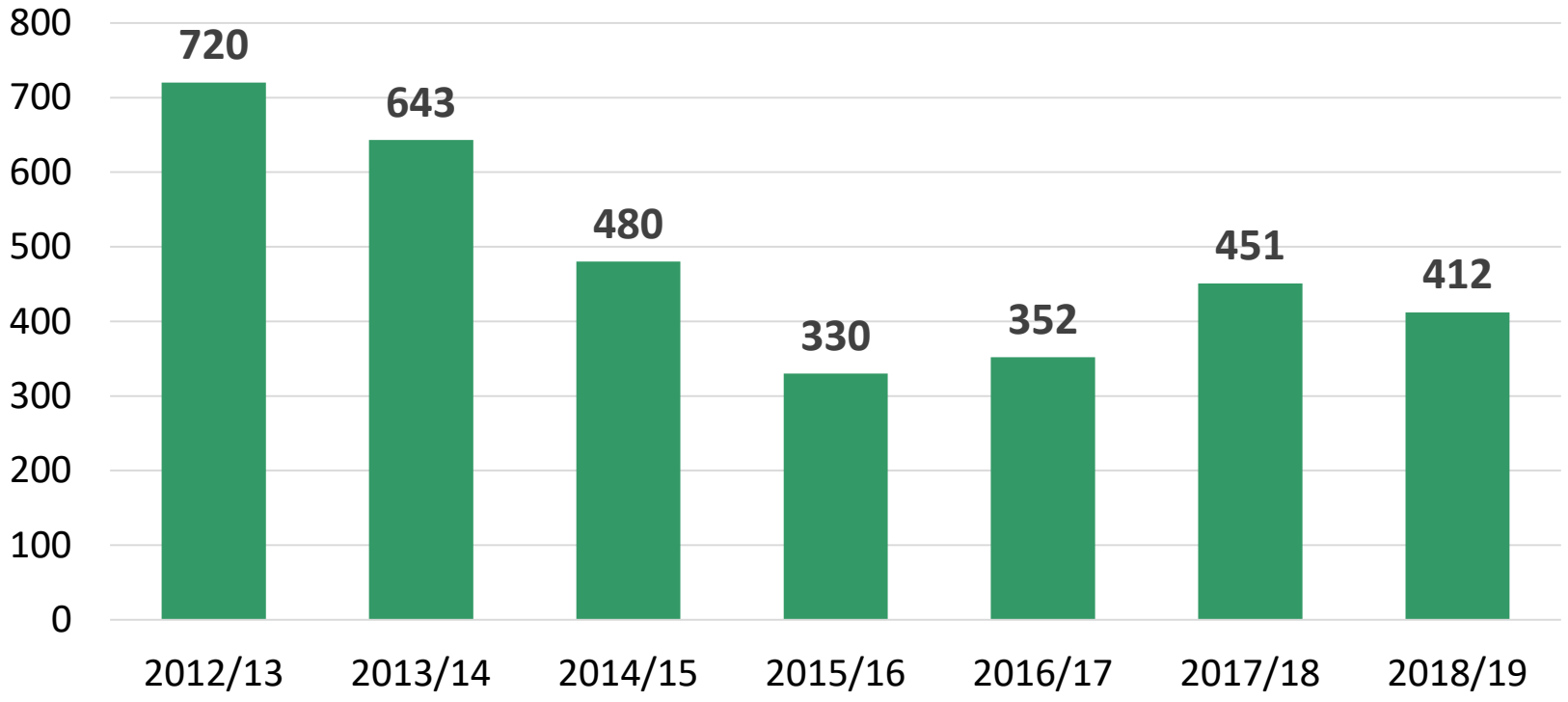


Note (1): Including touch & go and stop & go.

Note (2): Estimated based on information up to Oct 2017.

Source: Mareeba Shire Council.

STATE GOVERNMENT BUDGETED CAPITAL EXPENDITURE



Source: QLD Budget Papers.

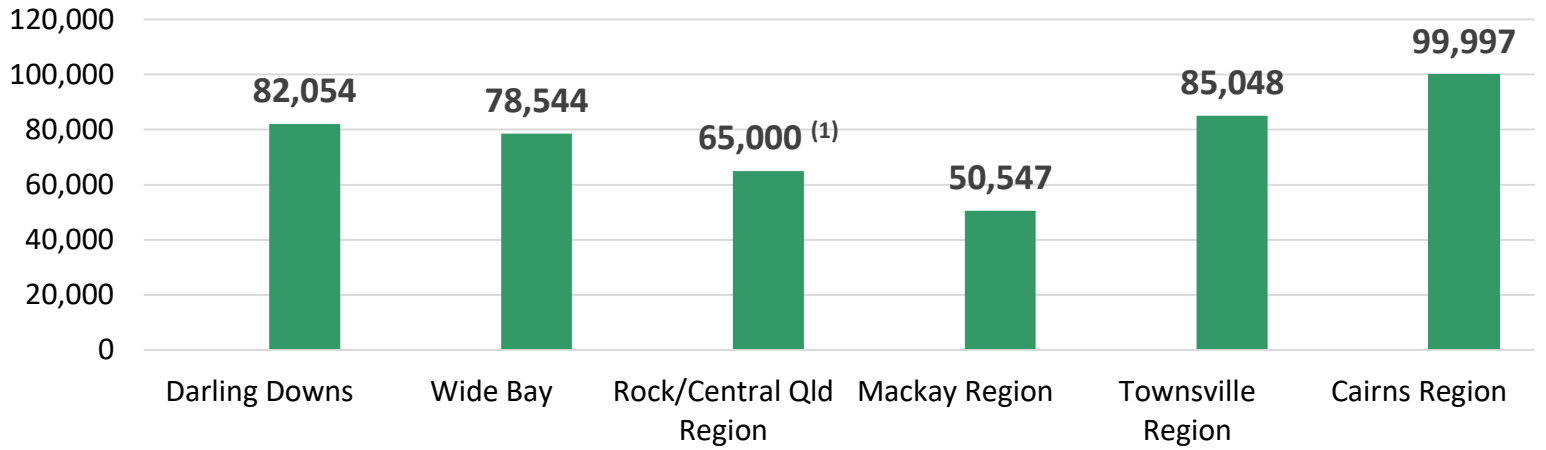
QUEENSLAND GOVERNMENT EMPLOYMENT
CAIRNS SA4 REGION

	No. (FTE)	% GROWTH
MAR QTR 2015	11,946	
MAR QTR 2016	12,536	+4.9%
MAR QTR 2017	12,903	+2.9%
MAR QTR 2018	13,309	+3.1%

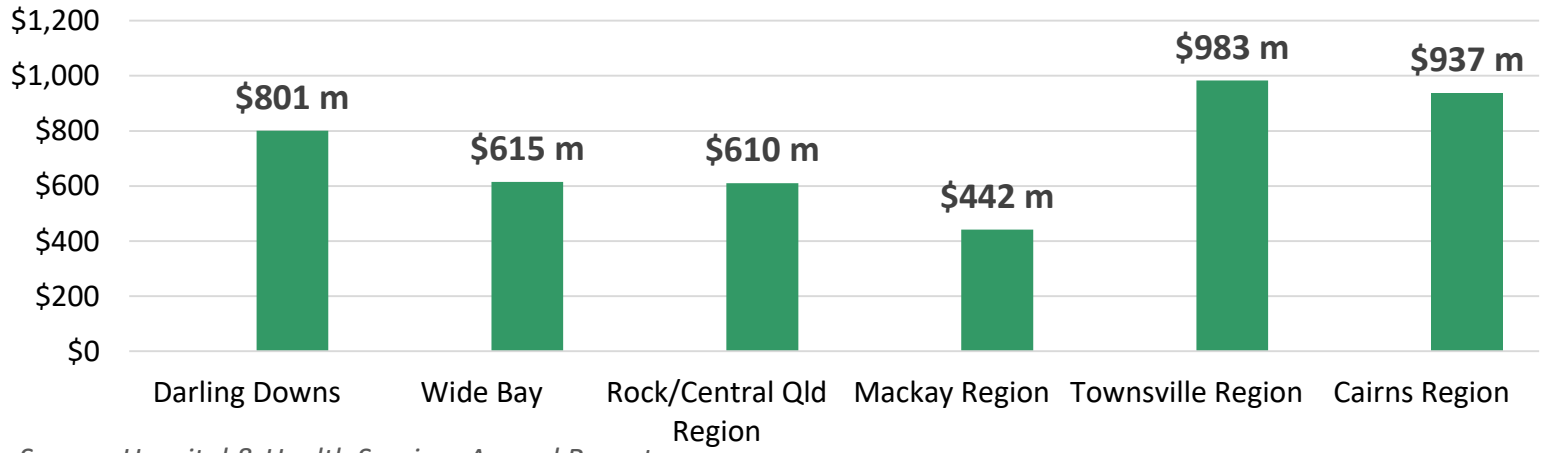
Source: QLD Public Sector Workforce Quarterly Report.

COMPARATIVE ADMISSIONS & BUDGETS REGIONAL HOSPITAL & HEALTH SERVICES

Hospital Admissions : Queensland Main Regional Hospital Regions, 2016-17



Hospital & Health Fund Services, Queensland Regions : Budgets 2017-18



Source: Hospital & Health Services Annual Report

EMPLOYMENT IN HIGHER EDUCATION
HALF OTHER CITIES CAIRNS SIZE

Employment in Higher Education Compared with Population
Cities 100,000 to 200,000, Census 2016

Cities SUA	Employment in Higher Education	Ratio Employment per 1000 Population
Toowoomba	1,458	11.15
Ballarat	1,057	10.58
Hobart	2,151	10.54
Townsville	1,626	9.35
Darwin	1,059	8.57
Average		**10.04**
Cairns	**606**	**4.19**

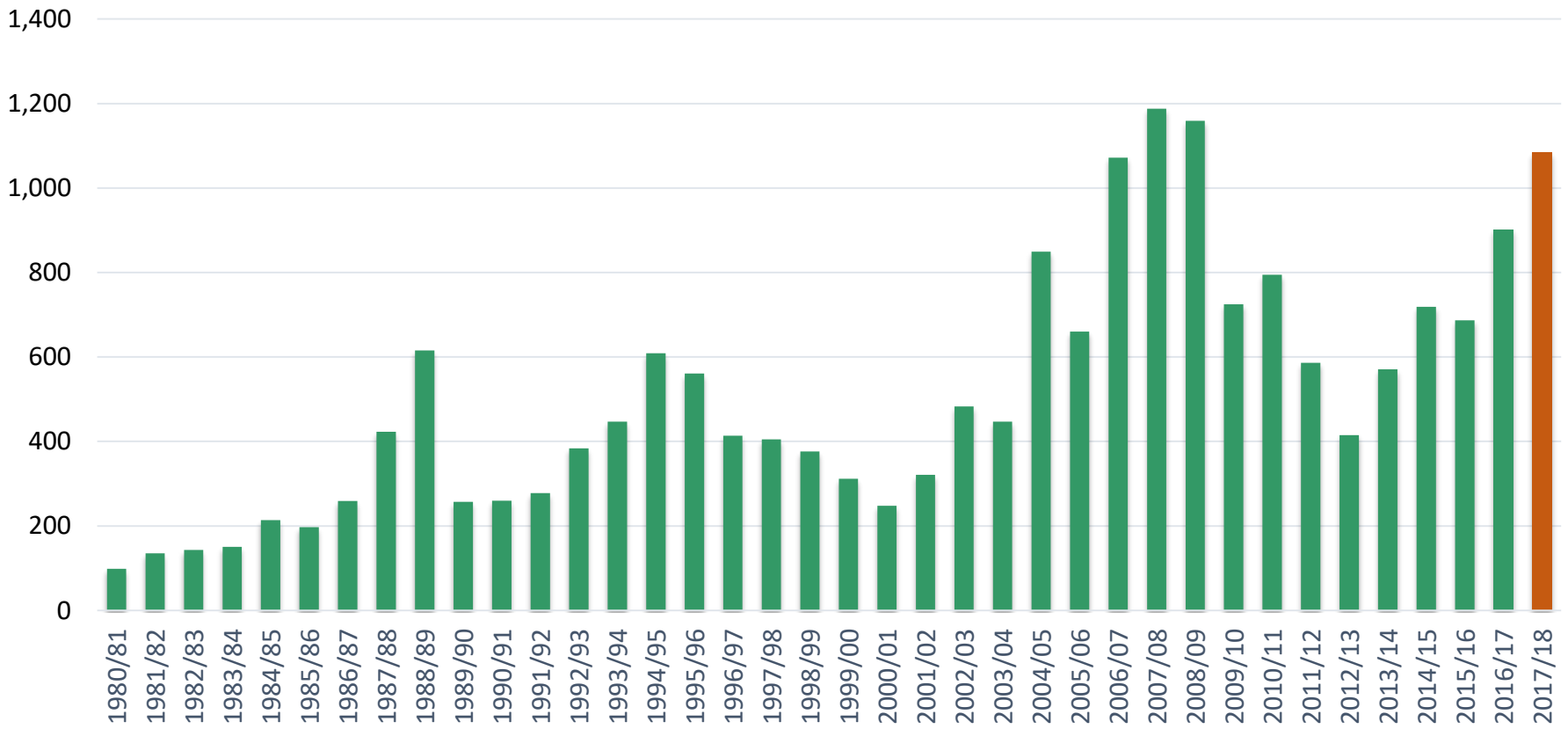
Source: ABS Census Data

REGIONAL ROAD DEVELOPMENT

- **PENINSULA DEVELOPMENT ROAD**
  $240M COMING TO AN END

- **INLAND LINK TO MELBOURNE (HANN HWY)**
  $40 TO $50M UNDERWAY

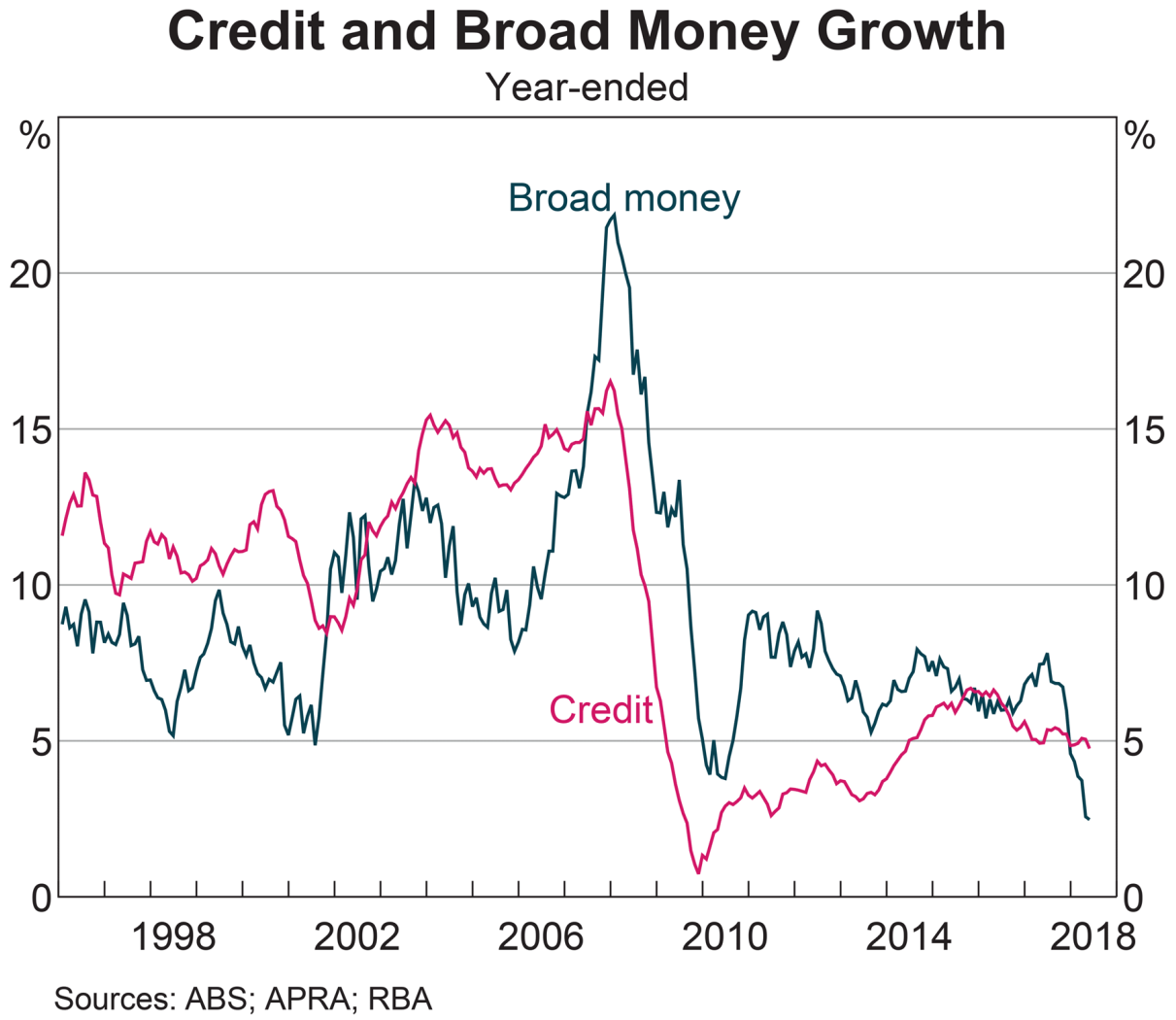
BUILDING APPROVALS FAR NORTH QUEENSLAND STATISTICAL DIVISION $M



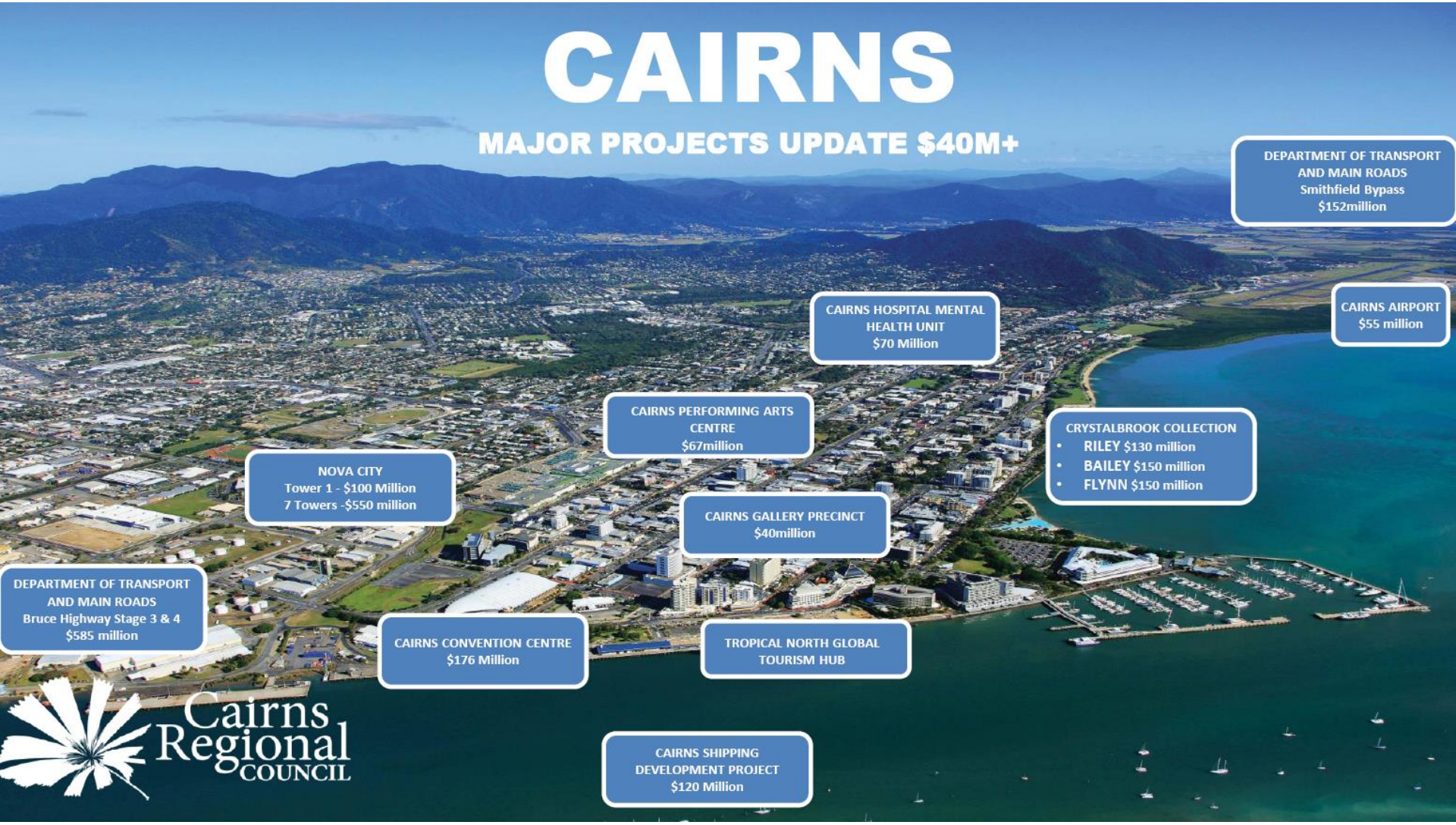
Note : 2017-18 based on 11 months to end May 2018

Source: Cummings Economics from ABS Cat 8731.0

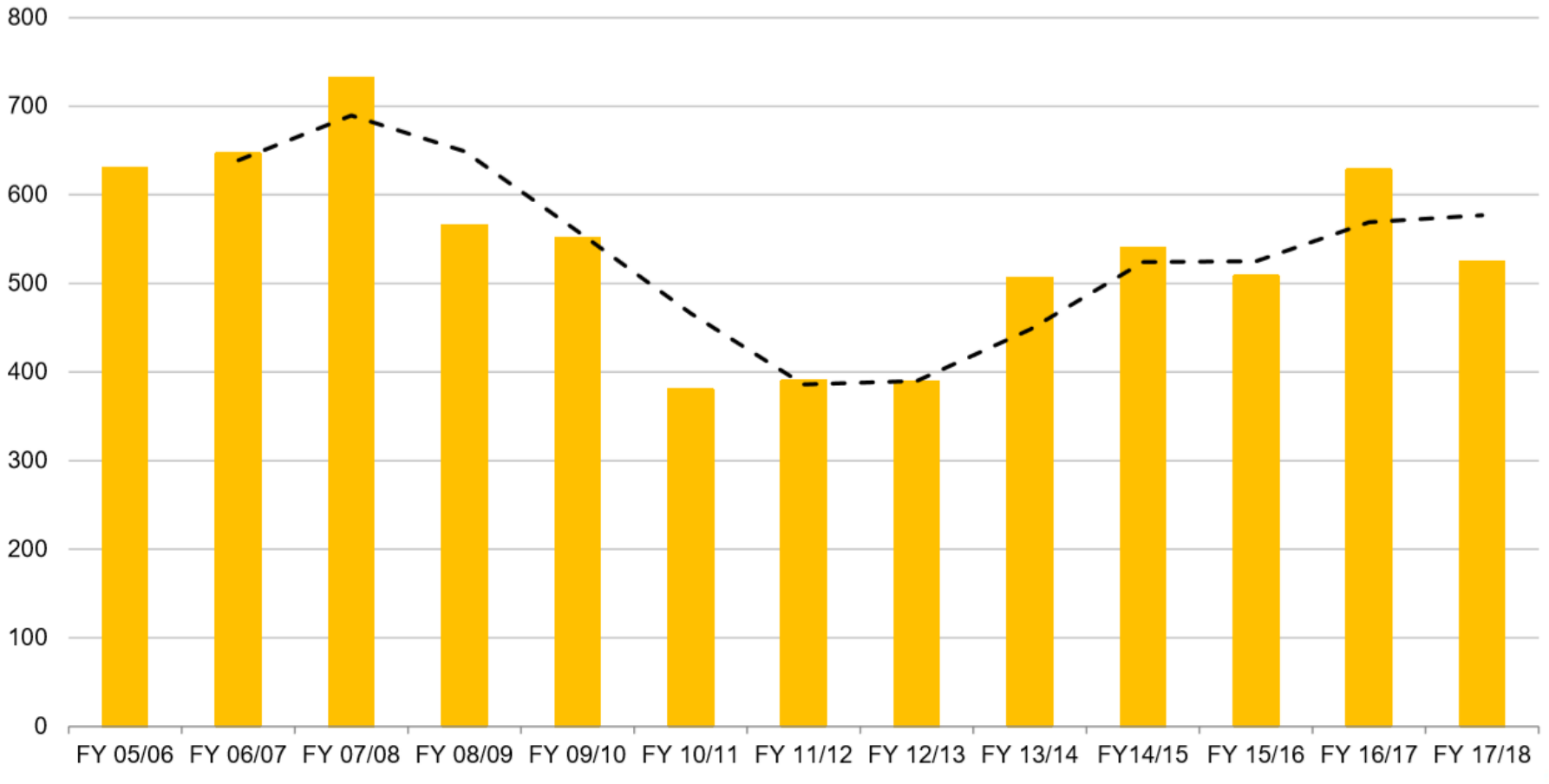
CREDIT & BROAD MONEY GROWTH LOW



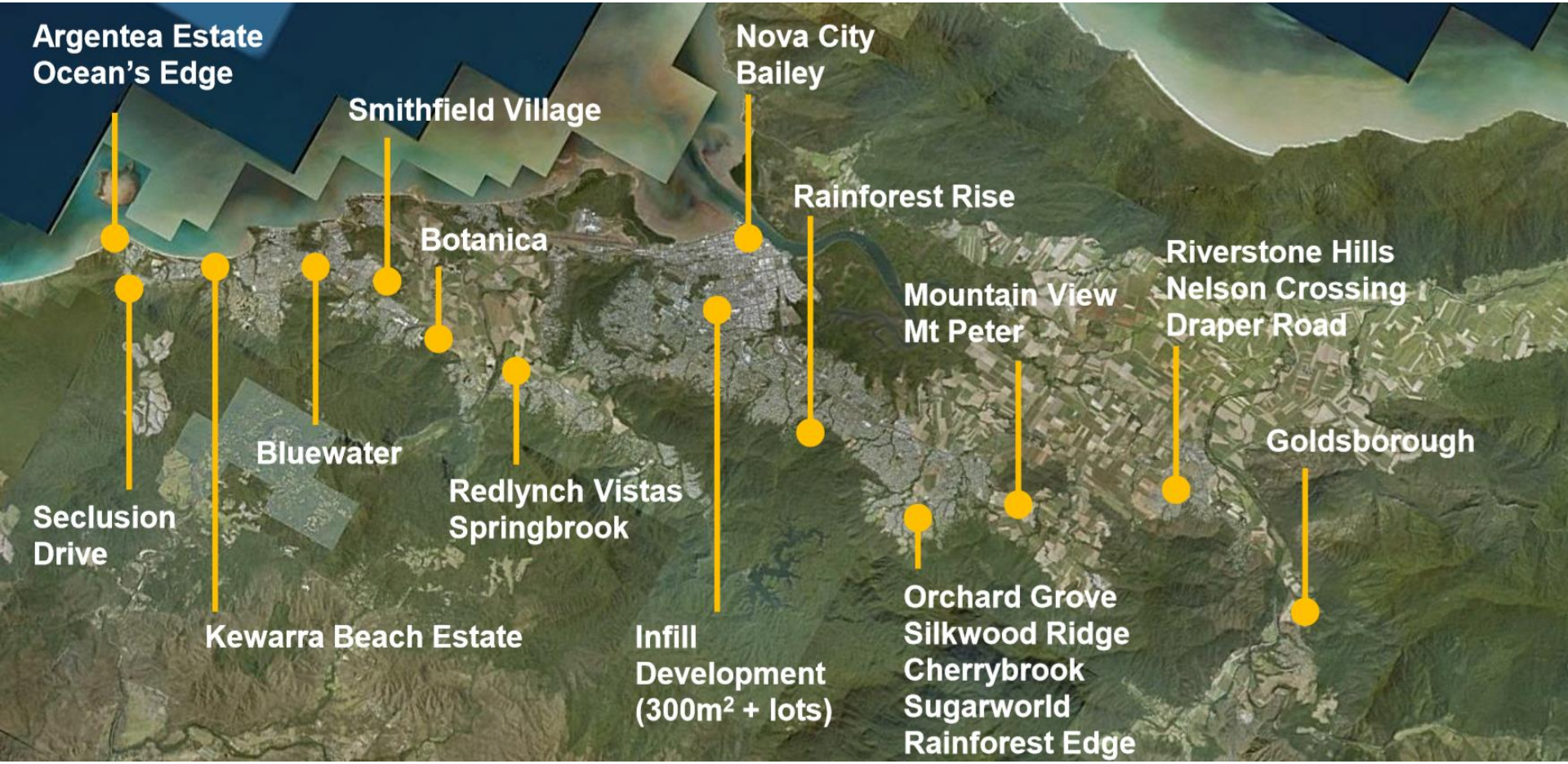
MAJOR PROJECTS UNDERWAY & IN THE PIPELINE $1.8 to $2.5BN



COUNCIL DEVELOPMENT APPLICATIONS UP



RESIDENTIAL DEVELOPMENT KEEPING UP

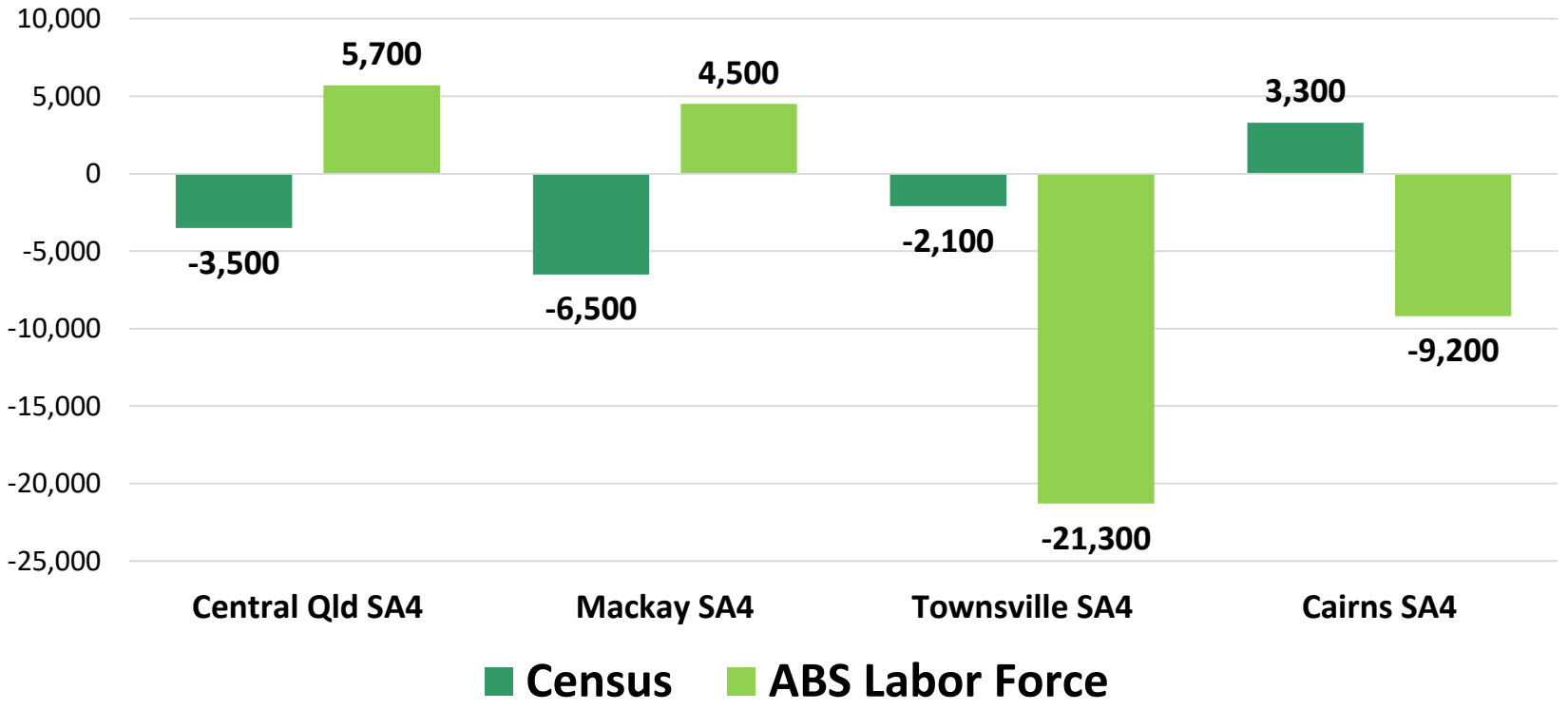


CONSUMPTION

- POPULATION IN REGION UP OVER LAST 10 YEARS BY ABOUT 43,000
- SOME EVIDENCE OF RISING CONFIDENCE
- FINANCE RESTRICTIONS ON LARGER ITEMS
- NO MAJOR WEALTH EFFECT YET

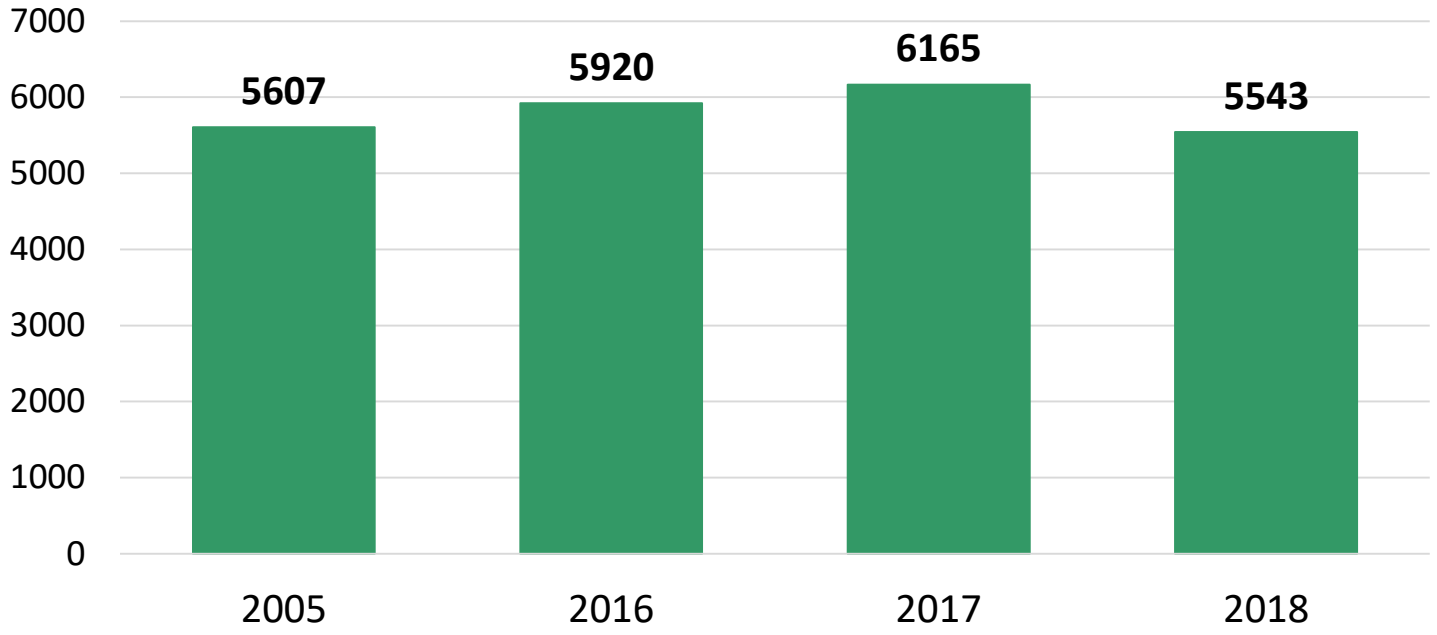
BEWARE SAMPLE SURVEYS WORKFORCE DATA

Increase in Employed Labour Force 2011 to 2016 Census Compared with ABS Labour Force Series over Same Period



JOB SEEKERS RECEIVING NEW START ALLOWANCE AND YOUTH ALLOWANCE (OTHER)

CAIRNS AS AT MAY 2015 to 2018



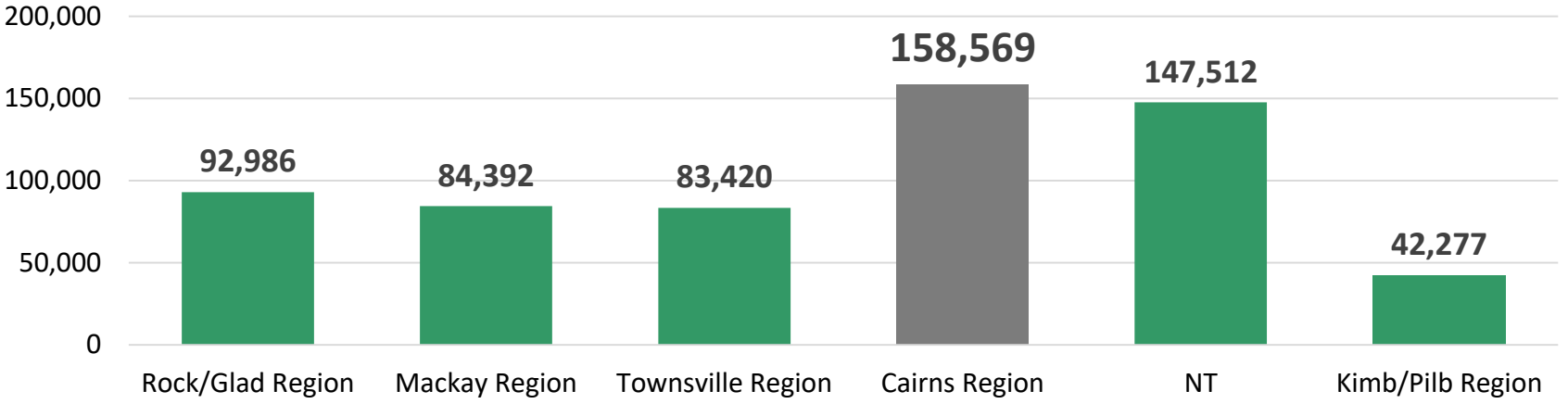
Note: A slight change in recording boundaries of any thing means that the figure is slightly lower than on the old boundaries.

TIPPING POINT ABOUT SEP QTR 2017

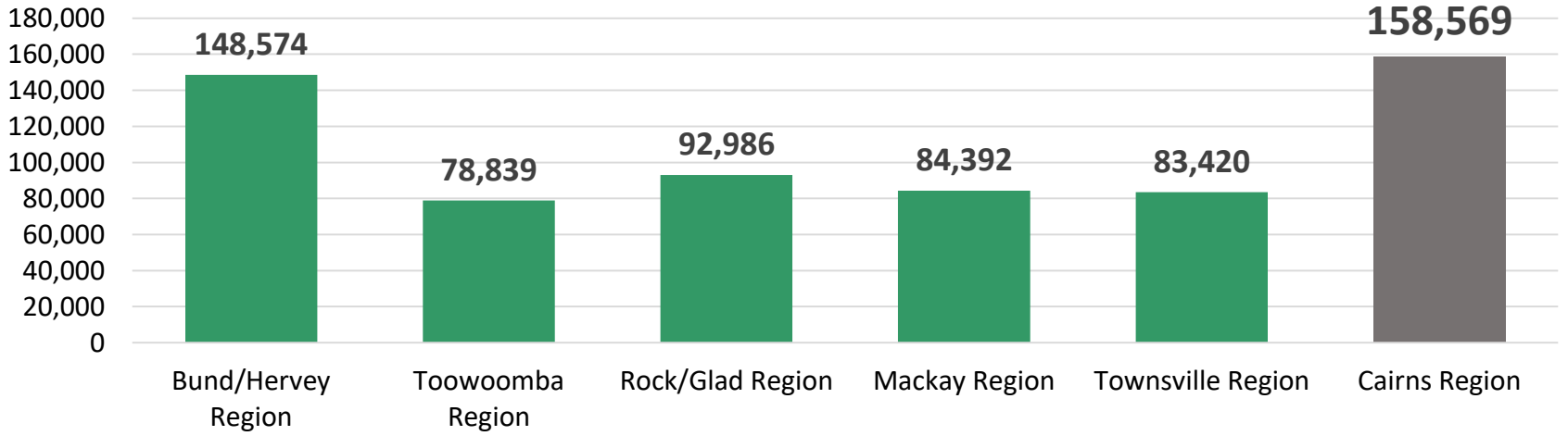
Source: Labour Market & Related Payments, Department of Social Services.

LEADING LONG-TERM POPULATION GROWTH IN NORTHERN AUSTRALIA & REGIONAL QLD

Long-term 40-year Increase in Regional Residential Population, Northern Australia Regions, 1976-2016



Long-term 40-year Increase in Regional Residential Population, Commercial Servicing Regions of Queensland Regional Cities, 1976-2016



Source: Cummings Economics from ABS Cat 3218.0 et al

RESIDENTIAL POPULATION FORWARD PROJECTIONS

ON GROWTH LAST 10 YEARS, 25 YEARS & 40 YEARS

		PROJECTED RANGE	
	YEAR	LOWEST	HIGHEST
REGIONAL	2050	500,000	570,000
CITY	2050	330,000	410,000

WHY?

SEE RESEARCH REPORT

www.cummings.net.au

CAIRNS POPULATION 1947 = 16,000

CAIRNS POPULATION 2017 = 160,000 +

WINNING THROUGH

TRENDS AND PROSPECTS FOR THE CAIRNS & TROPICAL NORTH QUEENSLAND ECONOMY

PRESENTATION TO CAIRNS CHAMBER OF COMMERCE

WS (Bill) Cummings | Cummings Economics

www.cummings.net.au

CAIRNS & TROPICAL NORTH QUEENSLAND

CUMMINGS ECONOMICS

CAIRNS CHAMBER OF COMMERCE

Ref: J3171 | 24th July 2018