

TRENDS AND PROSPECTS FOR THE CAIRNS & REGIONAL ECONOMY

PRESENTATION TO CAIRNS CHAMBER OF COMMERCE
WS (Bill) Cummings | Cummings Economics



Ref: J3262 | 23rd July 2019



TIME OF 2005 PRESENTATION

CAIRNS FLYING HIGH

POPULATION GROWTH	2007/08	4%
BUILDING APPROVALS	2006/07	OVER \$1BN
DWELLING APPROVALS	2006/07	OVER 3000

TROUBLE WAS BREWING

COMMODITY PRICES & INTEREST RATES UP : RISING AUST \$



JAPANESE VISITOR NUMBERS : DECLINING



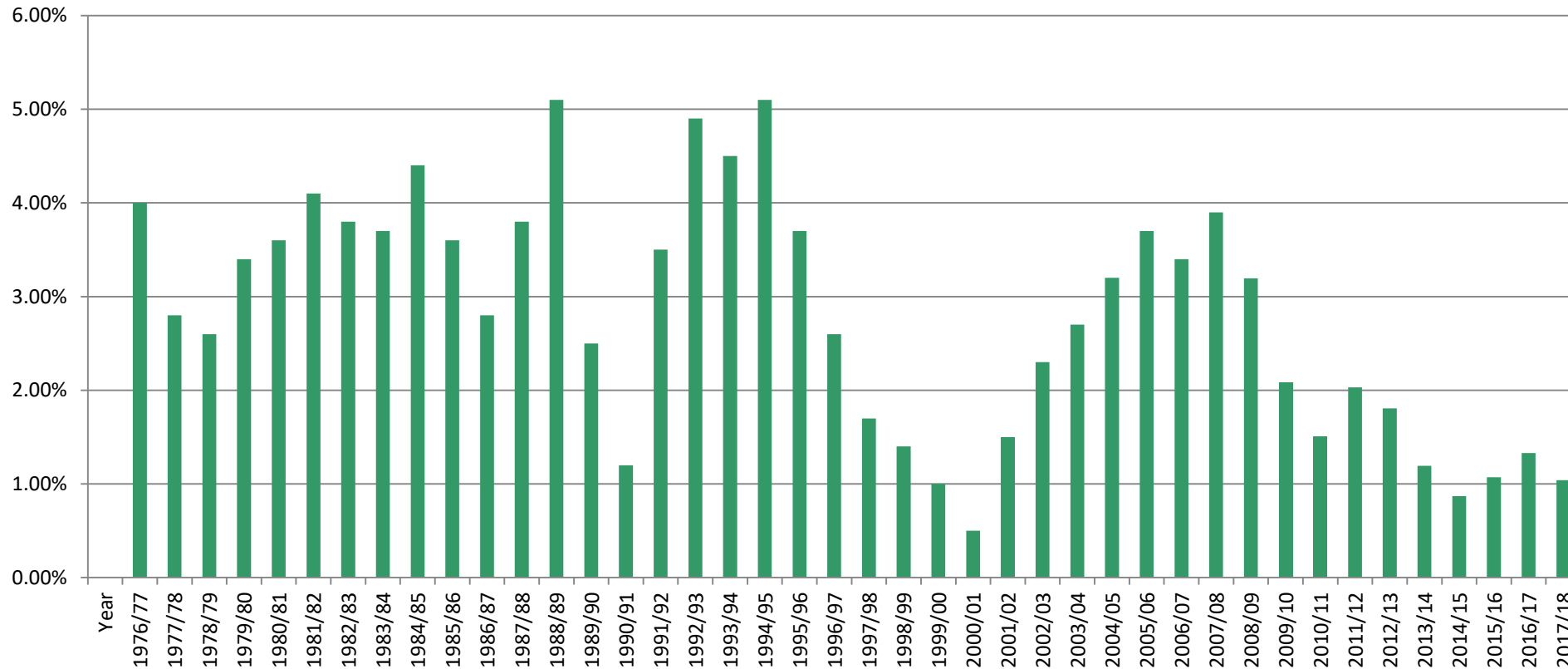
JUNE 2008 QANTAS : SLASHES SERVICES FROM JAPAN



LATE 2008 GFC HITS : PRIVATE INVESTMENT COLLAPSES

CAIRNS POPULATION GROWTH

CAIRNS LOWEST DECADE OF POPULATION GROWTH SINCE 1960'S



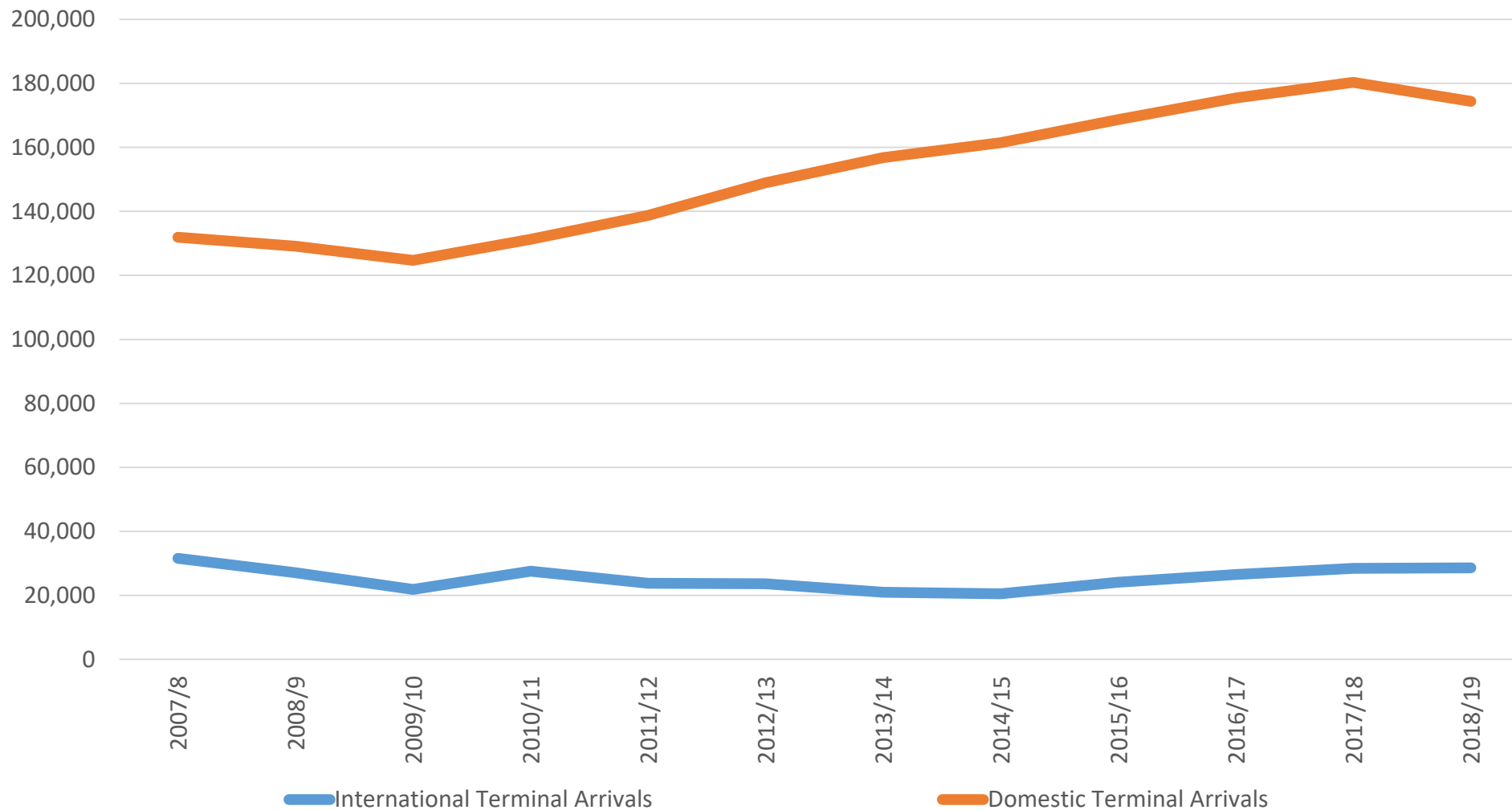
1960'S: 12%
1970'S: 23%
1980'S: 46%
1990'S: 33%
2000'S: 28%
2008-2018: 17%

Source: Cummings Economics from ABS Data.

OUTSIDE EARNINGS TOURISM OVER \$3BN

TOURISM UPSURGE NOT BEING SUSTAINED

CAIRNS AIRPORT PASSENGER ARRIVALS 12-MONTH MOVING AVERAGE



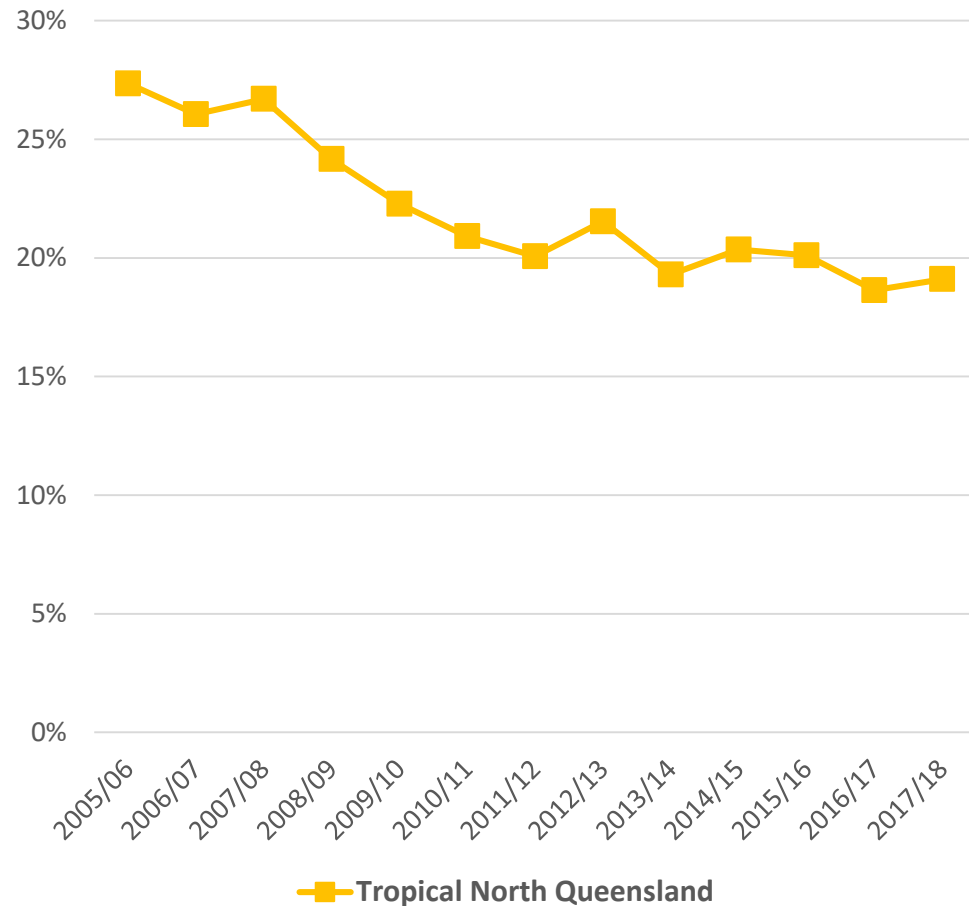
TOURISM UPSURGE NOT BEING SUSTAINED

VISITOR NUMBERS GREAT BARRIER REEF BY CALENDAR YEAR : CAIRNS PLANNING AREA

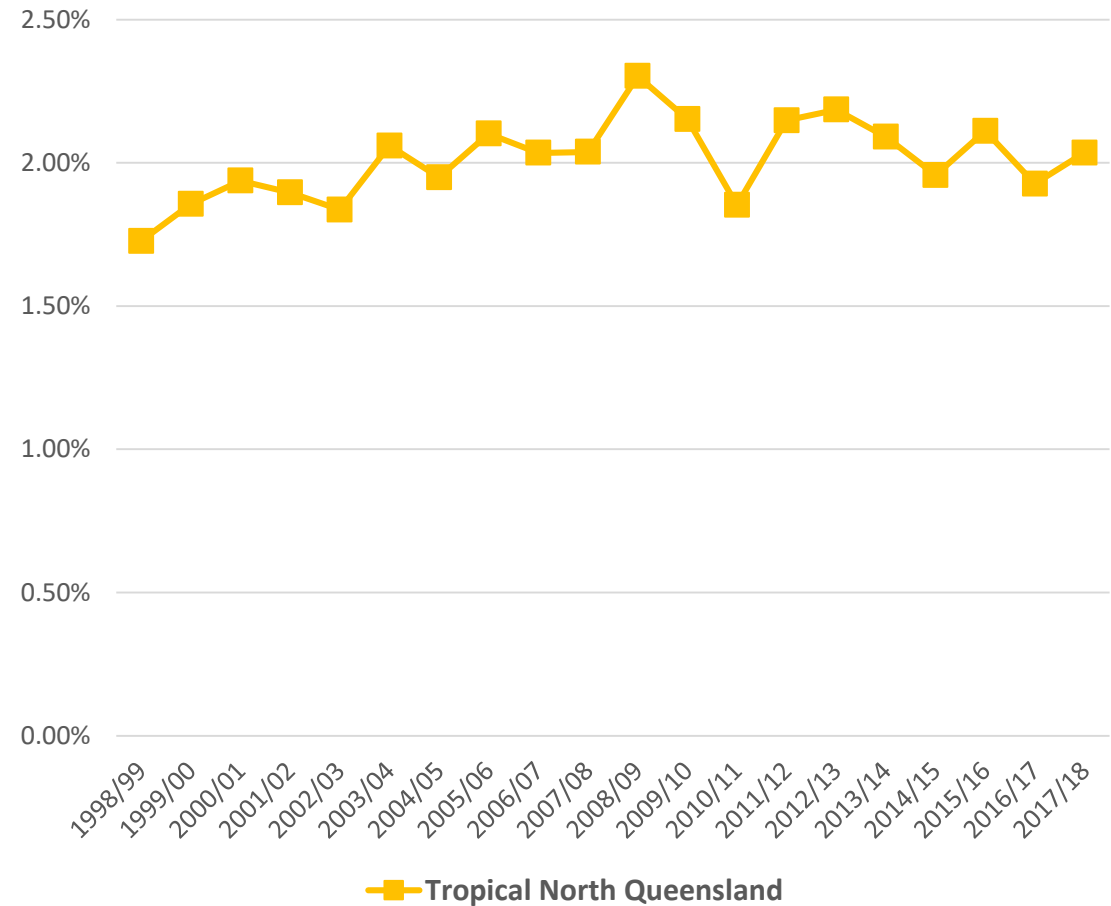


TOURISM LOSS OF MARKET SHARE

INTERNATIONAL HOLIDAY VISITOR NUMBERS AS % AUST. TOTAL



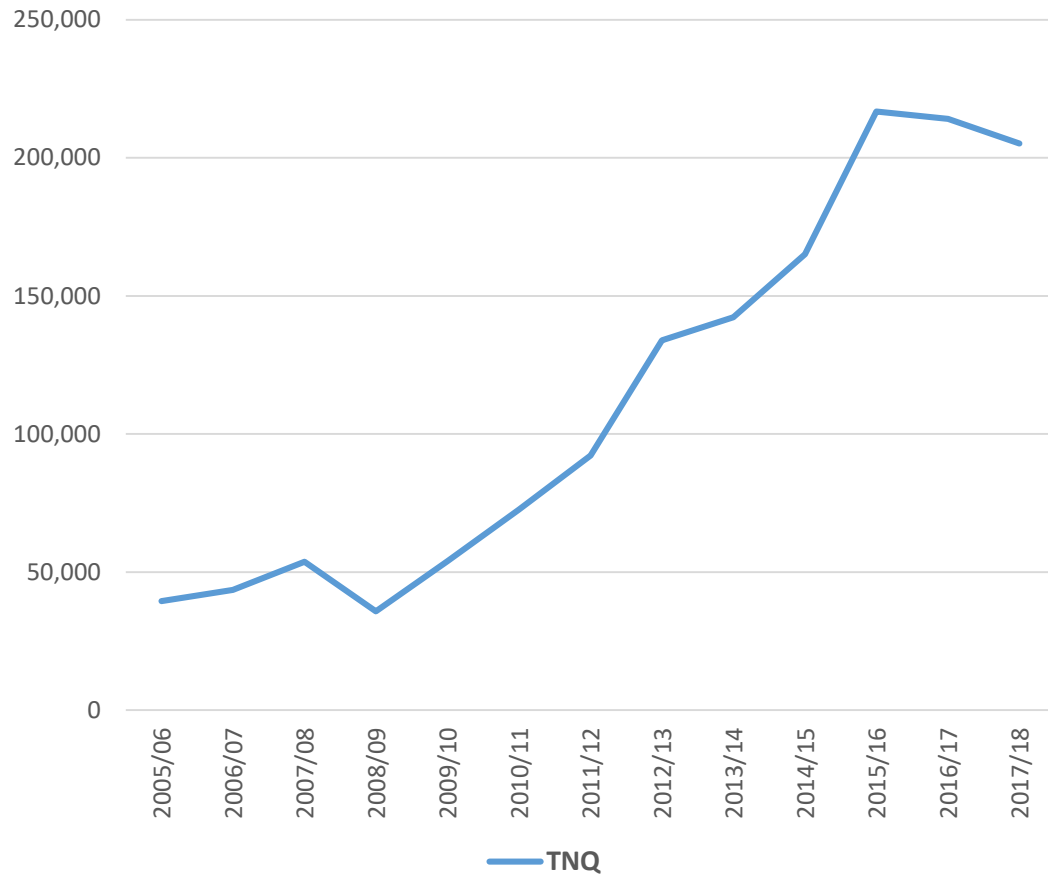
DOMESTIC VISITOR NUMBERS AS % AUST. TOTAL



Source: Cummings Economics from Tourism Research Australia IVS & NVS.

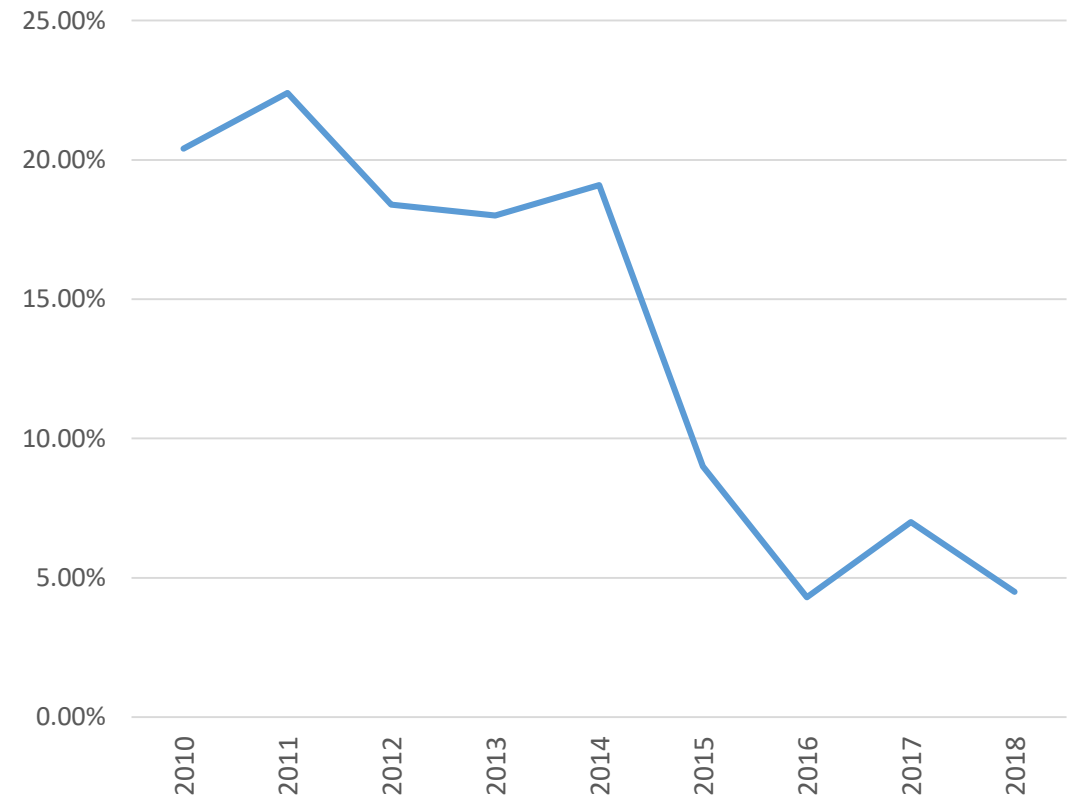
DIFFICULTIES WITH CHINESE MARKET

VISITORS TO TNQ FROM CHINA



Source: Cummings Economics from Tourism Research Australia IVS.

CHINA OUTBOUND TOURISM YEAR-ON-YEAR GROWTH



Source: Travel China Guide.

TOURISM LOOKING FORWARD

WEATHER EFFECT PASSED

CRYSTALBROOK : NEW PRODUCT AGGRESSIVE MARKETING

ADDITIONAL CAPACITY SINGAPORE

AUSTRALIA DOLLAR IN CHECK
(US RESERVE INTEREST RATE?)
(COMMODITY PRICES?)

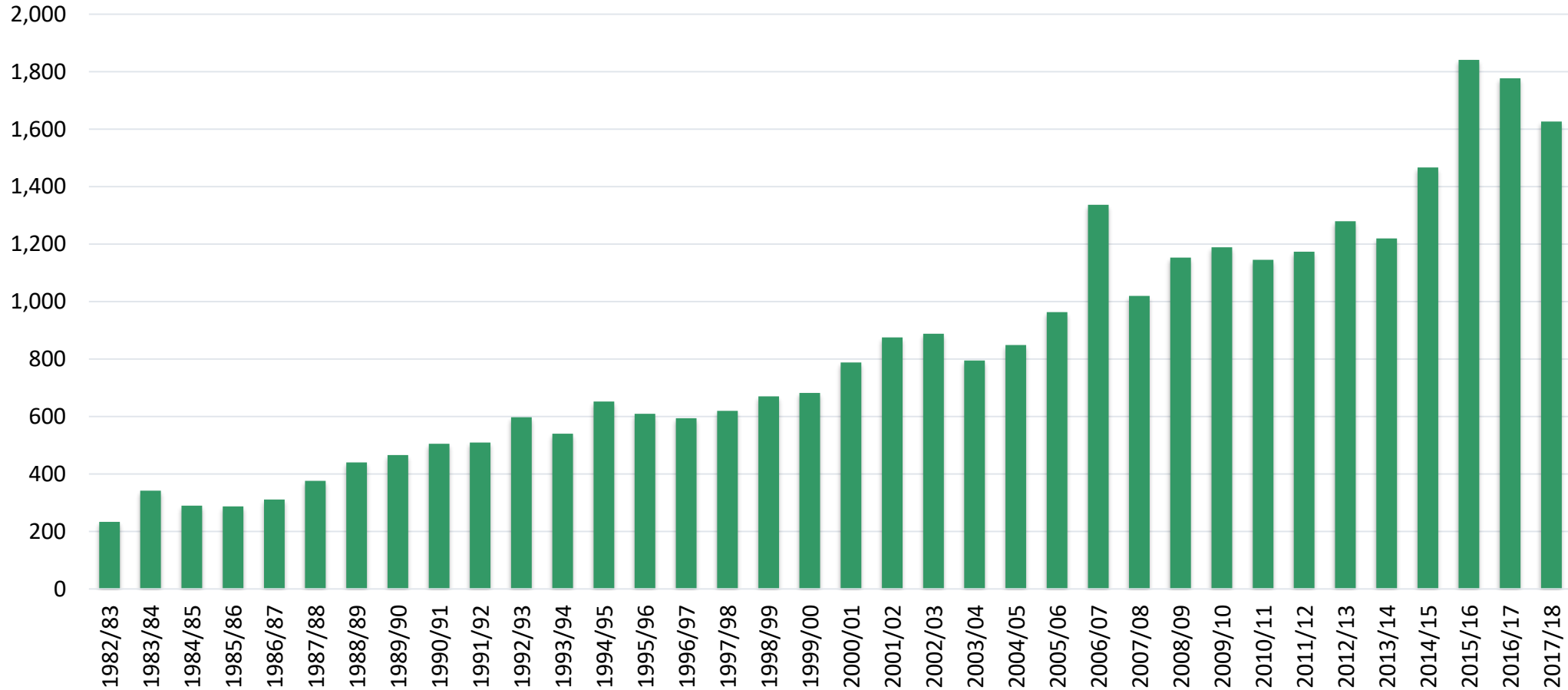
HOUSEHOLD INCOME METROPOLITAN AREAS

CRUISE SHIPS

MAJOR NEGATIVE : PERCEPTIONS OF STATE OF REEF

PRIMARY INDUSTRIES APPROX \$2BN

GROSS VALUE OF AGRICULTURAL PRODUCTION TROPICAL NORTH QUEENSLAND



Source: Cummings Economics from ABS Data Cat. 7503.0.

SUGAR PRICES

2019-SEASON HISTORICAL ICE 11 CHART

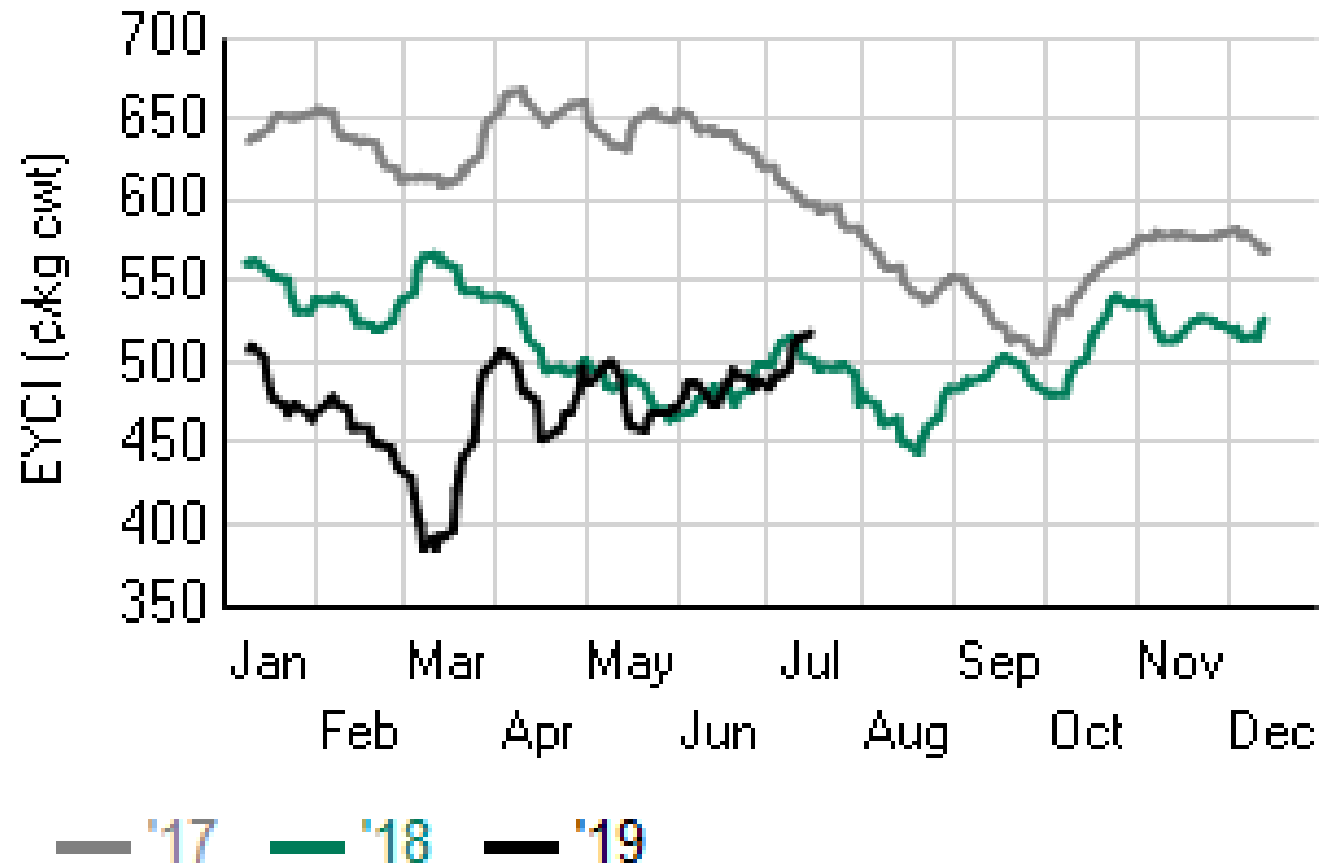
AUD PER TONNE
ACTUAL



This is a whole-of-season ICE 11 price chart for the 2019 Season, based on the current 3:2:1 pricing ratio applicable to QSL Target Price Contract growers. Source: Bloomberg

CATTLE PRICES

EYCI (¢/kg cwt)



LARGEST FRUIT PRODUCING REGIONS

GROSS VALUE OF FRUIT & NUT PRODUCTION \$M

MAJOR FRUIT PRODUCING REGIONS	Fruit excl. grapes \$m	Grapes \$m	Total \$m
VICTORIA'S NORTH-WEST	562.90	379.91	942.81
SOUTH AUSTRALIA'S SOUTH-EAST	511.81	388.81	900.62
QUEENSLAND'S CAIRNS REGION ⁽¹⁾	588.31	2.04	690.35
VICTORIA'S SHEPPARTON	562.90	9.19	572.09
NEW SOUTH WALES' MURRAY PLUS RIVERINA	274.45	289.94	564.39
QUEENSLAND'S WIDE BAY	474.94	6.34	481.28

(1) Cairns SA4 Region plus Dimbulah area.

Source: Cummings Economics from ABS Cat. 7503.0.

FISHERIES

LIVE CORAL TROUT TRADE

NORTHERN ROCK LOBSTER

AQUARIUM FISH

IMPORTANT TO FIND REPLACEMENT
FOR CATHAY AIRFREIGHT CAPACITY

MINING APPROX \$1BN

AMRUN : CONSTRUCTION WINDING DOWN : OPERATIONAL UP

METRO BAUXITE HILL : OPERATING

CAPE FLATTERY : CONTINUING

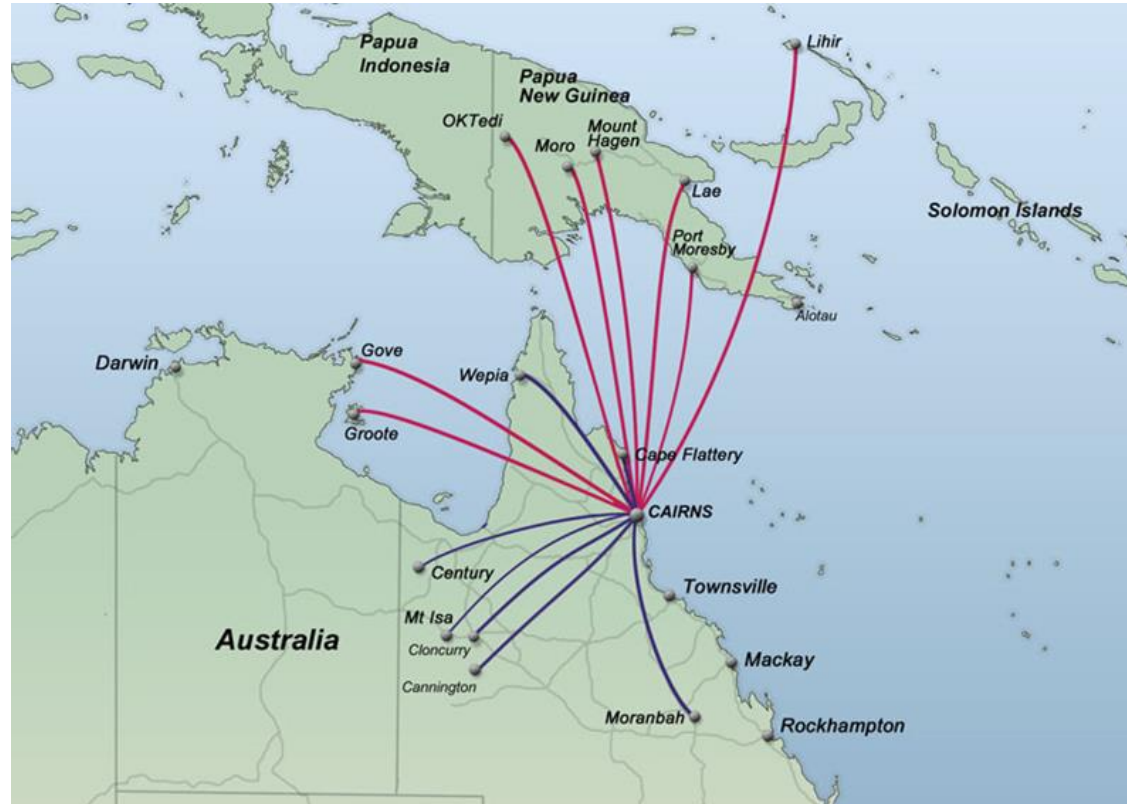
AUCTUS MUNGANA ZINC : OPERATING

NEW SMALL GOLD MINE : FORSAYTH

CONSOLIDATED TIN MT GARNETT: CONTINUING

MT CARBINE WOLFRAM : PROSPECT

AIR SERVICES : FIFO CONTINUING



LOSS OF FREEPORT INDONESIA SHIPPING CARGOES : \$170M

PNG MAJOR NEW PHASE TO
DEVELOP LNG PROJECTS & WAFI GOLPU

OTHER OUTSIDE EARNINGS

INTERNATIONAL EDUCATION

	DOWN WITH TOURISM
	NEW STUDENT ACCOMMODATION
	STRONG MARKETING PUSH

AVIATION SERVICING

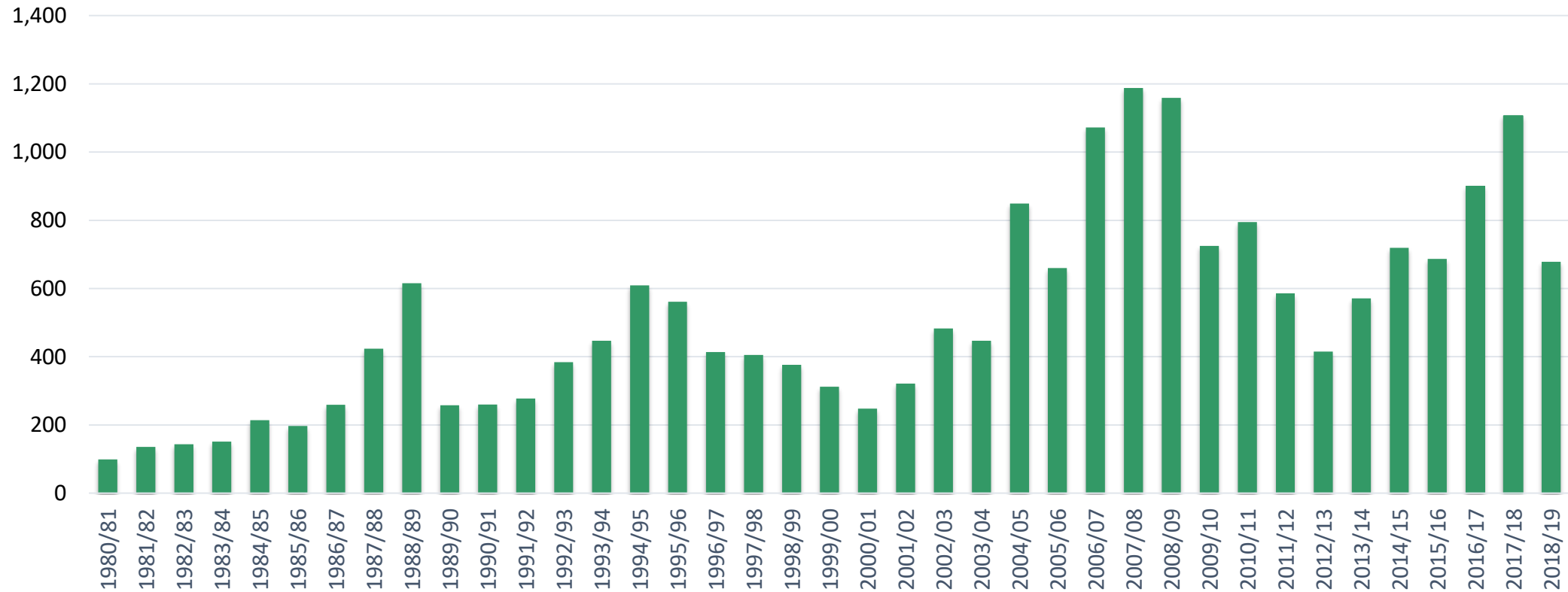
	HAWKER PACIFIC EXPANSION
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MARINE SECTOR

	CAPACITY EXPANSION SHIPYARDS
	EFFORTS TO TAP NEW MARKETS

INVESTMENT : VOLATILE ELEMENT

BUILDING APPROVALS FAR NORTH QUEENSLAND STATISTICAL DIVISION \$M

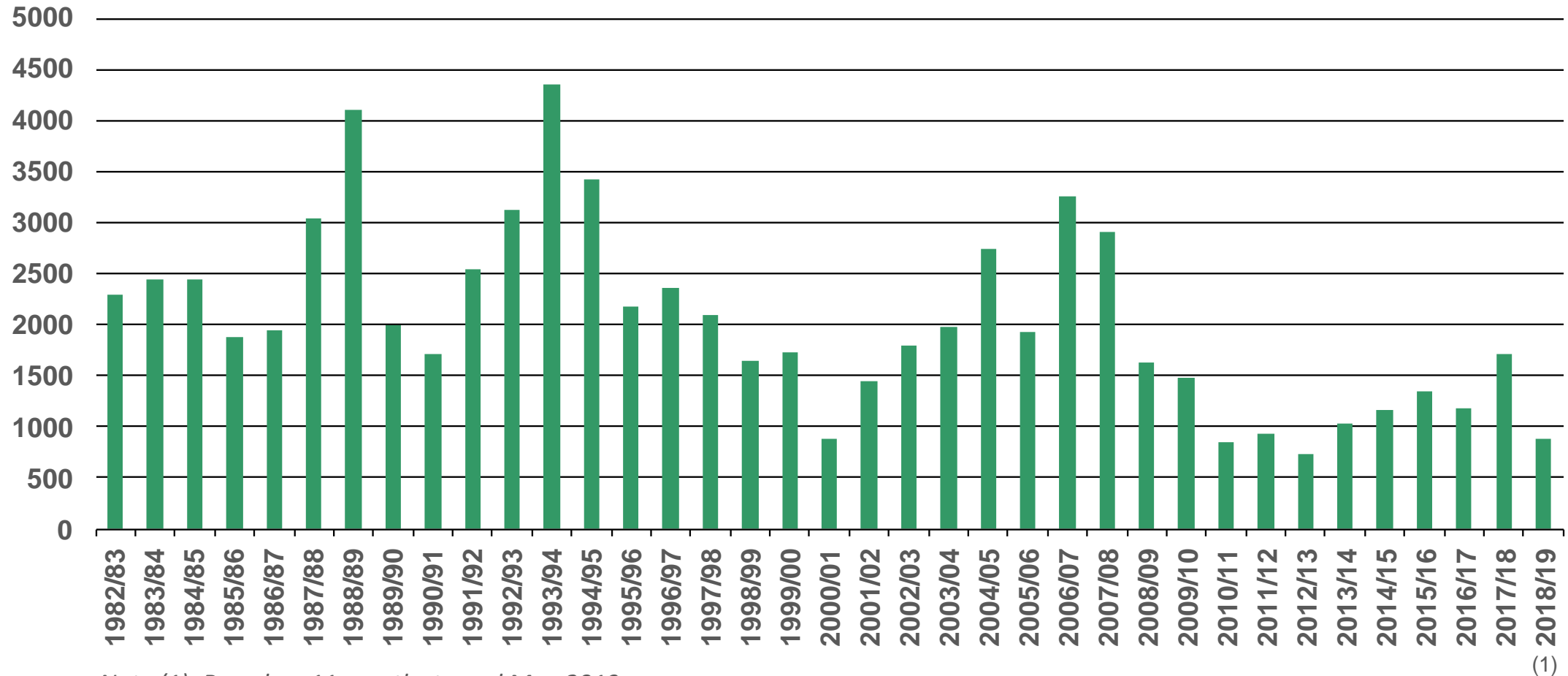


Note: 2017-18 based on 11 months end May 2019. Source: Cummings Economics from ABS Cat 8731.0.

2018/19 SUPPRESSED BANKING ROYAL COMMISSION
AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY CONSTRAINTS

DWELLING APPROVALS

FAR NORTH QUEENSLAND STATISTICAL DIVISION



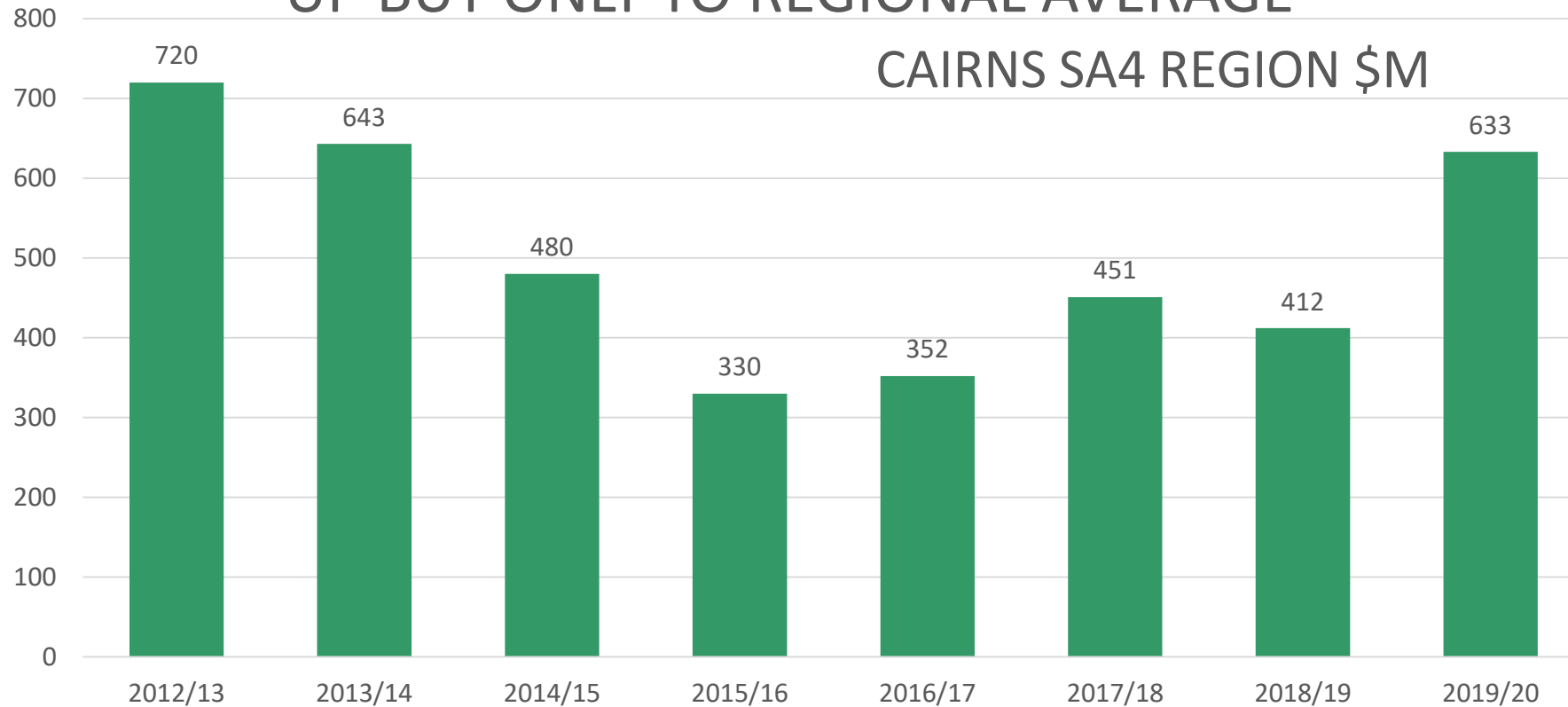
Note (1): Based on 11 months to end May 2019.

Source: Cummings Economics from ABS Cat 8731.0.

- SOME LIFT IN DEMAND FOR DWELLINGS AND COMMERCIAL PROPERTY
- ELECTIONS OUT OF THE WAY: TAX CUTS: LOWER INTEREST RATES: APRA RELAXATION (AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY)
- HOUSE FINANCE & REAL ESTATE INQUIRIES UP
- RENTAL VACANCIES LOW & SOME INCREASES
- VACANCIES IN COMMERCIAL SPACE MAINLY LOW GRADE, GOOD NEW REFURBISHED PROPERTIES MOVING
- LOCAL INVESTORS UNDERTAKING PROJECTS

QLD GOVERNMENT BUDGETED EXPENDITURE

UP BUT ONLY TO REGIONAL AVERAGE



Source: QLD Budget Papers.

STILL OWED OVER \$1BN

NEXT FEW YEARS : PORT DREDGING : SMITHFIELD BYPASS : CONVENTION CENTRE

COMMONWEALTH INFRASTRUCTURE ROAD INVESTMENT

	CAIRNS EXTENSION	PDR	GULF SAVANNAH	HANN
2018 - 19	-	\$0.29M	\$0.08M	-
2019 - 20	-	\$3.82M	\$1.01M	-
2020 - 21	-	\$7.00M	\$1.84M	\$5.00M
2021 - 22	\$20M	\$9.55M	\$2.51M	\$5.00M
2022 - 23	\$67M	\$31.83M	\$8.38M	\$20.00M
LATER	\$200M	\$137.50M	\$36.18M	-

FAIR SHARE OF \$100BN ON POPULATION BASIS \$1.2BN : SO FAR ABOUT \$700M

QUEENSLAND GOVERNMENT EMPLOYMENT

CAIRNS SA4 REGION

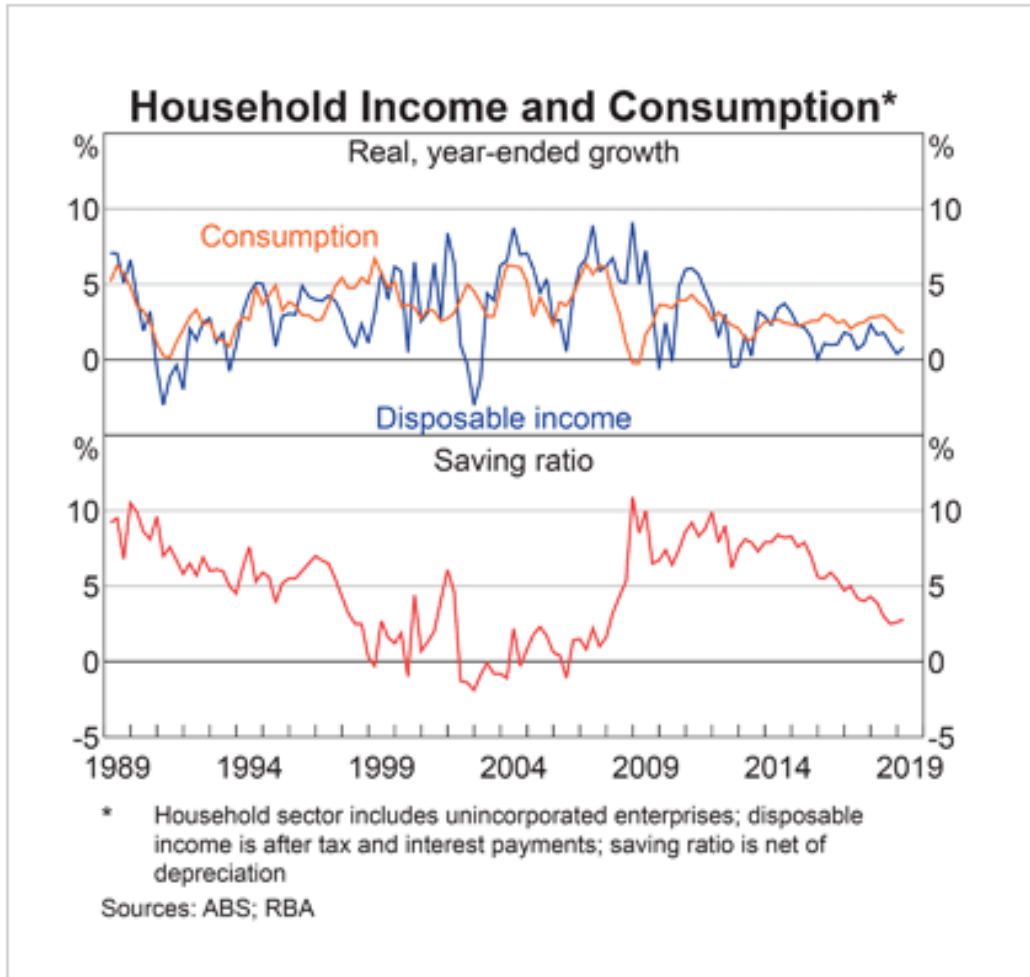
	Number (FTE)	% GROWTH ON PREVIOUS YEAR
MAR QTR 2015	11,946	
MAR QTR 2016	12,536	+4.9%
MAR QTR 2017	12,903	+2.9%
MAR QTR 2018	13,309	+3.1%
DEC QTR 2018	13,387	+2.7%

Source: QLD Public Sector Workforce Quarterly Report.

CONSUMPTION

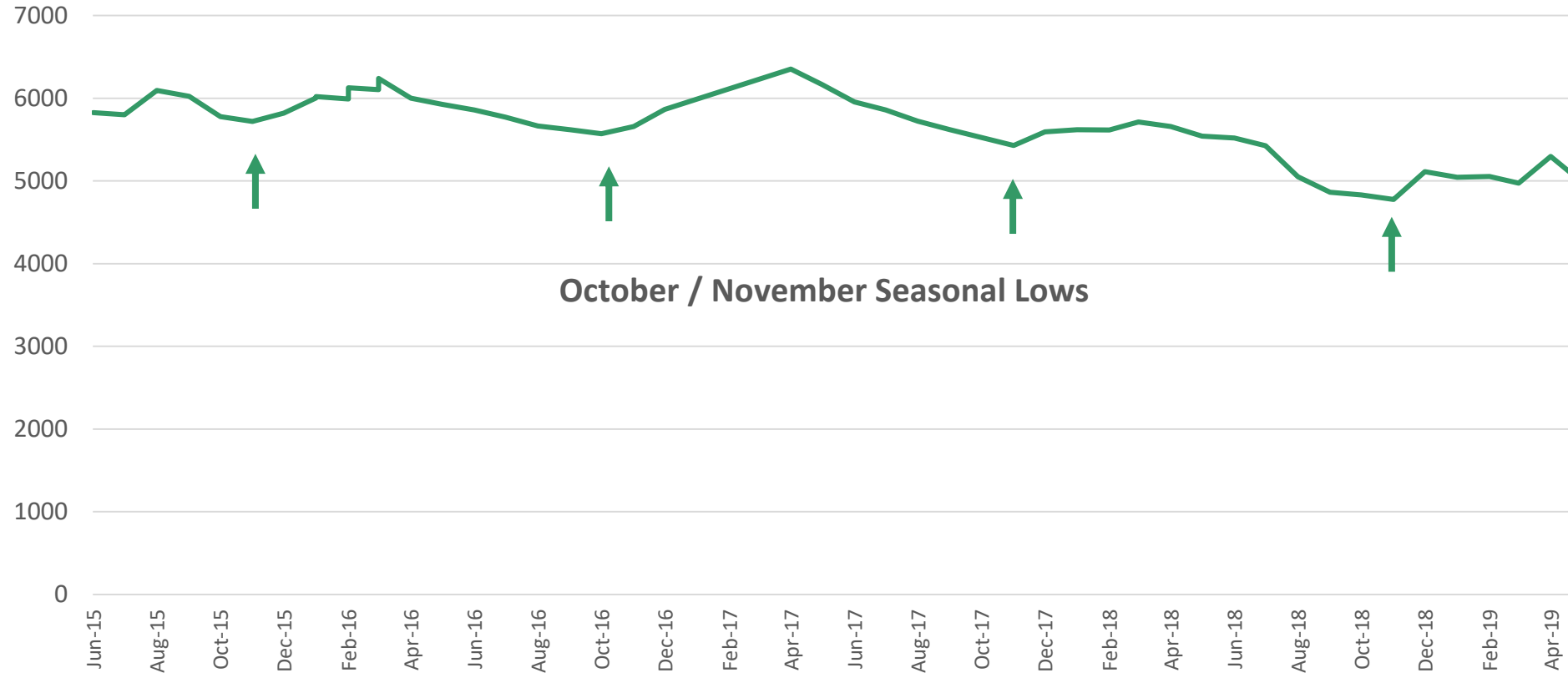
TAX CUTS

OF ORDER \$150 – \$200M
COMING THROUGH
INTEREST RATES DOWN
PROSPECTS FOR SOME LIFT



EMPLOYMENT

Falling Registered Unemployed on Benefits, Cairns City



Source: Cummings Economics from Dept of Social Services - Labour Market & Related Payments Monthly Profile - Cairns Aplin St to June 2017 & Cairns North & South SA3s from July 2017.

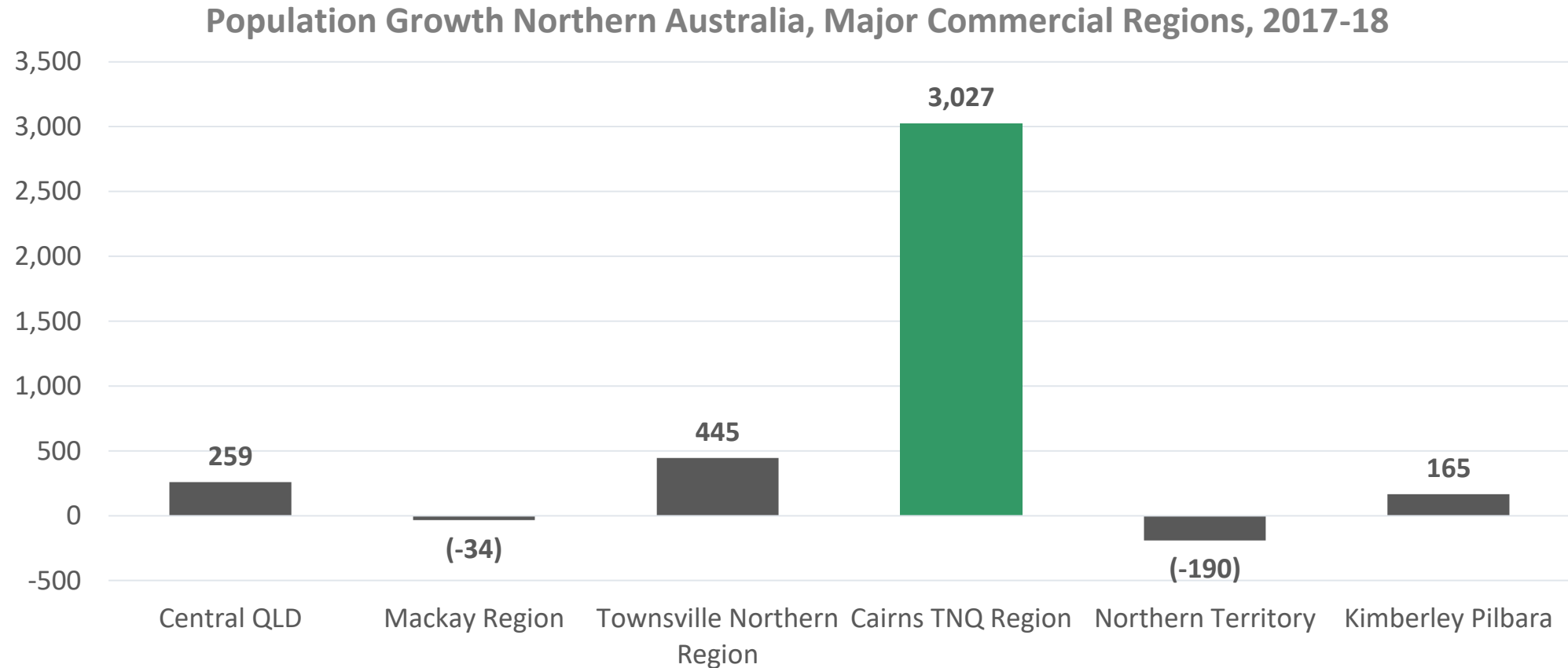
OVERALL

PAST FINANCIAL YEAR NOT AS GOOD AS EXPECTED

(TOURISM, FINANCE, ELECTIONS, WEATHER & SUGAR PRICES)

PROSPECTS FOR SOME PICKUP AHEAD TO SEE GROWTH
CONTINUING, BUT AT RELATIVELY SUBDUED LEVELS

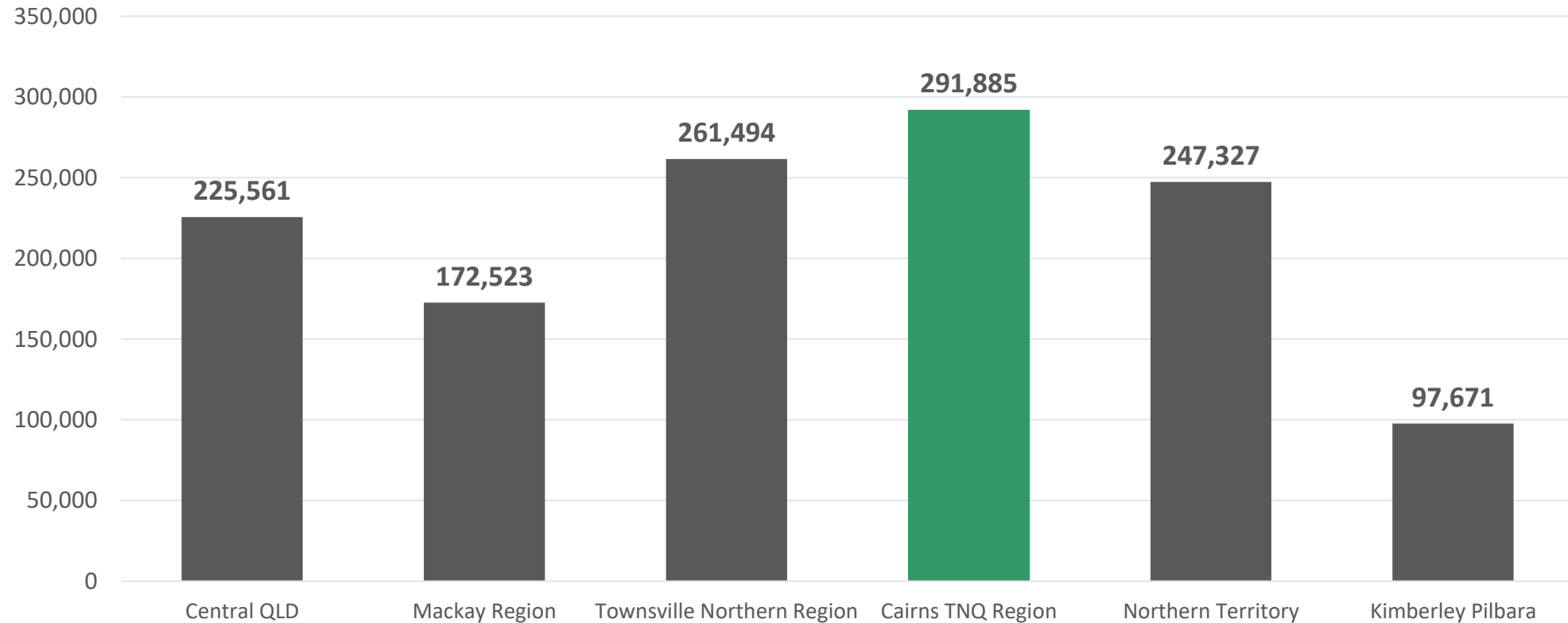
CONTINUE TO LEAD NORTHERN AUSTRALIA IN GROWTH



Source: Cummings Economics from ABS Cat. 3218.0.

CONSOLIDATING LEAD AS LARGEST REGION IN POPULATION IN THE NORTH

Population Northern Australia, Major Commercial Regions, 2017-18



Source: Cummings Economics from ABS Cat. 3218.0.

**REGIONAL ECONOMY
UNDERPERFORMING COMPARED WITH
LONG-TERM GROWTH TRAJECTORY**

**SERIOUS THINKING NEEDED ABOUT
APPROACHES TO ACHIEVING PROGRESS
THE REGION IS CAPABLE OF**

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