

# CUMMINGS ECONOMICS

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“The Northern Professionals”

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## ECONOMIC UPDATE –

### BEHIND CAIRNS’ SUCCESS – STRONG HINTERLAND PROGRESS

While Cairns’ role in tourism is strongly recognised at state and national levels, the city’s predominant economic role is as a regional servicing capital for the Tropical (Far) North Queensland region stretching down to Cardwell, out to the Gulf and the Northern Territory border and north to the Papua New Guinea border. Behind the city’s strong growth over time, has been growth of the city’s hinterland economy and population, well above most regional areas around Australia.

Chart 1 compares hinterland growth across the north and in regional Queensland over the past 40 years.

In regional areas of Victoria and New South Wales, it is common that while the regional cities are achieving some, albeit slow, growth, their hinterland populations have been falling.

In the Cairns Tropical North Queensland region, there is a marked trend for growth to move northwards. Over the past five years, the southern local government areas of Cassowary Coast and Tablelands, unlike many regional local government areas around Australia, are not going backwards, but are achieving some, albeit low, growth at 0.5% per annum. The rural local government areas of Mareeba and Douglas are doing well, achieving growth over the past five years of 1.1% per annum. The whole of the Peninsula and Torres areas are showing strong growth in population averaging over the past five years 1.5% per annum. Only the Gulf area is showing a decline at 0.8% per annum (see Chart 2)

A number of factors are contributing to this picture.

**Agriculture** - Although there have been short term ups and downs in seasonal conditions and prices, the general trend over time, as recorded in Australian Bureau of Statistics, has been upwards (Chart 3).

In livestock, although not a leader in the north (Central Queensland leads), value of production has been growing.

In cropping however, the region has come through to lead the north by a substantial margin. In recent decades, the region has opened up a new sugar growing area around Mareeba and is now the third largest fruit producing region in Australia (Chart 4).

Although Cyclones Larry and Yasi affected expansion of horticultural production on the coast, major expansion has taken place under irrigation in the Mareeba/ Tablelands region and at Lakeland behind Cooktown. Value of agricultural production in the Mareeba/ Tablelands area is now over \$500m per annum with an incredible range of crops involved.

This growth is reflected in the uptake from Tinaroo Dam which has averaged 3.4% per annum since the early 1980s (Chart 5). Tinaroo Dam water is now fully allocated.

Further afield, property owners west of Lakeland have been pushing to get permits to expand agriculture into those areas. Strathmore Station on the Gilbert River in the Gulf Savannah area has a program of development that will see 60,000ha put under sorghum, with cotton also in its sights.

With 26% of all the water runoff in Australia and still only producing about 3% of Australia's value of agriculture production, the potential is immense. However, to be realised, major attention will be needed to developing water infrastructure, roads, seaport bulk and container handling facilities and airport freight facilities for export.

**Tourism** - While much tourism growth has focused on Cairns, an increasing urban atmosphere has been making the city less suitable for some market segments looking for a more relaxed natural atmosphere. The Northern Beaches, Port Douglas and Mission Beach have played a major role in ensuring this type of tourism traffic is not lost to the region.

There is room for continuing expansion of tourism up and down the coast. The potential of areas north to Cooktown and south to Mission Beach and Cardwell is gradually being recognised – especially at present Mission Beach and Dunk Island.

Visitors have also been looking further afield with the Gulf Savannah and the Peninsula coming increasingly into focus. Over the past decade, visitor numbers to Cape York have averaged growth over 4% per annum. Much of the potential of the Upper Peninsula area and the Torres Strait area remains untapped.

**Mining** - While mining in the immediate hinterland area has risen and fallen depending on world mineral prices, it has been a constant factor in the economy. Bauxite production has just gone through a major expansion phase at Weipa and there is more to come along with plans to expand silica sand production.

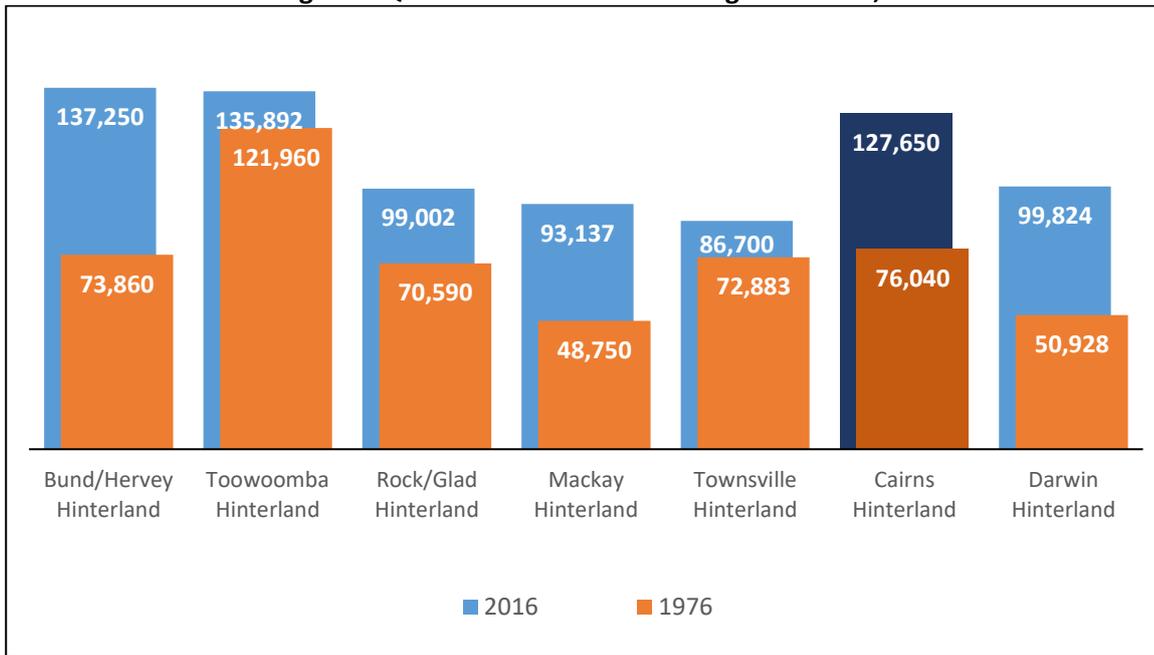
**Marine Industries** - One of the factors recently driving Cooktown's expansion has been its growing role as a fishing industry base and for tourism/ recreational fishing. Fisheries form a substantial part of economic activity in the Torres Strait and the Gulf.

**Road Development Important** - Recent Commonwealth funding announcements for *Roads of Strategic Importance* has the potential to provide a major boost to this growth in the TNQ hinterland well into the future. The long-awaited progressive sealing of the Peninsula Developmental Road through to Weipa and eventually to Bamaga will be fundamental to opening up prospects in the Peninsula area and will transform economic prospects for the Cape communities. Carrying out the sealing of the Gulf Developmental Road through to Burketown and the Northern Territory border will provide a major step forward in the development of the Savannah Way and a direct sealed route from Cairns to Darwin that will cut off something over 600km in travel.

The completion of sealing of the Hann Highway link through to Hughenden will open up a new sealed route from the region that will cut off up to 700km for supply of produce from the region into Melbourne and 1300km to Adelaide markets and open up new tourism links between the Cairns region and the Waltzing Matilda country around Winton and Longreach.

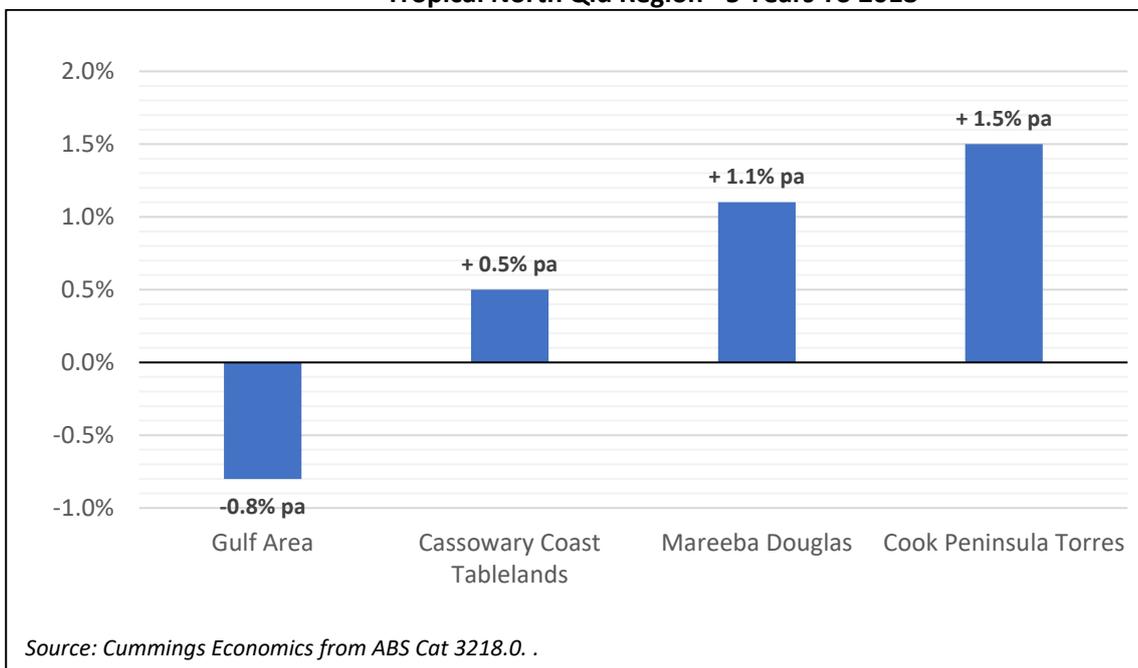
**Cairns – Metropolitan Level Services** – The major role of Cairns in the continuing progress of its hinterland areas is to bring closer to them metropolitan level services in fields like seaport and airport access to overseas markets, superior specialist health facilities, higher education, and higher level retailing, professional, recreation, cultural and sporting facilities and services.

**Chart 1: Comparative Hinterland Population Size & Growth  
Regional Qld & Northern Australia Regional Cities, 1976 – 2016**



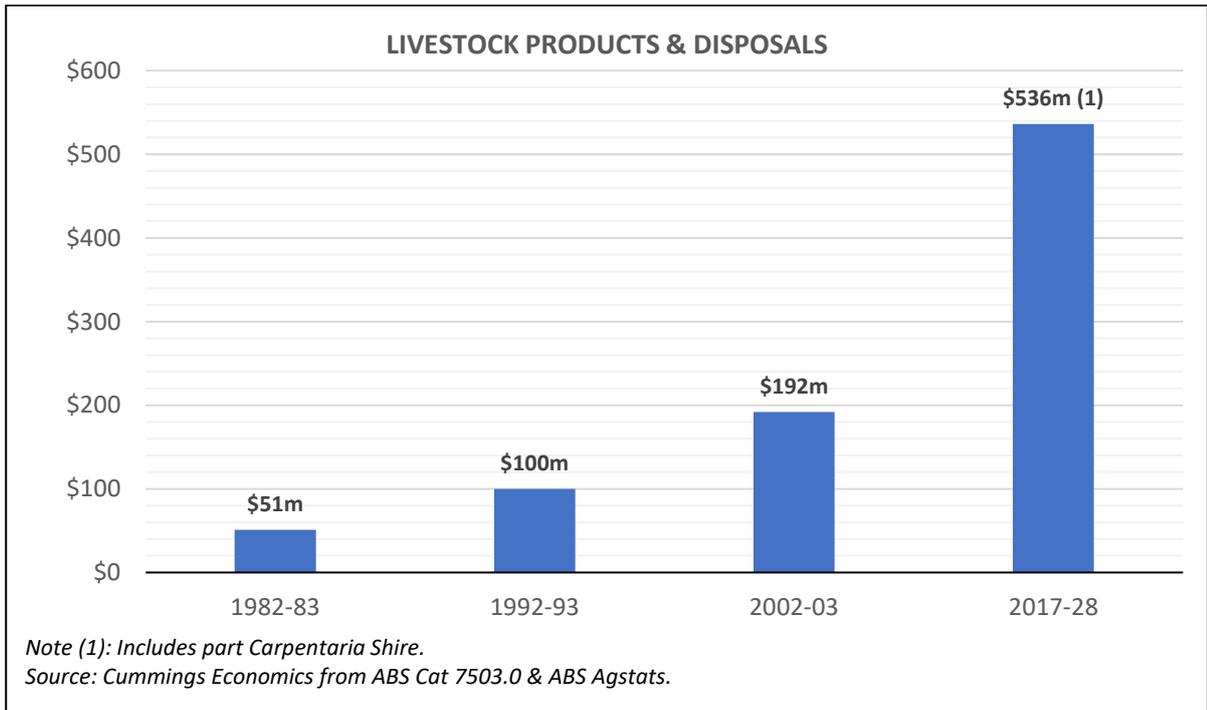
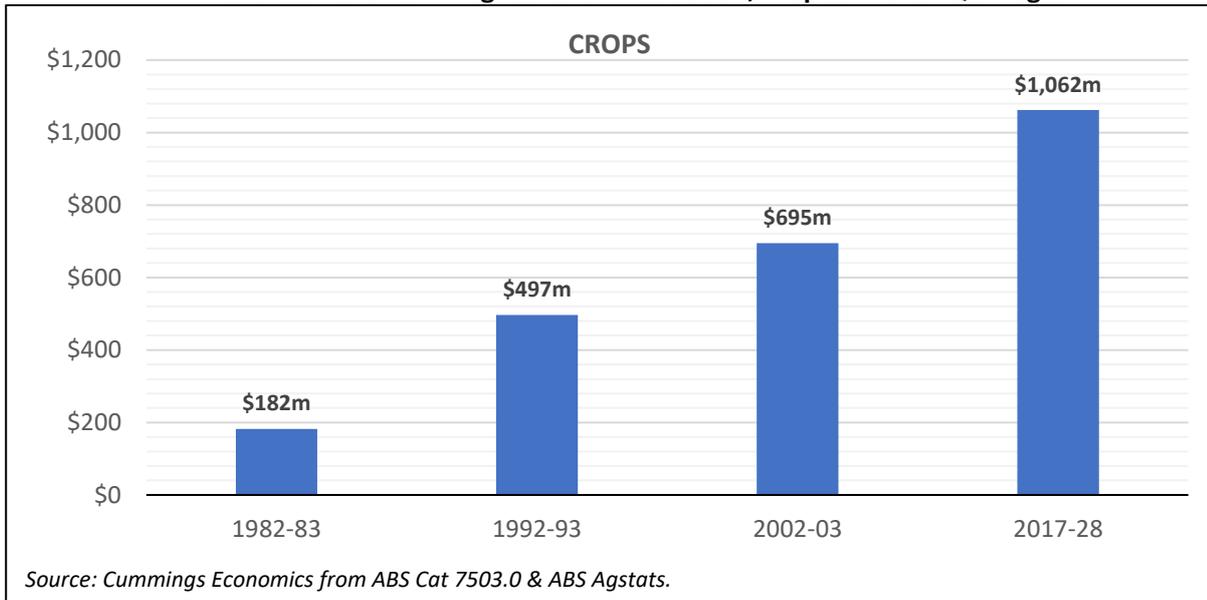
Source: Cummings Economics from ABS Cat No. 3218.0 et al.

**Chart 2: Average Annual Growth Hinterland Areas  
Tropical North Qld Region - 5 Years To 2018**

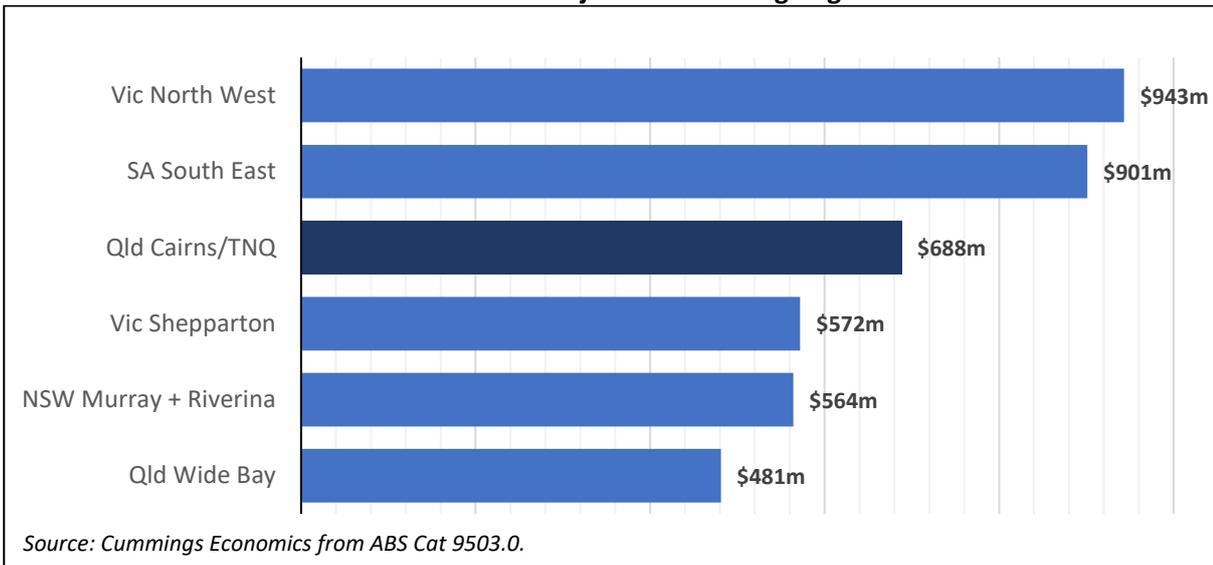


Source: Cummings Economics from ABS Cat 3218.0. .

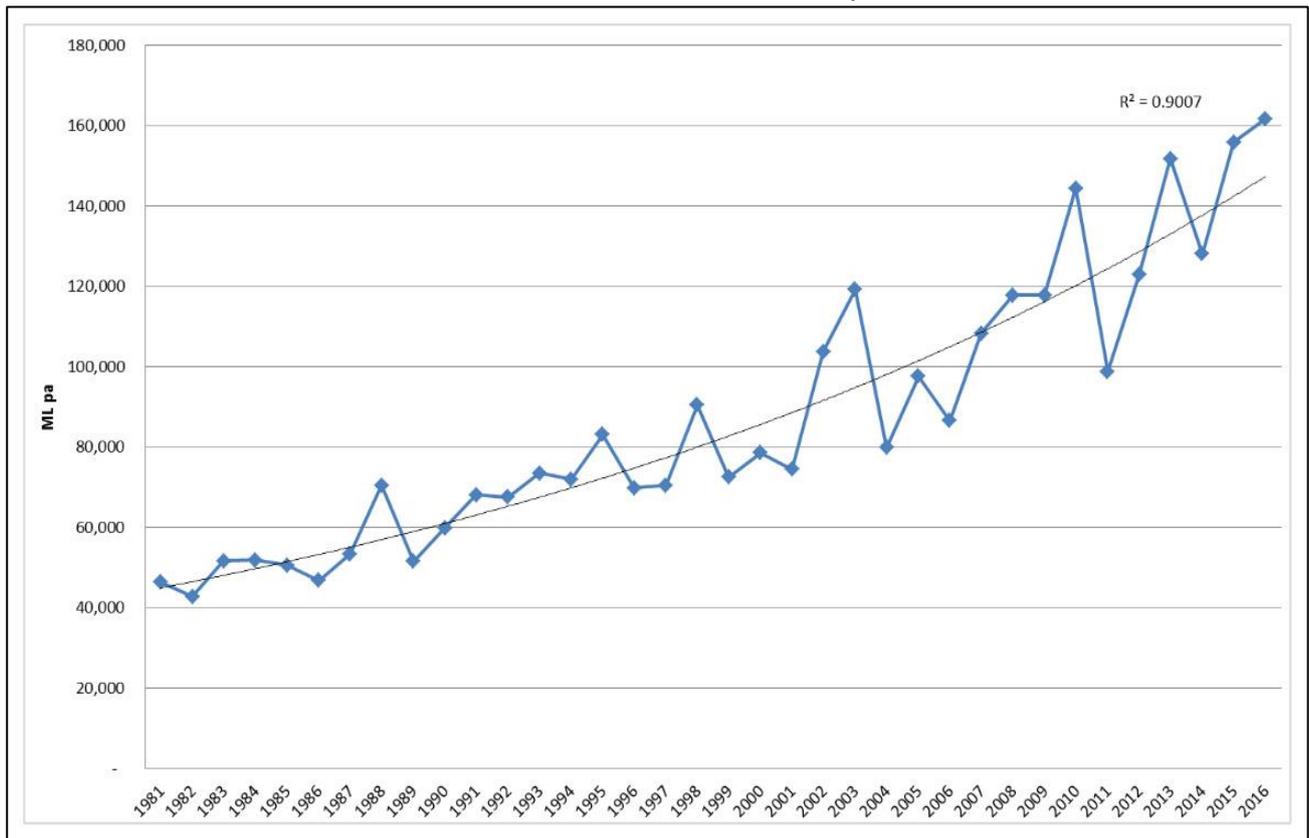
**Chart 3: Growth in Agricultural Production, Tropical North Qld Region**



**Chart 4: Gross Value of Fruit & Vegetable Production  
Australian Major Fruit Growing Regions**



**Chart 5: Growth in Deliveries of Tinaroo Water, 1981 to 2016**



**DEMAND FOR WATER TINAROO DAM / LONG-TERM TREND GROWTH 3.4%**