Cummings Economics

The Cairns Economy

Recent Movements and Short-Term Prospects

Presentation to the
Cairns Chamber of Commerce Luncheon
August 2007

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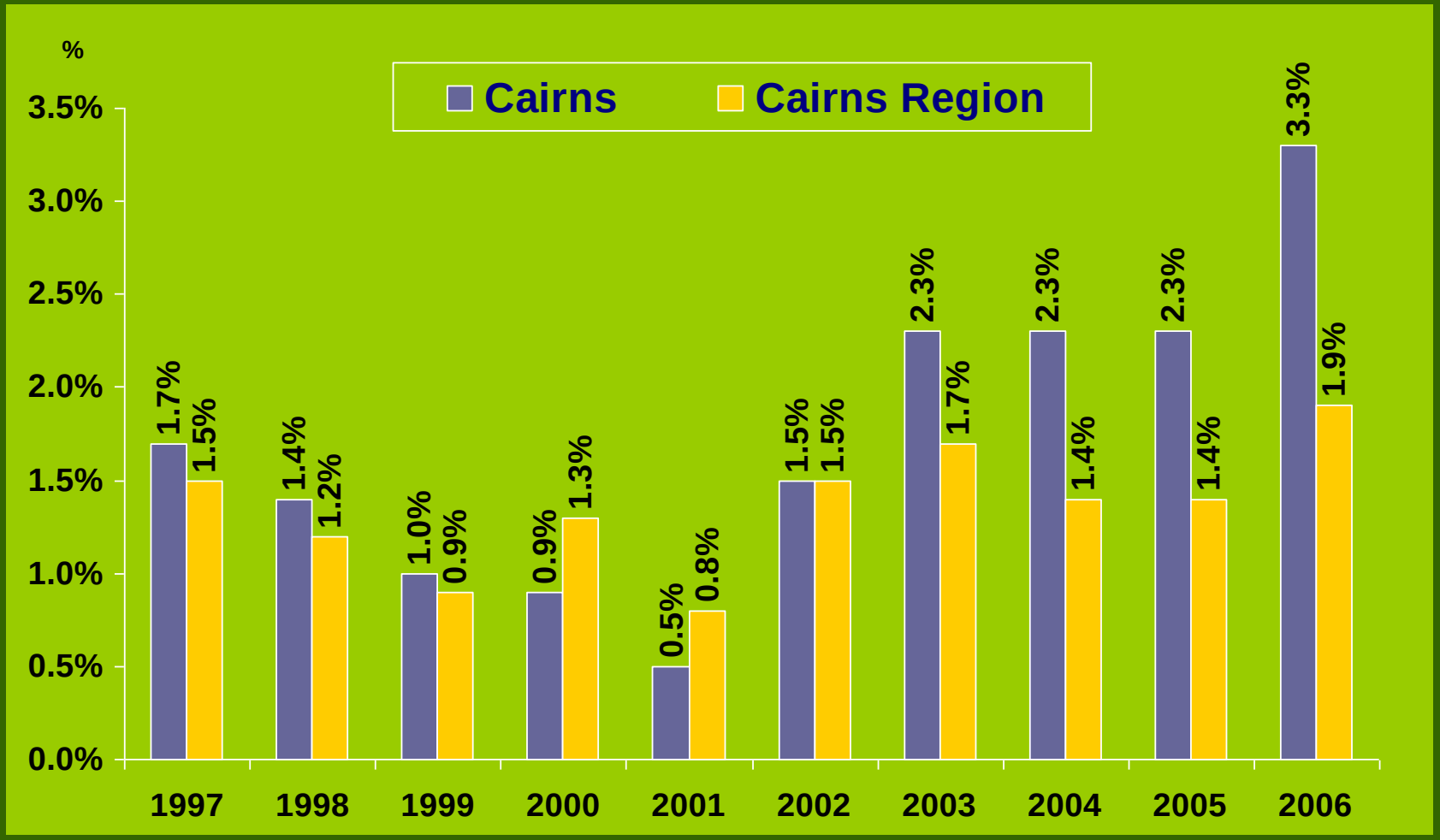
The past year has more than met expectations of continuing strong growth predicted in last year's review.

Population - Growth

Growth on Previous Year, Cairns Region

(Estimated Residential)



Source : ABS.

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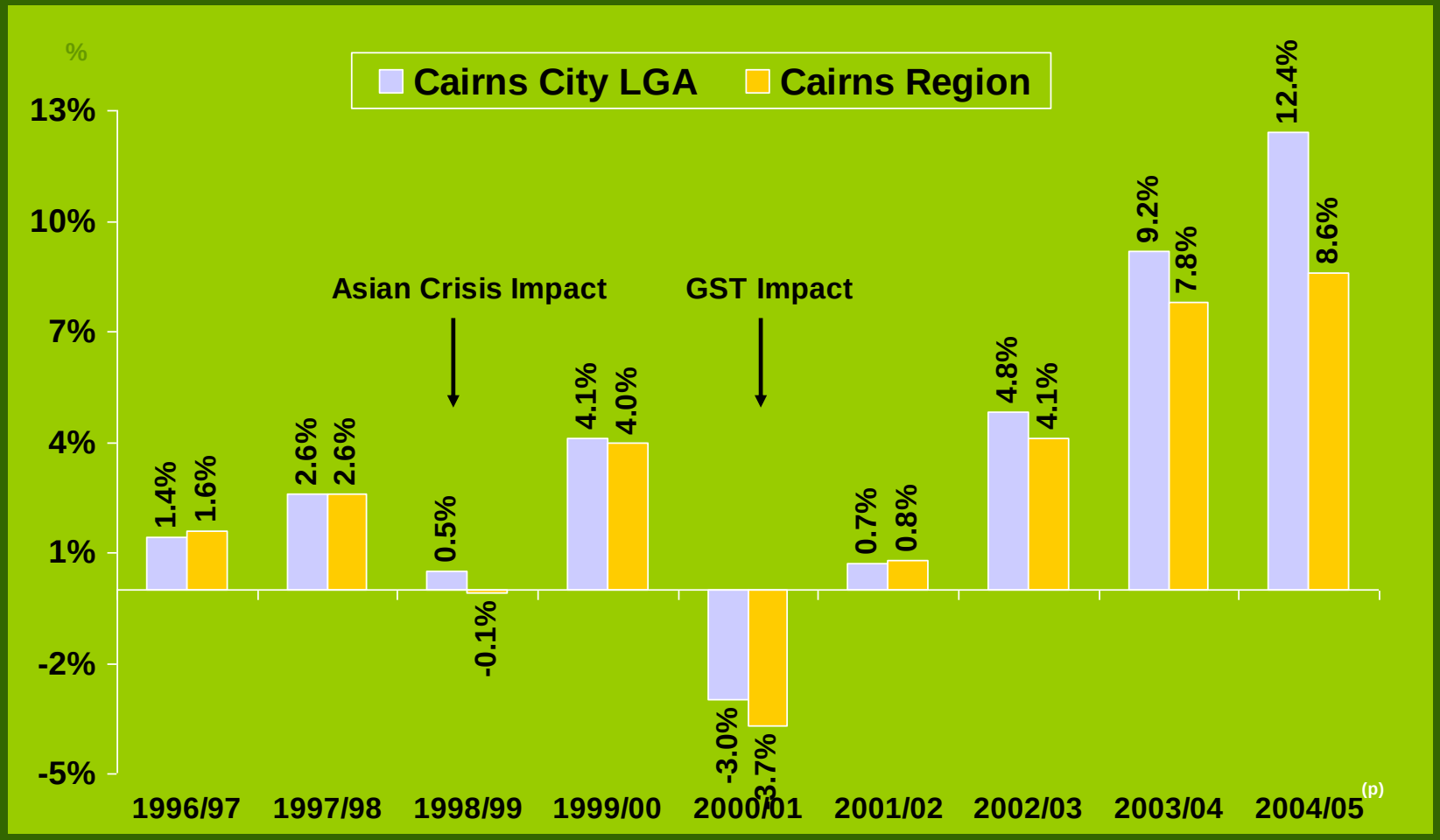
Long-Term Projections of Residential Population Growth

Cairns City 2001-2006
Government Projections

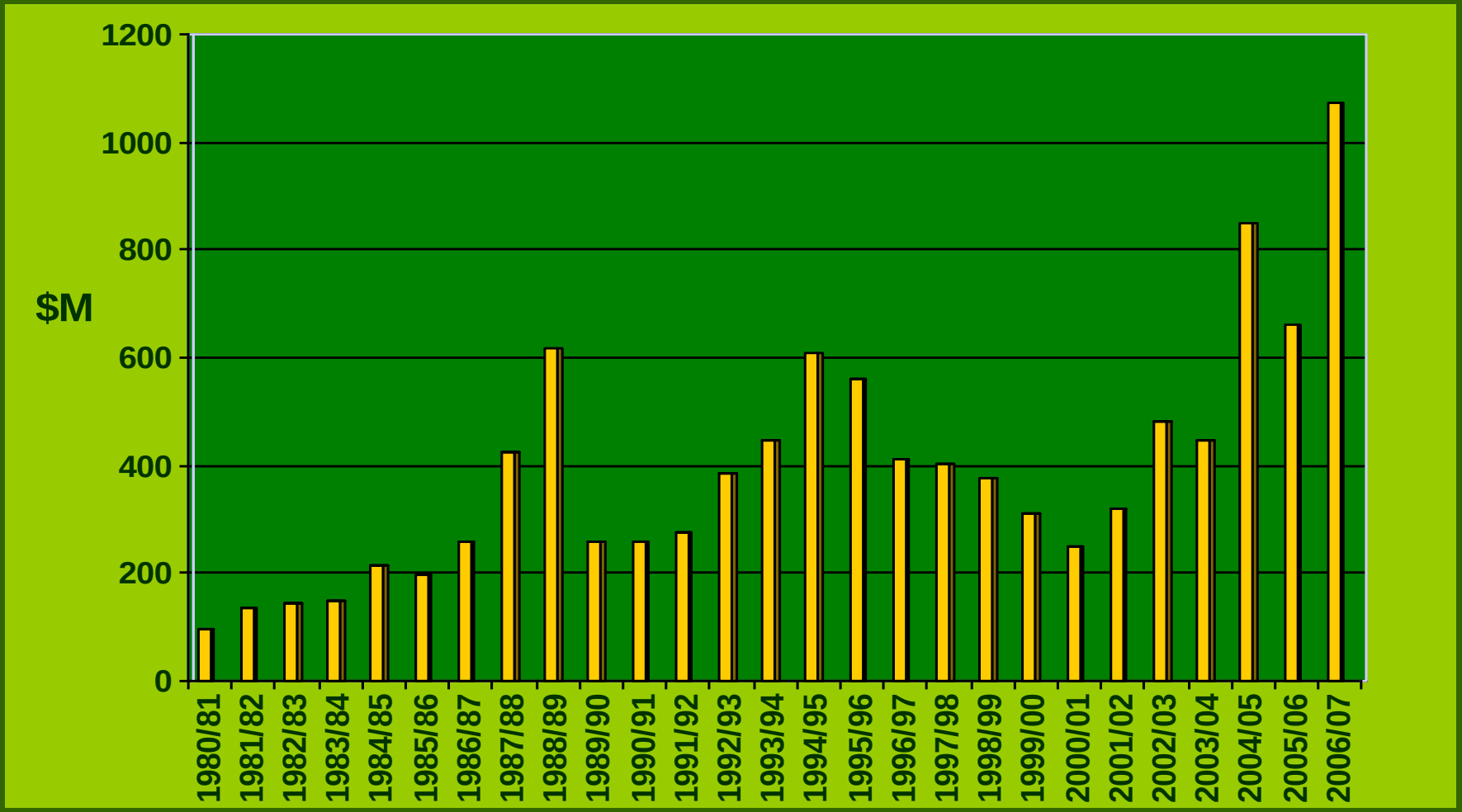
Low	1.5% pa
Medium	1.8% pa
High	2.1% pa
Actual Long-Term 1976 – 2004	2.9% pa
Actual 2001 – 2006 from Census Data	2.5% pa

Aggregate 'Real' Taxable Incomes
Growth – Cairns Region



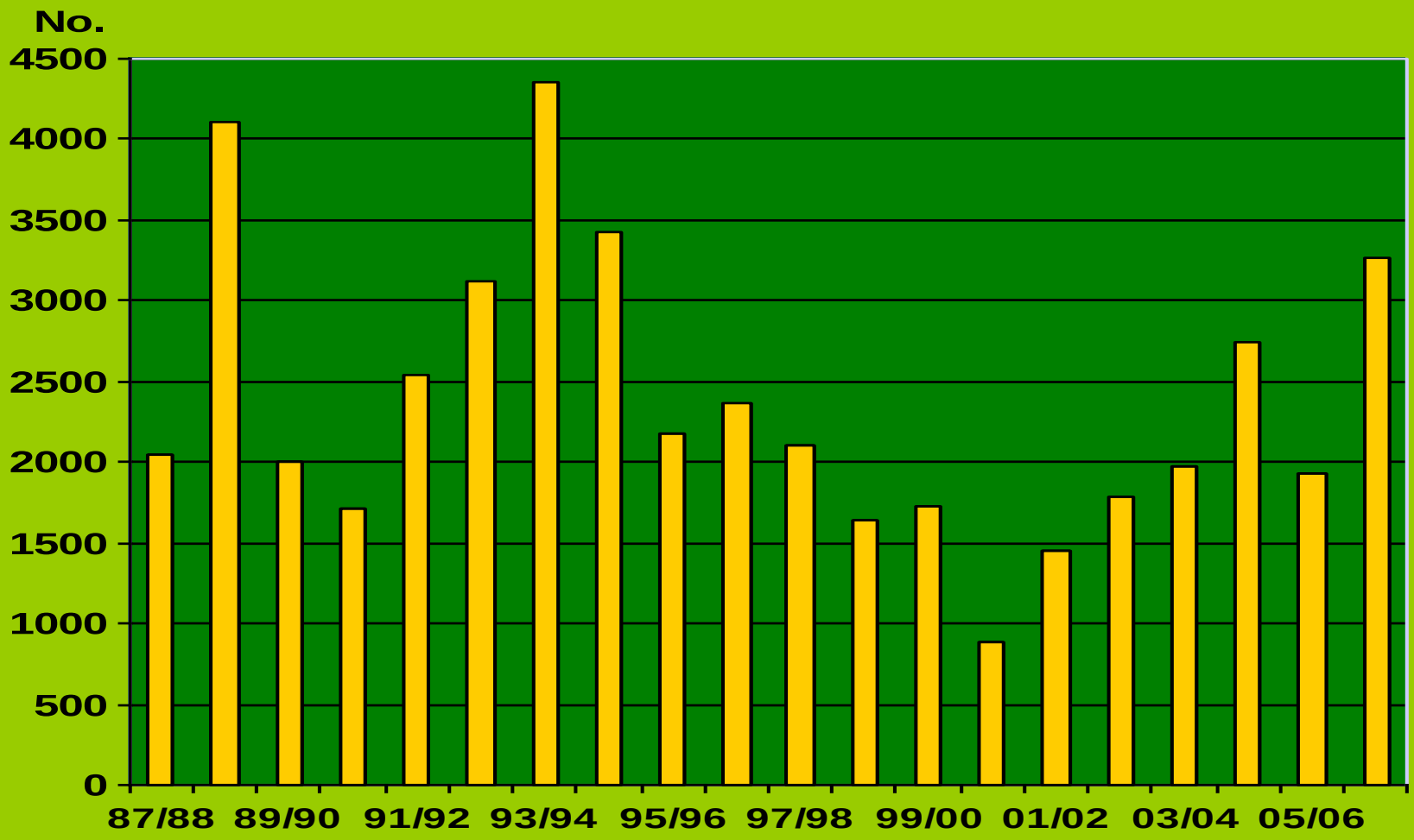
Source : BTRE & ATO.

Value of Building Approvals
Far North Qld Statistical Division



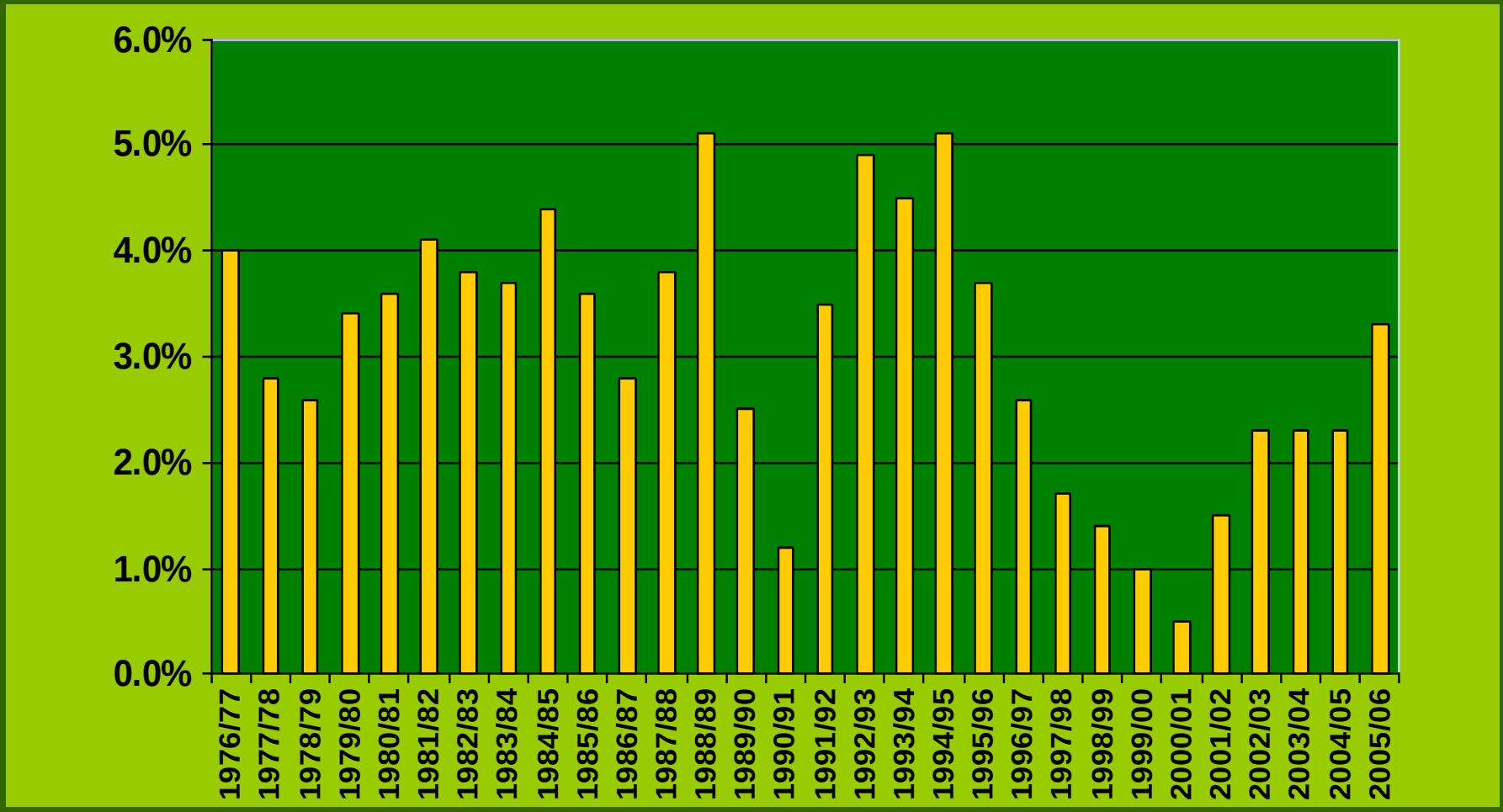
Source : ABS.

Dwelling Approvals
Far North Statistical Division



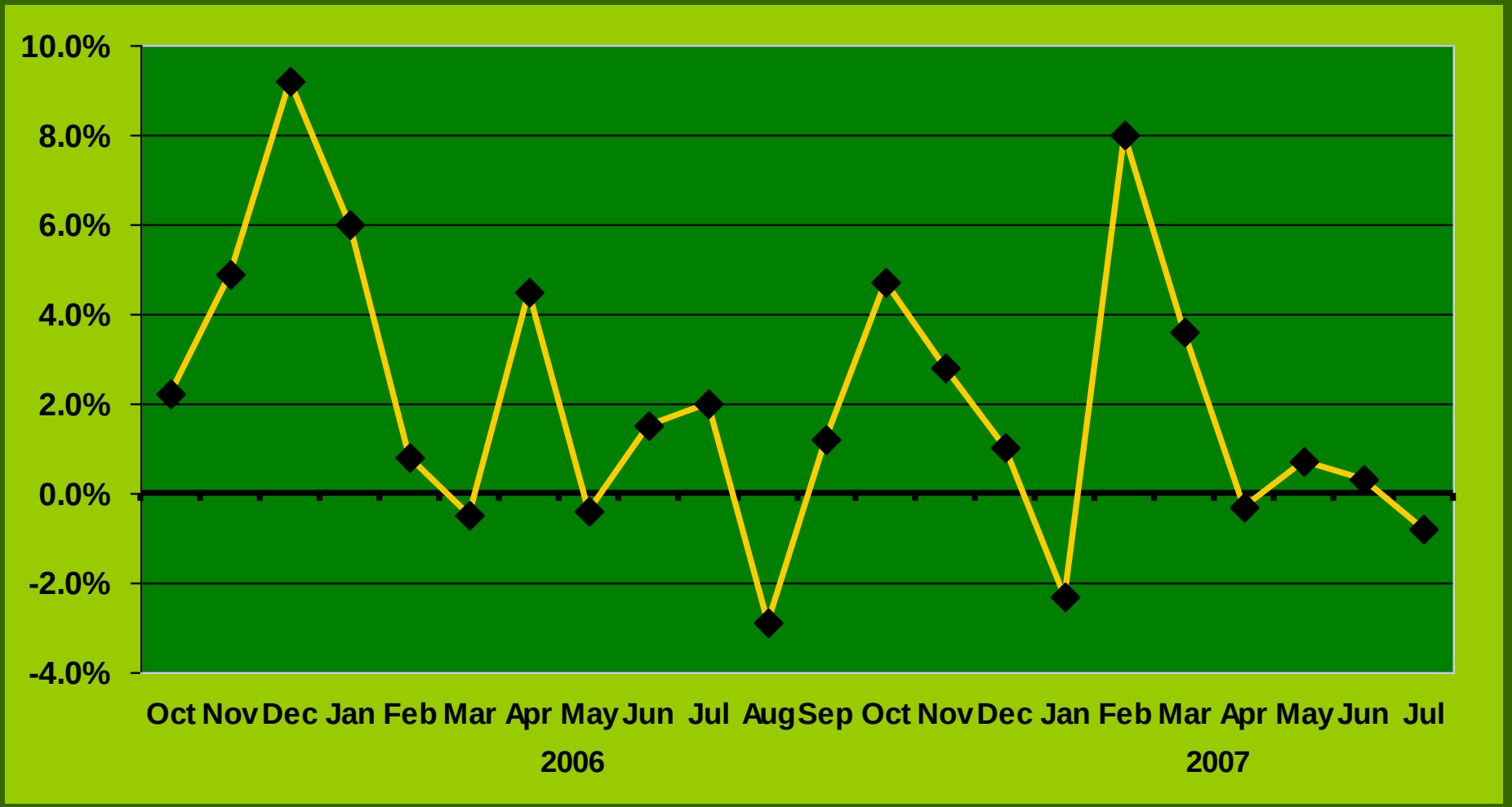
Source : Cummings Economics from ABS data.

Population Growth Rates – Cairns 1976/77 to 2005/06



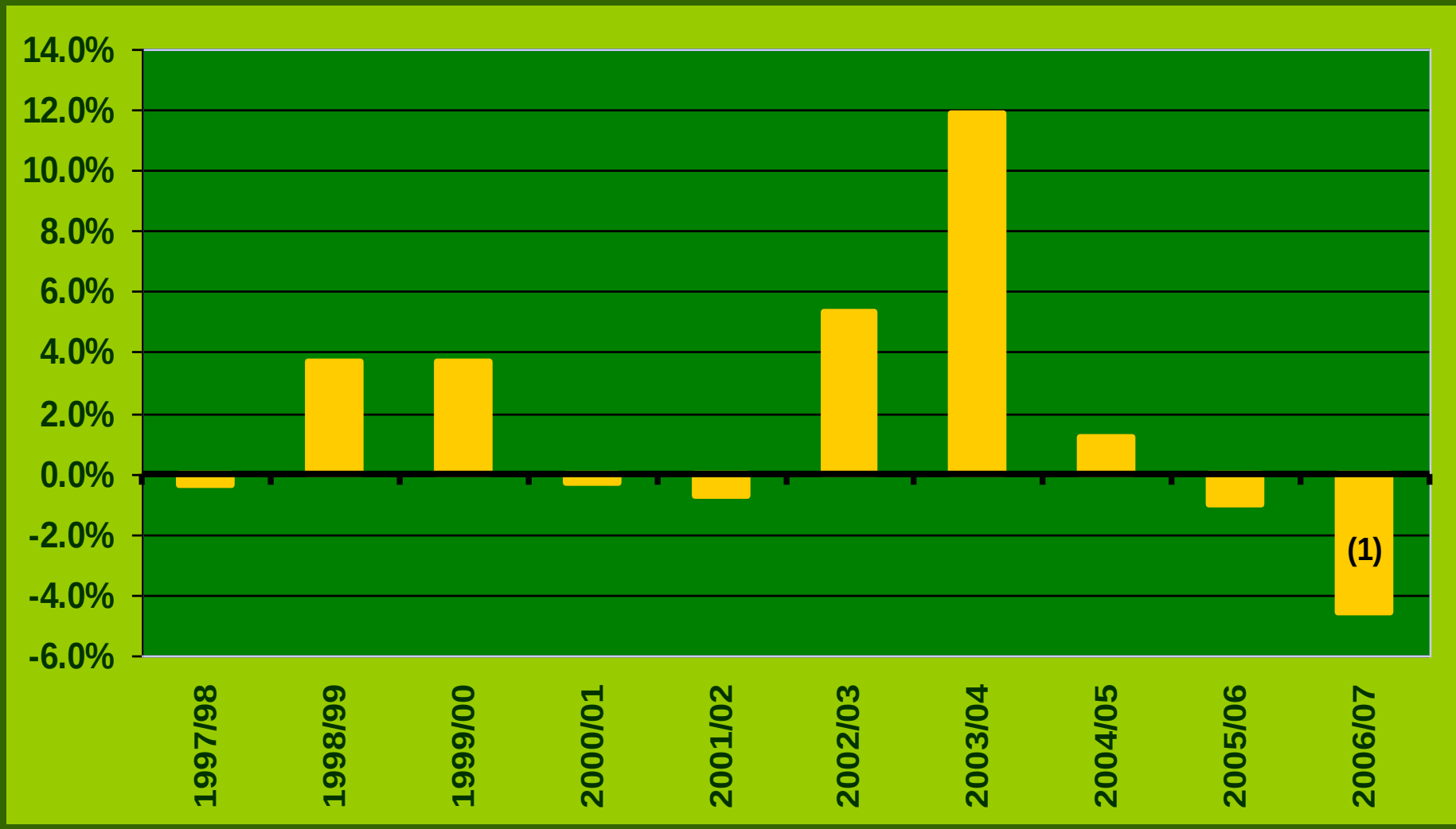
Source : ABS

Cairns Airport – Domestic & International Terminals
Total Arriving & Departing Passengers
% Increase on same month Previous Year



Source : CPA

Growth in Room Nights – Hotels/Motels



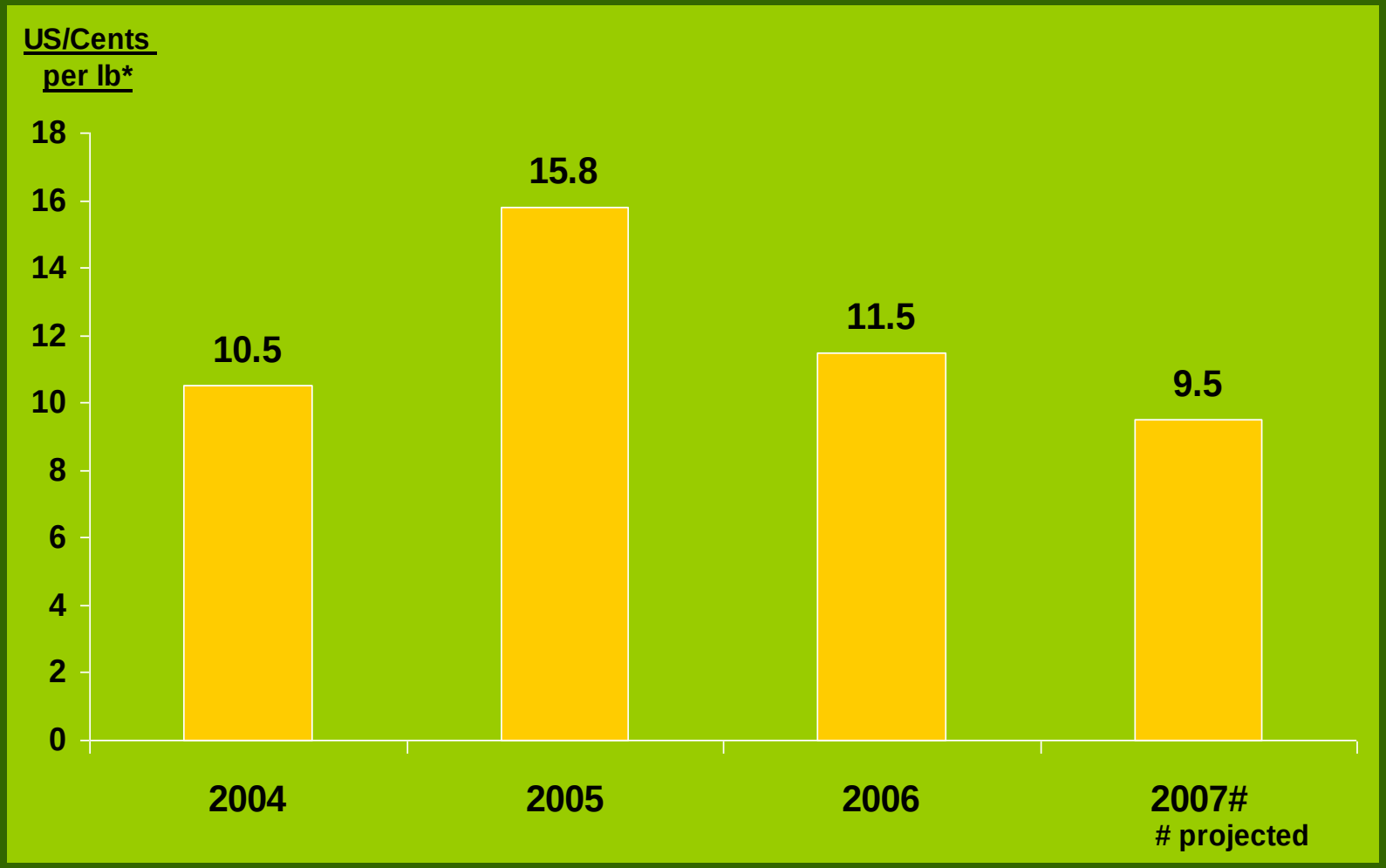
(1) First 3 quarters.

Source : ABS.

Cyclone Impact Nett Stimulatory to Economic Activity

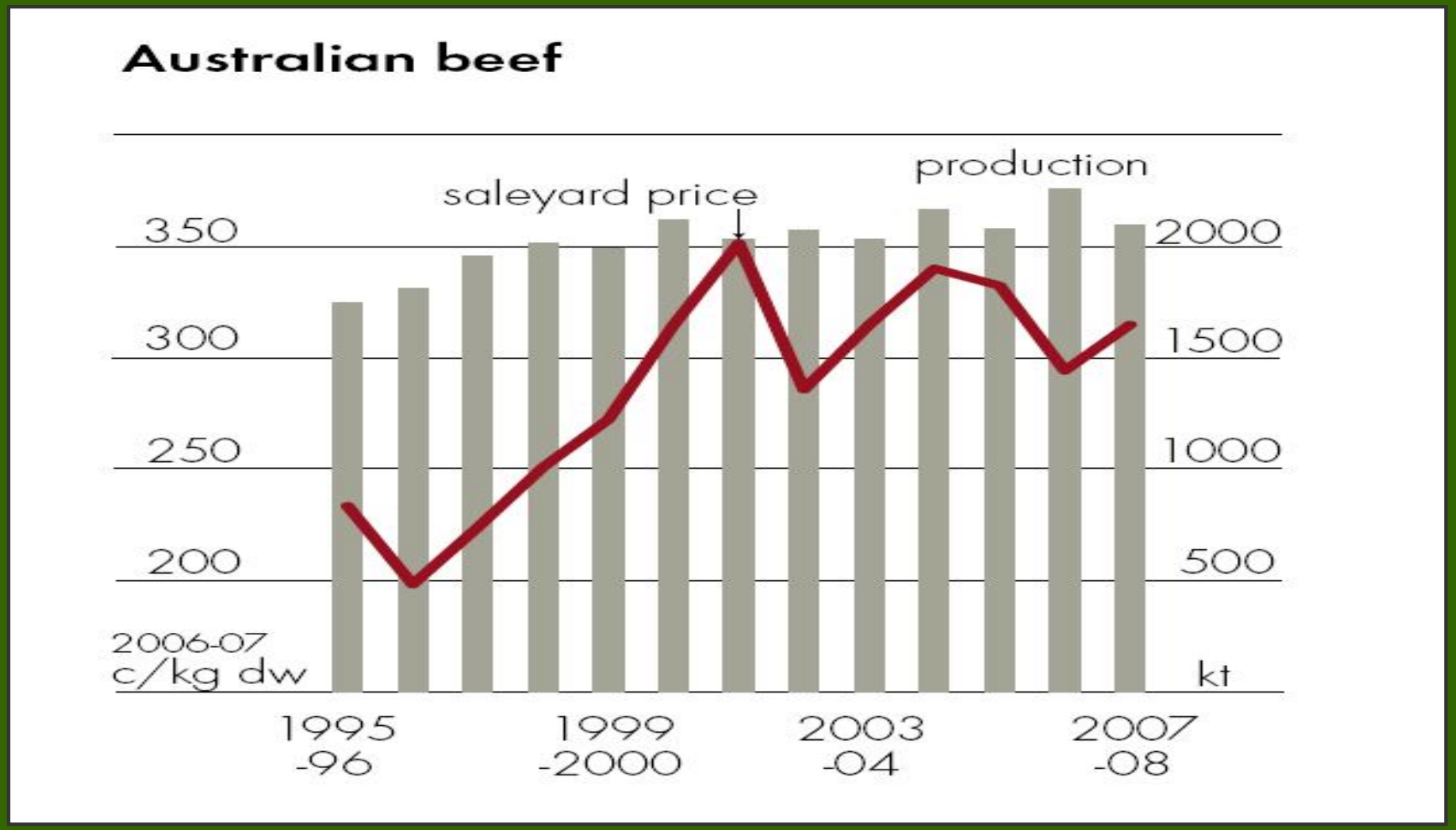
Est Loss of Income:	
Crops	**$470 m**
Est Infusion of Funds:	
Insurance Claims	**$420 m**
Cyclone Relief	**$350 m**
	$770 m

Sugar Prices



Source : ABARE

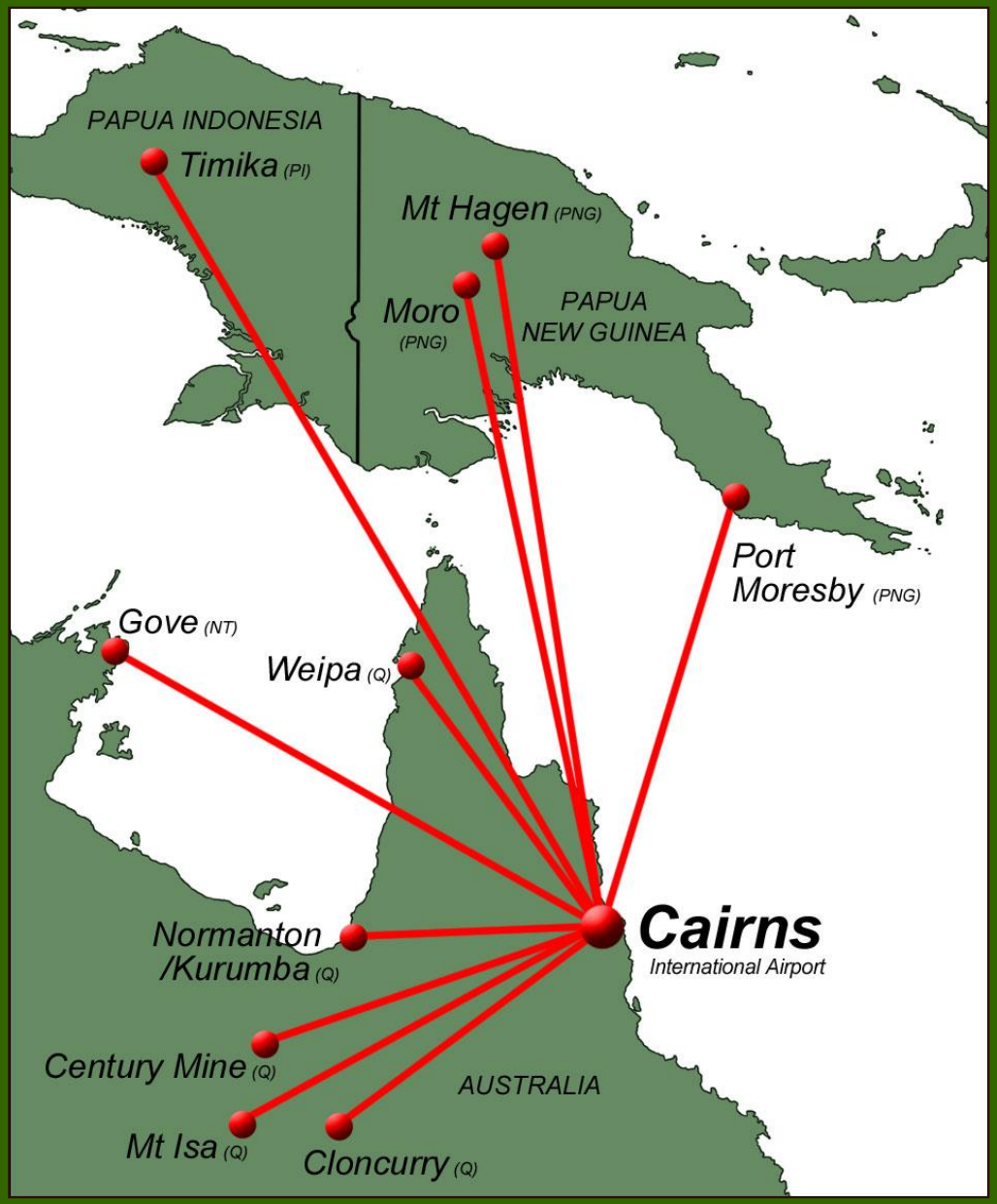
Beef Prices



Source : ABARE

- FISHING IMPORTANT PART OF OUTSIDE EARNINGS
- MINING INCOME RISING

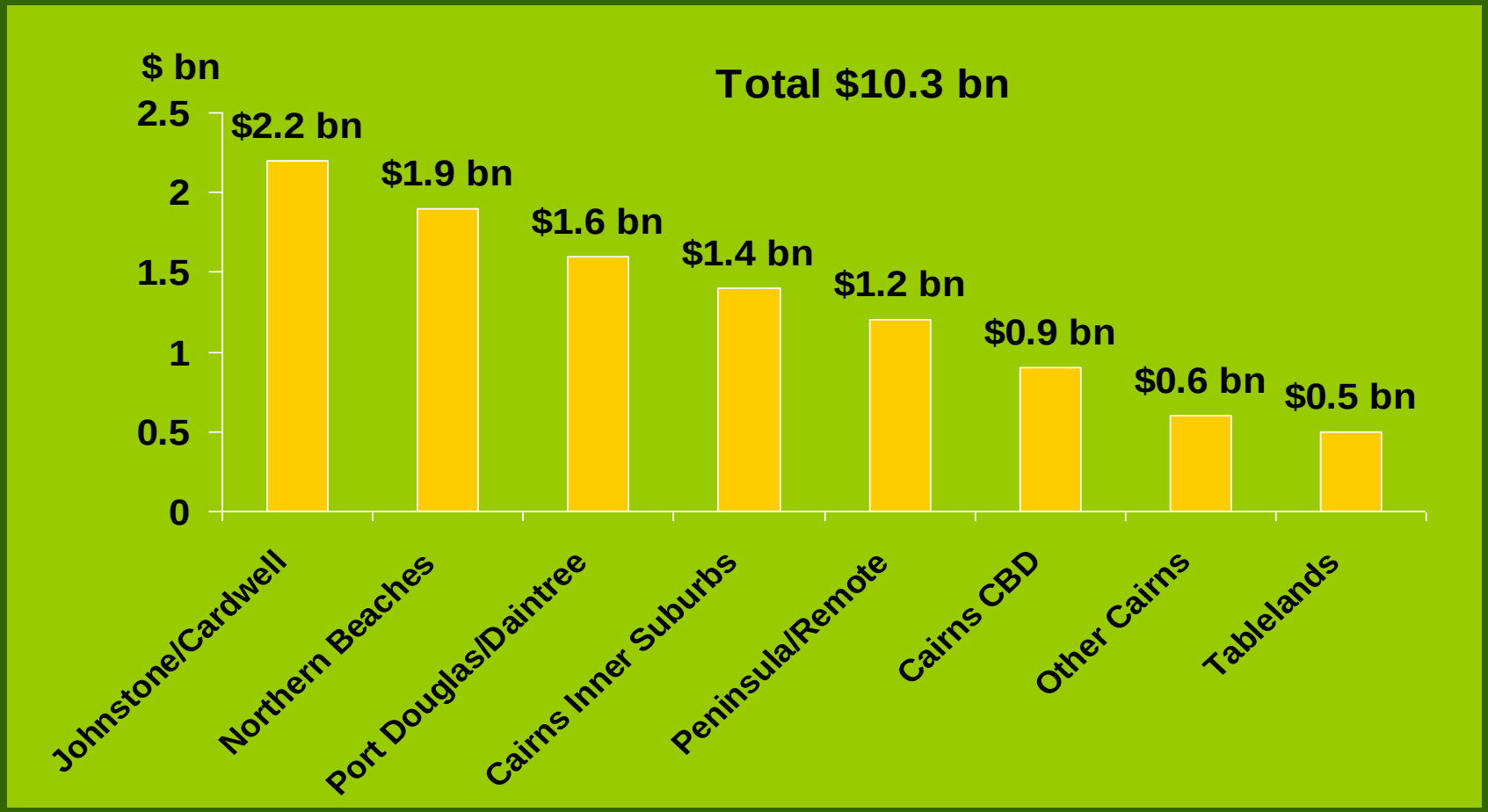
- **GROWING OUTSIDE EARNINGS OF SERVICE INDUSTRIES**


PAPUA INDONESIA
Timika (PI)
Mt Hagen (PNG)
Moro (PNG)
PAPUA NEW GUINEA
Port Moresby (PNG)
Gove (NT)
Weipa (Q)
Normanton /Kurumba (Q)
Cairns
International Airport
Century Mine (Q)
AUSTRALIA
Mt Isa (Q)
Cloncurry (Q)

Expanding Outside Earnings

- AVIATION & MARITIME SERVICING
- BUSINESS SERVICES
- CREATIVE INDUSTRIES

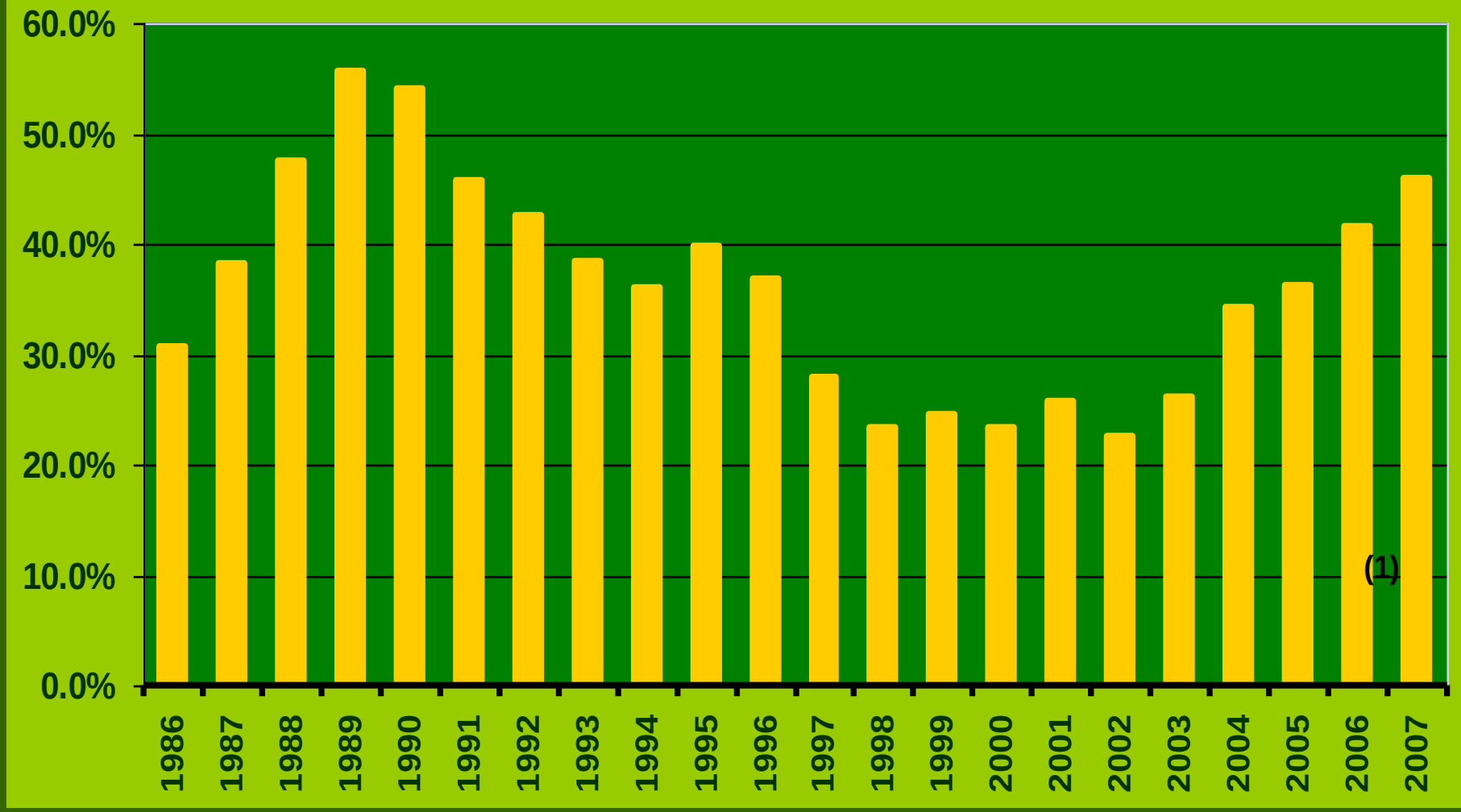
Major Development Projects by Area
March Quarter 2007



- **Will the problems on “WALL ST” translate to “MAIN ST’ USA?**
- **If YES, How much would it affect a growing world economy?**

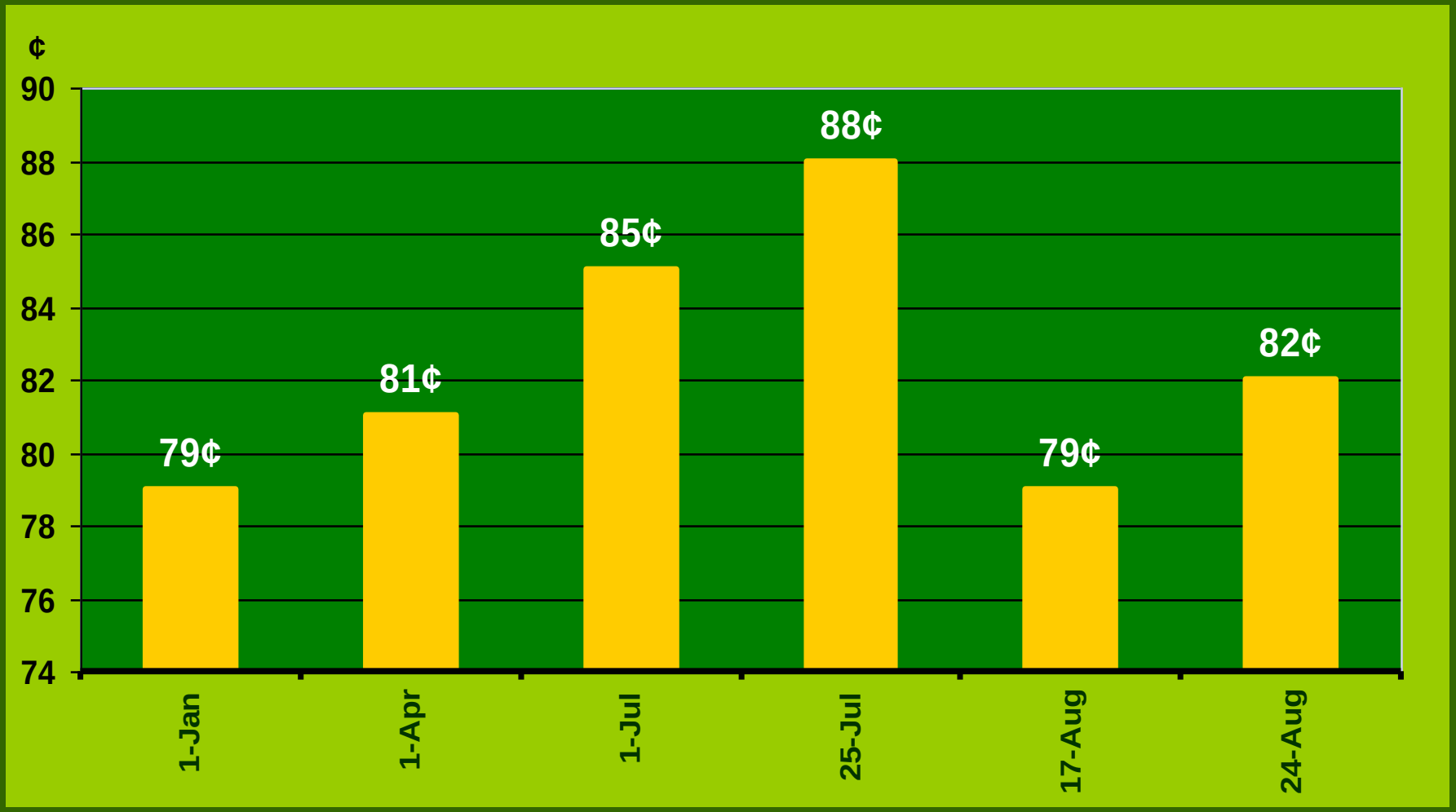
- HIGHER INTEREST RATES
- LESS “CARRY TRADE” FINANCE
- MORE CAUTIOUS ATTITUDES TO INVESTMENT
- STEADYING EFFECT ON PROPERTY PRICES

Housing Affordability – Cairns
Repayments as % of Income



Source : Cummings Economics & B Jacobsen based on data from RBA, ABS, RP data.

Australian Exchange Rates
Aust $ / US $

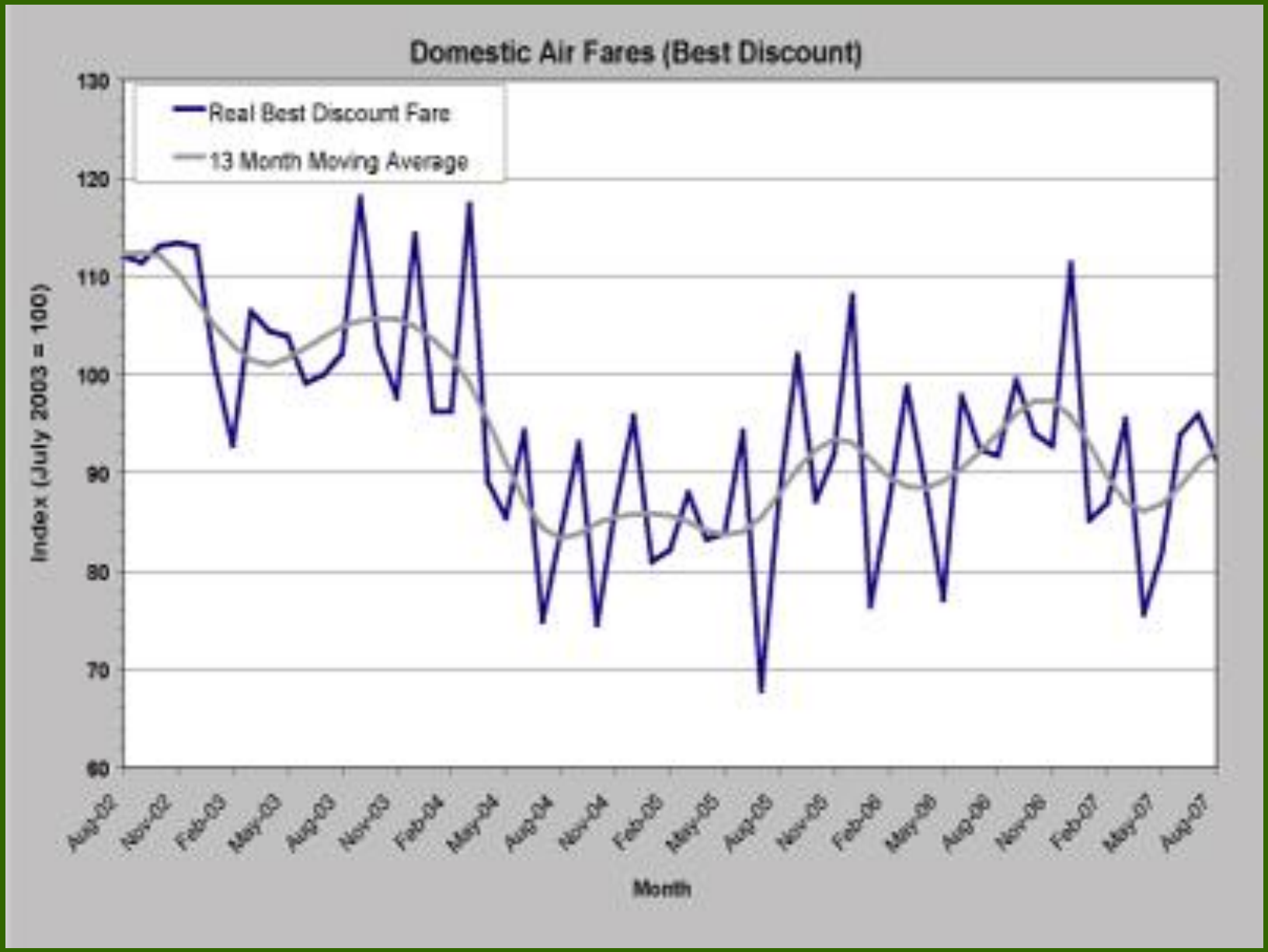


Source : RBA

5-Year Zinc Price

Tourism

- Lacklustre Growth
- Growth in Domestic Market
- Falls in Some International Markets
- High Dollar, Loss of Air Services
- Rises in Domestic Airfares
- Australians Travelling Overseas


Domestic Air Fares (Best Discount)
Real Best Discount Fare
13 Month Moving Average
Index (July 2003 = 100)
130
120
110
100
90
80
70
60
Aug-02
Nov-02
Feb-03
May-03
Aug-03
Nov-03
Feb-04
May-04
Aug-04
Nov-04
Feb-05
May-05
Aug-05
Nov-05
Feb-06
May-06
Aug-06
Nov-06
Feb-07
May-07
Aug-07
Month

Source : BTRE

New Generation of Aircraft in 2008

Boeing Dreamliners

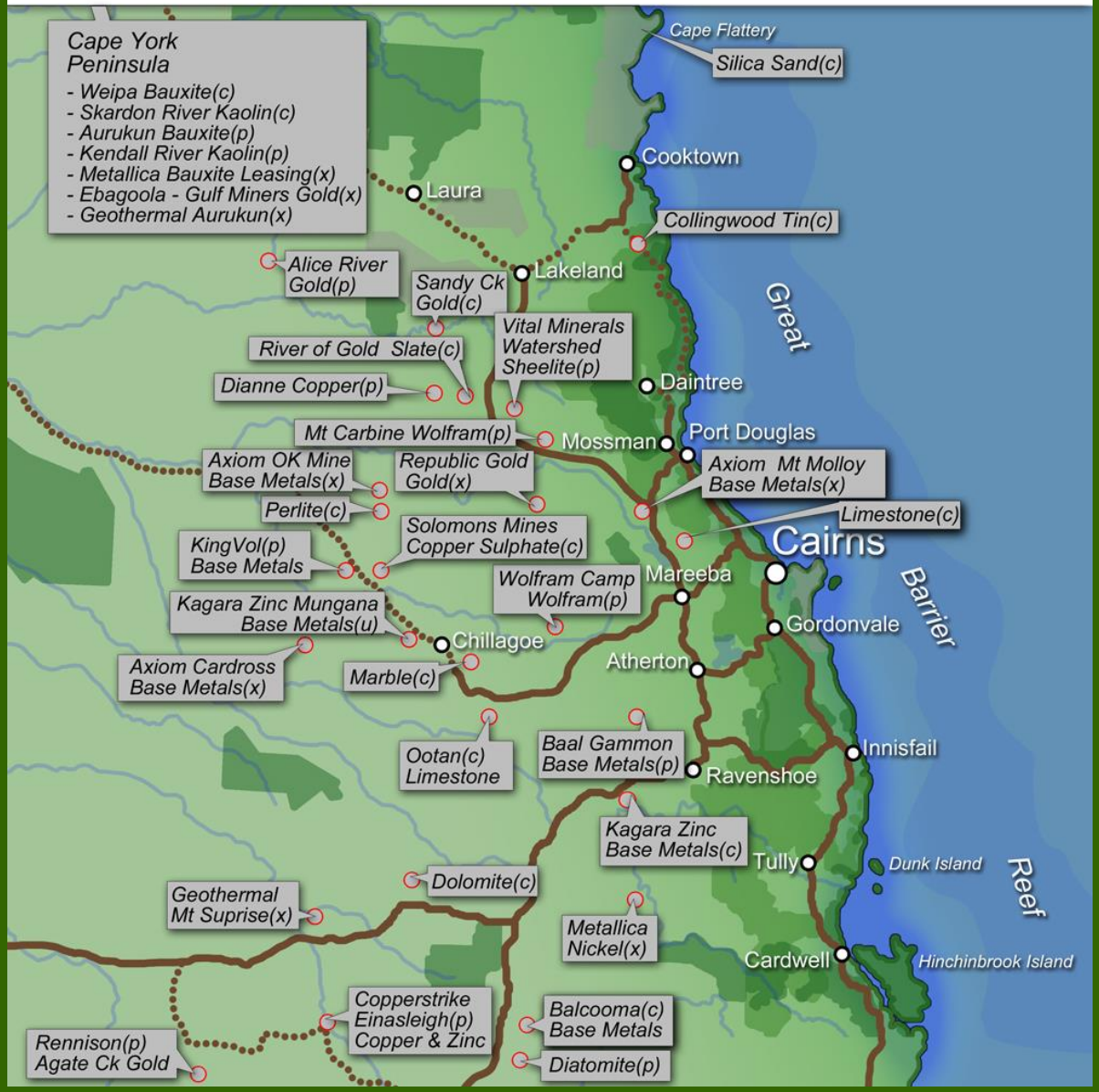
Airbus A380

Climate Change Policies

- Cropping for Biofuels
- Carbon Sequestration
- Interest in North's Water Resources
- Non-Carbon Fuel Generation

Cairns Region Mining

Current (c) - Under Construction (u) - Proposed (p) - Being Explored (x)



Source : Cummings Economics, Aug 2007

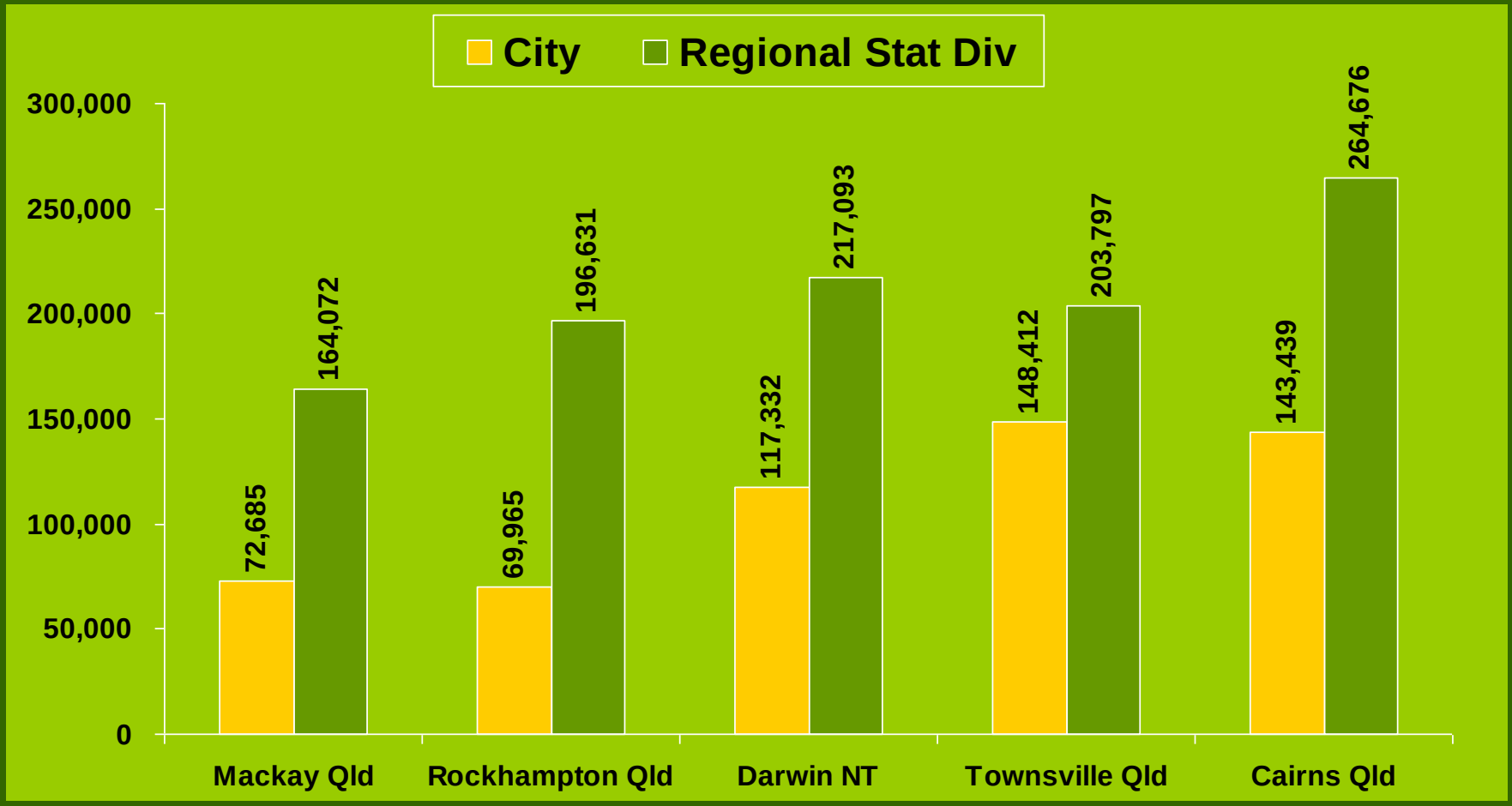
Cairns Region Leads Northern Region in Sales to the Rest of Australia as Opposed to Sales to Overseas

- Domestic Tourism
- Agricultural Products
- Fishing Industry Products
- Mineral Products
- Aviation & Marine Services
- Business Services
- Creative Industries

Population – Comparative Size

Comparative Populations – Northern Australia

Census Count 2006



Source : ABS Census data

- **SOME NEGATIVES AND**

  UNCERTAINTITIES AROUND, BUT

  CONTINUING SOLID GROWTH

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