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.
### Long-Term Projections of Residential Population Growth

Cairns City 2001-2006

**Government Projections**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Growth Rate (pa)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>1.5%</td>
</tr>
<tr>
<td>Medium</td>
<td>1.8%</td>
</tr>
<tr>
<td>High</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

**Actual Long-Term**

- 1976 – 2004: 2.9% pa
- 2001 – 2006: 2.5% pa

From Census Data

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Aggregate ‘Real’ Taxable Incomes Growth – Cairns Region

Source: BTRE & ATO.
Dwelling Approvals
Far North Statistical Division

Source: Cummings Economics from ABS data.
Population Growth Rates – Cairns
1976/77 to 2005/06

Source: ABS

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

Source: CPA

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Growth in Room Nights – Hotels/Motels

(1) First 3 quarters.

Source: ABS.

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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

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Beef Prices

Source: ABARE

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● FISHING IMPORTANT PART OF OUTSIDE EARNINGS

● MINING INCOME RISING
GROWING OUTSIDE EARNINGS OF SERVICE INDUSTRIES
Expanding Outside Earnings

- AVIATION & MARITIME SERVICING
- BUSINESS SERVICES
- CREATIVE INDUSTRIES
Major Development Projects by Area
March Quarter 2007

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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
- Steady effect on property prices
Housing Affordability – Cairns Repayments as % of Income

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

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Australian Exchange Rates
Aust $ / US $

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Jan</td>
<td>79¢</td>
</tr>
<tr>
<td>1-Apr</td>
<td>81¢</td>
</tr>
<tr>
<td>1-Jul</td>
<td>85¢</td>
</tr>
<tr>
<td>25-Jul</td>
<td>88¢</td>
</tr>
<tr>
<td>17-Aug</td>
<td>79¢</td>
</tr>
<tr>
<td>24-Aug</td>
<td>82¢</td>
</tr>
</tbody>
</table>

Source: RBA

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5-Year Zinc Price

Aug 24, 2002 to Aug 24, 2007 / 1.4297 ▲ +1.0835
(Change calculation is from the start of this chart)

www.kitco.com
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

Source: BTRE

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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 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 UNCERTAINTIES AROUND, BUT CONTINUING SOLID GROWTH