

CUMMINGS ECONOMICS

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March 2010

Ref: J2332

SUBMISSION TO SENATE LEGAL & CONSTITUTIONAL COMMITTEE – WILD RIVERS

SUBMISSION BY W S (BILL) CUMMINGS - ECONOMIST

The following aims to provide the committee with an understanding of the economic developmental context of Cape York, especially in relation to potential for communities to develop income over time from agricultural and pastoral industries.

The first thing that needs to be appreciated is that Peninsula Australia and Cape York lies deep in the tropics. **Map #1** illustrates.

The Cairns/Far North Queensland region (Peninsula Australia) accounts for no less than 26% of Australia's water run off and a large part of that water runoff occurs in the Cape (see **Map #2** and **Table #3**).

By and large, most of the area is frost free and plant growth not limited by low temperatures. Higher temperatures however, cause higher evaporation rates and this can lead to limitations on plant growth during months of lower rainfall.

However, satellite technology is providing a picture of how the two factors of rainfall and temperatures and soil fertility balance out and the actual levels of plant growth that occur in the area relative to other parts of Australia and the world. **Map #4** (based on data from the Modis Satellite Platform), gives measures of 'Nett Primary Productivity', ie. the rate at which carbon is absorbed from the atmosphere by plants. The map illustrates that natural plant growth potential in Peninsula Australia is the equivalent to the State of Victoria and very similar to Peninsula India and that a large part of this potential lies in the Cape.

It is notable that despite very similar regimes of rainfall, temperatures and soils compared with southern India, there is virtually no agricultural and only very limited pastoral activity on the Cape.

By contrast, the Indian State of Tamil Nadu with an area of 130,000 sq km (cf Cook Shire 115,999 sq km) is a major producer of a wide range of agricultural products (see **Table #5**) and supports a population of 62 million at low but rapidly increasing living standards.

The reason that agricultural and pastoral resources of the Cape York area have not been developed are three fold.

- 1) Historically, agricultural technology had not spread as far as Australia and the indigenous population had a hunter gatherer economy. Agricultural knowledge and skills remain low.
- 2) The farming brought to Australia was from north western Europe with a suite of plants and animals not suited to the tropics. The development of high yielding crops and animals and farming systems suited to the tropics has been slow and subject to failures and in a context of high wage costs faced a barrier of needing to pioneer mechanisation. Even the super rich agricultural environment in the immediate Cairns area has been slow to develop.
- 3) The Cape especially has faced major cost penalties due to lack of basic infrastructure.

It can be expected that over time, these constraints will diminish.

It is not suggested that the Cape area develop the intensity of agricultural development and population of southern India.

However, it would be abrogating the rights of the indigenous people of the Cape to close the door on achieving agricultural development over time.

History has proven that the indigenous people of the Cape have limited opportunities open to them.

The economies of almost all non-metropolitan districts of Australia has been based on exploitation of some natural resource that initially located population in the area. A service structure followed, especially located in district towns and regional centres that has often come to exceed in employment the original 'base' industry/ies. However, if you remove the base industries, most of the service structure will disappear.

The fact is that most regional economies are supported mainly by agriculture, mining and fishing industries.

Tourism is also mainly based on natural attributes. But there are very few areas of Australia where tourism development has not depended on the infrastructure initially laid down by agricultural or other base industries.

While there are mining and fishery resource opportunities in the Cape area, they are limited. By and large, tourism opportunities are extremely limited. First, lack of infrastructure and remoteness adds cost penalties that mitigate against their development. Secondly, the reality is that the combination of natural environments of rainforest and reef in the Cape nowhere matches in intensity those of the immediate Cairns area where infrastructure is available. It is unlikely that tourism will develop on a substantial scale in the Cape area in the foreseeable future.

Removing the possibilities of the indigenous communities in the Cape developing in the future substantial business and employment based on use of agricultural potential, is something that no regional community across southern Australia has had forced upon it.

In many ways, in terms of development achieved against resource potential, the Cape is something like southern Australia in the early days of European settlement. It is relevant to ask, where would the economies of the regions of southern Australia be today if they had been burdened with constraints on future agricultural development facing the indigenous population of the Cape under the 'Wild Rivers' legislation.

If the indigenous people of Cape York are being asked to accept this constraint, it can be argued that the population of southern Australia should be asked to take their agricultural land out of production and return their rivers to the wild.

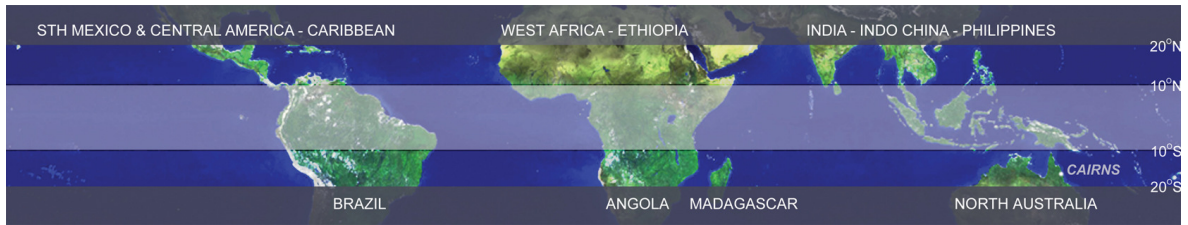
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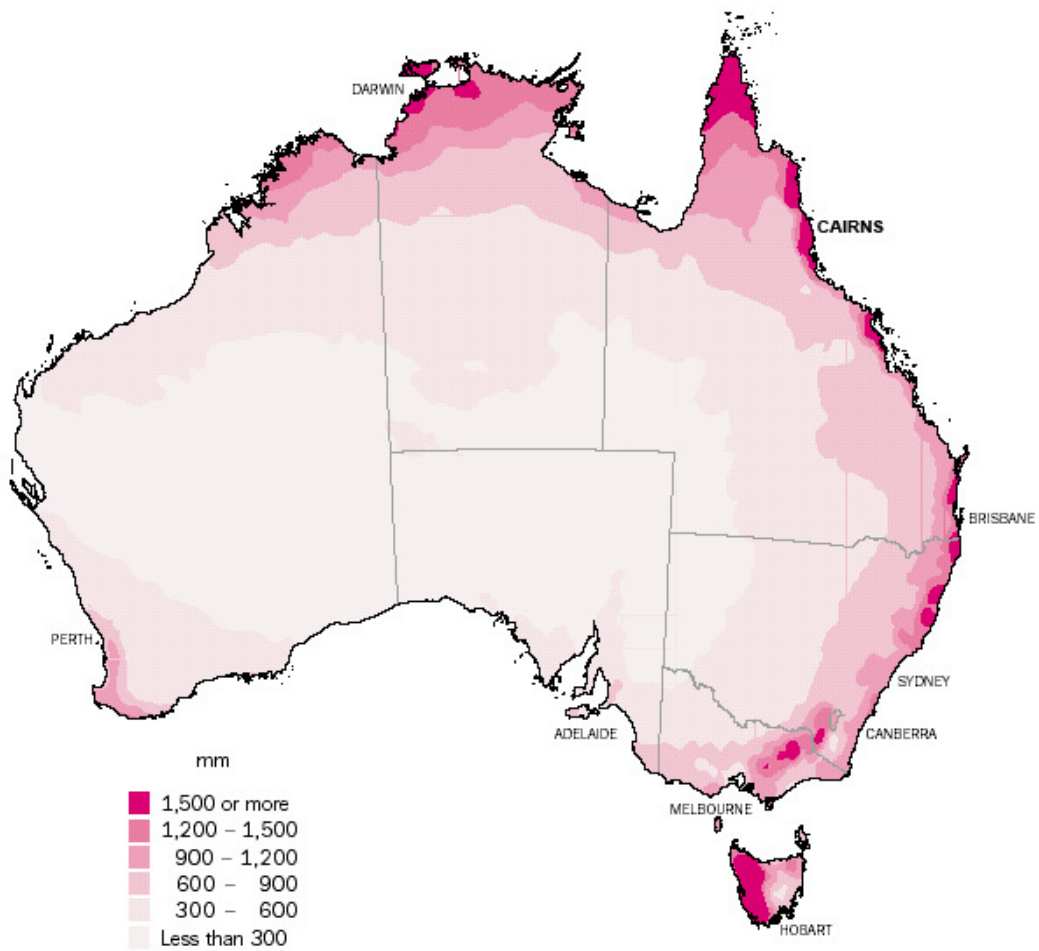
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Map #1
Similar Latitudes



Map #2
Australian Rainfall



Source: Bureau of Meteorology.

Table #3
Mean Annual Runoff Cape River Basins Compared

		Million Megalitres	
<u>East Coast</u>	Jacky Jacky	2.35	
	Olive/Pascoe	3.22	
	Lockhart	1.99	
	Stewart	1.05	
	Normanby	2.50	
	Jeannie	1.18	
	Endeavour	1.61	
Total East Coast		11.40	
<u>West Coast</u>	Jardine	2.50	
	Ducie	4.05	
	Wenlock	3.69	
	Enibley	2.49	
	Watson	2.63	
	Archer	7.01	
	Holroyd	4.04	
	Coleman	1.54	
Total West Coast		27.95	
Total Cape		39.35	10.2%
Remainder Peninsula Australia		66.09	17.1%
Total Peninsula Australia		105.44	27.2%
Total Australia		387.18	100.0%
cf :	Tasmania	44.8	
	New South Wales	42.0	
	Victoria	20.2	
	Murray Darling Basin	23.85	
	Mitchell Basin Queensland *	22.95	
	Burdekin Basin Queensland	8.17	
	Ord Basin, Western Australia	4.70	

* Note: Mitchell Basin Queensland is counted as part of Remainder Peninsula Australia and is not counted in the Cape area.

Source: National Land and Water Resource Atlas.



Map #4
NPP Peninsula Australia, Peninsula India, Victoria

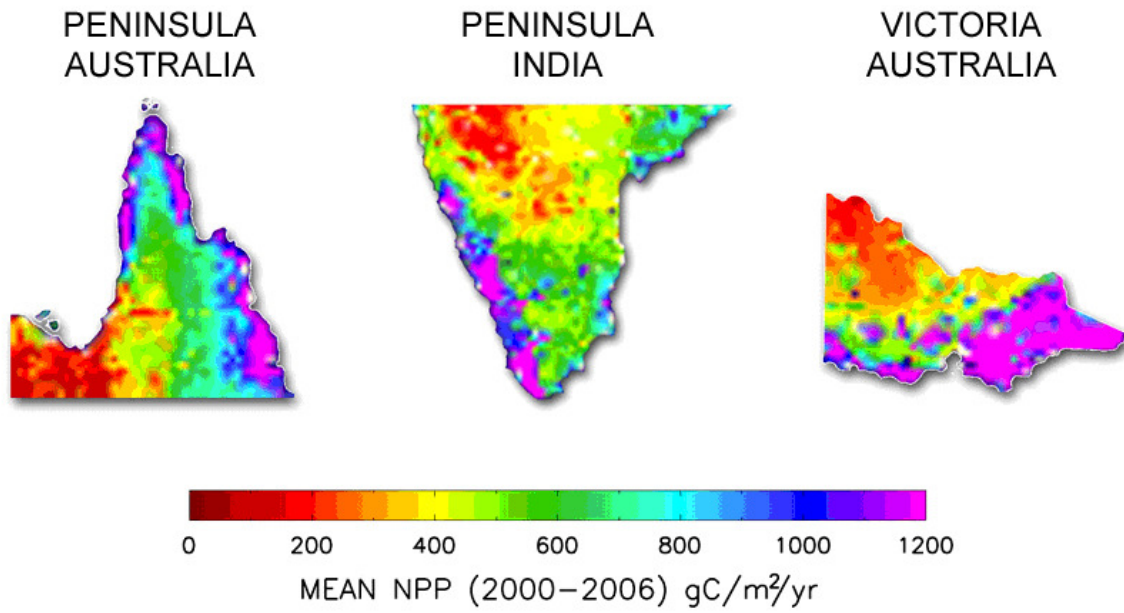


Table #5
Agricultural Production Tamil Nadu, 2005-06
Main Crops

Crop	Production in Tonnes
Rice	5,209,433
Jowar (Sorghum)	231,449
Bajra (Pearl Millett)	94,799
Ragi (Finger Millett)	132,172
Maize	241,217
Bengalgram	4,007
Redgram	20,400
Greengram	45,881
Blackgram	70,758
Horsegram	22,023
Sugarcane (Cane)	35,113,269
Chillies	31,830
Turmeric	143,358
Coriander	6,424
Tamarind	67,524
Onion	233,796
Tapioca (Cassava)	4,857,440
Sweet Potato	29,555
Potato	74,593
Banana	4,647,635
Cotton (lint)	168,154
Castor	2,777
Groundnut	1,097,592
Gingelly	30,772
Sunflower	21,148
Tobacco	7,792
Total	52,605,798 tonnes

*Source: Government of Tamil Nadu, Department of Economics and Statistics,
Season & Crop Report, 2005-06.*



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W S (BILL) CUMMINGS



OVERVIEW

Bill Cummings is one of Australia's most highly experienced regional business economists. He was born and educated in Cairns, and completed an Economics Degree at the University of Queensland. This was followed by eight years high level experience in economics in Canberra, initially as a research officer in the Tariff Policy section of the Department of Trade and five years as the Economic Research Officer in the Canberra Secretariat of the Australian Chamber of Commerce.

This included researching and writing on major national policy issues of concern to the business community, preparing and presenting Tariff Board cases, especially supporting the Chamber's Export Council, and generally liaising with business, government and overseas commercial representatives on national economic policy issues.

In 1968, he returned north and for the next 13 years managed development and tourism promotion organisations, initially for five years at Ingham, where he was especially concerned with agricultural development. This was followed by eight years in Cairns as Manager of the Far North Queensland Development Bureau and its sub Board for Tourism & Travel, now Tourism Tropical North Queensland. This especially involved promotion and development of domestic and international tourism, arguing the case for upgrading of Cairns airport, boosting trade with Papua New Guinea, administering the region's crown industrial estate, achieving fishing industry infrastructure upgrading, and regional development strategies in general.

In 1981, he established his own economic research business which has subsequently also filled a need in the north for professional market research services under the trading name of Compass Research.

Over the years, the firm has addressed economic development questions ranging over almost all aspects of the north's economy with a heavy emphasis on tourism, primary industries, fishing, mining, retailing, university development and transport infrastructure including Cairns airport and seaport, and road development throughout the region and across the north.

Full Name William Samuel Cummings

Born Cairns 09-08-1939

Education B Econ Q'ld 1962, with majors in Economics, Accounting, Pure Maths I/Statistics/ Stat Maths. Further Studies, ANU Canberra, Economics & Political Science.

Work - Current: Principal, own Economic & Market Research firms,

CUMMINGS ECONOMICS & COMPASS RESEARCH, Cairns, since 1981.



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Cont'd

1973 – 1981: Manager, *Far North Queensland Development Bureau* and *Sub Board for Tourism & Travel*, 1978 changed to *Far North Queensland Promotion Bureau*, now *Tourism Tropical North Queensland (TTNQ)*.

1968 – 1973: Manager, Ingham District Research & Promotion Bureau, North Queensland.

1963 – 1968: Economic Research Officer, Tariff Officer & Secretary of Export Council, Australian Chamber of Commerce Canberra Secretariat.

1961 – 1963: Research Officer, Tariff Policy Section, Department of Trade, Canberra.

General Outline of Activities

1961 - 1968	<ul style="list-style-type: none"> ▪ Extensive post university top level experience in economics and research on national policy issues, preparation & presentation of Tariff Board cases, contact with all levels of government, overseas commercial representatives, media and business throughout Australia.
1968 - 1973	<ul style="list-style-type: none"> ▪ Heavily involved in promotion of agricultural diversification, roads, mining development and reforestation. ▪ Served as an outside representative Commerce & Economics Faculty, James Cook University. ▪ Founding Secretary, North Queensland Travel Council & key role in 1971 ANTA Tourism Report on North Queensland.
1973 - 1981	<ul style="list-style-type: none"> ▪ Responsible for the co-ordination of promotion of development in the Cairns/Far North Queensland region. ▪ Organised most tourist promotion activities out of North Queensland during this period all over Australia and FNQ Visitor Guiding systems. ▪ Administered State Crown Industrial Estates in the FNQ region and State industry support programs for manufacturing and industry.
1981 to Present	<ul style="list-style-type: none"> ▪ Provided key economic strategy direction to the region and author of various regional strategy reports. ▪ Publication of economic profiles/tourism profiles/property market analyses including Year Book/Data Base, Chamber of Commerce annual publications, and the 600 page Cairns 2020 – 2050 Business Research Manual. ▪ Numerous economic research tasks involving almost all sectors of the economy for private clients and key regional organisations including Councils, Tourism Organisations, the Regional Development Corporation, Chambers of Commerce, Port Authority, Newspapers, Casino, Convention Centre, Retailers Association of Queensland, Dept of State Development, Dept of Transport, Q'ld Dept of Primary Industries. ▪ Numerous market research tasks for clients ranging from Sydney through to the Torres Strait and across to the Northern Territory, including household surveys, street surveys, visitor surveys, focus groups, auditing of shopping centre pedestrian counts with clients including a range of government, statutory bodies and leading northern businesses. ▪ Served on numerous boards and committees including as Chairman of the Edward River Crocodile Farm Pormpuraaw Aboriginal Community, Deputy Chairman, North Australia Development Council, as a Governor in Council appointee to the Council of James Cook University, Advisory Council Cairns TAFE, Management Committees of Development Bureaus, Chamber of Commerce, and Federal Government Area Coordinating Committee. ▪ Current memberships include the Economic Society of Australia, Australia NZ Regional Science Association, the Australian Market & Social Research Society, and the Australia Papua New Guinea Business Council.

