

# Central Queensland Economic Outlook

Gene Tunny, 29 October 2020



# 1.

Economic outlook over the next  
couple of years

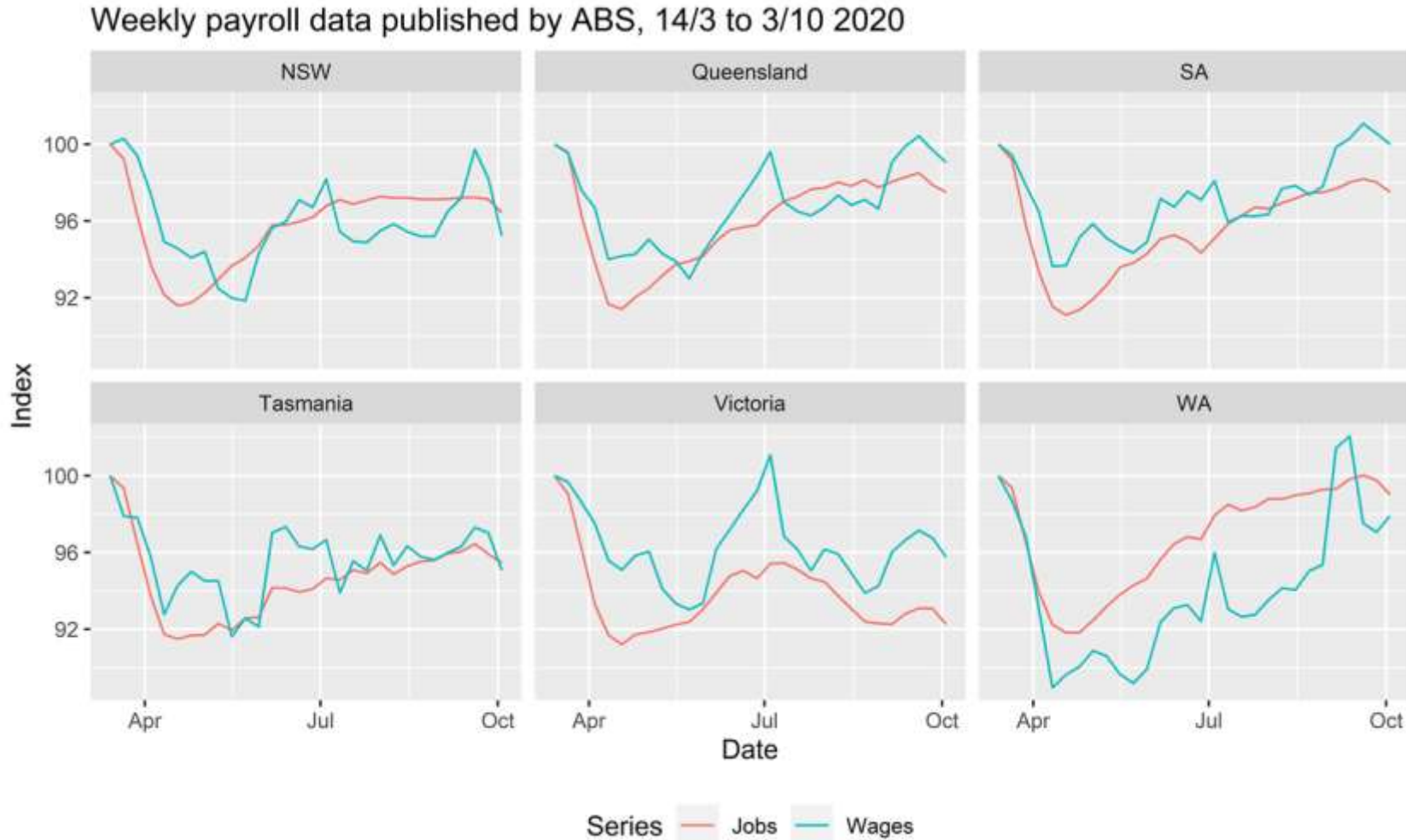
# Queensland jobs and wages have recovered more than the Australian average since mid-March

Weekly payroll data published by ABS, 14/3 to 3/10 2020



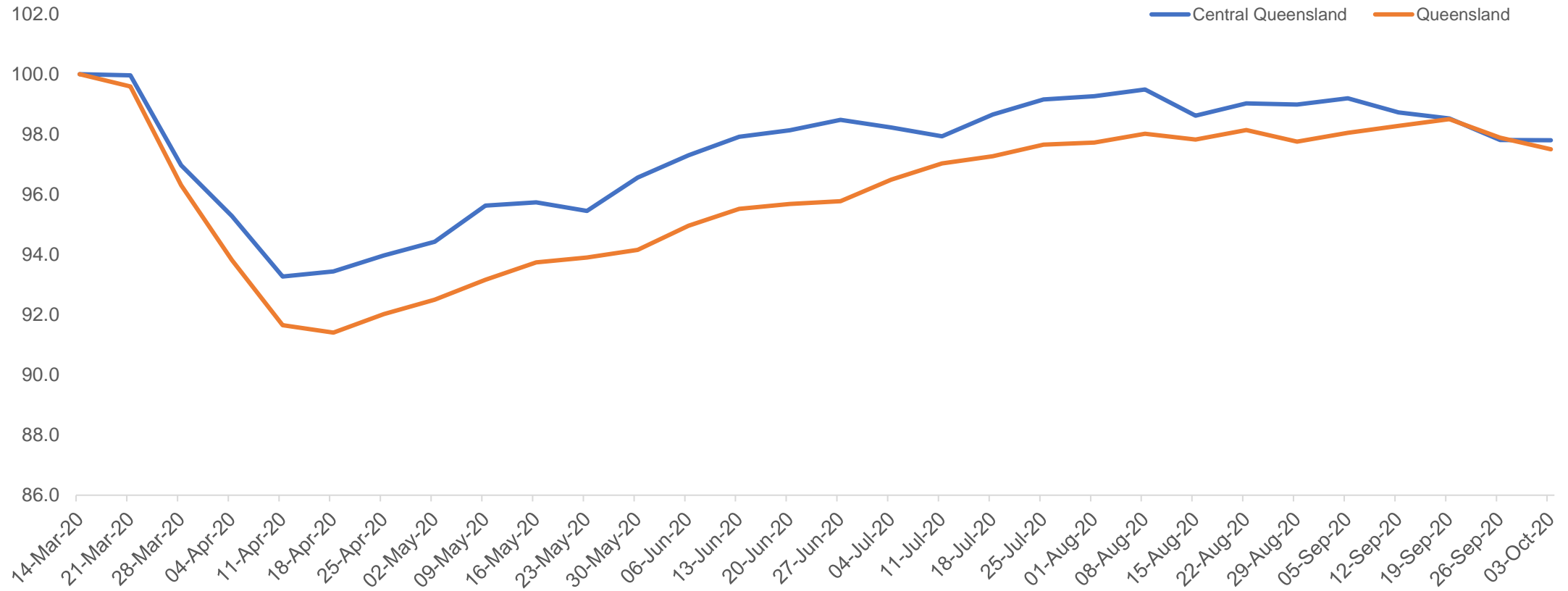


# Jobs and wages have partly recovered across Australia, although there was a big setback in Victoria



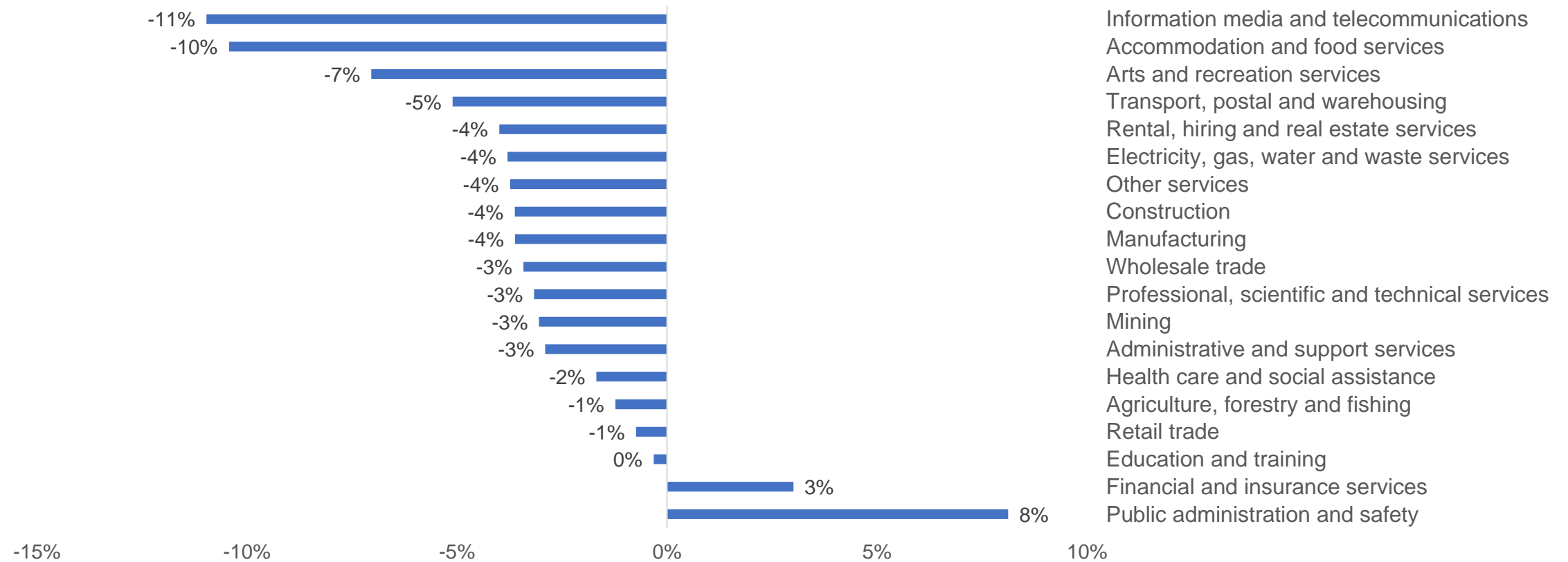
# Central Queensland payroll jobs index more resilient throughout COVID peak than state as a whole

Payroll jobs index, Queensland and Central Queensland, March 14 – October 3 2020



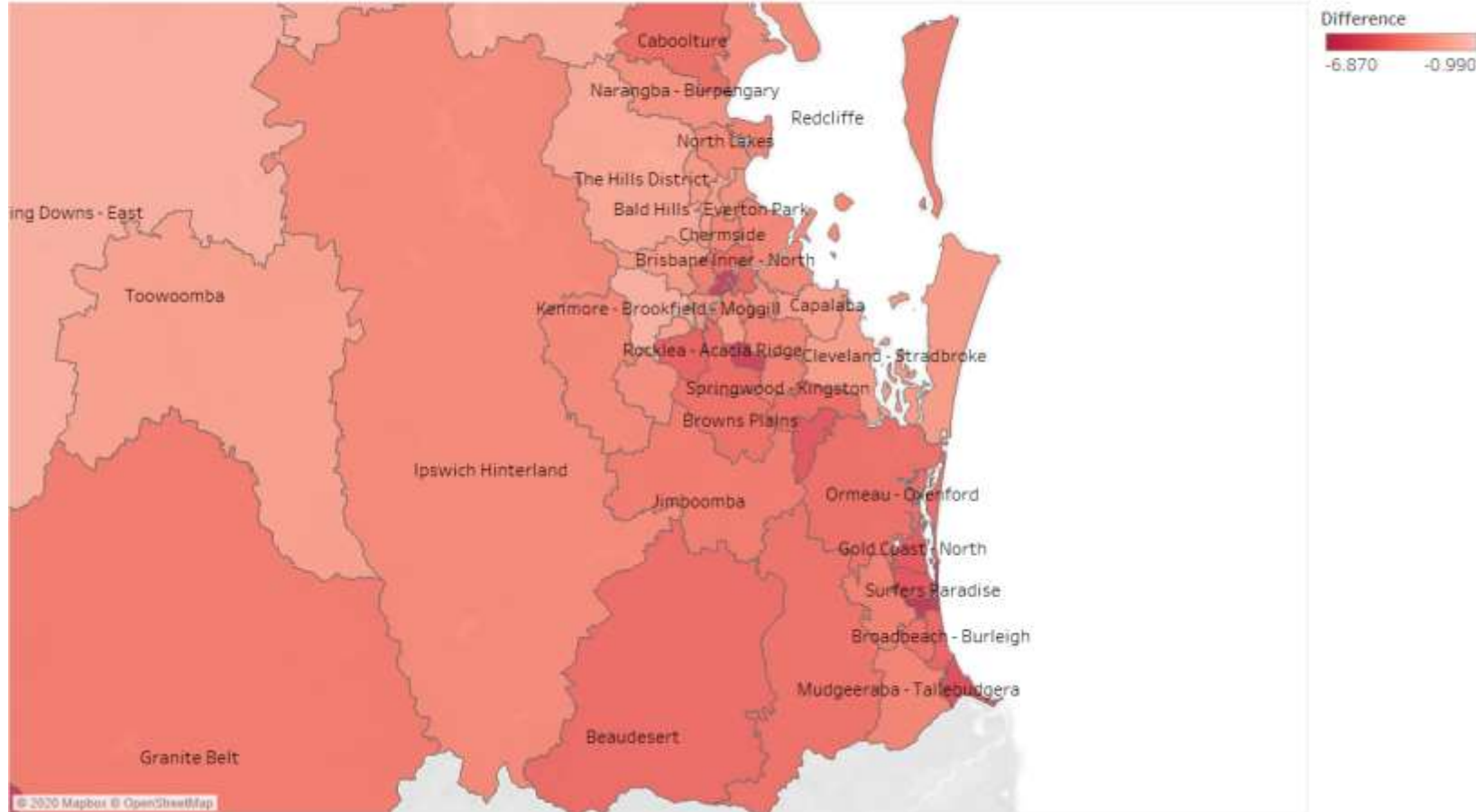
# Most industries are worse off now than in mid-March

% Change between 14 March and 03 October (Change since 100th case of COVID-19), Queensland



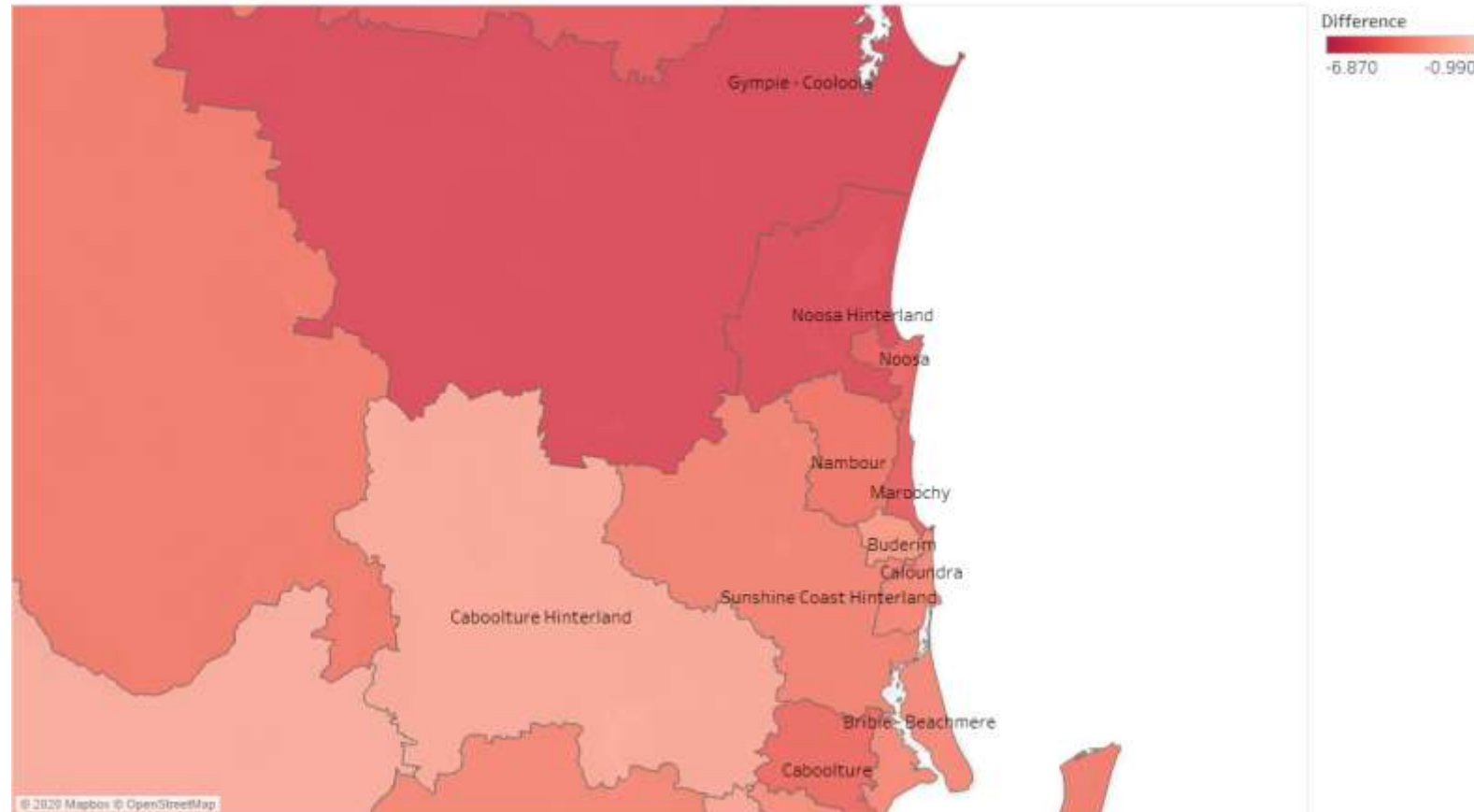
# SEQ, particularly inner Brisbane and the Gold Coast, adversely impacted by the pandemic

Change (%) in jobs since 14 March as at 3 October 2020, ABS estimates based on payroll data - Brisbane Metro & GC



# Consistent negative impact across Sunshine Coast area

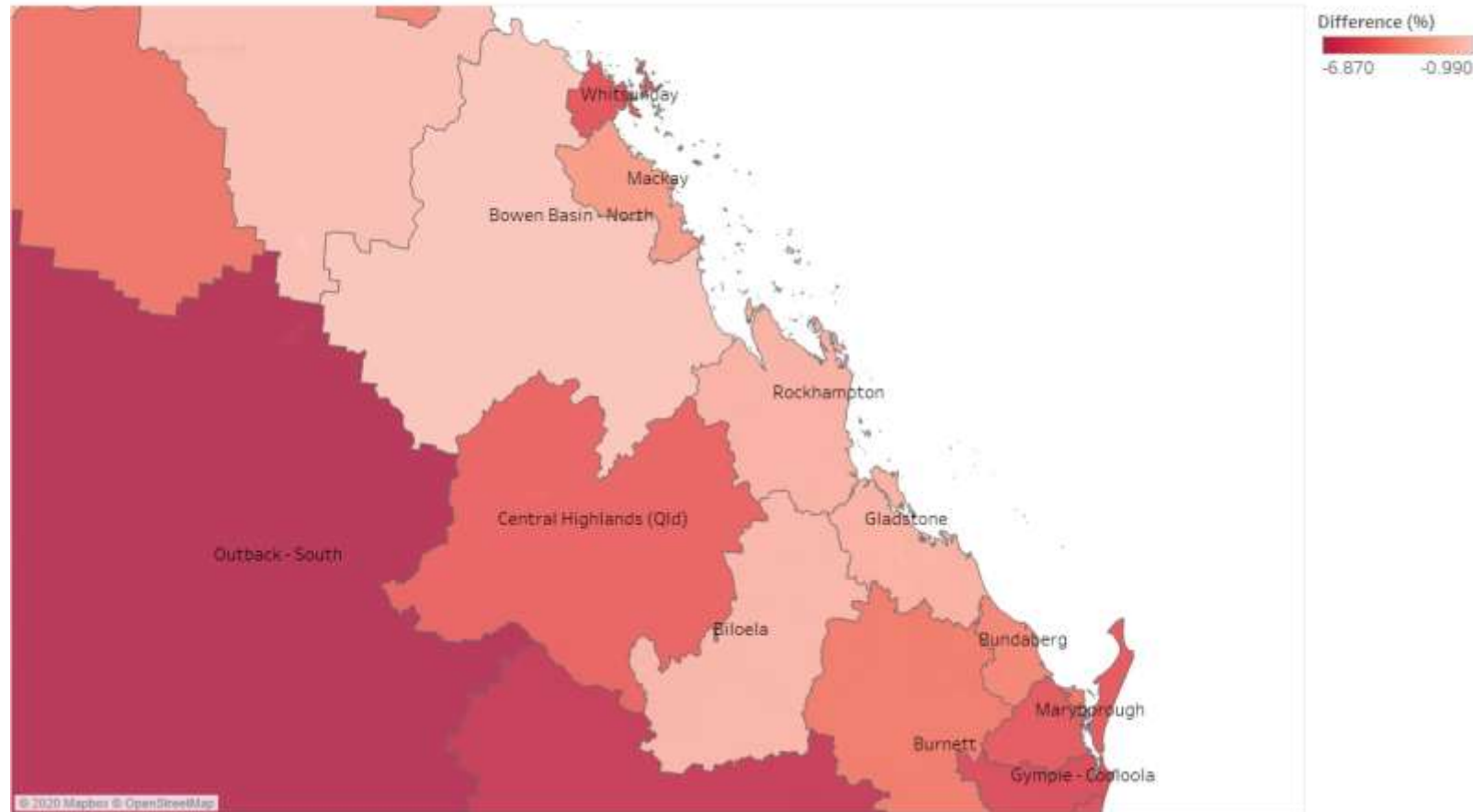
Change (%) in jobs since 14 March as at 3 October 2020, ABS estimates based on payroll data - Sunshine Coast





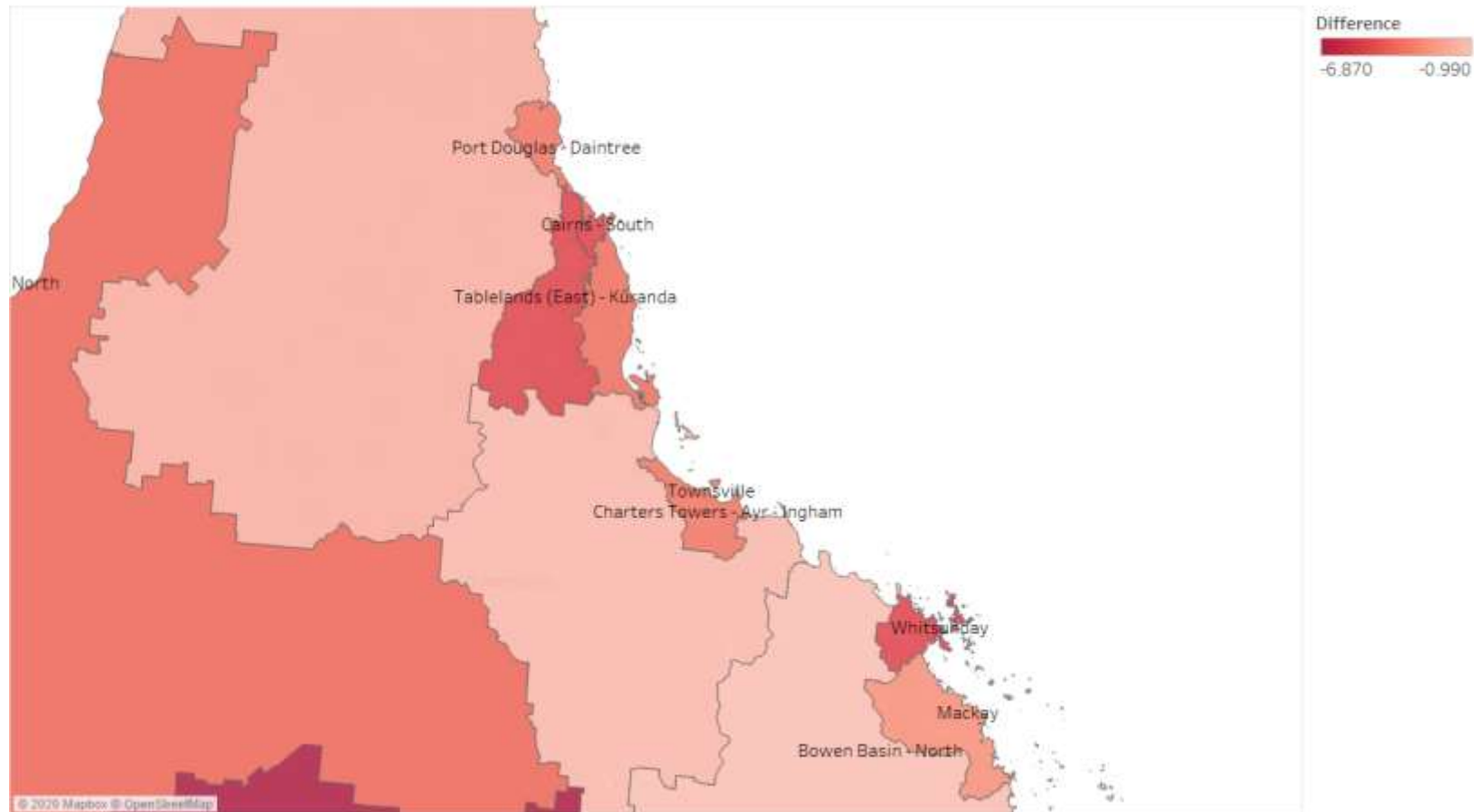
# Central Queensland less badly affected thanks to mining

Change (%) in jobs since 14 March as at 3 October 2020, ABS estimates based on payroll data - Central Qld

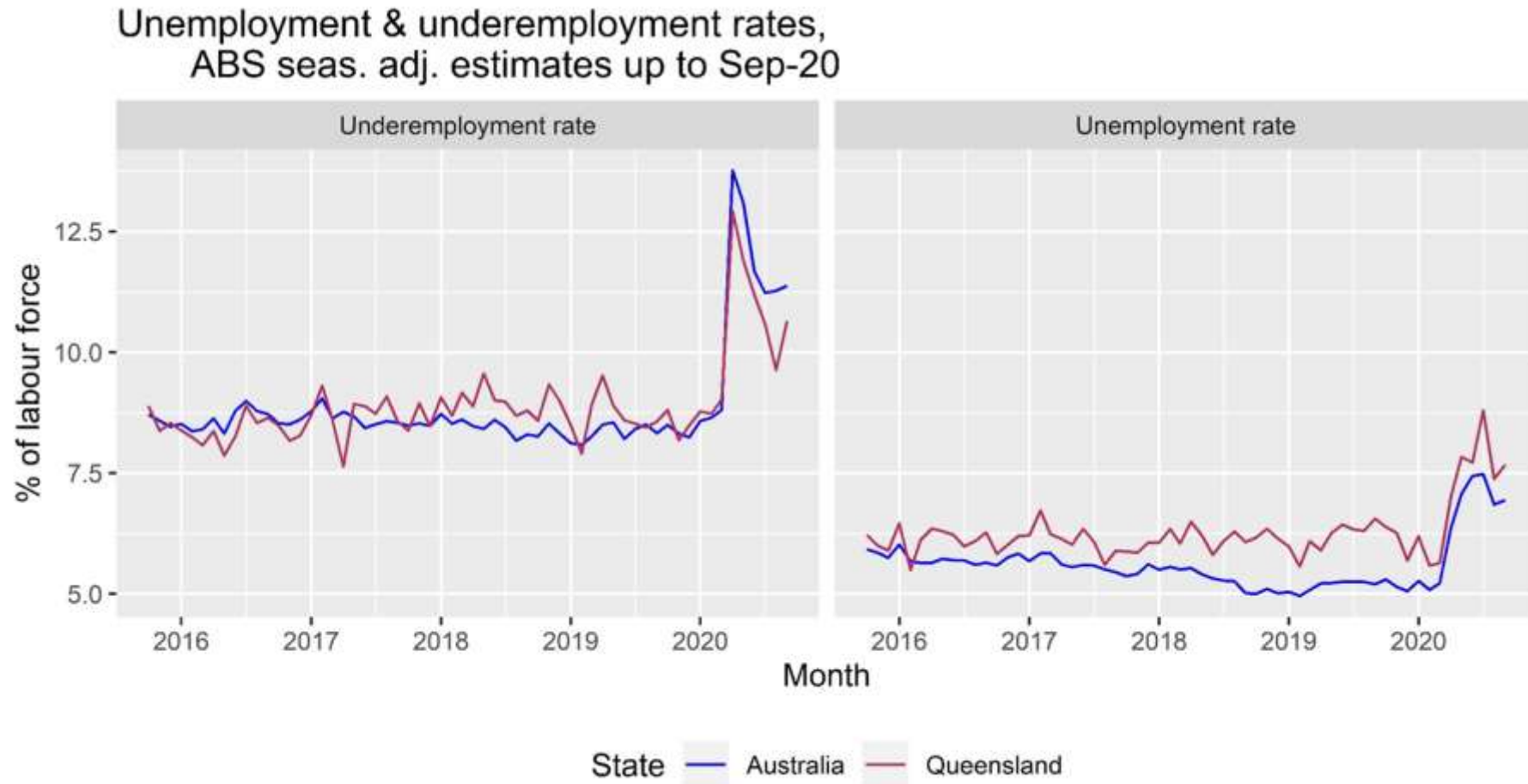


# Mixed performance across North Qld

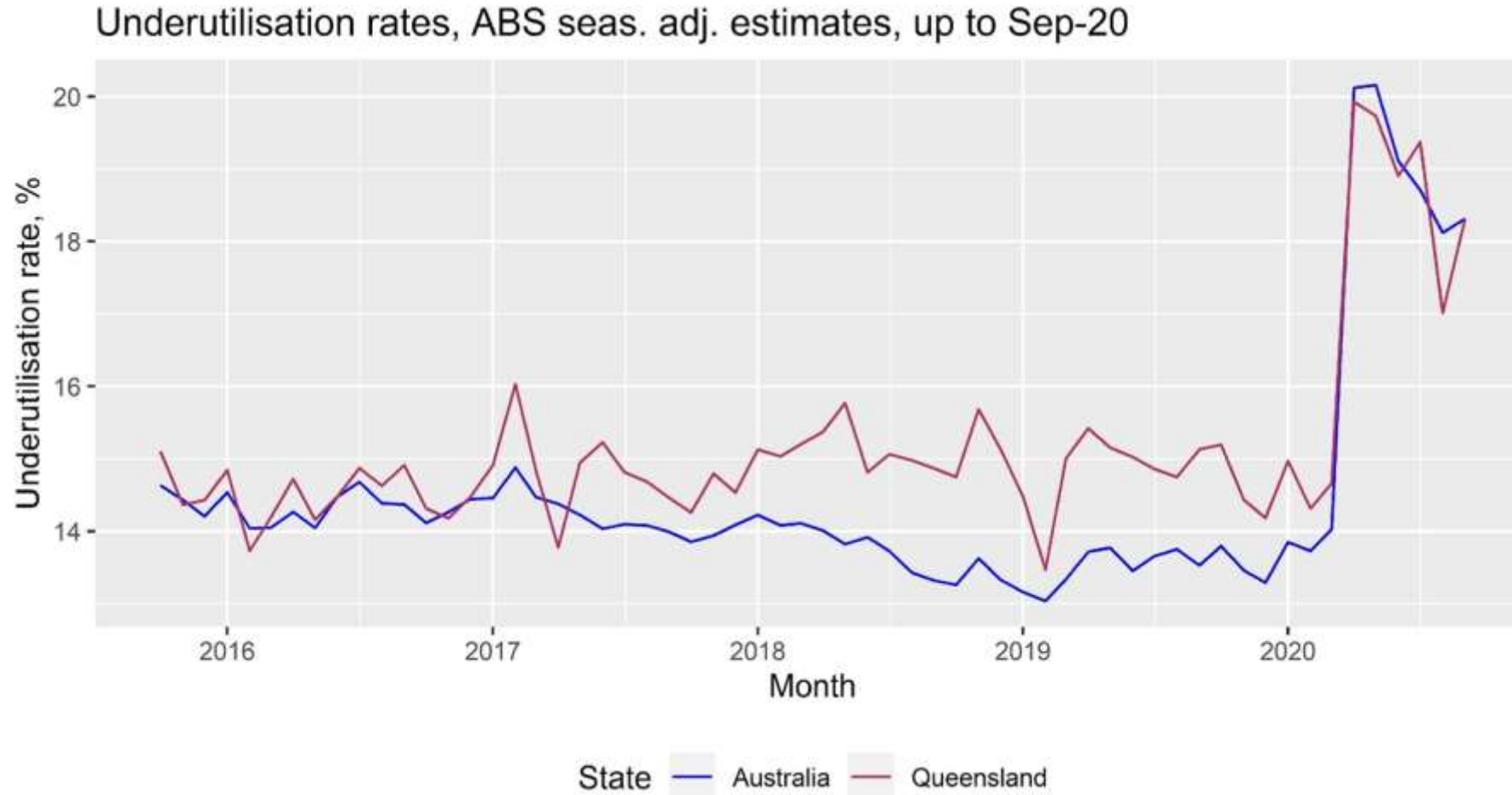
Change (%) in jobs since 14 March as at 3 October 2020, ABS estimates based on payroll data - North Qld



# Qld has highest unemployment rate, but that's not telling us the full story



# Labour under-utilisation still very high



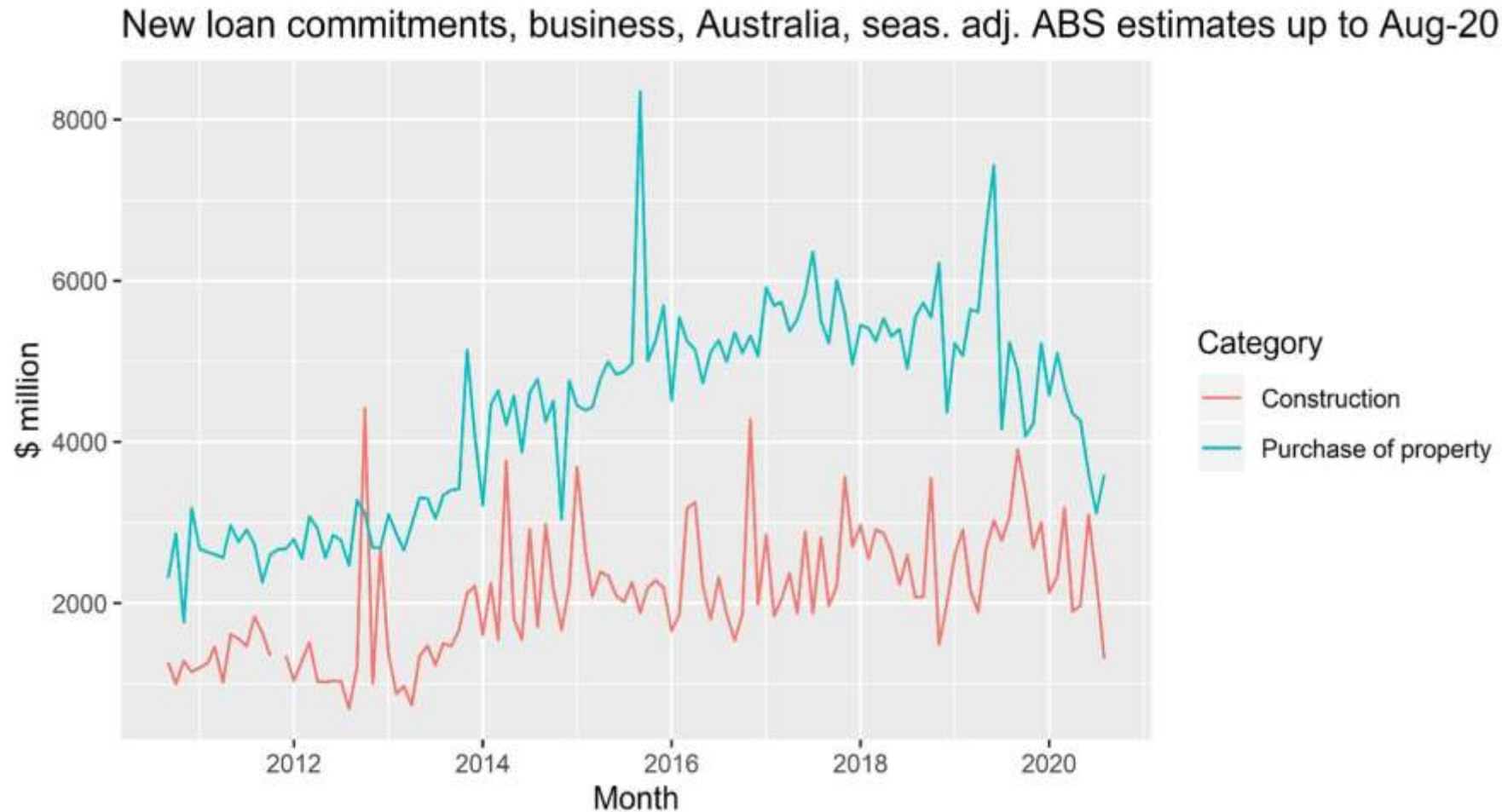


# Surge in housing loans across the country due to policy measures & record low interest rates

New loan commitments, owner-occupied, seas. adj. ABS estimates up to Aug-20

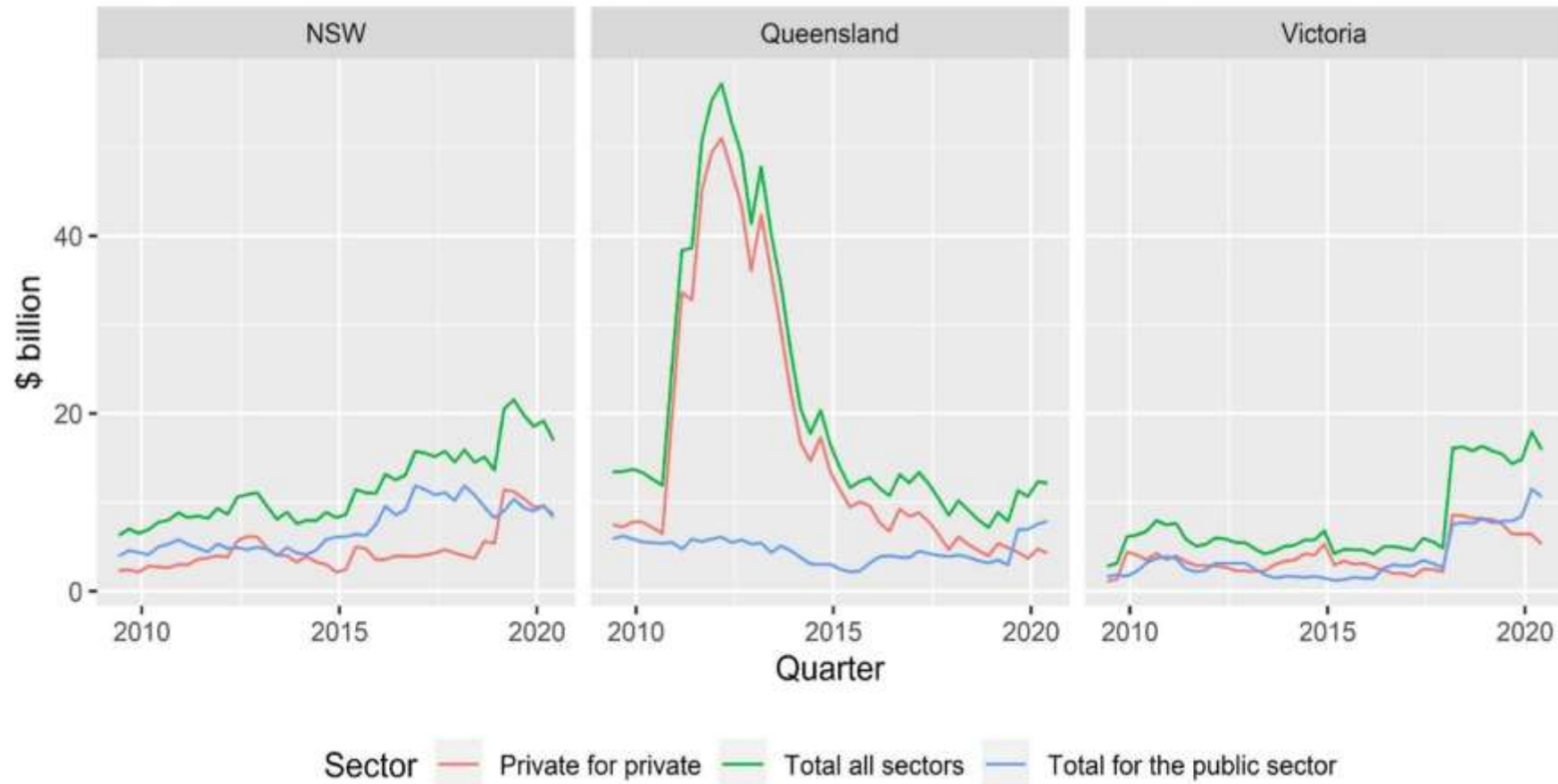


# But businesses appear reluctant to borrow to build...or banks reluctant to lend to businesses



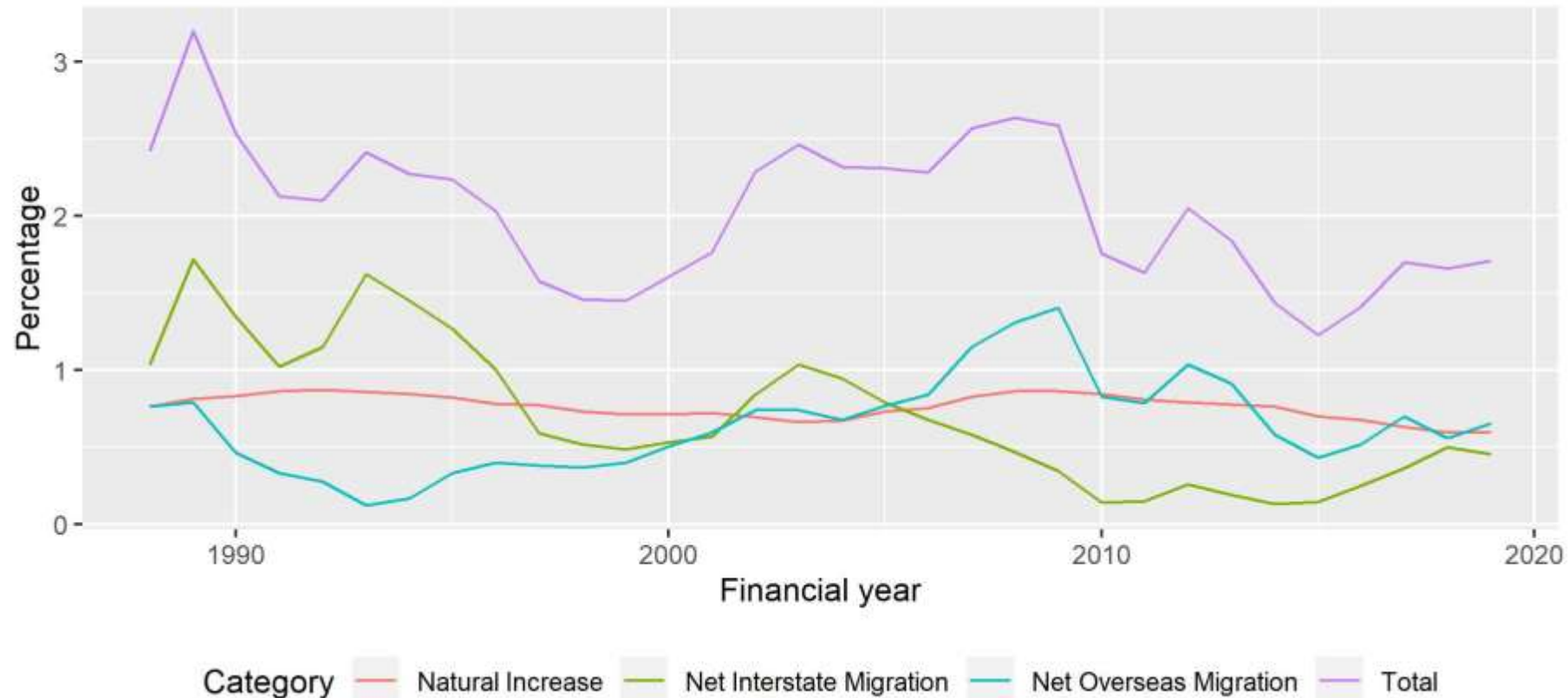
# Engineering construction work pipeline expanding in Qld and Victoria due to public projects

Engineering construction work yet to be done, ABS estimates up to June qtr 2020



# Net interstate migration has been lower than in nineties and early 2000s

Components of population change as % of Qld population, ABS estimates, 1987-88 to 2018-19





# COVID-recession and recovery: summary

- Economic recovery is being supported by heavy fiscal support (e.g. JobKeeper)
- Big risks over next six months as support winds down and we see “insolvency tsunami” and “default cliff”
- It will take several years to get back to where economy should be as international tourism and education won’t come back anytime soon
- Queensland has fared better than most other states due to better health outcomes and industry mix
- While Queensland Government deserves a lot of credit, its border restrictions have been harsh and costly to tourism and interstate business and arguably disproportionate
- Lots of promising sectors (e.g. energy, mining, agribusiness) but rumours of Chinese quotas very concerning

# 2.

## Mining / Resources

# What are resources worth to Central Queensland?

## Industry's direct contributions in 2018-19



7,750 jobs (10% of total)



\$3.1 billion in spending



\$1.1 billion in wages

The total economic contribution to the Central Queensland economy in 2018-19:

**\$7.01 BILLION**

GROSS REGIONAL PRODUCT  
[37.75% of Central Queensland's GRP]

**31,694**

FULL TIME JOBS  
[39.5% of Central Queensland's employment]

## Industry's indirect contributions in 2018-19

23,944 jobs (30% of total)



Through local business support and employees' local spending



\$1.1 billion in additional value add



# Thermal coal prices have been low, raising questions about mine viability

Coal, Future, ICE Newcastle Coal, 1st and 12th Positions, Close, USD





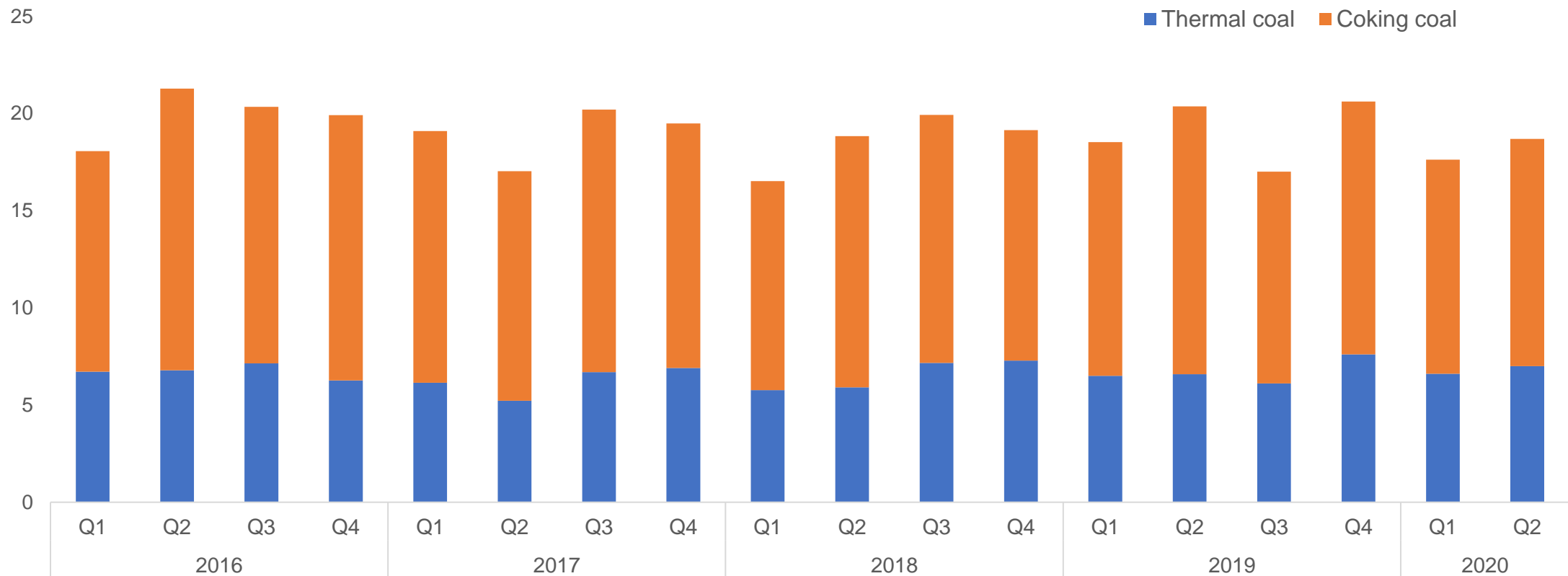
# Coking coal futures prices were recovering but are down again



MACROBOND

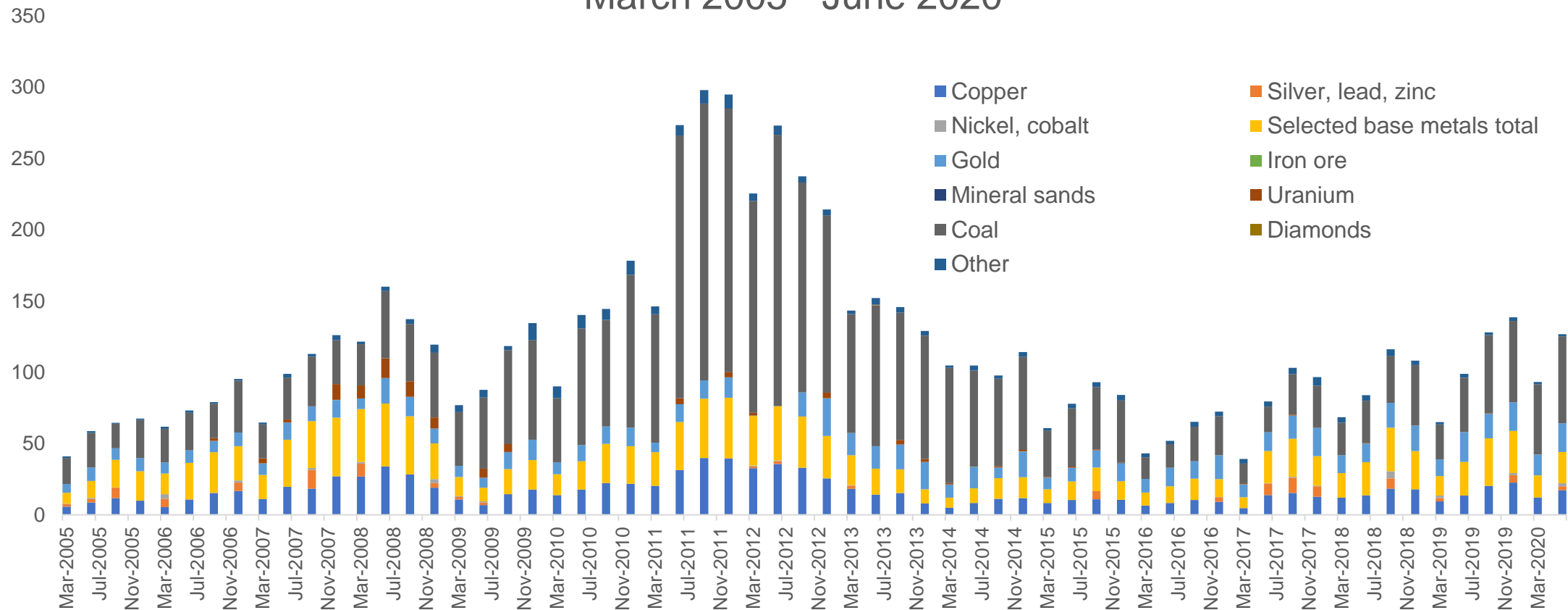
# Remarkably steady despite COVID-19 impact in second quarter net output of coking and thermal coal

Central Queensland quarterly coking and thermal net output (Mt), 2016-2020



# Investment in coal exploration has declined in recent years

Total expenditure (\$m) on mineral exploration by type, Queensland, March 2005 - June 2020



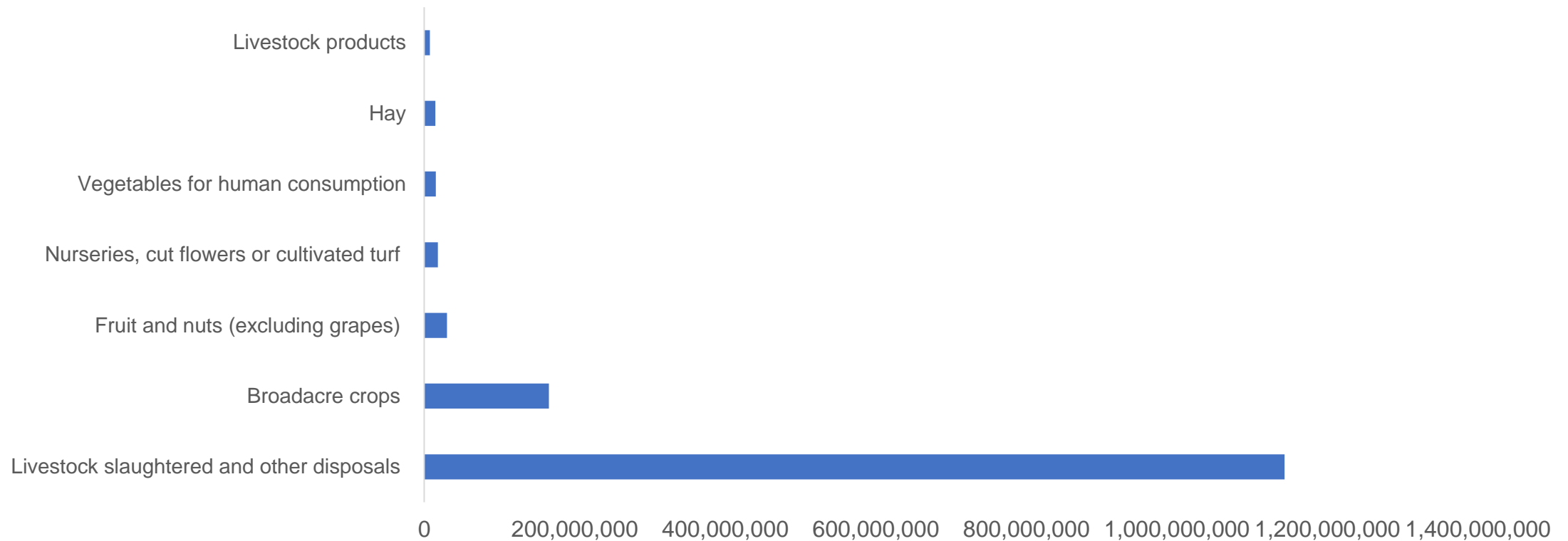
# 3.

## Food and agribusiness



# Central Queensland agricultural industry dominated by cattle and calf livestock

Value of agricultural commodities produced (\$) in Central Queensland, 2018-19



# Overview of beef industry & COVID-19 effects

## Retail demand growth shielded beef industry throughout COVID-19

Domestic market retail value growth is over 20% for the twelve weeks leading up to 19 April, with more than 130,000 new households purchasing beef.

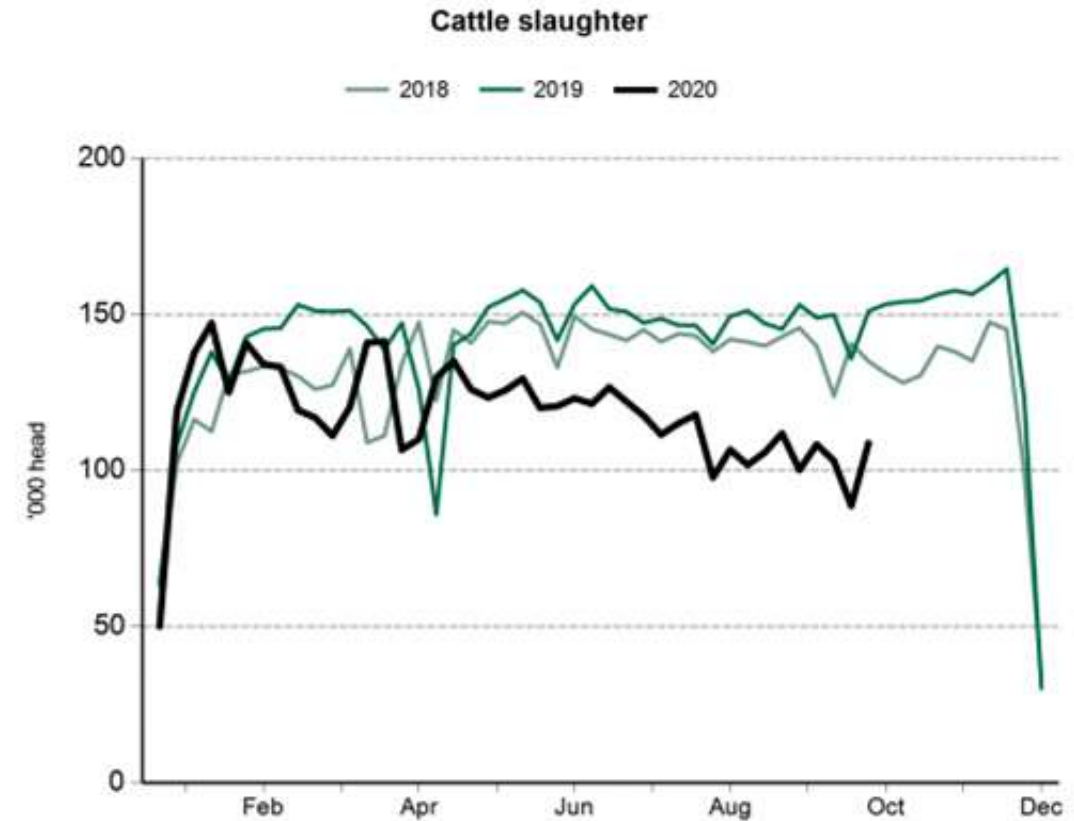
A shift to 'localism' has occurred as more Australians are buying food and drinks from local businesses. This has contributed to domestic butcher sales surging by about 39% for beef during the twelve weeks leading up to 19 April.

Australian beef exports down 3% for the calendar year-to-June. Beef exports to China continue to fluctuate, down 25% on June 2019 levels.

## COVID-19 difficulties

- Crew arrangement for ships
- Reduced workforces
- Reduced capacity brought by new COVID-19 regulations
- Safety considerations leading to trade tensions, for example with China

## Australian cattle slaughter industry data



Source: Meat and Livestock Australia Weekly Statistics for 21 October

# Eastern Young Cattle Indicator hits record weight 823c/kg, 28<sup>th</sup> October 2020

Australia, Cattle, Eastern Young Cattle Indicator, AUD



# Water security

\$1  
Billion

- Fitzroy River Agricultural Corridor will be facilitated through the Lower Fitzroy River Infrastructure Project. Proposed Rookwood and Eden Bann Weirs will add 112,000ML and 137,000ML of stored water capacity.
- The Weir will increase water security for Rockhampton, the Gladstone region and the Stanwell-Gracemere Industrial Corridor.
- The project is expected to increase agricultural production in the Fitzroy River region by up to \$1 billion.



## Rookwood Weir

- \$352 million
- Sunwater Ltd
- State & govt funded
- Timing 2018-2024

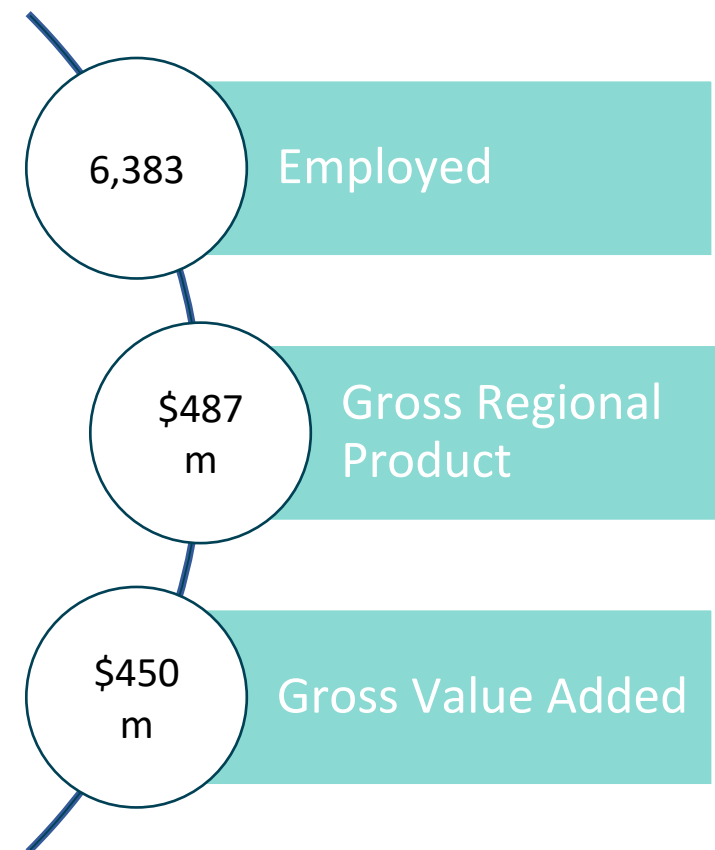
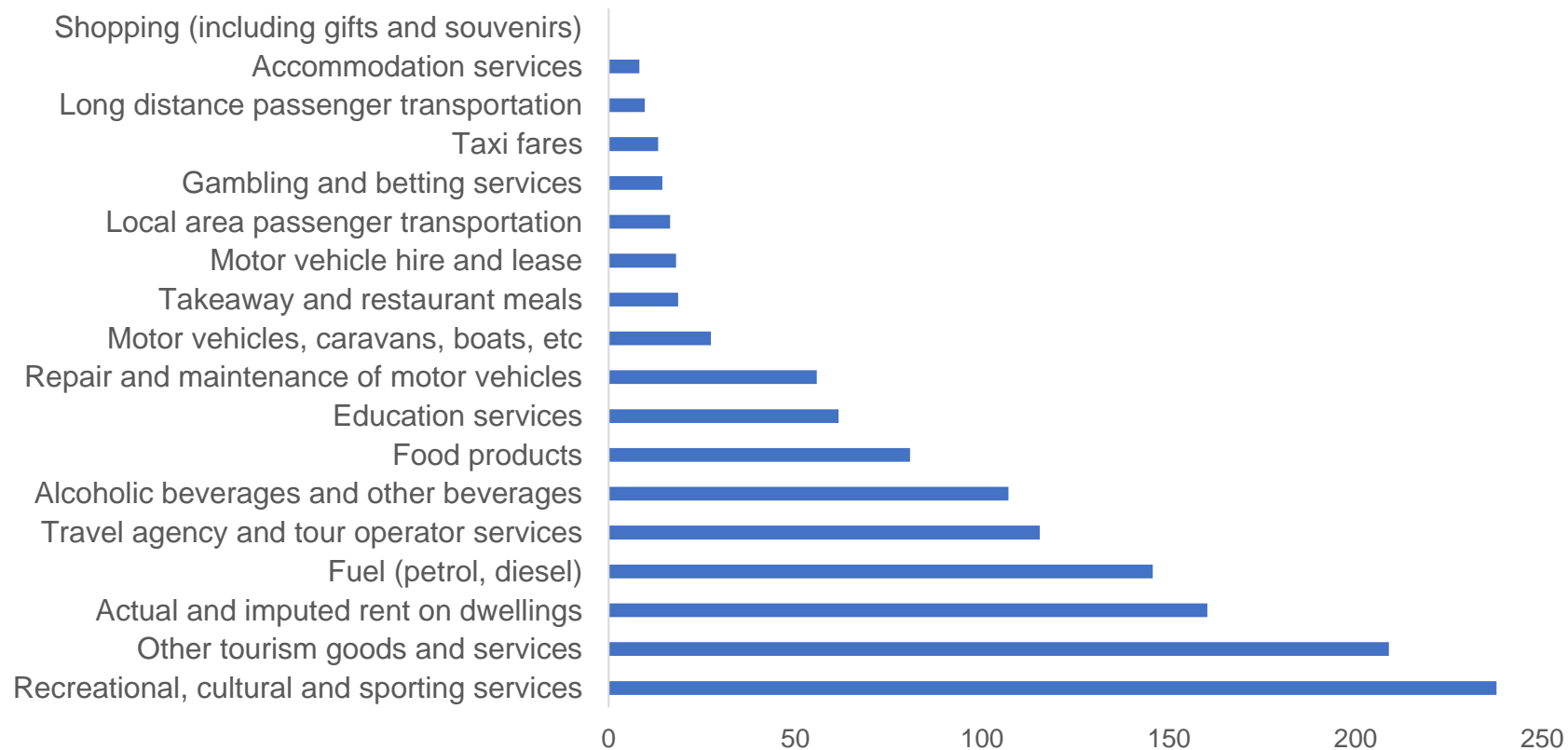
# 4.

## Tourism

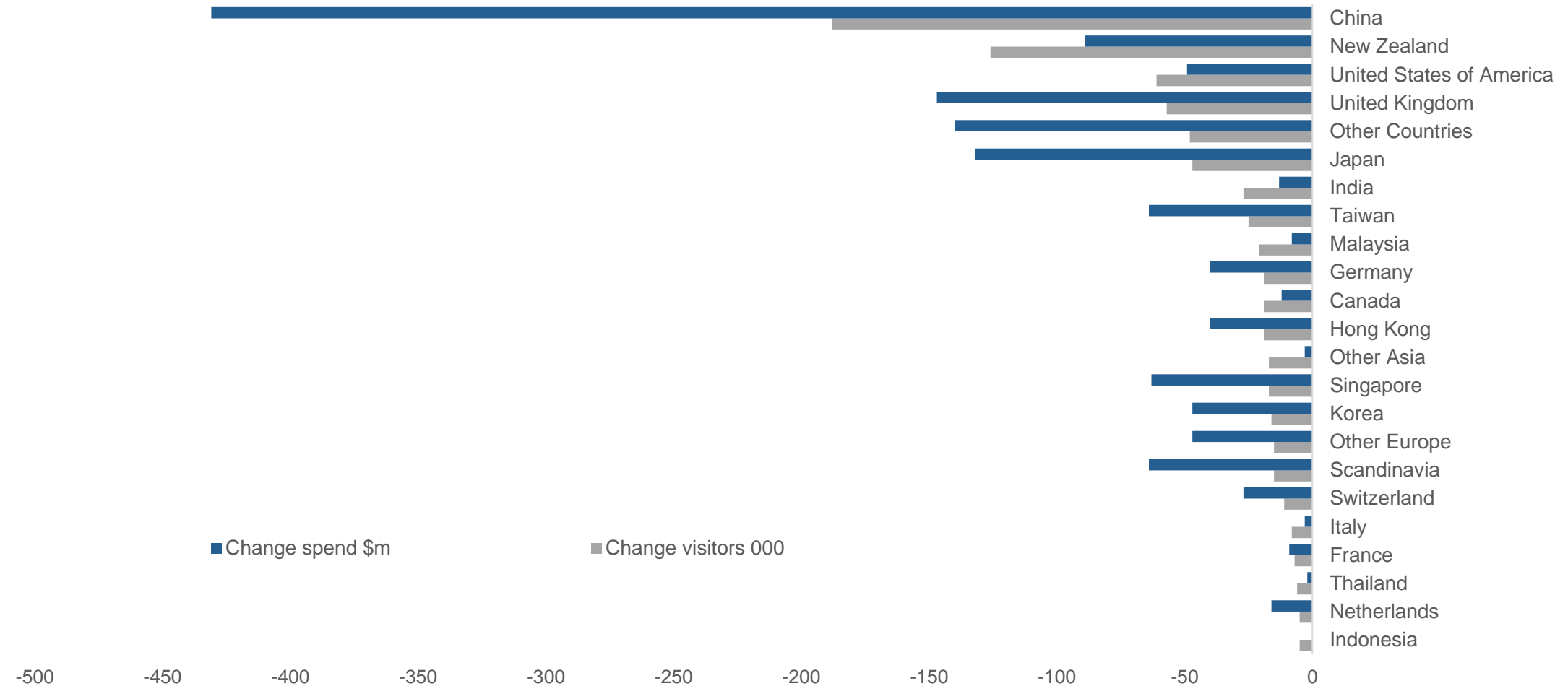


# Central Queensland tourism industry

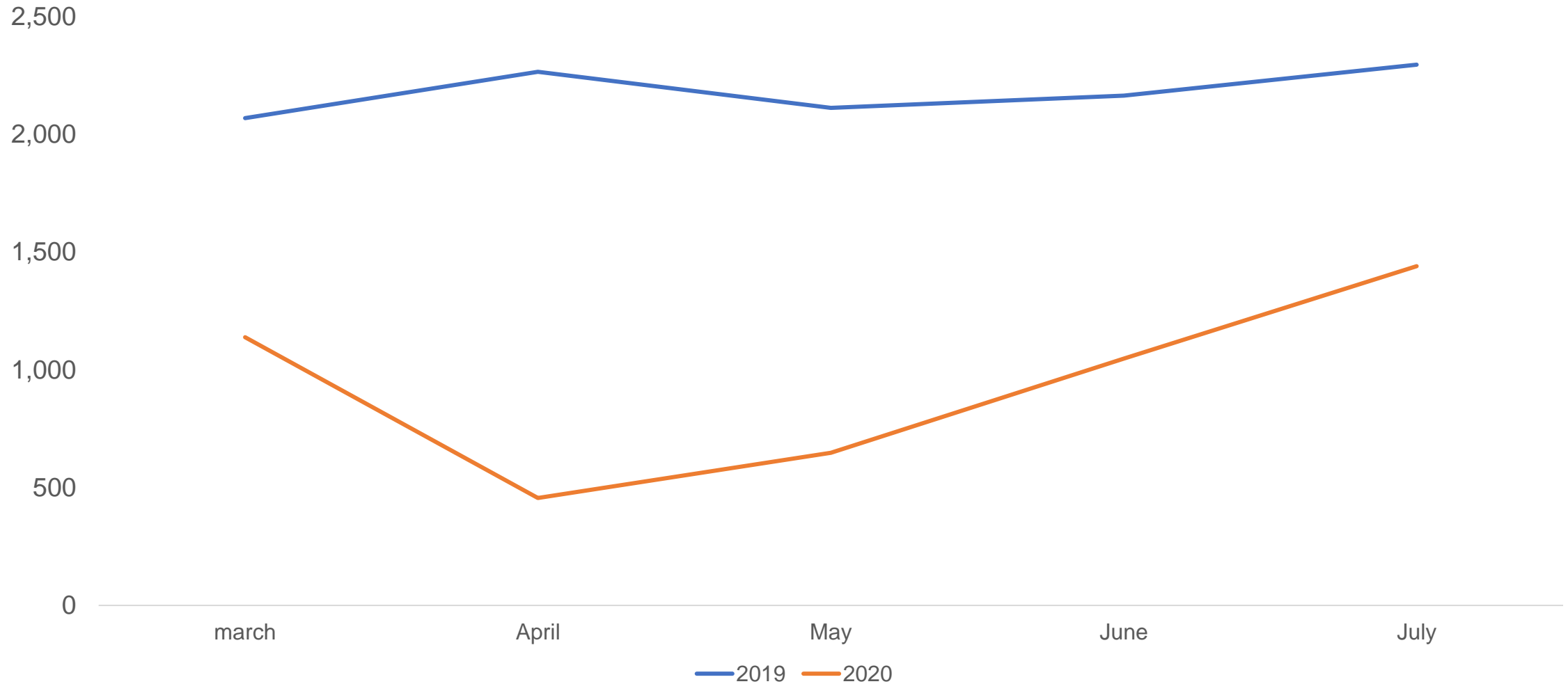
Central Queensland visitor spend (\$m) by tourism product, 2018-19



# Change in international visitation ('000s) and spending (\$mil) by country of origin, Queensland, June 2019-20



# Monthly domestic overnight travel estimates ('000s), Queensland, 2019-20, March-July



# Tourism

## Tourism:

\$27  
billion



- QLD tourism industry is worth an estimated \$27 billion a year. The sectors value to the Australian Economy in 2020 is considerably lower as the international market making up \$7 billion has completely gone.
- Over the last 25 years, tourism revenue and investment in CQ has been behind that achieved in Far North Queensland, the Whitsundays and South East Queensland.

## Great Keppel Island Development:

- Great Keppel Island's competitiveness as a tourist destination has declined in recent years with a consequent adverse impact on local economic activity. Unemployment is higher and population growth is lower in the Capricorn Region than the State average.
- Between 1998 and 2008, the number of domestic visitor nights drastically decreased and the number of Australians holidaying overseas was a major contributing factor in this problem.
- There are plans for a \$1.5 billion tourism and residential development on Great Keppel Island.
- An estimated workforce of 6,000 people full time will be employed throughout construction and 1,500 ongoing operational jobs will be created.

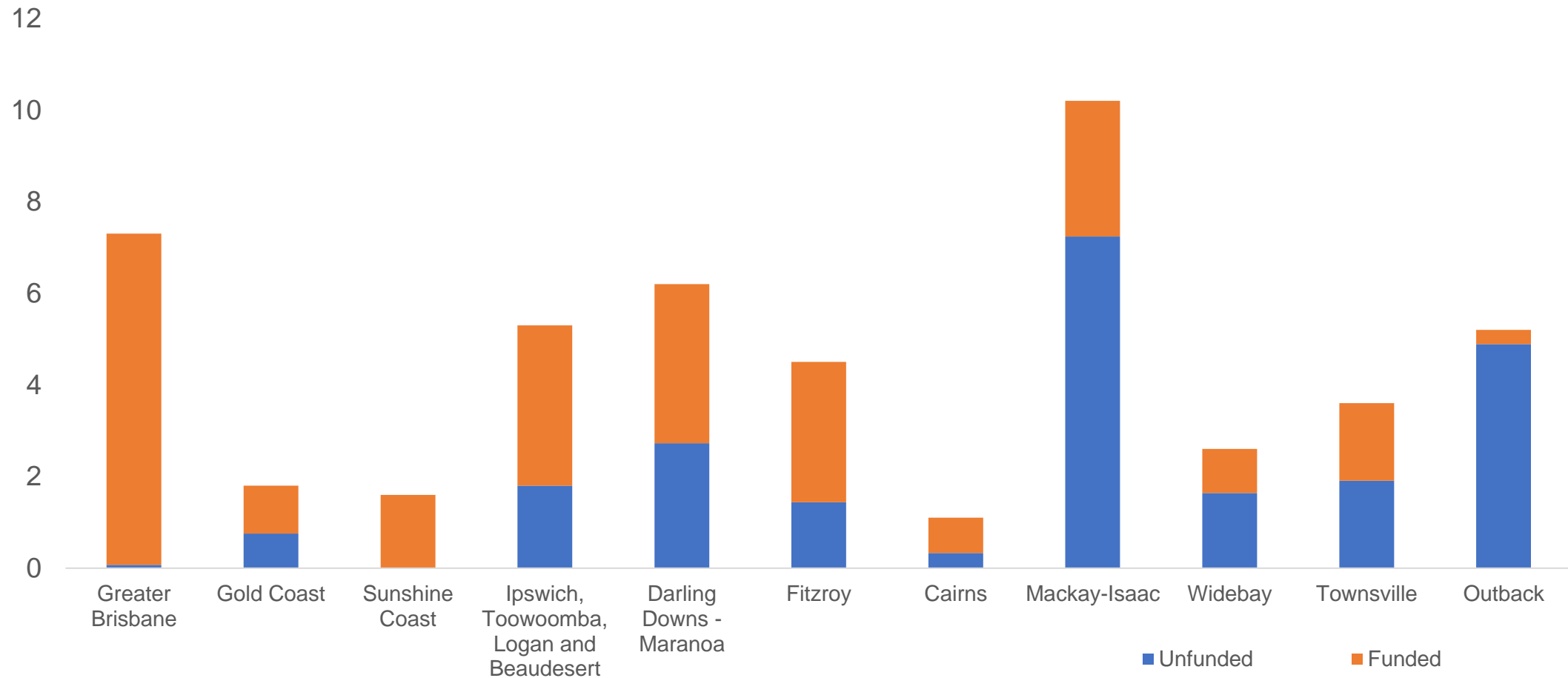
# 5.

## Infrastructure



# Infrastructure pipeline according to QMCA estimates

Funded and unfunded pipeline projects spanning 2019-2024 (\$b) by region, as of 2019



# Infrastructure

## Expansion of Shoalwater Bay Training Area (SWBTA):

\$4  
million



- Anticipated to bring up to \$4 million into local economy on an ongoing basis.
- Aims to deliver enhanced training areas in central and north Queensland that will benefit the ADF.
- Expansion has already started generating economic growth prospects for central Queensland's local businesses.
- Under the initiative, Singapore will invest nearly \$2bn (\$1.42bn) for the design, development and construction of a military training area.
- Possible economic opportunities for the economies of Yeppoon and Rockhampton.

## Other Investments:

\$10  
million



- \$10 million has been announced for the Rockhampton Manufacturing Hub. It hopes to strengthen the manufacturing industry in CQ, transitioning away from a public sector dominated economy and upskilling of the workforce.
- Continued investment in coal, especially Adani's Carmichael coal mine, will ensure employment opportunities over the short term.

# Additional Major Regional Projects

## Defence Projects:

### Defence Project: SWBMTA Remediation

- \$135 million
- Contractors: Downer/FKGJV
- Timing: 2019-22

### Defence Project: SWBMTA: ASMTI

- > \$800 million
- Managing contractors: Laing O'Rourke
- Timing: 2018-2024

## Transport and Main Roads:

### Bruce Hwy: Rockhampton Access Upgrade

- 12 million
- State & Federal Govt funded
- 2018-2020 timeframe

### Capricorn Hwy: Rockhampton to Gracemere Duplication

- \$75 million
- State & Federal Govt funded
- Completion 2020

### Rockhampton Ring Road

- \$1 billion
- 2018/19: \$65 million for planning
- Commence 2018/19

## Other:

### Capricornia Correctional Centre

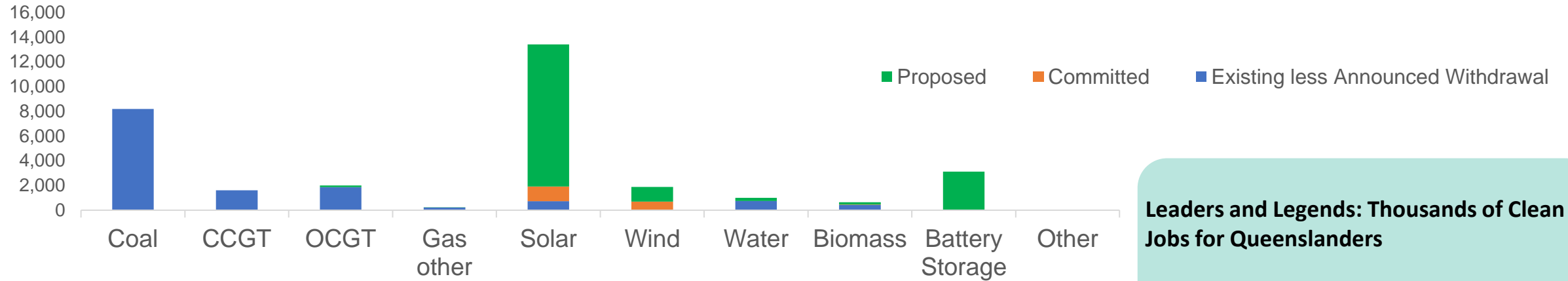
- \$200 million
- CPB Contractors
- Commenced 2017
- Completion: 2020

# 6.

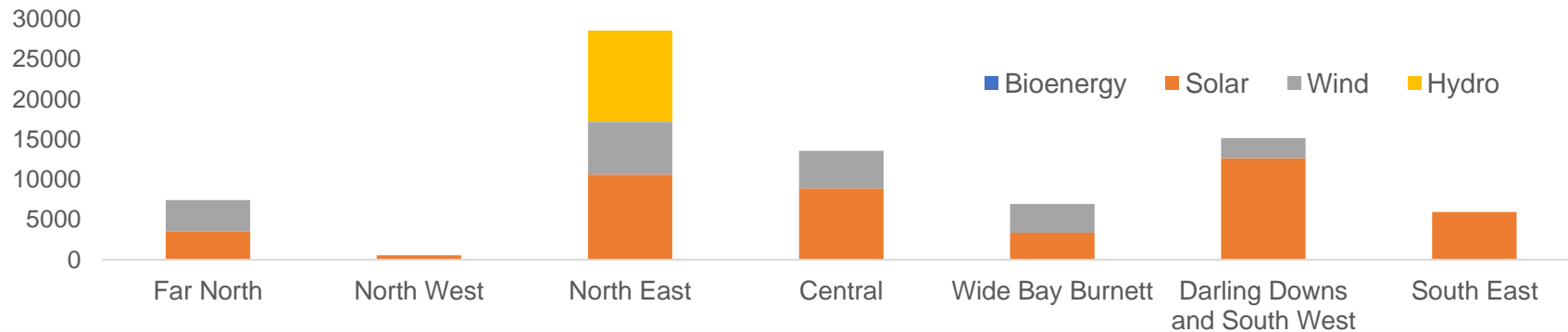
## Renewables and other clean energy sources

# Renewables

Queensland existing and potential developments by type (MW)



Potential future construction employment from renewable energy projects not yet committed



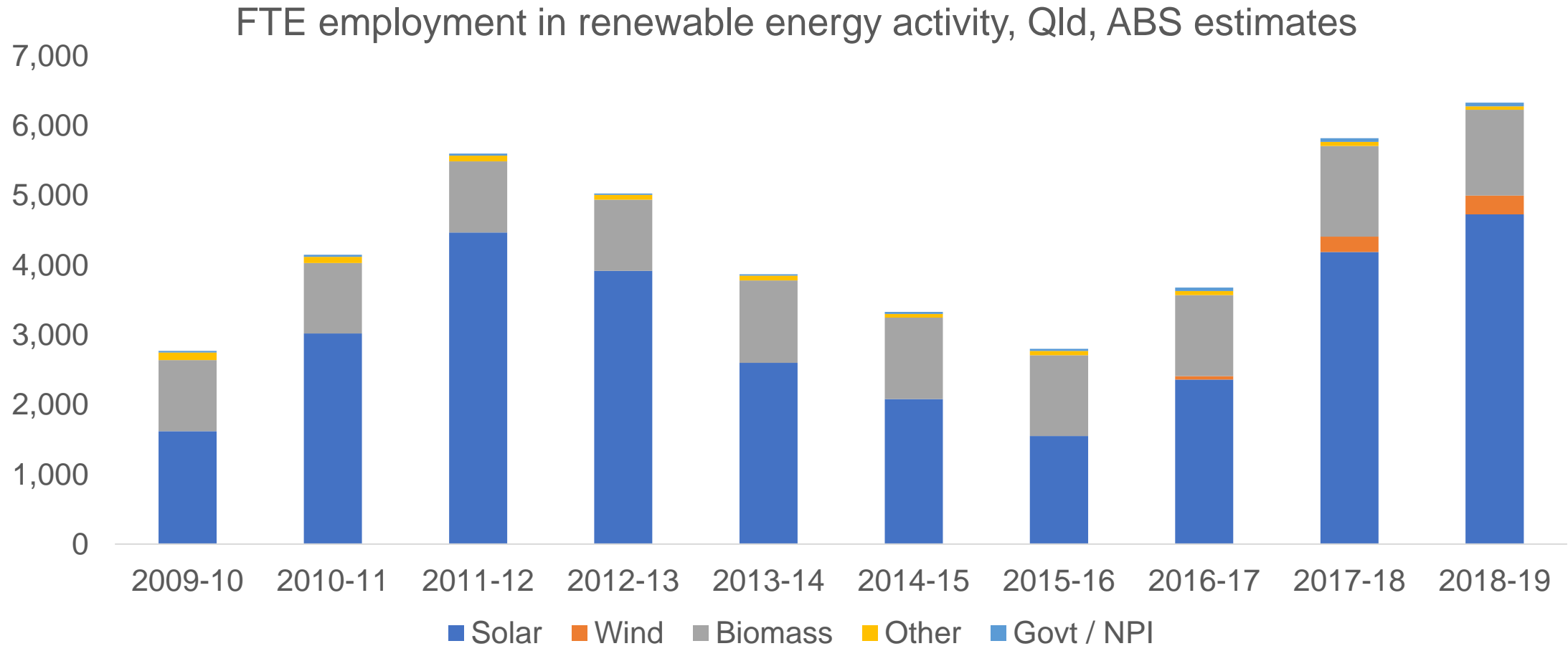
## Leaders and Legends: Thousands of Clean Jobs for Queenslanders

The Climate Council's estimates that its Clean Jobs Plan could create 76,000 jobs 12 different policy areas including renewable energy, organic waste, electric cars, and retrofitting inefficient public buildings.

Townsville, Gladstone and Mackay earmarked as ideal cities to develop clean industries.





# Employment in renewables around 6k but has surged in last five years – appears to be related to policy settings



# Resources and energy

## Regional focus in Technology Investment Roadmap

-  Future Fuels Fund to help businesses and regional communities take advantage of opportunities offered by hydrogen, electric, and bio-fuelled vehicles.
-  New microgrids in regional and remote communities.






## Carbon farming impact

The Paroo Shire's population, economy and social cohesion has been impacted by the replacement of traditional farms for carbon farms where individuals or businesses can now earn carbon credits for restoring land to natural vegetation.

## Ross Garnaut in Barcaldine

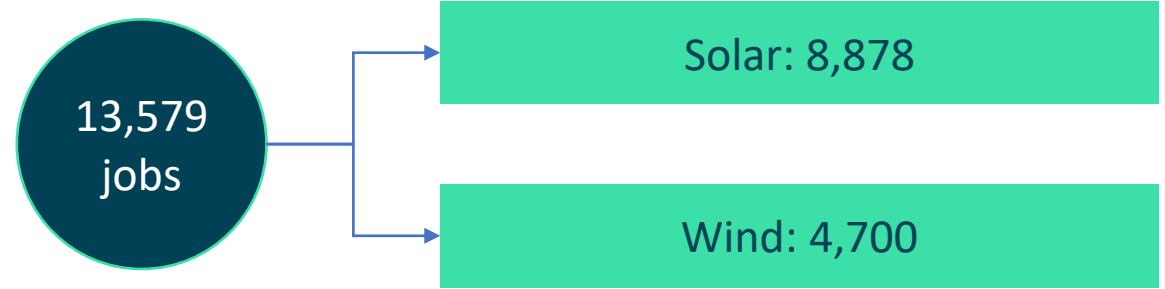
The Queensland Government has commissioned a \$300,000 commercial feasibility study to investigate the suitability of Queensland's central west for renewable, particularly solar, energy projects. Sunshot's executive chairman Professor Ross Garnaut AC will head the study.

## Five priority technology investment targets

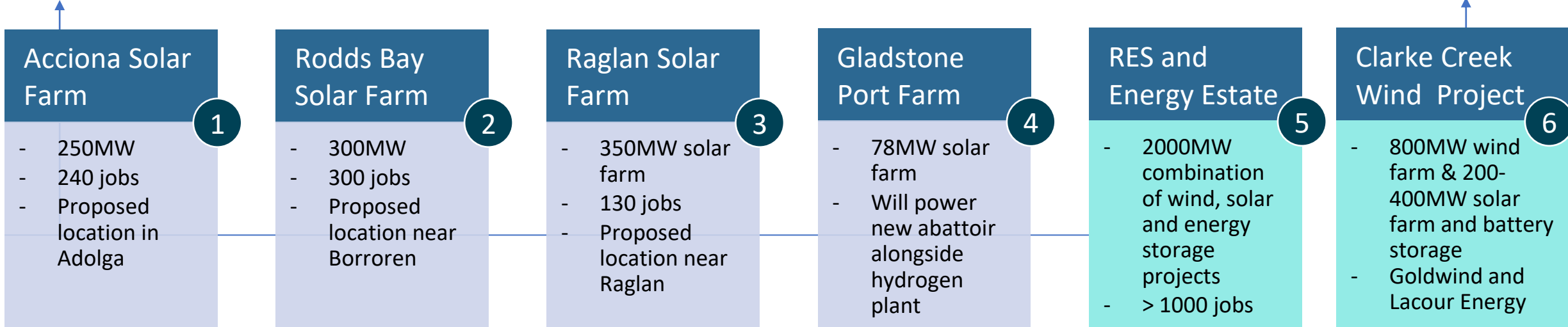
Clean hydrogen	Electricity storage	Low carbon materials	CO <sub>2</sub> capture & storage	Soil carbon sequestration
				
Under \$2 per kilogram	Storage for under \$100 per MWh	Under \$900 per tonne of steel and \$2,700 per tonne of aluminium	Under \$20 per tonne of CO <sub>2</sub>	Under \$3 per hectare per year

# Major projects in the Central Queensland renewables pipeline according to Green Energy Markets

According to Green Energy Markets August 2020 report the region largely missed out on the first boom in large-scale renewable energy project construction from 2016 to 2019 when investment flowed mainly to north Queensland and the Darling Downs. However, Gladstone now has an impressive pipeline of proposed projects.



Major solar farm pipeline works in Central Queensland to power equivalent to 380,000 Queensland households



# Hydrogen offers great potential but more a long-term prospect

## Core prospects

\$19 million

Hydrogen initiative centred around Gladstone, drawing upon existing industries, expertise and structures

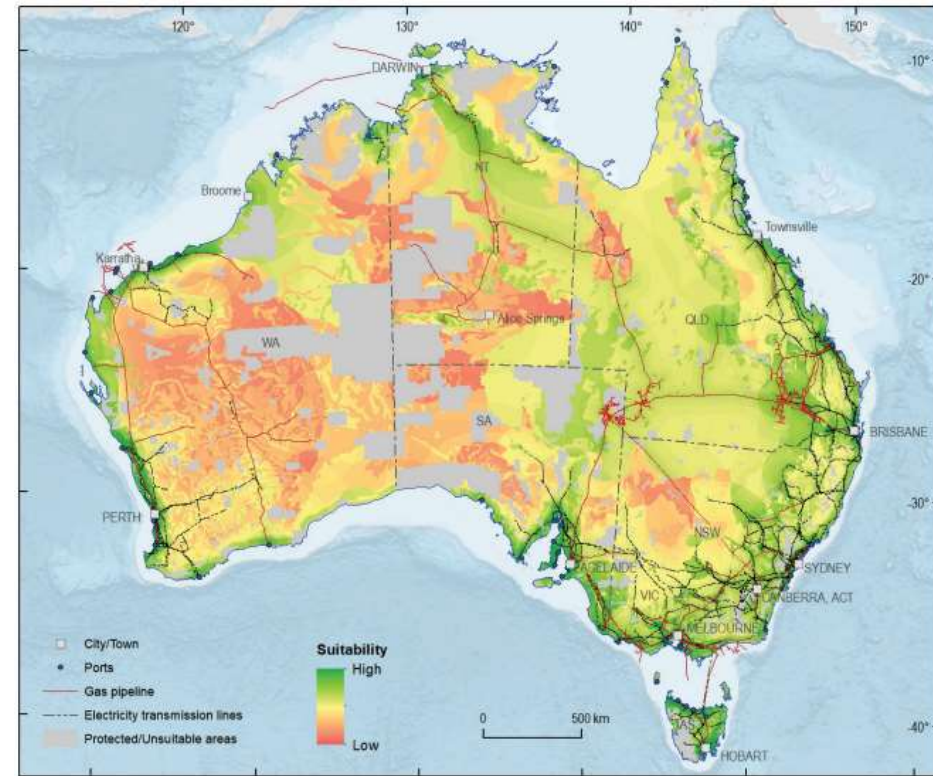
Off-grid solutions

Ideal for providing low emission options for regional and remote electricity generation.

State Development Areas

Assist with the coordination and streamlining of large industrial projects across the State

Renewable hydrogen prospectivity map – Coastal or inland production, hydrogen transported via pipeline, and constrained by existing infrastructure

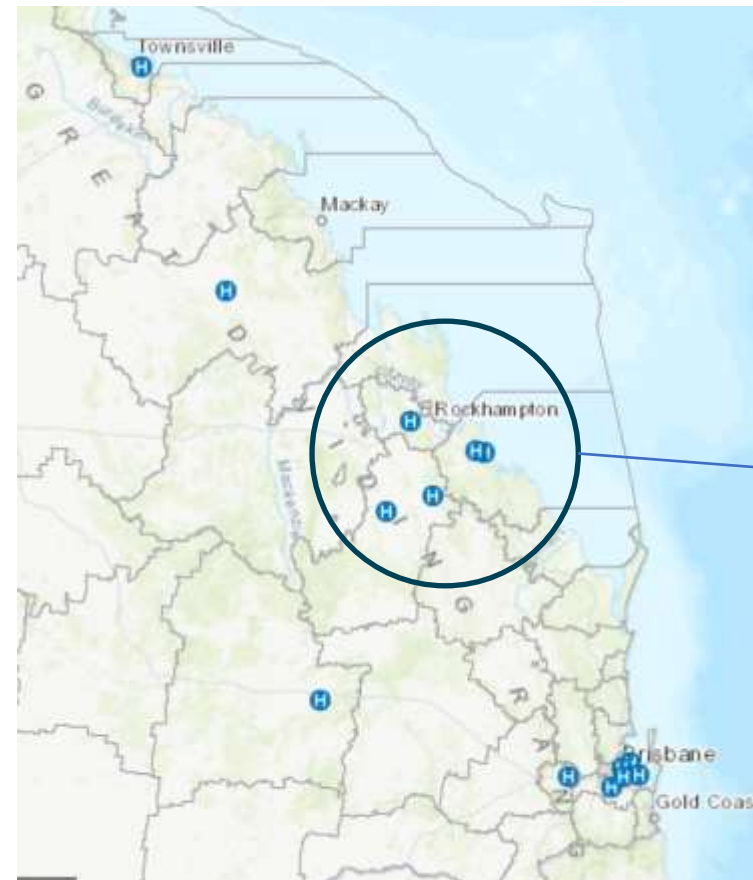


# Hydrogen on the map (from State Development) – emerging projects across QLD

Prospective hydrogen projects map



Current renewable hydrogen projects in QLD



Five renewable hydrogen projects at various stages of development in Central Queensland



# Renewable Hydrogen Projects in CQ

1

## Stanwell Hydrogen Project

Stanwell is investigating the feasibility of a 10 MW or larger hydrogen demonstration plant at Stanwell Power Station, near Rockhampton. The project would be located adjacent to the existing power station.

2

## H2-Hub™ Gladstone

Hydrogen Utility (H2U), are proposing a \$1.61 billion industrial complex for the large-scale production of green hydrogen and ammonia at Yarwun in the Gladstone State Development Area, which is in close proximity to the export precinct at Fisherman's Landing.

3

## Pacific Solar Hydrogen

Austrom Hydrogen have announced plans to develop a solar farm and battery facility near Callide, with a capacity of up to 3,600 MW. The solar farm will supply renewable energy for a hydrogen production facility at Gladstone for export of hydrogen.

4

## Green Hydrogen and Ammonia Project

Queensland Nitrates (QNP) and project partners are looking into using green hydrogen to produce ammonia at QNP's existing manufacturing plant in Queensland.

5

## Hydrogen Park Gladstone

AGN will establish a A\$4.2 million renewable hydrogen plant, able to deliver up to 10% blended hydrogen across Gladstone's 770 hydrogen customer base. The project is expected to become fully operational in December 2021.

# 7.

## Key industry stakeholders' input

# What are key industry stakeholders saying?



➤ [Senator Matt Canavan]

“A new Rockhampton based business centre and rail contract announced by Adani Mining is excellent news for Central Queensland that will lead to further, needed economic and job opportunities for the region.”

➤ [Michelle Landry, Member for Capricornia]

“The Rockhampton Business Centre means immediate jobs and opportunities for local contractor businesses will mean further flow on job opportunities in Capricornia.”

Additional funding prepared for investment in:



Water



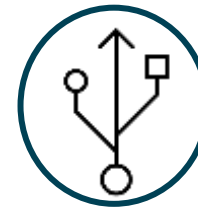
Roads



Energy



Rail



Digital



Skills

# Thank you. Any questions?

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