



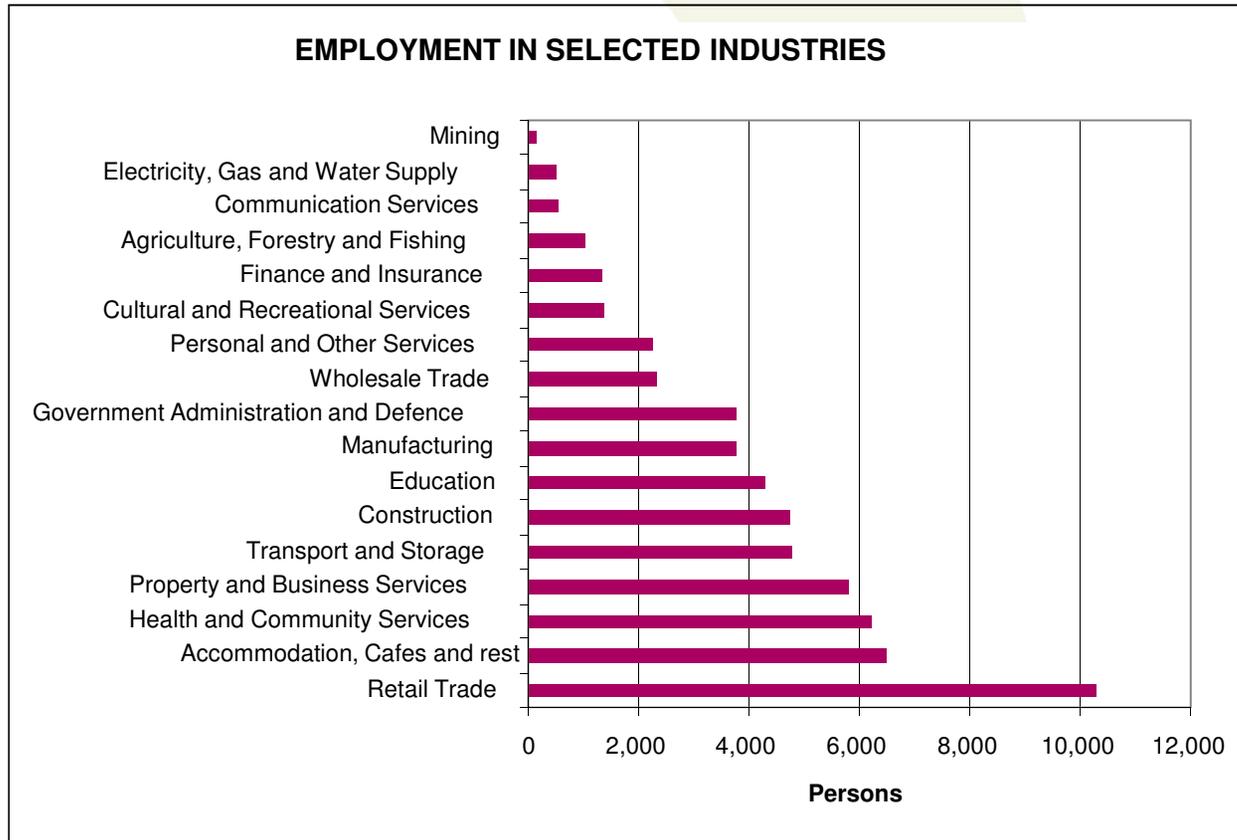
The Cairns Economy: Our Commitment to Sustainable Growth

Presentation Outline

1. An economic overview of the Cairns economy
2. Challenges and opportunities
3. Strategic response to drive economic growth and development
4. Cairns Regional Council - major economic development projects



Who are our major employers?



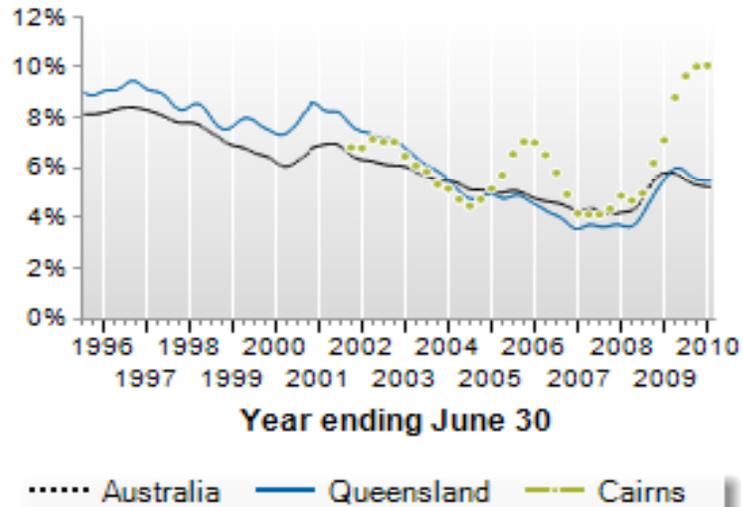
Source: ABS, Census of Population and Housing, 2006

Employment in Cairns

EMPLOYMENT

Given current global economic conditions and Cairns reliance on tourism it is not surprising that unemployment in Cairns has increased over the last 2 years from a low of 4.9% in June 2008 to a high of 10.1% in June 2010.

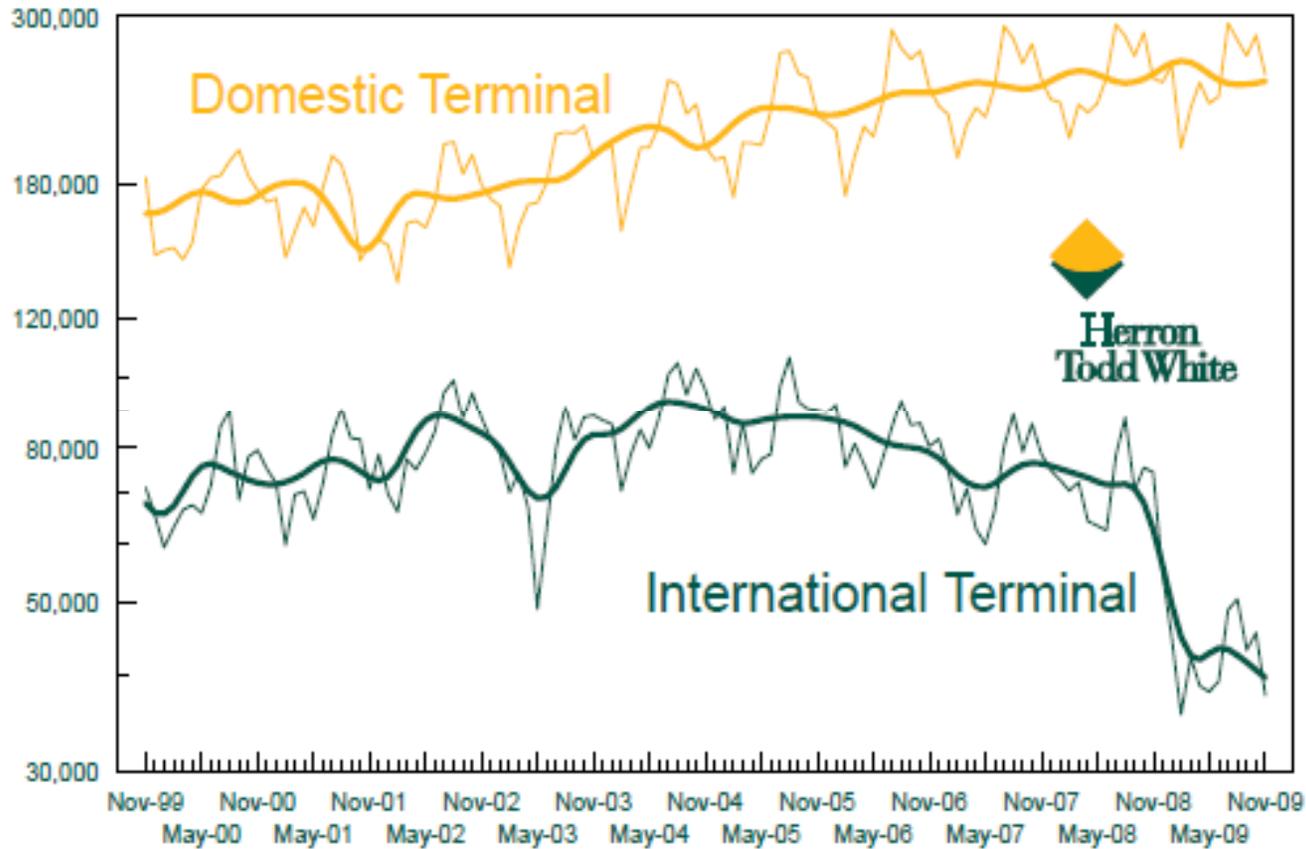
Unemployment rate (% of the labour force)



Source: ABS Labour force survey catalogue number 6202.0, and DEEWR, Small Area Labour Markets

Domestic and International Visitors

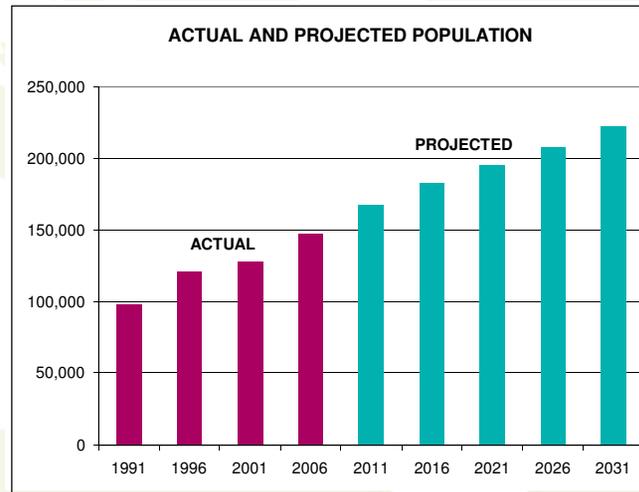
Monthly Passenger Arrivals + Departures (excl Transits)



Source: Derived from Cairns Airport data

Population Growth

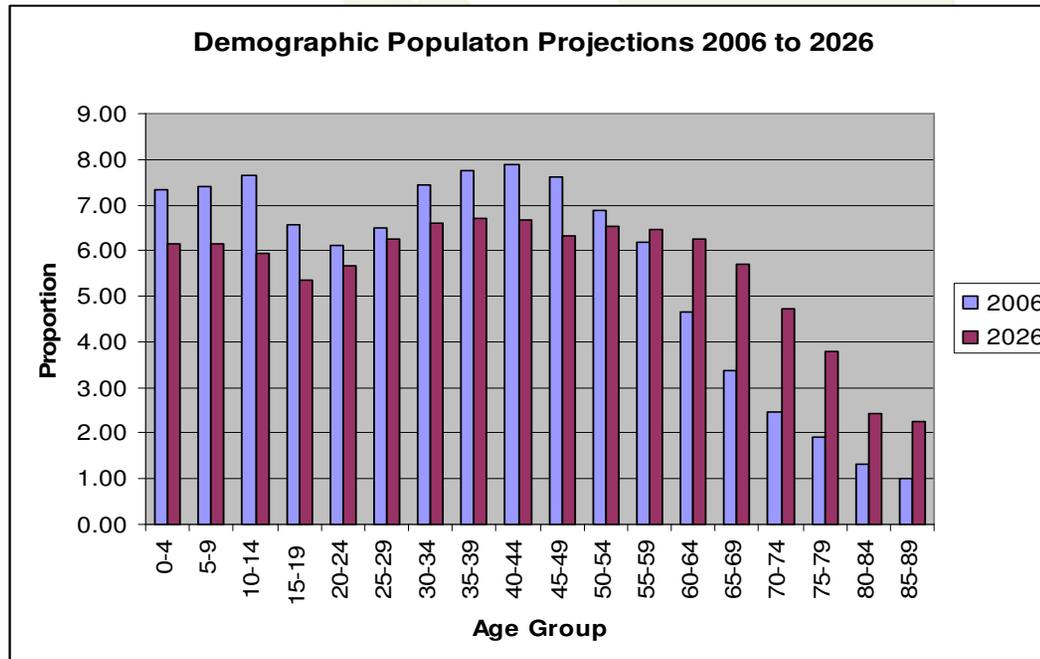
From June 2008 to June 2009 Cairns population grew by 5,200 people.



Source: Department of Infrastructure and Planning, Queensland's Future Population (2008 edition)

The current regional population projections were released in 2008. The medium-series projections indicate that the Cairns region is projected to increase by approximately 50% between the years 2006 to 2031, from 147,538 persons to 222,640 persons. The current population in Cairns stands at 164,356 persons.

Population Change



Source: Department of Infrastructure and Planning, Planning Information and Forecasting Unit (PIFU), Queensland's future population (2008)

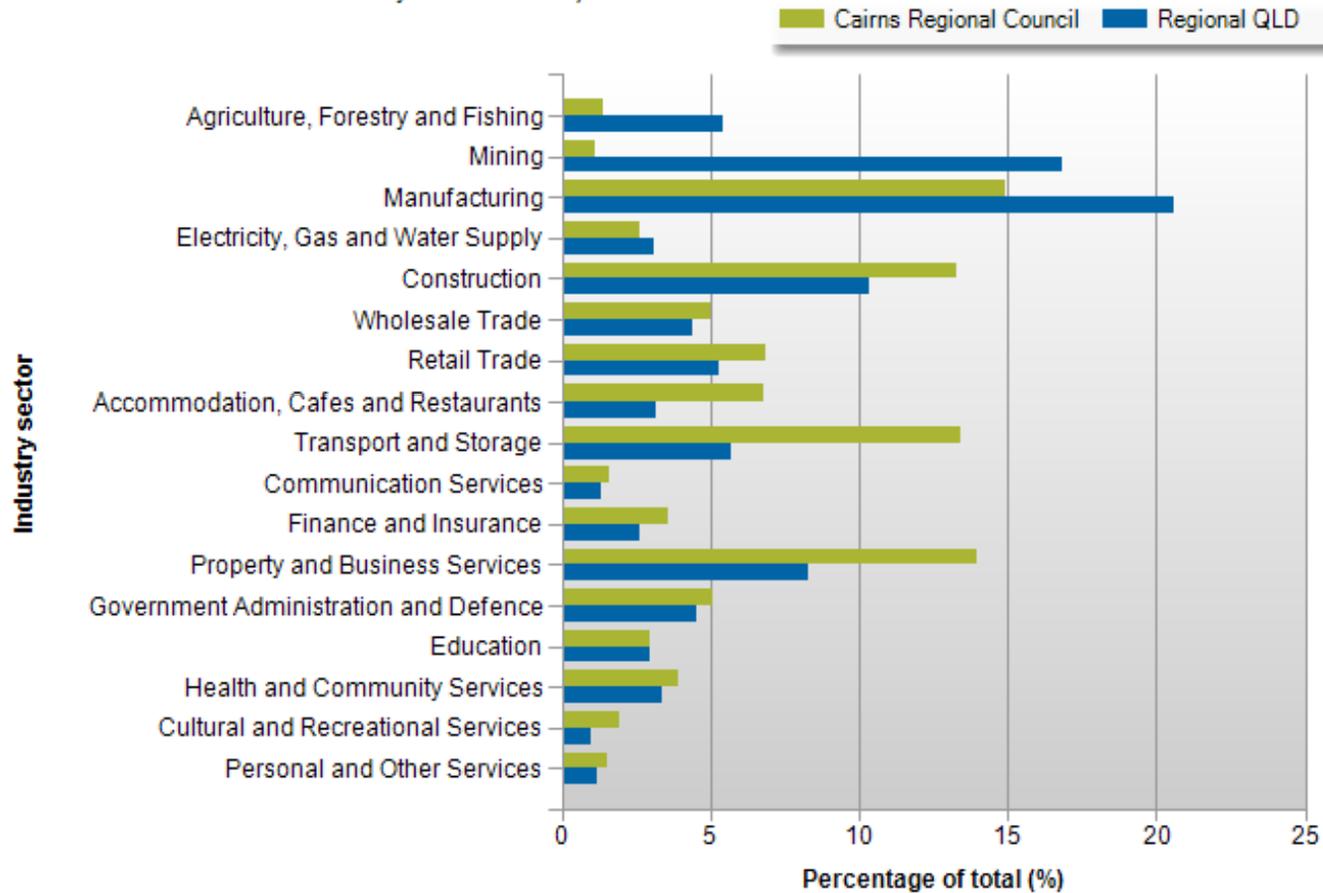
How skilled are we?

Qualifications of the Cairns Regional Labour Force, 2006			
Qualification	2006 number	% of Cairns	% of Regional QLD
Bachelor or Higher degree	10,677	15.0%	12.5%
Advanced Diploma or Diploma	6,030	8.5%	6.5%
Certificate IV Level	1,472	2.1%	2.0%
Certificate III Level	14,264	20.1%	19.3%
Certificate I and II Level	969	1.4%	1.6%
Certificate Level	1,359	1.9%	1.7%
No qualification	31,989	45.1%	51.3%
Inadequately described/Not stated	4,240	6.0%	5.1%
Total	71,000	100.0%	100.0%

Source: Australian Bureau of Statistics, Census of Population and Housing 2006

Are we a 'typical' regional economy?

Output by industry sector, Cairns Regional Council and Regional QLD 2009
(ANZSIC 1993 - Time series industry classification)



Source: Remplan Economic Modelling and Analysis System, 2009

Who are our businesses?

In 2007 there were **14,430 businesses** registered in the Cairns region.

Business Register Counts by Industry

Sector	No. of Businesses	% of total
Property and Business Services	3,384	23.5%
Construction	2,820	19.5%
Retail Trade	1,725	12.0%
Agriculture, Forestry and Fishing	1,185	8.2%
Transport and Storage	1,155	8.0%
Finance and Insurance	792	5.5%
Manufacturing	639	4.4%
Accommodation, Cafes and Restaurants	636	4.4%
Health and Community Services	504	3.5%
Personal and Other Services	501	3.5%
Wholesale Trade	432	3.0%
Cultural and Recreational Services	309	2.1%
Communication Services	156	1.1%
Education	111	0.8%
Mining	66	0.5%
Electricity, Gas and Water Supply	15	0.1%
	14,430	100%

What are we producing?

Output by industry - Despite our heavy reliance on tourism, the top three sectors contributing to Cairns output in 2009 were manufacturing, property and business services, and transport and storage.

Sector	Contribution (\$M)	% of total
Manufacturing	\$2,682.27	14.9
Property and Business Services	\$2,508.51	14.0
Transport and Storage	\$2,408.94	13.4
Construction	\$2,383.33	13.3
Retail Trade	\$1,233.18	6.9
Accommodation, Cafes and Restaurants	\$1,212.96	6.8
Government Administration and Defence	\$915.11	5.1
Wholesale Trade	\$895.23	5.0
Health and Community Services	\$696.42	3.9
Finance and Insurance	\$645.00	3.6
Education	\$533.72	3.0
Electricity, Gas and Water Supply	\$470.63	2.6
Cultural and Recreational Services	\$346.56	1.9
Communication Services	\$284.87	1.6
Personal and Other Services	\$268.11	1.5
Agriculture, Forestry and Fishing	\$254.05	1.4
Mining	\$202.74	1.1
Total industries	\$17,941.65	100

Source: Remplan Economic Modelling and Analysis System, 2009



Housing affordability

Statistic	Period	Indicator	%Annual Change
Housing affordability			
<i>Median Property Prices</i>			
House	April 2010	\$360,000	0.8%
Unit	April 2010	\$224,000	0%
<i>Median Weekly Rents</i>			
House (4 bed)	June 2010	\$350	0%
Unit (2 bed)	June 2010	\$250	0%
<i>Median Land Price</i>			
Land price	April 2010	\$167,000	2.5%

Source: RTA and Herron Todd White

Dwelling approvals are down and latest ABS data ranks Cairns last in QLD for the number of approvals for detached houses and units.

Some improvement early in the year however approvals still remain very low;

- **Housing** - ↓ 50% below 2007 and 2008 levels
- **Units** - ↓ 90% below 2007 and 2008 levels



Our challenges and opportunities

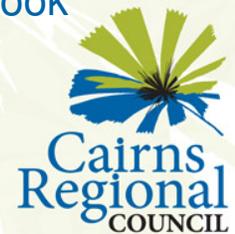
Challenges

- The existing reliance on 3 interdependent sectors – tourism, retail and construction;
- Ensuring there are a sufficient number and level of skills available in the economy;
- The need to ensure that economic infrastructure is keeping pace with demand, and in particular population growth;
- An ageing population and workforce;
- Stemming the flow of young adults leaving the region for education, vocational training and employment opportunities;
- Solving our indigenous and youth unemployment problems across the regions;
- Good qualifications but poor secondary school retention rates;
- Climate change impacts;
- Tyranny of distance and reliance on motor vehicles for commuting; and
- Building a cosmopolitan, vibrant city which combines a sophisticated business environment with lifestyle opportunities.

Our challenges and opportunities

Opportunities

- An expanding population providing new business opportunities, new skills and economic infrastructure;
- An international airport and port infrastructure;
- Unrivalled natural resources including our water resources (agriculture);
- Strong innovative capacity;
- A Regional Economic Plan which recognises Cairns as the service centre for the Far North of Queensland;
- National Broadband Network – supporting local businesses by breaking down our regional barriers;
- Significant education and research capacity and projected growth in James Cook University student population; and
- A lifestyle that can attract niche skills across a variety of sectors.



Full Speed Strategic Response

Underlying Principles

- Collaboration 'our strength is in collaboration'
- Long term positioning
- A proactive approach
- Innovation
- Building resilience



Full Speed Strategic Response

Strategic Response

- Responsive collaboration - New Deal – recognising issues, gathering momentum
- Strengthening the regions long-term positioning and planning – Regional Economic Plan
- Investing in our community
 - Community planning
 - Infrastructure incentives
- Solid, consistent and positive approach to economic development
 - Invest Cairns
 - Tropical Innovation Awards



Responsive Collaboration

New Deal

- Relief, recovery and reform plan presented to government
- A key strategic partnership demonstrating a strong region speaking with one voice
- A catalyst for local business and community leaders including Cairns Chamber of Commerce, Tourism Tropical North Queensland, Cairns Regional Council and Advance Cairns representing four regional councils to join forces and plan for economic recovery



Long-Term Positioning and Planning

The Tropical North Queensland Regional Economic Plan

- Delivering an economic blueprint for the greater Tropical North Queensland Region including Cairns, Cassowary, Cook and the Tablelands
- Creating a 20 year vision for our economy addressing skills issues, infrastructure requirements and diversification
- Through the collaboration of the four regional councils, the plan will drive a strong, ecologically sustainable and diversified economy and build on the competitive advantages and specialisations of a much larger regional area



Confident Investment - Community Planning

Cairns Community Plan

- Identifying and articulating the communities own long-term vision
- Cutting across social, environmental, economic and cultural boundaries
- The Community will inform and catalyse initiatives across to support the growth and development of the region
- Highlighting the communities aspirations and visions for a sustainable future



Confident Investment-Infrastructure

- **Current/future major infrastructure developments:**

- Local, State or Federal investment projects such as the Cairns Cultural Precinct, City Centre Revitalisation, Airport upgrade, Bruce Highway upgrade, James Cook University Cairns Institute, Marine Training College and the Community Hall upgrade Programme

- **Council will focus on infrastructure that:**

- Attracts people to the region and increases liveability
- Increases the ease of doing business

- **Cairns Cultural precinct:**

- Number one priority for the region
- A major attractor for prospective residents and a significant boost to the liveability of the region
- A new tourism product to attract visitors and lengthen stays
- 1000 jobs during construction with 235 long term jobs
- Positions Cairns as a cultural capital of regional Queensland and allow us to grow the creative industries (currently 2% of regional output)

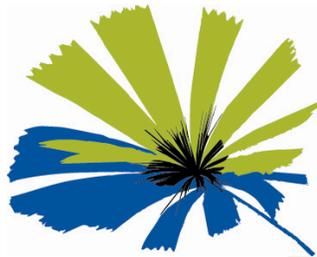


Solid, Consistent and Positive Economic Development Focus

- Focusing on clear strategic economic goals;
- Attracting jobs and people to the region;
- Re-skilling and up-skilling our existing workforce;
- Marketing the region as a key destination to invest and do business;
- Consolidating the region's reputation as a prime destination for highly skilled sea and tree changers;
- Building a strong business operating environment; and
- Establishing an international reputation for Cairns to facilitate entry into export markets



Invest Cairns



InvestCairns

Where business meets paradise

'Invest Cairns has a vision for a future where the region is thriving and inspirational in the way it balances economic development, environmental management and social well-being'.

Invest Cairns supports local businesses and investors by driving research, business growth, skills development, investment attraction, funding opportunities and local economic information and analysis.

It is Cairns Regional Councils one-stop-shop for economic and investment information.



Tropical Innovation Awards



The Tropical Innovation Awards aims to firmly establish the north as a centre for tropical expertise and innovation and ensure that the region's creativity remains on the leading edge in our fast changing world.

Five awards to be presented on the night
***WHK & FAK* - Emerging Innovation**
***TropLinks* - Tropical Innovation**
***Stanwell & ARUP* - Eco Innovation Award**
***AusIndustry* - People's Choice Award**
***JCU* - Innovation of the Year**



Our Economic Goals 2010 - 2015

- Continued population growth to over 175,000 people
- Stabilising our unemployment numbers in line with the Queensland and Regional Queensland averages
- Increasing our gross regional product to over \$10 billion (25% increase)
- Increasing the percentage of people employed in non-tourism related industries
- Strengthening our export industries as well as attracting investment to the region
- Increasing the number of students at JCU as well as other further education providers to support and grow Cairns' knowledge economy
- Supporting and growing our emerging industries such as building and property services, manufacturing and mining



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Short-term opportunities

- Population and skills figures show Cairns is still a destination of choice for skilled workers
- High unemployment is concentrated in the low skill sector of the labour force with skills shortages reported in a number of high skilled occupations ie engineering, middle/high level management and specialist construction skills
- In the short term, economic stimulus to create low skilled jobs will reduce our unemployment numbers however we know there is capacity in our economy to take on more high skilled workers
- Cairns' gross local product per person and per worker is significantly lower than Regional Queensland and Queensland averages
- A focus on high skill, high yield employment to create a more sustainable economy and provide flow on effects into low skilled jobs to stimulate employment