2009/2010
BUSINESS PLAN

Level 1, 51 The Esplanade - P.O. Box 3065 - Cairns QLD 4870
Tel: (+61) 07 4031 3999 Fax: (+61) 07 4031 3994
Email: admin@advancecairns.com Website: www.advancecairns.com
ABN: 79 098 379 572

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Section 1 The Executive Summary

After the disruption of management changes in 2007 and Early 2008, the last twelve months have been focussed on re-establishing the organisation's program and profile. The entire staffing contingent is new and strongly focused on developing the organisation and creating results.

We have been focussed on establishing a solid basis upon which the organisation can move forward and effectively address the regional development needs of the region. As we face the challenges of 2009/10 we have successfully redefined the role and positioning of the organisation, secured our funding stream, re-engaged our patrons and established a new dialogue with our regional partners.

The 2009/10 plan reflects a completely changed environment. The striking issues from the previous period had centred of skills shortfalls and attraction processes. The burning issue at the end of the 2008/09 year will be how we can save as many jobs as possible as the Global Financial Crisis bites hard into our region.

This plan provides a blueprint for the organisation to implement. It is structured as a staged process which leads to the eventual "action" document. Each section progressively refines the distillation of the logic, such that we have a linked set of stages which help the reader appreciate the rationale behind the assumptions, environmental factors, trends and issues which influence and shape our strategic response.

The plan is intended to be an evolving document throughout the year with the implementation and monitoring program ensuring that changed circumstances will be reflected in plan adjustments as necessary. Importantly aspects of the plan will require the constituent partners to take the lead with Advance Cairns co-ordinating as necessary.

The plan has been framed in an environment which is influenced by the following:

- The drastic downturn in tourism ;
- An economy impacted by the affects of the GFC;
- A struggling construction sector and significant job losses;
- Some relief through a lower Australian dollar, low interest rates and lower fuel costs;
- Some certainty created by the finalisation of the airport privatisation, the review of the Queensland port network structure, a bedded down Council amalgamation process and the release of the final 2031 plan.
- The continued absence of a regional economic development strategy and associated infrastructure and investment plans for the region;
- Ongoing debate regarding the region's health services;

These and other issues identified in section 4 of the plan have influenced our objectives and strategic response.

The need to assume a pan regional focus has been embraced by the board and is reflected in the plan. Likewise the organisation's positioning reflects the reality of the role it can play given its resource limitations. As such we are more inclined to position ourselves as the project manager, not the builder, and this is reflected in the new positioning statement:

"The peak co-ordination agency for TNQ economic development".

Section 1 The Executive Summary

The role of the organisation is defined in section 3.3.2 but the "vision" we have adopted describes what it is that we aspire to, which these roles must work to deliver:

"To develop and sustain a diverse and vibrant TNQ economy, that creates employment, attracts investment and services, and enhances our environment, lifestyle and community".

An audit of the region's economic indicators shows clearly the continuing, although declining importance of tourism; a downturn in the growth of mining within the region; an improving educational sector; a renewed agricultural sector and fishing static or in decline.

There is some encouragement in the aviation and marine sectors, as well as tropical expertise, but their magnitude remains limited although growing. The construction sector is in serious decline but this could be offset by major infrastructure projects related to the hospital, prison, school buildings and dental school. There may also be some resurgence in manufacturing through contracts related to the Australian Defence Force.

This analysis reinforces the need for greater economic diversity in the region's economy and maximisation of the positive sectoral trends we see.

The SWOT analysis of section 4.2 and the environmental analysis of issues in section 4.4 influenced our objective setting and the strategic response we need to take.

We have defined six specific objectives under the broad headings of:

1. Creating a diversified economy
2. Building a sustainable environment
3. Attracting investment
4. Creating regional relationships
5. Building profile
6. Effective advocacy

In section six we have linked strategies and action plans to each of these.

The most significant actions/programs which the plan will drive are as follows:

- Targeting new markets, increased market penetration, creating added value opportunities, and focussing on our competitive advantages;
- Developing regional relationships and coordinating economic development;
- Provide more support for industry clusters through the establishment of the Cairns Cluster Resource Centre (CCRC);
- Investigate the potential for a Northern Australia Alliance;
- Providing up to date regional research data and provide insights for industry and investors;
- Produce soft and hard collateral which profiles the region and identifies the investment prospects;
- Focus on improved aviation and road access; and
- Drive a structured lobbying plan in cooperation with constituent partners.

The issue of limited resource remains a reality for the organisation in both a manpower and financial sense. In the coming year the bulk of our revenue will continue to be derived from the investment by the Cairns Regional Council, Cairns Airport, Project funds supplied by the State

Government, support from the other three main regional councils and our revitalised patrons program. This is reflected in our 2009/10 financial budget.

We have slowly increased the capacity by adding two new positions, an Economic Development Officer and an Regional Development Officer.

We will however, continue to draw on the resources of our constituent partners and the board, through various committees, to assist the management team with the policy development and program implementation.

In 2008/09 we streamlined the board committees to address the issues of

1. Operations
2. Finance
3. Communications

These committees continue to meet regularly to offer advice and support to the executive team.

There will need to be further review of the funding base of the organisation, and recognition that the existing Cairns Ports funding agreement will expire in June 2010.

Over the past year we have delivered a range of projects funded firstly the Department of Tourism Regional Development and Industry and then under the new regime of the Department of Employment, Economic Development and Innovation. These projects were designed to increase the industry activity of the region. The funding agreement expires in April 2010 and at this stage there is no clear direction of its future.

The structure of the organisation was changed in October 2008 to increase the size of the Board by one to allow for six independent Directors. In July 2009 the structure of the company will change from a company limited by shares to a company limited by guarantee. Along with this change will come the addition of two new member positions viz. The Cairns Airport and the Far North Queensland Regional Organisation of Councils.

Overall 2009/10 will be an exciting period for the organisation, with the commencement of a new structure, and a new strategic direction as outlined in this plan. It will see Advance Cairns focus more on the regional perspective and drive the creation of a regional economic development strategy, with related infrastructure and investment plans. Cooperative partnerships will be consolidated to drive our economic development program, and the region will have new collateral to better profile investment, migration, and development opportunities. The outcome should be an organisation which will be better equipped to take on the challenges of the changing economy.

Section 2 Plan Structure

2.1 THE PLAN STRUCTURE

The plan is a staged process which leads to the eventual "action" document. Each section progressively refines the distillation of the logic, such that we have a linked set of stages which help the reader appreciate the rationale behind the assumptions, environmental factors, trends and issues which influence and shape our strategic response.

The key questions we ask ourselves at each of the stages is

A. **Who we are and what we stand for as an organisation?**
Our role, the mission and the critical success factors.

B. **Where we are and the issues we face both as a region and organisation?**
What are economic trends, assumptions, opportunities and key issues which affect our operating environment?

C. **What we want to achieve?**
The objectives we set and the outcomes we want.

D. **How we will go about his?**
What is the strategic response needed to drive objectives.

E. **How to deliver the plan to action stage?**
Making the strategies happen, through an action plan, with performance indicators, and timeframe.

F. **How we will resource and structure to deliver the plan?**
What staffing and budget we need to implement the plan or what external constituent resource we need to access.

Section 3 Organisational Analysis
"Who we are and what we stand for"

3.1 ADVANCE CAIRNS THE ORGANISATION

As the peak economic coordination agency for economic development in TNQ, Advance Cairns seeks to ensure effective collaboration between all entities within the Region which have a role in supporting economic growth. Advance Cairns takes an overarching view of the Regional economy and its needs and calls upon the resources and capabilities of all Regional bodies to achieve our goals.

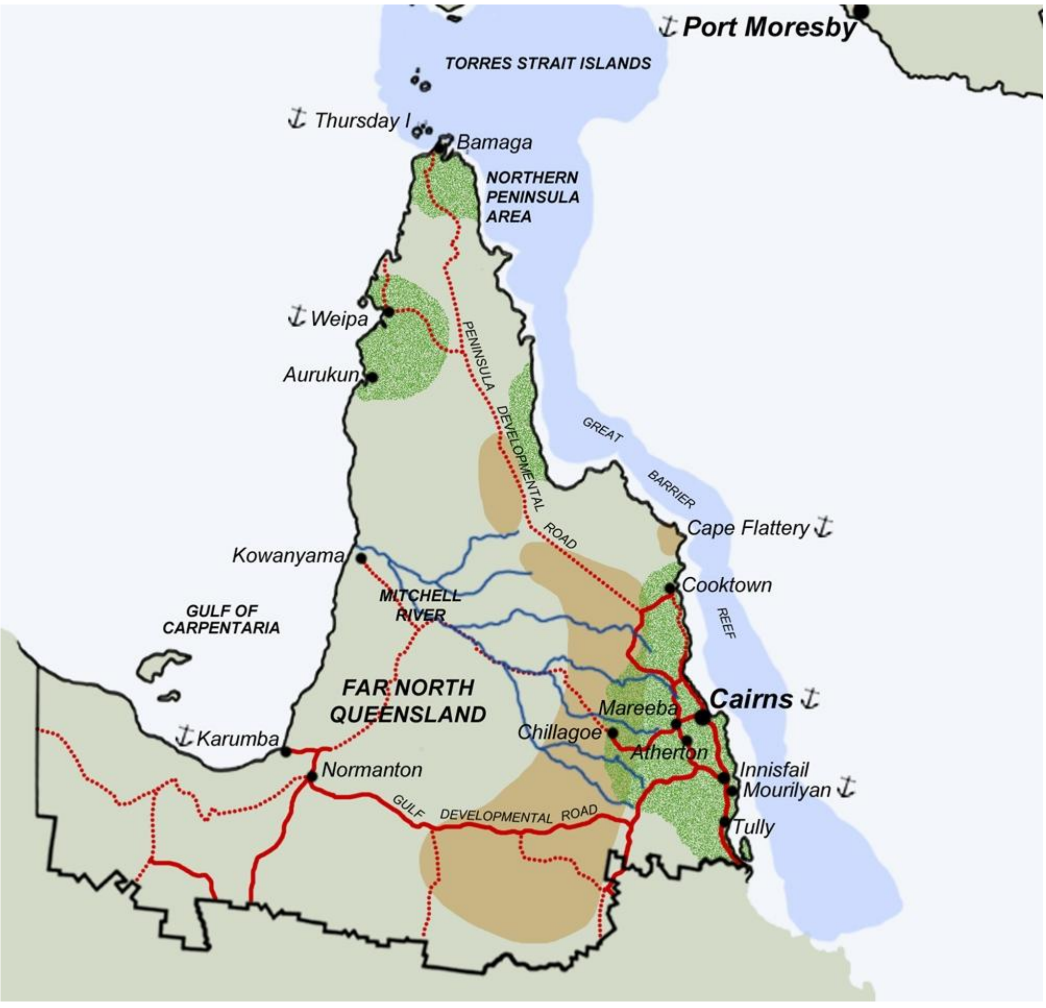
Advance Cairns role is not to usurp or duplicate the activities of other constituent member organisations. Rather, it co-ordinates the activities of those organisations and takes their output and translates them into a whole-of-Region strategic view.

There will be increased focus in the coming year on broadening the regional perspective, and increased collaboration with the regional bodies.

3.2 REGION DEFINED

3.2.1 The broad region

The Advance Cairns region of influence covers an area from Cardwell in the South to Cooktown to the North and the surrounding tablelands area.



3.2.2 Primary focus

Our primary focus will however remain centred on the Cairns regional area, together with the LGA'S of Tablelands, Cassowary Coast, and Cooktown.

3.2.3 Developing a North Australia alliance

We will continue to work with sister organisations in the Northern Australia region. This will include the REDC organisations in Townsville, Mackay, Rockhampton, Mt Isa and Gladstone. We will also attempt to foster a relationship with our colleagues in the Northern Territory. This may translate into joint studies, conferences, or lobbying on certain topics.

3.3 THE CORE ROLE

There are two aspects to looking at the role of Advance Cairns. One is the "raison d'être for its existence, and the second are the roles which must be performed in any economic development activity.

3.3.1 The "Raison d'etre"

The role of Advance Cairns is to act as hub or coordinator for all the bodies in the TNQ region who participate in regional development. Advance Cairns should not be considered simply as a stand alone entity. It is a conglomerate, a combination, a partnership. It is partnership which seeks to represent all parts of the region's industry and economic development. So Advance Cairns is the glue that links us all together; the cog that ensures we all work in unison.

This partnership is a broad alliance which we envisage will include all regional councils, sub regional economic bodies, and the stakeholders who currently comprise the board.

The success of the organisation is ensuring that the issues which impair or impact on regional economic development are recognised and addressed by the partnership. That is not to say that Advance Cairns will always play the lead role or indeed have, or apply, direct resource to addressing the issue, but we will endeavour that the partners do. This is best summed up by the philosophy. "Advance Cairns is more the project manager than the builder".

3.3.2 The economic development roles

The following outlines the various functions which must be undertaken as part of economic development

- Research consolidation and analysis
- Advocacy
- Coordinating the regional effort
- Export market development
- Investment attraction
- Assisting the local industry
- Building regional capacity

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"Who we are and what we stand for"

3.4 THE VISION AND MISSION

3.4.1 The Vision Statement

A vision statement describes what the organisation wants to aspire to. It pushes the organisation toward some future goal or achievement.

Our vision statement is:

"*To develop and sustain a diverse and vibrant TNQ economy that creates employment, attracts investment and services, and enhances our environment, lifestyle, and community"*

3.4.2 The Mission Statement

Our mission statement is designed to say exactly what the organisation anticipates it will achieve or accomplish.

Our Mission Statement is:

"Coordinating, facilitating and advocating economic growth in TNQ".

3.5 CRITICAL SUCCESS FACTORS

There are various factors which we define as critical to our success they are our deliverables and our values.

Our discipline in consistently focussing and adhering to them will ensure we have a benchmark to direct our priorities and operational style.

3.5.1 The deliverables for Economic Development

In looking at the organisation and region's challenges there are distinct strategic deliverables we can identify which are critical to successful economic development of the region. They are as follows.

1. A diversified economy
2. Coordination and integration of the regional economic activity
3. Attracting the right resources and investment to drive growth
4. Ensuring good services to the region
5. Optimising the efforts of our existing industries
6. Focusing on our competitive advantages (Education, Affordability, Lifestyle attractiveness)
7. Generating growth through innovation
8. Undertaking this development in a sustainable fashion.

The plan will address the strategies and action plans to build these deliverables.

3.5.2 Demonstrating a Commitment to our Values

The values which underpin our operation, create the culture of the organisation and allow us to assess the validity of actions, are as follows

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- Honesty and integrity
- Independent and apolitical advocacy
- Committed to collaboration and partnership
- Delivering on our promises
- Focussed on economic, social and environmental sustainability
- Committed to open and inclusive communication with all stakeholders
- A drive to do the right thing for the TNQ Region
- High achievements obtained despite limited resources
- Efficient use of resources & decisions

Section 4 Environmental Analysis
"Where we are and the issues we face"

4.1 ECONOMIC INDICATORS

The latest economic indicators are outlined in Appendix 1. The major issues impacting on the region as highlighted in the economic report are as are as follows.

4.1.1 General

The significant factor affecting the region, as apposed to the climate at this point last year is the fallout from the Global Financial Crisis. The World and Australian economy is significantly down and this has been badly affected the Cairns regional economy. The Cairns region is showing very high unemployment levels as companies bunker down to meet these financial challenges. All sectors have been affected with the highest casualties in the tourism, construction, vehicle sales and mining related industries.

4.1.2 Population

Recently released Australian Bureau of Statistics (ABS) data for estimated residential population for 2007/08 reveal the extent of the strong economic growth taking place across the north in the 12 months up to June 2008. The report the fact that the fastest growth occurred in the Far North Queensland Statistical Division based on Cairns, which recorded a growth of 7,786 (3.1%) resulting in the Cairns/Far North region continuing to increase its lead as the largest in the north with a residential population of 262,095 compared with the Townsville based Northern Statistical Division at 220,656, Northern Territory 219,818 and the Rockhampton based Fitzroy Statistical Division of 214,753. The population for Cairns city alone has risen to 158,000.

4.1.3 Tourism

The indications are:

- It is anticipated that 2009/2010 will see the number of Japanese visitors stabilize. While Japan is now in a recession, the strengthening Yen against the AU$ combined with the removal of fuel surcharges enhances the attractiveness of Tropical North Queensland.
- Chinese visitor numbers dropped at YEDec08, however the number of holiday visitors from China for 09/10 is expected to increase 14%.
- New Zealand visitation to the region grew strongly in 2008, up 10%.
- UK visitors decreased unexpectedly sharply in 2008. UK remains the largest backpacker market to Australia - visa applications increased by 15% in the five months ending Nov 08
- Germany, France, Italy and Netherlands increased holiday visitation YEDec08, but Germany is forecast to fall in 09/10.

In terms of domestic visitation, prior to the onset on the global financial crisis, the National Visitor Survey (NVS) indicated that the long-term trend is for interstate travellers to grow, but numbers from within Queensland to decline as lower airfares lead to travel to more distant destinations. However, it is now obvious that, in the short term at least, holidaymakers are reluctant to travel long distances. Worries about expenditure, as well as concern over their jobs, will mean people take shorter holidays closer to home.

Aviation remains a critical focus for Cairns and TNQ. The recent sale of Cairns International Airport has brought some uncertainties in terms of access infrastructure issues and co-operative marketing activities. However, we are hopeful of establishing an effective working relationship with the new airport manager, Queensland Airports Limited (QAL) and working closely with Tourism Tropical North Queensland and Cairns Airport on aviation issues.

In summary, 2009-10 will be a year of significant changes for the Australian and TNQ tourism industry. Australia's tourism industry faces a difficult two years ahead, with the Global Financial Crisis, shocks such as swine flu, declining airline profits and capacity affecting the industry.

Table 1 : Australian Exchange Rate Overall Situation Stabilising

	US Dollar	UK Pound	Trade Weighted Index	Euro	Yen
1 Jan 2007	0.7939	0.4039	65.0	0.5997	94.27
1 Jul 2007	0.8532	0.4244	69.1	0.6303	104.96
1 Jan 2008	0.8797	0.4427	68.6	0.6011	98.30
31 Mar 2008	0.9180	0.4608	68.9	0.5813	91.58
Change 31 Mar 08 over 1 Jul 07	+7.6%	+8.6%	(-0.2%)	(-7.8%)	(-12.7%)

Source: Cummings Economics from RBA .

4.1.4 Mining

As stated earlier there has been a massive downturn in the mining industry. This has meant that not only have existing mines been downsizing but the potential of new mine sites have been put on the backburner. This downturn has meant that many sites are drastically reducing staff numbers.

Reductions are coming in from the mining sector from two directions:

1. Decreased mining activity in the immediate region.
2. Cancellation of many direct 'fly-in' services from Cairns airport.

The only up-side to this decline is that local businesses are now reporting that the availability of skilled staff for local projects is now improving.

4.1.5 Fishing

By and large, fishing industry income in the region has tended to be static or declining in recent years. Declines in some sectors are, in part, offset by diversification of production in others. There have been reports that the high Australian dollar has been placing some segments under great strain.

4.1.6 Agriculture

Agricultural income in the region has shown a long-term 'real' increase in value of production of about 2 – 3% per annum, but with substantial year to year variation.

4.1.7 Sundry Services

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Outside earnings from a range of service type activities have been growing from a small base over the years to become a significant force in the economy.

- Cruising Super yachts income has been trending upwards, partly as a result of Super yachts basing in Cairns.
- The aviation servicing sector seems to be trending upwards but there is no solid information publicly available.
- Defence and surveillance spending has been increasing over the years. It is probably of the order of $200m pa.
- The continuing build up of the local university campus has been increasing economic activity in the region, including record numbers of international students.

4.1.8 The Future Outlook

The future outlook over the next twelve months is certainly not as favourable as at this time last year.

1. The tourism situation is likely to remain weak for some time
2. Stock exchange turmoil has affected some key local companies that have been heavy investors in new construction in the region
3. Low interest rates, Australian dollar values and petrol prices, are a few of the bright points
4. The world economic situation is denting business, investor and consumer confidence

Countering this however, is:

1. Agricultural prices are good and farm commodity prices have been rising
2. Cairns' service sectors are continuing to expand, including the education and research
3. Rental vacancy rates are at a low level, with no evidence of over supply
4. A tendency for construction levels to recede from recent high levels will be offset by major hospital and dental school construction work over the next few years.

Section 4 Environmental Analysis
"Where we are and the issues we face"

4.2 SWOT ANALYSIS

STRENGTHS	WEAKNESS	OPPORTUNITIES	THREATS
Constituent bodies - Representation - Teamwork - Broad based skills - Coverage/reach Apolitical and Independent Established and respected brand in Brisbane and Canberra Board composition and director commitment Good access to local members who hold senior positions in state government, and can provide effective intros in federal sphere. Education sector. Knowledge industries of tropical expertise, bio-fuels health and medicine. Cost effective business centre. Proximity and contacts in Asia Pacific region. Improved internal or external communication strategy Improved public perception of the organisation Increased Regional support Support by State Govt through the REDC program	Narrow funding base and limited resources Limited air freight opportunities Lack of an effective region wide economic development planning process. Inadequate added value production in the region. We are exporting too much production value. As a region we appear to be unable to attract the same level of investment for infrastructure as other regions. Global Financial Crisis and resulting industry downturn. Significant International Tourism downturn	Further involvement from the Regional Councils will result in increased regional collaboration Patrons Program funding opportunities will expand and increase Airport Privatisation Potential collaboration with newly formed Federal RDA group. National focus on regions and the north is timely and an opportunity to capitalise. Reform of company structure and director composition. Provision of centralised research data. Providing new range of services for clusters. Abundant water resources. Positioning region as pre-eminent tropical sustainable region. Clinical services plan could drive new health infrastructure. Export markets for service industries Further support for TE projects	Continued financial recession Reduced funding support for the organisation. Loss of patrons support Security of support from Airport Lack of • regional economic development plan. • infrastructure plan • current data for investment profiling. • effective investment prospectus. Lack of development of Bruce Highway and Kuranda range road will limit growth. Continued decline in core tourism markets. REDC program currently finishes in April 2010

4.3 THE KEY ASSUMPTIONS

In a dynamic environment it is crucial we determine the assumptions underlining our plan at a point in time. These assumptions will influence our strategic direction and act as a reference point for future reviews of our performance and the plans relevance.

When the circumstances change, as they inevitably do, we can obviously adjust our plan and strategy.

The core assumptions we have adopted for this 2009/10 plan are as follows.

- Funding
  - Our funding model will be secure.
  - Patron program will continue to grow.
  - Change in source funding from Cairns Ports to Cairns Airport but negotiation required past July 2010.

- Regional Collaboration
  - We will continue a more regional perspective.
  - The three tiers of government being aligned will facilitate more regional cooperation.
  - Regional councils will remain involved and continue to contribute information.
  - Further interaction will happen on a inter-regional level.

- Economic Factors
  - Long Economic downturn in the market with a strengthening by late 2010.
  - Increasing transport costs making inputs and outputs more expensive. Greater need for regional self sufficiency and therefore value adding.
  - Tourism numbers will remain soft.
  - Continued population growth.

- Infrastructure
  - Cairns Base Hospital and Lotus Glen prison will be the major infrastructure projects.
  - The airport redevelopment completed.
  - The clinical services plan outcomes will identify the need for increased health infrastructure, but the timeframe will be mid term.

- Organisational Structure
  - The shareholding structure and board composition will change.
  - New staff will be recruited to undertake increased roles.
  - We will never have enough resources to achieve everything – need to collaborate and pick winners

- Revised Role
  - We will focus on export market development and other key functions.

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- New Initiatives
  - We will provide a new data & insights service for the stakeholders.
  - We will undertake more regional based activity.
  - Need for a strong inter and intra regional communication strategy.
  - Sustainability will be a major initiative area.

- Political Environment
  - We will form close political linkages.
  - We will need to better reflect on the impact of the new state and federal regional development policy/framework e.g. RDA network establishment.

- Planning Imperatives
  - The lack of a comprehensive regional economic development plan is a major gap in regions planning.
  - FNQ 2031 impact on planning needs to be recognised.
  - There will be an increasing need to expand the geographical focus on projects/issues to Northern Queensland and/or North Australia.

- Building on the Competitive Advantages
  - Knowledge economy growing
  - We can maximise the advantage of our proximity to Asia, Guam, and PNG.

- Environmental and Resource Factors
  - The Regional Sustainability project will be a new major focus.
  - Water – an asset of strategic importance. We need to better harness and manage this resource to deliver economic development benefits.
  - Carbon emissions focus must be turned into a positive for the region through our sustainability credentials.
  - A major focus remains the protection of the rainforest and reef as major economic drivers for the region. Our focus will remain as protect, preserve, and promote.

4.4 KEY ISSUES, THEIR STRATEGIC IMPLICATION AND RESPONSE

We have undertaken a process of distillation of the assumptions and SWOT to lead to the identification of the "key issues". The next stage is to define the strategic implication and response for these.

KEY ISSUES	STRATEGIC IMPLICATIONS	STRATEGIC RESPONSE
Effective Advocacy		
We need to ensure our advocacy more effectively present solutions for the governments which will attract more support and investment into the region	Otherwise we will continue to fall behind other centres like Townsville and Darwin, and limit the growth and lifestyle attractiveness of our region.	• Develop investment scenarios showing offset savings to government by reducing demand on the SEQ area through more incentives for business and migrants to come to TNQ.
Airport Privatisation	Could impact on future funding, commitment to increase air capacity, regional aviation services, and local employment. We need to ensure that we effectively lobby government and subsequently the new operator to achieve positive outcomes for the region.	• Establish relationship with new owner. • Assist wherever possible to achieve greater utilisation of this valuable resource.
Clinical Services Plan Health Plan	Lack of effective plan and investment in new hospital will impact on attractiveness of region for potential migrants, medical staff, and overseas student enrolments.	• Participate in the health taskforce.
State centralisation of decision making and support services	The loss of locally based personnel/ boards increases the risk of regional perspective not being considered. It also increases the need for frequent and effective advocacy.	• We will need to continually remind Government that this is a major concern to the region.
Monitoring Social & Economic Trends		
There is no centralised collection and analysis of key regional economic data	• Unable to target and provide potential investors with the objective facts. • Will limit our ability to proactively grow the economy.	• Set up JV with other bodies to collate and analyse the data. • Publish/distribute key findings. • Convene economic opportunity forum to share key findings.

Economic Downturn • Tourism remains soft, and yield falling • Job losses are a major concern.	Unless we diversify we will see growth decline for the region.	• Implement a diversification strategy. • Work with State Government to mitigate job losses.
Rapid population growth outstripping infrastructure development.	The 2031 plan and the regional economic plans need to address the challenges and needs this phenomenon will create, to ensure we have adequate services, infrastructure, and employment opportunities, and indeed can attract the right skills and investment to the region to secure our ongoing growth.	• Keep infrastructure spending on Government's *Front of Mind.* • Review policy/regulatory programs to ensure minimum impact on lifestyle/environment. • Target roll out of High speed broadband across region.
Climate change	• Could impact on reef and rainforest and impact tourism, fishing etc. • Consumer attitude to carbon emission could affect LH travel • Could result in water shortages, and affect agriculture. Rising sea levels result in increased flooding of commercial centres.	• Promote all Government programs which assist Business to be more efficient. • Promote regions Planet safe partnership credentials in overseas markets. This is a key regional C.A. • Push best practices.
Coordinated Regional Planning		
Regional collaboration has not been strong in the past. We need to take full advantage of the potential for improved Regional collaboration with the new councils especially in the area of regional economic development planning. We also need to better engage other regional cities, and the clusters.	Fragmented planning across the region will limit the effective regional economic development. Failure to do this will see a continuation of limited regional focus, engagement or support for/by AC. Increased collaboration can be developed • Across the region. • By creating new alliances across Nth. Australia. • With industry clusters.	• Continue to build strong relationships with the regional councils. • Collaborate to create regional economic development activities. • Build alliances with neighbouring regions. • Set up agreements with the clusters and providing strategic and admin support.

FNQ 2031, potential impacts on future growth and development	The current Plan focuses on land usage but not on economic development opportunities. We need to push to create better regional economic development and infrastructure planning.	• Advocate for economic planning. • Educate community.
The lack of comprehensive data, regional economic development, infrastructure and investment plans	Limits our ability to proactively target new industries and investors. Limits our potential to attract infrastructure to drive growth and accommodate population growth.	• Develop infrastructure and investment strategy. • Produce investment prospectus collateral.
Job Losses	The rising unemployment levels are of major concern to the region. These could lead to ancillary issues like a rise in the crime rate.	• We need to work with all Governments to ensure that processes are in place to mitigate job losses. • Ensuring that the infrastructure spend by the Federal Government – particularly the *Improve Schools* is rolled out in such a way that local business can easily tap into this process.
Limited Resources Regional partners/stakeholders need to better share their resource and information	The organisation needs to be adequately resourced.	• Leveraging. • Lobby for funding. • Patrons. • Using stakeholder resources.

Section 4 Environmental Analysis
"Where we are and the issues we face"

Building Profile and Support		
Need to secure our funding going forward. Our current funding base is too narrow and short term.	The Agreement with the State Government only secures our funding till June 2010. Unless we secure a new funding stream the program will be significantly impacted.	• Seek additional support from CRC following the introduction of the economic development levy. • Continue to build the patrons program. • Continue to gain support for other regional councils. • Target grant funds form both the state and federal governments.
There is a need to continue the successful communication strategy externally and internally, to reinforce the role and worth of the organisation, and promote the region.	• It is essential that the strategy shores up ongoing support and value perception of organisation. • We will not attract new resources to sustain economic growth.	• Continue communication strategy for Advance Cairns • Distribute Director briefing packs. • Produce promotional collateral including regional Stats books etc.
Growing the Economic Base		
Focussing on the Competitive Advantage. E.g. mining, proximity to Asia Pacific, education, Tropical Expertise, tourism, marine, creative industries	We need to maximise and focus our efforts on our regions competitive advantages. This includes our • Unique skills • Strong market links. • Product/ service advantages • Regional CA'S • Growth industries.	• Review current program and retain areas of competitive advantage, e.g. missions to Guam & China. • Develop export strategy for PNG ops to target mining activities and shipping options. • Target Asia Pacific region primarily. • Agree growth strategy with key sectors of education, tropical expertise, tourism, marine
Mining developments in TNQ and PNG provide opportunities	FIFO services, freight, and Demand for residential and commercial properties, and migration, are all opportunities.	• Providing competitive case for Cairns over other potential locations of Townsville and Brisbane. • Identifying the range of services required by the mining operations. • Continue support for the Mining Resource Taskforce.

Continued decline in core tourism markets We need to widen the tourism base by • Targeting new segments: health, education, sports, food and long stay • Introduction of the promotional levy • Targeting more Asian air services	• Lack of air access could limit growth, unless we can demonstrate viability of route. • Evolving the product to appeal to the changing demographics is crucial. • Cost competitiveness of destination is declining. • Fragmented funding for promotion may partially be overcome by levy.	• Continue working with TTNQ and Cairns Airport to provide economic data to back approaches to other foreign carries.
Inadequate added value production in the region	We are exporting too much potential revenue. Growth should come not only from more exports, but also through retention of Economic value in region through increase processing which adds value. A clear example of this is the minimal percentage of freight which exits via our air and sea ports	• Research to identify the best prospects for value added activity is required • Utilise the intelligence to attract new projects to the region. • Attract investment into the Region;
Education Is a COE for region and will be enhanced further by: • Developing our education services as an export to Asia Pacific • Focusing on our competitive advantages of tourism; tropical expertise; marine; environmental; health, language. • Capitalizing on abundant accommodation availability for international students • Becoming recognised as a learning city/region	Education sector can be a major market for the region and requires consistent effort to ensure that it is assisted to the fullest extent.	• We need to push our Competitive Advantage over other destinations more effectively. • We need to position and promote Cairns campus as a viable standalone option which offers a competitive and appealing range of courses. • We need to continue to collaborate with Study Cairns.

Health Services are vital for the region. • Export potential • Increases region's liveability	• Health services could be a significant export earner for the region. • Infrastructure and structural issues are limiting the potential to create an effective training and treatment centre for Tropical medicine in Asia Pacific	• Promote the regions health services. • Lobby government with findings of Health taskforce. • Review issues needed to address lack of placement opportunities.
We need to have a clear and coordinated plan to maximise Knowledge industries exports.	Sectors which have potential are tropical expertise, biofuels, energy, services, health and medicine.	• Identify the current impediments to growth • Identify the gaps which AC can address.
Increasing Access to the Region		
We need to increase freight uplift to enhance viability of increased air services	91% of regional exports go via Southern ports. We need to capture some of this to improve our viability for international airlines. Lack of recent data, and seasonality of product limiting attractiveness for airlines and distributors	• Finalise the freight study, and undertake research on the best mechanisms for implementing the findings of the study.

Continued issues with the impact of flooding on the Bruce Highway and safety issues on the Kuranda Range road will limit growth We need to push for further works on the Bruce Highway and Kuranda range upgrades.	• The Bruce Highway around the Ingham area can be blocked for significant periods. • Kuranda Range Road development unlikely. However this will constrain the economic development of the tablelands and impact on the regional growth options.	Need to establish the economic impact of lack of upgrades Lobby for government action.
There is an opportunity to develop an effective shipping hub for region and PNG	• This can effectively target freight and leisure shipping. • Attracting more Cairns based operators • The management integration of TNQ ports under Cairns Ports can be of benefit.. • Look at the benefits of a mix of uses for both Cairns Port, Mourilyan Harbour and Cooktown.	• Lobby for • Identify the additional funds to develop effective commercial shipping hub for the region. • Research the freight opportunities to become hub for PNG. • Identify potential leisure cruise operators who could base in Cairns.
Noting and Using Our Competitive Advantages		
Positioning Region as pre-eminent tropical sustainable region	• We have geographic, cost, and lifestyle and air linkage advantages. • Offsetting this we have some infrastructure and service deficiencies which we need to address. • Preserve and utilise the natural attributes of the region.	• Delivering compelling arguments for triple bottom line sustainability. • Developing and promoting our world best practise status re tropical expertise. • Need to ensure we have skills, services, access, and infrastructure to cater for the demand. • Build on the cultural capital reputation for restaurants, shopping, arts, and sports. • Reinforce regions advantages of lifestyle, within a business like environment; excellence in planning; efficiency; and good access to Asia, Pacific, and domestic capitals.

Sustainable region branding can overcome the carbon emission debate threat to our regions attractiveness to tourists	• Demonstrate how the region is environmentally responsible to overcome carbon footprint negatives. • Demonstrate how the principles of sustainability transcend many sectors of the economy. • Use this brand to combat the carbon emissions arguments impacting on our tourism. • Also use the brand to establish another CA for all industries in the region	• Work closely with Sustainable Regions steering committee to establish a list of projects that could have serious triple bottom line benefits to the region.
We should concentration on the Asia Pacific region for export market activity.	This is a region that we have a clear competitive advantage.	• Capitalise on the networks established within China, & Guam and concentrate on COE'S • Maximise existing contacts and knowledge of PNG and Guam as areas of export market development. • Establish short and medium term priorities for export market development.

Section 5 Corporate Objectives
"What we want to achieve"

5.1 INDUSTRY DIVERSIFICATION

Broadening our economic base through attracting new industries, and building on core centres of expertise, competitive advantages and facilitating business development.

5.2 ASSESSING INFRASTRUCTURE NEEDS

AC has a role in advocacy for regional infrastructure – collating the regional needs and then lobbing the decision makers.

5.3 DEVELOPING A SUSTAINABLE REGION

Working on a process where the TNQ Region could become one of Australia's first truly Sustainable Regions - Covering Economic, Environmental and Social Sustainability.

5.4 ATTRACTING INVESTMENT TO DRIVE THE GROWTH

Attract investors, migrants, services, businesses and tourists to the region by positioning TNQ as a preferred place to invest, visit, live, and operate.

5.5 INDUSTRY AND BUSINESS ENHANCEMENT

Assisting local Business and Industry to prosper and achieve a greater slice of the national and international market.

5.6 INTER-REGIONAL and INTRA-REGIONAL RELATIONSHIPS

Building stronger relationships with the organisations within our region that can value add to our processes and strengthening the linkages with organisations across Northern Australia.

5.7 PROVIDE EFFECTIVE ADVOCACY FOR THE REGION ON KEY ISSUES

Monitor and seek to influence government policy and legislative plans to ensure there is no regulatory impediment to sustainable Regional economic development. Devise appropriate policy and position papers.

5.8 CLIMATE CHANGE

Advance Cairns should play a role in preparing the businesses and industry in the region for Climate Change legislations.

5.9 BUILDING THE PROFILE AND SUPPORT FOR THE ORGANISATION AND REGION

Increasing awareness and support of the organisations' role and program. Attracting widespread support and recognition across regional industry and Government's at all levels to provide financial and strategic support for region.

5.10 UNDERTAKE PROJECTS ON BEHALF OF DEEDI

Advance Cairns administers a range of project on behalf of the State Government Department – Dept of Employment, Economic Development and Innovation.

Section 6 The Action Plan

OBJECTIVE 1	INDUSTRY DIVERSIFICATION			
Broadening our economic base through attracting new industries, and building on core centres of expertise.				
Strategy	**Action**	**Timeframe (Completed by)**	**Lead Agency**	**Support**
1.1 Build the current winners and competitive advantages				
1.1.1 Develop the region to attract smart industries.	• Continue work on Tropical Expertise and chase opportunities through business matching exercises.	On-going	AC	DEEDI
1.1.2 Support the cluster groups in key sectors of education, tropical expertise and tourism, marine	• Establish Cluster Hub in AC Office	September 09	AC	DEEDI
1.1.3 Work closely with other regions	• Keep an eye on the work other regions are doing to support business opportunities	On-going	AC	TEL, Mitez, MWREDC
1.1.4 Review current program and retain areas of competitive advantage, e.g. missions to China	• Seek out new opportunities for the region's business interests.	On-going	AC	Chamber
1.1.5 Widen the tourism base	• Review in conjunction with TTNQ how we as a region can better target growth segments such as health tourism, events, education, long stay, and seniors markets • Undertake project to target the Food Tourism market.	On-going Nov 09	TTNQ AC	AC, Cairns Airport ATF, DEEDI
1.1.6 Taking a lead Role	• Providing competitive case for Cairns over other potential locations of Townsville and Brisbane • Identifying the range of services required by the mining operations • Ensure we can cost competitively provide the range of services	On-going	AC	DEEDI, CRC, Chamber

1.1.7 Look for Complimentary Industries	• Develop hard/soft collateral which promotes and delivers compelling arguments re benefit for business, migrants, and investment; our tropical expertise; our cultural capital reputation • Reinforce regions advantages of lifestyle, within a business like environment; excellence in planning; efficiency; good access to Asia, Pacific, and domestic capitals	On-going	AC	DEEDI
1.1.8 Capitalise on our proximity and linkages to Asia Pacific region	• Continue with the process of building relationships through both inward and outward trade missions.	November 09 On-going	AC	TTNQ, CRC, Chamber
1.2 Identify & promote our unique advantages				
1.2.1 Promote our environmentally sustainable practices	• Build case for investment in renewable power generation options		AC	TEL
	• Target infrastructure funds announced as part of 2009 federal budget		AC	CRC, FNQROC
1.3 Seeking new markets / export market development				
1.3.1 Continue working with groups such as BSG to source export opportunities.	• Identify supply needs for markets, and match to our output potential.		External	AC, CRC
	• Develop export strategy for PNG ops to target mining activities and shipping options		Chamber	AC
1.3.2 Target key regional markets	• Target supply and tourism opportunities in Guam and other markets		AC	Chamber, CP, TTNQ, AC

1.4 To achieve product enhancement, value adding opportunities, and increased competitiveness				
1.4.1 Analyse where we are outsourcing activity or production and review options to undertake value added activity in region	• Assist companies researching value adding opportunities for the region. • Implement findings of the freight study • Encourage value adding research, investment and other initiatives • Work with local producers to investigate branding the region as a quality food experience.	Ongoing Sept 09 Ongoing Sept 09	AC AC AC AC	DEEDI DEEDI COMET, DEEDI
1.4.2 Examine potential of new technology	• Work with local companies with new innovations.		AC	COMET, DEEDI
1.5 To increase market penetration by targeting non-traditional markets	• Research specific industry markets for: – Market opportunity identification. – Product development and value adding opportunities.	Ongoing	AC	Chamber, DEEDI
	• Assist with workshops to encourage industry sectors to identify, and prioritise, key emerging markets to the region. • Encourage research of emerging market potential, and entry requirements.	2 workshops in September 09 & February 10	AC	DEEDI, ATEC
	• Encourage and assist outbound and inbound trade missions.	November 09 & ongoing	AC	Chamber, DEEDI

OBJECTIVE 2	ASSESSING INFRASTRUCTURE NEEDS			
AC has a role in advocacy for regional infrastructure – collating the regional needs and then lobbing the decision makers.				
Strategy	**Action**	**Timeframe (Completed by)**	**Lead Agency**	**Support**
2.1. Constantly monitor the infrastructure needs of the region.	• Put in place a process to capture the infrastructure needs of the region.	Call for input from stakeholders in Novemner 09	AC	CRC, Chamber, TTNQ, FNQROC
2.2. Keep a register of Infrastructure projects.	• Establish an infrastructure register.	Yearly by end of the third quarter	AC	CRC, Chamber, TTNQ, FNQROC
2.3. Utilise the register to Lobby Decision Makers	• Utilise all appropriate opportunities to promote the register to decision makers.	As needed	AC	CRC, Chamber, TTNQ, FNQROC
2.4. Undertake Research into particular infrastructure projects.	• Some of the projects will require some research and business case development.. • Encourage proponents to undertake costings.	As needed	AC	CRC, Chamber, TTNQ, FNQROC
2.5 Develop plans for particular infrastructure projects.	• Work with stakeholders to develop various position papers for infrastructure promotion.	As needed	AC	Various stakeholders

2.5.1 Shipping	• Research the freight opportunities to become hub for PNG	March 10	AC	Cairns Ports Chamber
2.5.2 Road Networks	• Combine with TEL to identify how lack of development of Bruce Highway will limit growth.	Ongoing	AC	TEL
	• Push for completion of Bruce Highway flood mitigation upgrades.	Ongoing	AC	TEL, QT
	• Continue dialog with Government about continued safety upgrades to the Kuranda Range Road.	Ongoing	AC	TRC, QT
	• Lobby for government action.	Ongoing	AC	Chamber

OBJECTIVE 3	DEVELOPING A SUSTAINABLE REGION			
Working on a process where the TNQ Region could become one of Australia's first truly Sustainable Regions - Covering Economic, Environmental and Social Sustainability.				
Strategy	**Action**	**Timeframe (Completed by)**	**Lead Agency**	**Support**
3.1 Develop a plan for developing a sustainable region.	• Continue to play a significant role with the sustainability steering committee. • Act as host organisation for the operations of the steering committee. • Apply for financial support to facilitate the project outcomes.	July 09 Sept 09	CRC AC	AC, ARUP, GBRMPA, Terrain, Wet Trop, EPA, TTNQ, FNQROC Chamber
3.2. Promote the concept to the regional community.	• Work with the steering committee and other organisations to plan a promotional roll-out for the concept. • Undertake a business competition to promote the activities of the organisation and involve the community.	July 09 July 09	AC, Win TV ,TTNQ	AC, ARUP, GBRMPA, Terrain, Wet Trop, EPA, TTNQ, Chamber FNQROC
3.3. Develop real projects to flow from the process.	• Utilise the Steering committee to develop and prioritise a list of projects for the group to deliver. • Highlight the successes of the process to State and Federal Govt.	Sept 09	CRC, AC AC	AC, ARUP, GBRMPA, Terrain, Wet Trop, EPA, TTNQ, Chamber FNQROC

OBJECTIVE 4	ATTRACTING INVESTMENT TO DRIVE THE GROWTH			
Attract investors, government funding, migrants, services, businesses and tourists to the region by positioning TNQ as a preferred place to invest, visit, live, and operate.				
Strategy	**Action**	**Timeframe (Completed by)**	**Lead Agency**	**Support**
4.1. Attract new equity investment	• Ensure development of a structured investment and venture capital attraction program. • Identify potential new projects and / or industries. • Develop a Register of potential regional projects which require investment injections, • Identify and target potential investors. • Prepare and market project profiles demonstrating business viability. • Produce a potential investor and media kit for distribution to enquirers and visiting journalists.	Ongoing November 09 November 09 November 09	AC AC AC AC	DEEDI, Chamber DEEDI, Chamber DEEDI
4.2. Local Investment	• Continue with the Invest TNQ program. Bringing together local investors and innovative new companies.	Oct 09	AC	DEEDI
4.3. Trade Missions	• Continue to conduct targeted trade missions to assist local companies. • Seek external investment trough the trade missions.	Ongoing	AC	TTNQ, Chamber
4.4 Assisting Companies looking	• Act as the central point of contact for outside companies looking to	Ongoing	AC	DEEDI,

to locate in Cairns	develop new projects in the region. • Offering to pull together all of the appropriate agencies so that there is a seamless information transfer.			Chamber
4.5 Possessing the right collateral	• Develop a range of promotional collateral for the region which would assist outside companies that the region is an appropriate place in which to invest.	Sept 09	AC	TTNQ, Chamber

OBJECTIVE 5	INDUSTRY AND BUSINESS ENHANCEMENT			
Assisting local Business and Industry to prosper and achieve a greater slice of the national and international market.				
Strategy	**Action**	**Timeframe (Completed by)**	**Lead Agency**	**Support**
5.1. Promote local industry	• Promote local industry through the AC and TE websites. • Produce some local industry promotional collateral.	Ongoing Sept 09	AC AC	DEEDI, Chamber
5.2. Support the regional clusters	• Provide a suitable office base for the clusters. • Offer to undertake goal setting workshops. • Promote the activities of local cluster groups.	Sept 09 Nov 09 Ongoing	AC AC AC	Clusters
5.3. Search for value adding opportunities for local produce.	• Undertake a food tourism project looking to position the TNQ region as a place that visitors want to come to, to sample produce and seafood. • Work with companies that are looking to develop value adding process plants in the region.	Dec 09 Ongoing	AC AC	USC DEEDI
5.4. Respond to business opportunities	• Become the first *Port of Call* for companies looking to site themselves in the TNQ region. • Offer new business and industry groups support and gathering together of all interested parties relating to new business development.	Ongoing Ongoing	AC AC	CRC, FNQROC, Chamber
5.5 Develop processes to assist with business retention.	• Work with DDEDI and Chamber of Commerce & Industry Qld to look at ways of assisting business to remain vital and continue operating in the region.	Ongoing	AC	DEEDI, CCIQ Chamber
5.6 Act as an advocate for local business and industry	• Act as a voice for local business and industry to the relevant decision makers.	Ongoing	AC	Chamber

OBJECTIVE 6	INTER-REGIONAL and INTRA-REGIONAL RELATIONSHIPS			
Building stronger relationships with the organisations within our region that can value add to our processes and strengthening the linkages with organisations across Northern Australia.				
Strategy	**Action**	**Timeframe (Completed by)**	**Lead Agency**	**Support**
6.1. Develop better relationships with internal stakeholders	• Continue the informal CEO lunches. • Continue involvement in all joint projects.	Ongoing	AC	TTNQ, Cairns ports & AirPort, Chamber, CRC, JCU
6.1.1 Strengthen the working relationship with Cairns Regional Council	• Assist CRC with the evaluation of projects and submissions • Act as economic development arm of the Council	Ongoing	AC	CRC
6.2. Develop a strong working relationship with regional stakeholders eg. FNQROC, TFC	• Attend and report to the FNQROC committee. • Attend Tablelands Futures Corporation meetings. • Interact with information.	By Monthly	AC	Regional Chambers, FNQROC, TFC, Gulf Savannah
6.2.1 Undertake projects on behalf of the FNQROC	• Undertake an agreed list of activities on behalf of the FNQROC. – see Attachment 2.	By years end	AC	FNQROC
6.3. Work closely with the new Federal RDA structure.	• Continue with membership on the management committee of the FNQACC/RDA. • Investigate undertaking joint projects.	Ongoing	AC	FNQACC
6.4. Continue building the	• Continue to attend joint REDC meetings.	Ongoing	AC	TEL. MWREDC,

relationship with sister REDC organisation – TEL, Mitez, MWREDC etc.	• Undertake projects that are cross regional. • Support initiatives that other REDC members are promoting • Illicit support from REDC members for AC initiatives.			MITEZ, RDC, GLREDC,
6.5. Develop a relationship with other agencies from across Northern Australia.	• Work with kindred agencies in the Northern Territory and Western Australia. • Develop a working relationship with the Office of Northern Australia.	Ongoing	AC	NT Govt & WA Govt ORA

OBJECTIVE 6 PROVIDE EFFECTIVE ADVOCACY FOR THE REGION ON KEY ISSUES Monitor and seek to influence government policy and legislative plans to ensure there are no regulatory impediments to sustainable regional economic development. Devise appropriate policy and position papers.				
Strategy	**Action**	**Timeframe (Completed by)**	**Lead Agency**	**Support**
7.1 Gain the knowledge to effectively understand the needs of the community.	• Hold patron function to better understand the needs of the patrons; • Undertake surveys to gain an appreciation of the wider community; • Utilise the website to draw information from the wider community.	On-going	AC	Chamber
7.2 Ensure key politicians and bureaucrats database is current, and provide regular regional updates	• Hold Regular meetings with Local, State, Federal Politicians • Produce regular newsletter which focuses on economic trends, regulatory issues, investment options, and regional promotion • Provide effective web linkages to related bodies • Update the position papers and elevator notes	On-going Monthly As required In conjunction with deputations	AC AC AC AC	
7.3 Identify core issues and develop coordinated lobbying program	• Survey industry to identify regulatory impediments to economic development. • Coordinate the production of a joint local/state/federal prioritised list of major infrastructure requirements for the region, to assist in the lobbying for State and Federal Government funding • Develop position papers • Establish lobby trip program for politicians and industry targets • Prepare media briefing kits	Once a year Once a year As required Twice a year As required	AC AC AC AC AC	Chamber Chamber, CRC Chamber

7.4 Establish communication exchange forum with other key groups in Northern Australia	• Establish regular meetings and information exchange on key issues with TEL and other like bodies. • Identify joint lobbying issues • Identify joint research program	Quarterly As required As required	AC	TEL, DEEDI
7.5 Demonstrate to government we have solutions, which is in their interest to support and invest	• Develop position papers that have a definite solution to the problem. • Identify how the regional aviation strategy adjustments can assist not only our region but development of regional Australia, through the promotion of the findings in the Access Economics study.	As required Sept 09	AC AC	Chamber TTNQ, Chamber

OBJECTIVE 8	**CLIMATE CHANGE**			
Advance Cairns should play a role in preparing the businesses and industry in the region for Climate Change legislations.				
Strategy	**Action**	**Timeframe (Completed by)**	**Lead Agency**	**Support**
8.1. Investigate what assistance is available from Government.	• Keep abreast of all initiatives from State and Federal Governments regarding Business access to incentives.	Ongoing	AC	Chamber
8.2. Promote the opportunities to regional Business.	• Utilise our contact base to promote these initiatives. • Host a series of functions to publicise the opportunities for business to adopt new procedures to become climate ready.	Ongoing March 10	AC AC	 Ergon
8.3. Become a regional leader in Climate Change Mitigation.	• Promote the region as one that is truly conscious of its climate change footprint. • Deliver projects that promote the Sustainable cause.	Ongoing Oct 09	AC AC	Sustainable TNQ

OBJECTIVE 9 BUILDING THE PROFILE AND SUPPORT FOR THE ORGANISATION AND REGION Increasing awareness and support of the organisations role, and program. Attracting widespread support and recognition across regional industry and governments at all levels to provide financial and strategic support for programs.				
Strategy	**Action**	**Timeframe (Completed by)**	**Lead Agency**	**Support**
9.1. Implement communication strategy for Advance Cairns and region.	• Implement as per detailed plan outlined in section 7.1.	As per plan	AC	Cairns Post & Regional Media
9.1.1 Continue with "*News form Advance Cairns*" in the monthly Cairns Post Business Page.	• Use this opportunity to keep the general public aware of the activities of Advance Cairns.	First Wed of month	AC	Cairns Post
9.1.2 Continue with the bi-monthly patrons' e-newsletters and other functions as per the patrons' engagement strategy.	• Bi-monthly patrons' e-newsletters. • Run quarterly update seminars for stakeholders, and potential patrons. • Establish response mechanism and generate briefing pack for prospective investors**.**	Bi-Monthly Quarterly	AC AC	 Hotel Patrons
9.1.3 Produce updated regional profile Stats Books and regular data reports to demonstrate regional outputs.	• Stats Books • Regional Data • Have these publications available to interested parties. • Use them as a resource when discussing investment opportunities.	Yearly Bi-monthly Ongoing	AC AC AC	Cummings
9.2. Develop agreed protocols with stakeholders regarding investment inquiry referrals, and processing	• Establish agreed roles of constituent bodies. • Define lead and support agency role in plans. • Have assigned responsibility reflected in member plans with three month status reporting.	Sept 09 Sept 09	AC	CRC TTNQ

9.3. Ensure we have a team of "advocates' who are pushing the key regional issues and reinforcing the role and value of Advance Cairns	• Implement regular stakeholder briefings to boards and members • Briefings for patrons program • Regular briefings of political representatives	On going	AC	
9.4. Profile the region to key target groups • **Investors** • **Migrants** • **Tourists** • **Service providers**	• Coordinate with Regional conferences • Produce and distribute profile data sheets • Participate in relevant expos or trade shows • Targeted overseas missions • Implement detailed marketing plan outlined in section 7.1	On going	AC	Chamber
9.5. Develop Regional promotional Collateral	• Range to address: Why invest, why migrate, why setup business, why set up home, why visit?	Jan 10	AC	Chamber TTNQ

OBJECTIVE 10	UNDERTAKE PROJECTS ON BEHALF OF DEEDI			
Advance Cairns administers a range of project on behalf of the State Government Department – Dept of Employment, Economic Development and Innovation .				
Strategy	**Action**	**Timeframe (Completed by)**	**Lead Agency**	**Support**
10.1. Implementation of the TNQ Food, Produce & Value-adding Market Improvement Strategy	• The project will develop the emerging food tourism businesses of Cairns and surrounds of Tropical Nth Qld to a high standard of products, services and visitor experience. • The ultimate outcome of this project is to disperse visitation and develop food tourism as a key segment of the tourism industry of the region.	April 2010	AC	DEEDI, QDPI&F, Australian Tropical Foods, Tablelands Futures Corporation
10.2. Economic Diversity Through Creative Industries	• Identification of latent demand in the film and television production market that could be captured in Far North Queensland • Costings and schematics for a potential production house and associated business and industry complex • Identification of suitable land on which to develop the facility • Identification of appropriate investors to finance infrastructure • Identification of potential operators (tenants) for the business and industry complex • Identification of suitable management structure for the facility • Trading projections for the operation of the facility	April 2010	AC	Cairns Ports, CRC, JCU, Chamber, TNQ Film & TV Production Businesses, International Film Festival Working Group, Conics
10.3. Tropical Expertise	• A tender-writing workshop, spearheaded by a local specialist and demonstrating a 'live project' • The project will include a business matching and networking expo hosted by Advance Cairns, which would match local business skills to international projects. • Website upgrade to ensure technology supports a feedback mechanism	April 2010	AC	DEEDI

	that is user friendly for members.			
10.4. Investment Attraction	Project activities for Investment Attraction will include: (1) Promotion of the opportunities that exist in TNQ for business growth and development, through specialized forums and business networks. (2) Advance Cairns will also allocate project funds towards the launch of a web portal for TNQ (developed under a previous investment attraction project). (3) Trade missions to Guam, China and the Middle East.	April 2010	AC	DEEDI, TTNQ, Chamber
10.5 Regional Development	***Project activities for Regional Development will include:*** (1) Participate in and support Regional Forums initiated by DEEDI (eg. related to the Centres of Enterprise initiative). (2) Address requests from DEEDI for regional economic data for input into regional Initiatives (eg. related to the Centres of Enterprise initiative).	April 2010	AC	DEEDI, TTNQ, Chamber

Section 7 Detailed Plans

7.1 MARKETING PLAN

The Advance Cairns brand is emerging as a more familiar concept within the broader community than in past years, however, there remains some significant ground still to be covered to 'demystify' the organisation and its role in Cairns and the broader TNQ region. To attract further and continued support for Advance Cairns, both financially and strategically, it is imperative that the organisation's *message, target audience, strategies* and *tactics* are clearly defined.

Message

Primary message

Advance Cairns is the peak coordination agency for sustainable economic development in TNQ.

Mission statement

"Coordinating, facilitating and advocating sustainable economic growth in TNQ"

Vision

"To develop and sustain a diverse and vibrant TNQ economy that creates employment, attracts investment and services, and enhances our environment, lifestyle and community."

Philosophical messages

Advance Cairns believes:

- Cairns is to be respected as a top rate city and not a secondary regional outpost by governments.
- Cairns and TNQ is a premier region for investors, new and growing businesses, skilled workers, tourists and governments.
- TNQ's unique attributes and requirements deserve equally unique solutions.

Tactical messages

Advance Cairns will:

- Promote and support Cairns and the TNQ region as an integrated entity,
- Be apolitical and representative of all levels of business & community interests, and
- Be the project manager, not the builder.

The messages can be adjusted to suit relevant circumstances and to respond to developments and change without compromising the integrity of the communications strategy.

Target audience

The Advance Cairns audience has been identified as belonging to four distinct groups. By recognising the various parties the organisation engages with, the messages and marketing activities can be focused on the appropriate audience.

Members	Business	Community	Government
Board	Local	TNQ region	Local
Constituents	State		State
Patrons	National		Federal
	International		

trategic plan

- Promote and advocate on behalf of the region;
- Consistently communicate the key messages of the organisation to its target audience in order to reinforce its position and promote its activities;
- Increase awareness of the organisation's role in the region;
- Bolster support for the organisation's activities; and
- Attract widespread financial and strategic support for the region across regional industry and all levels of Government.

Tactical plan

A variety of mediums will be used to execute Advance Cairns' marketing plan and communicate to the organisation's target audience. They include:

- e-Updates;
- Advance Cairns website;
- Australian Tropical Expertise Consortium website;
- Media outlets – local, state, national and international;
- Marketing & promotional material;
- In-house publications;
- Conferences & events; and
- Reports & briefing papers.

The following table outlines how each medium will be utilised, and to which audience it will apply.

Section 7 Detailed Plans

The following chart illustrates the exposure the target audience groups will receive to the communication activities.

MEDIUM AND TARGET AUDIENCE EXPOSURE

Medium	Board	Members	Patrons	Local business	State business	National business	International business	TNQ Community	Local Gov	State Gov	Fed Gov
e-Update	✓	✓	✓	X	X	X	X	X	X	X	X
AC website	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ATEC website	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Media outlets	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marketing & promo material	X	X	X	✓	✓	✓	✓	✓	✓	✓	✓
In-house publications	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Conferences & events	✓	✓	✓	✓	✓	X	X	✓	✓	X	X
Reports & briefing papers	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓

Section 7 Detailed Plans

PUBLICATIONS STRATEGY

Medium	Format	Audience	Vehicle	Budget	Description	Timeframe
eNewsletter	Bi-monthly	Members	email	15c/email address	Update of AC news & activities	Ongoing - Commenced July 08
Media Kits	As required	All	email	Nil	Editorial content, data sheets & images	Ongoing - Rolled out from July 08
Advertorial in The Cairns Post	Monthly	All	Newspaper	$ 1,250/month for 10 months over a 12-month period Total - $12,500	Update of AC news, activities & achievements	Ongoing – Commenced November 08
AC Brochure/ Regional Profile (lifestyle/business)	Annual	Community, business & Government	200gsm DL, A4 folded brochure 1000 copies	$825 Design & Print	Promote organisation & promote & raise profile of region	May 10
TNQ Investment Environment	Annual	All	PDF A4 2-page	$260 - design	Economic overview of cairns and surrounding region	May 10
Cairns Region in Figures (Stats book)	Annual	All	A6 Booklet 100 copies	$2300 - Design & Print	Statistical information reference tool	August 09
AC Promotional DVD	Annual	All	DVD	$2110 - Produce & burn 20 copies	Promote organisation & promote & raise profile of region	May 10
AC Website	Annual			$1450 - Domain rego, hosting & maintenance	Reference point for company information and resource tool for the region	
Australian Tropical Expertise Website	Annual			$1450 - Domain rego, hosting & maintenance	Promote the emerging sector and act as a platform for the Capability Database.	
Advertising	Annual			$12,000	Advertising & editorial to support key activities and projects	

Section 7 Detailed Plans

EVENT STRATEGY

Event	Definition	Internal/ External	Participants	Time	Budget
International Trade Mission Support	Promotion of Tropical Expertise to national & international markets	External	Members, Business	October 2009 Event details to be finalised	
Patrons' Functions	Update Patrons on AC's current activities, and provide a networking forum	Internal	Constituents, patrons and relevant organisations	Quarterly event June, September, December & March	Itemised under Stakeholder relations ($10,000)
Investment Forum		External	Members, Business, Government, DEEDI	February 2010	$10,000
Tropical Expertise Forum	Tender writing workshop for ATEC members	External	Business	October 2009	$15,000
Conference Registration fees	Attendance for relevant events	External	Townsville Economic Development Conference etc	October onwards	$2000 4 events at $500 each

7.2 ADVOCACY PLAN

Background

Our business plan identifies a critical role for Advance Cairns as policy development and advocacy, with one of our primary objectives being, the provision of effective advocacy for the region on key issues.

Our intention is to monitor and seek to influence government policy and legislative plans, to ensure there are no regulatory impediments to sustainable regional economic development

In section 6 of the plan we outlined the linked strategies to achieve this and identified actions. This therefore should be read conjunction with this detailed plan, to appreciate the complete focus of what we will focus on and how we will do it.

The marketing plan has identified the broad range of target groups and messages we intend to drive, but this plan will concentrate on the political sector and the policy issues and impediments on which we want to have effective advocacy.

The Primary Targets

- All three levels of government
- Local Elected members
- Ministers and relevant government departments
- Industry Associations and representative bodies

The Key Issues

The business planning process has identified the following current issues. Throughout the year this will be a dynamic list with new issues and priorities evolving.

Transport issues

- Aviation capacity and regulation
- Regional aviation plan
- Cruise terminal and port development
- Road infrastructure & Flood Immunity

Health

- Appropriate Regional health services plan
- Review issues needed to address lack of placement opportunities for medical students/nurses

Employment

- Job retention strategies
- Small business assistance

Regional services

- Small business support in region
- Maintaining Government decentralised services in region

Tourism

- Promotion of region by national and state bodies
- Tourism niche opportunities
- Impact of 2031 plan on tourism infrastructure

Regional development

- 2031 plan
- Understanding Fed Government focus on regional development and accessing available support funds for the region
- Determining what Regional incentives may be possible to attract skilled staff, investors, and infrastructure investment

The Methods

As relevant we will

- Research issues
- Produce position papers
- Issue press releases
- Face to face briefings
- Conduct email campaigns
- Produce support collateral
- Organise delegation visits
- Correspond with targets
- Present to associated and constituent bodies
- Nominate other constituent bodies as the lead agency and provide support where applicable

The Action Plan

The assigned action plan is set out in the following table.

Section 7 Detailed Plans

TOPIC	STATE OR FEDERAL	AGENCY INVOLVEMENT	PLANNED ACTIVITY	PRIORITY
Freight Consolidation	S	AC LEAD CP, DEEDI	• Target bid companies to determine their regional commitment. • Lobby govt for operator with the best strategic fit.	A
Aviation capacity	S&F	TTNQ LEAD AC, CA, CCC TTNQ;CA LEAD CCC lead	• AC assisting with the implementation of the Freight Study process • Ongoing negotiation with airlines. • Identification of aviation needs by mining	B.
Regional airport issues	F	CA, TTNQ LEAD AC	• Working with TTNQ and Cairns Airport for a good outcome on the Aust Govt White Paper on Aviation.	A
Health services	S	CCC LEAD AC	• Continue to push for appropriate services at the Cairns Base and other regional Hospitals.	A
Job Retention	S&F	AC LEAD CCC, DEEDI, FNQACC	• Working as part of the State Govt's Jobs taskforce	B
Small business Assistance	S&F	AC lead CCC, FNQACC	• We need to get a message to both State and Federal Govts that the small business sector needs support.	B
Road infrastructure Kuranda Range Road Bruce Hwy	S&F	CCC Lead AC, TRC	• Work with Tville on Bruce Hwy issues, and TRC on Kuranda	B
State 2031 strategic plan	S	CCC lead AC,TTNQ	Continue to ensure that the plan does not hinder development.	A
Inbound tourism	S&F	TTNQ Lead AC,CPA	• Lobby ministers, TQ and TA for more support for the region Provide a plan of action in conjunction with TTNQ to demonstrate the funds shortage, and leveraging opportunity for the partners	A

Section 8 Corporate Structure and Governance "How we Manage"

8.1 THE COMPANY STRUCTURE

Advance Cairns was initially set up as a public company, the shares of which are held by the Cairns City Council and the Cairns Port Authority. The two Shareholders provide the majority of the company's funding but this is supplemented by contributions from Patrons from within the Region's business community. The organisation has 12 directors, who consist of 6 members who are nominated by the constituent organisations, and 6 independent directors who are invited to join the board.

The profile of the constituent organisations is as follows:

Cairns Regional Council is the largest local government entity in the Tropical North and has a goal of creating Australia's premier Regional city and for Cairns to become more "internationalised" each year.

Cairns Ports manage a multi-purpose Regional seaport and oversee the management of all Ports in Nth. Queensland, and the Cityport development in Cairns.

Tourism Tropical North Queensland (TTNQ) is the official destination marketing organization for Cairns, the Great Barrier Reef and the Tropical North Region.

Cairns Chamber of Commerce is the second largest chamber in Queensland and works with commerce, industry and government to improve the business environment for its 800-plus members.

Far North Queensland Area Consultative Committee is one of a national network of ACCs which provide a link between the Federal Government and rural and regional Australia to facilitate change and development.

James Cook University (JCU) - As the University servicing North Queensland it has campuses in both Cairns and Townsville, and a rapidly developing international student base.

The two new member positions will include:-

Cairns Airport the new owners of the facility currently manage the fifth busiest airport in terms of international passenger movements in Australia.

Far North Queensland Regional Organisation of Councils is the coordinating body for the region's Local Government.

8.2 THE BOARD COMPOSITION

The board currently consists of 12 directors, made up of 6 constituent members' representatives and 6 Independent directors. The current incumbents are as follows.

8.2.1 Independent Directors

- Mr Russell Beer (Chairman), Managing Partner, MacDonnells Law and Chairman of AFL Cairns
- Mr Cam Charlton, Director of Kleinhardt Pty Ltd; Director of CREDC

- Mr Ron Tong, Managing Director, Tong Sing
- Ms Rose-Marie Dash, Managing Director, HS Vision Group
- Mr Michael Huelin, Partner, Williams, Graham Carman Solicitors
- Mr Owen Dalton, Director Conics

8.2.2 Nominated Directors

- Cr Val Schier, Mayor of Cairns, Cairns Regional Council
- Mr Clive Skarott, Chairman, Cairns Ports
- Mr Rob Giason, Chief Executive Officer, Tourism Tropical North Queensland
- Mr Jeremy Blockey, President, Cairns Chamber of Commerce
- Mr Clive Abbott, Board member representing FNQ Area Consultative Committee
- Prof Sandra Harding, Vice Chancellor, James Cook University
- Mr John Andrejic, Chief Financial Officer, Cairns Airport
- Cr Bill Shannon, Far North Queensland Regional Organisation of Councils

8.3 PROPOSED STRUCTURAL AND BOARD COMPOSITION CHANGES

The company structure and board composition has been changed at the commencement of the 2009/10 financial year, with the organisation becoming a "Company Limited by Guarantee".

At the same time as this structural change the board composition has been altered as follows:

- The board will consist of 14 directors
- Each of the following 8 shareholders would nominate a director to represent them on the board
    - I. Cairns Regional Council
    - II. Cairns Ports
    - III. TTNQ
    - IV. Cairns Chamber of Commerce
    - V. FNQ ACC
    - VI. JCU
    - VII. FNQROC
    - VIII. Cairns Airport

- A further 6 independent directors have been be elected.
- The Chair and Deputy Chair would continue to be elected from the independent directors, and elected by the member directors. This will be an annual process.
- The term for the independent directors will be for three years, with their election staggered so that two would stand for re-election each year. Independent directors will be allowed to stand for a maximum of only two consecutive terms.

Another two existing independent directors will resign and renominate in Oct 2009 for re-election to the board, with the initial rotation being finalised by the last two director's term ending at the 2010 AGM. This process will ensure we maintain a rotation of 33% of the independent directors every year.

8.4 THE COMMITTEES OF THE BOARD

We currently have three board committees which work with the management to address specific issues. They are:

- Operations
- Finance
- Communications

These committees are chaired by a director with secretariat support from the management team.

Other sub committees may be established, as necessary, to address specific issues as delegated by the board.

8.5 PERSONNEL

The present staff consists of six full time equivalents (FTE'S) and one part-time project officer. Other Project Officers will be appointed from time to time in accordance with project requirements.

Current Positions	
CEO	The CEO's role is to co-ordinate the resources of Advance Cairns to deliver the agreed business plan within the defined budget. The CEO is also accountable to the Board of Directors.
Economic Development Officer	The EDO role is to support the CEO on Regional strategic planning issues, developing an on-line database of the Region's performance and capacities, identifying priority domestic and foreign investment opportunities and managing the strategic planning process.
Senior Administration Officer	The SAO role is to support the CEO with the administration of Advance Cairns including Board reporting, undertaking research, arranging trade missions and visa applications.
Corporate Communications Officer.	The CCO role includes collaboration with the CEO on maintaining the profile of Cairns as a business destination, general marketing and public relations, developing community stakeholder relationships and facilitating business opportunities from trade projects.
Office Administration Assistant	The role of the OAA is to assist the work of the SAO and manage the office interface of the organisation
Regional Development Officer	The RDO'S role is to liaise with the various regional councils, and economic development bodies to ensure we have integration of the strategic plans and the development and implementation of a regional economic development plan. Further they would link with the State and Federal governments to secure funding support for the region.
Project Officer	Part-time officer working on Food Tourism project.

8.6 OPERATIONS COMMITTEE

This committee consists of the Chairman, a representative from CRC, Ms Rose-Marie Dash and Mr Michael Huelin. The Advance Cairns CEO is an observer. The activities of the Operations Committee include, but are not limited to:

- Formulating and overseeing Advance Cairns corporate governance policies;
- Monitoring the internal controls and proper maintenance of accounting records and procedures;
- Supporting the independence of internal and external auditors;
- Providing direct communication channels between management, auditors and the Board.

8.7 FINANCIAL MANAGEMENT

Advance Cairns' financial practices are governed by the Advance Cairns Financial Management Practice Manual (FMPM). The FMPM sets a guide for everyday financial management and accounting, outlining a prescriptive approach to the stewardship of public funds and is reviewed annually:

- Financial issues are dealt with through the Finance Committee
- This committee ensures that funding bodies are fully informed about accounting and auditing issues.

8.8 ACCOUNTING AND ADMINISTRATION

KH Accounting administers most of the accounting processes of Advance Cairns and provides the following reports:

- Income and Expenditure summary;
- Income and Expenditure details;
- Variance analysis of Expenditure to budget;
- Balance Sheet; and
- Cash-flow.

The reports are compiled and submitted on a monthly basis to the Board with accumulated year to date figures. The Finance Committee comments on the financial results through monthly Board notes.

Section 9 Financials
"How we Resource"

9 FINANCIALS

Cairns Regional Council and Cairns Ports historically have provided the bulk of the Company's funding. This is supplemented by significant and valued contributions from Patrons.

We have established a new three year funding agreement with the Cairns Regional Council which commences 1st July 2008, and we have received a commitment of funding for the two financial years concluding June 2010 from Cairns Ports/Airport. We also have a project funding agreement with the Department of Employment, Economic Development and Innovation for two years ending in April 2010.

We will continue discussions with these bodies regarding future funding streams, and modifications to the current arrangements. Also as outlined in the business plan there are other initiatives which we will implement during the coming financial year to broaden the funding base.

KH Accounting has provided in exchange for patronage all operational accounting and payroll services to Advance Cairns. We are very grateful for the efforts of this company.

As part of the funding support agreements, Advance Cairns must provide written yearly reports to its Stakeholders.

The principal elements of the Budget for 2009/10 are: **Income**

Shareholder Funding ($400,000)

This comprises $250,000 from Cairns Regional Council and $150,000 from Cairns Ports as per the renewed funding agreements. Funding is received on a quarterly basis.

Patronage Funding ($200,000)

This is an increased target from previous years. Advance Cairns will be driving a strong campaign to invite members to participate in the program.

Interest Income ($16,609)

Estimate of $1384 per month based on payment cycles and the cash flow of 2007/08. The investment account will rollover a balance of $254,000 at the beginning of the 2008/09 financial year with interest being reinvested with principal upon maturity. Estimated interest earned - $16,609.

Regional Councils ($80,000)

Funding contribution from the Tablelands, Cassowary Coast and Cook Councils through the Link TNQ project.

Regional Economic Development Funding from DEEDI ($250,000)

We will receive $250,000 from April 2009 to April 2010 to be used on negotiated and agreed projects.

Section 9 Financials
"How we Resource"

Expenditure:

Accounting Fees ($500)

Estimate of fees for FBT Return.

Auditing Fees ($7,500)

Estimate of fees for annual audit.

Advertising ($12,000)

Advertising is limited to carefully selected publications which are seen as being effective in raising awareness of the Cairns Region and the workings of Advance Cairns.

Banking Charges ($360)

These comprise government charges, stamp duty, other financial institution charges and minor account keeping fees.

Cleaning Costs ($3,360)

Cleaning costs are similar to the actual costs for 2007/08 with a CPI increase of 4% factored in from September 2008.

Computer Costs ($2,400)

Computer costs include server service and computer maintenance costs.

Consultancy Fees ($10,000)

Consultancy fees represent an investment in specific projects, the output of which should yield marketing/sales revenue over time. Allowance has been made for:
$5,000 - Cairns Stats Booklet 'Region in Figures'
$5,000 – Regional Economic Development Projects

Depreciation ($10,800)

Depreciation has been calculated on existing rates with the addition of new capital equipment per the capital expenditure budget. The rate of depreciation for new equipment has been calculated for the full budgeted year.

Directors Fee ($12,000)

Service fee to the Advance Cairns Chairman.

Employment Costs - Recruitment ($2,000)

Contingency for any staff recruitment.

Employment Costs - Relocation ($3,000)

Provision for relocation costs of staff.

Entertainment ($6,000)

Provision for entertainment expenses during domestic and international travel excursions, AC board meeting strategy and an allocation of $200 per month for general entertainment expenses.

Fees – ASIC ($40)

Fee for lodgement of Annual Return with Australian Securities and Investments Commission (January 2009).

FBT ($10,000)

$10,000 has been allocated in line with entertainment and other expenses for the 2007/08 year.

Insurance ($5,850)

Insurance costs include office equipment and directors insurance.

Interest Paid ($2,520)

Monthly payment for the interest on the motor vehicle lease as reflected in the 2007/08 year.

Lease Payments ($3,624)

Monthly payments for the lease of the office photocopier/printer.

Luncheon Fees ($1,200)

Monthly provision of $100 for hosting of the CEO informal luncheons.

Marketing Fees ($26,592)

Marketing of $20,630 has been allocated to deliver on projects related to public relations and marketing strategies incorporated into the Advance Cairns Marketing Plan.

$860 – E newsletter Card
$300 – Research and data sheets
$2,000 – Regional Profile
$5000 – Stats Booklet 'Cairns Region in Figures'
$12,500 –Cairns Post Page
$730 – AC Brochure
$300 – Sector profile
$2,900 – Websites: AC ($1,450), Australian Tropical Expertise ($1,450)
$2,000 - Re-branding

Memberships ($1,325)

Cairns Chamber of Commerce $275
Australian Institute of Management $365
Economic Development Australia ($685)

Miscellaneous ($1,000)

$83 per month as a provision for minor miscellaneous costs.

Motor Vehicles ($14,400)

Includes running costs such as fuel, registration, insurance, services and repairs for the company vehicle. Employee benefit for the motor vehicle has also been included.

Newspapers and Publications ($960)

$960 to acquire the local newspaper publication.

Postage and Delivery ($1,740)

$145 per month to cover postage and courier fees.

Repairs and Maintenance ($1,000)

$84 per month.

Rent – Building and Car Park ($27,980)

Rent and outgoings calculated at contracted rate. For two sites Cairns and Innisfail.

Salaries and Wages ($399,996)

Includes the Chief Executive Officer, Regional Development Officer, Corporate Communication Officer, Economic Development Officer and Senior Administration Officer and trainee salaries.

Seminars ($10,000)
Provision to attend four seminars and/or conferences

Sponsorships ($5,000)
Tp cover small sponsorships

Stakeholder Relations ($10,000)

Provision for Patron and Director lunches and information seminars.

Stationery and Photocopying ($10,000)

Covering stationery, business cards, and photocopying.

Superannuation ($38,800)

Includes compulsory superannuation contributions for all staff. Assumes superannuation is paid monthly and will fluctuate depending on the number of pay periods in each month.

Telephone ($16,800)

Fixed line, mobile costs, plus BigPond internet.

Travel and Accommodation ($25,000)

Travel for the 2008-09 year is divided into two components: international and domestic travel.

Intentions for international travel are as follows:

- Trade Mission to Southern China
- Follow up mission to Guam

Intentions for domestic travel are as follows:

- Trips to Canberra to lobby for support of Regional economic objectives
- Trips to Brisbane to lobby support for Regional economic objectives

Allocation includes provision for accommodation expenses.

Utilities – Electricity ($2,280)

Electricity expense is calculated at contracted rate.

Workcover ($1,000)

Estimation of the levy.

Other

GST has been ignored for the purpose of the Budget, as all GST received on funding will be remitted to the ATO and all GST paid will be claimed from the ATO as input tax credits.

The Cash Flow position of the company will be affected by the payment/receipt of GST and subsequent payment/claim on quarterly Business Activity Statements.

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CAIRNS

FAR NORTH QUEENSLAND

The Regional Economy

Ref: J2236
July 2009

W S Cummings
B Econ
38 Grafton St
(PO Box 2148)
Cairns Q 4870
phones
07 4031 2888
0418 871 011
fax
07 40311108
email
cummings@cummings.net.au
website

Section 10 Regional Economic Data

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1. Outline of Recent Trends

1.1 General

The evidence available indicates that the region reached levels of growth in 2007/08 about equivalent to past peaks during the 1990's and 1980's.

The global financial crisis and some other factors have seen economic growth slow dramatically in 2008/09.

However, the indications are that while business is down overall and unemployment has risen, the city's population is holding and is probably still growing.

1.2 Population

Table #1 shows long and short-term population growth. The city's growth in the four years to June 2008 remained at above long-term averages.

Table #1: Estimated Residential Population Growth on Previous Year, Cairns Region

	Av 1976 to 1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Former Cairns City LGA	3.5% pa	1.7%	1.4%	1.0%	0.9%	0.5%	2.0%	2.8%	2.8%	3.6%	4.0%	3.5%	4.0%(2)
Total Cairns Region (1)	2.6% pa	1.5%	1.2%	0.9%	1.3%	0.9%	1.6%	1.9%	1.7%	2.2%	2.5%	2.8%	3.1%

(1) *Note : FNQ Statistical Division plus Gulf Shires. (1976-1996) FNQ Statistical Division from 1996.*
(2) *Note : Cairns Regional Council growth including Douglas was 3.9%.*
Source : Cummings Economics from ABS Cat 3810.0.55.001.

In 2007/08, population growth in the Far North Queensland Statistical Division at 3.1% was the fastest of any statistical division in Queensland, including the Gold and Sunshine Coasts, and second only to Western Australia's south west (Margaret River region).

The Cairns urban area, Gordonvale to Palm Cove, grew by 4.1%.

While some of the past peaks have been higher in percentage terms, the absolute growth number of 5,597 in Cairns was a record.

A feature of the region is the continuing growth of population in the areas outside of Cairns. This contrasts strongly with many of Australia's rural regions that are seeing some growth in regional cities but hinterland rural populations declining.

Inquiries in the furniture removals sector indicates patterns have not changed. There is no evidence of any strong outward flows occurring. The indications are that 2008/09 will still show population growth at both city and regional levels.

1.3 'REAL' TAXABLE INCOMES

Latest data available on aggregate 'real' personal taxable incomes is given in **Table #2** below and covers up to 2005/06.

Table #2: 'Real' Personal Taxable Incomes, Cairns Region (1)

	Av 1981/82 to 1995/96	1996/ 1997	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006
Former Cairns City LGA	6.0% pa	1.4%	2.6%	0.5%	4.1%	(-3.0%)	0.9%	5.3%	9.5%	6.6%	7.5%
Total Cairns Region (1)	4.8% pa	1.6%	2.6%	(-0.1%)	4.0%	(-3.6%)	0.6%	4.7%	8.4%	6.3%	6.8%

(1) *Note : FNQ Statistical Division plus Gulf Shires to 2003/04.*
Source : Cummings Economics from Bureau of Infrastructure, Transport & Regional Economics – Focus on Regions 3 Taxable Incomes.

The region's economy was hit by the Asian financial crisis in 1998/99 and subsequent events like 9/11, Sars etc in 2000/01, but recovered strongly in the following years. It is likely that when available, 2006/07 and 2007/08 will show continuing strong growth but that 2008/09 will see some moderation but still positive growth, especially up to December 2008.

1.4 WORKFORCE & UNEMPLOYMENT

Appendix 1 gives a note prepared in May on unemployment trends which includes warnings about limitations in accuracy of some of the unemployment statistics at a regional level.

The indications are however, that there was a strong upward movement in unemployment in the region commencing in the second half of 2008 and continuing through to the present. The indications are that the rise in registered unemployed receiving New Start and Youth Allowances may have started earlier than other regions and has been marginally stronger than other regions.

It should be noted that unemployment levels can be influenced by decisions to stay or move away. As noted above, there has been no evidence of strong movements away from the region.

1.5 CONSTRUCTION

The year 2006/07 saw value of building approvals recorded in the region reach record levels of over $1bn in value and stay at that level in 2007/08. Although number of dwellings approved was not a record (1988/89, 1993/94 and 1994/95 were higher), it was very high at over 3,000.

Table #3: Building Approvals, Far North Statistical Division, 2005/06

	New homes		New other dwellings		Total new dwellings		Total non-residential	Total
	No.	$'000	No.	$'000	No.	$'000	$'000	$'000
2004/05	1,616	320,663	1,129	180,459	2,745	501,121	298,202	848,634
2005/06	1,551	374,411	476	79,017	2,027	453,429	235,348	688,777
2006/07	2,115	595,805	1,184	223,352	3,229	819,157	272,605	1,091,672
2007/08	2,162	596,211	872	158,774	3,034	754,985	467,812	1,222,799
First 11 months 2008/09	*957*	*310,239*	*204*	*39,380*	*1,161*	*349,618*	*730,158*	*1,079,776*
Estimate for full 12 months 2008/09	1,044	338,440	223	42,960	1,267	381,401	770,000	1,151,401

Source : Cummings Economics from ABS Building Approval Statistics

The first 11 months of 2008/09 has seen house dwelling approvals halve and flat/unit approvals drop back to about 20% of the previous year. Value of non-residential approvals have increased but only due to the inclusion of the over $400m approval for Lotus Glen prison upgrade, actual expenditure on which will take place over a number of years..

The indications from more recent figures (3 months to end May 2009) are that the region's levels of approvals are down by about 50% on the same period last year. They also indicate that the most severe drop back is in Cairns, especially in flats/units and in non-dwelling approvals. Figures for the region outside of Cairns while also down, are holding up better than those for Cairns.

Table #4: % Change in Approvals, 3 months March/April/May 2009 over same 3 months 2008

	Cairns (SSD)	Rest of Region	Total FNQ Stat Div
Houses (No.)	-51%	-40%	-45%
Flats/Units (No.)	-82%	+50%	-67%
Value Dwellings	-63%	-37%	-45%
Value Non-Dwelling Approvals	-60%	-17%	-51%
Total Building - Value	**-60%**	**-32%**	**-48%**

Source : Cummings Economics from ABS data .

1.6 Property Prices

Property prices fell in the last two quarters of 2008, but seemed to stabilise in the March Quarter.

Table #5: Median House & Flat/Unit Prices, Cairns City LGA to MQ Cairns Regional Council LGA from JQ 2008

	MQ 2006	JQ 2006	SQ 2006	DQ 2006	
Median house prices	$300,000	$299,800	$310,000	$325,000	
Median flat/unit prices	$295,000	$337,000	$355,000	$370,000	
	2007	**2007**	**2007**	**2007**	
Median house prices	$336,000	$358,000	$368,000	$375,000	
Median flat/unit prices	$400,000	$405,000	$440,000	$454,000	
	2008	**2008***	**2008***	**2008***	**MQ 2009***
Median house prices	$375,500	$369,000*	$355,000*	$350,000*	$349,000*
Median flat/unit prices	$454,000	$570,000*	$420,000*	$390,000*	$420,000*

** Note: Cairns Regional Council area from June Qtr 2008 onwards.*
Source : Cummings Economics from RP Data .

A feature of recent years has been a strong increase in property prices outside of Cairns. The following **Table #6** illustrates for the Tablelands. Median house prices in 2008 in the former Atherton Shire were almost as high as those in Cairns.

Table #6: Median House Prices, Tableland former LGA's				
	Mareeba	Atherton	Eacham	Herberton
2002	$98,000	$122,500	$109,000	$70,000
2003	$103,000	$135,000	$104,000	$78,000
2004	$130,000	$165,000	$138,000	$90,000
2005	$163,000	$205,000	$180,000	$120,000
2006	$197,000	$258,250	$250,000	$175,000
2007	$208,000	$319,000	$285,000	$210,000
2008	$261,000	$347,000	$305,000	$235,000

Source : Cummings Economics from RP Data .

1.7 RESIDENTIAL LAND ACTIVITY

The following **Table #7** shows lot registration and consumption and indicates that lot registration was running ahead of consumption during 2008.

Quarterly data indicated that consumption started declining in second half of 2008 with registrations also falling but still showing a surplus.

Table #7: Lot Registration & Consumption, Cairns Regional Council				
	Year	Lot Reg	Lot Consumption	Difference
	2000	549	415	+134
	2001	494	552	-58
	2002	822	749	+73
	2003	1,089	985	+104
	2004	1,392	1,101	+291
	2005	1,824	1,128	+696
	2006	1,886	1,202	+684
	2007	1,782	1,540	+242
	2008	1,574	1,071	+503
MQ	2008	514	353	+161
JQ	2008	425	301	+124
SQ	2008	385	231	+154
DQ	2008	251	186	+65

Source : Cummings Economics from Population Information & Forecasting Unit (PIFU, Q'ld Department of Infrastructure & Planning .

1.8 VACANCIES & RENTALS

Herron Todd White data on Cairns' rental vacancies indicates that the decline from the very high levels in the late 90's bottomed early in 2007, and had moved up strongly during 2008 to indicate that supply of flats had moved into surplus but rental houses were not yet in oversupply.

Average rentals, as indicated by 2 bedroom flats/units, reached $260 in DQ 2008 after being $175 in MQ 2005.

TABLE #8: MEDIAN WEEKLY RENTALS – 2 BEDROOM FLATS/UNITS, CAIRNS		
Year	**Quarter**	**Average Rental**
2005	March	$175
2006	March	$200
2007	March	$240
2008	March	$250
2008	December	$260

Source : Cummings Economics from Q'ld Residential Tenancy Authority.

1.9 TOURISM VISITOR NUMBERS

Indications are that overall growth in visitor numbers was again poor in 2008 and fallen off in 2009.

The International Visitor Survey (IVS) showed a small dip in visitor numbers to Australia in 2008 and the Cairns region down 10% and in percent of visitors to Australia, down to 14.6%.

Table #9: International Visitors, Cairns Region					
	Cairns Region		**Australia**		**Cairns as %**
	('000)	**Growth**	**('000)**	**Growth**	**of Australia**
2001	818		4,475		18.3%
2002	782	(-4.4%)	4,462	(-0.3%)	17.5%
2003	746	(-4.6%)	4,385	(-1.7%)	17.0%
2004	807	+8.2%	4,797	+9.4%	16.8%
2005	858	+6.3%	5,046	+5.2%	17.0%
2006	859	+0.0%	5,099	+0.1%	16.8%
2007	842	(-2.0%)	5,197	+1.9%	16.2%
2008	756	(-10.2%)	5,167	(-0.6%)	14.6%

Source : Cummings Economics from Australian Tourism Research International Visitor Survey .

The National Visitor Survey (NVS) indicated a fall in domestic visitor numbers year ending March 2009 of -6%, but a rise in visitor nights of +2%. However, the sample survey is highly suspect as a tool for measuring year-on-year changes.

The following **Table #10** gives details of international visitor origins.

Table #10: International Visitor Numbers, 2006 - by Origin & Growth, 2008 on 2007					
	2005 ('000)	**2006 ('000)**	**2007 ('000)**	**2008 ('000)**	**Growth 2008 on 2007**
New Zealand	52	39	39	43	+10.3%
Japan	250	224	203	163	(-19.7%)
Other Asia	88	89	107	78	(-27.1%)
US	95	106	104	90	(-13.5%)
Canada	20	26	28	25	(-10.7%)
UK	162	163	145	131	(-9.7%)

Other Europe	161	182	178	186	+4.5%
Other	30	29	51	39	(-23.5%)
Total	**858**	**859**	**842**	**756**	**(-10.2%)**

Source : Cummings Economics from IVS Data.

The IVS like the NVS is a sample survey and care needs to be exercised, especially in interpreting changes in smaller groups.

The indications are that falls were widespread, but largest was from Japan and the region's emerging Other Asia markets. The only origins that showed an increase were New Zealand and Other Europe.

On the domestic front, while the NVS is not reliable in detail, it tends to indicate that the long-term trend is for interstate traffic to grow, but traffic from within Queensland to decline as lower airfares lead to travel to more distant destinations.

1.11 AIRPORT PASSENGER NUMBERS

The following **Table #11** illustrates the deteriorating position at Cairns airport in recent years which in turn, is heavily influenced by tourism numbers.

The burst of growth from about 2002 onwards petered out in 2005/06 having added about 30% to passenger numbers handled.

The table illustrates that the little growth/decline situation is heavily due to the loss of direct overseas passenger numbers. However, it also illustrates that passenger growth through the domestic terminal has fallen off to lower growth levels in the past two years.

Table #11: Cairns Airport Passenger Numbers – Arrivals & Departures (ie. not including transits and transfers)

	Percent Growth on Previous Year		
Years	**International Terminal**	**Domestic Terminal**	**Total**
04/05	+6.6%	+6.2%	+6.3%
05/06	(-2.7%)	+6.7%	+3.9%
06/07	(-12.3%)	+6.4%	+1.2%
07/08	(-2.2%)	+2.5%	+1.3%
08/09*	(-22.8%)*	+2.7%*	(-3.3%)*

** Note: 11 months to May over same period previous year.*

Table #12: Growth in Arriving & Departing Passengers Over Same Month Previous Year Cairns International Airport

	Months	**International Terminal**	**Domestic Terminal**	**Total %**
2007	Jul	(-5.6)	+1.1	(-0.3)
	Aug	(-4.7)	+2.8	+0.9
	Sep	(-7.8)	(-1.4)	(-3.0)
	Oct	(-0.1)	+2.0	+1.5
	Nov	(-2.4)	+2.7	+1.4
	Dec	(-9.0)	+2.0	(-0.8)
2008	Jan	(-3.2)	+3.8	+2.1
	Feb	+7.6	+6.3	+6.6
	Mar	+2.1	+6.2	+5.2
	Apr	+2.4	(-1.5)	(-0.6)

	May	+5.7	+4.2	+4.6
	Jun	(-6.0)	+2.7	+0.8
	Jul	(-2.8)	+7.9	+0.6
	Aug	(-1.1)	+8.2	+0.4
	Sep	(-11.0)	+2.3	(-0.9)
	Oct	(-12.5)	+3.6	(-0.2)
	Nov	(-5.4)	+1.8	(-1.1)
	Dec	-(26.8)	+5.4	(-2.5)
2009	Jan	(-38.1)	+11.2	(-0.1)
	Feb	(-49.4)	(-3.0)	(-14.7)
	Mar	(-41.3)	(-0.9)	(-10.7)
	Apr	(-39.4)	+9.5	(-3.4)
	May	(-39.7)	0.0	(-8.5)

Overall numbers through the airport have been declining since September 2008, especially from February 2009 onwards.

1.12 Tourist Accommodation

Table #13 indicates that growth in room nights in hotels, motels and serviced apartments has been dwindling off after the initial boost given by the low cost air services in 2002/03 and 2003/04. The figures have been negative over the past three years.

Table #13: Growth in Room Nights in Hotels/Motels & Serviced Apartments, 15 Rooms plus, Far North Q'ld Statistical Division

1989/90	
1990/91	+19.0%
1991/92	+25.1%
1992/93	+3.4%
1993/94	+4.7%
1994/95	+2.6%
1995/96	+4.6%
1996/97	(-.2%)
1997/98	(-0.4%)
1998/99	+3.7%
1999/00	+3.7%
2000/01	(-0.3%)
2001/02	(-.7%)
2002/03	+5.3%
2003/04	+11.9%
2004/05	+1.2%
2005/06	(-1.0%)
2006/07	(-3.3%)
2007/08	(-2.9%

2008/09 (1st 6 months)	(-5.1%)

Source : Cummings Economics from ABS Tourist Accommodation Series .

It is likely that the figures will show an even stronger fall in the March and June Quarters following the loss of Japanese flights.

1.13 OVERSEAS DEPARTURES

After two years of decline (2000/01 to 2002/03), the number of Australians travelling overseas (short-term) leapt in 2003/04 and 2004/05 by a massive 27%. This growth however, settled down to 5.3% in 2005/06 and 6.0% in 2006/07, but leapt up again in 2007/08 to 11%, probably due to the strong Australian dollar. The indications are that the growth moderated back to 2% in 2008/09, probably due to the lower Australian dollar and impacts of the global financial crisis on household spending patterns.

Table #14: Outbound Short-Term Departures b y Australians

	% Increase over Previous Year
2000/01	+7.4%
2001/02	(-5.9%)
2002/03	(-2.2%)
2003/04	+10.4%
2004/05	+16.6%
2005/06	+5.3%
2006/07	+6.0%
2007/08	+11.1%
2008/09*	+2.1%

** Note: Based on year to May 2009.*
Source : Cummings Economics from ABS Data.

1.14 AIRFARES

Charts, Appendix 1, from the Bureau of Transport and Regional Economics, indicate that ‘best discount fares’ dropped strongly between 2002 and 2004, trended back up a bit 2004 to 2006, but although volatile, have tended to trend downwards in 2007 and 2008.

The indications are that they have moved downwards again during 2008/09.

International airfares are reported to be down.

1.15 MINING

Latest official mining figures indicate that the resurgence in mining income in the region that commenced in 2003/04 had reached over $800m by 2007/08.

The Cummings Economics report on Mining Services (in mid-2008), indicated that apart from an estimated 1,600 jobs in the industry in the region, a further 1,900 jobs were involved in ‘fly-in’/’fly-out’ outside the region giving a total of 3,500.

Mining activity in the region has more recently been affected by the downturn in mineral prices with some loss of jobs, but also cancellations or deferment of proposed projects. The question is canvassed further in Section 3.2.

Table #15: Gross Value of Mineral Production, 2000/01 to 2004/05, Gross Value of Mineral Sales 2005/06 to 2007/08		
2000/01	$410 m	
2001/02	$310 m	
2002/03	$230 m	
2003/04	$370 m	
2004/05	$350 m	Series change
2005/06	$437 m	
2006/07	$713 m	
2007/08	$837 m	

Source : Cummings Economics from Q'ld Department of Natural Resources & Mines.

1.16 AGRICULTURE

Agricultural income in the region has shown a long-term 'real' increase in value of production of about 2 – 3% per annum, but with substantial year to year variation. The latest figures show a continuing strong upward trend.

Table #16: Gross Value of Agricultural Production	
	$m
1982/83	$233 m
1997/98	$620 m
1998/99	$670 m
1999/00	$682 m
2000/01	$788 m
2001/02	$875 m
2002/03	$888 m
2003/04	$795 m
2004/05	$898 m
2005/06	$974 m
2006/07	$1,337 m

Source : Cummings Economics from ABS Agstats.

The 2006/07 figures put the region as the second largest in Queensland after Darling Downs in Gross Value and largest in value of crops.

Table #17: Gross Value of Agricultural Production, 2006/07 Main Regions, Queensland			
Statistical Division	**Crops**	**Livestock**	**Total**
Darling Downs	593	1,270	**1,863**
Far North Queensland	1,129	208	**1,337**
Wide Bay/Burnett	669	434	**1,103**
Fitzroy	312	754	**1,066**
Mackay	673	264	**937**
Northern	566	175	**741**

Source : Cummings Economics from ABS Agstats .

The above figures do not include value adding processing (sugar mills, dairy factories, abattoirs and the like).

Cyclone Larry destabilised fruit prices during 2006 but they have returned to normal patterns.

Table #18: Average Prices Cavendish Bananas, Brisbane Markets, $ per carton		
	Months	
2008	Jan	16.48
	Feb	20.67
	Mar	19.99
	Apr	14.25
	May	18.40
	Jun	18.51
	Jul	17.25
	Aug	25.25
	Sep	23.49
	Oct	14.99
	Nov	23.14
	Dec	10.32
2009	Jan	16.63
	Feb	23.16
	Mar	10.67
	Apr	10.10
	May	16.75

Source : Cummings Economics from Market Information Services, Brisbane.

The sugar price came back sharply from its record high of about 18¢ US per lb in 2006 to be around 9 – 10¢ US per lb during most of 2006/07. This price was still quite good compared with the very low prices of a few years previously of 5 – 6¢ per lb. Prices by mid-2009 were back up to about 16¢ US per lb.

Beef prices reached an historically high level in 2005, and although down a bit, have remained relatively high.

There is some evidence that world dairy prices are moving down strongly but local suppliers are currently protected under a supply agreement.

1.17 FISHING

By and large, fishing industry income in the region has tended to be static or declining in recent years. Declines in some sectors are, in part, offset by diversification of production in others. The high Australian dollar in mid-2008 was placing some segments under great strain. However, the lower dollar since then has helped them survive and it is believed that the Gulf floods are leading to an excellent prawn season and that price conditions this year are quite good.

1.18 SUNDRY SERVICES

Outside earnings from a range of service type activities have been growing from a small base over the years to become a significant force in the economy. There is a problem in tracking these earnings due to lack of timely, and in some cases, any statistical data.

Included are the following activities:

- The maritime servicing sector.
- The aviation servicing sector.
- General trade with Freeport Indonesia and the PNG/Pacific area.
- Defence and surveillance spending.
- The education and research sector.

Reports prepared for the Department of Employment, Economic Development and Innovation in 2008 provide the following estimates of turnover and employment generated in the region by the marine and aviation industries.

	Turnover	Employment
Marine…………….	$670 m	4,340
Aviation…………...	$322 m	2,275

Unfortunately, there is no consistent reporting on trends in these sectors. However, there have been a number of underlying influences.

In the marine sector:

- Shipping services ex Cairns have been expanding with some links now re-established to Gove.
- The high dollar up to mid-2008 was hurting the slipways that compete in the Pacific for commercial business and globally for superyacht business. The lower dollar helped but it has risen again.
- New investment by Norship in expanded travel lift capacity has been winning new business.

In the aviation sector:

- Reductions in mining ‘fly-in’ have been a negative.
- Tourism reductions will be affecting the significant tourism sightseeing sector.
- Engineering sector would have been advantaged by the drop in the dollar.

Growing mining activity in Papua New Guinea could represent an opportunity for both the marine and aviation sectors.

Defence and surveillance spending has been increasing over the years. It is probably of the order of $200m pa. and employing about 1,000. (Note: Some of this would be included in the Marine Industry sector.)

Exports to Freeport are now reported to be worth about $300m per annum.

The continuing build up of the local James Cook University campus has been increasing economic activity in the region. Report prepared for the university in part by Cummings Economics in early 2009, estimated that recurrent expenditure was $34.1m, capital expenditure $4.1m and student expenditure $34.4m, total $72.6m, and that the university employed 303.

It is believed that domestic student enrolment has continued to grow at 4% this year and international students by a higher level.

2. Some Comparisons

2.1 Recent Trends in Construction

The following **Table #19** gives comparative figures for the dip in building approvals, 5 months to May 2009, compared with same period 2008 for the Cairns, Townsville and Mackay regions.

Table #19: Building Approvals 5 Months to May 2009 Compared with Same Period 2008

	2007/08	Est 2008/09	% Change
Dwellings			
Far North SD	1,004	400	(-60%)
Northern SD	1,084	515	(-52%)
Mackay SD	633	362	(-43%)
General Construction (non-dwellings)			
Far North SD	140,601	75,357	(-46%)
Northern SD	206,291	111,575	(-46%)
Mackay SD	137,638	57,771	(-58%)

Source : Cummings Economics from ABS Data.

There have been heavy falls in approvals in all three – the Cairns/Far North recording the largest drop in dwelling approvals, and the Mackay region the biggest drop in general (non-dwelling) approvals.

3. Some Immediate Issues

3.1 The Tourism Situation

It is clear that tourism growth in the region has been stalled for a number of years and has now gone negative, especially due to losses in the international market.

While much of the problem up to July 2008 was due to the very high dollar and a tendency for domestic airfares to creep up again, these factors affect other regions also. The matter for concern is that the region is losing market share. Since 2001, Cairns' international visitor numbers have dropped from 18.3% of Australian total to 14.6% in 2008 and there is every evidence that it will go lower this year.

It would appear that the region has now slipped back permanently to third behind Melbourne in numbers of international holiday visitors.

A major factor in the loss of international business has been Japan where outbound travel has been falling in recent years. However, the following **Table #20** shows changes in outbound travel from Japan over the past year to April.

Table #20: Japanese Tourists Travelling Abroad – Change from Same Month Previous Year

		Total	To Australia
2008	Jul	(-5.8)	navail
	Aug	(-11.9)	navail
	Sep	(-11.6)	navail
	Oct	(-8.8)	navail
	Nov	(-12.9)	navail
	Dec	(-11.3)	navail
2009	Jan	(-13.4)	(-33.4)
	Feb	(-1.4)	(-18.5)
	Mar	(-2.5)	(-17.2)
	Apr	+1.6	(-11.2)

Source: Cummings Economics from JTM – Japan Tourism Marketing Co.

Indications were that the strong falls in Japanese outbound travel had stopped.

While losses into Australia had continued up to April, they had not been as severe. Those being recorded may have been due (in large part), to the losses taking place to Cairns due to curtailment of Qantas/Jetstar services.

Countries to which Japanese outbound travel was increasing (April 2009) were:

Korea........................+54.0%
Macau.......................+0.5%
Bali ....+9.6%
Hawaii.......................+8.8%

These are all relatively close destinations. With services ex Cairns being restored to Western Japan later in the year, there seemed prospects of a recovery taking place in that market.

Late Note: Preliminary figures for May however, indicate that the situation may have deteriorated again.

Unfortunately for Cairns' tourism, the Australian dollar has re-appreciated. However, the drop against the yen is still substantial (see following **Table #21**).

Table #21: Australian Dollar Compared				
	US Dollar	**Yen**	**Euro**	**TWI**
27 July 2008	0.9754	104.17	0.6149	74.1
28 October 2008	0.6122	57.40	0.4919	51.0
% Drop	(-37%)	-45%)	(-20%)	(-31.0%)
July 2009	0.7966	75.96	0.5708	63.8
% Re-appreciation	+30%	+32%	+16%	+25%
% Drop Jul/Jul	**(-18%)**	**(-27%)**	**(-7%)**	**(-14%)**

Source: Cummings Economics from Reserve Bank of Australia data.

It is also important to recognise in the current situation, that tourism is no longer the domestic growth industry that it was. The Tourism Forecasting Council's prospects for domestic travel are very modest. Domestic visitor nights for Australia overall are forecast to fall by an average of -0.1% per annum over the 10 years 2007 to 2017 with outbound departures increasing at 3.6% per annum.

Another point to appreciate is that the Chinese and Indian growth economies are coming off a low per capita income base and are in a phase of growth that is reaching out for mineral and other resources and not at income levels that are generating high per capita levels of overseas travel.

3.2 MINING NOT DEAD

While mining in the region took a sharp knock as mineral prices fell in the second half of 2008, it is important to realise that the sector is not dead.

Chart, Appendix 2, illustrates the degree to which mineral prices fell sharply in second half 2008. However, they bottomed around February and have recovered to be at about the level they were four years ago.

There is a widespread expectation that strong growth will take place in countries like China and India that will lead to expanding demand for mining products over the next few decades.

Recent contact by Cummings Economics with various operators in the industry indicate that:

- A number have been able to raise additional capital recently to forward projects.
- While some projects are on hold, this may be temporary only.
- Planning is continuing for a number of projects.

There are three sets of projects likely to be of substantial importance to the Cairns region.

a) There are a number of projects in the immediate Cairns/Tablelands hinterland that could involve substantial need for export facilities at the region's ports and are highlighting substantial deficiencies in the transport infrastructure.

b) The indications are that the large bauxite projects in Cape York planned prior to the global shock are coming back on the agenda.

c) The two very large LNG projects near Port Moresby are starting to look almost certain to proceed and provide an opportunity for a stimulus to the region's economy.

4. Analysis

4.1 General

Over the past financial year, there has been a mix of influences on the regional economy, some positive, some negative.

There are also positive and negative aspects likely to affect 2009/10.

The following attempts to put some order of magnitude figures to the movements and come to some conclusions on how the region's economy has been faring overall and how it is likely to fare in 2009/10.

To put the economy in context, it needs to be recognised that the region's Gross Regional Product (ie. approximately the sum of value added by the region's economic entities) is currently about $10bn and probably grew in real terms in 2007/08 by of the order of $600 - $700m.

The following looks at likely economic trends by sectors.

4.2 Construction

The economy was 'on-a-roll' into the first half of the 2008/09 financial year with substantial hangover of construction work underway. Government work especially at the airport, state offices in town, the health centre in Cairns North and commencement of Lotus Glen were underway.

The effects of the major downturn in dwelling approvals and non-government general construction approvals were only being felt significantly in the second half of the financial year.

Full effects of the downturn in approvals is likely to be felt in 2009/10 but will be offset in part by:

- ☐ The $190m to be spent on Lotus Glen this financial year.
- ☐ About $20m to be spent on the hospital.
- ☐ About $190m should come into the region from the schools' upgrading package over a 2-year period.
- ☐ JCU Dental School construction.
- ☐ Some stimulus given by the first homebuyers grant to the housing sector.

The value of building approvals in 2007/08 was $1.2bn. Indications are that, not including Lotus Glen, approvals in 2008/09 will come in about $700m. However, the downward movement in actual construction activity in 2008/09 would not have been as much as indicated because of 'lag' effects. Our view is that in 2008/09, the downturn in value of construction activity in the region would have been of the order of $200m.

However, despite the offsetting effects, if current patterns of approvals for dwellings and general construction extend into 2009/10, the impact could see a further drop of about $300m, making a total of about $500m on the very high levels of 2007/08.

4.3 CONSUMPTION

In the current situation, falls in consumption are likely to stem from:

a) Consumers being more cautious and saving more.

b) Loss of household income for people in business, reductions in overtime, increased unemployment, and reduced income of self funded retirees.

Offsetting this are:

a) Unemployment benefits for those becoming unemployed.

b) The impacts on disposable incomes from lower interest rates, lower fuel costs and inflation being down on previous levels.

c) The Government stimulus grants that would have injected about $100m into the economy in the October 2008 package and about $150m in the February package, ie. a total of about $250m.

d) Continuing population growth.

Within consumption patterns, the negative impacts have been variable. Clearly, the situation affected consumer durable sales heavily during 2008/09 (especially motor vehicles), but this has probably bottomed out.

On the other hand, advice from supermarket retailers has been that patterns may have changed (with economy lines selling better), but overall sales levels have not been affected.

Our feeling is that on balance, consumption spending has probably held up in 2008/09 and may have increased overall by about $200m.

The tax cuts that came into effect on July 1st were likely to have added a further $100m into the region's economy for 2009/10.

There has been some evidence around that consumer confidence has stabilised and lifted a bit. It is likely that population is continuing to grow, albeit at a slower rate.

Overall, it seems likely that unless there is something that causes a further sharp deterioration in consumer confidence, consumption spending will probably continue to be up in 2009/10.

4.4 BUSINESS INVESTMENT

The sharpest decline taking place at present Australia wide and probably in this region is business investment. The sharp drop in non-government general construction building approvals reflects this.

In relation to other (non-construction) business investment, the Government's 30% tax break is now in place and likely to have an effect over the next six months. Initial announcements indicated the stimulus benefits accruing to the region would be about $30m (involving about $100m of equipment purchases).

It is likely that business investment (other than construction) was down in the second half of 2008/09 but that the incentive will help hold the extent of declines in 2009/10.

4.5 GOVERNMENT

Apart from the stimulus effects covered in the foregoing, it can be expected that other Federal, State and Local Government spending on services has probably increased in 2008/09 and will increase again in 2009/10.

4.6 OUTSIDE EARNINGS

The economy of the region is very heavily affected by its 'exports' to other regions of Australia and overseas.

Tourism
The indications are that for the first half 2008/09, overall tourism numbers held but that there was a sharp decline in the period from January onward, especially (but not only), due to the loss of Japanese air services.

The loss of Japanese air services was earlier estimated to result in a loss of regional income of about $130m, ie. about $70m in a half year.

It is our feeling that the loss in tourism income in 2008/09 was probably of the order of $100m, mainly in the period January to June 2009.

While there are some prospects that the Japanese situation will improve progressively in 2009/10, and the domestic market will hold up well, the prospects are for further overall losses in 2009/10 composed partly of Japanese losses in the first half of the financial year and other losses from long distance markets.

Much depends on what happens to the Australian dollar.

Mining
We would think that the losses in mining income (from within the region and 'fly-in' services) must have been of the order of $200m in 2008/09, again mainly from January on.

However, it seems likely that these losses are stabilising and will move down by a lesser amount in 2009/10.

Primary Industries
The combined effect of the drop in the Australian dollar, increased sugar prices and other prices holding, seems likely to have added over $100m in 2008/09.

The recent further upward movement in sugar prices, relatively good conditions for fisheries and forestry starting to enter into the picture, but moderated by the higher Australian dollar is likely to see a further increase in 2009/10.

Other
The region's other outside earnings include those from the international education sector, from the maritime and aviation services sector, and from general trade with Papua New Guinea and Indonesia.

It seems likely that these sectors made a positive contribution to growth in outside earnings in 2008/09 and 2009/10.

4.7 SUMMARY

In all, when the foregoing positives and negatives are taken into account, we believe as follows:

- ☐ The strong real growth in the economy in 2007/08 of about 6 – 7% has reduced back sharply as the 2008/09 year has progressed to show only small growth over the year.
- ☐ Population has continued to grow in the city and region, but dropped back probably to the 2 to 3% range for the city and 1½ to 2½% range for the region.
- ☐ Unemployment has risen sharply.
- ☐ A further deterioration is likely in 2009/10, especially in the first half of the financial year that could see the economy's growth in negative territory.
- ☐ Population growth is likely to moderate but still remain positive.
- ☐ Unemployment will rise further.

The region's fortunes seem likely to depend heavily over the next few years on:

a) The state of the Australian dollar. Further sharp upward movements would be a strong negative.

b) National and global economic trends and the degree to which mining projects resume.

c) The degree to which air services can be re-expanded to Japan and how the domestic tourism market reacts.

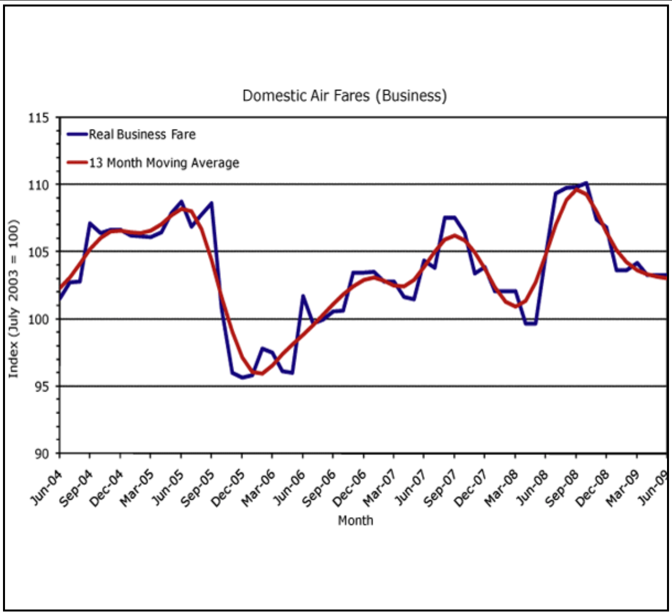
d) The success or otherwise in attracting major government infrastructure spending.

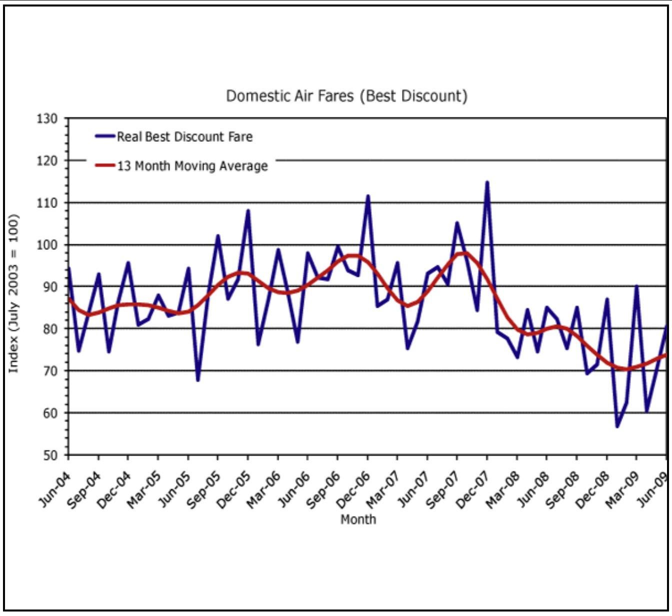
It seems that, for the present, the threat of banana imports is passing, but the loss of this $400m a year industry, especially in the current circumstances, would prove disastrous.

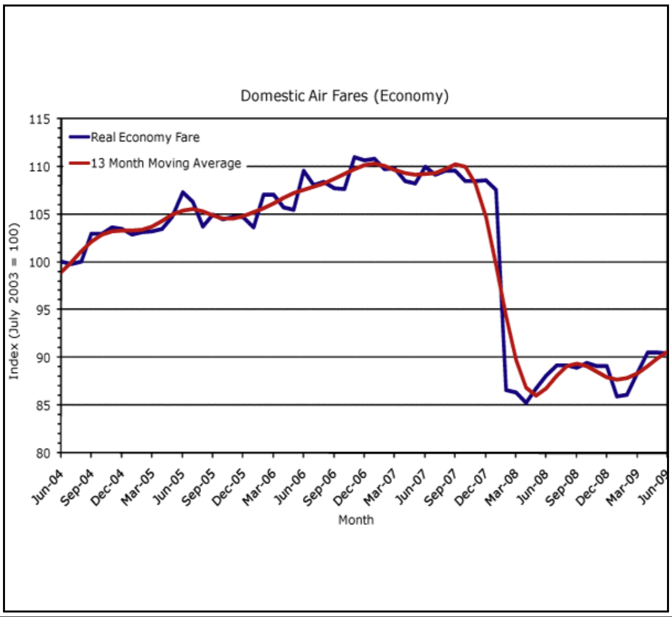
APPENDIX 1

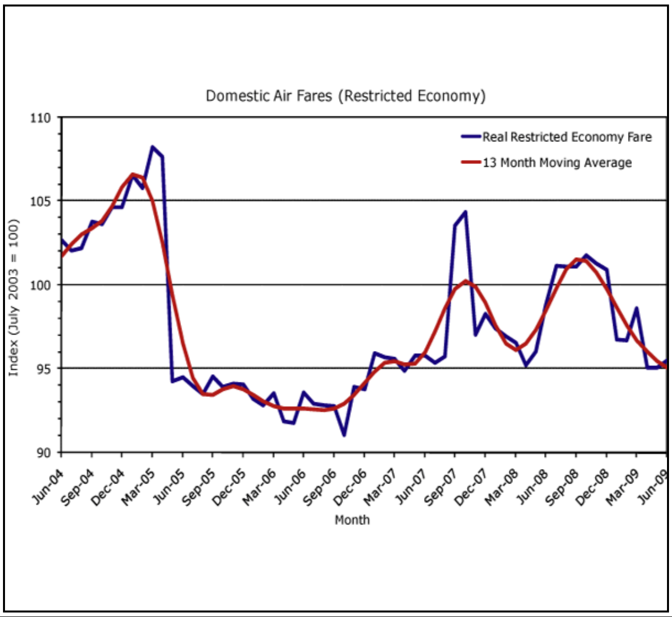
Domestic Airfare Indexes

BITRE









APPENDIX 2

Copper Prices

CUMMINGS ECONOMICS
38 Grafton St (PO Box 2148) CAIRNS Q 4870 ABN 99 734 489 175
Tel 07 4031 2888 Fax 07 4031 1108
Email cummings@cummings.net.au
Website : www.cummings.net.au

Ref: J2229
May 2009

Note on Unemployment Trends in Far North Queensland

Introduction

There have been media reports recently about trends in unemployment in the region. Unfortunately, some of the sample survey series available in this field do not have a good track record for reliability.

The following looks at what information is available in relation to the region and seeks to put it in wider state and nation-wide context.

ABS Regional Labour Market Series

This series is compiled by a sample survey. It results are frequently queried at a national level. It is 'euphemistically' described as 'volatile' at a regional level. My experience is that it is useful at indicating the general direction of change over a period of time but the actual quantity cannot be relied upon.

The following table gives employment figures released from this series by Australian Bureau of Statistics (ABS) for March Quarter 2009 compared with March Quarter 2008 for Queensland non-metropolitan regions. The Cairns/Far North Queensland region show a sharp rise over the past 12 months to over 10%.

Unemployment Rate - Q'ld Regions, March Qtr 2009 & Change Since March Qtr 2008

	Unemployment Rate	Change (Percent Pts)
Far North	10.7%	+5.0%
Wide Bay/Burnett	7.3%	+1.2%
West Moreton	5.8%	+2.6%
Mackay/Fitzroy/Central West	5.8%	+1.7%
Gold Coast	5.5%	+2.5%
Sunshine Coast	5.3%	+0.8%
Northern/North West	5.0%	+0.4%
Darling Downs/South West	1.7%	-2.2%

Source: ABS data.

The Cairns/Far North region recorded the highest rate in regional Queensland and the largest increase recorded.

In fact, the rate recorded was the highest in Australia at 10.7%, the next highest being Fairfield Liverpool in Sydney (10.5%) and Richmond Tweed/Mid North Coast NSW (10.1%).

However, the short term 'volatility' of this series is illustrated by the way the figures jump around from month to month.

Far North Queensland Statistical Division				
2008	**Total Employed No.**	**Participation Rate %**	**Unemployed No.**	**Unemployed %**
Sep	135,800	72.1%	8600	5.9%
Oct	140,100	73.3%	6900	4.7%
Nov	131,900	70.7%	10100	7.1%
Dec	133,700	71.0%	9300	6.5%
Jan	123,300	69.4%	16700	11.9%
Feb	131,500	72.0%	14000	9.6%
Mar	125,400	69.3%	14800	10.6%
Apr	130,800	70.3%	11600	8.1%

Source: Cummings Economics from ABS data.

While use of quarterly data will reduce some of the 'statistical bounce', it is clear that the series cannot be taken as accurate. However, the figures indicate the overall trend is strongly upwards.

Labour Market & Related Payments – Department of Education, Employment and Workplace Relations (DEEWR)

This series is of actual numbers of jobseekers receiving New Start Allowance and Youth Allowance. These are unemployed persons actively seeking work and receiving income support. New Start Allowance and Youth Allowance are substitute names for what would have been called in the past, unemployment benefits.

One of the shortcomings of these figures is that they do not include long-term unemployed who receive income support in other ways. These figures would understate the numbers who are actually unemployed. However, they probably reflect more accurately what is happening on a short-term basis with changes in levels of unemployment.

The tables published are presented for each customer service centre and by major area Central and Northern Queensland, ie. from Rockhampton region north.

The following table gives changes that have occurred in numbers for the major regional cities in central and northern Queensland of Cairns, Townsville, Mackay and Rockhampton/Gladstone combined, with comparisons with the total for central and northern Queensland and southern Queensland.

A separate table gives some recent figures within the different Far North Queensland centres.

Job Seekers Receiving New Start & Youth Allowances					
	March 2008 No.	**March 2009 No.**	**% Change**	**April 2009 No.**	**April 2009 over Dec 2008 % Change**
Cairns	2544	4177	+64%	4325	+40%
Townsville	2346	3646	+55%	3644	+52%
Mackay	1289	1586	+23%	1629	+43%
Rockhampton/Gladstone	2414	2927	+21%	2987	+24%

Central & Northern Q'ld	15463	21309	+38%	21694	+36%
Southern Q'ld	32611	45644	+40%	45644	+34%

Source: Cummings Economics from DEEWR data.

Change in Number of Job Seekers Receiving New Start & Youth Allowances March 2008 to March 2009	
Cairns	35%
Atherton	17%
Mareeba	19%
Emerald	26%
Mt Isa	30%
Innisfail	39%
Mossman	42%
Ingham	45%
Ayr	54%
Whitsundays	99%

Source: Cummings Economics from DEEWR data.

The pattern indicated is that there has been a general overall rise in unemployed active job seekers (ie. not including long-term unemployed). In Queensland overall, the rise has been about 40% over the 12 months, March 2008 to March 2009. Cairns recorded the highest of the major regional cities with an increase of 64%.

The indications among the northern cities is that for Cairns, growth in unemployment started earlier than Townsville and Mackay but that more recent growth December 2008 to April 2009 has been higher in Townsville and Mackay. The growth in Cairns, December to March of 40%, has not been that much above the 34% recorded in southern Queensland.

Among smaller regional centres in northern and central Queensland, the inland centres have recorded a lower growth in numbers on Jobseeker allowances than the coastal centres.

Highest recorded of all centres shown in the above tables was the Whitsundays with a 99% increase.

Numbers in the Cairns and Far North Queensland region on Jobseeker allowances in March 2008 was 8,670 out of a workforce of about 140,000 (employed and unemployed), ie. about 6% of the workforce.

This compares with 5,649 in March 2008 representing about 4% of the workforce.

Thus, the indications are that unemployment has moved up strongly in the region over the past year at a rate well above State averages, that the upward movements probably started earlier before December 2008, but that more recent upward movements are a bit above overall State movements and not as high as those in Townsville and Mackay.