

keeping cairns confident

# **BUDGET 09/10**

## ACTION PLAN

## MAYOR'S MESSAGE

The Cairns Region is feeling the effects of the global economic crisis. The impact on economic growth, jobs and investments are directly affecting this region's families, communities and businesses. As one of the largest businesses and employers in the region Cairns Regional Council is also feeling those effects. The Cairns region faces many challenges including the need to plan for increased population, to respond to climate change, to protect and enhance our stunning natural assets and to provide for the increasing demands and costs of infrastructure. This budget has been developed in parallel with the community needs and expectations set out in our Corporate Plan. Councillors and council officers have undertaken an exhaustive process for over three months of aligning and balancing Council's vision with the amount of money available. It is important that you know that the process has been rigorous and there have been many hours of robust debate to reach this point. Not every one will agree with the budget priorities, this document outlines the underpinning drivers behind our decision making. Council is often caught between a rock and a hard spot, when we receive targeted funding from the State or Federal Governments for specific projects, but there is a shortfall that we have to fund. For example the Aeroglen/CBD Cycle Path and the new tennis centre. Whilst these projects might be considered luxuries in these tough times, they will maintain and create jobs, boosting the economy and provide important regional infrastructure for the future growth of region.



VAL SCHIER  
MAYOR  
CAIRNS  
REGIONAL  
COUNCIL

## CEO'S MESSAGE

The 09/10 budget is certainly one of the toughest I have been involved in during my years in local government. The economic downturn has reduced Council revenue and as such, this year's budget has been about financial responsibility, making savings and trying to keep rates and charges as low as possible. Councillors have participated in over 30 hours of workshops to understand the challenges we face this year and to work through strategies and models for this year's budget. Council staff have been working on this budget since Christmas last year and have created over 50 rating models, a capital works program for the next five years and long term forecasts and strategies for Council finances amongst a host of other budget projects. I would like to personally thank all staff that have been involved in this budget process across all areas of Council who have worked tirelessly to provide accurate, up to date information and figures as the economic climate has deteriorated. The range of robust policy options put forward by officers has enabled Councillors to make well informed financial decisions and find a balance between maintaining services and keeping rates as low as possible. In tough economic times, no budget will please everyone. Hard decisions have had to be made. I am confident however, that the work of staff and councillors that has gone into this budget means those hard decisions have been made in a thorough and responsible way.



MR PETER  
TABULO  
ACTING CEO  
CAIRNS  
REGIONAL  
COUNCIL

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# KEEPING CAIRNS CONFIDENT

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## OUR CHALLENGE

The 09/10 budget is brought down in the midst of a global economic downturn. Governments, businesses and families are all feeling the effects. All levels of government have a role to play in supporting communities through these tough times. Federal, State and local authorities must all lead by example in dealing with unemployment, a decline in key industries and tourism and a loss of consumer confidence.

The Cairns Region has been hit especially hard by the economic downturn. Unemployment is at 8.9%, international tourism numbers have fallen significantly and the local construction industry has suffered. Council has faced the same challenges as the corporate sector with a reduction in income and increases in the costs of materials, services and commodities.

## OUR OPPORTUNITY

Bringing down a budget in these circumstances is not easy. Tough decisions have been made. At all times Council has been mindful of the need to balance the community expectations of high service levels with the need to address the economic challenges that face us.

Council does not have the economic means of the Federal Government to provide cash stimulus or the ability to influence interest rates and other economic indicators. Nor do we have the funds to undertake ambitious infrastructure projects like the State Government. However, at the community level Council must play a leading role in supporting the local economy, keeping local jobs and promoting the region as a place to do business. A focus on maintaining business confidence, attracting new business and the continuation of big ticket local projects will significantly help in driving the region forward through these tough economic times.

## OUR COMMITMENTS

This year, the focus of the budget is "keeping Cairns confident". The priorities in the 09/10 budget have been selected in response to the challenges before us. Council has identified five key economic policies that will keep Cairns confident in these tough economic circumstances:

1. Building community infrastructure
  2. Fostering vibrant communities
  3. Creating and protecting jobs
  4. Financial Responsibility
  5. A sustainable economy
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## BUILDING COMMUNITY INFRASTRUCTURE

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### OUR CHALLENGE

The economic downturn has significantly reduced Council income which impacts on the ability to commence new infrastructure projects. Despite the decline in the construction industry, the 2009 Local Government Association of Queensland Cost Index has risen to over 5%. That means the cost of core council business like road and bridge building, materials such as steel and concrete and wage costs have risen significantly over the past year. Council must also consider the lifelong operating costs of any new infrastructure before committing to a project.

Nevertheless, it is important for us as a local authority to continue providing infrastructure both as an economic boost for the region and for future generations.

### OUR OPPORTUNITY

Council can grow regional confidence by injecting funds into the local economy through the delivery of infrastructure projects. It is critical when the private building and construction sector softens that Council maintains a robust infrastructure program to reduce job losses.

A strong Council building program is not solely about a suite of large scale new projects. A focus on renewal of existing assets helps both to provide jobs in the community and also to get the best value for money out of council assets by increasing their longevity. Urban renewal projects in business precincts can help revitalise these areas providing a further boost to their custom and prosperity.

### OUR COMMITMENTS

This year Cairns Regional Council is delivering a \$159 million capital works program that will improve services, amenity and lifestyle opportunities for the community. This large injection of funds to the community will create jobs, provide new facilities and improve and upgrade key business areas.

**Cleaner Seas** - \$60.94 million will be spent on the Cleaner Seas project upgrading sewage treatment plants to protect the Great Barrier Reef

**Transport Infrastructure** - \$26.7 million will be spent on transport infrastructure projects such as roads, bus shelters and footpaths creating jobs and boosting city connectivity

**Asset renewal** - \$25 million will be spent on the renewal of existing Council assets increasing their lifespan to save money for the community

## BUILDING INFRASTRUCTURE

In the coming financial year, Council will commence work on showcase infrastructure projects that will provide important new facilities for locals and attract visitors alike.

- **Cairns Regional Tennis Centre** - \$5 million Regional Tennis Facility capable of hosting international tournaments (funded in conjunction with the State Government)
- **Alice River Bridge** - a new Federally funded \$2 million bridge over the Alice River
- **CBD to Aeroglen Cycleway** - Stage one of the state of the art \$6 million cycleway connecting the central business district to Aeroglen, (funded with the assistance of Queensland Transport).
- **CBD Cycling and Walking Circuit** - \$900,000 cycling and walking recreation circuit around the central business district (also funded with the assistance of the State Government).
- **Edmonton Indoor Sporting Centre** - \$3 million Multi-Purpose Centre at Edmonton (jointly funded by the Federal Government) providing recreational facilities for the region's fastest growing area

## REVITALISED INFRASTRUCTURE

The infrastructure renewal program will focus on existing high use community assets that are in need of refurbishment or improvement. Council seeks to get the best value for money while providing the best quality.

- **Beach Access Roads** - more than \$2.5 million worth of upgrades to the beach access roads including \$1.4 million for Yorkey's Knob Road.
- **Muddy's Playground** - the wet surface area at Muddy's playground will be replaced costing \$150,000
- **Tanks Arts Centre** - more than \$500,000 of improvements will be made to the Tanks Arts Centre
- **Libraries** - over a quarter of a million dollars will be spent on upgrading library buildings
- **Swimming Pools** - over \$580,000 will be spent on renewing the region's public swimming pools
- **Playground equipment** - \$400,000 will be spent on improving playground equipment in the region

## BUSINESS PRECINCT IMPROVEMENTS

Council recognises the importance of consumer confidence in the current economic climate. As such the infrastructure program has significant funds allocated to improving access to and amenity of key business precincts across the region.

- **CBD Flood Mitigation** - flood mitigation works in the CBD costing over \$3 million dollars will reduce damage to businesses in the wet season (in partnership with the Federal and State Governments).
  - **CBD Streetscapes** - over half a million dollars will be spent on improving CBD streetscapes
  - **Douglas Bus Service** - a bus service for the Mossman, Port Douglas and Daintree areas will boost business accessibility in the north of the region (partly funded by the Blueprint for the Bush program).
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## FOSTERING VIBRANT COMMUNITIES

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### OUR CHALLENGE

As the Cairns Region faces high unemployment and a decline in the key construction and tourism industries it is easy for the community to lose confidence. As job losses begin to take their toll on families, consumer confidence is likely to fall, further fuelling the downturn. A loss of confidence in the regional economy could be a significant deterrent to businesses hoping to start, relocate or expand in Cairns. The region must present as a vibrant city with a bustling economy despite the economic pressures. A loss of liveliness in the city through business closures and the loss of events and entertainment will have significant flow on effects to the tourism industry.

Recreation facilities and open spaces are not regarded as luxuries, but as necessary aspects of community infrastructure. Recreation makes a significant contribution to the economy of the region. The development and maintenance of facilities provides employment opportunities for local residents and festivals, events and sporting competitions which attract visitors give a major boost to the local hospitality industry. By supporting leisure organisations, Council is directly and indirectly contributing to the local economy.

### OUR OPPORTUNITY

Being at the grassroots level, Local Government has significant means and opportunities to increase regional confidence through creating and fostering vibrant communities. Supporting community groups such as sporting teams, arts groups and community centres, contributes to community well-being and builds social capital. Recreation and sport are important contributors to the quality of life and lifestyle. Moreover, support for community events such as festivals, sporting events and performances creates a level of vibrancy and activity in the community that attracts visitors and improves consumer confidence. Providing safe, attractive community spaces such as shopping precincts and recreational areas will improve community confidence to participate fully in everyday activities across the region.

### OUR COMMITMENTS

Council will boost its commitment to community events and festivals to attract new visitors to Cairns and increase economic activity within the region. Public recreational spaces will be revitalised to increase participation in sports and cultural pursuits.

**Sport, Recreation and Community Development** - \$14 million will be spent on sport, recreation and community development projects that will increase the liveability of Cairns and attract people to the region

**Festivals** - \$450,000 will be spent on festivals across the region and new festivals will have the opportunity to apply for economic development funding

**Events** - performances at the Esplanade, CBD, Civic Theatre and Tanks Arts Centre, including free events will receive over \$1 million in funding

## INCREASING COMMUNITY ACTIVITY

Low cost or free community activities are the focus of this year's budget with ongoing commitments to community festivals and free live performances and events in the city and on the Esplanade. Community safety is also a high priority to encourage locals and visitors into the city centre and to the beaches.

- **Festival Cairns and Port Douglas Carnivale** - funding for Festival Cairns (\$230,000) and Port Douglas Carnivale (\$65,000) to help them grow into nationally renowned community events
- **Beach Safety** - \$1.5 million to provide lifeguard and stinger net services to provide safe beaches for locals and visitors
- **CBD Security** - community safety support for the Queensland Police Service through \$1.38 million of security services for the central business district
- **Performance and Cultural Events** - \$1 million for live performances and cultural events hosted at the Tanks Arts centre, Cairns Civic Theatre, Cairns Esplanade and in the central business district including frequent free concerts

## SUPPORTING COMMUNITY GROUPS

A number of funding streams are available for community groups to access to provide programs, purchase equipment and support young people. A number of new sport and recreation facilities will be built in 09/10 for the benefit of sporting clubs across the region.

- **Manunda Sporting Precinct** - \$1 million for the Manunda sporting precinct implementation project
- **Sport and Recreation Grants** - \$75,000 for sport and recreation grants to help sporting clubs purchase new equipment and improve facilities
- **Sport and Community Groups** - in-kind assistance for sport and community groups of \$100,000
- **Youth Sport** - \$10,000 to support for young people to travel to state and national level sporting events
- **Artist Grants** - supporting local artists through grants and in kind assistance totalling more than \$280,000

## CREATING COMMUNITY SPACES

Community spaces will be created and upgraded in the coming year to be open, accessible and enticing. A number of beautification projects across the region will capitalise on our great climate to further encourage outdoor activity.

- **Woree Multi-Purpose Community Centre** - A new \$2.2 million multi-purpose community centre at Woree with Federal Government assistance for disaster management co-ordination
  - **Libraries** - New library books to the value of \$686,000
  - **Town Centres** - planning for the Edmonton and Smithfield town centres to promote employment opportunities outside the CBD
  - **Goldfinch Park and Palm Cove Caravan Park** - \$1.2 million for the upgrade of Goldfinch Park and the caravan park at Palm Cove to improve the foreshore and attract more grey nomads and other travellers
  - **Daintree Ferry Service** - money collected from the Daintree Ferry will be put in a reserve for the future upkeep and renewal of this important service; the gateway to Cape Tribulation
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## CREATING AND PROTECTING JOBS

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### OUR CHALLENGE

The Far North Queensland region currently has the highest unemployment rate in Queensland at almost 9%. Job advertisements have declined significantly over the past six months. The key industries in the area, tourism and construction have seen significant decline. International tourism arrivals have dropped and despite being offset somewhat by domestic arrivals the number of tourists has reduced by around 7% on the same time last year. Building applications have reduced over the past 18 months and the significant reduction in activity in this industry is evident around the region.

### OUR OPPORTUNITY

Councils as government organisations can offer a higher degree of job security to their employees in spite of labour market forces. As such it is important that cost saving measures undertaken by Council do not result in job losses. As a provider of infrastructure and services, Council also has the ability to create external jobs through contracts for infrastructure activity, maintenance and professional services. It is important that spending in these areas is also maintained to support the creation and protection of jobs in the region. Council must also work with external organisations and key industry bodies to find co-ordinated strategies to fight the economic downturn. This can include business attraction and retention programs, tourism destination marketing and attracting large events to the region.

### OUR COMMITMENTS

Council will remain the largest employer in the region with 1400 employees. The Council infrastructure and maintenance programs will provide further employment for external contractors across the region. Council will also adopt policies that reduce barriers for businesses wanting to move to the region.

\$2 million will be spent on economic development projects across the region

Council's purchasing policy will encourage the use of local suppliers where appropriate to stimulate the regional economy

Existing Council employment numbers will be retained.

## ENCOURAGING NEW BUSINESS

Council will provide funding for economic development to external organisations. Council also continuously updates and refines policies where they are seen to be hindering business and development in the region.

- **Regional Economic Development** - Advance Cairns will receive \$250,000 funding to continue their work in business attraction and regional economic development
- **Tourism** - Tourism Tropical North Queensland will receive \$480,000 and Tourism Port Douglas Daintree will receive \$430,000 for tourism promotion activities
- **Economic Development Fund** - an \$850,000 economic development fund will be established to be spent on business and event opportunities that arise throughout the year that will contribute to the regional economy
- **Remove barriers to economic activity** - continuous review and improvement of council policies will identify and remove barriers to economic activity – for example the Cairns Film Friendly Initiative

## CREATING COMMUNITY JOBS

Council will continue where possible to provide business to local companies and contractors to carry out works. Council will also continue its significant infrastructure and service delivery program to provide employment across the region.

- **Water and Waste Capital Works** - \$86 million of water and waste capital works including water, wastewater, waste and cleaner seas projects
- **General Capital Works** - \$73 million of general capital works including transport infrastructure, community facilities and flood mitigation projects
- **Register of Pre-Qualified Suppliers** - tender and contracting procedures that encourage the development of competitive local business and industry by providing opportunities to local suppliers to be listed on the register of pre-qualified suppliers
- **Equitability in Tendering** - training council staff on procurement processes to ensure that all businesses are treated equitably in tender processes

## PROTECTING COUNCIL JOBS

Council will maintain its workforce of 1400 staff across the region to continue to provide high levels of service to the community.

- Council will provide 113 apprenticeships and 21 traineeships including around 30 new apprentices and trainees in the coming financial year
  - A new enterprise bargaining agreement will bring the industrial agreements of the former Cairns City and Douglas Shire Councils giving clarity and equity for all Council staff
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## FINANCIAL RESPONSIBILITY

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### OUR CHALLENGE

Local Governments across the nation are facing income shortfalls in the 09/10 financial year due to reduced development activity, falls in revenue from fees and charges and general reductions in economic activity. While rates provide a steady source of income for local governments, it is important not to shift the cost burdens faced by council onto the ratepayers to a point that puts them under financial strain. Councils cannot operate with large operating deficits like other larger levels of government. However it is sometimes appropriate to go into a deficit position to reduce the pressure on ratepayers. The key way in which Councils can reduce the burden on ratepayers is by cutting costs and operating more efficiently. Council must also put money away for the replacement and renewal of old infrastructure in future years.

### OUR OPPORTUNITY

Council has raised rates to reflect the increase in costs for materials and services that Council uses. The Cleaner Seas Project to protect the Great Barrier Reef will cost Council \$60 million this financial year on top of our normal operating costs. With the large cost increases borne by Council this financial year, rates could have justifiably increased by 12 to 14 per cent. However, Council has taken the opportunity to review internal processes to find better, more cost effective ways of doing business. Council has also decided to incur a small deficit this financial year to keep rates rises to a reasonable level. Five year budget projections show Council returning to a surplus position in by 2012.

### OUR COMMITMENTS

Council will maintain service levels to ratepayers while continuing to find internal cost savings. Rates will rise within the Local Government Association of Queensland's expected range of 6-8%. Council will be in a manageable deficit position of less than 4% of the overall budget.

**Operational Savings** - Council has found over \$7 million in operational savings during the budgeting process and will continue to look for better ways of doing business

**Asset Replacement** - \$69 million will be put towards Council's asset replacement fund to ensure assets can be replaced or renewed as needed

An operating deficit of under \$10 million will be incurred by Council to shield ratepayers from Council's significant cost increases and revenue shortfall

## GETTING MORE FOR LESS

As the global financial crisis hit in the 08-09 financial year, Council took proactive steps to reduce costs and become more efficient to stay in a surplus position. Council has identified services that can be provided more cost effectively and will continue this policy through this financial year to try to improve our net position as the year progresses.

- A review of procurement procedures is being undertaken to create a strategic procurement process for Council
- Staff will not be replaced when they are on leave
- Cheaper vehicles will be purchased for the Council fleet
- Operational expenses will be reduced
- Internal process will continually be renewed to identify areas where savings can be made

## PLANNING FOR THE FUTURE

Council must ensure that long term future projects are provided for in the budget – especially replacement infrastructure. Council will put aside significant funds this year to provide for the renewal or replacement of our existing infrastructure in future years as our responsibility to future generations. We will also ensure that even though we will have a deficit position, to soften rate increases, this will not be left for future Councils to pay off.

- **Asset Replacement & Renewal Fund** - the asset replacement and renewal fund of \$69 million will give future generations the capacity to replace or revitalise existing infrastructure when it is no longer in working order
- **Managing Council Revenues** - an operating deficit of less than \$10 million will ease the pressure on ratepayers to make up the shortfall in Council revenues, while still being manageable enough to pay off during this Council term
- **Environmental Management** - Council's greatest single cost this year - the \$60 million Cleaner Seas Project - will protect the Great Barrier Reef, the region's most precious asset, for future generations

## EQUITABLE RATE AND FEE INCREASES

Rates have risen by an average of 7.5 per cent this financial year. Council has taken the opportunity to complete the equalisation of rating systems following amalgamation to provide one system for the whole region. Bringing into line the rural and commercial rating systems has created some anomalies in rate rises, with many ratepayers experiencing a drop in rates this year.

- Residential rates will rise by 7 to 8% including increased water charges to save the Great Barrier Reef
  - Almost 3000 properties will see a decrease in their rates bill
  - Most fees will rise by 4.3% except parking meters which will fund a new off street parking complex in the inner city
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## A SUSTAINABLE ECONOMY

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### OUR CHALLENGE

Despite the pressures of the global economy, local governments must protect and improve their natural environments. Councils must continue to spend money on measures that ensure ecologically important areas are protected and that degraded environments are regenerated for future generations. As a large organisation, Council has a duty to demonstrate good corporate citizenship and lead by example. This involves taking measures to reduce Council's carbon footprint and reducing the impact of Council's operations on the natural environment. As a community leader, Council must also serve as a role model to businesses and community members by demonstrating what can be done to reduce our impact on climate change and non renewable resource use.

### OUR OPPORTUNITY

Council will implement sustainability measures that save money due to an increased efficiency in operations. This common sense approach to business ensures the natural environment is looked after which is crucial to a healthy local economy. Protecting the environmental assets of the region will ensure the financial and recreational benefits they bring to the region continue for future generations. Ensuring building design and infrastructure selection minimises environmental impact will help to achieve this end. As a leader in carbon reduction and sustainable practices Council will be able to access the significant Federal and State grants programs for sustainable projects and jobs.

### OUR COMMITMENTS

Council will make decisions in line with its Corporate Sustainability Policy applying the principles of sustainability to decision making and activities. Council will lead by example and become an inspiration to the Cairns regional community.

Almost \$7.7 million of cycling and walking infrastructure will be built

Council will work with community groups such as Landcare and local schools to plant 40,000 trees and educate students about the importance of the environment

As part of Council's Climate Change Strategy, a greenhouse gas mitigation action plan will be adopted by Council to highlight areas of possible emission reduction and associated monetary savings.

## SUSTAINABLE INFRASTRUCTURE

Council will encourage carbon neutral transport through the building of new and more accessible cycleways and footpaths. Protection of the Great Barrier Reef will also be enhanced in the single biggest project ever undertaken by Cairns Regional Council or its predecessors.

- **Botanic Gardens** - \$5 million will be spent on a best practice sustainable visitors' centre at the Botanic Gardens to highlight and raise awareness of the diversity of the flora in the region
- **Sustainable Design** - Council will develop a sustainable scorecard with criteria developed to ensure best practice sustainability applicable to purchasing, design and performance
- **Protecting the Environment** - The \$188 million Cleaner Seas Project to protect the Great Barrier Reef will come online at a cost of over \$60 million to Council this financial year

## SUSTAINABLE BUSINESS

Council will proactively identify sustainable business practices that can be implemented over the next year. Further policy, strategy and staff education will be undertaken to embed sustainability into the corporate culture of the Council.

- Council will continue to downsize its vehicle fleet and set purchasing criteria for best practice vehicle fuel efficiency
- Council will build on its Corporate Sustainability Policy by reducing financial losses associated with inefficient energy and resource consumption in Council operations
- Council will include climate change in the Risk Assessment Framework to ensure risks to the community are taken seriously and well planned for

## LEADING THE WAY

Council will align itself with community groups and organisations with a similar sustainable focus to deliver collaborative events and programs. Council will build the reputation of the Cairns Region as a sustainable region with important ecological assets.

- Public education and awareness activities such as Earth Hour, Climate Smart and the Green Living Expo will be supported by Council
  - Council will increase community awareness of sustainability at home and at work by leading by example and promoting sustainable behaviour
  - Council will continue to be proactive in regional sustainability initiatives to ensure the region has a consistent approach and responsive to new sustainability challenges and opportunities
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