

# Mayor's Budget Address – 2023/24

19 June 2023

I deliver the Cairns Regional Council's Budget for the 2023/24 financial year.

This will be the last time I will do so.

And I do most certainly understand the cost of living pressures faced in the current environment.

This is the most challenging Budget in my time at Council, which responds to some unique and challenging economic conditions.

Over the last 11 years, Council has delivered successive low-rate Budgets.

I made it clear when elected Mayor in 2012, the new Council philosophy meant any rate increase must be kept at, or below, CPI.

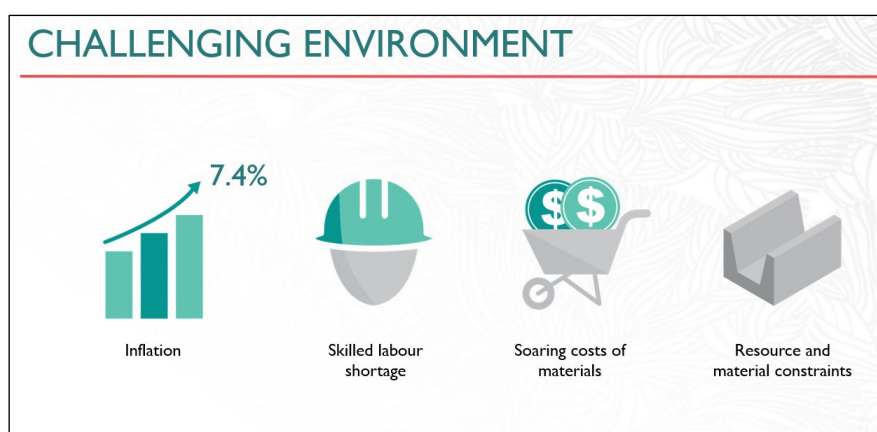
We have delivered on this promise in this year's Budget.

It is a practical Budget that focuses on the renewal, upgrade and the provision of targeted infrastructure and sets out a fiscally responsible plan to maintain service levels and absorb the impacts of rising costs as much as possible.

Targeted investment in the suburbs and priority spending on critical infrastructure ensures Council is delivering value for money for Cairns ratepayers.

In delivering last year's Budget, I spoke of the challenges related to the pandemic, and how the region's tourism and hospitality industries were bruised and battered from COVID-related health restrictions.

I also spoke with optimism about the reopening of borders and travel.



However, I flagged the emergence of new challenges, namely inflationary pressures, a tight labour market, and resourcing and supply chain restrictions.

These challenges have shaped Council's 2023/24 Budget, as have the principles and core values outlined in the Corporate Plan.

This five-year plan provides a blueprint for Council to achieve a sustainable future for our region, and guides the strategies, plans and policies to achieve that goal.

The Local Government principals – including transparent and effective processes, and decision-making in the public interest; good governance; and sustainable development and management of assets and infrastructure – play a role in everything that Council does.

This is a given, which our residents are entitled to expect at every turn.

Simply, if those principals are embraced, then we give ourselves the best chance of getting the right outcome for our community.



## The city and environment

A walk around our city clearly illustrates that it is one of the best kept cities in Australia.

As I walk the streets, I often get comments from locals and visitors, as I am sure my fellow Councillors do, on just how good our city looks.

This is not something that happens by accident, nor is it something that will happen by accident.

It takes effort, and our dedicated workforce take great pride in what they do to make this happen.

Council remains committed to making Cairns a safe, sustainable and connected place that supports our enviable lifestyle.

In today's Budget, we have made a further commitment to maintaining the amenity of our city through additional resources.

Notably, there is a modest provision for a dedicated team that will respond to urgent clean up issues in the CBD, as well as some more daily pressure cleaning.

This is a relatively small commitment that will deliver great results.

As a tourist centre which adjoins two World Heritage-listed natural wonders – the Great Barrier Reef and Wet Tropics rainforest – we are obligated to ensure we present ourselves in the best possible light.

We also have to continue optimising visitation and tourism opportunities by improving what we can offer.

For example, completing the Esplanade Dining Precinct was an important part of this process, delivering a new and attractive precinct as part of the CBD.

Council made the decision to complete these works while our city was impacted by COVID-19; the alternative was to wait until the pandemic was over.

It is all about timing, and we got the timing right. This proved to be the right decision.



Progressing the Cairns Gallery Precinct is also a part of increasing our offerings, and this year we have allocated funds to complete the refurbishment of the former Mulgrave Shire Office to create a gallery.

Council will need to keep talking to governments, both State and Federal, to continue progression of the Gallery Precinct, so as to discern our city and First Nations culture, and achieve our goal of becoming the Arts Capital of Northern Australia.

There is more work to do, not just in the CBD but also the suburbs, and this Budget goes some way to delivering on those needs.

## Prudent management

In considering this year's Budget, we have been mindful of the rising cost of delivering essential services.

Council continues to face the same inflationary challenges as everyone else, including cost pressures, supply chain issues and skilled labour shortages.

For example, we have registered a 30% increase in the cost associated with the construction of concrete paths and procurement of stormwater pipes and other associated prefabricated concrete products; price rises of over 40% for topsoils and sands; and electricity price rises close to 20%.

We also needed to budget for cost increases in bitumen works of 15%; a 20% cost escalation in fuel; and an 8% rise for waste collection services.

It has been a difficult process to achieve the outcome we are here to vote on today – many hours were spent deliberating, debating and formulating this Budget, and I thank the Councillors who did actively engage in this process, your input has been invaluable.

Maintaining service standards is a high priority.

We have looked carefully at our Capital Works program and considered which projects were absolutely necessary; those that could be deferred; where reduced scope was needed; and made the most of funding opportunities to maximise outcomes.



For example, Council advocated and was successful in securing State Government funding to assist with the development of Kenrick Park in Gordonvale and the establishment of the Trinity Beach Community Activity Space – a total of \$3.93 million and on a 50/50 basis.

Both projects have been identified as being critical to the community, and by leveraging funding, Council can deliver them at less cost to ratepayers.

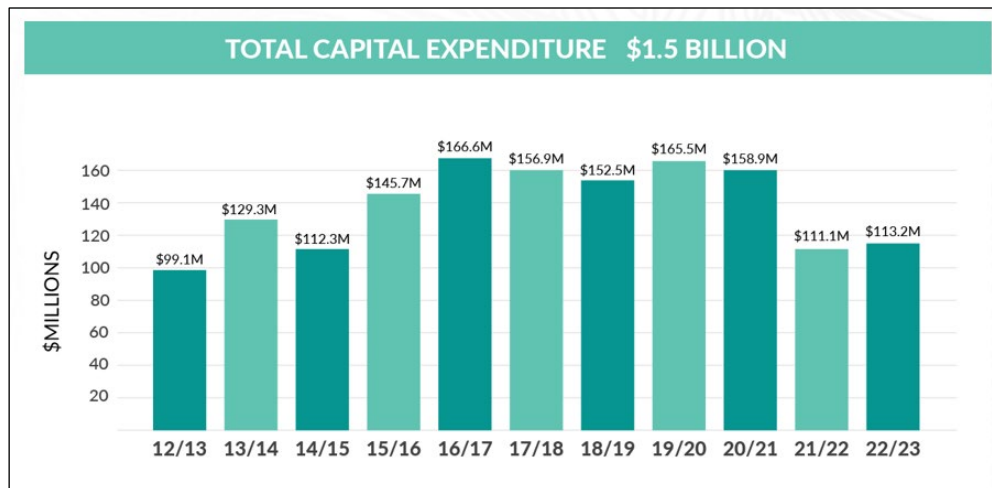
This methodology is very much in line with this Council's approach to the prudent and fiscally responsible management of the city's resources.

We have \$2.1 billion worth of infrastructure mapped out over the next 10 years and a robust long-term financial plan, demonstrating a commitment to sound financial management.



## Impact on the community

Council has committed approximately \$165 million in its Capital Works program, which has a clear focus on renewal and upgrades, and keeping with the mantra of maintaining our service levels.



It also means that our Capital Works program has, since I have been Mayor, delivered more than \$1.5 billion of community infrastructure, which has provided much-needed sports, recreational, cultural, road, water and waste facilities across the Cairns local government area.

In that time, we have delivered key projects, including:

- The Cairns Performing Arts Centre
- Munro Martin Parklands redevelopment
- Tobruk Memorial Pool redevelopment
- Cairns Esplanade Dining Precinct
- Machans Beach rock wall
- Graeme Haussmann bridge on Collins Ave, Edge Hill
- Airport connector – extension of Lake St to Airport Ave
- The Botanic Gardens Conservatory
- The Walker Road Sporting Precinct in Edmonton.

All these projects add to the liveability of our city and drive economic growth.

We should be particularly proud of this result as we have achieved this without the same level of government support that has been afforded to other regions.

In brief, this year's Capital Works program includes, but is not limited to:

- \$29.5 million on the wastewater network
- \$53 million for water infrastructure
- \$25.1 million on improvements to the road and drainage network, and
- \$38.9 million for community, sport and cultural projects.

We know that Council's Budget has a significant effect on the local economy.

Not only is Council one of the city's largest employers, but an analysis of the 2021/22 financial year shows that \$338 million, or 88% of total Council expenditure, was spent with local businesses, which supported 3,600 jobs.



As a result of this year's Budget, the community will see targeted investment across the suburbs of Cairns through projects such as the Redlynch Skate Park refresh, Earlville Tennis Club upgrade, and Kenrick Park redevelopment in Gordonvale.

In addition to the Capital Works program, the annual maintenance budget will consume \$51 million this year on approximately 640 parks and nature areas; 1,360 kilometres of roads; 1,705 kilometres of kerb and channelling; 630 kilometres of sealed footpaths; 150 kilometres of on-road cycle lanes; 840 litter bins; and 85 public toilet blocks.

There is also a \$1.3 million budgeted investment to support and attract major events to the region, such as Reef to Reef; a South Sydney Rabbitohs NRL premiership match; and Ironman Cairns, which we hosted just yesterday.

These events not only provide locals access to high-quality performers and sports, but they also provide a significant boost to the economy.

## “The New World”

There are a lot of reasons to feel a sense of optimism for the future of our city.

Cairns has seen steady economic growth since 2020, with the region's gross regional product sitting above \$10.2 billion.

Jobs growth has also been steady since 2015, while international migration and visitors are on the way back.

It is an optimism that is shared with investors – the development and rejuvenation of world-class hotels, demand for residential development, and the city's growing reputation as a major event and sports destination attest to that.

Our position as a strategic port has resulted in significant Federal and State Government funding being directed towards our marine precinct and naval assets.

This has also led to Cairns being named as a potential partner for a future PNG / Pasifika NRL team – something that may have seemed like a pipedream just a few years ago, but today is being seriously considered at the highest levels of government and the NRL.

Council is working to foster conditions for a diversified and resilient economy that backs innovation, growth and jobs.

We have iconic world heritage natural assets, we are home to two of the world's oldest living cultures (Aboriginal and Torres Strait Islander), have an international airport, world-class hotels, and well-established tourism operations.

With a commitment to achieving net zero emissions by 2030, we are also looking to position Cairns and Far North Queensland as a leader of the Smart Green Economy in Australia.



Green economies are “The New World”.

There is a lot of opportunity for investment in this area, and Cairns, and the Far North region in general, are well positioned to take advantage of these opportunities.

We have an abundance of renewable energy resources (think solar and wind), a significant First Nations population with proven experience in natural resource management, and we have close proximity and connectivity, through an international airport, to Asia and the Pacific.

Leveraging these advantages and elevating Cairns and the Far North as leading Australia's green economy, has the potential to deliver medium to long-term economic returns, and grow innovation and diversification.

There is also strong strategic alignment at all levels of government that support a greener economy.

For example, bold targets as part of Council’s Climate Change Strategy 2030 align with the Queensland Government’s Energy and Jobs Plan, and the Federal Government’s commitment to increased emission reduction targets.

The time has come to be a part of this change; we can either get aboard, embrace it and reap the benefits, or remain on the shore and watch the future sail by.



## Tourism and visitation

All this is positive and something that should fill us all with a sense of confidence for the future, despite current challenges.

However, critical to our local economy is ensuring that the tourism industry can generate visitation through marketing and promotion.

While the pandemic demonstrated that the Cairns economy was incredibly resilient and other industries, such as health, construction and education, can provide stability, tourism remains critically important to the ongoing prosperity and profile of the city.

Council supports tourism and the local economy in many ways, particularly through a \$3.4 million annual contribution to Tourism Tropical North Queensland to promote Cairns as a premier tourism destination.

We have enjoyed a remarkable rebound since the reopening of borders, but we cannot rest on our laurels.

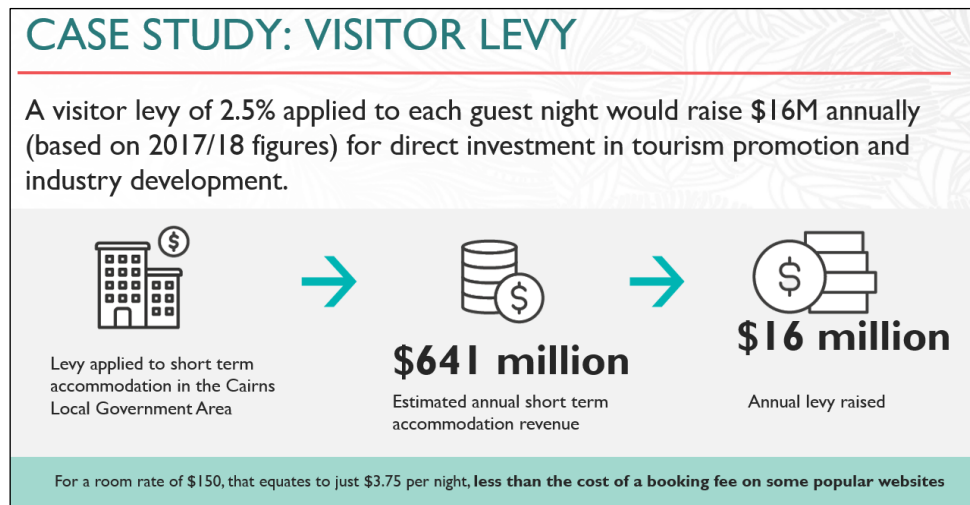
In a highly competitive global market, we need to stay light on our feet and remain flexible.

To compete successfully, targeted destination marketing is needed and that means appropriate funding.

Presently, the onus of funding this ongoing promotion of our region falls on the ratepayer – I believe that this burden should be shifted to our visitors through the introduction of a modest levy.



This would allow Council to remove this impost from ratepayers and allow us to redirect that \$3.4 million back to the community.



A levy would also provide the industry with the financial autonomy to promote their product and our destination.

User-pay levies of this kind are used all around the world; Australia has been slow to follow suit.

However, it is heartening to see the NSW is now considering if a visitor levy is appropriate for them.

We know that targeted campaigns work in increasing visitation – it is common knowledge that if you do not invest, your market share does not grow.

Our numbers show that a small, 2.5% levy per room per night, can generate \$16 million annually to be spent attracting more visitors to Cairns.

Raising the same amount from ratepayers is just not feasible. A user-pays visitor levy is a much fairer way to ensure our tourism industry can thrive, while residents benefit from the flow-on impact to our economy and jobs.

It's just common sense that tourism destinations can raise their own funding and have control over how it is spent, rather than relying on State and Federal grants that can dramatically shrink depending on budget priorities.

Governments need to learn to work together and in instances like this, they need to understand the people involved in the industry are the people who participated in opening up the region to tourism.

No one in Australia knows more about this industry than they do, so why are we holding them back?



## Our city is growing

People love Cairns and it is no surprise that we are continuing to grow. Our relaxed lifestyle makes sure people love to live, work and play in Cairns.

The latest figures show that Cairns' population now sits at over 172,000 residents.

We have a SA4 population of 261,000 residents, the largest in Northern Australia, and far bigger than Townsville and Toowoomba.

In the 2021/22 financial year, our city recorded our strongest population growth in almost a decade.

Council has diligently accommodated growth.

Just last month, this Council endorsed policies to help growth and development issues, with waiver for infrastructure charges for:

- The development of social and affordable housing
- The development of student accommodation
- For development in specific zones, including but not limited to Gordonvale, Babinda, Cairns City and Cairns North.

We also moved to stimulate further investment that will broaden and strengthen the economy by waiving infrastructure charges for health, education, maritime, aviation and manufacturing developments.

This Budget also allows for the introduction of a new Express DA program, which will fast-track decision-ready, low-risk applications that meet certain eligibility criteria to be assessed within 10 business days.

As Cairns continues to grow, we must look beyond the term of this current Council – that is what good and responsible government does.

According to our projections, the city's population could reach up to 265,000 by 2050, that's almost 100,000 more people than live here today.

We need to plan for this growth now, to make sure that everyone can live here and enjoy what we love about Cairns today.

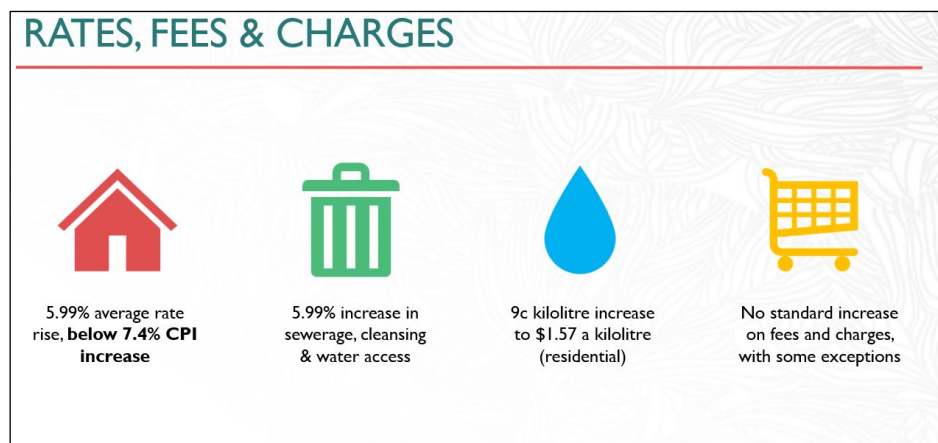
It is about accommodating growth, while retaining those things that are most dear to us, which define the character of Cairns.

To progress this approach, the Budget has set aside \$1.7 million to progress the Towards 2050 Growth Strategy, \$685,000 for Resource Recovery 2040 which will address future kerbside collection and landfill diversionary plans, as well as a \$24 million capital works investment to advancing the Cairns Water Security – Stage 1 project.

## The Budget

The proposed Budget provides for:

- Operating revenue of \$377.9 million
- Operating expenditure of \$377.7 million
- Capital Works program of \$164.8 million



Council has determined a rate rise of 5.99% is required across the board – for the majority of residential ratepayers, that equates to \$3.16 or less a week in Council charges. This excludes the State’s fire levy and water usage charges.

This rate increase remains true to this Council’s commitment over the past decade to keep rate rises at a minimum, with increases at or below the State’s Consumer Price Index (CPI).

We worked hard to keep the rate rise significantly lower than the state’s recorded CPI of 7.4% in March 2023.

Council has also decided not to proceed with the introduction of a new rating category for non-principal places of residence.

Residential water usage charges will rise by nine cents to \$1.57 per kilolitre. Commercial water usage charges will also rise by nine cents to \$1.64 per kilolitre.



## Conclusion

This Council recognises the financial pressures and the imposts on the cost of living now being experienced by the community.

In response, we have limited rate increases to a minimum and will continue our efforts to stimulate the local economy through our operational and capital works programs. I believe this is a budget that is appropriate for this Council to adopt.

It recognises the need for fiscal responsibility (it is balanced); it provides for significant capital works (it is focussed on delivering core services and improving our way of life); and it positions this Council to capitalise on future opportunities as they arise.

Consideration of this Budget today does not mark the end of the budget process – with escalating costs there will be a need for continued discipline and commitment to deliver budget outcomes and the program of works.

There is always a need to adapt to the ever-changing environment and to respond as changing conditions and priorities warrant.

This is where we must now direct our attention.

In closing, I would like to thank and commend my fellow Councillors for their time and input in preparing the Budget and especially acknowledge the efforts of Chief Financial Officer Ms Lisa Whitton, the Executive Leadership Team, and CEO Ms Mica Martin who have been faultless.

I present the 2023/24 Cairns Regional Council Budget to you for its adoption.

Before dealing with the respective resolutions, I would like to offer Councillors – commencing with Division 1 and progressing through to Division 9 – an opportunity to speak to the Budget in the context of their division.

Councillors are directed to limit their comments to three (3) minutes or less each with consideration that the substantive Budget item is number 19 on the agenda.

Thank you.