

FINANCE & ADMINISTRATION COMMITTEE**21 SEPTEMBER 2011****1****DAINTREE RIVER FERRY ECONOMIC INCENTIVE**

Darryl Crees: 23/8/2-01: #3308189

RECOMMENDATION:

That Council endorse the proposed economic incentive of free travel for bona fide local residents for the period from 15th November 2011 to January 2012.

That Council note the potential financial impact of this economic incentive.

That Council note officers will provide a detailed report at the conclusion of this period on the results of the incentive and future options.

That Council delegate authority to the Chief Executive Officer in accordance with Section 257 of the *Local Government Act 2009* to negotiate and finalise any and all matters in relation to this economic incentive.

INTRODUCTION:

Earlier this year, Council received submissions from tourism bodies and businesses north of the Daintree River to extend the geographical area for travel concessions to the entire local government area. A trial for the month of April 2011 was requested.

As the lead time to effectively implement such a trial was insufficient, approval was given for a "one off" economic stimulus by way of waiving all travel fares on the Daintree River Ferry for the period 16th April 2011 to 2nd May 2011 inclusive. In total there were 17 days of free travel which covered the school holidays, Easter weekend, ANZAC Day and May Day long weekend.

A report detailing the results for this period was provided to Council at the Ordinary Meeting in May 2011.

BACKGROUND:

Following on from the success of this "one off" economic stimulus, further representations from Daintree Marketing Co-operative have been received to instigate two free periods on an annual basis. The timings proposed would be from 15th November to 15th January and from the Thursday prior to Easter for a period of two months.

This report will address incentives proposed for the period 15th November 2011 to January 2011 only. This will allow time to analyse data and findings before commitment to further strategies moving forward.

COMMENT:

At the Ordinary Meeting in May 2011 Council resolved - *“That Council responds to Tourism Tropical North Queensland and advises that Council is unable to extend the free travel period on the Daintree River Ferry at this point, subject to a more complete investigation of the implications.”*

A working group was established to investigate options to assist the tourism sector north of the Daintree River. This group comprised of the representatives from Economic Development & Innovation, Infrastructure Services, Planning Strategies, Corporate Services and the Regional Manager Douglas.

In determining options available the working group took into consideration several factors and some of these were:

- Economic benefit versus alternate incentive programs
- Potential environmental impacts from increased travel/visitor numbers
- Potential impact on the amenity and/or wilderness experience
- Operational budget implications
- Possible implications with contractual arrangements held for supply of ferry services.

During the free travel period earlier this year, Council incurred a net operational budget impact of \$198,464.31. This amount took into account revenue foregone, contractual payments due to ferry service providers and other operating expenditure.

Based on the preceding factors, potential budget implications should free travel be granted for the period 15th November 2011 to 15th January 2012 have been calculated at \$433,000. The revenue foregone component has been based on ferry fares received for the same period in the prior financial year.

In 2009 it was resolved to establish the Daintree River Ferry Reserve. The objective of this reserve was to ensure that the income generated from ferry usage fees and charges would be sufficient to fully fund whole of life cycle costs to sustain the required level of service. Examples of these costs include contractor payments, capital works in the vicinity of the ferry crossing, maintenance works to existing infrastructure, provision of public facilities and annual dredging programs. To instigate a further free travel period would have a considerable impact on the provision of funding for these purposes.

Considering the magnitude of potential budget implications to provide free travel on the ferry for the period requested, the working group has developed an option to promote a special 2 month locals smart card. This option will provide concessional travel on the ferry to the local residents in the remainder of the local government area that are currently ineligible under the Daintree River Ferry Concessional Travel Policy.

There is anecdotal evidence that the level of local travel to the Daintree region is hampered by the cost of the ferry fare. It is important that this perception is now rigorously tested and the economic benefit of supporting locals to access this area is properly assessed.

The key components supporting this option are:

- Eligibility. All local residents in the CRC local government area (excluding the footprint of the former Douglas Shire) are eligible to apply. The card will be valid for the period from 15th November 2011 to 15th January 2012. Cards will only be allowed for use for the following fare categories; Motor car & utilities (private use), Pedestrians & bicycles and Motor bikes.
- Application. A standard application form to be developed to record, name address and contact details. Photographic identification will be required at the time of application to confirm local status. A condition of use of the card will be the agreement that the applicant will participate in a short survey at the end of the period.
- Database. A database of all applications will be maintained to ensure that duplicate card issues are not provided.
- Card cost. For this trial it is recommended that the cards be issued free of charge.
- Data collection. The ferry contractors will be issued with barcode readers to scan the cards for accurate data collection. To ensure that Council maintains its obligations under the ferry service contract, the contractor will be paid the standard commission of 5% on a one way fare. This will equate to \$0.625 cents for each scan.
- Operational cost. From preliminary quotes received it is anticipated the set up costs for purchase of cards and barcode readers etc will be in the vicinity of \$5,000 to \$10,000. Contractor commission payments will be additional and quantum will be dependent on the applications received and use of card. Whilst an estimate of total cost is unable to be provided at this time, it will be substantially less then providing free travel for the same period. At the end of the incentive period officers will be able to provide a comprehensive report of all costs.
- Survey. After the expiration of this trial period a survey will be undertaken with applicants to obtain relevant data to inform future decision making with concessional travel or other incentives associated with ferry travel.
- Other actions. The Economic Development & Innovation will canvass the Daintree Tourism Sector to provide further incentives or promotions in conjunction with this trial. Douglas based staff will work closely with the ferry contractors to implement and monitor trial. Marketing & Communications will actively promote this incentive through media outlets.

CONSIDERATIONS:

Corporate and Operational Plans:

The information contained in this report is in accordance with Corporate Plan Goal 6.2 and 6.3 –

“Understand our business environment and effectively set strategy, deploy resources, monitor and report.”

“Collect, interpret, manage and capture data and information to inform good decision making.”

Statutory:

This report has been prepared in accordance with the *Local Government Act 2009*.

Policy:

Referral to the Daintree Ferry Reserve and Daintree River Ferry Concessional Travel policies has occurred in completing this report.

Financial and Risk:

Financial: Staff are unable to quantify operational budget impacts until the end of the concession period. However costs associated with this incentive will be substantially less than providing total free travel on the ferry for the same period.

Information & Data: An experience gained from the free travel initiative earlier this year was that the procedure to collect meaningful data was lacking. This option being presented to Council has refined the data collection process. Each vehicle passage will be captured by barcode scanning and the contractors will be reliant on accurate recordings as this will determine commission payable to them. Residents who avail themselves to this concessional travel will be agreeing to partake in a survey at the expiration of this initiative. Post event survey of local residents generally will also be conducted to identify why people did not avail upon this initiative.

Contractual: Council is in a contractual agreement for the provision of ferry services and a significant change to current ferry services could result in breaches or perceived breaches of this agreement.

Sustainability:

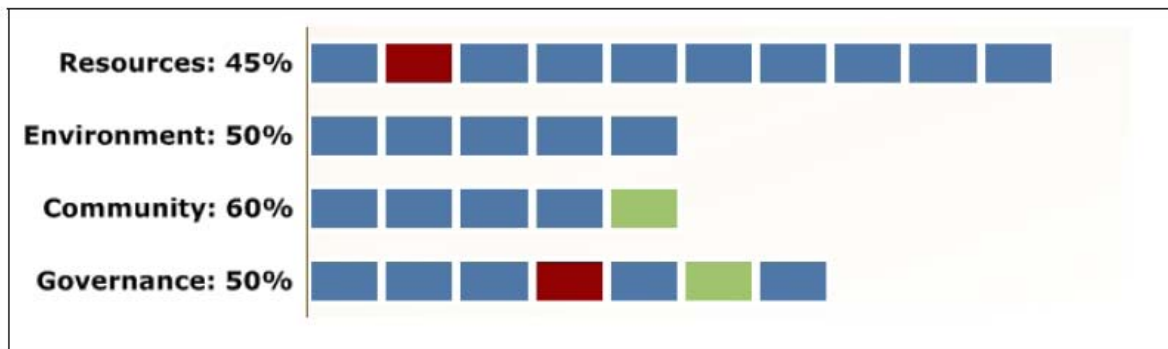
It is intended through this incentive to entice residents who would not normally travel to the Daintree area, to do so and in doing so there will be some negative indicators in the sustainability scorecard. These indicators refer to increased travel related Green House Gas emissions and some increase in operational costs. There are also potential amenity impacts of increased visitor numbers on the wilderness experience.



Sustainability Assessment report

SUSTAINABILITY SCORECARD

Activity / Project:	Daintree River Ferry Economic Incentive
Department:	Corporate Services
Branch:	Governance
Project manager:	Darryl Crees
Assessment owner:	Darryl Crees
Assessment date:	14/09/2011
Budget:	\$0.00
Approval status:	Pending
Project stage:	Introducing a trial of concessional travel on the Daintree River Ferry for the remainder of the Cairns Regional Council local government area.
Project count:	1



CONSULTATION:

In developing this incentive a working group was established which comprised of the Regional Manager Douglas along with representatives from Economic Development & Innovation, Infrastructure Services, Strategic Planning and Corporate Services. A workshop was also undertaken with Councillors to provide background information regarding this matter.

OPTIONS:

1. That Council endorse the proposed economic incentive of free travel for bona fide local residents for the period from 15th November 2011 to January 2012.

That Council note the potential financial impact of this economic incentive.

That Council note officers will provide a detailed report at the conclusion of this period on the results of the incentive and future options.

That Council delegate authority to the Chief Executive Officer in accordance with Section 257 of the *Local Government Act 2009* to negotiate and finalise any and all matters in relation to this economic incentive.

2. That Council respond to the Daintree Marketing Co-operative and advise that Council is unable to provide any further travel incentives for the Daintree River Ferry.
3. That Council adopts to provide total free travel on the Daintree River Ferry for the period from 15th November 2011 to 15th January 2012 noting the potential financial impacts.

CONCLUSION:

The proposed economic incentive will enable a detailed evaluation of this multi-faceted issued.

Darryl Crees
Acting Manager - Governance

Linda Kirchner
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