

**STATE OF PROCUREMENT REPORT**

F&BS | 63/14/3-01 | #7472740

**RECOMMENDATION:**

That Council note the State of Procurement Report for 2023/24 financial year.

**INTERESTED PARTIES:**

Nil

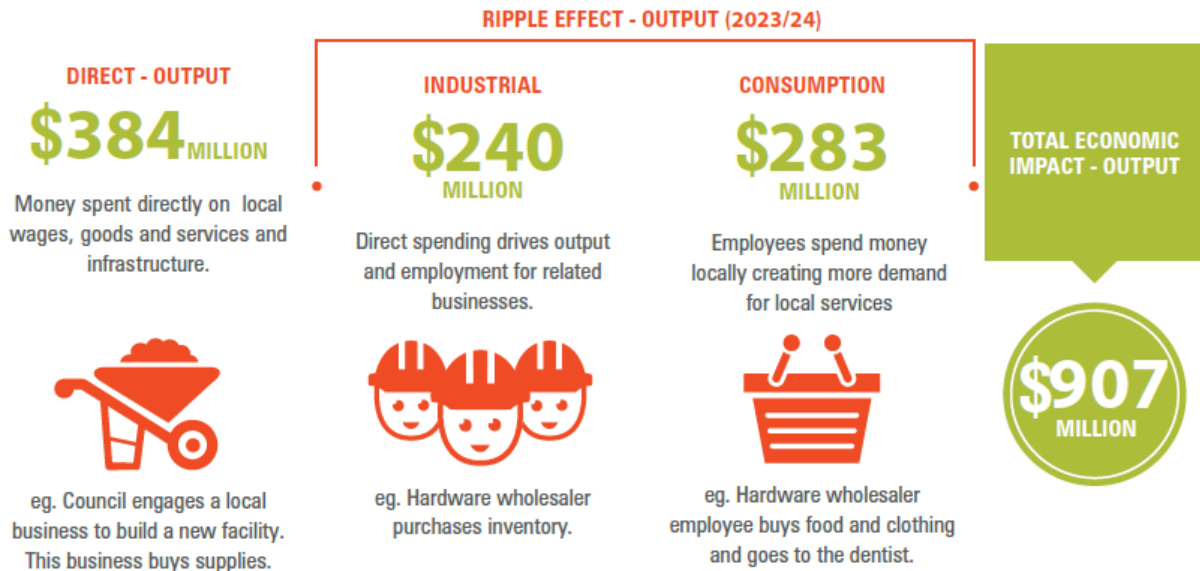
**EXECUTIVE SUMMARY:**

Council’s total expenditure for 2023/24 was \$439 Million, with **88% (\$384M) being local**. This local expenditure directly creates and sustains local jobs and supports local business and industry.

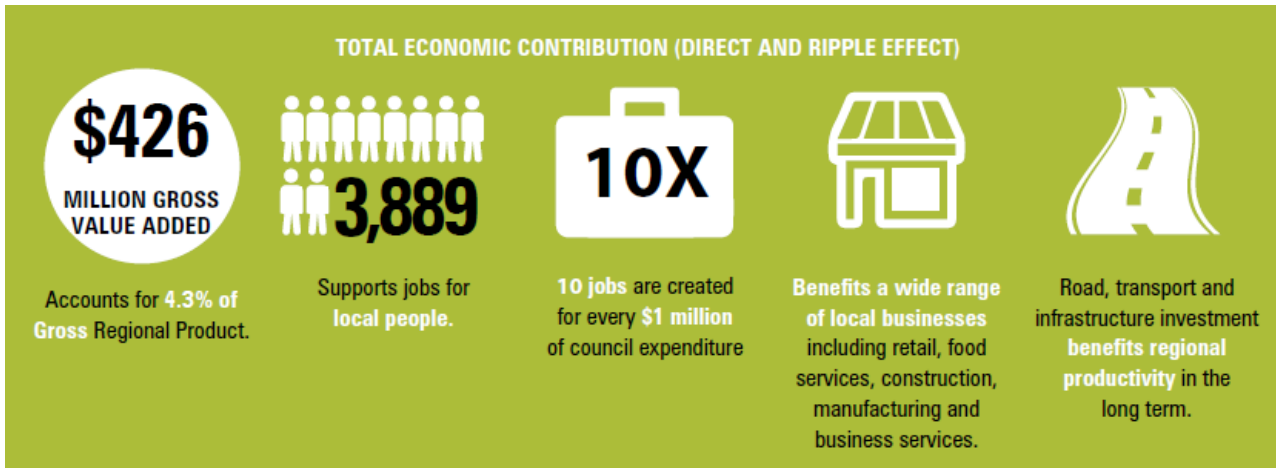


Of the remaining 12%, there was no local option for 4%, non-local suppliers were used for 5% and the remaining 3% is attributable to government expenditure.

Council’s direct expenditure creates a ripple effect through linkages with other businesses and from workers spending money in Cairns, generating an additional economic local impact of \$523M (the total of indirect or ripple effects). When combined with Council’s direct expenditure of \$384M, this generates a total economic impact of \$907M.



The economic impact of the \$907M generated through direct and ripple effects of Council expenditure contributes \$426M in gross value add as well as supporting and generating 3,889 local jobs. This value represents Council's contribution to the Gross Regional Product (GRP) of 4.3% for the Cairns region, supporting 10 jobs for every \$1M of Council expenditure, as well as benefiting a wide range of local businesses.



## **BACKGROUND:**

Council is committed to creating an economic environment where business and industry can grow and prosper. This is demonstrated by the development of competitive local business and industry being one of the fundamental contracting principles contained in Council's Procurement Policy.

To enhance Council's understanding of the wider economic impact that local expenditure has on the region and to maintain consistency with previous year's reports, I.D. Consulting Pty Ltd were engaged to analyse the economic synergies and benefits that this expenditure generates using their economic impact model.

## **COMMENT:**

This report provides an overview of Council's procurement for the 2023/24 financial year and highlights the economic benefits and impact that it has on Cairns.

## **2022/23 Council Expenditure Categorisation**

Council's total expenditure for 2023/24 was \$439M. This expenditure is categorised as employee wages, operational expenditure on goods and services and investment in community infrastructure through Council's capital works program.

Of Council's total expenditure for 2023/24, 88% was local. In terms of the remaining 12%, there was no local option for 4%, non-local suppliers were used for 5% and the remaining 3% is attributable to government expenditure.

Expenditure type	2023/24 Expenditure (\$M)	% Spend
Local Supplier	384	88%
Non-Local supplier	23	5%
No Local Option*	19	4%
FNQ and Events	1	0%
Government*	11	3%
<b>Total</b>	<b>439</b>	<b>100%</b>

\*Signifies expenditure where there was no local procurement option.

The expenditure types are further defined below:

**Local Supplier:** deemed local if they meet the definition of a local supplier as stated in Council's Procurement Policy, this being;

- is beneficially owned by persons who are residents or ratepayers of the Local Government area of Council, or
- has its principal place of business within the Local Government area of Council, or;
- otherwise has a place of business within the Local Government area of Council which solely or primarily employs persons who are residents or ratepayers of the Local Government area of Council.

**Non-Local Supplier:** defined as any supplier that is not local but where there are local procurement options that were not deemed the best option. Main examples of this expenditure were:

- Disaster Recovery Services
- Bridge construction contractor
- CWSS1 ECI Engagement
- Dredging
- Piling
- Equipment and supplies for water and wastewater

In many instances, where suppliers external to the rate paying region of Council are engaged, there are associated local benefits not captured in this report, such as:

- Accommodation whilst living in Cairns delivering works
- Food, beverage and other associated costs whilst living in Cairns delivering works
- Materials and services procured in Cairns for the delivery of works
- Local labour hire

**No Local Option:** defined as any supplier that is not local and where there are no local procurement options. The main examples of this expenditure were:

- Water Infrastructure – specialised piping and accessories
- Specialised IT hardware and Services
- Proprietary IT hardware and software (licences)

**Government:** defined as payments made to government agencies, the main examples being:

- Qld Local Government Workcare Scheme
- Department of Transport and Main Roads
- Local Government Mutual QLD
- Department of Resources

**FNQ and Events:** defined as any expenditure made with a supplier within the region of the Far North Queensland Regional Organisation of Councils (FNQROC) but not within the rate paying region of Cairns Regional Council (CRC), and where local procurement options were not deemed the best option. The main examples of this included:

- Expenditure with Tully Construction company
- Events such as Cairns Ironman, Crankworx and the annual Targa Festival.

To enhance Council's understanding of the wider economic impact that local expenditure has on the region, I.D. Consulting Pty Ltd were engaged to analyse the economic synergies and benefits that this expenditure generates.

The reports provided by I.D. Consulting Pty Ltd (Attachment 1 and 2) used an economic impact model that is specifically tailored to the Cairns regional economy by using local input / output tables developed by National Institute of Economic and Industry Research (NIEIR). An input / output matrix describes how the different industries in an economy interrelate, and how supply chains operate in the local area. Using input / output tables, multipliers can be calculated to provide a simple means of working out the flow-on effects of a change in output in an industry on one or more of imports, income, employment or output in individual industries or in total.

Definitions of terminology used in this report are:

- **Direct impacts:** represent the initial change in the industry selected. This refers to expenditure associated with the industry (e.g., labour, material, supplies, capital).
- **Indirect impacts (Industrial):** The direct impact from the initial expenditure creates additional activity in the local economy ('ripple effect'). Indirect effects are the results of business-to-business transactions indirectly caused by the direct impacts.
- **Induced impacts (Consumption):** An increase in revenue (from direct and indirect impacts) means that businesses increase wages and salaries by hiring more employees, increasing hours worked and raising wages. Households will then increase spending at local businesses.
- **Value added:** Value added is the value of sales generated by each industry, minus the cost of its inputs. Estimates are modelled using the NIEIR methodology and presented in constant dollars (adjusted for inflation). It is calculated by subtracting the cost of industry inputs from total sales generated.
- **Output:** Output is the gross sales of an industry, which includes the cost of inputs to that industry. To the extent that outputs from one industry are used as inputs to another, the economic productivity of an industry may be counted multiple times in output, which is why output totals generally appear much higher than value add or GRP.

- **Gross Regional Product (GRP):** Value added by industry represents the industry component of Gross Regional Product (GRP). This is referred to as Industry GRP. It is used to measure the contribution of individual industries to the gross regional product of a region. To complete the GRP calculation to accord with national account standards, ownership of dwellings are added to Industry GRP to produce overall GRP estimates

## Results of Economic Impact Analysis

Some of the main findings provided by I.D. Consulting Pty Ltd based upon Council expenditure are as follows:

In 2023/24, Council's total local spend was \$384M. This was made up of, \$129M on employee wages, \$145M on materials and services and \$110M on capital works.

### *Operational Impact*

Operational expenditure is the money spent on the ongoing costs of maintaining Council operations and assets and it includes costs such as wages, maintenance and repairs, license fees, utilities etc. In 2023/24 Council's operational expenditure totalled \$302M.

Council operations make a direct contribution to the Cairns economy. In 2023/24 Council employed approximately 1,315 staff and had local operational expenditure of \$274M, making it one of the largest employers in the region. The operation of Council creates a ripple effect to the rest of the local economy.

The operational expenditure of \$274M in the Cairns economy supports indirect demand for goods and services across related industry sectors. These indirect industrial impacts are estimated to support an additional 532 jobs. This indirect impact on jobs in the local economy supports wages and salaries, a proportion of which would be spent on local goods and services, supporting a further 930 jobs through consumption impacts. Based upon NIEIR industry metrics, the combination of all direct, industrial and consumption effects support a total contribution of 2,777 jobs located in Cairns.

The combination of all direct, industrial and consumption effects from operational activities generates a total expenditure impact of \$600M. This contributes \$312M value add to the Cairns economy, equating to 3.2% of GRP.

Summary	Output (\$m)	Value-added (\$m)	Local jobs
Impacts on Cairns economy			
Direct impact on Public administration sector	274	162	1,315
Industrial impact	134	57	532
Consumption impact	192	93	930
<b>Total impact on Cairns economy</b>	<b>600</b>	<b>312</b>	<b>2,777</b>

Source: National Institute of Economic and Industry Research (NIEIR)

## **Capital Works Impact**

Council manages a very diverse range of infrastructure assets with a value in excess of \$4.7B. In 2023/24 Council's capital works expenditure totalled \$137M. This investment in infrastructure such as transport, drainage, water, wastewater, cultural and sporting facilities has an immediate impact on the economy as well as a long-term impact on regional productivity.

The local capital works expenditure of \$110M created through construction projects is estimated to have led to a corresponding direct addition of 312 jobs in the local construction sector. This expenditure resulted in flow on effects into other related intermediate industries, creating an additional 357 jobs. This addition of jobs in the local economy would lead to a corresponding increase in wages and salaries, a proportion of which would be spent on local goods and services, creating a further 443 jobs through consumption impacts. Based upon NIEIR industry metrics, the total impact of the capital works program resulted in a total impact of 1,112 additional jobs in the Cairns regional economy.

The combination of all direct, industrial and consumption effects results in local expenditure of \$307M. This contributes \$114M value add to the Cairns economy, equating to 1.2% of GRP.

<b>Summary</b>	<b>Output (\$m)</b>	<b>Value-added (\$m)</b>	<b>Local jobs</b>
<b>Impacts on Cairns economy</b>			
Direct impact on Construction sector	110	31	312
Industrial impact	106	39	357
Consumption impact	91	44	443
<b>Total impact on Cairns economy</b>	<b>307</b>	<b>114</b>	<b>1,112</b>

Source: National Institute of Economic and Industry Research (NIEIR)

## **Total Economic Impact**

Council's direct local expenditure creates a ripple effect through linkages with other businesses and from workers spending money in Cairns, generating an additional economic local impact of \$523M (the total of indirect or ripple effects). This when combined with Council's direct local expenditure of \$384M generates a total economic impact of \$907M.

The economic impact of the \$907M generated through direct and ripple effects of Council's local expenditure contributes \$426M in gross value add. This value represents Council's contribution to the Gross Regional Product (GRP) of 4.3% for the Cairns region, supporting 3,889 jobs or 10 jobs for every \$1M of Council expenditure, as well as benefiting a wide range of local businesses.

The following table provides an overview of the economic impact of Council's local expenditure. The direct output is Council's local expenditure for the past financial year and the ripple effect outputs are the indirect outcomes that this generates – a total economic impact of \$907M. The multipliers utilised are based upon industry recognised metrics provided by NIEIR.

Total economic impacts	Output (\$m)	Value-added (\$m)	Local jobs
<b>Operational impacts</b>			
Direct impact on Local Government	274	162	1,315
Industrial impact	134	57	532
Consumption impact	192	93	930
<b>Operational impact on Cairns economy</b>	<b>600</b>	<b>312</b>	<b>2,777</b>
<b>Capital works impacts</b>			
Direct impact on Construction	110	31	312
Industrial impact	106	39	357
Consumption impact	91	44	443
<b>Capital works impact on Cairns economy</b>	<b>307</b>	<b>114</b>	<b>1,112</b>
<b>Total impacts</b>			
Direct impact	384	193	1,627
Industrial impact	240	96	889
Consumption impact	283	137	1,373
<b>Total impact on Cairns economy</b>	<b>907</b>	<b>426</b>	<b>3,889</b>

Source: National Institute of Economic and Industry Research (NIEIR).

## The Cairns Economy

Cairns' economic diversity proved instrumental in navigating the challenges of the COVID-19 pandemic. As we move beyond the pandemic, this diversity lays a solid foundation for future growth with initiatives such as Cairns Regional Council's Toward 2050 Growth Strategy setting the direction. Due to our unique value proposition, the city is also poised to leverage economic opportunities in key industries while exploring further diversification in the green economy.

The Queensland government has also introduced the Far North Queensland Infrastructure Plan, which aligns with Council's economic priorities, such as fostering a thriving green economy, prosperous marine and aviation sectors, and leading in cultural and experiential tourism.<sup>1</sup>

According to the latest data, Cairns' economy has grown to \$11.46 billion, marking a 5.06% increase from the previous year.<sup>2</sup> Additionally, local employment has risen to 88,563 jobs, reflecting a 4.86% growth.<sup>3</sup> Cairns' consumer expenditure also remains steady at \$5.4 billion in the year to June 2024,<sup>4</sup> and the labour market remains challenging with 2.8% unemployment in the Cairns Local Government Area as of March 2024.

<sup>1</sup> Far North Queensland Infrastructure Plan | State Development and Infrastructure

<sup>2</sup> Gross Domestic product | Cairns | economy.id

<sup>3</sup> Local employment | Cairns | economy.id

<sup>4</sup> Spendmapp.com.au

## Comparison of 2023/24 vs Prior Years Expenditure

The following table summarises Council's expenditure over the past four years, showing the area of expenditure and value.

Expense Types	2023/24 Expense (\$M)	% Spend	2022/23 Expense (\$M)	% Spend	2021/22 Expense (\$M)	% Spend	2020/21 Expense (\$M)	% Spend	2019/20 Expense (\$M)	% Spend
Local Supplier	384	88%	339	87%	338	88%	355	86%	343	87%
Non-Local Supplier	24	5%	16	4%	14	5%	16	4%	10	3%
No Local Option	30	7%	31	9%	29	7%	32	7%	32	8%
FNQ and Events	1	0%	2	0%	2	0%	13	3%	9	2%
<b>Total</b>	<b>439</b>	<b>100%</b>	<b>388</b>	<b>100%</b>	<b>383</b>	<b>100%</b>	<b>415</b>	<b>100%</b>	<b>394</b>	<b>100%</b>

Overall, Council expenditure increased by \$51M, from \$388M in 2022/23 to \$439M in the 2023/24 financial year. Comparatively, local expenditure by Council increased by \$46M from \$339M to \$384M over the same period. This is an overall increase in local expenditure of 1%.

Expenditure outside the rate paying region of Council has increased in dollar value by \$2M, from \$16M to \$24M. This increase has been mainly driven through reduced capacity from the local market for key projects and services particularly in water infrastructure involving specialised piping and accessories due to resourcing challenges.

Expenditure where there was no local option has reduced in dollar value by \$1M, from \$31M to \$30M, this expenditure relates mainly to capital, government and IT procurement.

The economic impact model used to determine the ripple effect of Council expenditure is updated each year to take account of changes to the local economy. Multipliers for a region, or industry, may change over time in response to changes in the economic and industry structure as well as price changes. Productivity changes (i.e. relationship between jobs and output) can have a large impact on the economic multiplier.

Upon review of this data, it is evident that Council has developed and continues to maintain robust policies, procedures and business practices that have continued to support, develop and encourage local business and industry.

### CONSIDERATIONS:

#### Risk Management:

To mitigate risk in the Procurement process, Council has an adopted Procurement Policy that meets all legislative requirements and provides direction and guidance on best practice procurement. The Procurement team are active in the communication of the requirements of this policy and in training activities in generating outcomes in the best interest of Council and its communities.



### Council Finance and the Local Economy:

This report highlights the benefits that Council's procurement has on the local community. The local expenditure documented in this report contributes an estimated economic value of \$907M to the Cairns region and \$426m of gross add value or 4.3% of GRP. This support and encouragement of local business and industry is one of the main economic stimuli in the region and helps maintain a degree of stability in difficult global financial times.

### Corporate and Operational Plans:

This report provides clear linkages to Council's Corporate and Operational plans. Council's Corporate plan 2021 to 2026 has five key focuses and this report, and its associated activities supports:

- *Council contributing to a robust economy*
- *A focused Council providing leadership regionally and to its communities*

### **ATTACHMENTS:**

Attachment 1: Economic Contribution of Cairns Regional Council – Summary (DM #7484236)  
Attachment 2: Economic Contribution of Cairns Regional Council 2023 – Detailed Report (DM #7484228)



Geoff Burdon  
Executive Manager Procurement and Payables



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Chief Financial Officer

# Cairns Regional Council

## State of Procurement Report 2023/24

### A major contributor to economic and job growth

Cairns Regional Council generates a range of economic benefits for the region. Not only do they provide local services across the region, they also generate economic impacts through employment; expenditure on goods and services; and through supporting events that draw visitors to the region. This activity creates a ripple effect through linkages with other businesses and from workers spending money in the region.

## Generating jobs for the region

Cairns Regional Council is one of the largest employing businesses in the region and performs an important role in developing skills.



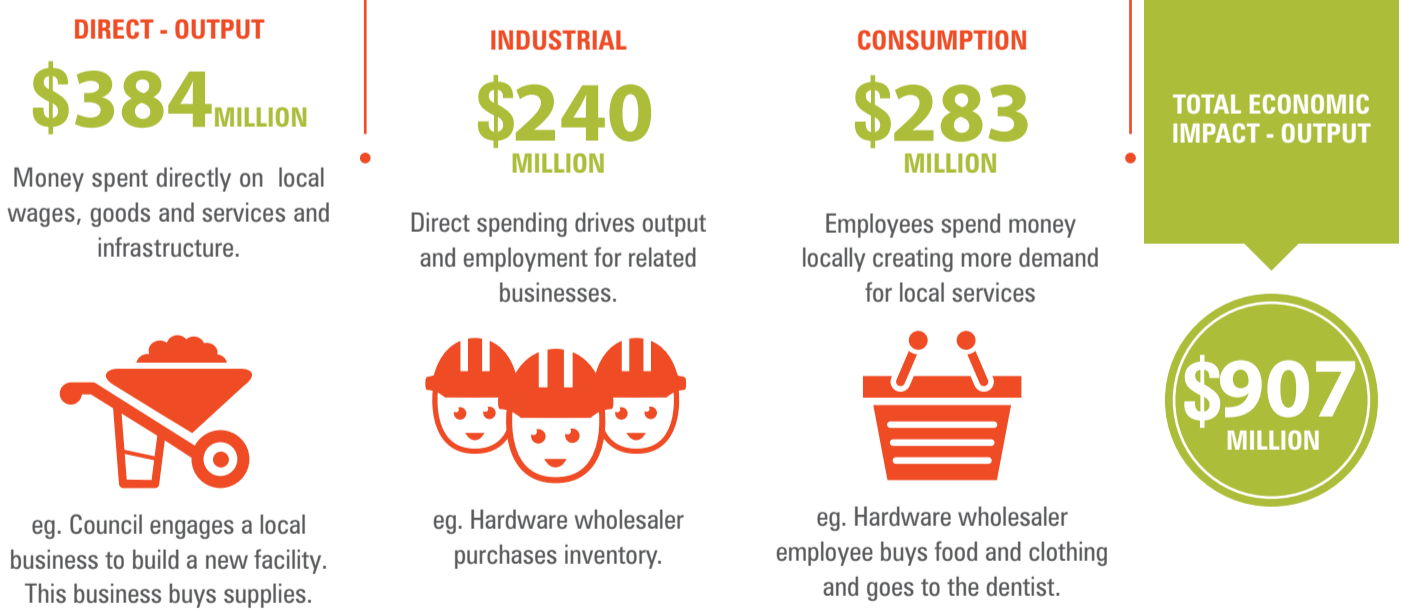
## Local procurement activity and investment



## The ripple effect

Council's economic and investment activities create a ripple effect through linkages with other businesses and from workers spending money in the Cairns.

### RIPPLE EFFECT - OUTPUT (2023/24)



## The combined effect

The combination of all direct and ripple effects generates **\$426 million** in gross value added. This value represents Cairns Regional Council's contribution to Gross Regional Product.

### TOTAL ECONOMIC CONTRIBUTION (DIRECT AND RIPPLE EFFECT)



Sources: National Institute of Economic and Industry Research (NIEIR) ©2024, ABS Census of Population and Housing, Cairns Regional Council  
Superscript 1. Expenditure estimates refer to local spending only and excludes depreciation or interest paid.



# Economic contribution of Cairns Regional Council 2024

August 2024

prepared by .id

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# 1. Introduction

## 1.1 Overview

Cairns Regional Council have requested an economic analysis of the economic contribution made by Council. The aim of this analysis is to highlight the important role Local Government plays in the local economy.

To meet this request, .id has undertaken a quantitative analysis of key impact indicators to illustrate the economic contribution made by Cairns Regional Council. This report estimates the annual contribution of Cairns Regional Council on the Cairns Region economy during the 2023/24 financial year.

The report presents the following information:

- ▾ An explanation of the methodology
- ▾ Industry and worker profile of the Cairns Regional Council
- ▾ Impact of operational expenditure
- ▾ Impact of capital works program

This report has been prepared as a reference document to the infographic provided to Cairns Regional Council.

## 1.2 Methodology

.id have used an economic impact model that is specifically tailored to the Cairns Regional economy by using local input-output tables developed by NIEIR. An input-output matrix describes how the different industries in an economy interrelate, and how supply chains operate in the local area. Using input-output tables, multipliers can be calculated to provide a simple means of working out the flow-on effects of a change in output in an industry on one or more of imports, income, employment or output in individual industries or in total.

The economic impact model is updated each year to take account of changes to the local economy. Multipliers for a region may change over time in response to

changes in the economic and industry structure as well as price changes. Some reasons for a multiplier to change include:

- ▣ overall size and economic diversity of the region's economy
- ▣ changes to industry structure (e.g. export/import, mix of labour/capital inputs, productivity changes)
- ▣ household income and household spending patterns

For example, if the retail industry takes 15 jobs to produce \$1 million of sales in 2023, and productivity increases by say 50% through 2024, then only 10 jobs are required to produce \$1 million of sales. The job multiplier falls from 15 to 10 jobs per \$1 million of sales.

The economic contribution and impact analysis for the period 2023/24 were based on the following inputs obtained from Cairns Regional Council:

- ▣ Operational: \$302m of output. Of this, \$274m is captured in Cairns Regional Council and mapped to the ANZSIC industry code - Public Administration (the sector that most closely resembles Local Government).
- ▣ Capital expenditure spent: \$137m. Of this, \$110m is captured in Cairns Regional Council and mapped to the ANZSIC industry code – Construction (given that most of the capital works program is construction and repair related).

Other methodology points to be noted are:

- ▣ Non-local expenditure by Council has been excluded from this economic impact analysis. We have also excluded depreciation costs or interest payments.
- ▣ While attempts have been made to avoid double counting, there may be some double-counting with respect to the jobs generated through the construction impacts.
- ▣ Contribution to GRP is based on Total Industry Value Added.

## 1.3 Terminology

- **Direct impacts:** represent the initial change in the industry selected. This refers to expenditure associated with the industry (e.g. labour, material, supplies, capital).
- **Indirect impacts (Industrial):** The direct impacts from the initial expenditure creates additional activity in the local economy ('ripple effect'. Indirect effects are the results of business-to-business transactions indirectly caused by the direct impacts.
- **Induced impacts (Consumption):** An increase in revenue (from direct and indirect impacts) means that businesses increase wages and salaries by hiring more employees, increasing hours worked and raising wages. Households will then increase spending at local businesses.
- **Value added:** Value-added is the value of sales generated by each industry, minus the cost of its inputs. Estimates are modelled using the NIEIR methodology, and presented in constant dollars (adjusted for inflation). It is calculated by subtracting the cost of industry inputs from total sales generated.
- **Output:** Output is the gross sales of an industry, which includes the cost of inputs to that industry. To the extent that outputs from one industry are used as inputs to another, the economic productivity of an industry may be counted multiple times in output, which is why output totals generally appear much higher than value add or GRP.

## 1.4 Disclaimer

The Report is prepared only for use by the person/entity who commissioned the Report and may only be used for the purpose for which it was commissioned. ID accepts no liability in connection with the recipient's use or reliance on the Report.

ABS Data - The content of much of this Report is based on ABS Data. ABS Data and the copyright in the ABS Data remains the property of the Australian Bureau of Statistics. The source ABS Data may be accessed from [www.abs.gov.au](http://www.abs.gov.au), and may be used under license on terms published on the ABS website.

In relation to ABS Data ID accepts no liability with respect to the correctness, accuracy, currency, completeness, relevance or otherwise of the ABS Data.

In relation to the economic model, as this is only a model of the real world, it is likely that real-world results would differ from what is shown in this report. .id and NIEIR take no responsibility for the use of this information.

## 1.5 Local Government profile

### 1.5.1 Economic and investment activities

In 2023/24, Cairns Regional Council's total spend was estimated at \$439 million (\$384m captured within Cairns Regional Council Area). This was made up of:  
Operational expenditure: \$302m (\$274m captured within Cairns Regional Council Area)

- ▣ \$129m on employee wages
- ▣ \$173m on materials and services

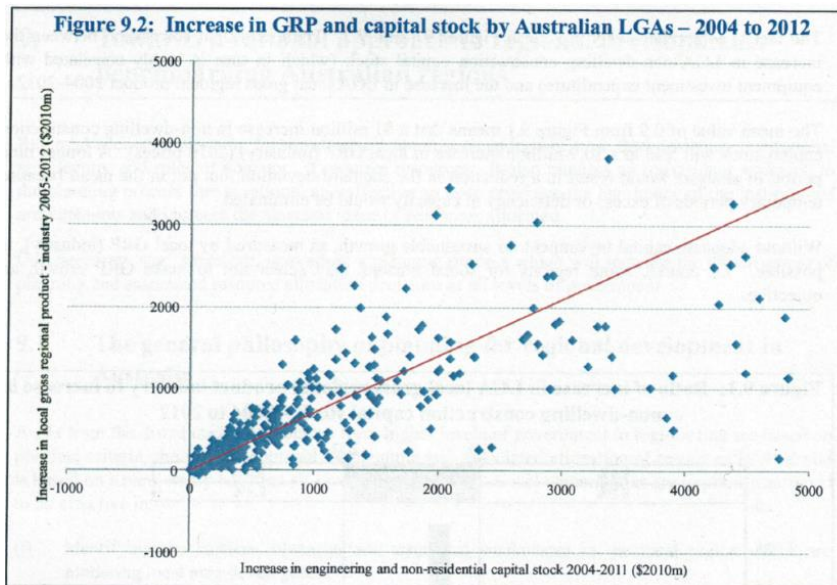
Capital works:

- ▣ \$137m on capital works (\$110m captured within Cairns Regional Council Area)

Much (most) of Cairns Regional Council expenditure is spent locally (around 88%) as do the wages earned by council staff (99% are local). This expenditure supports other industries in the economy and help support a vibrant economy.

This investment in roads, infrastructure and transport has an immediate impact on the economy as well as a long term impact on regional productivity. The figure below is drawn from research by NIEIR. NIEIR analysis has demonstrated the relationship between increases in capital stock within an LGA and changes in levels of economic activity. This means that infrastructure deficiencies make it difficult for regions to increase productivity. Council therefore has a major role in supporting the long term economic productivity of the region.





Source: NIEIR (extracted from the State of the Regions report)

### 1.5.2 Direct economic contribution

The table below summarises the direct economic contribution of Cairns Regional Council to the local economy. In 2023/24, the total direct economic contribution of Cairns Regional Council was estimated at \$193 million (value added terms). This contribution represents around 2.0% of Gross Regional Product (total industry value added) and only includes expenditure captured in Cairns.

Table: Direct economic contribution of Cairns Regional Council, 2023/24

	Operational	Capital works	Total
Output \$m	\$274	\$110	\$384
Value add \$m	\$162	\$31	\$193
Jobs	1,315	312	1,627

Source: National Institute of Economic and Industry Research (NIEIR) ©2024.

Section 1.6 and 1.7 estimates the economic impact of Councils direct expenditure.

### 1.5.3 Worker profile

#### Employment levels in 2023/24

In 2023/24, Cairns Regional Council employed 1,315 staff, of which 85% were engaged on a full time basis.

## Worker characteristics 2021

The table below shows some key statistics for the workforce in this industry. This is based on the 2021 ABS Census of Population and Housing.

As the table shows, the Local Government Administration workforce is a little older than the total Cairns workforce. This may be due to the number of professional and technical roles within Council that require higher levels of qualifications and work experience that takes time to accrue. The workforce in this industry has a higher level of post school qualifications than Cairns overall.

Table: Workforce key statistics –Local Government Administration, Cairns LGA 2021

Name	Number	%	Cairns total workforce %
<b>Workforce</b>			
Total workforce (Census)	1,219	100	100
Males	735	60.3	47.5
Females	484	39.7	52.5
<b>Age structure</b>			
15 - 24 years	49	4.0	14.3
25 - 34 years	183	15.0	19.9
35 - 44 years	274	22.5	21.5
45 - 54 years	381	31.3	22.4
55 - 64 years	279	22.9	16.7
65 years and over	53	4.3	5.2
<b>Indigenous status</b>			
Indigenous	113	9.7	6.5
Non Indigenous	1106	90.3	93.5
<b>Hours worked</b>			
Full time	1044	85.6	62.0
Part time	175	14.4	38.0
<b>Qualifications</b>			
Bachelor or higher degree	347	28.5	27.5
Advanced diploma or diploma	186	15.3	12.8
Certificate level	403	33.0	28.8
No qualifications	283	23.2	30.9

Source: ABS Census of Population and Housing

## 1.6 Economic impact of operations

The operation of Council makes a direct contribution to the Cairns economy. In 2023/24, Cairns Regional Council employed around 1,315 staff and local operational expenditure of \$274 million (made up of \$129 million in wages and salaries and \$145 million in goods and services), making it one of the largest employing businesses in the region. The operation of Council creates a ripple effect to the rest of the economy.

The operational expenditure of \$274 million in the Public Administration sector of the Cairns economy supports indirect demand for intermediate good and services across related industry sectors. These indirect industrial impacts (Type 1) are estimated to support 532 jobs (in addition to the 1,315 jobs in Cairns Regional Council). This indirect impact on jobs in the local economy supports wages and salaries, a proportion of which would be spent on local goods and services, supporting a further 930 jobs through consumption impacts. The combination of all direct, industrial **and consumption effects supports a total contribution of 2,777 jobs located in Cairns.**

This means that around 10 jobs are created through every \$1m of Council operational expenditure: 5 in Local Government sector, plus 5 more jobs in areas like retail, Professional, Scientific and Technical Services and Accommodation and Food Services.

This ripple effect arises from linkages with other businesses and from workers spending money in the region. The combination of all direct, industrial and consumption effects from operational activities generates Value-added of \$312 million in Cairns economy, equating to 3.2% of Gross Regional Product (total industry value added).

## Impact Summary – Cairns Regional Council - Operations (\$274m) – 2023/24

Summary	Output (\$m)	Value-added (\$m)	Local jobs
Impacts on Cairns economy			
Direct impact on Public administration sector	274	162	1,315
Industrial impact	134	57	532
Consumption impact	192	93	930
<b>Total impact on Cairns economy</b>	<b>600</b>	<b>312</b>	<b>2,777</b>

Source: National Institute of Economic and Industry Research (NIEIR)

### 1.7 Economic impact of capital works program

Council manages a very diverse range of infrastructure assets with a value around \$4.7 billion. In 2023/24 Cairns capital works program totalled \$137 million. Of this, it is estimated that \$110 million was spent with local businesses. This investment in roads, infrastructure and transport has an immediate impact on the economy as well as a long term impact on regional productivity.

The capital works expenditure (local) of \$110 million created through construction projects is estimated to lead to a corresponding direct addition of 312 jobs in the local Construction sector. This expenditure results in flow on effects into other related intermediate industries, creating an additional 357 jobs. This addition of jobs in the local economy would lead to a corresponding increase in wages and salaries, a proportion of which would be spent on local goods and services, creating a further 443 jobs through consumption impacts. The total impact of the capital works program results in a total impact of 1,112 jobs in the Cairns Regional economy.

This means that around 10 jobs are created through every \$1m of spending on the capital works program: 3 in the construction industry, plus 7 more in areas like retail, manufacturing and business services. This ripple effect arises from linkages with other businesses and from workers spending money in the region.

The combination of all direct, industrial and consumption effects, results in a contribution of \$114 million of Value-added in Cairns economy, equating to a 1.2% of Gross Regional Product.

## Impact Summary – Cairns Regional Council - Capital Works (\$110m) – 2023/24

Summary	Output (\$m)	Value-added (\$m)	Local jobs
<b>Impacts on Cairns economy</b>			
Direct impact on Construction sector	110	31	312
Industrial impact	106	39	357
Consumption impact	91	44	443
<b>Total impact on Cairns economy</b>	<b>307</b>	<b>114</b>	<b>1,112</b>

Source: National Institute of Economic and Industry Research (NIEIR)

## 1.8 Total economic impacts

The combination of all direct and ripple effects results generated \$426 million in gross value added to the local economy in 2023/24. This value represents Cairns Regional Council's contribution to Gross Regional Product (4.3% of GRP – total industry value added).

This results in a total impact of 3,889 jobs in the Cairns Regional economy. This means that around 10 jobs are created through every \$1m of spending.

### Impact Summary – Cairns Regional Council – Combined impacts (\$384m) – 2023/24

Total economic impacts	Output (\$m)	Value-added (\$m)	Local jobs
<b>Operational impacts</b>			
Direct impact on Local Government	274	162	1,315
Industrial impact	134	57	532
Consumption impact	192	93	930
<b>Operational impact on Cairns economy</b>	<b>600</b>	<b>312</b>	<b>2,777</b>
<b>Capital works impacts</b>			
Direct impact on Construction	110	31	312
Industrial impact	106	39	357
Consumption impact	91	44	443
<b>Capital works impact on Cairns economy</b>	<b>307</b>	<b>114</b>	<b>1,112</b>
<b>Total impacts</b>			
Direct impact	384	193	1,627
Industrial impact	240	96	889
Consumption impact	283	137	1,373
<b>Total impact on Cairns economy</b>	<b>907</b>	<b>426</b>	<b>3,889</b>

Source: National Institute of Economic and Industry Research (NIEIR).

Note: The economic impact model is updated each year to take account of changes to the local economy. Multipliers for a region may change over time in response to changes in the economic and industry structure as well as price changes.