

<p>ORDINARY MEETING 13 SEPTEMBER 2023</p>	<p>4</p>
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STATE OF PROCUREMENT REPORT

63/14/3-01 | #7250685v3

RECOMMENDATION:

That Council notes the State of Procurement Report for 2022/23 financial year.

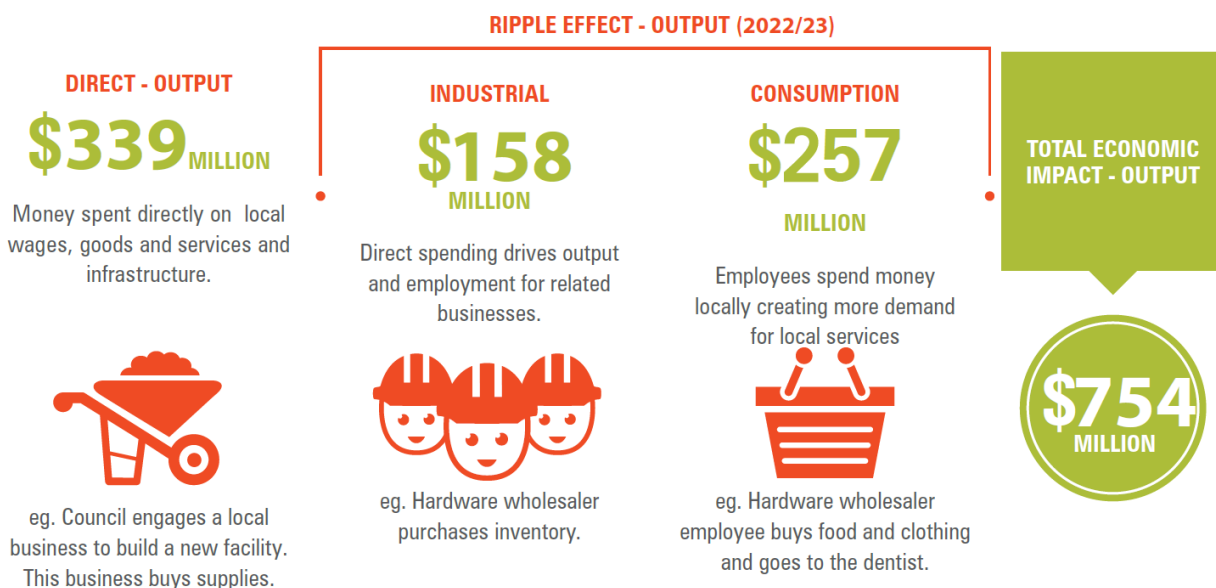
EXECUTIVE SUMMARY:

Council’s total expenditure for 2022/23 was \$389 Million, with 87% (\$339M) being local. This local expenditure directly creates and sustains local jobs and supports local business and industry.

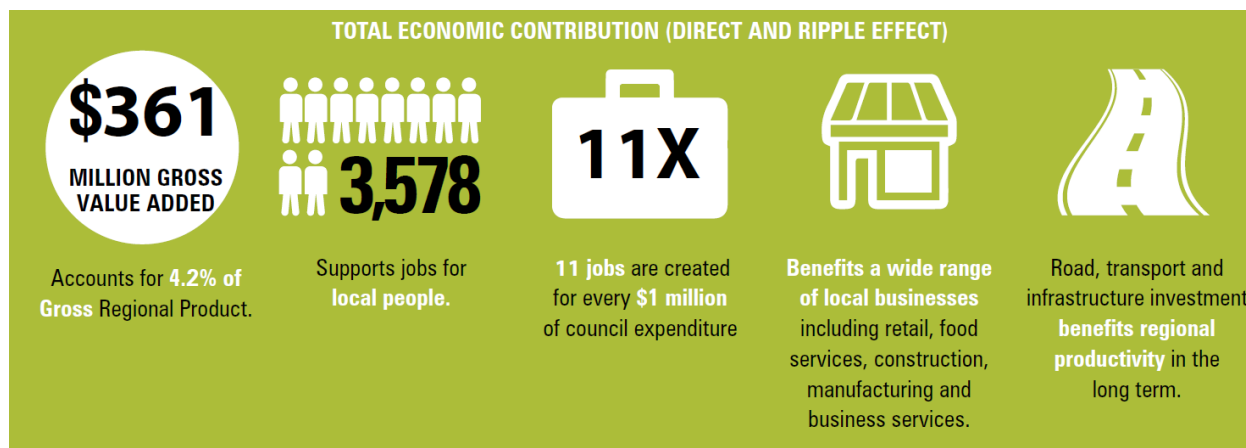


Of the remaining 13%, there was no local option for 5%, non-local suppliers were used for 4% and the remaining 4% is attributable to government expenditure.

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 \$415M (the total of indirect or ripple effects). When combined with Council’s direct expenditure of \$339M, this generates a total economic impact of \$754M.



The economic impact of the \$754M generated through direct and ripple effects of Council expenditure contributes \$361M in gross value add as well as supporting and generating 3,578 local jobs. This value represents Council's contribution to the Gross Regional Product (GRP) of 4.2% for the Cairns region, supporting 11 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 through the use of their economic impact model.

COMMENT:

This report provides an overview of Council's procurement activities for the 2022/23 financial year and highlights the economic benefits and impact that it has on Cairns.

2022/23 Council Expenditure Categorisation

Council's total expenditure for 2022/23 was \$389M. 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 2022/23, 87% was local. In terms of the remaining 13%, there was no local option for 5%, non-local suppliers were used for 4% and the remaining 4% is attributable to government expenditure.

Expenditure type	2022/23 Expenditure (\$M)	% Spend
Local Supplier	339	87%
Non-Local supplier	16	4%
No Local Option*	18	5%
FNQ and Events	2	0%
Government*	13	4%
Total	388	100%

*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:

- Bridge construction contractor
- Dredging
- Line marking
- Specialised consulting services
- 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 Tableland porphyry contractor
- Expenditure with Port Douglas architecture 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 2022/23, Council's total local spend was \$339M. This was made up of, \$121M on employee wages, \$141M on materials and services and \$77M on capital works.

The following table shows the direct economic contribution that Council had on the local economy in 2022/23:

	Operational (\$M)	Capital Works (\$M)	Total
Output \$M	262	77	339
Value add \$M	154	23	177
Jobs	1,281	273	1,554

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 2022/23 Council's operational expenditure totalled \$287M.

Council operations make a direct contribution to the Cairns economy. In 2022/23 Council employed approximately 1,281 staff and had local operational expenditure of \$262M, 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 \$262M 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 459 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 858 jobs through consumption impacts. Based upon NIEIR industry metrics, the combination of all direct, industrial and consumption effects support a total contribution of 2,598 jobs located in Cairns.

The combination of all direct, industrial and consumption effects from operational activities generates a total expenditure impact of \$532M. This contributes \$278M 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	262	154	1,281
Industrial impact	105	51	459
Consumption impact	165	73	858
Total impact on Cairns economy	532	278	2,598

Capital Works Impact

Council manages a very diverse range of infrastructure assets with a value in excess of \$4.7B. In 2022/23 Council's capital works expenditure totalled \$102M. 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 \$77M created through construction projects is estimated to have led to a corresponding direct addition of 273 jobs in the local construction sector. This expenditure resulted in flow on effects into other related intermediate industries, creating an additional 231 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 476 jobs through consumption impacts. Based upon NIEIR industry metrics, the total impact of the capital works program resulted in a total impact of 980 additional jobs in the Cairns regional economy.

The combination of all direct, industrial and consumption effects results in local expenditure of \$222M. This contributes \$83M value add to the Cairns economy, equating to 1% of GRP.

Summary	Output (\$M)	Value-added (\$M)	Local jobs
Impacts on Cairns economy			
Direct impact on Construction sector	77	23	273
Industrial impact	53	20	231
Consumption impact	92	40	476
Total impact on Cairns economy	222	83	980

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 \$415M (the total of indirect or ripple effects). This when combined with Councils direct local expenditure of \$339M generates a total economic impact of \$754M.

The economic impact of the \$754M generated through direct and ripple effects of Council's local expenditure contributes \$361M in gross value add. This value represents Council's contribution to the Gross Regional Product (GRP) of 4.2% for the Cairns region, supporting 3,578 jobs or 11 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 \$754M. The multipliers utilised are based upon industry recognised metrics provided by NIEIR.

Total economic impacts	Output (\$M)	Value-added (\$M)	Local jobs
Operational impacts			
Direct impact on Local Government	262	154	1,281
Industrial impact	105	51	459
Consumption impact	165	73	858
Operational impact on Cairns economy	532	278	2,598
Capital works impacts			
Direct impact on Construction	77	23	273
Industrial impact	53	20	231
Consumption impact	92	40	476
Capital works impact on Cairns economy	222	83	980
Total impacts			
Direct impact	339	177	1,554
Industrial impact	158	71	690
Consumption impact	257	113	1,334
Total impact on Cairns economy	754	361	3,578

The Cairns Economy

Cairns' underlying economic diversity supported its resilience through the past few years, which also provides a strong foundation for growth as we emerge from the pandemic, the impacts of which are still being felt locally and around the world.

Global growth is forecast to remain well below its historical average over the next two years as lagged effects of monetary tightening continue to weigh on demand. The forecast for growth in Australia's major trading partners has also been revised down, partly because China's post-COVID-19 recovery has been weaker than expected.¹

Growth in economic activity in Australia is forecast to remain subdued over the rest of the year as cost-of-living pressures and the rise of interest rates continue to weigh on domestic demand.¹ It is also noted however, that local consumer expenditure in Cairns for the twelve month period to June 2023 was \$5.4 billion, which is a significant increase from \$3.3 billion

¹ Reserve Bank of Australia Economic Outlook August 2023

in the same period pre-COVID-19 (July 2018 to June 2019).² Also in terms of visitation, combined passenger throughput at Cairns Airport for July 2023 was 98 per cent of 2019 levels.³

Labour market conditions have been very tight, but these are forecast to ease nationally, with an increase in both the unemployment and underemployment rate over coming years as a result of subdued economic growth.¹ For the time being though, the unemployment rate remains relatively low in Cairns at 3.7% for the LGA as of March 2023 (compared to 4.3% pre-COVID-19 in December 2019).⁴

The Reserve Bank of Australia also notes in their August Economic Outlook that inflation is forecast to decline to be around 3 ¼ per cent by the end of 2024 and to be back within the 2-3 per cent target range by 2025.¹

There is also cautious cause for optimism with consideration to the pipeline of major projects to be delivered in the Cairns region, each of which will play an important role in Cairns' continued economic recovery. Current major projects planned or under construction include:

- Bruce Highway, Cairns Southern Access Corridor, (Stage 3) Edmonton to Gordonvale, construction (expected completion September 2023)
- Bruce Highway, Cairns Southern Access Corridor, (Stage 5) Foster Road Intersection Upgrade
- Captain Cook Highway upgrade (Cairns CBD to Smithfield)
- The Palms Master Planned Estate
- Cairns Western Arterial Road duplication
- Cairns Water Security – Stage 1 Project
- HMAS Cairns upgrades
- Kennedy Highway Cairns to Mareeba (Kuranda Range Intelligent Transport System)
- Kennedy Highway Cairns to Mareeba (Section 6) – road safety enhancement works
- Cairns Marine Precinct Common User Facility
- Cairns Hospital Mental Health Unit
- Cairns Hospital Emergency Department expansion
- Cairns Hospital expansion, incl. 96 additional beds and new surgical centre
- Cairns Ambulance Station and Operations Redevelopment
- Great Barrier Reef International Marine College Expansion
- Wangetti Trail
- Cairns Southern Access Cycleway
- Screen Queensland Film Studio (expected completion early 2024)
- CQUniversity's City Centre Campus
- Far North Queensland Health and Innovation Precinct (FNQHIP), including JCU Cairns Tropical Enterprise Centre

² Spendmapp.com.au

³ TTNQ August 2023 update

⁴ Jobs and Skills Australia, Small Area Labour Markets March 2023

Comparison of 2022/23 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	2022/23 Expense (\$M)	% Spend	2021/22 Expense (\$M)	% Spend	2020/21 Expense (\$M)	% Spend	2019/20 Expense (\$M)	% Spend	2018/19 Expense (\$M)	% Spend
Local Supplier	339	87%	338	88%	355	86%	343	87%	312	86%
Non-Local Supplier	16	4%	14	5%	16	4%	10	3%	14	4%
No Local Option	31	9%	29	7%	32	7%	32	8%	35	10%
FNQ and Events	2	0%	2	0%	13	3%	9	2%	2	0%
Total	388	100%	383	100%	415	100%	394	100%	363	100%

Overall, Council expenditure increased by \$5M, from \$383M in 2021/22 to \$388M in the 2022/23 financial year. Comparatively, local expenditure by Council increased by \$1M from \$338M to \$339M over the same period. Whilst there has been an increase in overall local expenditure due to increased operational expenditure, the overall local expenditure percentage of Council has reduced by 1%. In the 2021/22 period Council spent 88% of all its expenditure in the local economy, this has decreased to 87% in 2022/23. This reduction has been primarily driven by increased expenditure with Government agencies.

Expenditure outside the rate paying region of Council has increased in dollar value by \$2M, from \$14M to \$16M. 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 increased in dollar value by \$2M, from \$29M to \$31M, 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 \$754M to the Cairns region and \$361m of gross add value or 4.2% 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 focus's 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/Infographic

Attachment 2: Economic Contribution of Cairns Regional Council 2023 – Detailed Report



Geoff Burdon
Executive Manager Procurement and Payables



Lisa Whitton
Director Finance & Business Services

Attachment 1: Economic Contribution of Cairns Regional Council – Summary



Cairns Regional Council State of Procurement Report 2022/23

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.

1,281 JOBS (2023)	99% LOCAL (2023)	86% FULL TIME (2023)	29% UNIVERSITY QUALIFIED (2021)
 Provides 1.5% of total employment for Cairns Region.	 Majority of jobs performed by local residents	 Important full time employer in a diverse range of occupations <small>Office workers, technicians and trade workers.</small>	 Retains highly educated people. <small>Average is 27.5%.</small>

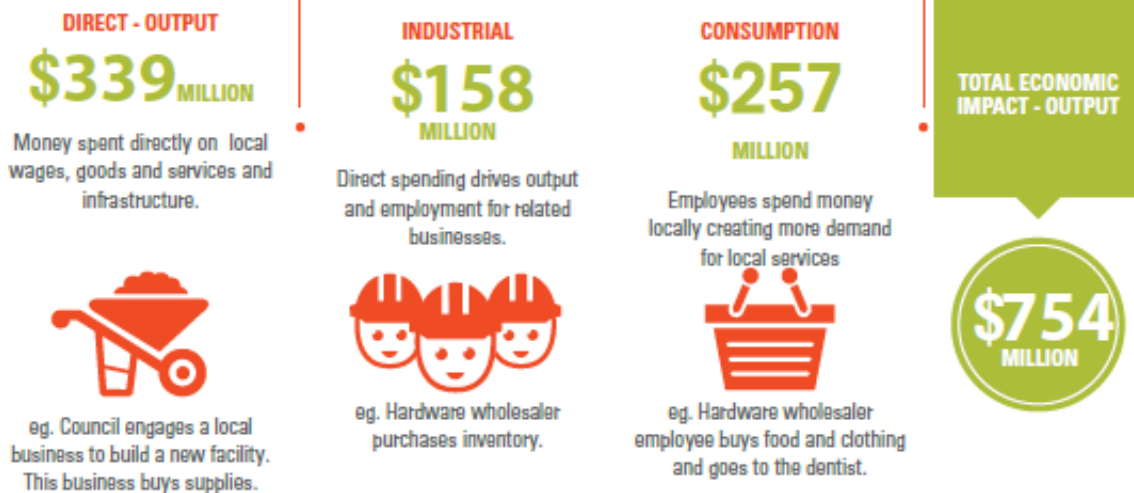
Local procurement activity and investment

TOTAL SPEND (Local 2022/23)	EMPLOYEE WAGES	LOCAL GOODS & SERVICES	INVESTMENT IN INFRASTRUCTURE
 \$339 MILLION	 \$121 MILLION	 \$141 MILLION	 \$77 MILLION

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 (2022/23)



The combined effect

The combination of all direct and ripple effects generates **\$361 million** in gross value added. This value represents Cairns Regional Council's contribution to Gross Regional Product.

TOTAL ECONOMIC CONTRIBUTION (DIRECT AND RIPPLE EFFECT)





Economic contribution of Cairns Regional Council 2023

Final Report

August 2023

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 2022/23 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 2016, and productivity increases by say 50% through 2023, 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 2022/23 were based on the following inputs obtained from Cairns Regional Council:

- ▣ Operational: \$287m of output. Of this, \$262m 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: \$102m. Of this, \$77m 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.

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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 2022/23, Cairns Regional Council's total spend was estimated at \$389 million (\$339m captured within Cairns Regional Council Area). This was made up of:
Operational expenditure: \$287m (\$262m captured within Cairns Regional Council Area)

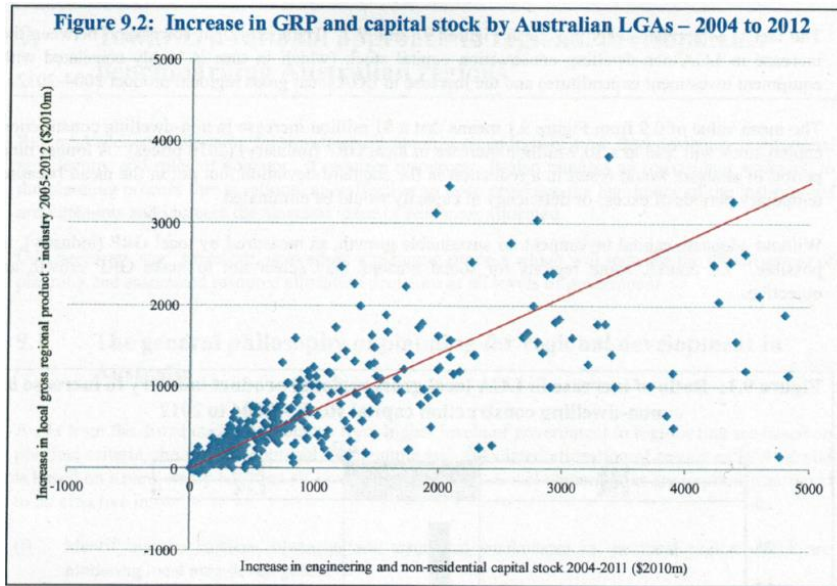
- ▣ \$121m on employee wages
- ▣ \$166m on materials and services

Capital works:

- ▣ \$102m on capital works (\$77m captured within Cairns Regional Council Area)

Much (most) of Cairns Regional Council expenditure is spent locally (around 87%) 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 2022/23, the total direct economic contribution of Cairns Regional Council was estimated at \$177 million (value added terms). This contribution represents around 2.1% of Gross Regional Product (total industry value added) and only includes expenditure captured in Cairns.

Table: Direct economic contribution of Cairns Regional Council, 2022/23

	Operational	Capital works	Total
Output \$m	\$262	\$77	\$339
Value add \$m	\$154	\$23	\$177
Jobs	1,281	273	1,554

Source: National Institute of Economic and Industry Research (NIEIR) ©2023.

Section 2.5 and 2.6 estimates the economic impact of Councils direct expenditure.

1.5.3 Worker profile

Employment levels in 2022/23

In 2022/23, Cairns Regional Council employed 1,281 staff, of which 85.6% 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 %
Workforce			
Total workforce (Census)	1,219	100	100
Males	735	60.3	47.5
Females	484	39.7	52.5
Age structure			
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
Indigenous status			
Indigenous	113	9.7	6.5
Non Indigenous	1106	90.3	93.5
Hours worked			
Full time	1044	85.6	62.0
Part time	175	14.4	38.0
Qualifications			
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 2022/23, Cairns Regional Council employed around 1,281 staff and local operational expenditure of \$262 million (made up of \$121 million in wages and salaries and \$141 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 \$262 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 459 jobs (in addition to the 1,281 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 858 jobs through consumption impacts. The combination of all direct, industrial **and consumption effects supports a total contribution of 2,598 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 \$278 million in Cairns economy, equating to 3.2% of Gross Regional Product (total industry value added).

Impact Summary – Cairns Regional Council - Operations (\$262m) – 2022/23

Summary	Output (\$m)	Value-added (\$m)	Local jobs
Impacts on Cairns economy			
Direct impact on Public administration sector	262	154	1,281
Industrial impact	105	51	459
Consumption impact	165	73	858
Total impact on Cairns economy	532	278	2,598

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 2022/23 Cairns capital works program totalled \$102 million. Of this, it is estimated that \$77 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 \$77 million created through construction projects is estimated to lead to a corresponding direct addition of 273 jobs in the local Construction sector. This expenditure results in flow on effects into other related intermediate industries, creating an additional 231 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 476 jobs through consumption impacts. The total impact of the capital works program results in a total impact of 980 jobs in the Cairns Regional economy.

This means that around 13 jobs are created through every \$1m of spending on the capital works program: 4 in the construction industry, plus 9 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 \$83 million of Value-added in Cairns economy, equating to a 1.0% of Gross Regional Product.

Impact Summary – Cairns Regional Council - Capital Works (\$77m) – 2022/23

Summary	Output (\$m)	Value-added (\$m)	Local jobs
Impacts on Cairns economy			
Direct impact on Construction sector	77	23	273
Industrial impact	53	20	231
Consumption impact	92	40	476
Total impact on Cairns economy	222	83	980

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

1.8 Total economic impacts

The combination of all direct and ripple effects results generated \$361 million in gross value added to the local economy in 2022/23. This value represents Cairns Regional Council’s contribution to Gross Regional Product (4.2% of GRP – total industry value added).

This results in a total impact of 3,578 jobs in the Cairns Regional economy. This means that around 11 jobs are created through every \$1m of spending.

Impact Summary – Cairns Regional Council – Combined impacts (\$339m) – 2022/23

Total economic impacts	Output (\$m)	Value-added (\$m)	Local jobs
Operational impacts			
Direct impact on Local Government	262	154	1,281
Industrial impact	105	51	459
Consumption impact	165	73	858
Operational impact on Cairns economy	532	278	2,598
Capital works impacts			
Direct impact on Construction	77	23	273
Industrial impact	53	20	231
Consumption impact	92	40	476
Capital works impact on Cairns economy	222	83	980
Total impacts			
Direct impact	339	177	1,554
Industrial impact	158	71	690
Consumption impact	257	113	1,334
Total impact on Cairns economy	754	361	3,578

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.