



Australian Government

Department of Industry,
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Regional Jobs and Investment Packages

Tropical North Queensland Local Investment Plan

May 2017

Table of Contents

1	Foreword.....	3
2	Introduction	5
3	Regional overview and analysis.....	6
4	Investment sectors and strategic priorities	7
4.1	Creative Arts and Cultural Industries.....	8
4.2	Building and Construction.....	8
4.3	Defence and Marine.....	9
4.4	Education and Training.....	10
4.5	Health	11
4.6	Tourism.....	12
5	References.....	13

1 Foreword

The Australian Government has committed \$220 million to the Regional Jobs and Investment Packages (RJIP) to help regions in Australia diversify their economies, stimulate long-term economic growth and deliver sustainable employment.

Cairns is one of ten pilot regions which have been chosen to be a part of the RJIP and will be receiving \$20 million.

Local Planning Committees (LPC) in each region have helped communities assess their region's economic opportunities and competitive advantages by developing local investment plans. This creates a community-driven, government investment partnership between the pilot region local communities, business and the Australian Government.

The planning committee has established a local investment plan, and now funding will be available through three streams:

- Business innovation grants
- Local infrastructure grants
- Skills and training grants

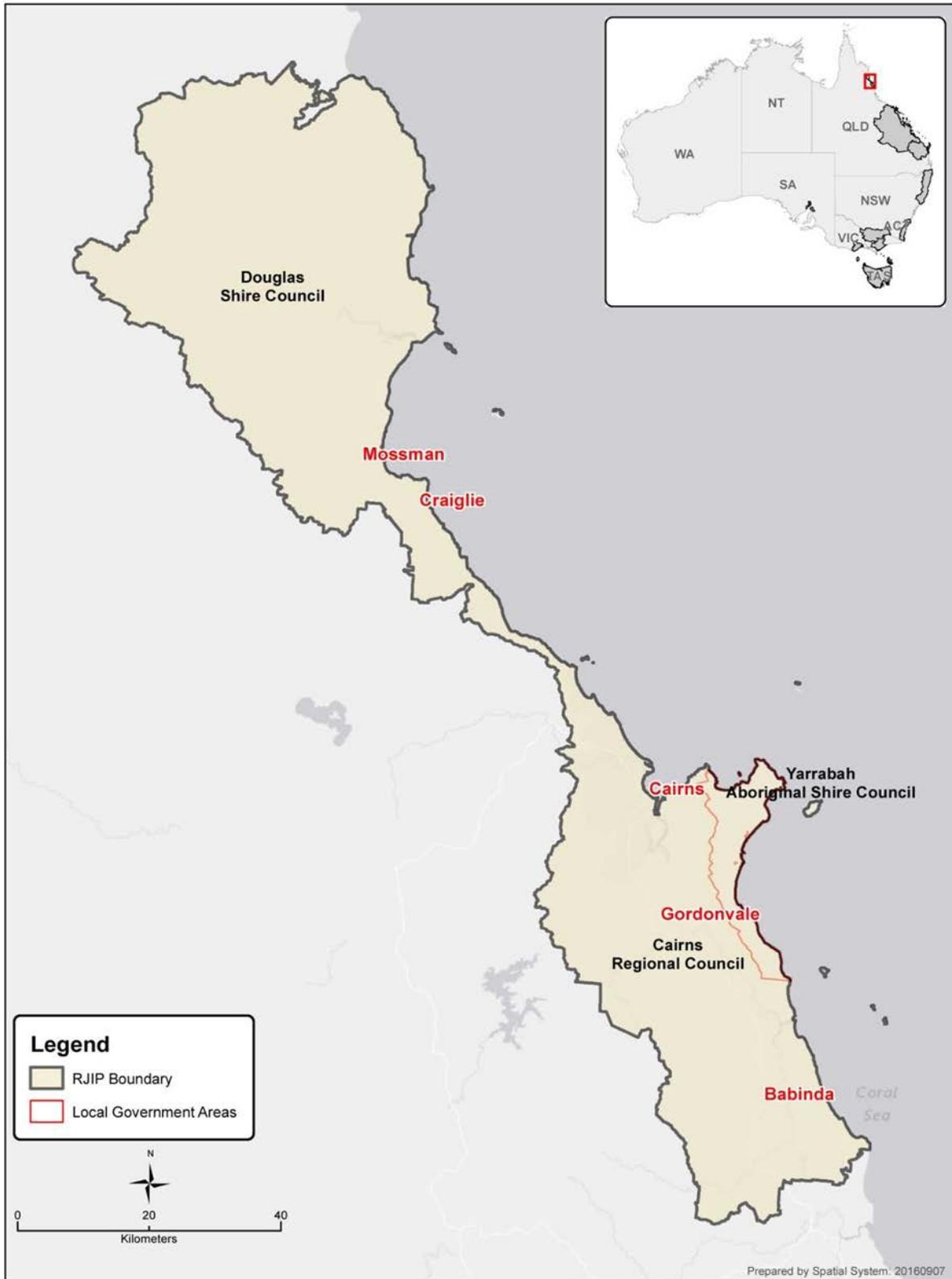
The Local Investment Plan identifies investment sectors and strategic priorities that create sustainable industries and jobs into the future. The plan provides an economic and strategic overview of the region based on an assessment of the region's competitive advantages and potential areas of growth.

Funding under the programme will reflect the investment sectors and strategic priorities set out in this plan. Investment sectors reflect broad industry areas that can drive economic growth and create jobs in the region.

Strategic priorities are associated with each investment sector. These priorities target specific activities within the sector that can unlock new markets and create opportunities in the region.

All applications for Regional Jobs and Investment Packages (RJIP) funding in the region should align with one or more of the priorities outlined in the plan. The first RJIP merit criteria asks applicants to demonstrate the linkages between their project and the region's plan.

TROPICAL NORTH QUEENSLAND RJIP BOUNDARY



2 Introduction

The Tropical North Queensland (TNQ) Local Planning Committee (the Committee) includes business, industry and community leaders from across the region representing a number of industries from the commercial and not-for-profit sectors.

In developing the Local Investment Plan (LIP), the Committee reviewed relevant plans, drew on individual knowledge, analysed available statistical data and consulted individual networks.

The Committee reviewed the following local planning documents:

- Tropical North Queensland Regional Economic Plan 2011-2031 - Advance Cairns
- Regional Development Australia Far North Queensland & Torres Strait Regional Road Map 2013-16
- Far North Queensland Regional Plan 2009-2031 – Queensland Government, Department of Infrastructure and Planning

The Local Planning Committee consulted the following statistical reports and sources:

- Department of Education and Training, Strategic Plan 2016-20
- Deloitte Access Economics, Opportunity and Imperative for Queensland's International Education and Training Sector, June 2016
- Labour Force Data Report for Cairns LPC, 2017 – Conus Business Consultancy Services
- Outcomes from Vocational Education and Training in Schools, experimental estimates, Australia, 2006-2011 – ABS
- Australian Social Trends, 2014. Exploring the gap in labour market outcomes for Aboriginal and Torres Strait Islander peoples - ABS

Conus Business Consultancy Services was engaged by the LPC to provide supporting data regarding the labour market in the Tropical North Queensland region to enable the Committee to make evidence-based decisions.

According to the 2011 Census of Population the percentage of workers employed in blue collar occupations was highest in the Accommodation and Food Services industry (15.4%), followed by the Construction industry (14.7%). The percentage of workers employed in white collar occupations was highest in the Health Care and Social Assistance industry (17.3%), followed by the Retail Trade industry (14.7%). The unemployment rate in TNQ stood at 10.2% in the September 2016 quarter.

Data analysis provided by Conus shows a strong growth in the Education and Training sector making it the highest employer in the August 2016 quarter. This is followed by the Health Care & Social Assistance and Public Administration & Safety sectors.

The Minister for Regional Development, Senator the Hon Fiona Nash, appointed the following members to the LPC:

Adj A/Prof Trent Twomey (Chairman) Mr Rob Giason
Ms Deb Hancock Mr Richard Ireland Mrs Sally Mlikota Ms Joann Schmider
Mr Gordon Wellham AM
Adj A/Prof Trent Twomey
LPC Chairman

Adj A/Prof Trent Twomey
LPC Chairman

3 Regional overview and analysis

For the purposes of the Regional Jobs and Investment Package, the Tropical North Queensland Region consists of the Local Government Areas of Douglas Shire Council, Cairns Regional Council and Yarrabah Aboriginal Shire Council.

The region boasts a strong Indigenous heritage with 10.5% of the resident population identifying as Aboriginal and/or Torres Strait Islander. The Traditional Owners of at least seven different dialect groups within the footprint capitalised on the area's natural resources, including an economy based around the seasonal foods from the land and sea. The economic history of the region since European settlement has likewise drawn on the natural attributes of the area, from the gold rush of the late 19th century to the tourism boom some 100 years later. The region's population of 174,632 at June 2015 is expected to grow to 245,728 by 2036.

Access to two of Australia's natural wonders, The Great Barrier Reef and The Wet Tropics of Queensland World Heritage Areas, and its proximity to the Asia Pacific makes the TNQ region a popular tourist and business destination and gateway to Northern Australia.

Over 4 million passengers move through Cairns Airport's domestic terminal each year. There are direct domestic flights to Brisbane, Gold Coast, Sydney, Melbourne, Perth, Darwin and Townsville as well as Alice Springs, Uluru and other regional centres. Cairns Airport is one of Australia's busiest for international passengers with direct flights from Auckland, Tokyo, Hong Kong, Shanghai, Guam, Guangzhou, Port Moresby and Singapore. The LPC recognises the importance of the Cairns Airport to the TNQ economy and its role as an enabler to all areas of the economy.

TNQ is home to two major university campuses (Central Queensland University and James Cook University), TAFE Queensland North, the Great Barrier Reef International Marine College and private VET providers, English Language colleges, public and private schools, all offering study options to domestic and international students.

The Queensland Government's Far North Queensland Regional Plan 2009-2031 notes that the *"region has potential to become an internationally recognised centre of tropical expertise. Scientists and practitioners are developing unique knowledge through adaptation to the local environment in areas such as tropical health, environmental management, primary industries, and tropical living—encompassing Aboriginal and Torres Strait Islander culture, built environment, disaster management, tourism and education. The international education industry is a major contributor to the local economy."*

The region's natural advantages in terms of lifestyle and safety, coupled with its access to other ports, provides appeal to domestic and international students, families and business operators. These natural attributes are a draw to creative industries and cultural sectors which all three Local Government Councils have identified as priorities in their planning.

Through the community engagement process in developing their creative industries strategy "Towards a new Culture Strategy 2017-2022", the Cairns Regional Council acknowledges

"[Creative and cultural industries employ] a higher percentage of creative individuals than the regional Queensland average. The field includes visual arts and crafts; architecture and design; photography; film and television; the performing arts; writing; publishing; media and journalism."

The creative and cultural industries play an important role in supporting the tourism sector as recognised in the Arts Nexus “Cultural Tourism Strategy (2009)”:

“We want to make sure that visitors not only enjoy our beautiful Great Barrier Reef and Daintree Rainforest, but also know they can wander into the (Cairns) city to see our wonderful Indigenous art galleries, vibrant cultural festivals and talented local musicians”.

The TNQ Marine Industry is home to a large and diverse marine sector from; defence and customs; fishing fleet to reef fleet, small craft to super yachts, cargo vessels to cruise liners. The port of Cairns is a base for the Australian Navy. With responsibility extending from Rockhampton to Thursday Island, HMAS Cairns has 900 Navy and civilian personnel and is the homeport for 14 Naval vessels. The Cairns Defence Precinct provides opportunities for businesses to participate in the local supply chain including in the manufacturing and construction industries.

4 Investment sectors and strategic priorities

The Tropical North Queensland Local Planning Committee have identified the following priority areas for the TNQ RJIP.

1. Creative Arts and Cultural Industries (ANZIC Codes: P91, P924)
 - Develop and enhance cultural precincts and focal points, including arts spaces.
 - Build capability through management and business skills development.
2. Building & Construction (ANZIC Codes: E41, E42, C27)
 - Support development of innovative products, services and practices to meet changing customer demands.
 - Reskilling to support adoption of innovation.
3. Defence & Marine (ANZIC Codes: I63, I66, M82)
 - Grow the supply chain to the defence and marine sectors.
4. Education & Training (ANZIC Codes: N84)
 - Grow the skilled labour force.
 - Increase the number of international and domestic students.
5. Health (ANZIC Codes: O86, O87)
 - Improve front-line primary healthcare, mental and cardiac services.
 - Improve Aboriginal & Torres Strait Islander health.
6. Tourism (ANZIC Codes: G51, G52, H57, I61, I63, I64, C21)
 - Increase the whole of destination touring experience to increase domestic and international visitor numbers.
 - Increase the TNQ events program including sports, lifestyle, cultural and business events.
 - Invest in maintenance, growth and attraction for the aviation sector to support the tourism industry.

The Local Planning Committee also recognises Business Services (ANZIC Code: L78) as a supporting sector to the above.

4.1 Creative Arts and Cultural Industries

4.1.1 Evidence

The importance of the creative arts and cultural industries to the TNQ region is recognised in relevant planning strategies relating to:

- Recognising cultural diversity
- Celebrating cultural history
- Contribution to the liveability of the region
- Enhancing the tourism experience
- Services to other business sectors
- Diversifying the primary industry base

As stated in the Regional Development Australia Far North Queensland & Torres Strait Regional Road Map 2013- 2016:

“The Cairns/Far North region has been leading tropical Australia in employment in arts and entertainment industries. A large visitor population added to the largest residential population gives the region a competitive advantage in this field. The existence of a large creative Aboriginal and Torres Strait Islander population and demand by visitors for distinctively Australian material contributes to this. The recently established annual Cairns Indigenous Arts Fair is proving a major success with an international and not just a national focus.”

4.1.2 Strategic priorities

- Develop and enhance cultural precincts and focal points, including arts spaces.
- Build capability through management and business skills development.

Evidence

Cultural and creative industries play an important supportive role to the tourism and constructions sectors as well as enhance the liveability of the region.

As recognised in the Regional Development Australia Far North Queensland & Torres Strait Regional Road Map 2013-16:

“Cultural community development education and training is a key necessity for the region, culminating in arts and cultural organisations that govern and collaborate effectively for the benefit of artists, practitioners and policy makers.”

4.2 Building and Construction

4.2.1 Evidence

The 2011 Census revealed Construction as the second highest blue collar industry employer for the region. The Region experienced a construction boom in the mid 2000's but has had little construction and building activity since 2009 outside of government funded projects. Master Builders Queensland are projecting a boom year for the region on the back of major hotel and residential developments alongside major resource projects in the surrounding area.

As identified in the Far North Queensland Regional Plan 2009-2013, the

“region has potential to become an internationally recognised centre of tropical expertise. Scientists and practitioners are developing unique knowledge through adaptation to the local environment in areas such as tropical health, environmental management, primary industries, and tropical living—

encompassing Aboriginal and Torres Strait Islander culture, built environment, disaster management, tourism and education.”

The construction industry in wider Tropical North Queensland region suffered during the Global Financial Crisis with building approvals in the region falling from approximately 4,204 residential and non-residential building approvals in 2006-07 to approximately 2,009 approvals in 2009-10. [1]

Employment [2] in the Construction industry in the Cairns Local Planning Committee (LPC) Area as at the 2011 Census was (approx.) 6,500 people. Taking into account changes in the local government boundaries, derived employment numbers in the Construction industry in the Cairns LPC Area, as at August 2016, has fallen to (approx.) 4,500 people. Some 2,000 jobs less and a fall of some 30%.

Building approval figures (for Houses and Units) reported for the Cairns urban area have fallen away significantly over the past four months and are down to a 17-year low. In trend terms the January 2017 figures are 57.8% below those recorded in January 2016 [3].

4.2.2 Strategic priorities

- Support development of innovative products, services and practices to meet changing customer demands.
- Reskilling to support adoption of innovation.

Evidence

The Construction Skills Queensland and CSIRO study into the impact of advanced technologies on the construction industry, “Are you ready for change? Foresight For Construction”, identifies the disruption faced by the construction industry.

Eighty leading experts across the state, including representatives from Cairns, contributed to the study. The study finds significant changes including the introduction of smart machines and driverless plant will result in existing jobs being replaced with a need for reskilling across the workforce.

4.3 Defence and Marine

4.3.1 Evidence

The TNQ region has a number of experienced ship repair yards offering services including engineering, blasting, surface coatings, refrigeration and air-conditioning repairs, equipment hire plus experienced on-site teams and contractors who can work around the clock. Services are available from designers, draughtsmen, engineers, marine refrigeration specialists, shipwrights, welders, electrical and mechanical fitters, grit blasters, aluminium fabricators, painters, instrument technicians and electronics technicians.

There are multiple large sheds to conduct refits, slipping and docking facilities plus berthage and haul-out facilities.

- Turnover of \$670 million
- Employs more than 4,500 people including 1,300 in the shipbuilding, repair & service sectors
- 2nd most visited Australian port for major cruise ships
- Great Barrier Reef International Marine College with Kongsberg Full Mission Bridge Simulator, Multi- purpose Emergency Response Training Simulator (MERTS) incorporating fire – fighting facility
- Largest coastal shipping on the east coast

- Three major slipways, each providing different capacities and niche quality product offering considerable experience and capacity with a reputation for quality service
- Maintenance on a wide variety of vessel types with slipway capacity up to 100m and 3000t, and haul-out facilities and floating docks up to 350t
- Other services include dry docks, undercover, warehouse storage, engineering and cleaning, painting and abrasive blasting

HMAS Cairns also provides refit and training support for neighbouring Pacific Island nations.

- Service the Navy's, the Australian Customs' and Border Protection Service's Pacific Patrol Boats.
- Cradle-to-grave vessel services
- Project management
- Engineering – all mechanical, hydraulic & boiler making fabrication
- Protective coatings – blasting & coatings
- Shipwright Services
- Electrical & Electronic – repairs and installation

The Department of Defence report "The Economic Contributions of Three Queensland Defence Precincts" (July 2010) outlines the indirect contributions to the economy which includes through purchasing services from local providers. In turn these providers will also contribute to the local economy through employment and purchasing of goods and services. The report indicates the indirect contribution of the defence industry from the Cairns precinct to be \$123m in output/turnover, \$60m value added and employment of 523 people.

4.3.2 Strategic priorities

- Grow the supply chain to the defence and marine sectors

Evidence

The Tropical North Queensland Regional Economic Plan 2011-2031 and the Regional Development Australia Far North Queensland and Torres Strait Regional Road Map 2013-16 both identify the value of the marine sector to the TNQ region. The TNQ Local Governments and the Department of Defence recognise the important contribution the defence precinct makes to the local economy.

4.4 Education and Training

4.4.1 Evidence

Employment in the education and training sector within the Cairns LPC area has grown sharply over the past five years. It now employs more people (11,670) than any other industry in the area. Its share of the labour market has more than doubled since 2011 and currently sits at just over 16%.¹

The Tropical North Queensland Regional Economic Plan 2011-2031 recognises one of the region's strengths as being *"one of the few first world economies located in the tropics providing scope for knowledge industries including tropical expertise, bio fuels, tropical health and medicine."*

One of the Plan's Foundation Strategies is to *"develop the skills and capacity of the region's workforce now and into the future"* and it notes that a *"skilled workforce is an important resource to building a powerful economy. Developing knowledge and skills means giving the people of TNQ*

opportunities to access high quality education and training whilst also fostering a culture of life-long learning.”

4.4.2 Strategic priorities

- Grow the skilled labour force.
- Increase the number of international and domestic students.

Evidence

If the region is to fulfil its potential as a centre for tropical expertise and innovation it will require a more highly skilled and educated work force. There is a recognised shortage of skilled workers in certain industries.

Improving skills within the labour force helps to alleviate the region’s generally high level of unemployment and to build labour market resilience in a region that has historically been heavily reliant on the volatile tourism trade.

Investment to increase vocational and skills-based training specific to the identified priority sectors with focus on the drive for tropical specialisation and innovation is a priority.

Deloitte Access Economics, “Opportunity and Imperative for Queensland’s International Education and Training Sector” (June 2006) recognises that the economic contribution from visiting friends and relatives’ expenditure in “traditional tourist hot spots such as.....Tropical North Queensland” is “relatively higher” than elsewhere.

4.5 Health

4.5.1 Evidence

The most recent data at the Cairns LPC Area level comes from the 2011 Census and is presented in the chart below. This shows that Healthcare & Social Assistance was the largest employer accounting for 9,290 people; or 12.4% of total employment.

According to the Northern Queensland Primary Health Network (NQPHN) Health Needs Analysis, chronic diseases are conditions that persist or are long-lasting. Furthermore, they are often present slowly over a long period of time as body organs deteriorate. The most common chronic diseases in TNQ are cardiovascular disease, diabetes, chronic liver failure, chronic obstructive pulmonary disease, and end-stage renal disease. For the most part, chronic disease progression is directly associated with unhealthy behaviours such as smoking, excessive alcohol consumption, and inadequate exercise and poor diet, which leads to obesity.

Primary healthcare services provide front-line health services to community members. Across the NQPHN there are multiple services and providers available including but not limited to: General Practices, Community Pharmacies, Dental Practices, Aboriginal Medical Services, and allied health services. When services are coordinated across primary health providers, disease and management of illness within the community is often more effective, leading to improved outcomes for the patient, while avoiding unnecessary hospital admissions.

Top 6 Local PHN Health Priority Areas

- Improve access to health services in rural and remote areas
- Improve access to mental health services
- Promote health workforce expansion and sustainability
- Transition chronic disease management to community level care
- Improve Aboriginal and Torres Strait Islander health

- Improve childhood and maternal health

According to the vision in the Queensland Government report “Advancing Health 2026”, the headline measure of success to increase life expectancy for Aboriginal and Torres Strait Islander males by 4.8 years and females by 5.1 years by 2026. Like the Council of Australian Governments (COAG) health targets, the vision target focuses on life expectancy gains.

- Mental Health
- Cardiac Health
- Sexually Transmissible Infections

4.5.2 Strategic priorities

- Improve front-line primary healthcare, mental and cardiac services.
- Improve Aboriginal & Torres Strait Islander health.

Evidence

According to Conus by August 2016 the Healthcare & Social Assistance sector is second only to Education and Training with a total of 9,220 people employed; or 12.8% (an increase from 12.4% in 2011).

If the region is to fulfil its potential as a centre of excellence for tropical health and medicine it will require a highly skilled and educated health work force together with state of the art systems, processes and plant and equipment.

4.6 Tourism

4.6.1 Evidence

The Queensland Government has established a target to grow tourism expenditure in Queensland by an additional

\$15Bn by 2020, a 100% increase from 2012. Approximately 80% of the \$15Bn in targeted growth will come from only four of the thirteen Regional Tourism Organisation locations in Queensland. Tropical North Queensland (TNQ) is the third largest priority growth destination and the only destination located outside South East Queensland that has the capacity and assets to play a leadership role in achieving the growth targets. The TNQ tourism industry is ambitious and wants to achieve the 2020 \$2Bn targets that have been established for this destination.

Based on the preliminary forecast modelling that has been undertaken, the Growth Potential Target Scenario indicates that \$4.63Bn in tourism expenditure could be achieved by 2020. This would consist of the international market growing from \$885Mn to \$2.19Bn and the domestic market from \$1.72Bn to \$2.44Bn. It has been estimated that this additional tourism expenditure would generate an additional \$2.1Bn in additional economic impact. This could provide a total economic growth of \$4.1Bn, which would provide approximately 20,000 additional jobs in total across the regional economy.

China is the key market that offers the most significant opportunity to grow international visitors to TNQ to support achieving the 2020 growth target.

The current perceptions of the region by potential consumers is that TNQ’s offering is primarily related to the reef and rainforest and that this is concentrated to the coastal hubs of Cairns, Northern Beaches, Port Douglas, Daintree, Cape Tribulation, Daintree, Mission Beach and the Atherton Tablelands. TNQ is the largest and most diverse geographical region in Queensland and has significant potential to grow and further-develop its tourism potential.

The following Primary Drivers are deemed to be the areas where there is greatest potential for growth: *Touring, Events and Aviation*.

4.6.2 Strategic priorities

- Increase the whole of destination touring experience to increase domestic and international visitor numbers.
- Increase the TNQ events program including sports, lifestyle, cultural and business events.
- Invest in maintenance, growth and attraction for the aviation sector to support the tourism industry.

Evidence

Due to the scale of the targets there is ample opportunity for regional stakeholders to build and create growth, and create jobs, in delivering the front-line services and/or in delivering the supporting goods and services, particularly in the high-priority enabling drivers:

- Infrastructure and product innovation
- Digital leadership
- Quality, service & innovation
- Partnerships and delivery capability

5 References

Master Builders Queensland: [Cairns building approvals stand out from the crowd – 19 April 2017](#)

The Cairns Post: [Master Builders outlook predicts boom for the Far North construction – 29 January 2017](#)

Department of Defence: [The Economic Contribution of Three Queensland Defence Precincts – July 2010](#)

Deloitte Access Economics: [The opportunity and imperative for Queensland's international education and training sector June 2016](#)

Advance Cairns: [Tropical North Queensland Regional Economic Plan 2011-2031](#)

Conus: Labour Force Data Report for Cairns LPC, - March 2017

Northern Queensland Primary Health Network: [Health Needs Assessment](#) – June 2016

Tourism Tropical North Queensland: [Destination Tourism Plan](#)

CSQ & CSIRO: [Are you ready for change? Farsight for Construction - 2016](#)