

2025-26 PRE-BUDGET SUBMISSION – CAIRNS WATER SECURITY STAGE 1

EDA | 58/6/3-01 | #7534382

RECOMMENDATION:

That Council:

- 1. Endorses the 2025-26 Pre-Budget Submission for the Cairns Water Security Stage 1 Project; and**
- 2. Delegates authority to the Mayor and Chief Executive Officer in accordance with the *Local Government Act 2009* to finalise and lodge the submission and deal with any and all matters arising from it.**

INTERESTED PARTIES:

Queensland Government
Federal Government

Note: The identification of interested parties is provided on a best endeavours basis by Council Officers and may not be exhaustive.

EXECUTIVE SUMMARY:

Council has previously unanimously endorsed the Cairns Water Security Stage 1 project (CWSS1) as it's Number 1 Advocacy Priority. In 2022, the Federal and Queensland Governments each committed \$107.5 million in funding (\$215 million in total) towards CWSS1. The Queensland Government subsequently announced an increased funding commitment of \$195 million towards CWSS1 as part of the 2024-25 Queensland Budget handed down on 11 June 2024. Advocacy activities have been ongoing with a view to securing a matched commitment of \$195 million federally.

As part of these advocacy activities, it is recommended that Council make a formal Pre-Budget Submission requesting that specific provision be made in the 2025-26 Federal Budget for the increased federal funding requested.

The draft submission is attached and this report recommends Council's endorsement of it.

BACKGROUND:

In 2022, the Federal and Queensland Governments each committed \$107.5 million in funding (\$215 million in total) towards the Cairns Water Security Stage 1 project (CWSS1). At the time, the project's estimated capital cost was \$248 million, which was a preliminary cost estimate included in the Stage 2 Business Case Report and based on a high-level understanding of the required investments and infrastructure.

Following completion of the Detailed Business Case and a rigorous procurement process for design and construction, Council awarded the design and construct contract to John Holland Queensland Pty Ltd on 21 December 2023. As part of this process, Council's independent Cost Advisor, Ranbury Management Group, prepared an updated Total Project Cost Estimate for the project. The updated Total Project Cost Estimate estimated the project's total capital cost to be \$472 million (ex GST). The reasons behind the significant increase in cost (compared to the 2022 cost estimate) were outlined in a report to Council at the Ordinary Meeting on 21 December 2023 and are consistent with the significant cost increases being experienced on major projects nationally.

Accordingly, on 21 December 2023 Council unanimously reconfirmed CWSS1 as its Number 1 Advocacy Priority and formally resolved to seek increased funding commitments from both the Federal and Queensland Governments to support project delivery. On 1 May 2024, this position was again unanimously reconfirmed by the new Council following the local government elections in March 2024. Advocacy activities aimed at securing an increased level of State and Federal investment in the project have been ongoing.

The Queensland Government subsequently announced an increased funding commitment of \$195 million towards CWSS1 as part of the 2024-25 Queensland Budget handed down on 11 June 2024.

The revised Queensland Government commitment of \$195 million and the existing Federal Government commitment of \$107.5 million are embodied in a formal funding agreement between the Queensland Government and Council which was executed on 5 September 2024.

COMMENT:

Following the increased Queensland Government CWSS1 funding commitment of \$195 million, Council has continued to seek an increased (matched) commitment federally and a range of advocacy activities have been undertaken in support of this request including:

- Correspondence to Prime Minister the Hon Anthony Albanese MP and the Hon Tanya Plibersek MP, Minister for the Environment and Water regarding Council's increased funding request.
- Visit to Canberra in July 2024 by Mayor Amy Eden to brief ministers, shadow ministers and other political representatives and stakeholders on Council's funding request.
- Ongoing engagement with local members of federal parliament the Hon Warren Entsch MP and the Hon Bob Katter MP and Senator Nita Green – Senator for Queensland.
- Project briefings to preselected candidates for the federal seat of Leichhardt Matt

Smith (ALP) and Jeremy Neal (LNP).

- Engagement with advocacy stakeholder partners including Advance Cairns, the Cairns Chamber of Commerce, the FNQ Regional Organisation of Councils, Regional Development Australia Tropical North and Tourism Tropical North Queensland

As part of the ongoing advocacy for increased federal funding, it is recommended that Council make a 2025-26 Pre-Budget Submission requesting that the increased funding be specifically provisioned in the upcoming 2025-26 Federal Budget.

A draft of the 2025-26 Pre-Budget Submission is set out at Attachment 1 and this report seeks Council's endorsement of it.

OPTIONS:

Option 1 (Recommended)

That Council:

1. Endorses the 2025-26 Pre-Budget Submission for the Cairns Water Security Stage 1 Project; and
2. Delegates authority to the Mayor and Chief Executive Officer in accordance with the *Local Government Act 2009* to finalise and lodge the submission and deal with any and all matters arising from it.

Option 2

That Council **does not** endorse the 2025-26 Pre-Budget Submission for the Cairns Water Security Stage 1 Project at this time.

CONSIDERATIONS:

Risk Management:

The predominant risk associated with the proposed advocacy outlined in this report is reputational. Council aims to mitigate any potential reputational risk by adopting a collaborative advocacy approach underpinned by comprehensive stakeholder engagement and communication. The financial implications (risks) associated with a failure to secure additional funding are outlined in the following section.

Council Finance and the Local Economy:

Securing additional external funding to support delivery of CWSS1 would have a positive impact on Council's financial position as without such funding, Council would be required to borrow funds to support project delivery and repay these borrowings (together with interest) over time with repayments funded through increased rates and/or charges, cuts to services and investment in other areas or a combination of these actions.

A matched commitment of \$195 million from the Federal Government (as requested in the attached budget submission) would deliver combined cost of living savings (in the

form of future Council rates and/or charges avoided) equivalent to \$6,048 per household (\$403 per year over 15 years).

Water security is a key factor underpinning business (and community) confidence thereby supporting future economic prosperity.

Corporate and Operational Plans:

This report progresses the following action contained in Council's 2024-25 Operational Plan:

Action 4: Implement advocacy strategy aimed at securing matched Federal investment of \$195m (Queensland Government has already committed \$195m) towards the capital cost of Council's Cairns Water Security Stage 1 Project (CWSS1)

Policy:

Council's endorsed Advocacy Policy has been applied in developing the proposed advocacy approach for CWSS1.

CONSULTATION:

Significant consultation and engagement with political and other stakeholders has taken place in respect of the Council's funding request as outlined in the body of this report.

ATTACHMENTS:

Attachment 1:

Draft – 2025-26 Pre-Budget Submission – Cairns Water Security Stage 1 Project
[DM7534360](#)



Nick Masasso
Director – Economic Development & Advocacy

Attachment 1: Draft – 2025-26 Pre-Budget Submission – Cairns Water Security Stage 1 Project



Amy Eden
Mayor

0477 990 216
amy.eden@cairns.qld.gov.au
f t i n @amyedencairns

OUR REF: # 7534360 | N Masasso

6 November 2024

Hon Dr Jim Chalmers MP
Treasurer

Per email: jm.chalmers@treasury.gov.au

Dear Treasurer

2025-26 Pre-Budget Submission - Cairns Water Security Stage 1 Project

I refer to my letter of 17 June 2024 to the Hon Tanya Plibersek MP, Minister for the Environment and Water (with a cc to you) regarding the Cairns Water Security Stage 1 Project (CWSS1).

Council is extremely appreciative of the existing \$107.5 million funding commitment made by the Federal Government to CWSS1. On 17 June 2024, Council formally requested that the Federal Government increase its CWSS1 funding commitment to \$195 million to match the increased Queensland Government commitment announced in the 2024-25 State Budget delivered in June 2024. Funding from both the Queensland and Federal Governments not only supports water security for our city, but also offers significant cost-of-living relief to the Cairns community at a time when it is desperately needed.

This letter serves as Council's formal 2025-26 Pre-Budget Submission requesting that provision be made in the 2025-26 Federal Budget for an increased federal funding commitment towards CWSS1 in accordance with the table below. This 2025-26 Pre-Budget Submission was **unanimously** endorsed by Council at its Ordinary Meeting on 6 November 2024 and follows Council's previous unanimous endorsement of CWSS1 as its Number 1 Advocacy Priority.

Table 1: CWSS1 Federal Funding Request (ex GST)

	2024-25 \$million	2025-26 \$million	2026-27 \$million	Total \$million
Existing funding commitment ¹	23.75	40.00	43.75	107.50
Increased funding request	-	40.00	47.50	87.50
Total funding requested	23.75	80.00	91.25	195.00

Table 1 sets out Council's preferred timing for the delivery of the additional \$87.5 million in federal funding requested. However, Council would be willing to consider a different timeline for the delivery of this additional funding should the Federal Government have an alternate preference.

A matched commitment of \$195 million federally would still see the Cairns community (via Council) making a significant contribution (\$82 million) to the project's estimated \$472 million

¹ Timing of payments allocated in accordance with existing executed funding agreement.

capital cost as well as meeting the project's annual operating costs – estimated to be in the vicinity of \$12 million per annum.

The Federal Government's existing funding commitment of \$107.5 million is included (together with the \$195 million Queensland Government commitment) in a formal funding agreement between Council and the Queensland Government that was executed on 5 September 2024.

A matched commitment of \$195 million from the Federal Government would deliver combined cost of living savings (in the form of future Council rates and/or charges avoided) of \$6,048 per household (\$403 per year over 15 years) at a time when it is desperately needed.

Council's request for increased funding is supported by our local federal MPs, Senator Nita Green – Senator for Queensland, and by our regional stakeholder partners Advance Cairns, the Cairns Chamber of Commerce, the FNQ Regional Organisation of Councils, Regional Development Australia Tropical North and Tourism Tropical North Queensland.

In the absence of an increased funding allocation being made to CWSS1 in either the Federal Mid-Year Economic and Fiscal Outlook 2024-25 or the 2025-26 Federal Budget, Council will continue to advocate for the increased federal funding outlined in this letter as its Number 1 Advocacy Priority in the lead [in to](#) the next federal election.

Whilst Mr Mark Darrough, Branch Head of the National Water Grid, advised Council on 10 September 2024 that the Department of Climate Change, Energy, the Environment and Water (DCCEEW) had no outstanding information requests in relation to the project, if any further information is required to consider this matter, please do not hesitate to contact me.

I look forward to your favourable consideration of our funding request and to continuing to work with you to deliver water security and cost-of-living relief for the Cairns community.

Yours sincerely

Cr Amy Eden
Mayor

cc.
Hon Tanya Plibersek MP, Minister for the Environment and Water
Senator Nita Green, Senator for Queensland
Hon Warren Entsch MP, Member for Leichhardt
Hon Bob Katter MP, Member for Kennedy