

**SECURING CAIRNS HOUSING FOUNDATIONS PLAN – RESIDENTIAL ACTIVATION FUND ROUND 2 APPLICATION**

EDA | 58/6/3-01 | #7847236

**RECOMMENDATION:**

That Council:

1. Approves the Residential Activation Fund Round 2 application to the Queensland Department of State Development, Infrastructure and Planning for essential infrastructure works for the Mount Peter PDA as outlined in this report;
2. Notes that a subsequent report will be presented to Council in respect of the application which details the estimated costs associated with the infrastructure works and amount of funding applied for; and
3. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to finalise and submit the application and deal with any and all matters arising from it.

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**INTERESTED PARTIES:**

Queensland 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 endorsed the Securing Cairns Housing Foundations Plan as a High Advocacy Priority of Council, recognising that unlocking housing supply is critical to supporting population growth, liveability, workforce attraction and retention, and the long-term economic prosperity of the region.

The Queensland Government's Residential Activation Fund (RAF) represents an opportunity for Council to secure State funding for the essential infrastructure needed to deliver on the plan's objectives. Round 2 of the RAF is currently open and closes on 24 April 2026.

It is recommended that Council approve a RAF Round 2 application being submitted with a delegation to Council's Chief Executive Officer to finalise and submit it. The enabling infrastructure proposed for inclusion in the application represents a critical early step in unlocking new housing development in the Mount Peter Priority Development Area (PDA). Collectively, the works will unlock up to 2,400 homes providing immediate housing

supply whilst also providing foundational infrastructure that will support medium and longer term development. The proposed package of works comprise a new wastewater line and pump station upgrades which increases network capacity, a new water main that will feed the Mt Peter Reservoir and two major transport intersection upgrades at Mackillop Road and Peterson Road, as outlined further detail in the body of this report.

Round 2 of the RAF places a strong emphasis on delivery-ready projects with clear housing outcomes. Council's proposed application has been refined accordingly, focusing on a discrete, prioritised package of infrastructure works which, if successful, are to be delivered within three years and will directly unlock more housing within the PDA. The proposed application has been formulated in consultation with representatives from Economic Development Queensland (EDQ), relevant developers and other key stakeholders.

The amount of RAF funding to be applied for (at this stage expected to be between \$40 million and \$50 million) will be determined having regard to independent project cost estimates, which were still being finalised at the date this Council report was prepared. A subsequent report to Council in May 2026 will outline both the detailed project cost estimate and final amount of RAF Round 2 funding applied for.

### **BACKGROUND:**

Council's Securing Cairns Housing Foundations Plan (the Plan) was formally endorsed as a High Advocacy Priority of Council at its Ordinary Meeting of 26 February 2025, recognising the critical role housing supply and affordability plays in supporting Cairns' long-term economic growth, liveability and population expansion.

The Plan centres on unlocking the Mount Peter Southern Growth Corridor, the region's last remaining large-scale greenfield development area. The corridor has the ultimate capacity to deliver approximately 18,500 dwellings for an estimated population of 42,500 people. The Plan was underpinned by two key components needed to help accelerate the supply of new housing:

1. Declaration of a Priority Development Area (PDA) over the Mount Peter Southern Growth Corridor to formalise a collaborative approach between the State Government and Council and fast track corridor land use and infrastructure planning; and
2. State and Federal funding to support delivery of the essential infrastructure (transport, water, wastewater etc) required to unlock new housing development in the corridor.

A key milestone was achieved on 30 July 2025, with the Queensland Government declaring the Mount Peter PDA. This declaration provides a statutory framework to streamline planning and development assessment processes, while enabling coordinated and integrated infrastructure planning across both levels of government, industry and landowners.

Through the PDA, Council has been working proactively in partnership with Economic Development Queensland (EDQ), State agencies, developers and technical advisors to refine land use assumptions, infrastructure requirements and sequencing to arrive at an

optimised package of projects which unlocks the greatest number of homes. This collaborative process is progressively resolving key constraints and improving the maturity of the overall infrastructure planning for the PDA. The Queensland Government's \$2 billion Residential Activation Fund (RAF) is designed to accelerate the delivery of critical trunk and essential infrastructure needed to unlock housing supply across the state. The fund provides infrastructure construction and planning grants for projects such as water supply, sewerage, stormwater, power, and road networks supporting new housing in both infill and greenfield developments. Of the total RAF funding pool, 50% is dedicated to communities outside South East Queensland. The RAF represents a key opportunity for Council to secure State infrastructure funding to assist with the implementation of its Securing Cairns Housing Foundations Plan.

Round 1 of the RAF was announced in early 2025 with a \$1 Billion funding pool. In May 2025, Council applied under Round 1 of the RAF, seeking \$150 million in State funding to support priority infrastructure within Mount Peter. At that stage, corridor infrastructure planning was at an early stage, and the application was unsuccessful. Feedback from the State indicated that the proposal was submitted required further refining and lacked the level of detailed design, cost certainty and delivery readiness required under the program guidelines.

Round 2 of the RAF has a funding pool of up to \$500 million. It opened on 23 February 2026 and closes on 24 April 2026. The declaration of the Mount Peter PDA has enabled Council to adopt a more targeted and delivery-focused approach for Round 2 of the RAF given the increased level of maturity in land use and infrastructure planning the PDA process has facilitated. This includes breaking the broader infrastructure requirements within the PDA into discrete, prioritised infrastructure components, supported by improved design development and demonstrated housing outcomes.

It is recommended that Council submit a RAF Round 2 application seeking funding to support a package of priority infrastructure works to unlock the initial stages of housing development within the PDA. This report provides a high-level overview of the proposed application and seeks Council's approval to submit it.

### **COMMENT:**

The proposed RAF Round 2 application is centred on a targeted package of enabling trunk infrastructure within the northern region of the Mount Peter PDA, developed in consultation with EDQ and informed by detailed technical investigations and stakeholder engagement. The package builds upon the substantial investments Council is already making in essential infrastructure supporting corridor development more broadly including the Cairns Water Security Stage 1 project (which is being delivered under a tripartite funding arrangement between Council and the State and Federal Governments) and the Mount Peter High Level Water Reservoir, which Council is delivering utilising loan funding from the Queensland Government's Building Acceleration Fund.

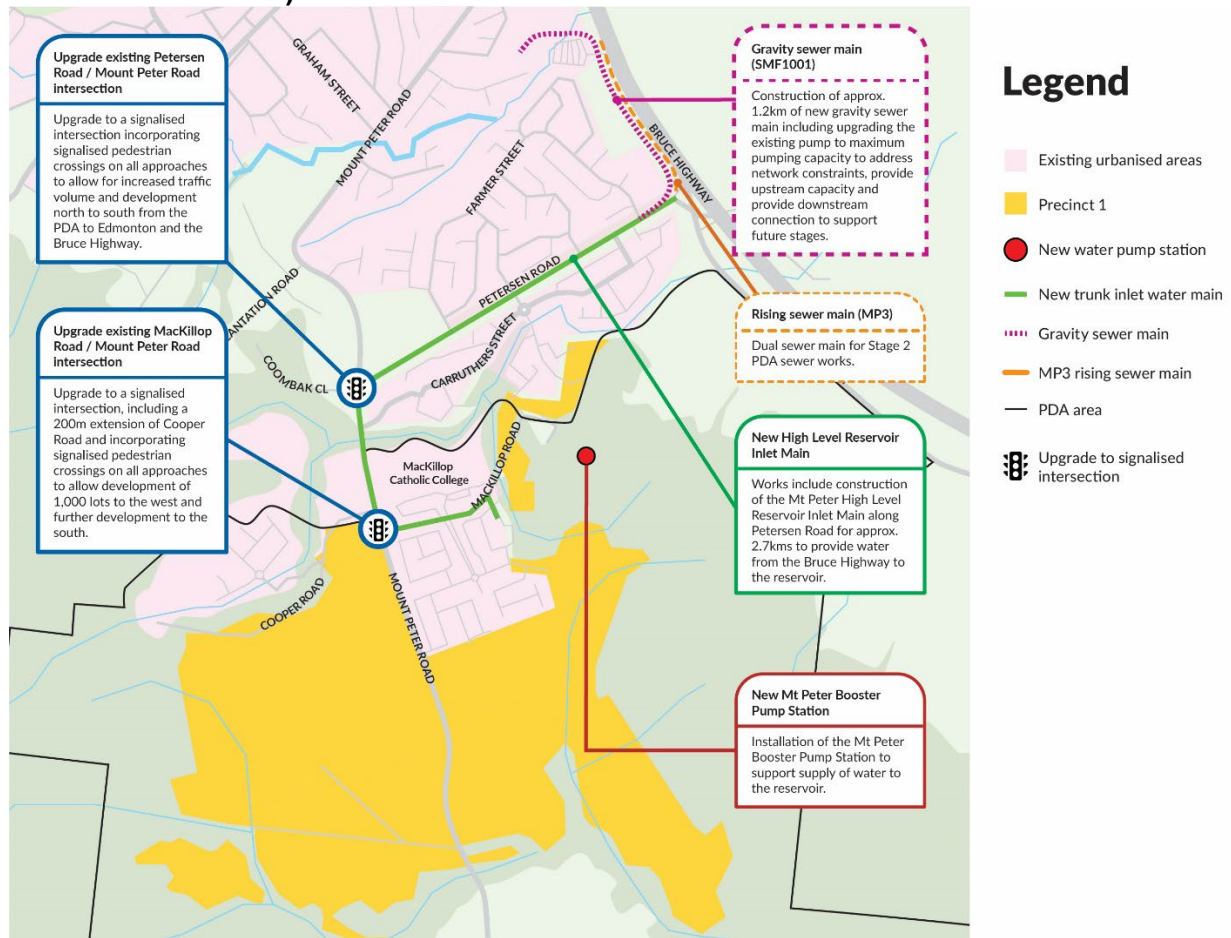
The infrastructure package includes investment in water, wastewater and transport infrastructure at the northern end of the growth area, as outlined in Table 1. This will directly support the development already underway in the northern parts of the PDA, referred to as Precinct 1 of the Mount Peter PDA. These works have been specifically identified as the critical next tranche of infrastructure required to remove immediate servicing constraints and enable housing delivery within the Mount Peter Southern

Growth Corridor. The works also lay the foundation for further development in subsequent stages.

**Table 1: Mount Peter Precinct 1 Enabling infrastructure components (subject to further refinement)**

Asset class	Infrastructure description	Housing lots supported by new Infrastructure limitations
Water	<ul style="list-style-type: none"> <li>New trunk inlet water main (DN700 - 2675m) via Petersen Rd to high level reservoir</li> <li>New Water Pump Station</li> </ul>	2400 x Lots Water Only (1530 Lots latent capacity due to Wastewater constraint)
Wastewater (sewer)	<ul style="list-style-type: none"> <li>New augmented gravity sewer system connection to reticulation network (DN450 - 1230m)</li> <li>New augmented rising main (DN375 - 830m)</li> </ul>	870 x Lots Wastewater Only (Overall Infrastructure constraint)
Transport	<ul style="list-style-type: none"> <li>Signalised upgrade to McKillop Road (Cooper Rd)/ Mount Peter Road</li> <li>250m Cooper Road connection</li> </ul>	1300 x Lots Transport Only (Improved serviceability)
Transport	<ul style="list-style-type: none"> <li>Signalised upgrade to Petersen Road / Mount Peter Road</li> </ul>	Improved serviceability

**Map 1: Mount Peter Precinct 1 Enabling infrastructure components (subject to further refinement)**



\* Map is indicative only and subject to further refinement.

\*\*Additional development specific infrastructure will also be required to facilitate housing development.

## Wastewater

The wastewater network is currently nearing its total capacity and requires upgrades to support continued development within the PDA. The proposed wastewater line upgrades along Louie Picone Way, including pump station upgrades, will relieve network constraints enabling approximately 900 new housing lots to connect in the PDA area, representing the immediate, deliverable housing outcome associated with this infrastructure package.

## Water

A new watermain to fill the Mt Peter Reservoir is required. This new watermain will link the main along the Bruce Highway to the Mount Peter Reservoir site, along Peterson Road. Not part of the application, but a solution arrived at through this body of work, is an interim re-configuration of part of the existing water supply network in order to provide immediate water supply between now and when the new watermain and reservoir are operational.

## Transport

The current transport network is already reaching capacity with two new major intersection upgrades required before additional development can proceed. First, a four lane signalised intersection and a 250 metre link road is proposed at Mackillop Road and Mount Peter Road to unlock further development to the west. Second, a signalised 4-way intersection at Peterson Road and Mount Peter Road to provide network capacity for trips heading north into Edmonton and to the Bruce Highway.

This staged approach reflects a strategy to prioritise infrastructure that is both deliverable within RAF program timeframes and capable of catalysing further development as additional infrastructure is brought online. It also aligns with feedback received in relation to Council's Round 1 RAF application, which emphasised the need for clearly defined, discrete and delivery-ready projects with demonstrable housing outcomes.

The identification and refinement of this infrastructure package has been enabled through the Mount Peter PDA framework, which provides a coordinated mechanism for integrated land use and infrastructure planning across Council, EDQ, State agencies and the development industry. This collaborative process has ensured that the proposed works are aligned with broader growth planning, infrastructure sequencing and development demand within the corridor.

It should be noted that the specific infrastructure components set out in Table 1 continue to be refined and that detailed independent cost estimates for the proposed infrastructure works are currently being finalised and were not available at the time of preparing this report. These independent cost estimates will inform the final amount of funding requested in the proposed RAF Round 2 application. The intention is to apply for the maximum RAF funding available having regard to these cost estimates. It should be noted that pursuant to the RAF guidelines, whilst there is no minimum co-contribution requirement from Council (the applicant), some project cost elements are likely to be ineligible for RAF funding and as a result, would need to be borne by Council.

Given the RAF Round 2 deadline of 24 April 2026, this report seeks Council's approval to proceed with a RAF Round 2 application with a delegation to Council's Chief Executive Officer to finalise and submit it. A subsequent report to Council will be prepared which provides an overview of the final application lodged including the total cost estimate and RAF funding applied for.

### **OPTIONS:**

#### Option 1 (Recommended)

That Council:

1. Approves the Residential Activation Fund Round 2 application to the Queensland Department of State Development, Infrastructure and Planning for essential infrastructure works for the Mount Peter PDA as outlined in this report;
2. Notes that a subsequent report will be presented to Council in respect of the application which details the estimated costs associated with the infrastructure works and amount of funding applied for; and
3. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to finalise and submit the application and deal with any and all matters arising from it.

#### Option 2

That Council **does not** approve the Residential Activation Fund Round 2 application to the Queensland Department of State Development, Infrastructure and Planning for essential infrastructure works for the Mount Peter PDA as outlined in this report.

### **CONSIDERATIONS:**

#### Risk Management:

There are a number of risks identified in the delivery of this project. Deliverability within required timeframes presents a risk, particularly given the program's strong focus on construction readiness and accelerated delivery. Further investigation of alternate delivery models will be undertaken to ensure RAF funding timelines are able to be met. Whilst infrastructure design maturity has progressed since the time of Council's RAF Round 1 application, further work is still required to finalise design prior to infrastructure delivery. This may impact project delivery timeframes and cost.

The lack of clarity regarding trunk infrastructure responsibilities and funding arrangements also carries an element of risk to Council. These responsibilities and arrangements (including the approach to allocation of infrastructure charges) are expected to be further clarified as the PDA planning processes progress. The financial implications (risks) associated with a failure to secure additional funding are outlined in the following section.

#### Council Finance and the Local Economy:

There is a financial risk associated with the lack of clarity regarding the distribution of

infrastructure charges, which in the absence of a PDA, normally represent a source of funding to assist Council in partially offsetting the cost of infrastructure delivery. To mitigate this risk, this report recommends that Council apply for the maximum amount of eligible project costs to be funded through the RAF. However, there remains a risk that ineligible components, such as contingencies above the eligible amount, may create some residual cost exposure for Council. These residual costs would be required to be accommodated in Council's capital budget. As outlined in the Comment section of this report, the estimated residual cost exposure is expected to be included in a subsequent report to Council which outlines estimated project costs (based on independent cost estimates) and RAF Round 2 funding applied for.

RAF funding to support delivery of the Securing Cairns Housing Foundations Plan would have a positive impact on Council's financial position compared to progressing the works without funding as Council would otherwise be required to borrow substantial 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. Such a situation would place an added cost burden on Cairns residents at a time when many are already struggling with cost of living pressures.

Progressing the Securing Cairns Housing Foundations Plan is also expected to have significant economic benefits for the Cairns region with the direct and indirect economic benefits from infrastructure, housing and ancillary development and construction expected to be substantial. In addition, an increased supply of housing (which the Securing Cairns Housing Foundations Plan aims to unlock) is critical to the attraction and retention of the skilled workforce needed to support Cairns' economic growth and prosperity more broadly.

#### Corporate and Operational Plans:

The pursuit of funding to deliver the Securing Cairns Housing Foundations Plan set out in this report aligns with all five focus areas in Council's Corporate Plan 2025-2030:

1. Robust Economy
2. Natural Assets
3. Design for Liveability
4. Community and Culture
5. Focused Council

This report and the application to which it relates, also progresses the following action contained in Council's 2025-26 Operational Plan:

*Continued advocacy for Council's Securing Cairns Housing Foundations Plan - Implementing a Priority Development Area (PDA) to accelerate housing supply in the Mount Peter Southern Growth Corridor.*

#### Policy:

Council's endorsed Applying for External Contestable Grant Funding General Policy has been applied in relation to the Residential Activation Fund grant opportunity.

**CONSULTATION:**

Significant consultation and engagement with Council officers, Economic Development Queensland, local industry and developers, political and key advocacy stakeholders has taken place in compiling this application for funding.



Nick Masasso  
Director – Economic Development & Advocacy