ORDINARY MEETING 25 NOVEMBER 2026	5.8

CAIRNS HOUSING FOUNDATIONS PLAN – INFRASTRUCTURE ACTIVATION FUND

CIA | 68/6/3-01 | #7967089

RECOMMENDATION:

That Council:

1. **Endorses the submission of the Infrastructure Activation Fund applications for the Cairns Housing Foundations Mt Peter Priority Development Area Enabling Infrastructure project; and**

2. **Delegates authority to the Chief Executive Officer in accordance with the Local Government Act 2009 to finalise and lodge the applications and any and all matters associated with those applications including the negotiation, finalisation and execution of funding agreement/s should Council's applications be successful.**

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:

This report seeks Council's endorsement to submit applications to the Queensland Government's Infrastructure Activation Fund (IAF) for a package of critical housing-enabling infrastructure within the Mount Peter Priority Development Area (PDA). The funding applications represent an opportunity to secure $198,388,850 in external funding to accelerate delivery of priority water, wastewater and transport infrastructure required to unlock housing supply in Cairns' largest remaining greenfield growth area.

The proposed infrastructure package directly supports Council's Cairns Housing Foundations Plan, a Tier 1 advocacy priority, and aligns with the Queensland Government's objective of accelerating housing delivery within the Mount Peter PDA. Developed in collaboration with Economic Development Queensland (EDQ) and informed by the draft Mount Peter PDA Development Scheme, the package focuses on infrastructure required to address key servicing constraints and support the orderly sequencing of development in the northern portion of the PDA, where development readiness is greatest.

The applications comprise three priority infrastructure projects:

- Edmonton Wastewater Treatment Plant Upgrade
- Mt Peter Water Infrastructure Project
- Mt Peter/Petersen Road Intersection Upgrade

These projects are intended to provide the essential trunk infrastructure necessary to accelerate housing delivery and support long-term growth within the corridor.

While project cost estimates have been developed using the best available planning and technical information, portions of the proposed works remain subject to further investigations. Accordingly, the report proposes the use of appropriate project hold points and governance mechanisms to allow Council to consider the outcomes of these investigations before progressing to subsequent delivery stages.

BACKGROUND:

Council's Cairns Housing Foundations Plan continues to be an Advocacy Priority for Council and was reindorsed as a Tier 1 priority on October 28, 2026, recognising the critical importance of increasing housing supply to support Cairns' growth.

A key component of the Cairns Housing Foundations Plan is focused on unlocking the Mount Peter Southern Growth Corridor, which represents the region's largest remaining greenfield residential growth area and has the potential to deliver approximately 18,500 dwellings for an estimated population of 42,500 people. The Plan also seeks to secure infrastructure investment to deliver the transport, water, wastewater and stormwater infrastructure required to enable housing development within the corridor.

The Mount Peter Priority Development Area (PDA) was declared by the Queensland Government on 30 July 2025. A PDA allows the Queensland Government, through Economic Development Queensland (EDQ), to coordinate and fast-track development by providing a dedicated planning framework and approval process.

Since the declaration of the PDA, Council has worked with EDQ, State agencies, developers, landowners and technical advisors to refine infrastructure requirements, development sequencing and housing delivery assumptions. This work has significantly improved the maturity of infrastructure planning within the PDA and identified a series of priority infrastructure projects capable of accelerating housing supply. Council has previously applied for trunk infrastructure funding for the PDA under the Queensland Government's Residential Activation Fund. Applications under both rounds 1 and 2 were unsuccessful.

In May 2026, the Australian and Queensland Governments committed a combined $220 million in grant funding ($110 million from each government), together with an $80 million Australian Government concessional loan, to support housing-enabling infrastructure within the Mount Peter PDA. The funding is specifically targeted toward critical water, wastewater and transport infrastructure required to unlock residential development and accelerate housing delivery in Cairns' largest growth area. The Infrastructure Activation Fund (IAF) is the competitive grant process through which this funding will be administered and accessed.

The IAF represents an opportunity for Council to secure external funding to accelerate the delivery of critical infrastructure within the Mount Peter PDA and support the implementation of the Cairns Housing Foundations Plan. Following the substantial planning and technical work undertaken through the PDA process, Council has identified a package of priority infrastructure projects that align with the objectives of the IAF and will assist in unlocking new housing development within the corridor.
Applications under the current funding round close on 30 November 2026, with successful applications expected to be announced in early 2027. This report provides an overview of Council's proposed IAF funding applications and seeks Council's endorsement to submit the applications to Economic Development Queensland.

COMMENT:

Introduction

The infrastructure package included in Council's IAF applications has been developed in collaboration with EDQ and aligns with the planning and infrastructure sequencing undertaken for the Mount Peter PDA. The applications have been informed by EDQ's draft Mount Peter PDA Development Scheme, released on 15 September 2026, which establishes the proposed land use framework, development sequencing and supporting infrastructure requirements for long-term housing delivery. The draft Development Scheme has been used as the primary guide in identifying the infrastructure needed to enable and accelerate residential development within the PDA.

The infrastructure package has been refined through an iterative planning process coordinated by an internal Council working group comprising representatives from Planning, Growth and Sustainability (PG&S), Cairns Infrastructure Assets (CIA), and Economic Development and Advocacy (EDA). Director-level oversight across these areas has ensured a robust, well-governed and delivery-ready outcome. EDQ, landowners, developers and other key stakeholders also informed the proposed package of infrastructure works.

The proposed works focus on addressing critical infrastructure constraints within the northern portion of the PDA, where existing development pressure and market readiness present the greatest opportunity to accelerate housing supply in the short to medium term.

Projects and priority

Council intends to submit three applications to the IAF, ranked in order of priority based on the project's importance in delivering essential infrastructure required for housing development to proceed in the Mount Peter PDA. A summary of the projects and priority are as follows:

Priority 1: Edmonton Wastewater Treatment Plant Upgrade

The Edmonton Wastewater Treatment Plant Upgrade will provide the wastewater infrastructure required to support planned residential growth within the Mount Peter Priority Development Area and the broader southern Cairns catchment. The project is expected to increase treatment capacity to approximately 75,000 equivalent persons (EP), providing capacity for around 42,500 additional EP, or approximately 15,740 additional residential lots. The upgrade will also address operational, performance and

regulatory compliance requirements, improving the reliability, resilience and long-term sustainability of wastewater services while supporting future housing and population growth.

Priority 2: Mount Peter Water Infrastructure Project

The Mount Peter Water Infrastructure Project will deliver the water supply infrastructure required to support ongoing growth within the Mount Peter Priority Development Area. The project will increase system capacity, improve network reliability, resilience, and provide a long-term servicing solution for the catchment. The infrastructure is expected to support a population of approximately 10,880 equivalent persons and facilitate around 4,000 additional residential lots. A key component is the delivery of an elevated water storage that will enhance regional water security, providing operational flexibility through Council's interconnected gravity-fed trunk network and improving resilience during maintenance, peak demand events and supply disruptions.

Priority 3: Mount Peter and Petersen Road Intersection Upgrade

The Mount Peter Road and Petersen Road Intersection Upgrade will deliver critical housing-enabling infrastructure within the Mount Peter Priority Development Area, supporting existing and future residential growth across the southern Cairns corridor.

The project involves upgrading the current unsignalised intersection to a signalised arrangement, including road widening, additional traffic lanes, pavement reconstruction, drainage upgrades, utility relocations, road lighting, pedestrian and cyclist facilities, signage, linemarking and associated civil works. These upgrades will provide the initial capacity and safety enhancements required to support the Mount Peter Priority Development Area, noting further intersection improvements will be required over time to accommodate long-term growth and demand within the corridor.

These works will increase network capacity, improve safety, and enhance connectivity between emerging residential communities and key transport routes, supporting approved and planned housing developments throughout the Mount Peter and Edmonton growth areas.

Project costs and IAF funding applied for

The table below summarises the following information in relation to the infrastructure works and associated funding applications:

- The various component parts of the works package comprising water, wastewater and transport infrastructure;
- Estimated project costs for each infrastructure component based on independent cost reports provided by HMC Quantity Surveyors (HMC); and
- The portion of estimated costs which are considered eligible for IAF funding pursuant to the IAF guidelines and the portion of costs considered ineligible (and which would need to be funded from other sources if the applications are successful).

On this basis, the IAF applications to be submitted by Council officers request total State funding of $198,388,850 (ex GST) towards the projects.

Table 1: Infrastructure components and associated costs

Application name	IAF application (eligible costs)	Scope development Contingency(ineligible)	Total project cost
Edmonton Wastewater Treatment Plant Upgrade	$120,923,751	$20,750,230	$141,673,981
Mt Peter Water Infrastructure Project	$69,810,034	$3,917,115	$73,727,149
Mt Peter / Petersen Road Intersection Upgrade	$7,655,065	$1,239,614	$8,894,679
Total	**$198,388,850**	**$25,906,959**	**$224,295,809**

Project costs and refinement

The project cost estimates listed in Table 1 for both the Edmonton Wastewater Treatment Plant and Mt Peter Water Infrastructure Project have been prepared using the best available information. Both projects remain subject to further investigations, modelling, environmental assessments, design development and regulatory approvals, as such the estimates should be regarded as preliminary and may be refined as additional information becomes available. Final project scope, delivery methodology and associated costs will be confirmed with key decision points established to allow Council to review outcomes and adjust project delivery, scope or funding requirements as necessary. Scope development contingency of 20% has been included across all project components, except for the Mt Peter Reservoir Works package, where greater scope maturity and higher-confidence delivery cost estimates are available.

A hold point is proposed within the project delivery process to ensure that funding commitments and subsequent project stages remain aligned with the outcomes of ongoing investigations, planning and approvals.

Future advocacy/funding requirements

If Council's IAF funding applications are successful, it will enable the above package of infrastructure works to proceed thereby providing capacity to unlock new housing in the short term.

However, further infrastructure works will be needed as outlined in the Mount Peter Draft Development Scheme to realise the full housing and development potential within the Mount Peter PDA. These further infrastructure works include a range water, wastewater, transport, storm water drainage and community infrastructure needed to support housing development in the medium to long term. Additional State and Federal funding (above the IAF funding applied for) will be needed to support these additional infrastructure works.

OPTIONS:

Option 1(Recommended)

That Council:

1. Endorses the submission of the Infrastructure Activation Fund applications for the Cairns Housing Foundations Mt Peter Priority Development Area Enabling Infrastructure project; and

2. Delegates authority to the Chief Executive Officer in accordance with the Local Government Act 2009 to finalise and lodge the applications and any and all matters associated with those applications including the negotiation, finalisation and execution of funding agreement/s should Council's applications be successful.

Option 2

That Council **does not** endorse the submission of the Infrastructure Activation Fund applications for the Cairns Housing Foundations Mt Peter Priority Development Area Enabling Infrastructure project.

CONSIDERATIONS:

Risk Management:

There are a number of risks associated with the delivery of this project. While the cost estimates prepared to date represent Council's best assessment of likely infrastructure requirements, additional planning, design and technical investigations may result in scope refinement and revised project costs. To mitigate this risk, Council proposes the inclusion of staged project hold points throughout the planning and design process. These hold points will enable infrastructure requirements, scope and cost estimates to be reviewed and confirmed before progressing to subsequent phases.

A further risk to Council and the broader region is the potential failure to secure IAF funding. The projects have been developed on the basis of receiving 100% of eligible funding support through the IAF, if funding is not awarded, Council is unlikely to be in a position to proceed with the projects within the proposed timeframe. This may result in deferred housing outcomes, reduced development opportunities and an inability to realise the full benefits of the PDA in supporting regional housing supply.

Council Finance and the Local Economy:

If the IAF applications are successful, further funding sources will need to be identified to fund the ineligible costs (scope development contingency estimated at approximately $25 million ex GST per Table 1). This additional funding could be in the form of additional grants, or access to the Infrastructure Charges collected from the Mt Peter PDA area by EDQ.

Beyond the works that are the subject of this report, there is expected to be significant future costs associated with infrastructure works needed to support development in the broader PDA area. Greater clarity on these wider infrastructure requirements, the timing of them and the associated costs is expected to be available as the PDA infrastructure

planning process is completed. This will inform future budget deliberations. The extent to which additional State and Federal funding is made available to support these future costs will be critical in minimising the financial impact of these infrastructure costs on ratepayers and residents.

The provision of adequate and affordable housing is a key enabler of economic growth and is essential to supporting both workforce availability and population growth across the region. The Cairns South Development Area, including the Mount Peter PDA, has been identified as a Strategic Economic Precinct within Council's Economic Development Strategy, reflecting its importance in accommodating future residential growth and supporting broader regional economic outcomes. Funding through the IAF would support these economic areas by enabling the timely delivery of critical trunk infrastructure required to unlock development, increase housing supply and support long-term economic prosperity.

The cost estimates outlined in this report, specifically for both the Edmonton Wastewater Treatment Plant and Mt Peter Water Infrastructure Project, have been developed using the best available information. These projects remain subject to further investigations, and design development. As these activities are completed, there is a risk that project scope, delivery requirements and associated costs may change, potentially impacting funding requirements and Council's financial contribution. To mitigate this risk, project hold points are proposed at key stages of project development to enable Council to review emerging information before committing to subsequent expenditure.

Corporate and Operational Plans:

The pursuit of funding to deliver the 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 applications to which it relates, also progresses the following action contained in Council's 2026-27 Operational Plan:

- Advance Mount Peter Priority Development Area
- Review and update Advocacy Priorities

Policy:

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

CONSULTATION:

Significant consultation and engagement has occurred throughout the development of Council's IAF applications with Council officers, Economic Development Queensland, local industry and developers, political and key advocacy stakeholders.



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