

**ORDINARY MEETING**

**13 MAY 2026**

**5.5**

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

EDA | 58/6/3-01 | #7867239

**RECOMMENDATION:**

**That Council notes the submission of the Residential Activation Fund Round 2 application for the Securing Cairns Housing Foundations Mt Peter Precinct 1 Enabling Infrastructure project.**

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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:**

The Residential Activation Fund (RAF) is a \$2 billion Queensland Government initiative established to fund enabling infrastructure that accelerates housing supply across the state. Round 2 (R2) of the program, which has a total funding pool of \$500 million, opened on 23 February 2026 and closed on 24 April 2026.

At its Ordinary Meeting on 15 April 2026, Council approved an application being submitted to RAF R2 for a package of essential infrastructure works relating to the Mount Peter Priority Development Area (PDA) and noted that there would be a subsequent report to Council (this report) setting out the estimated project costs included in the application and the amount of RAF R2 funding applied for.

Council officers lodged the RAF R2 application on 24 April 2026 seeking \$45.4 million (ex GST) in State funding to deliver a package of critical enabling infrastructure works within the Mount Peter PDA. The package of works was referred to in the application as the *Securing Cairns Housing Foundations Mt Peter Precinct 1 Enabling Infrastructure* project. The total estimated cost of this package of infrastructure works is \$58.9 million (ex GST). The application aligns with Council's previously endorsed *Securing Cairns Housing Foundations Plan*, which identifies the acceleration of housing supply as a key advocacy priority.

This report provides further detail on the value of the grant application and the associated trunk infrastructure components and costs.

## **BACKGROUND:**

The report to Council's Ordinary Meeting on 15 April 2026 provided background information on:

- Council's *Securing Cairns Housing Foundations Plan*;
- The Queensland Government's Residential Activation Fund (including the current Round 2 of the program);
- The package of critical enabling infrastructure works within the Mount Peter PDA for which a Council RAF R2 application was recommended including a map detailing the proposed infrastructure location; and
- The economic benefits, risks and financial implications for Council associated with the proposed application being made.

On the basis of that report, Council approved a RAF R2 application being submitted and this current report provides further details on the application lodged on 24 April 2026 by Council officers.

## **COMMENT:**

### ***Introduction***

The infrastructure package included in the RAF R2 application was developed in collaboration with key stakeholders through an iterative process coordinated by an internal working group, with input 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. Engagement with Economic Development Queensland (EDQ), land owners, developers and other key stakeholders also informed the proposed package of infrastructure works. The package is considered the most efficient and effective way to address current infrastructure constraints within the northern area of the PDA thereby enabling additional housing development in the short to medium term.

Similarly, the RAF R2 application itself was refined through an iterative process, incorporating input and feedback from relevant Council teams across CIA, PG&S, EDA and Finance & Business Services (F&BS), as well as EDQ, developers, and landholders expected to benefit from or utilise the proposed infrastructure. The application was also subject to internal review by senior representatives from each of these directorates prior to submission.

### ***Project costs and RAF R2 funding applied for***

The table on the next page summarises the following information in relation to the infrastructure works and associated funding application:

- 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 RAF R2 funding pursuant to the RAF guidelines and the portion of costs considered ineligible (and which would need to be met by Council if the application is successful).

On this basis, the RAF R2 application submitted by Council officers requested total State funding of \$45.4 million (ex GST) towards the project.

**Table 1: Infrastructure components and associated costs**

Asset class	Infrastructure description	Housing lots supported	Est eligible costs (\$M ex GST)*	Est ineligible costs (\$M ex GST)	Est total project cost (\$M ex GST)
Water	New trunk inlet water main (DN700 - 2675m) via Petersen Rd to high level reservoir	2400 x Lots Water Only	18.7	5.1	23.8
	New Water Pump Station				
Wastewater (sewer)	New augmented gravity sewer system connection to reticulation network (DN450 - 1230m)	870 x Lots Wastewater Only (Overall Infrastructure constraint)	13.5	4.1	17.6
	New augmented rising main (DN375 - 830m)				
Transport	Signalised upgrade to McKillop Road (Cooper Rd)/ Mount Peter Road	1300 x Lots Transport Only	6.5	2.1	8.6
	250m Cooper Road connection				
Transport	Signalised upgrade to Petersen Road / Mount Peter Road	Improved serviceability	6.7	2.2	8.9
<b>Total</b>			<b>45.4</b>	<b>13.5</b>	<b>58.9</b>

\*represents eligible costs for which RAF R2 funding was applied for

### **Future advocacy/funding requirements**

If Council's RAF R2 funding application is successful, it will enable the Precinct 1 package of infrastructure works to proceed thereby providing capacity to unlock new housing in the short term (lots supported outlined in Table 1 above). However, further infrastructure works will be needed 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 RAF R2 funding applied for) will be needed to support these additional infrastructure works.

One of the key priorities within these future infrastructure works (and in addition to the Precinct 1 works outlined above) is the delivery of a new sewer main line/s connecting the Mount Peter PDA area to the Edmonton Wastewater Treatment Plant. This new sewer line/s is required to provide additional wastewater capacity within the PDA. It will need to be planned and designed in sequence with the delivery of the Precinct 1 works to facilitate the staged delivery of housing over the medium term.

Future rounds of the Queensland Government's RAF represent a potential opportunity to secure funding for these future works. Council also continues to advocate for Federal funding to support these works with the need for such funding articulated in Council's 2026-27 Federal Government Pre-Budget Submission which was unanimously endorsed by Council on 10 December 2025. A tripartite approach to infrastructure funding within the Mount Peter PDA is considered the most equitable approach given the scale of works required and the associated cost. It also follows the successful tripartite funding model adopted for the Cairns Water Security Stage 1 project.

### **OPTIONS:**

#### Option 1(Recommended)

That Council notes the submission of the Residential Activation Fund Round 2 application for the Securing Cairns Housing Foundations Mt Peter Precinct 1 Enabling Infrastructure project.

#### Option 2

That Council **does not** note the submission of the Residential Activation Fund Round 2 application for the Securing Cairns Housing Foundations Mt Peter Precinct 1 Enabling Infrastructure project and requests further information from Council officers in relation to the grant application.

### **CONSIDERATIONS:**

#### Council Finance and the Local Economy:

Ineligible costs included in Table 1 refer to project-related expenses that are not permitted under the RAF guidelines. These include costs associated with detailed design, pre-construction activities, and council expenses such as statutory fees, charges, and infrastructure contributions. Costs linked to obtaining regulatory and/or development approvals are also ineligible, as are expenses incurred in conducting a tender for the approved works, and any land acquisition costs.

It should also be noted that the total estimated project cost includes a contingency allowance of 40% reflective of project maturity. Of this contingency allowance, only 20% is eligible under the guidelines, with the remaining 20% ineligible.

If the RAF R2 application is successful, Council will be required to fund the ineligible costs (estimated at \$13.8 million ex GST per Table 1). There is sufficient allocation in Council's draft 2026/27 10 year capital works budget for Mount Peter PDA infrastructure to meet these anticipated ineligible costs for the Precinct 1 infrastructure project works.

Beyond the Precinct 1 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.

#### 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.



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