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Dear Auditor-General

Request for performance audit: Major and Local Community Infrastructure Program and Supporting Multicultural Communities Program

I write to request that you consider undertaking a performance audit, pursuant to section 15 of the *Auditor-General Act 1997*, into the design and administration of two Commonwealth grant programs:

1. the **Major and Local Community Infrastructure Program (MLCIP)**, administered by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts; and
2. the **Supporting Multicultural Communities Program (SMCP)**, administered by the Department of Home Affairs.

I understand this request will be published on the ANAO website and notified to the Joint Committee of Public Accounts and Audit, and I raise no objection to that course.

Why these two programs together

Both programs were established to give effect to commitments made by the Labor Party during the 2025 federal election campaign. Both distribute public money through closed processes in which the department does not receive open applications, but instead approaches a pool of pre-approved potential grantees identified by government – in this case the Labor Government which made the commitments.

In the case of the MLCIP, the department's published material states that the program is invitation-only, and that only organisations identified by the Australian Government will be invited to apply for funding for *nominated projects*. Both the applicant and the project are therefore selected before any departmental assessment occurs. The one-off round opened on 1 September 2025 and closed on 1 December 2025, with funding running over four years from 2025–26.

In the case of the SMCP, the department's published material states that up to \$171.3 million over three years from 2025–26 will be delivered through multiple closed non-competitive and

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one-off ad hoc grant rounds across three streams; infrastructure, amenities, and events and programs, with further rounds since added, including Rapid Infrastructure, Rapid Assistance and Targeted Community Support.

Programs of this design carry an inherent risk that allocation decisions are driven by partisan electoral considerations rather than assessed need. That risk is not theoretical: it is the central finding of a series of ANAO performance audits into grant administration over the past decade, and it is the reason the Commonwealth Grants Rules and Principles 2024 introduced new key principles on merit-based processes and clearer criteria for the use of one-off ad hoc grants.

The distribution of funding

Analysis undertaken by my offices of grant award data published on GrantConnect indicates that:

- Under the MLCIP's 74 funded programs listed publicly, 66 are projects in electorates held by the Government, with just 8 in non-Labor seats. Of \$210 million in announced spending, \$192.7m or 92% is directed to those programs in Labor-held seats. Indeed, five projects worth more than \$21m have been funded in Eden-Monaro, which is more funding in one Labor seat than the funding into non-Labor seats nationally combined.
- Under the SMCP, the equivalent figure is 84 programs out of 90 (93%) being in Labor-held seats. Of the \$129.5m listed on GrantConnect, \$122m (94%) is being directed into Labor-held seats, and the program is \$171.5m overall meaning that the distortion may yet rise as the rest of the program is publicly confirmed.

We would be pleased to provide the underlying dataset and methodology to your officers to assist their inquiries.

Population, existing infrastructure deficits and the geographic concentration of culturally diverse communities are all legitimate explanations for uneven distribution, and any audit would need to test them.

Rather, the primary concern is that the closed design of both programs means the public record contains no basis on which the disparity can be assessed against objective need, which is precisely the transparency gap the grants framework exists to close.

This is particularly concerning when the Prime Minister himself said *"What we've seen here is a program with no guidelines, \$150 million of taxpayers' money abused for political purposes, where the only guidelines were the electoral map and the political interests of the government"* before demanding that *"the abuse of taxpayer money must stop"* (Anthony Albanese, 7 February 2020, Canberra Times).

Indeed, the Minister responsible for the MLCIP Catherine King MP described, when in opposition, similar programs as an *"industrial scale pork barrelling plot"* and went on to proclaim in when in Government that there were *"no more colour-coded spreadsheets and no more pork barrelling"*.

There is therefore a strong public interest in an examination of these programs against those declarations by senior members of the current Government.

Matters we suggest warrant examination

1. Whether the process by which organisations and projects were identified for invitation was documented, and whether that identification was informed by departmental assessment of need and merit or by advice from other sources;
2. Whether grant opportunity guidelines and assessment criteria were made publicly available on GrantConnect as required, and whether decisions were consistent with those guidelines;
3. Whether the departments provided written advice to approving ministers as required under the CGRPs, and whether reasons were recorded in writing where an approver did not accept departmental advice;
4. Whether the basis for using closed non-competitive and one-off ad hoc grant rounds, rather than open competitive rounds, was properly established and documented against the criteria in the CGRPs;
5. Clarification on how decisions for successful grantees and the funding amounts were decided, including what merit based assessment was undertaken and by whom;
6. Whether ministers who approved grants complied with their reporting obligations, including reporting on grants approved in their own electorates;
7. Whether the resulting geographic distribution of funding can be explained by objective indicators of need, and whether the departments assessed distributional outcomes at any point; and
8. Whether grant information was reported on GrantConnect within the required period.

Timeliness

These are among the first substantial programs to be designed and administered wholly under the Commonwealth Grants Rules and Principles 2024. An audit at this point would test whether the strengthened framework is operating as intended while both programs still have funding to allocate over the forward estimates, rather than after the money is spent.

We are not demanding evidence that Labor meet our standards but rather demanding that they meet the one they set themselves in the years before being elected - loudly.

Should we be of assistance to you in furthering your inquiries in relation to these programs, please don't hesitate to contact the undersigned.

Yours sincerely



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