MS25-002559

Australian Government

Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

To: The Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government (for decision)

Subject: Major and Local Community Infrastructure Program - Changed Delivery Arrangements

Critical Date: Please action by 10 September to allow for timely implementation of changes

Recommendations:

1. That you **agree,** subject to receiving authority from the Prime Minister, to a change in the delivery arrangements for the Major and Local Community Infrastructure Program (the Program), s34(3) to a traditional grant model, with funding eligibility limited to local government authorities (LGAs) and state or territory government bodies.

   Agreed / Not Agreed

2. s42

3. That you **sign** the letter to the Prime Minister at **Attachment A**, seeking his authority to immediately implement the changed delivery arrangements for the Program.

   Signed / Not Signed

4. That you **note**, subject to receiving authority from the Prime Minister:

   a. amendments will be required to the published Program Guidelines to require non-government applicants to partner with an LGA or State government entity, s42

   s42

   b. s42

   s47C

s22(1)(a)(ii)

The Hon Catherine King MP Date: 10 September 25

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

MS25-002559

Comments:

Key Points:

s47C

2. You approved the Program Guidelines (the Guidelines) on 15 August 2025 (**MS25-002272** refers), and in line with your decisions in that brief, the Guidelines were published and invitations to apply under the Program were issued to the nominated applicants on 1 September 2025.

s34(3)

s34(3) This change in approach will maximise the Commonwealth's effective control over the delivery of election commitment projects and enable more timely delivery of our commitments.

s42, s47C

5. A draft letter to the Prime Minister seeking the policy authority is at **Attachment A**.

s42

8. To restrict funding to only LGAs and states under the Program will require a change to the published Guidelines, to require any non-government entity to enter into a partnership with an LGA (or state body as appropriate) in order to be eligible for funding. Funding for approved projects would be paid directly to the LGA in arrears and on the basis of milestones, with arrangements for ongoing delivery of the projects to be agreed between the parties in negotiation of the funding agreements.

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

PROTECTED CABINET Legal Privilege

MS25-002559

s47C [redacted]

Legal/Legislative impacts:

15. Legislative authority will be needed to deliver the Program under the proposed new delivery arrangements, s42 [redacted]

PROTECTED CABINET Legal Privilege

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

s42 We will brief you separately on this following the Prime Minister's response.

s42

Stakeholder Implications:

18. The proposal to change the eligibility criteria under the Program to limit it to LGAs (or partnership with) and state or territory agencies is likely to have a negative impact on non-government organisations who have already been invited to apply and will now need to seek agreement from their relevant local council for the council to apply on their behalf. Therefore, the sooner we can advise of this change, the less impact for those non-government organisations who have already been invited to apply. s47C

s47C

19. The change to the program delivery arrangements after the Program's opening may attract scrutiny from the public. Some local government authorities may not support the changed arrangements where they do not have the financial or technical capacity or capability to manage projects on behalf of non-government organisations.

Consultation:

20. s42 The Department of Finance has been consulted on the financial implications.

Media Opportunities: N/A

Attachments:

Attachment A: Letter to the Prime Minister

Attachment B: s47C

Cleared By: Lisa Rauter
Position: First Assistant Secretary
Division: Partnerships and Projects
Mob: s22(1)(a)(ii)
Cleared Date: 9 September 2025

Contact Officer: Katrina Kendall
Branch: Major Projects and Programs
Mob: s22(1)(a)(ii)

Instructions for Ministerial Services: Nil

Do you require a signed hardcopy to be returned: No

Responsible Adviser: s22(1)(a)(ii) s22(1)(a)(ii) s22(1)(a)(ii) s22(1)(a)(ii)

PDMS Distribution List: Jim Betts, David Mackay, Lisa Rauter, Katrina Kendall, s22(1)(a)(ii) s22(1)(a)(ii) s22(1)(a)(ii) s22(1)(a)(ii)

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

~~PROTECTED CABINET Legal Privilege~~

The Hon Catherine King MP

Minister for Infrastructure, Transport, Regional Development and Local Government
Member for Ballarat

Ref:MS25-002559

The Hon Anthony Albanese MP
Prime Minister
Parliament House
CANBERRA ACT 2601

Dear Prime Minister Antony

s34(3) [redacted]

s42 [redacted] I propose the Program be delivered as a traditional grants program, with funding eligibility restricted to local councils and States. Funding for approved projects would be provided directly to these applicants under Commonwealth funding agreements and in accordance with the relevant provisions of the *Commonwealth Grant Rules and Principles 2024* (CGRPs). For completeness, I seek your approval for delivery of the Program to continue to be exempt from administration through a grants hub.

Where a funding commitment has been made to a project for a non-government organisation, the revised program guidelines would require those organisations to partner with a local council or (where that is not possible due to council willingness or capacity) with a state or territory government entity, which will receive funds on their behalf.

s42 [redacted]

PO Box 6022 Parliament House, Canberra ACT 2600 | Tel: (02) 6277 7520

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

s42

s42

Specifically, this approach will better enable the Commonwealth to deliver on our commitments on time and consistent with our priorities.

s34(3)

s34(3) s47C

s47C

s47C

s42

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

I look forward to your response at your earliest convenience, to enable the revised delivery arrangements to be implemented and allow nominated project proponents to submit their funding proposals as soon as possible.

Yours sincerely

s22(1)(a)(ii)

Catherine King MP

10 / 9 /2025

cc Senator the Hon Katy Gallagher, Minister for Finance

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

~~PROTECTED CABINET~~
~~Legal Privilege~~

PRIME MINISTER
The Hon Anthony Albanese MP

12/09/2025

Reference: MC25-123553

The Hon Catherine King MP
Minister for Infrastructure, Transport, Regional Development and Local Government
Parliament House
CANBERRA ACT 2600

Dear ~~Minister~~ Catherine,

Thank you for your letter dated 10 September 2025 seeking agreement to revised delivery arrangements for the Major and Local Community Infrastructure Program (the Program).

s42

s42 I agree to delivery as a traditional grant program, with States and local councils to be eligible applicants. I note that you will seek to update Schedule 1AB of the *Financial Framework (Supplementary Powers) Regulations 1997* to provide legislative authority for the proposed expenditure to local governments.

s47C

I approve the retention of $17 million to cover reasonable administrative costs incurred by States and local councils as an allocation from which affected local councils could apply for administration funding. I ask that administrative costs be capped at 3 percent of the Australian Government contribution to relevant projects and that you seek to minimise costs wherever possible.

s47C

I agree to your request that the delivery of the Program be exempt from administration through the grants hub. I reiterate the importance that funding agreements be made in accordance with the *Commonwealth Grant Rules and Principles 2024*.

Parliament House CANBERRA ACT 2600
Telephone (02) 6277 7700
www.pm.gov.au

~~PROTECTED CABINET~~
~~Legal Privilege~~

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

~~PROTECTED CABINET~~
~~Legal Privilege~~

I ask that your Department provide work with project proponents and government partners to communicate these changes, and assist them to respond, in order to maintain our focus on delivery.

I have copied this letter to Senator the Hon Katy Gallagher, Minister for Finance.

Yours sincerely

s22(1)(a)(ii)

ANTHONY ALBANESE

~~PROTECTED CABINET~~
~~Legal Privilege~~

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

~~PROTECTED | CABINET: Legal Privilege~~

MS25-002630

Attachment B – Additional Information about the Major and Local Community Infrastructure Program

A. Description of the proposed new or materially changed Commonwealth expenditure

The Major and Local Community Infrastructure Program (program) will deliver the Government's community infrastructure commitments from the 2025 Federal election the 2025-26 Budget and the 2025 Pre-Election Fiscal Outlook.

The program has been established as a closed, non-competitive program. Only organisations invited to apply by the Australian Government are eligible for funding, for a nominated/pre-determined commitment. The program opened on 1 September 2025 and will operate over four years from 2025-26, with projects to be completed by 30 June 2029. Up to $560.9 million is available across the four years for the program.

The purpose of the program is to deliver vital community and sporting infrastructure, open space improvements and other community priorities. The objectives of the program are to build resilient communities through the provision of social and community facilities; improve community amenity, accessibility and liveability; and drive economic growth in communities and the broader region.

Eligible projects must be consistent with the intent of the Australian Government's commitment and have as a primary outcome the construction, upgrade or extension of infrastructure that provides economic and social benefits to the community, or be a feasibility study, business case or masterplan for a project of this type. These projects will include community infrastructure such as sporting facilities, and community and other recreational facilities. The grant funding amounts are as determined by the Australian Government in making each project commitment and no additional funding is available under the program beyond these amounts. All projects are expected to be completed by 30 June 2029.

Assessment and delivery of the program will be undertaken by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts. All applications will undergo a merit assessment in line with the published program guidelines, with only those assessed as meeting the required benchmark approved for funding. Funding decisions will be made by the Minister for Infrastructure, Transport, Regional Development and Local Government.

Successful grantees can only spend the Australian Government funding on activities directly related to the approved project. Eligible expenditure includes the direct costs of the project costs incurred in order to obtain planning, environmental, or other regulatory approvals in delivering the project; costs incurred to undertake required financial auditing and project expenditure; and costs incurred to meet Australian Government project signage requirements.

Funding for approved projects will only be provided to local, state or territory government organisations. Successful applicants must enter into a legally binding funding agreement in order to receive funding for an approved project.

Funding will only be provided in accordance with the terms of the funding agreement entered into between the Australian Government and the relevant organisation for delivery of the project. The funding agreement will set out the maximum amount payable by the Australian Government and include other terms and conditions of the funding, including delivery of the

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

specified and approved project, and reporting requirements. All funding recipients will be required to comply with all relevant Commonwealth, State and Territory legislation and regulations.

s42



E. Decisions about Commonwealth expenditure

Funding will be provided by means of a non-competitive closed round with applications invited from organisations nominated by the Government. The program will be managed by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts. Funding approvals will be delegated to the Minister responsible for the program. Applications will be assessed by the department against publicly notified assessment criteria to confirm value with relevant money and to ensure that they meet benchmarks against the assessment criteria. Projects will not be ranked against each other.

The grant opportunity guidelines and other information about the program will be published on the GrantConnect website (grants.gov.au) and on the department's website (infrastructure.gov.au). All grants will be administered in accordance with applicable legislative requirements including the *Public Governance, Performance and Accountability*

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts

Act 2013 (PGPA Act), the *Commonwealth Grants Rules and Principles 2024* (CGRPs) and the department's Accountable Authority Instructions.

s47C

The program guidelines will ensure that the decision-making process is objective and transparent and that eligibility criteria are clear. Persons and organisations affected by decisions would have recourse to the Commonwealth Ombudsman where appropriate.

G. Consultation

Consultation has been undertaken within the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, s42 the Department of Finance and the Department of the Prime Minister and Cabinet to settle the program guidelines and overall program implementation arrangements.

The program has been designed in accordance with the CGRPs and the department will administer the program consistent with the guidelines and CGRPs. This will include consulting with grantees over the life of the program, such as providing support to grantees during the application process, negotiating funding agreements once projects are approved, and engaging grantees during project delivery, including to process milestone payments and variation requests.

H. Input to the statement of compatibility with human rights

The Regulation does not engage any of the applicable rights or freedoms.

I. Conclusion

This Regulation is compatible with human rights as it does not raise any human rights issues.

Released under the FOI Act by the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts