

OUR PLATFORM · VICTORIAN DIVISION

Addressing Corruption on **Big Build** Infrastructure Projects

Ensuring independent oversight of major state government infrastructure projects.



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1 The Issues

1.1. Systemic Blowouts (Cost & Time)

Victoria has experienced repeated, large-scale infrastructure overruns, often measured in billions rather than millionsⁱ. Given the decay in how multiple governments have managed projects in Victoria, it is argued that politicians have ‘lost the right’ to spend our money on these mega-projects where billions of taxpayers’ money has been spentⁱⁱ,

This expenditure is outside the recent corruption claims that could cost \$15bⁱⁱⁱ. It is clear that a full accounting is needed to substantiate the real cost to Victorian taxpayers, ideally in the form of a Royal Commission^{iv}, which could reflect the waste of tens of billions of dollars during a time of cost-of-living challenges.

These systemic blowouts are no longer isolated project failures but a pattern of irregularities in the way that Victoria’s Infrastructure Projects^v are ultimately planned, delivered and reported upon^{vi}:

- Optimism bias in early business cases
- Political pressure to announce projects before they are ready
- Inadequate risk pricing and contingency planning

The result? The taxpayer foots the bill, and nothing changes.

1.2. Political Interference

Major infrastructure projects are frequently:

- Announced during election cycles
- Locked in before the independent cost-benefit analysis is complete
- Resistant to later correction, even when evidence changes

This undermines evidence-based governance and leads projects to proceed, not because they are economically or socially justified, but because they are politically motivated.

1.3. Weak Ongoing Oversight Once Projects Are Approved

Current arrangements focus heavily on front-end approval, with far less rigour during delivery:

- Reporting is inconsistent across departments
- Problems are often escalated too late
- External review bodies lack intervention powers
- There is no ‘real-time’ reporting, despite being publicly funded.

Once a project is “too big to stop”, poor performance becomes normalised.

1.4. Fragmented Accountability

Responsibility is spread across:

- Line departments
- Treasury
- Ministers
- Contractors and consortia

This fragmentation makes it difficult to answer a simple democratic question: Who is responsible when things go wrong?

1.5. Erosion of Public Trust

Taken together, these failures:

- Reduce confidence in government spending
- Crowd out funding for social services
- Fuel cynicism about politics and institutions
- Every dollar lost to avoidable cost overruns is a dollar not spent on hospitals, schools, housing, or climate resilience.

This is not just a financial issue; it is a question of democratic legitimacy.

SOURCES



Australian Financial Review: [Infrastructure boss ‘warned’ Allan as CFMEU ran rampant](#)



The Age: [Cost of Victoria’s major projects jumps \\$11.6 billion in a year](#)



The Guardian: [The CFMEU has cost Victorian taxpayers \\$15bn](#)



ABC News: [Victorian opposition pledge royal commission into CFMEU corruption if elected](#)



Australian Financial Review: [Vic Labor acting like it’s ‘above reproach’ after \\$12b blowout](#)



2 Our Plan: Victorian Independent Infrastructure Authority (VIIPA)

2.1. Integrity-informed Independence

The VIIPA would be:

- Established by standalone Victorian legislation

Statutorily independent from Ministers and departments

- Accountable directly to Parliament, not the Executive
- Be a separate entity to Infrastructure Victoriaⁱ

The VIIPA would have the statutory safeguards of:

- Fixed-term appointments for Commissioners
- Transparent appointment process
- Protected funding appropriations
- Appointments would be made following a public, merit-based selection process, with parliamentary committee scrutiny.

The VIIPA may sound radically different; however, it's actually not. The recent exercise of the legislative powers granted to the Building and Plumbing Commission (BPC)ⁱⁱ demonstrates that this change is possible and that there is precedent for such initiatives, which have already shown signs of increasing integrity in Victoria's Building sectorⁱⁱⁱ.

Independence is not about hostility to government; it is about credibility and trust.

2.2. Scope and Thresholds

The VIIPA would apply to:

- All state-funded or state-guaranteed infrastructure projects above a defined threshold of \$500m
- Public-private partnerships (PPPs)
- Major contract variations above 25% of the project value

2.3. VIIPA Power 1: Project Approval

No qualifying project proceeds to procurement unless:

- An independent business case has been reviewed
- Cost-benefit analysis meets best-practice standards
- Risks are realistically priced and disclosed

The VIIPA would:

- Draw on Infrastructure Australia, Infrastructure Victoria, Auditor-General findings, and independent experts
- Publish a public approval statement, including dissenting views

This creates a clear evidence trail, not a political shield.

2.4. VIIPA Power 2: Monitor Project in Delivery Phase

Once approved, projects must:

- Provide standardised, quarterly reporting to the VIIPA
- Disclose cost, schedule, scope, and risk changes
- Flag emerging issues early, not after they crystallise
- Standardised metrics to allow comparison across projects over time.

The VIIPA may:

- Conduct deep-dive reviews
- Require remediation plans
- Recommend governance or management changes

Monitoring is supportive first, not punitive by default.

2.5. VIIPA Power 3: Pause or Stop Projects

Where there are:

- Major unexplained cost escalations
- Repeated governance failures
- Material departures from the approved scope or benefit

The VIIPA can:

- Pause a project pending corrective action
- Require re-approval of a revised business case
- Recommend termination where the value for money is no longer achievable

Final termination authority would sit with Parliament, ensuring democratic legitimacy.

2.6. VIIPA Obligation 1: Transparency and Public Reporting

The VIIPA would publish:

- Quarterly and Annual Infrastructure Delivery reports
- Project-level performance dashboards
- Lessons learned to improve future projects, which are published

This embeds continuous improvement, not blame culture.

2.7. VIIPA Obligation 2: Not an Impediment

The VIIPA principles reside in being:

- Not anti-infrastructure
- Not anti-public sector
- Not anti-private sector

VIIPA is not:

- It is not anti-infrastructure
- It is not a veto on elected governments
- It does not replace Ministers' accountability
- It does not slow down well-planned projects

VIIPA is pro-competence, pro-accountability, and pro-taxpayer.

SOURCES



The VIIPA would sit adjacent to Infrastructure Victoria (IV) and be complementary, not replace it, as both entities serve two distinct and important purposes. IV defines what is needed and why. The Government of the day will decide whether to take note of IV's suggestions (which they didn't for projects like SRL). The VIIPA acts as an independent governance mechanism to ensure projects represent value for money throughout delivery, serving as the safety net for Victorians.



Building and Plumbing Commission: [BPC Website](#)



Australian Financial Review: [Building regulator warns of consumer hit from Porter Davis-type failure](#)

The Victorian Auditor-General Office (VAGO) has repeatedly identified systemic weaknesses in the planning and delivery of major projects, with consistent examples of these issues demonstrated over the last ten to fifteen years, yet no signs of learning from these billion-dollar mistakes.

The following is derived from the repeated reports from VAGO ^{i ii iii iv v vi vii viii ix}, wherein the key issues relate, albeit are not limited to: Optimism bias in business cases and the approval stage Weak oversight once the project begins Problems are identified too late Inconsistency transparent Over-reliance on post-hoc accountability, rather than early correction.

This issue is not a lack of project governance; it is a distinct lack of independence throughout the project lifecycle. That is, the independent authority, free from political influence, to ensure the right thing is done, at the right time for the right people, that is, for the people of Victoria.

Victoria's project management failures are not isolated incidents; they are unique to Victoria. Rather, these failings are representative of systemic issues across Australia, suggesting a broader problem that warrants addressing. Across a litany of reports ^{x xi xii xiii xiv xv xvi}, the following exists:

Optimism bias at project approval:

- Costs are routinely understated
- Benefits are frequently overstated
- Risks are downplayed or deferred
- Delivery complexity is underestimated

This notion of optimism bias holds that decisions are made based on best-case assumptions rather than on the most likely outcomes.

Weak independent challenge before commitment:

- Advisory bodies without binding authority
- Business cases assessed after political commitment
- Limited testing of alternatives once a preferred option is chosen

Advice is available, but independence without authority does not reliably change outcomes.

'Lock-In' effect once the project begins:

- Projects become "too big to stop"
- Changing course is framed as failure rather than prudence
- Sunk costs are used to justify continued spending

Governance systems reward persistence over courage, and correction

Whose job is it - fragmented accountability during delivery, responsibility is typically split across:

- Ministers
- Departments
- Central agencies
- Delivery authorities
- Private consortia

Everyone is responsible in theory, but no one is responsible in practice.

Insufficient real-time oversight and intervention powers

- Monitoring is often retrospective
- Reporting is inconsistent across projects
- There are a few clear triggers for intervention

Problems are documented, but systems lack the authority to act early, before it's too late!

Transparency that is too late to protect the public

- Inconsistent performance data
- Limited comparability across projects
- Difficulty tracking deterioration over time

Transparency often explains failure after the fact rather than preventing it.

Integrity and corruption risks in large, complex projects

- Oversight is fragmented
- Decisions are rushed
- Scrutiny is inconsistent

Poor governance is not just inefficient — it creates an integrity risk.

Repeat reviews, limited structural change:

- Existing institutions are not self-correcting
- Advisory and post-hoc accountability alone are insufficient

The problem has been reviewed repeatedly, but it has not yet been fixed in the structure that causes it; the systemic issue(s) still exist.

At the core of the evidence, the following is true: Major infrastructure governance relies too heavily on political judgment at the front end and too little on independent, empowered oversight across the full project lifecycle, well after the ribbon-cutting!

SOURCES

[i] VAGO Report: [East West Link Project](#)

[ii] VAGO Report: [Managing Major Projects](#)

[iii] VAGO Report: [Quality of Major Transport Infrastructure Project Business Cases](#)

[iv] VAGO Report: [Major Infrastructure Program Delivery Capability](#)

[v] VAGO Report: [Follow up of Managing Major Projects](#)

[vi] VAGO Report: [Impact of Increased Scrutiny of High Value High Risk Projects](#)

[vii] VAGO Report: [Major Projects Performance Reporting 2023](#)

[viii] VAGO Report: [Major Projects Performance Reporting 2024](#)

[ix] VAGO Report: [Major Projects Performance Reporting 2025](#)

[x] Australian Government – Productivity Commission: [Public Infrastructure, Public Inquiry](#)

[xi] OECD – Directorate for Public Governance: [Public Procurement](#)

[xii] Grattan Institute: [Cost Overruns in Transport Infrastructure](#)

[xiii] Australian Government – Infrastructure Australia: [Progress since the 2016 Australian Infrastructure Plan](#)

[xiv] IBAC: [Procurement Risks in Major Projects](#)

[xv] Grattan Institute: [Megabang for Megabucks: Driving a Harder Bargain on Megaprojects](#)

[xvi] Grattan Institute: [Towards Better Infrastructure Investment](#)

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