[Cost of Victoria’s major projects jumps $11.6 billion in a year](https://www.theage.com.au/politics/victoria/victoria-s-major-projects-costs-increase-11-6-billion-in-a-year-20250218-p5ld2b.html)

**The Age -** [**Rachel Eddie**](https://www.theage.com.au/by/rachel-eddie-h1dfex)February 19, 2025

The cost of Victoria’s major projects has increased by $11.66 billion in the last year, calling into question the Allan government’s commitment to bring spending under control before another tight budget.

The 8.7 per cent increase in the total estimated investment (TEI) required for 113 projects was revealed by the auditor-general in its annual review of infrastructure spending, tabled in parliament on Wednesday.

Premier Jacinta Allan at one of the new Metro Tunnel stations earlier this month.*Credit:Luis Enrique Ascui*

Transport Infrastructure Minister Gabrielle Williams claimed the auditor-general had used “shoddy methodology” to “gratuitously” create a “gross misrepresentation of reality”. But she was unable to specify what was inaccurate in the report, just that the $11.66 billion cost overrun included expanded scope for some projects.

The Victorian Auditor-General’s Office 2023-24 Major Project Performance Reporting tracks the costs of capital works against their set budgets and timelines. Major projects are those valued at more than $100 million, which is mostly transport infrastructure.

It found the $11.66 billion jump in cost last financial year would push Victoria’s bill for 113 major projects to a combined $145.55 billion.

Almost half, 53, will cost a combined extra $14.9 billion. Twenty-five projects reduced their projected cost to save a combined $3.3 billion. There was no change for 32 of them, while three did not have a total estimated investment listed.

Half the major projects reviewed more closely had a “significant” change in cost, amounting to more than 20 per cent.

Transport Infrastructure Minister Gabrielle Williams criticised the auditor-general’s numbers as “misleading” but was unable to point out inaccuracies.*Credit:Jason South*

 “These TEI increases over time suggests that cost estimation is not always reliable at business case or investment decision stages,” the auditor-general said. “Entities’ cost estimation and cost planning capabilities are also not adequately identifying construction market price volatility.”

Williams called the integrity of the auditor-general’s office into question, saying changes to scope had not been taken into account.

Victorian Labor candidate John Lister has claimed victory in the Werribee byelection in Melbourne's outer west.

“I have some serious concerns about the content of that report. In short, it is misleading and out of date,” Williams said on Wednesday.

“We should reflect on the responsibility and obligation on [the Victorian Auditor-General’s Office] to be accurate, to uphold principles of integrity and professionalism, because quite frankly in this report, they’ve failed.”

But she was unable to say what she believed the true cost should be. “I’m not going to enter into a tit-for-tat on figures.”

[Horror budget ahead as voters desert Labor](https://www.theage.com.au/politics/victoria/horror-budget-ahead-as-voters-desert-labor-20250210-p5law4.html)

The auditor-general said government entities were not systematically assessing the impact of changes to a project’s cost, timeline or benefits.

“This means parliament and the community have no way of knowing whether a project’s estimated economic benefit-cost ratio (BCR) or any other project benefits measurement tool used is still valid after a major change,” the auditor-general said.

Opposition Leader Brad Battin said expanding scope often showed the government had failed to properly plan its projects in the first place.

“They put forward a half-arsed project, and then they come out at the end and put extra money into it later on and try and say that it’s just a change of scope,” he said. “It’s just because this government is incompetent.”

Federal Infrastructure Minister Catherine King released the funds to the Allan government three years after they were first promised.

Shadow treasurer James Newbury accused Williams of making an “unhinged” and “outrageous slur” against the auditor-general.

Premier Jacinta Allan is battling a narrative that the $34.5 billion first leg of the Suburban Rail Loop (SRL) has chewed up her government’s ability to service the basics in the west after Labor survived a [17 per cent collapse in its primary vote](https://www.theage.com.au/link/follow-20170101-p5lc6u) in the Werribee byelection.

The auditor-general’s office report said the early works package for SRL East was going through a “pricing reset” as at June 2024 to factor in issues “that were unknown or uncertain at the time the contract was awarded”.

“This includes unknown ground conditions and hazards and contamination at some sites, such as properties that were not comprehensively inspected due to access restrictions.”

Williams did not confirm whether that pricing reset had been completed, but said the mega-project remained on time and on budget – though the report said early works were up to nine months behind schedule.

“There is a general potential risk that the emerging time variance in the [initial early works] package could delay the main works package. [The SRL Authority] told us that it is working with the managing contractor to minimise any possible impact on other packages,” the report said, adding contingency plans had been worked up.

Opposition major projects spokesman Evan Mulholland said the government had to “come clean” on the contamination and what the affected sites were.

Last year’s state budget forecast that Victoria would spend an average $19.6 billion a year on capital works over the four years of the forward estimates. This is four times the long-term average from a decade ago.

The Victorian Auditor-General’s Office found in its 2022-23 report that the total estimated investment needed for 101 projects had grown by $11 billion (11 per cent) to $123 billion.

[Allan won’t back down on SRL. She should re-read her old speeches](https://www.theage.com.au/politics/victoria/the-allan-albanese-rail-standoff-is-about-politics-not-transport-projects-20250212-p5lbh7.html)

Last week, federal Infrastructure Minister Catherine King [released a previously committed $2.2 billion](https://www.theage.com.au/link/follow-20170101-p5lbo4) for SRL East, but said the state would need to clear “hurdles”, particularly concerning unspecified “value capture” property charges, before receiving any more funding from the Commonwealth.

Work on the North East Link, which has [more than doubled in cost to $26.1 billion](https://www.theage.com.au/link/follow-20170101-p5err2), was paused last week when a [sinkhole emerged near the two boring machines](https://www.theage.com.au/link/follow-20170101-p5lc6p).

Williams said that work was expected to resume in the coming days and did not believe it would cause project delays or add costs.

In September last year, the government confirmed the cost to taxpayers for the Metro Tunnel project had [blown out by another $837 million,](https://www.theage.com.au/link/follow-20170101-p5kdqu) blaming inflation caused by COVID-19 and the war in Ukraine.