

**CHARLES THE THIRD, BY THE GRACE OF GOD
KING OF AUSTRALIA AND HIS OTHER REALMS AND TERRITORIES,
HEAD OF THE COMMONWEALTH:**

I, Professor the Honourable Margaret Gardner AC, the Governor of the State of Victoria, with the advice of the Premier, under section 5 of the *Inquiries Act 2014* and every other enabling power, appoint you,

The Honourable Christopher Kourakis AC as Commissioner

to constitute a Royal Commission to be known as the Royal Commission into the Integrity of Major Public and Civil Infrastructure Construction Projects in Victoria to inquire into and report on the matters specified in the Terms of Reference below:

I. BACKGROUND

1. Over an extended period, since at least 1980, there have been persistent allegations of corruption and criminal conduct in connection with major public and civil infrastructure construction projects across Australia. In response, various governments have established royal commissions and other inquiries to investigate such conduct and make recommendations to prevent and mitigate the risk of corruption, crime and serious misconduct on major construction projects.
2. In 1996, Victoria's industrial relations powers were referred to the Commonwealth, and since that time, the regulatory framework for the oversight of industrial relations in Victoria on major public and civil construction worksites has been a Commonwealth matter regulated by the Commonwealth *Fair Work Act 2009*. The transfer of legislative power has resulted in challenges for the oversight by the State of industrial relations in workplaces, including major construction project worksites, and for the State's capacity to effectively respond to corruption, criminal conduct and other serious misconduct that may occur.
3. The Victorian Government committed to unprecedented investments in Victoria's public and civil infrastructure with the Big Build program in recognition of the State's growth trajectory. The rapid growth of the infrastructure pipeline resulted in a marked increase in the volume, scale and complexity of projects being planned and delivered across Victoria. A wide range of public, private and industrial participants were and continue to be involved in the development and delivery of projects during the Big Build period, reflecting the scale of the investment program and its significance to the State of Victoria.
4. Major public and civil infrastructure projects are undertaken by the Victorian Government on behalf of the Victorian community. It is essential that such projects are conducted with the highest possible level of integrity, have the trust and confidence of the Victorian public, and do not benefit criminals, corrupt individuals or persons who engage in other forms of serious misconduct.
5. Wide-ranging allegations have been made about corruption, criminal conduct and other serious misconduct in major public and civil construction projects in Victoria and other Australian jurisdictions, including in relation to the Big Build program. These allegations include: the infiltration of major construction projects by organised crime, outlaw

motorcycle gangs and underworld figures, including through associations with the CFMEU – Construction & General Division; the misappropriation and wastage of public funds allocated to the delivery of major construction projects; the use of violent and intimidatory behaviours; and the manipulation and misuse of contracting arrangements and industrial processes to confer benefits on entities and individuals without legitimate or proper basis.

6. The corruption, criminal conduct and serious misconduct alleged to have occurred on major public and civil construction projects comprise a broad range of conduct and behaviours that have the potential to materially compromise the integrity of, and escalate the costs of, major construction projects, including:
 - a. blackmail, bribery, and dishonest, bullying, intimidatory, menacing, harassing, discriminatory, misogynistic, threatening or violent behaviour;
 - b. circumstances where there is a lack of adherence to proper process, improper influence, favouritism or nepotism in procurement, contracting, sub-contracting or hiring processes;
 - c. misuse of information or resources;
 - d. conflicts of interest and/or conflicts of duty, and breaches of industry codes and professional codes of conduct;
 - e. misuse or abuse of occupational health and safety laws or regulations and industrial relations laws and regulations; and
 - f. schemes or arrangements designed to circumvent any law.
7. Such conduct is to be distinguished from lawful, appropriate and legitimate actions taken by industry parties under industrial laws and regulations and under occupational health and safety laws and regulations. The Victorian Government believes all Victorian workers in the construction industry should have safe and fair workplaces, with fair terms and conditions.
8. Recent actions by the Federal and Victorian Governments that precede this inquiry include:
 - a. The Federal Government appointed an independent administrator to assume control of the Construction & General Division of the CFMEU and each of its branches in NSW, Victoria, Queensland, Tasmania, South Australia and the Northern Territory.
 - b. The independent administrator of the Construction & General Division of the CFMEU has removed personnel suspected of wrongdoing or criminal ties, barred re-entry of certain former officials, initiated internal union rule amendments and seized control of financial, business and property assets across the national body and individual state branches.
 - c. The Victorian Government has undertaken a range of actions, including:
 - i. Preparing and passing legislation including:
 - In August 2025 introducing the *Wage Theft Amendment Act 2025*, which provided for the establishment of a dedicated complaints referral function – the Construction Complaints Referral Service – within the Workforce Inspectorate Victoria.

- In December 2025 introducing the *Labour Hire Legislation Amendment (Licensing) Act 2025*, which strengthened the powers of the Labour Hire Authority, including by amending the 'fit and proper person' test and increasing information-gathering powers.
 - ii. In July 2024 establishing the Formal Review under the *Inquiries Act 2014* to inquire into Victorian Government Bodies' Engagement with Construction Companies and Construction Unions and in December 2024 accepting all recommendations either in principle or in full.
 - iii. Establishing an Expert Reference Group to advise government on the implementation of the Victorian Parliament's Integrity and Oversight Committee's recommendations to amend IBAC's legislative framework and introduce legislation, including to increase the scope of matters into which IBAC can inquire, and grant it the ability to 'follow-the-dollar', to allow IBAC to investigate how public money is spent by private subcontractors.
 - iv. Announcing and funding in July 2026 the establishment of an Organised Crime Command within Victoria Police, a specialised and permanent command responsible for investigating organised crime, including criminal networks and enterprises.
9. In a national context, the allegations of corruption, criminal conduct and serious misconduct indicate that there may be further cross-border and systemic issues that have compromised the effectiveness of the legal, regulatory and licensing frameworks, and the contractual practices that apply to the construction sector in Victoria, and that have impacted the ability of regulatory and licensing agencies, delivery authorities, law enforcement agencies, contracting parties and suppliers to appropriately respond to such allegations.

II. OBJECTIVES

10. This Royal Commission has been established to:

- a. identify the nature and extent of corruption, criminal conduct and serious misconduct on or in relation to Major Construction Projects in Victoria;
- b. identify any flaws or weaknesses in the operational, contractual, regulatory, licensing and statutory frameworks, organisational and workplace culture and law enforcement that may have allowed any identified corruption, criminal conduct or serious misconduct to occur on Major Construction Projects;
- c. identify the impacts of corruption, criminal conduct or serious misconduct on Major Construction Projects and understand what measures may be required to address patterns of conduct that also extend to major construction projects commissioned by the private sector for private sector purposes;
- d. support the Government in improving the operational, contract management, oversight, regulatory, licensing and statutory frameworks, organisational and workplace culture and law enforcement applicable to Major Construction Projects in Victoria to prevent future corruption, criminal conduct or serious misconduct, and rebuild trust in the integrity of the major construction sector in Victoria; and

- e. to instigate referrals, including by working cooperatively with a Special Prosecutor, to Victoria Police, IBAC, Regulatory and Licensing Authorities or other relevant bodies for the investigation or prosecution of individuals or entities responsible for corruption, criminal conduct or serious misconduct, and to work cooperatively in relation to any other functions conferred on the Special Prosecutor in the future.

III. TERMS OF REFERENCE

11. Having regard to the objectives set out in paragraph 10 above, you are appointed to inquire into and report on the following matters:

- a. The extent to which corruption, criminal conduct or serious misconduct has occurred on or in relation to any major public and civil infrastructure projects (Major Construction Projects), including any such activity undertaken or instigated by the CFMEU Construction & General Division, construction companies and consortia, sub-contractors, labour-hire companies, Contracting Entities, Suppliers or others.
- b. Whether the Executive Government of Victoria, and/or Delivery Authorities adequately adhered to their roles and responsibilities in the oversight and governance of Major Construction Projects.
- c. In relation to corruption, criminal conduct or serious misconduct identified as having occurred on or in relation to any Major Construction Projects:
 - i. **Causes:** the causes of, and contributing factors to, such conduct, with a focus on systemic causes and contributing factors arising from patterns of conduct by individuals or entities;
 - ii. **Preconditions:** the circumstances which lead to, or are a precondition to, such conduct occurring, including having regard to the legislative and regulatory framework, the contractual arrangements and industry practices with respect to sub-contracting, labour hire, mediation, supply chains and procurement;
 - iii. **Executive government roles and responsibilities:** whether there are any particular features of Major Construction Projects, including executive government procurement and oversight, that contribute to the prevalence of corruption, criminal conduct or serious misconduct on or in relation to Major Construction Projects;
 - iv. **Contextual Changes:** whether there have been any significant changes to policy, industry practice or legislation that contributed to an increased prevalence of corruption, criminal conduct or serious misconduct on Major Construction Projects in any of the following areas: procurement; contractual arrangements between Contracting Entities; labour hire; subcontracting; industrial relations; arrangements with Suppliers; and associated matters; and
 - v. **Impacts:** the impact of corruption, criminal conduct or serious misconduct on or in relation to any Major Construction Projects, including, but not limited to construction costs (including wastage, misdirected funds, and inflated costs), project delivery, worker safety, contracting and sub-contracting practices, procurement practices, provision of supplies and supply chain structures, industrial relations practices, and productivity, efficiency, and competition.

- d. The actions (including their adequacy) taken by Contracting Entities to respond to or to mitigate the risk of corruption, criminal conduct or serious misconduct occurring on or in relation to any Major Construction Projects, including immediately responding to emerging risks or allegations.
 - e. The actions (including the adequacy of the policy, reporting, and information-sharing frameworks) taken by the executive government of Victoria (including Delivery Authorities, Regulatory and Licensing Authorities, Victoria Police) to respond to and mitigate the risk of corruption, criminal conduct or serious misconduct occurring on or in relation to any Major Construction Projects, including immediately responding to emerging risks or allegations.
 - f. The effectiveness of measures recommended by, or implemented in response to, Previous Inquiries, including the factors or circumstances that may have limited that effectiveness.
 - g. Measures (including remedies and sanctions) that could be implemented to prevent, reduce, or mitigate the risk of occurrence of corruption, criminal conduct or serious misconduct on or in relation to any Major Construction Projects, including the ability to immediately respond to emerging risks or allegations.
 - h. Measures (including remedies) to recoup funds paid by the State where they have been misappropriated or received as a result of corruption, criminal conduct or serious misconduct on or in relation to Major Construction Projects.
 - i. Measures that could also be implemented to prevent, reduce, or mitigate the risk of occurrence of corruption, criminal conduct or serious misconduct on or in relation to construction of major projects commissioned by the private sector for private sector purposes, excluding domestic or residential construction projects.
 - j. Any other matters reasonably incidental to these Terms of Reference.
12. The following matters are not within the scope of your inquiry:
- a. lawful, legitimate and appropriate actions taken by parties under industrial laws and regulations;
 - b. lawful, legitimate and appropriate actions taken by parties under occupational health and safety laws and regulations.

IV. RECOMMENDATIONS

13. You may make any recommendations that you consider appropriate arising out of your inquiry that address the Terms of Reference and objectives in paragraphs 10 and 11 above.
14. In formulating your recommendations, in addition to your findings on the Terms of Reference, you should have regard to:
- a. the outcomes and recommendations of Previous Inquiries;
 - b. any current or proposed Commonwealth legislation, regulations or policy developments that you consider to be relevant; and

- c. the most practical, effective, sustainable and efficient way to address the matters arising out of your inquiry.

V. REPORT

15. If you consider it appropriate and necessary, you may provide an interim report with recommendations, and any findings necessary for the purposes of those recommendations, on any urgent or immediate actions that should be taken to respond to, or mitigate the risk of corruption, criminal conduct or serious misconduct on any Major Construction Projects currently under construction, including any:
 - a. changes to the contractual arrangements and terms between Contracting Entities, contractual arrangements with Suppliers, and whether standard contractual arrangements are fit for purpose;
 - b. measures, including legislative reform, by or in respect of Delivery Authorities and the oversight by Regulatory and Licensing Authorities, Victoria Police, IBAC and/or executive government.
16. You are required to report your final findings and final recommendations to the Governor in relation to the matters in these terms of reference by no later than 20 August 2027 or such later date as agreed between the Commission and the Premier of Victoria.

VI. CONDUCT OF YOUR INQUIRY

17. For the purposes of the inquiry, you are directed to exercise all powers as you consider necessary under the *Inquiries Act 2014*, including coercive powers for the production of information and the attendance of witnesses and holding public and private hearings to inquire into the terms of reference set out in paragraph 9 above and to make recommendations.
18. Without otherwise limiting the scope of your inquiry, or the scope of any recommendations that you may wish to make, you are directed to conduct your inquiry:
 - a. as you consider appropriate, subject to the requirements of procedural fairness;
 - b. without incurring unnecessary cost or delay;
 - c. having regard to the safety and security of any witnesses and all other persons who participate in the inquiry;
 - d. without unnecessarily duplicating any Previous Inquiry;
 - e. without prejudicing any other inquiries or investigations, including inquiries or investigations by Victoria Police, IBAC or Regulatory and Licensing Authorities, or any current or future criminal or civil proceedings;
 - f. in a way that avoids, or appropriately manages, any real or potential conflict of interest;
 - g. having regard to the objectives of this Royal Commission and in accordance with these Letters Patent, the *Inquiries Act 2014* and all other relevant laws; and
 - h. to promptly refer, in consultation with the Special Prosecutor where appropriate, to Victoria Police, IBAC or other relevant law enforcement agency, Regulatory and

Licensing Authorities, or other relevant bodies, any information or documents that you consider to be relevant to their functions.

19. You may consult with experts and engage persons to provide relevant advice and assistance.

VII. EXPENSES AND FINANCIAL OBLIGATIONS

20. In conducting this inquiry, you are authorised to incur expenses and financial obligations, to be met from the Consolidated Fund, up to \$50 million.

VIII. DEFINITIONS

21. In these Letters Patent:

CFMEU means the Construction, Forestry and Maritime Employees Union - Construction & General division (including the Construction, Forestry and Maritime Employees Union - Construction & General division under Administration);

Contracting Entities means head-contractors and consortia, sub-contractors, labour-hire companies, third parties who offer mediation or other dispute resolution services and other commercial entities materially involved in Major Construction Projects;

Delivery Authorities includes any State government agency (or its predecessors) responsible for the delivery of Major Construction Projects, including the Suburban Rail Loop Authority, Victorian Infrastructure Delivery Authority, the Victorian School Building Authority and Development Victoria;

IBAC means the Independent Broad-based Anti-corruption Commission;

Major Construction Projects means all major public and civil infrastructure construction projects commissioned by the State of Victoria, including any State entities under the *Public Administration Act 2004*;

Previous Inquiries means any current and previous inquiries into matters related to the subject-matter of this Royal Commission including, any royal commissions or other inquiries at State or Commonwealth level regarding the construction sector;

Regulatory and Licensing Authorities includes Victorian agencies with regulatory or licensing functions in respect of Major Construction Projects, including the Labour Hire Authority, the Workplace Inspectorate Victoria and WorkSafe;

Special Prosecutor means the individual appointed under statute, to act in cooperation and conjunction with this Royal Commission to refer information to Victoria Police and IBAC, and exercise any other powers and functions conferred by legislation on the Special Prosecutor;

Suppliers means any individuals or entities that provide goods or services in relation to Major Construction Projects;

and undefined terms are not otherwise to be taken to be a reference to terms that may be defined in law or elsewhere.

These Letters Patent are issued under the Public Seal of the State.



WITNESS

Margaret Gardner

Her Excellency Professor the
Honourable Margaret Gardner,
Companion of the Order of
Australia, Governor of the State of
Victoria in the Commonwealth of
Australia at Melbourne this *20th*
day of August two thousand and
twenty six.

MARGARET GARDNER

By Her Excellency's Command

Ben Carroll

THE HON BEN CARROLL MP

Premier of Victoria

Entered on the record by me in the Register of Patents Book No *48* Page No *261* on the
20th day of *August 2026*

Chris Barrett

CHRIS BARRETT

Secretary, Department of Premier and Cabinet