



MEDIA RELEASE: 2025-26 VICTORIAN BUDGET

ALLAN GOVERNMENT'S SECOND BUDGET SIGNALS MORE RESTRAINED TIMES AHEAD FOR INFRASTRUCTURE

The Allan Government's second Budget is another sign that the infrastructure tide will continue to recede in Victoria, as striking the delicate balance between providing cost of living relief and attempting to rein in debt takes precedence over new infrastructure spending, says industry think tank Infrastructure Partnerships Australia.

"As the State continues to grapple with its parlous fiscal position, the Budget unsurprisingly offers little in the way of new infrastructure commitments," said Infrastructure Partnerships Australia Chief Executive Officer Adrian Dwyer.

"The Victorian Government has for the last four years led the way on infrastructure funding in Australia, with the highest percentage of general government expenditure allocated to infrastructure of any state or territory government."

"Victoria's title as the country's foremost infrastructure funder, now looks at risk, with the State's four-year infrastructure spend dropping seven per cent to \$71.6 billion, equivalent to 16.1 per cent of general government expenditure, and below the State's 10-year average."

"After reaching the peak of a decade-long boom in infrastructure funding in FY2021-22, this year's Budget sees a fourth successive decline in funding as the State's major transport projects begin to graduate from pipeline to operations."

"There is little new funding in the Budget to replace these graduating projects, with the bulk of funding directed towards continuing projects. The Budget includes \$4.1 billion for the rebadged Sunshine Station project and \$1.2 billion for the Victorian Road Blitz, both funded in conjunction with the Federal Government."

"Victoria cannot have a healthy and sustainable infrastructure investment program in the long-term without prioritising healthy and sustainable balance sheets in the short and medium-term."

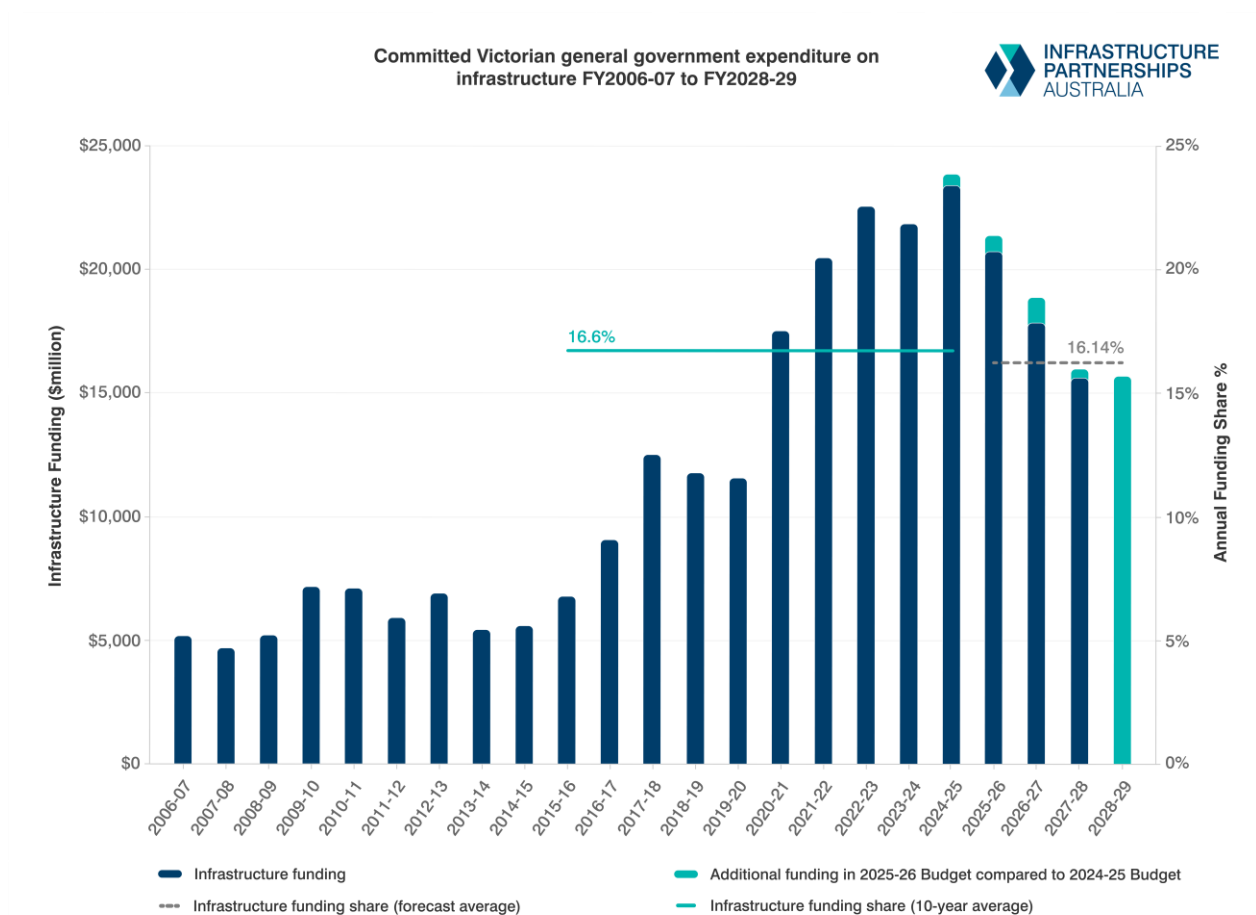
"However, the groundwork will need to continue to be laid for future investments to support Victoria's projected population growth."

"The infrastructure flywheel takes time to get to speed, so the Allan Government must act now to develop the next generation of projects for deployment when the fiscal circumstances allow."





“The deteriorating finances of the states strengthens the need, and the urgency, for systemic reform of the Federation, which is a broader conversation that Victoria, along with its jurisdictional colleagues, should be undertaking with the Commonwealth.”



Infrastructure Partnerships Australia is the nation’s leading industry think tank providing independent policy research focused on excellence in social and economic infrastructure.

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