INFRASTRUCTURE PARTNERSHIPS AUSTRALIA

MEDIA RELEASE: 2026-27 VICTORIAN BUDGET

SENSIBLE STEPS TO FIX FISCAL POSITION SEES VICTORIA RAPIDLY DESCENDING INTO INFRASTRUCTURE VALLEY

The Allan Government's third Budget is confirmation that Victoria is now well and truly descending into an infrastructure funding valley.

"With the State deep in the fight to wrest back control of its tricky fiscal position, the cupboard of new infrastructure commitments is now almost bare," said Infrastructure Partnerships Australia Chief Executive Officer Adrian Dwyer.

"Victoria cannot have a healthy and sustainable infrastructure investment program in the long term without a healthy and sustainable balance sheet, so a decrease in expenditure and return to surplus is a valid and necessary response to Victoria's fiscal position.

"The Victorian Government has, for the last five years, led the way on infrastructure funding nationally, 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 is now most definitely at risk, with the State's four-year infrastructure spend dropping from a high watermark of 24 per cent in the 2021-22 Budget to 13.5 per cent of general government expenditure this Budget. The four-year projected spend now stands at $66.1 billion, some $20 billion 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 fifth successive decline in funding as the State's major transport and health projects continue to graduate from pipeline to operations", said Mr Dwyer.

The last financial year saw the completion of several major projects like Melbourne Metro Tunnel, Westgate Tunnel and Footscray Hospital. However, the scale of new projects in this Budget to replenish the pipeline pales in comparison.

"Victoria risks its infrastructure valley turning into a chasm if they cannot jumpstart their infrastructure investment profile.

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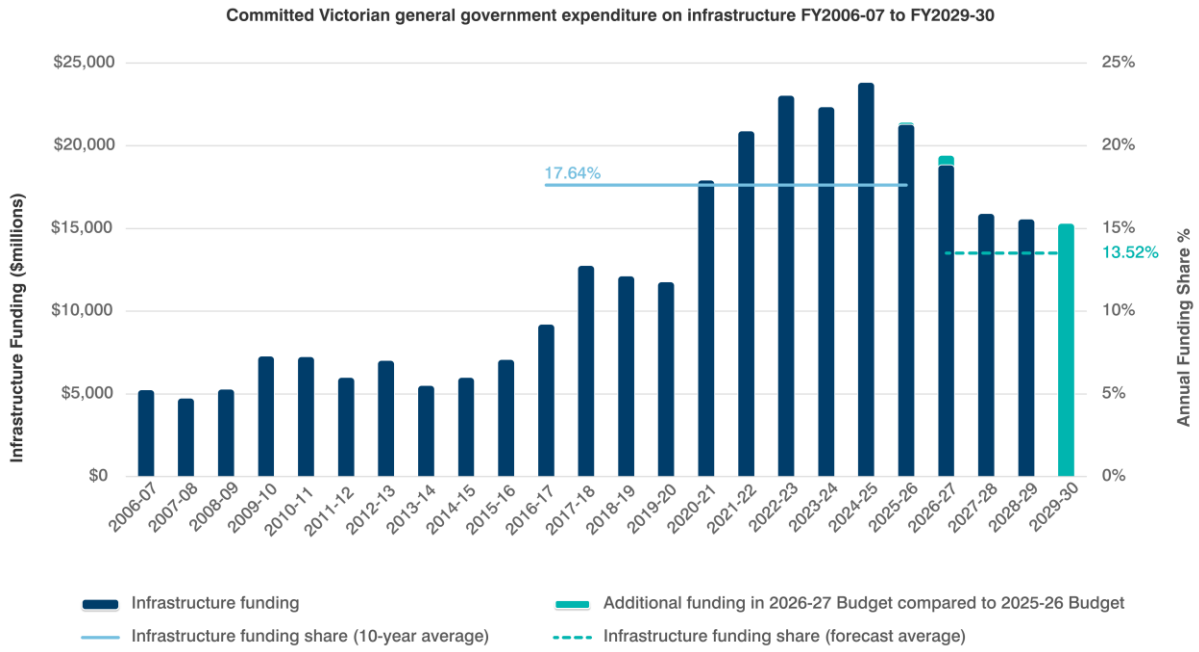
"The infrastructure flywheel won't be able to spool up immediately, so now is the time for the Allan Government to lay the groundwork for the next round of infrastructure projects.

"The dizzying heights and now plummeting lows of Victoria's infrastructure profile shows the necessity for a more consistent and more sustainable funding trajectory.

"Taxpayers and industry need to know what direction funding is going in, what the long-term target is and that we'll get there in a smooth and controlled way.

"That's why industry is calling for all state governments to set a long-term trajectory for infrastructure expressed as a share of GSP," said Mr Dwyer.

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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