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Victorian Work-from-Home Law Faces Backlash Over Economic Impact

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The Victorian government plans to legislate a right for workers to work from home at least two days a week, sparking concerns over business autonomy and potential legal challenges.

On August 2, 2025, Victorian Premier Jacinta Allan announced plans to enshrine a legal right for public and private sector workers to work from home at least two days a week, provided their roles can “reasonably” be performed remotely. Unveiled at the Victorian Labor Party’s state conference in Moonee Valley, the proposed legislation, set for

introduction in 2026, aims to boost work-life balance but has ignited fierce debate over its economic and legal implications. The Australian Labor Party (ALP)-led initiative, a first in Australia, is expected to face High Court challenges due to federal jurisdiction over industrial relations.

The policy applies to roles where remote work is feasible, exempting frontline positions like healthcare or emergency services. Allan argued it would save workers approximately \$110 weekly in commuting costs and reduce congestion, citing Australian Bureau of Statistics data showing 37% of employees regularly work from home. However, Victorian Chamber of Commerce and Industry chief executive Paul Guerra warned the law could harm productivity and drive businesses interstate, stating, “It’s perplexing when the federal government is focused on boosting productivity.” He emphasized that workplace arrangements should result from employer-employee negotiations, not state mandates.

Opposition Leader Brad Battin expressed cautious support, noting, “We support measures that help Victorians enjoy a better work-life balance, but we’ll review the legislation closely to ensure it supports productivity and personal choice.” Critics, including Committee for Melbourne’s Scott Veenker, labeled it “complete overreach,” arguing it burdens businesses already struggling with economic confidence. Professor Emerita Sara Charlesworth from RMIT University downplayed the policy’s impact, suggesting it merely formalizes existing flexible work practices.

Legal experts question the law’s enforceability, as industrial relations fall under federal jurisdiction since Victoria ceded powers in 1996. The proposal may leverage Victoria’s Equal Opportunity Act 2010, but enforcement in the private sector remains uncertain. The New South Wales (NSW) government’s push for office-based work contrasts sharply, highlighting a jurisdictional divide. Public consultation will shape the policy before its 2026 tabling, but opposition from business lobbies signals a contentious road ahead.