

## Victorian Treasurer Signals Shift Toward Private Sector Partnerships Amid Soaring Debt

August 24, 2025

— Categories: Politics & Government



Download IPFS

Victorian Treasurer Jaclyn Symes has signaled a sharp change in the Allan government's approach to infrastructure projects, telling institutional investors that Victoria is prepared to take on greater risk and work alongside the corporate sector. The move marks a departure

from the rigid stance of the Andrews era, where the Labor government favored direct state control and heavy spending rather than private partnerships.

The announcement comes amid serious fiscal pressure. According to the May budget, net debt is forecast to rise to \$194 billion by 2028-29. Much of the increase stems from costly infrastructure projects and pandemic-era spending, which have placed heavy demands on the state's finances.

The Andrews government presided over some of the most expensive infrastructure undertakings in Victoria's history, often marked by cost overruns and long delays. From rail projects to road upgrades, taxpayer-funded commitments piled up with little appetite for private sector involvement. That model now appears unsustainable as the state grapples with record debt levels.

Treasurer Symes acknowledged the scale of the challenge, suggesting that new partnerships with the corporate sector will be necessary to keep critical projects alive while easing pressure on public finances. "We are prepared to share risks and partner with industry to deliver infrastructure," she said, signaling that Labor's old playbook of unrestrained spending may no longer be viable.

The Allan government's shift toward private collaboration reflects a response to fiscal realities rather than ideological change. Credit rating agencies, including Moody's, have warned that Victoria's rising debt, projected to remain around 25 percent of Gross State Product and reach \$194 billion by 2029, poses risks to its fiscal outlook. Without decisive action, the state risks further downgrades, which would raise borrowing costs and heap additional burdens on taxpayers.

Symes's message underscores a government attempting to reassure markets while seeking new ways to finance infrastructure. Unlike under Andrews, where government dominance sidelined the private sector, Victoria is now extending an invitation to corporate partners to share both the opportunities and risks of building the state's future.

While partnerships could unlock private capital and expertise, critics warn that the government must avoid deals that unfairly shift risks onto taxpayers. Past public-private partnerships in Australia have delivered mixed results, with some contracts locking in long-term obligations that left governments carrying the losses when projects underperformed.

For many in the business community, however, the change in tone is a welcome relief. Private investors have long argued that they can deliver projects more efficiently than government-led ventures, weighed down by bureaucracy and political interference. If handled correctly, partnerships could help restore fiscal discipline while still meeting Victoria's infrastructure needs.

The Allan government faces pressure not only from financial markets but also from voters weary of spiraling debt. Household budgets across Victoria are under strain from higher interest rates and inflation, making the public less tolerant of runaway government borrowing. By signaling a willingness to rein in spending and engage the private sector, Labor is attempting to reset its economic credibility.

Still, skepticism remains. Labor's track record under Andrews left Victoria with a historic debt trajectory that cannot be unwound overnight. The challenge for Treasurer Symes will be to demonstrate that this new approach represents more than rhetoric and that it can deliver results without repeating past mistakes.

As Victoria heads toward nearly \$200 billion in debt, the Allan government's survival may depend on whether it can convince both markets and voters that it is serious about fiscal responsibility. By inviting private investors back to the table, the Treasurer has opened the door to a new era of infrastructure delivery, one that could either stabilize the state's finances or entrench new risks if poorly managed.

For now, the message is clear: the era of unchecked government spending in Victoria appears to be over, and Labor now views private-sector involvement not as an option but as a necessity.