

2026-2027 Victorian Budget Briefing

The 2026–27 Victorian Budget marks a significant transition point for the Allan Government. Delivering a projected \$1 billion operating surplus, the first since the pandemic, the Budget signals a return to fiscal discipline while managing net debt forecast to reach \$199 billion by 2029–30. It prioritises targeted cost-of-living relief, critical infrastructure investment and private sector collaboration, setting a clear policy direction ahead of November’s state election.

Strategic Economic Context

Fiscal Stability: The projected surplus is a key pillar of the Allan Government’s economic narrative, aimed at maintaining investor confidence and stabilising the state’s credit profile.

Revenue Outlook: Tax revenue is forecast to grow by an average of 5.1% per year over the forward estimates. The Budget avoids major new business taxes to ensure investment confidence.

Public Sector Reform: A planned reduction of over 1,000 public sector roles reflects an effort to streamline departmental operations and consolidate spending.

Key Opportunities for Business Collaboration

The budget shifts away from broad stimulus toward outcome-focused partnerships in high-growth sectors:

Digital Innovation & AI: A \$19.5 million package for AI infrastructure and to encourage private investment, alongside \$154 million for cybersecurity and data protection, offers significant entry points for tech firms to partner on public sector modernisation.

Manufacturing & Procurement: With \$673.6 million for new rolling stock of trains and \$12 million to expand local procurement opportunities for Victorian businesses, the Budget reinforces the Allan Government’s local industry agenda.

Energy & Resources: The commitment of \$124.5 million to progress activities for the Victorian Renewable Energy Terminal at the Port of Hastings and \$2.1 million to develop Victoria’s critical minerals extraction and processing capacity creates a framework for long-term private investment in the state’s energy transition.

Housing & Construction: The extension of the off-the-plan stamp duty concession for apartments, townhouses, and units to April 2027 and the \$860 million Social Housing Growth Fund provide specific incentives for developers to maintain momentum in the residential sector and to meet the state’s housing targets.

Strategic Engagement Guidance

Alignment with Social Outcomes: As November’s state election nears, the Allan Government is most receptive to proposals that demonstrate immediate benefit to Victorian households, particularly regarding affordability and job security.

Efficiency as a Value Proposition: Given the focus on public sector streamlining, businesses that offer turnkey solutions reducing the administrative burden on government will be well-positioned.

Regional Focus: Continued focus on regional infrastructure and outer-suburban growth means businesses should highlight regional investment, local job creation, and community benefit in their strategies and projects.