

ECONOMIC PROSPERITY INITIATIVE

THE STATE OF VICTORIA:

THE IMPERATIVE FOR ACTION



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THE IMPERATIVE FOR ACTION SCHEDULE

- 09.30 Welcome - Scott Hargreaves
- 09.45 Opening Keynote: Judith Sloan – *A Long Way Back*
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SESSION 1 – PUBLIC FINANCES

- 10.00 Chris Uhlmann to introduce Session 1
- 10.05 Adam Creighton – *A Scalpel, Not an Axe: Fiscal Sustainability Needn't be Difficult*
- 10.20 Toby Johnston – *Fiscal Failings*
- 10.35 Chris Uhlmann in discussion with Adam and Toby
- 10.50 Questions open from the floor
- 11.15 Morning tea
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SESSION 2 – BARRIERS TO GROWTH

- 11.45 Chris Uhlmann to introduce Session 2
- 11.50 Daniel Wild – *Go for Growth: The Economic and Social Importance of Economic Growth*
- 12.05 Rob Burgess – *Homes, Not Ideology: Confronting Victoria's Housing Delivery Crisis*
- 12.20 Chris Uhlmann in discussion with Daniel and Rob
- 12.35 Questions open from the floor
- 13.00 Lunch
- 13.42 Ben Crocker to introduce The Hon. Peter Costello AC
- 13.45 Guest Keynote: The Hon. Peter Costello AC – *What is to be Done?*
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SESSION 3 – INFRASTRUCTURE

- 14.00 Chris Uhlmann to introduce Session 3
 - 14.05 The Hon. John Lloyd PSM – *How to Reform the Unions' Playground Called Victoria*
 - 14.20 Stephen Anthony – *SRL: Shameful Rackets & Lies, Public Trust & Unprecedented Malfeasance*
 - 14.35 Chris Uhlmann in discussion with John and Stephen
 - 14.50 Questions open from the floor
 - 15.15 Afternoon tea
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SESSION 4 – ENERGY

- 15.45 Chris Uhlmann to introduce Session 4
 - 15.50 Stephen Wilson – *Does the State of Victoria Matter to Australia's Energy and National Security?*
 - 16.05 Kevin You – *Socialism in One State: An Energy Revolution in Every Home*
 - 16.20 Chris Uhlmann in discussion with Stephen and Kevin
 - 16.35 Questions open from the floor
 - 16.50 Chris Uhlmann to close conferencing sessions
 - 17.00 Networking drinks and canapes commences
 - 18.00 Event concludes
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WHAT IS THE ECONOMIC PROSPERITY INITIATIVE?

Australia is at an important economic juncture. Productivity growth has slowed. Real income per capita has stagnated. Housing costs have reshaped patterns of capital allocation. Public debt has structurally increased while efforts at serious reform have collapsed at the state and federal level.

Independent institutions play a vital role at such moments, not simply by reacting to events, but by shaping the economic arguments that influence policy over time.

That's why the IPA has launched the Economic Prosperity Initiative, which aims to improve the quality of economic debate in Australia and steer policymakers in the right direction.

The Initiative, led by Chief Economist and Senior Fellow Adam Creighton, will bring productivity and capital formation back to the centre of discussion, shifting attention from short-term political issues to the underlying drivers of long-term growth and rising living standards. This initiative is intended to provide serious economic leadership at precisely this moment.

Through sustained research and public engagement, the initiative will seek to place practical reform proposals into mainstream policy discussion. The goal is not simply to comment on events, but to influence the direction of policy in ways that strengthen enterprise and investment.

Ultimately, the impact is about protecting and improving the economic environment in which Australians work, build businesses and raise families, ensuring that opportunity and prosperity remain achievable for the next generation.

Where other research efforts focus on sectoral reform and regulatory burden, this initiative will concentrate more specifically on macroeconomic structure, capital allocation, productivity measurement and fiscal sustainability.

Beyond organising timely conferences on matters of critical public importance, the Initiative will provide for a quarterly economic update on the Real State of the Australian Economy that will be based around a new series of statistics developed by the IPA.

It will include a monthly podcast hosted by Adam Creighton on business and economics, produced in the IPA's professional studio in Melbourne, and produce a unique research agenda aimed to highlight regulatory barriers to private enterprise and competition.



If you would like more information about ways to support the IPA's Economic Prosperity Initiative, please contact:

AMY SULLIVAN

Director of Development

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THE STATE OF VICTORIA: THE IMPERATIVE FOR ACTION

Victoria, the nation's second largest state, is confronting its most serious economic and fiscal challenge in decades. Once regarded as one of Australia's strongest and most dynamic states, Victoria now combines weak private-sector growth with exceptionally high public debt, rising taxation and an expanding government sector.

Throwing the spotlight on Victoria's problems and possible solutions is essential as Victorians prepare to cast a vote in one of the most critical state elections in the nation's history. State debt has increased dramatically since the pandemic and is forecast to rise further, leaving Victorian taxpayers with a growing interest bill and diminishing fiscal flexibility.

At the same time, the state has introduced or increased a succession of taxes on property, business and investment. Rather than providing the foundations for stronger private-sector growth, government is consuming an increasing share of the state's economic resources.

The consequences extend beyond the budget. Business investment and productivity growth have been disappointing, while Victoria's prosperity has become increasingly dependent on rapid population growth and government spending. Rising housing costs, infrastructure pressures and the accumulation of regulation have further weakened the link between headline economic growth and improvements in living standards.

Victoria's predicament is not irretrievable. The state has considerable advantages: a highly educated population, world-class institutions, abundant energy and mineral resources, and one of the world's most liveable capital cities. But restoring prosperity will require a change in economic direction.

The challenge is to restrain spending and debt, reduce the burden of taxation and regulation, restore confidence in private investment and make productivity growth the central objective of economic policy. Without reform, today's fiscal and economic drift risks becoming tomorrow's structural decline.

At today's conference in Melbourne prominent experts from inside and outside the IPA will take stock of the current crisis and its key drivers, and consider how an incoming government might start to revive Victoria's fortunes.

SESSION 1

PUBLIC FINANCES

Victoria's public finances have deteriorated sharply over the past decade and the outlook remains grim. A state once associated with comparatively strong fiscal management and very little debt, including as recently as the first two years of the Andrews government from 2014, now carries the heaviest debt and tax burden in the nation.

At more than \$230 billion in June, Victoria's nonfinancial public sector debt already exceeds that of New South Wales and is on track to breach an unprecedented \$288 billion by the middle of 2030 according to the state's latest budget papers.

The deterioration predates the pandemic, but Covid-19 dramatically accelerated it, and spending and borrowing have remained recklessly elevated since. In January ratings agency S&P accused states including Victoria of spending "like it was still in lockdown", singling out surging payroll and infrastructure costs.

Debt is far from costless, especially in a new higher interest rate environment, diverting tax revenues away from the state's ability to provide health, education and policing.

IPA Chief Economist **Adam Creighton**, in a recent research note pointed out Victoria's annual interest costs forecast for 2030, \$11.8bn, were on track to absorb around a quarter of the state's own taxation revenue.

Even greater fiscal challenges lie ahead. Victoria will face an additional, cumulative \$2.7 billion a year in interest costs as more than \$75 billion worth of ultra-cheap bonds issued during the Covid pandemic require refinancing at what are likely to be much higher interest rates.

Former Future Fund Chief Economist **Toby Johnston**, in his presentation *Fiscal Failings*, drills down into the underlying causes of Victoria's debt binge, why it matters for all Australian taxpayers, and how significant reforms to the nation's fiscal architecture are probably required to arrest further decline.

Victoria's current approach of levying new and higher taxes hasn't and won't help the state climb out of its fiscal mess. That requires confronting the expenditure side of the budget: slowing the growth of government, improving the efficiency of service delivery, and scrutinising major infrastructure commitments. Adam Creighton in his presentation will explain how this shouldn't be a difficult task given massive scope for spending cuts without reducing the quality of government services.

SPEAKERS



ADAM
CREIGHTON



TOBY
JOHNSTON

SESSION 2

BARRIERS TO GROWTH

Once home to a thriving manufacturing sector, Victoria's private enterprise economy has been increasingly throttled by excessive state taxes and burdensome, meddlesome regulation. For years, the state has been named the worst place in the country to do business in surveys conducted by the Business Council of Australia and it is not difficult to see why.

Real economic output per Victorian fell by 0.8 per cent in the 2025 financial year, which was more than twice the decline recorded nationally. When headline growth depends primarily on adding more people rather than producing more for each hour worked, pressure mounts on housing, infrastructure and government services without a commensurate improvement in living standards.

Victoria's own-source taxes exceed six per cent of the state's economic output, significantly higher than in New South Wales and well above the five per cent average across all states and territories. Large Victorian businesses pay the highest payroll taxes in the nation once the Covid Debt Levy and Mental Health and Wellbeing Levy are included. Stamp duties on property transfers, widely considered among the most economically destructive taxes, are also the highest in the nation.

Victoria's appeal as a business destination is set to deteriorate further given the government's intention to legislate a right to work from home two days a week. Corruption and restrictive practices in the CFMEU-dominated construction sector have supercharged building costs and throttled potential competition. At the same time, Victoria's economy has become increasingly dependent on government activity and a tertiary education sector funded heavily by foreign students, a source potentially about to dry up amid calls to slash immigration.

Massive increases in public-sector employment and remuneration have also made it more difficult for private businesses to attract staff, while adding to the tax burden ultimately borne by those businesses.

IPA Deputy Executive Director **Daniel Wild**, in his presentation *Go for Growth: The Economic and Social Importance of Economic Growth*, explains why Victoria has entered a low and declining growth environment and how short-sighted policies have contributed to it.

Nowhere is the gulf between political ambition and practical delivery more apparent than in housing. In *Homes, Not Ideology: Confronting Victoria's Housing Delivery Crisis*, **Rob Burgess** examines why Victoria is failing to build enough homes and how its housing strategy has become disconnected from commercial reality and consumer preferences.

SPEAKERS



DANIEL
WILD



ROB
BURGESS

SESSION 3

INFRASTRUCTURE

Victoria's unprecedented infrastructure binge has underpinned the deterioration of the state's financial position, as annual spending more than quadrupled from under \$5 billion to almost \$24 billion in the 2025 financial year.

The state's relatively rapid population growth is no excuse: over the past two decades, Victoria's real annual infrastructure spending per person has grown at more than twice the average rate of the other states.

The damage extends far beyond the state's balance sheet. Restrictive workplace practices, union intimidation and alleged corruption have throttled competition and, according to one recent estimate, added as much as \$15 billion to the cost borne by taxpayers.

Construction outside the large, unionised government projects, especially residential housing, has consequently been starved of skilled workers. The choice of projects has been abysmal, too. For all the money spent, Melbourne remains the only one of Australia's three largest cities without a railway to its international airport.

In *How to Reform the Unions' Playground Called Victoria*, former Australian Building and Construction Commissioner **The Hon. John Lloyd PSM** examines how destructive workplace relations extend beyond construction to damage investment, employment and productivity across the Victorian economy. He also outlines the reforms needed to restore the rule of law, competition and value for money to Victorian workplaces and government projects.

No project better illustrates the collapse of sound infrastructure governance than the Suburban Rail Loop. The government committed to the project before completing a final business case or subjecting it to the ordinary processes of departmental and independent scrutiny. The Victorian Auditor-General subsequently found that its business case did not support a fully informed investment decision, lacked sufficient analysis of alternative options and was completed only after significant financial commitments had been made.

SRL East alone is now expected to cost between \$30 billion and \$34.5 billion, while some estimates put the cost of the entire project at around \$200 billion. In *SRL: Shameful Rackets & Lies, Public Trust & Unprecedented Malfeasance*, economist **Stephen Anthony** presents the Suburban Rail Loop as an unprecedented case study in the breakdown of transparency, accountability and responsible government. He will explain why the consequences extend well beyond a single railway project to public confidence in government and the integrity of infrastructure policy.

SPEAKERS



THE HON. JOHN
LLOYD PSM



STEPHEN
ANTHONY

SESSION 4

ENERGY

Abundant reserves of brown coal and natural gas once gave Victoria some of the cheapest and most reliable electricity in the developed world.

Systematic efforts to reduce greenhouse emissions, including a target of 95 per cent electricity generated by 'renewables' by 2035, have obliterated that legacy and smashed the state's global competitiveness. Regulations have encouraged the closure of state's coal fired power stations, which once powered a thriving manufacturing sector in Melbourne, and which will be progressively shut down from 2028.

Victoria's war on natural gas has been especially destructive and absurd. From January 2027, all new homes and commercial buildings including commercial kitchens must be entirely electric. The government has imposed severe restrictions on gas exploration, including banning fracking outright. Yet at the same time it is planning the construction of two LNG import facilities on Port Phillip.

The consequences extend well beyond rising household energy bills. Reliable and affordable electricity is essential to manufacturing, mining, transport and almost every other productive activity. Artificial intelligence, data centres and the electrification demanded by government policy will dramatically increase electricity requirements just as dependable generation is being withdrawn.

Energy security is therefore becoming inseparable from economic and national security. A high-wage economy can't hope to compete if its energy costs are also world-beating.

In *Does the State of Victoria Matter to Australia's Energy and National Security?*, energy economist **Stephen Wilson** examines how Victoria went from pioneering electricity reform, exploration, refining and competition to restricting production, weakening competition and becoming increasingly dependent on other states. He explains why Victoria's decline threatens the reliability of the wider national energy market and what the next government must do to restore investment and confidence.

The energy revolution is also giving the state increasing influence over decisions once made freely by families and businesses about how to source their energy.

In *Socialism in One State: An Energy Revolution in Every Home*, IPA Senior Fellow **Kevin You** examines how the attack on Victoria's traditional advantages in brown coal and natural gas has damaged both its economy and its energy system. He will also explain how net-zero policies have provided a vehicle for unprecedented government intervention in the homes and everyday lives of Victorians.

SPEAKERS



STEPHEN
WILSON



KEVIN
YOU

SPEAKERS

THE HON. PETER COSTELLO AC – KEYNOTE



As Treasurer of the Commonwealth, Peter Costello delivered 12 Budgets including 10 surpluses. As a result, Australia's sovereign credit rating was twice upgraded to AAA, one of few in the world.

After eliminating Commonwealth net debt, Mr Costello established Australia's Sovereign Wealth Fund-now holding \$270 billion-which he chaired for a decade. These days he is a public company Director.

JUDITH SLOAN – KEYNOTE



Judith Sloan is Contributing Economics Editor at *The Australian* newspaper. She is also a regular contributor to *The Spectator Australia*. She has held a number of academic, government and corporate appointments. She was a professor at Flinders University.

She was a commissioner of the Productivity Commission as well as Deputy Chair of the Australian Broadcasting Corporation. She sat on the Boards of Santos Ltd, Mayne Nickless and Westfield.

STEPHEN ANTHONY



Stephen Anthony is the Director of Macroeconomics Advisory and a Senior Adviser at the Monash Centre for Financial Studies. He is also an Adjunct Professor of the Faculty of Business, Government and Law at the University of Canberra, attached to the National Centre for Social and Economic Modelling.

Stephen was previously the Principal Economic Advisor to the Australian Capital Territory Tax Review in the early-2010s. He was appointed Chair of the Independent Review on Pricing into the NDIS in October 2024 by the Hon Bill Shorten MP. He was a founding independent member of the New South Wales Community Housing Industry Council from 2017, advising the NSW Government on affordable housing policy. He provides independent and original insights into markets, business and the economy. He has extensive experience in industry, financial markets, and policy analysis, including as Chief Economist at Industry Super Australia.

ROB BURGESS



Rob Burgess is an urban economist and strategic property analyst at Quantify Strategic Insights. With 30 years professional experience, Rob consults to the development industry, government and industry associations, drawing on robust data and evidence to deliver practical outcomes and inform policy. His work examines population change, housing markets, urban planning policy and property development. Rob is often quoted in the mainstream media and regularly writes for publications including the *IPA Review*, *Newgeography*, *The Spectator Australia* and *The Fifth Estate*.

ADAM CREIGHTON



Adam Creighton is the Senior Fellow and Chief Economist at the Institute of Public Affairs. He is an award-winning journalist who holds a Bachelor of Economics with First Class Honours from the University of New South Wales, and Master of Philosophy in Economics from Balliol College, Oxford.

Having started his career at the Reserve Bank of Australia, Adam has been at the forefront of economic debate having written for *The Economist* and *The Wall Street Journal*, as well as *The Australian* as Economics Editor and Washington correspondent.

BEN CROCKER



Ben Crocker is Deputy Executive Director and leads the Institute of Public Affairs research and educational initiatives focused on the Australian Way of Life, Western Civilisation, and reform of Australia's education system.

Prior to joining the IPA, Ben served as University Dean at the University of Austin, Texas (UATX), where he played a key role in founding and developing one of the most significant higher education reform projects in the United States. A former Ramsay Centre for Western Civilisation postgraduate scholar, he studied and worked in Washington, DC and at St John's College in Annapolis, Maryland. Before moving to the United States, Ben taught at The King's School in Sydney.

SPEAKERS

SCOTT HARGREAVES



Scott Hargreaves is Executive Director of the Institute of Public Affairs, and Editor of the *IPA Review*. Prior to joining the staff of the IPA in 2015, he worked in various private sector roles, with a heavy emphasis on the energy sector, including at Anglo American plc, and also Origin Energy.

He has a BA in Politics and Economics, a Post Graduate Diploma in Public Policy, an MBA from the Melbourne Business School, and a Master of Commercial Law. In 2024 he published *'The Australian Achievement and its Opponents'* (Connor Court).

TOBY JOHNSTON



Toby Johnston is the Director and Founder of Westwood Strategic Advisers Pty Ltd. He is a macroeconomist and investment strategist with more than 30 years of experience across global financial markets, institutional investing, and economic policy. He was most recently Chief Economist and an Investment Committee member at Australia's Future Fund, with responsibility for macroeconomic research, asset allocation and advising the Chairman, Board and senior leadership on investment strategy.

Previously, Toby spent 17 years at Wellington Management in Boston, where he was a Partner and Global Macro Strategist.

THE HON. JOHN LLOYD PSM



John was the Australian Public Service Commissioner from 2014-18. He was the initial Australian Building and Construction Commissioner from 2005-10, with responsibility for securing lawful conduct across the Australian building and construction industry.

Other senior roles held include Senior Deputy President of the Australian Industrial Relations Commission and Red Tape Commissioner Victoria.

He was also a Director at the Institute of Public Affairs.

John is a research fellow at the HR Nicholls Society, a workplace relations think tank.

CHRIS UHLMANN



Chris Uhlmann is a journalist who was political editor for both the ABC and Nine News. His co-authored works of political fiction were adapted into the Netflix mini-series *Secret City*. He has written and presented documentaries on the Ukraine war and *The Real Cost of Net Zero*.

He is a columnist with *The Australian*, a political contributor on Sky News and publishes on Substack under *Powerlines*. He won a Walkley Award for broadcast interviewing, and was part of the Four Corners team that won a Gold Quill for an investigation into Chinese Communist Party influence in Australia.

DANIEL WILD



Daniel Wild is Deputy Executive Director of the Institute of Public Affairs, with primary responsibility for delivering the IPA's research programs. He frequently appears in the media and has published a number of opinion pieces in *The Australian*, *The Daily Telegraph*, *The Sydney Morning Herald*, *The Courier Mail*, and *The Spectator Australia*. Daniel previously worked at the Commonwealth Department of the Prime Minister and Cabinet where he analysed global and domestic macroeconomic policy. Prior to that he held positions at the Commonwealth Department of Finance where he worked on regulatory reform.

Daniel holds an honours qualification in economics and a degree in international studies from the University of Adelaide, and is currently undertaking a Master of Business Administration at the Melbourne Business School.

STEPHEN WILSON



Stephen Wilson is a Visiting Fellow in Energy Security at the Institute of Public Affairs. Stephen is Managing Director of Cape Otway Associates, and brings over three decades of experience from projects across thirty countries as a consultant. He ran the market and industry analysis team in Rio Tinto Energy for five years and more recently was a full-time professor in the School of Mechanical and Mining Engineering at the University of Queensland where he continues as an Adjunct Professor. Stephen has a B.E. (Mech) from Melbourne University and took six masters level courses in economics and financial management in London.

KEVIN YOU



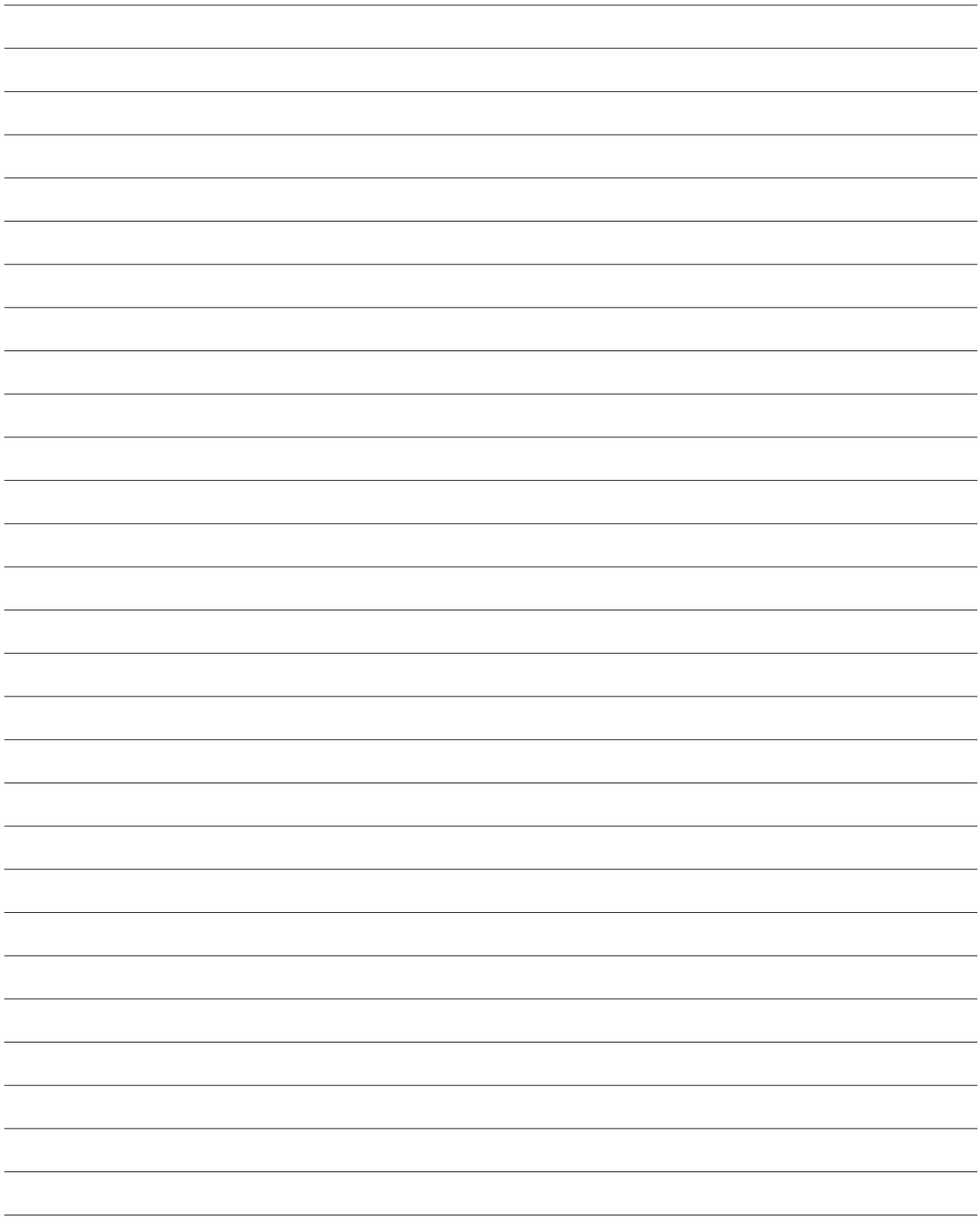
Kevin You is a Senior Fellow at the Institute of Public Affairs. His background is in the fields of political economy, industrial relations, and organisational studies.

Prior to joining the IPA, Kevin worked in academia – both as an educator and a researcher. His articles have been published in the *Review of Social Economy*, *Journal of Industrial Relations*, *Journal of Global Responsibility*, *Labour and Industry*, and *International Journal of Employment Studies*.

Kevin's postgraduate thesis looked into the contributions of peak business associations in Sri Lanka's political and economic landscape.

NOTES

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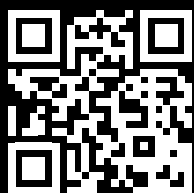
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