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DEBT BOMB TO LEAVE VICTORIAN ECONOMY IN TATTERS FOR GENERATIONS

"The Victorian state budget demonstrates the consequences of a decade of reckless and irresponsible economic management. Generations of Victorians are going to be left with a bill they will have to pay with little, if anything, to show for it," said Daniel Wild, Deputy Executive Director of the Institute of Public Affairs.

Analysis by the IPA of the 2024-25 State Budget handed down by the Victorian government today has found: *(tables over page)*

- **Victoria's interest payments on government debt will become the fastest growing spending item, with payments expected to grow by 44 per cent over the next four years.**
 - This is significantly larger than the second fastest growing spending item of general public services, which is expected to grow by 30 per cent.
- **By 2028, Victoria's interest payments on debt will grow to almost 9 per cent of total spending.**
 - This represents an almost four-fold increase of the annual average of 2.6 per cent from 2000-2023.
- **Net debt per Victorian is forecast to reach almost \$25,000 by 2028, which is a seven-fold increase of \$3,400 in 2018.**

"Victoria's spending and debt levels are a recipe for economic disaster which could dwarf that of the early 1990s. Through deliberate policy decisions the Victorian government has taken a wrecking ball to the state's economy, with taxes, spending, and debt all at record highs, with no plan to pay it back," said Mr Wild.

Since 2014, the Victorian state economy has grown by 29 per cent in real terms. However, IPA analysis shows state government spending and debt has dramatically outstripped economic growth:

- **Victorian government spending has grown by 59 per cent – more than double the economic growth rate – in the same period.**
- **State government debt has grown by 415 per cent – a rate almost fifteen times the growth of the economy – in the same period.**

"The state government has driven Victoria off an economic cliff, which will have long term ramifications for the economic growth and social cohesion of the community. Many Victorians will suffer when inevitable cuts will be forced upon services and infrastructure to clean this mess up," said Mr Wild.

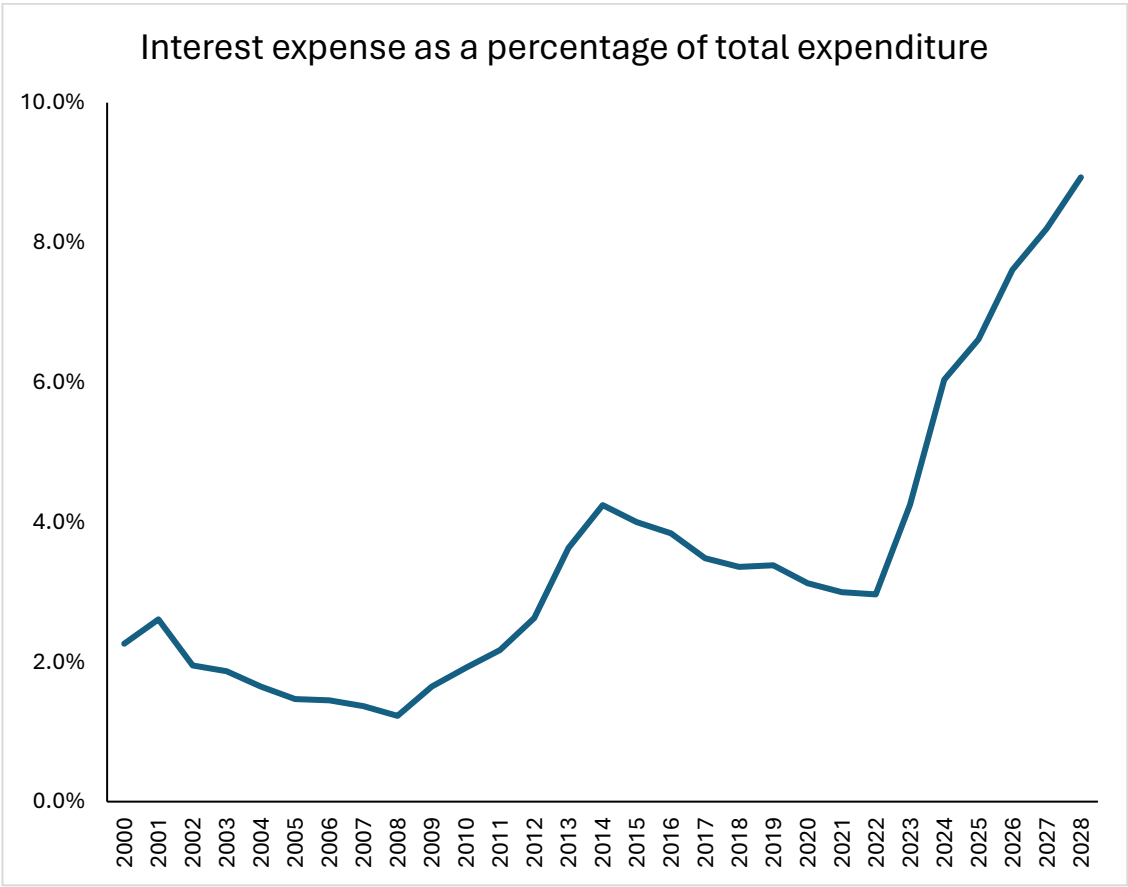
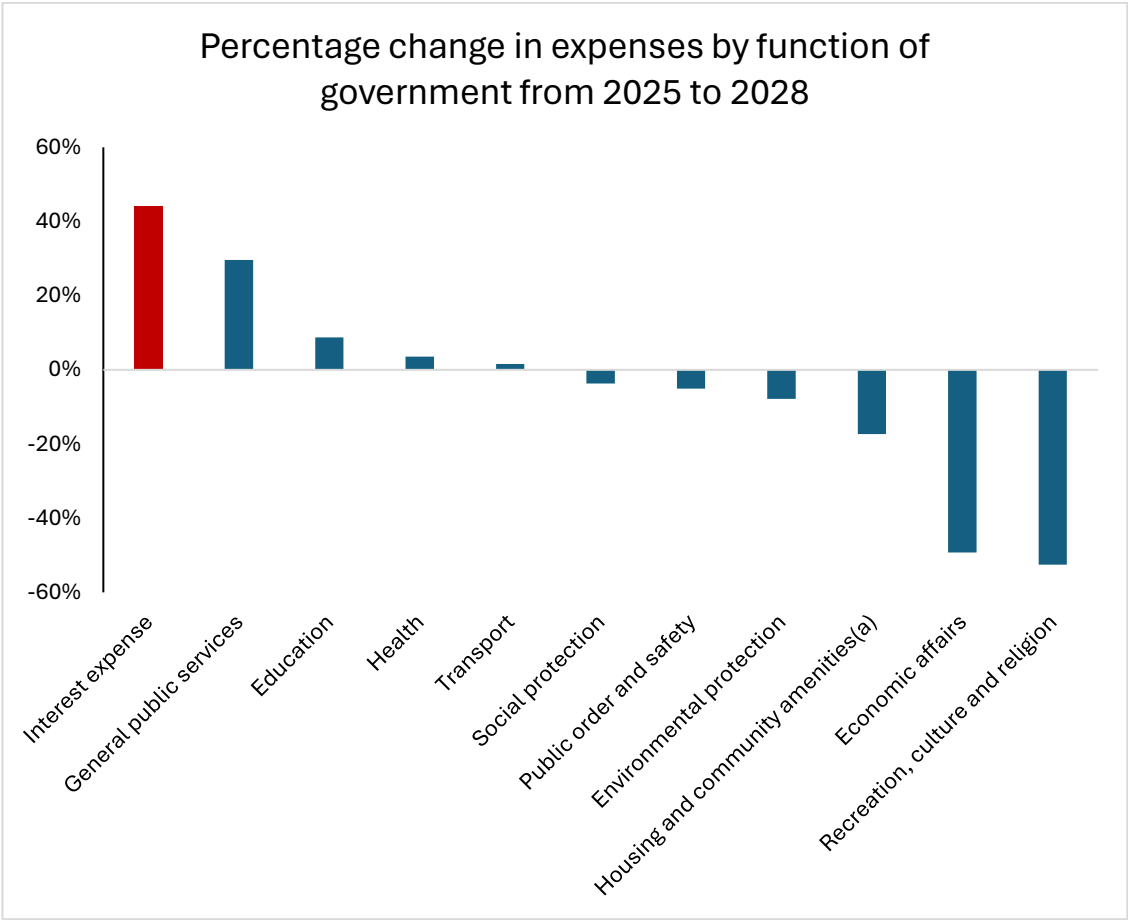
Recent IPA research showed Victoria is the worst overall performing state in the nation with the highest tax burden, state debt burden, and energy price increases. Victoria is also ranked second last in per capita state economic growth, wages growth, retail trade, and productivity growth.

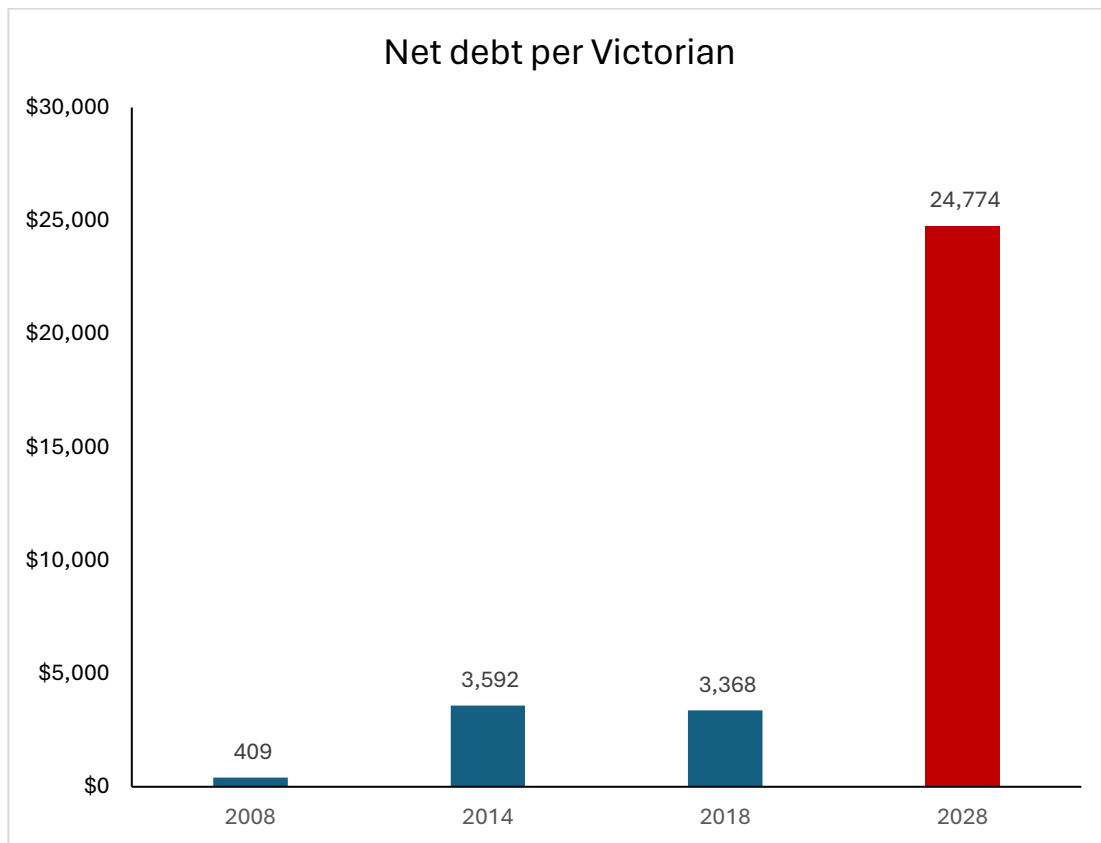
"Today's state budget confirms Victoria is the nation's economic ball and chain, and unless dramatic corrective action is taken, it risks dragging down the entire nation. In fact, today's state budget makes it more likely the federal government will have to bail out this failed state," said Mr Wild.

"Why would anyone risk doing business in Victoria today? It is hardly a surprise that businesses are closing up shop and heading interstate when taxes, debt, and red tape are at record highs. Sadly, this means Victorians miss out on the employment and opportunities they need to get ahead."

To download the IPA's previous research [click here](#).

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Source: Victorian State Government