



Victoria's Infrastructure Strategy 2025-55

Insights Paper

November 2025



Snapshot

On 11 November 2025, [Infrastructure Victoria's 30-year strategy](#) was tabled in Parliament. The strategy is focussed on **better sequencing** the right infrastructure and services to **support Victoria through sustained growth**.

The publication of the strategy follows consultation and engagement in March and April 2025.

We have reviewed the strategy with a **lens on what it means for private sector** participation in Victoria over the next 30-years.

In our view, the strategy is an improvement over earlier editions as it:

- is more focused, with fewer recommendations, providing clearer signals to government and industry about priorities and lends itself to targeted implementation
- provides a more detailed breakdown of expenditure over the 30-year horizon
- provides more opportunities for innovative private sector participation

01

Highlights

Infrastructure Victoria's 30-year strategy is about **earlier integration** of infrastructure and service planning to better sequence its delivery to **match growth**.

Previous strategy (released Aug 2021)

Current strategy (released Nov 2025)

	2021 - 2051 Strategy	2025 - 2055 Strategy
Recommendations	<ul style="list-style-type: none"> › 94 recommendations › Spanning infrastructure policies, reforms and projects › No specified implementation timeframe 	<ul style="list-style-type: none"> › 45 recommendations with actions in the first five years › Eight 'future options' identified over the period but not requiring immediate action
Costs	<ul style="list-style-type: none"> › Approximately \$100 billion cost 	<ul style="list-style-type: none"> › Approximately \$65-\$75 billion capital cost to the government › Average \$5 billion infrastructure spend by the Victorian Government for each of the next ten years, with the balance to follow › Estimated over \$166 billion in benefits

Note the significant reduction in costs, notwithstanding material cost increases between publications

The fiscal environment means there is **greater need for innovative infrastructure** funding, finance and delivery models than ever before.



Spotlight on social outcomes

FAST FACT:
Social housing returns up to **\$1.25** in socio-economic benefits for every **\$1 invested**

- The Strategy's social priorities:**
- › Build **more social and affordable homes** urgently and with a sustainable pipeline
 - › **Maximise use of government land** particularly in areas with existing services
 - › Acknowledges Victoria's **world class cultural and sporting facilities** but the need to better share local school grounds and facilities (including through sporting organisation partnerships)
 - › Focus on **housing, improving public transport** and the provision of **local facilities** (e.g. libraries and aquatic centres)
 - › Prioritise **sustainable investment and equity** when allocating government resources (including maximising access to existing infrastructure) and ensure First Peoples have self-determination



FAST FACT:
For every **\$1** invested in early childhood education, community receives **\$2** of value

- Private sector opportunities:**
- › **Housing** – private sector led development to partner with government for integrated housing options in existing urban areas
 - › **Local recreation** – The priority placed on the benefits of local facilities such as libraries and aquatic centres highlights opportunities for construction and delivery of community infrastructure projects with local government
 - › **Affordable services** – Finding financially sustainable ways to make critical services cheaper and more accessible – such as public transport and digital emergency health services – this will require innovation in both public and private sector approaches



Spotlight on economic development



The Strategy's economic priorities:

Focus on major industry and economic opportunities in Victoria which are necessary to better integrate the early planning of hard infrastructure and soft services including:

- › Generating a more **productive economy** where businesses prosper
- › Infrastructure investment to drive economic **growth in goods and services** in Victoria
- › Manage costs by **limiting demand for brand new infrastructure** and **maximise use of existing assets**
- › Bring new **skills to Victoria** as we grow and fill gaps in **construction, energy and health workforces**
- › The strategy specifically calls out for the first time a future option to **phase out stamp duty for land tax**

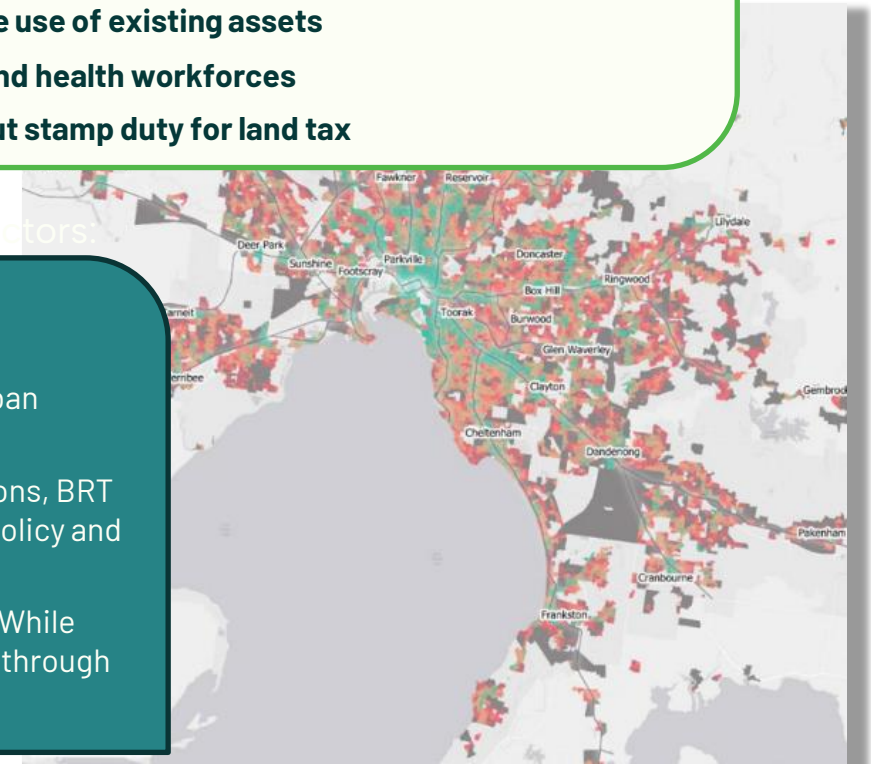
FAST FACT:

Victoria's population will grow by about **one million people each decade**, for the next 3 decades

Specific PPE opportunities are called out in the new Strategy for the following sectors:

Private sector opportunities:

- › **Infill incentivisation:** The Strategy restates that existing urban areas are more cost effective than urban sprawl likely to direct continued policy and investment in to catalysing density and infill development.
- › **Place-based projects** – The Strategy identified priority transport projects including tram line extensions, BRT and rail upgrades. The place-specific projects in the strategy provide strong signals for government policy and private investment.
- › **Positive factors for investment** – Strong demand for renewable energy and diversified water assets. While climate impacts exist in Victoria, comparatively to other jurisdictions these may be easier to mitigate through built form (for example, less extreme flood event risk and more drainage issues).





Spotlight on the environment



INFRASTRUCTURE
VICTORIA

FAST FACT:

Infrastructure Australia recommends a **carbon value** of **\$56 a tonne**

The Strategy's environmental priorities:

- Need to support a **drier, warmer climate** with more extreme events
- Need Victoria's **natural environment to thrive** given benefits from climate to ecotourism
- **Set a carbon value** for Victoria
- Produce an **energy sector adaptation plan** and **transition pipeline**
- Partner to fund and deliver **projects including** introducing **recycled drinking integrated water**



Private sector opportunities:

- › **Carbon innovation** – Opportunity to innovate infrastructure projects from inception through to construction and operations that reduce carbon (contributes around 70% of Australia's emissions)
- › **Local supply chains** – Calling for innovation in manufacturing of material (low carbon and recycled) and fast track innovative local supply chains
- › **Disrupt water sector** – Partner to fund and delivery integrated water projects including introducing recycled drinking
- › **Waste and circular economy** – Calls for more certainty from government on where and how waste and recycling will be delivered should give industry more confidence to invest in these sectors in Victoria





Spotlight on Public Private Partnerships

The Strategy calls out **priority housing, kindergartens, schools, TAFE and hospitals projects** for public private partnerships

5 vs 0

Number of times the term '**Public Private Partnerships**' appears in the new vs former strategy

Specific PPP opportunities are called out in the Strategy for the following sectors:

Housing

- › Calls for Victorian Government to continue to use PPPs and ground lease models so that not-for-profit and private sectors can build social and private homes in mixed developments.

Kindergartens

- › Calling for better market facilitation and more targeted government investment to drive delivery of kindergartens.
- › Use PPPs for new and expanded kindergartens in areas of need (including outer suburbs and regional areas) and highlights model of Victorian Schools Building Program.

Schools

- › IV suggest Victoria will need between 35 and 60 new schools by 2036, depending on the size and distance between schools (in addition to existing program).
- › Suggest government can change the timing of funding new schools by using PPPs like in the delivery of schools built in Victoria from 2008 to 2018.

TAFE

- › IV estimate expanding TAFEs will cost \$1.9 billion to \$2.5 billion over 10 years (with general government revenue to fund this component).
- › Suggest government can source additional funding through the Australian Government's National Skills Agreement.
- › Highlights may be opportunities for PPPs to help fund TAFE expansions.

Hospitals

- › Proposes redevelopment of the Alfred, Austin and Royal Melbourne hospitals.
- › Suggests the Victorian Government can also consider alternative funding sources, like leasing parts of hospitals to businesses or property income.
- › PPPs may provide a key option for these works.

02

Insights by sector

What it means for the **energy** sector



Topline takeaway

Industry partnerships are a non-negotiable to achieve energy transition in Victoria

Why?

- The Victorian Government legislated renewable energy targets of 65% by 2030, 95% by 2035, and a net zero emissions target by 2045.
- Transitioning to renewable energy is a must for reducing greenhouse gas emissions and meeting Victorian and national targets. IV acknowledges Victoria is challenged by the current transition rollout and that urgent action is needed to achieve targets.

So, what?

- For a chance to achieve the targets, large scale investment is needed from Victorian government, the Australian government and innovative financing and funding partnerships with private investors.
- Offshore Wind remains a major competitive differentiator for Victoria in the context of the national energy market although significant investment is required.
- Collective effort should be focused on finding ways to cut through complex approvals to ensure upfront certainty to de-risk these significant projects. This must involve both the commonwealth and state governments given the national energy agenda.



What it means for the **water** sector

Topline takeaway

Policy reform and investment is needed across the entire Victorian water sector to optimise its role in healthy communities, economic growth and environmental protection.

Why?

- Water is a highly complex market given it is a natural resource with such diverse demand and supply considerations.
- Community understanding is notoriously difficult to manage and does not have the same buy-in for necessary reforms resulting in limits to innovation and sector sustainability.
- As one of the most foundational resources on which our society, economy and environment rely upon it warrants much more attention from public and private players.

So, what?

- To make sure Victoria has enough water which it needs to service a growing population, a thriving environment and water heavy emerging industries (for example, renewables and data centres) major investment is needed.
- Opportunity for partnerships with international leaders with proven delivery records to pilot overseas water innovations in Victoria – such as IWM projects in urban infill environments and recycled drinking water – will be strategically advantageous.
- Opportunity for increased private sector participation in the sector more generally

24 vs 12

Double the focus on integrated water management in the 2025 strategy compared to the 2021 report



The following **transport projects** are logical priorities to guide industry focus:

- **Increase services and extend trams** in established areas that can provide more homes
- **Build new Bus Rapid Transit** to increase access to rail + extend the Eastern Busway along Hoddle
- **Extend metropolitan trains to Melton** to reallocate V/line trains regionally
- In Melbourne's north, **build new Campbellfield and Beveridge stations** and duplicate single track



INSIGHTS BY SECTOR

What it means for the **transport** sector

Topline takeaway

Victoria needs more public transport that is safe and readily accessible because it is the connective tissue that provides better and fairer outcomes for every Victorian.

Why?

- Transport – as both hard infrastructure and a service – materially shapes the daily lives of every person and the way they access housing, jobs and services.
- Transport infrastructure is expensive to build, and the fiscal environment poses constraints. This lends itself to optimising existing assets and limiting new projects where possible.
- Earlier integration of land use and transport infrastructure is foundational to maximise the return on investment in transport projects.

So, what?

- The transport projects and upgrades identified in the strategy respond to projected demand as Victoria's population grows.
- The priorities focus on optimising and upgrading access and the quality of existing assets and services to minimise cost.
- Certainty of the pipeline will enable the private sector to invest in delivery capability and to respond to adjacent (housing) opportunities.

What it means for **precincts and development**

Topline takeaway

The joint public and private priority must be to develop more homes - including a mix of market, affordable and social homes - in strategic infill locations.

Why?

- Leveraging the significant historical investments in major transport and road projects is the challenge now to maximise value for money outcomes by significantly upzoning and catalysing development with access to this infrastructure.
- Greenfield growth is more expensive to service and whilst it will play a role in catering for Victoria's growth the overriding public interest is in optimising infrastructure in established areas.

So, what?

- There is ongoing value in a collective focus through public and private collaboration to overcome the feasibility issues for medium and high-density development in Activity Centres and other priority precincts.
- Market innovations to better utilise institutional investment in housing at scale - such as build to rent and build to rent to own - is still a worthy strategic focus for the private sector in developing infill areas.





Image source: Infrastructure Victoria

For more information, or to discuss Victoria-related opportunities, please reach out:

Nicole Scurrah

Founder & Executive Chair

nicole.scurrah@createadvisory.group

+61 411 568 666

Jason Wozniak

Managing Director VIC

jason.wozniak@createadvisory.group

+61 475 950 567

Ben Stewart

Principal

ben.stewart@createadvisory.group

+61 417 240 811

Tess Pickering

Principal

tess.pickering@createadvisory.group

+61 422 041 708

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