

2026 Tasmanian Budget: Community sector implications

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Tasmanian Policy Exchange

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A photograph showing several traditional woven baskets and a red clay bowl. The baskets are made of natural fibers and some contain dark objects. The red clay bowl is in the foreground, filled with a reddish substance. The items are resting on a textured, fibrous surface. The image is partially obscured by a white diagonal overlay on the left side.

Acknowledgement of Country

We acknowledge the Palawa/Pakana of Lutruwita, the traditional owners of the land upon which we live and work.

We pay respects to Elders past and present as the knowledge holders and sharers. We honour their strong culture and knowledges as vital to the self-determination, wellbeing and resilience of their communities.

We stand for a future that profoundly respects and acknowledges Aboriginal perspectives, culture, language and history.

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**2026-27
Tasmanian
Budget**
20 May 2026



**The 2026-27
Federal Budget**
15 May 2026



**Putting out the
fire**
7 May 2026

UNIVERSITY of
TASMANIA 

Background



Context

Challenging and uncertain times (but need budget repair)

International

- War in the Middle East
- Ongoing tariff battles
- AI bubble?
- Climate change
- Populism

Australia

- Inflation is back
- Fuel price rises
- Reliance on primary industry
- Relationship with China

Tasmania

- Ageing population
- Poor education outcomes
- Low participation rates
- Uncompetitive industries
- Lack of housing
- Lack of investment
- Lack of public transport
- Rising service delivery costs

Budget overview



Framing

1

A **budget problem** which requires an immediate response

2

Time frame of 2 or 3 years to return surplus: ambitious but makes political sense

3

Strategy is slightly clearer than previous budgets: focus on savings

“As the Good Book reminds us - there is a season for most things. There was a season for deficit budgeting. And now is the season for balancing the books.”

- Budget Speech, p. 3



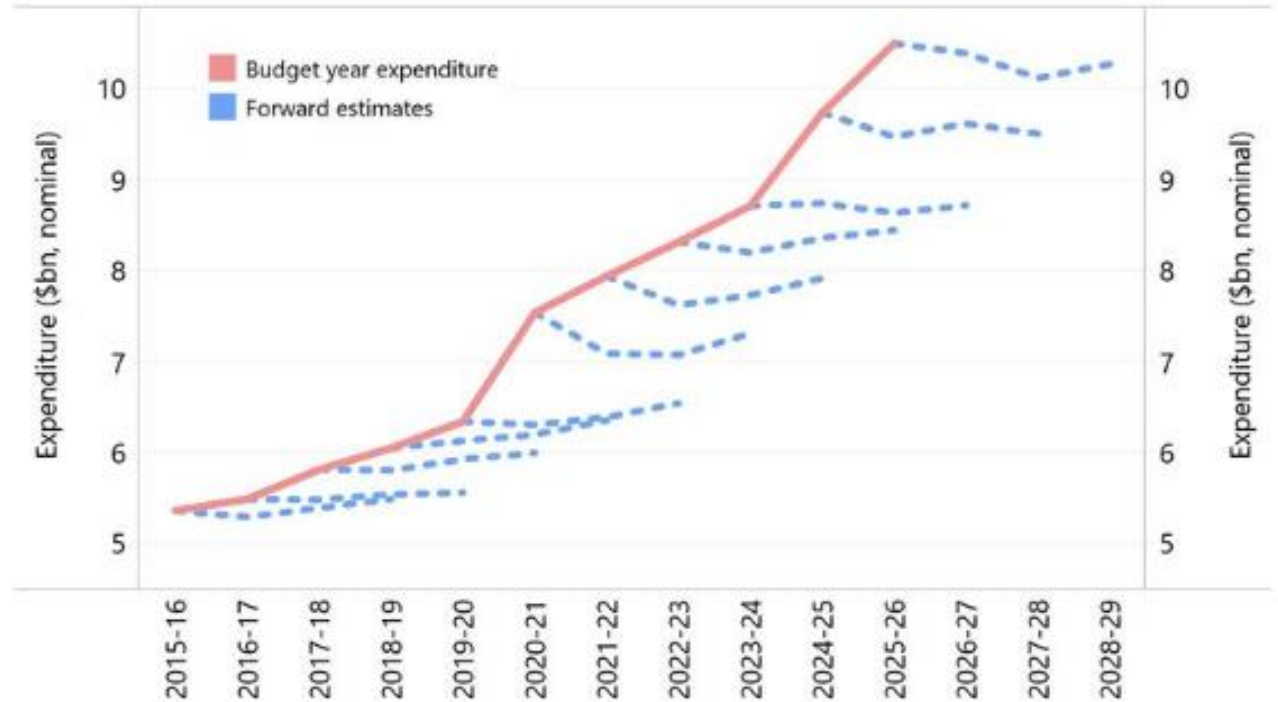
Source: [Tasmanian Country](#)

The headlines

The road to budget repair?

- **3-year path** to a balanced budget
- Two thirds revenue/one third savings
- Return to surplus built on **optimistic assumptions** – but some big risks ahead:
 - GST review and uplift
 - Growth and housing market assumptions
 - Inflation assumptions
 - Poor track record of savings
- Saul's take: "The improvement in Tasmania's financial position owes more to 'windfall gains'... from the Federal Government than to Tasmanian Government 'policy decisions'"

Actual expenditure and forward estimates in Tasmanian budgets, 2016-2026

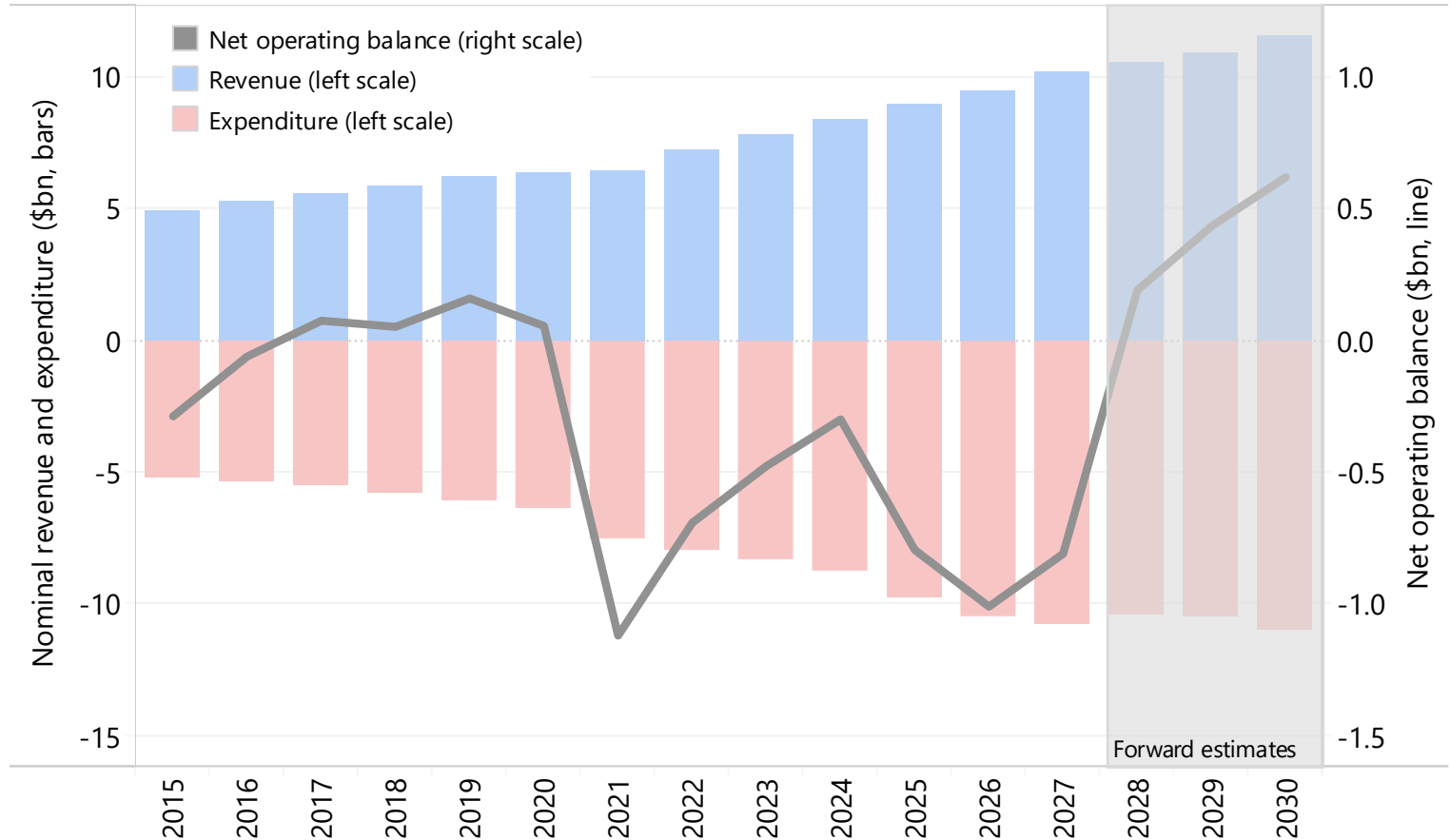


Source: [PIMBY 23](#)

Topline outcomes

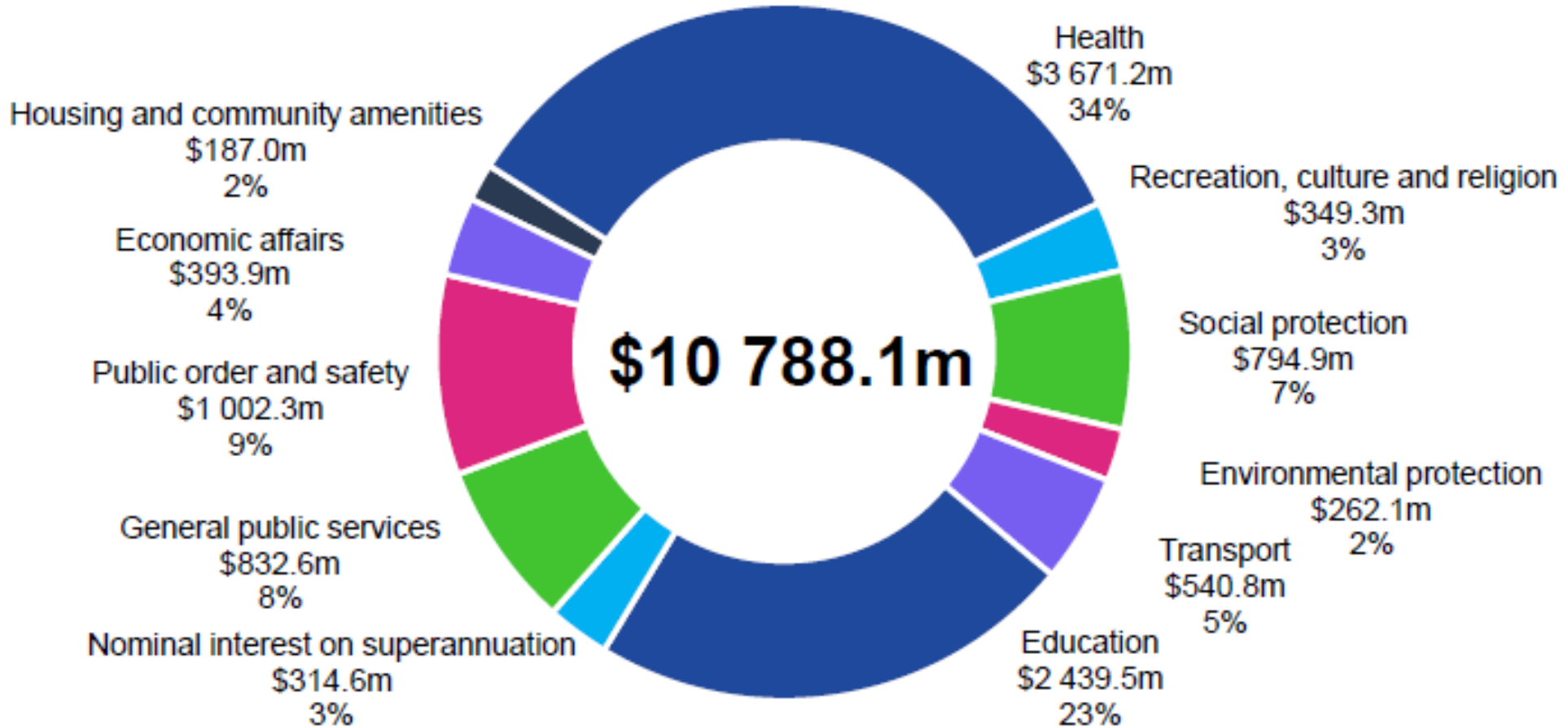
- **Net operating deficit of \$596m in 26-27**, then growing surpluses over FE
- General Government **Net Debt to \$10b** by mid-2029 – \$414 million less than forecast in last year’s Budget
- Including Government Businesses, net debt = **\$18.4b**
- **Our interest payments** will be **\$328m** in 26-27, increasing to **\$509m** in 28-29

Tasmanian Government revenue, expenditure, and net operating balance, 2016-2030



Source: [PIMBY 23](#)

What are we spending on?



Where is repair coming from?

'Operational efficiencies' are vague but are a line item for Agency reporting

Agency	2026-27	2027-28	2028-29	2029-30	Totals
Brand Tasmania	\$136,000	\$148,000	\$152,000	\$152,000	\$588,000
Education, Children & Young People	\$25,000,000	\$50,000,000	\$75,000,000	\$78,222,000	\$228,222,000
Health	\$131,449,000	\$186,725,000	\$190,999,000	\$193,439,000	\$702,612,000
Justice	\$7,439,000	\$17,527,000	\$21,333,000	\$21,333,000	\$67,632,000
Ministerial & Parliamentary Support	\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000
NRE Tasmania	\$4,936,000	\$13,977,000	\$19,998,000	\$20,075,000	\$58,986,000
Police, Fire & Emergency Management	\$8,064,000	\$12,750,000	\$25,790,000	\$25,790,000	\$72,394,000
Premier & Cabinet	\$3,836,000	\$5,775,000	\$5,716,000	\$5,758,000	\$21,085,000
State Growth	\$16,435,000	\$66,872,000	\$68,378,000	\$75,733,000	\$227,418,000
Tourism Tasmania	\$1,130,000	\$3,140,000	\$4,520,000	\$4,520,000	\$13,310,000
Treasury & Finance	\$783,000	\$2,174,000	\$3,130,000	\$3,130,000	\$9,217,000
Totals	\$199,708,000	\$359,588,000	\$415,516,000	\$428,652,000	\$1,403,464,000

Focus areas

- Health
- Housing
- Education
- Commission of Inquiry +
Children and Young People
- Social and Community Services



Health

Heroic assumptions about spending restraint

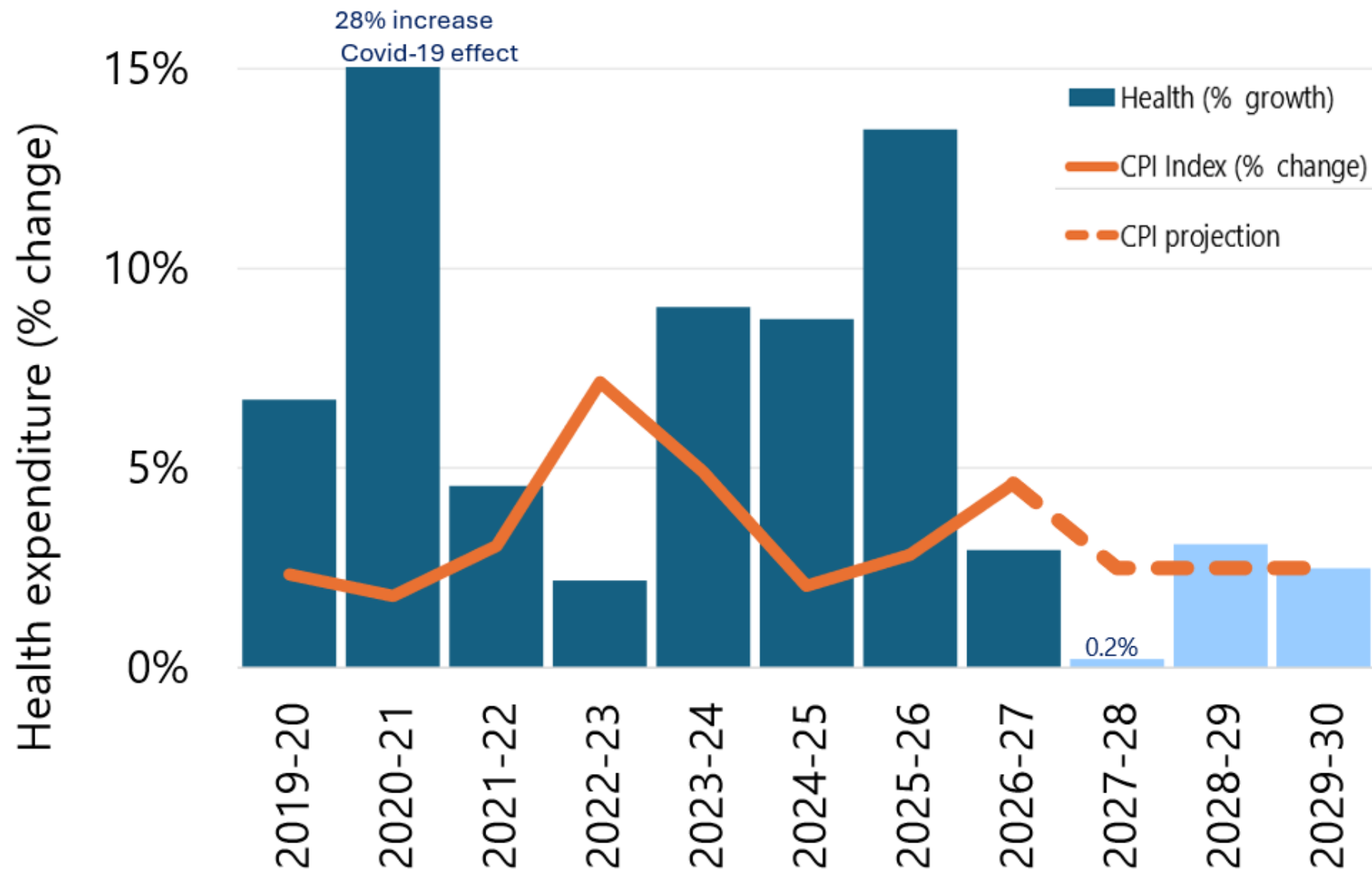
- Increasing from \$3.66b to **\$3.87b** over FE (**1.6% pa** vs **8.5%** in the decade to 24-25)
 - **\$745m** from National Health Reform Agreement
- **Preventive Health Strategy: \$20m** over FE
- **TassieDoc: \$4m** per year across FE for expanding bulkbilling GP clinics

- **Operational efficiencies: \$700m** across FE:
 - improved cost recovery
 - vacancy management, including decreasing locum and agency costs
 - revised executive structure
 - consolidating corporate and policy functions
 - reducing consultancies
 - improving contract management
 - consolidating leased office accommodation
 - reducing operational costs (e.g. supplies, staff travel)



Source: [ABC News](#)

Annual percentage change in total health expenditure, 2019 to 2030



Health

The spending increase vs cuts kerfuffle

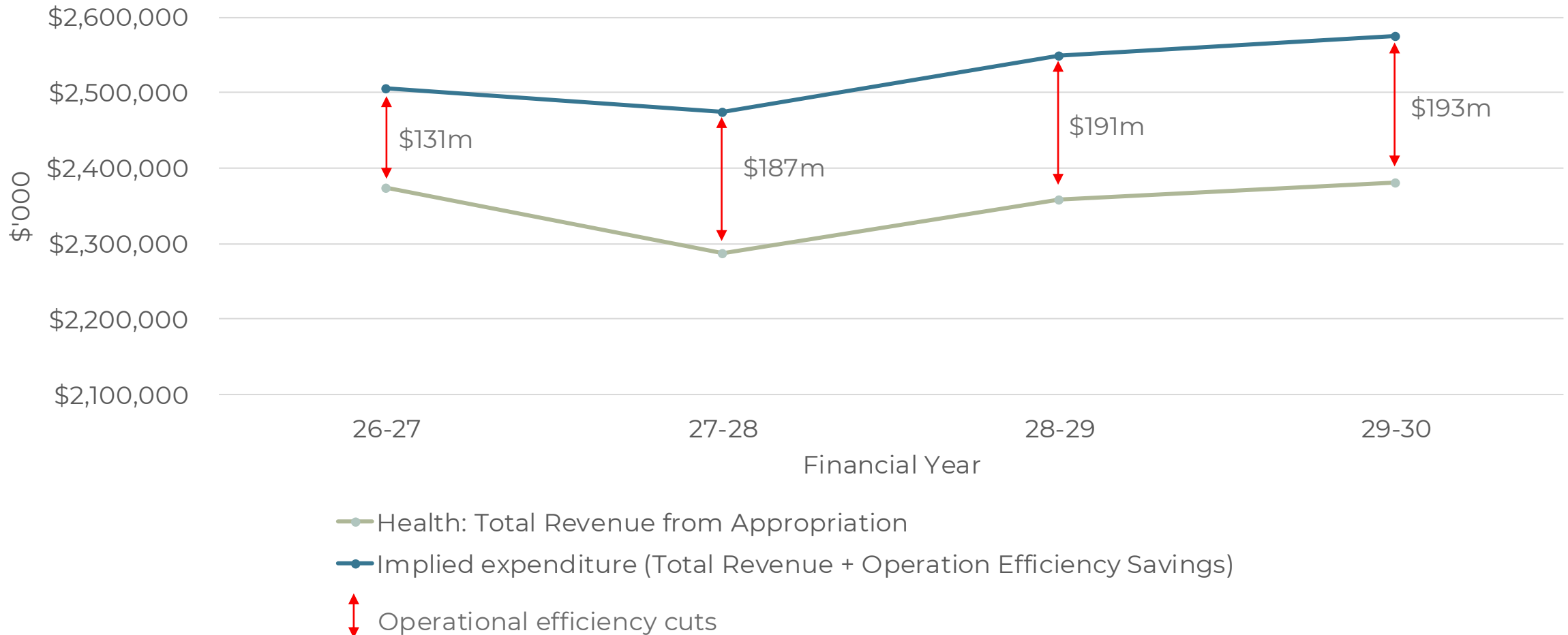
- Government: health spending is increasing by \$264.8 million

Budget	26-27	27-28	28-29	Totals
25-26	3,541,325	3,594,709	3,699,554	10,835,588
26-27	3,657,438	3,665,016	3,777,932	11,100,386
Difference	116,113	70,307	78,378	264,798

Health

The spending increase vs cuts kerfuffle

- Critics: health spending is being cut by \$702 million



Housing

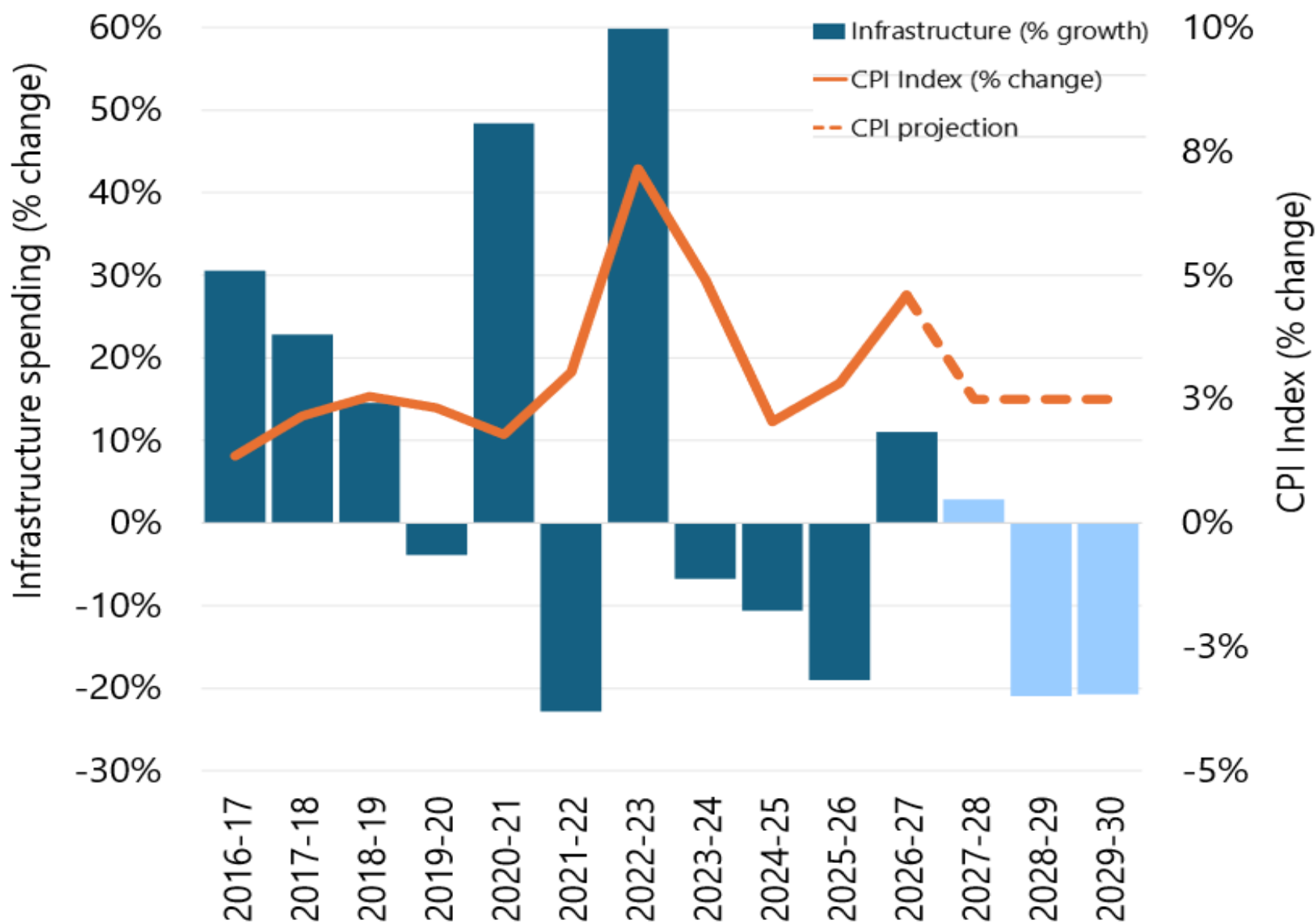
Where next for Homes Tasmania?

- Housing and community amenities: **\$187m** in 26-27 – down from **\$238m** in 25-26
- Homes Tasmania to receive **\$585m** over FE – including Federal funding
- **TASCOSS** dashboard provides a clear overview of progress and challenges
- DSG becomes **Building Tasmania on July 2**, and Homes Tasmania will be folded into it in future



Source: [ABC News](#)

Annual percentage change in infrastructure spending, 2016 to 2030



Education

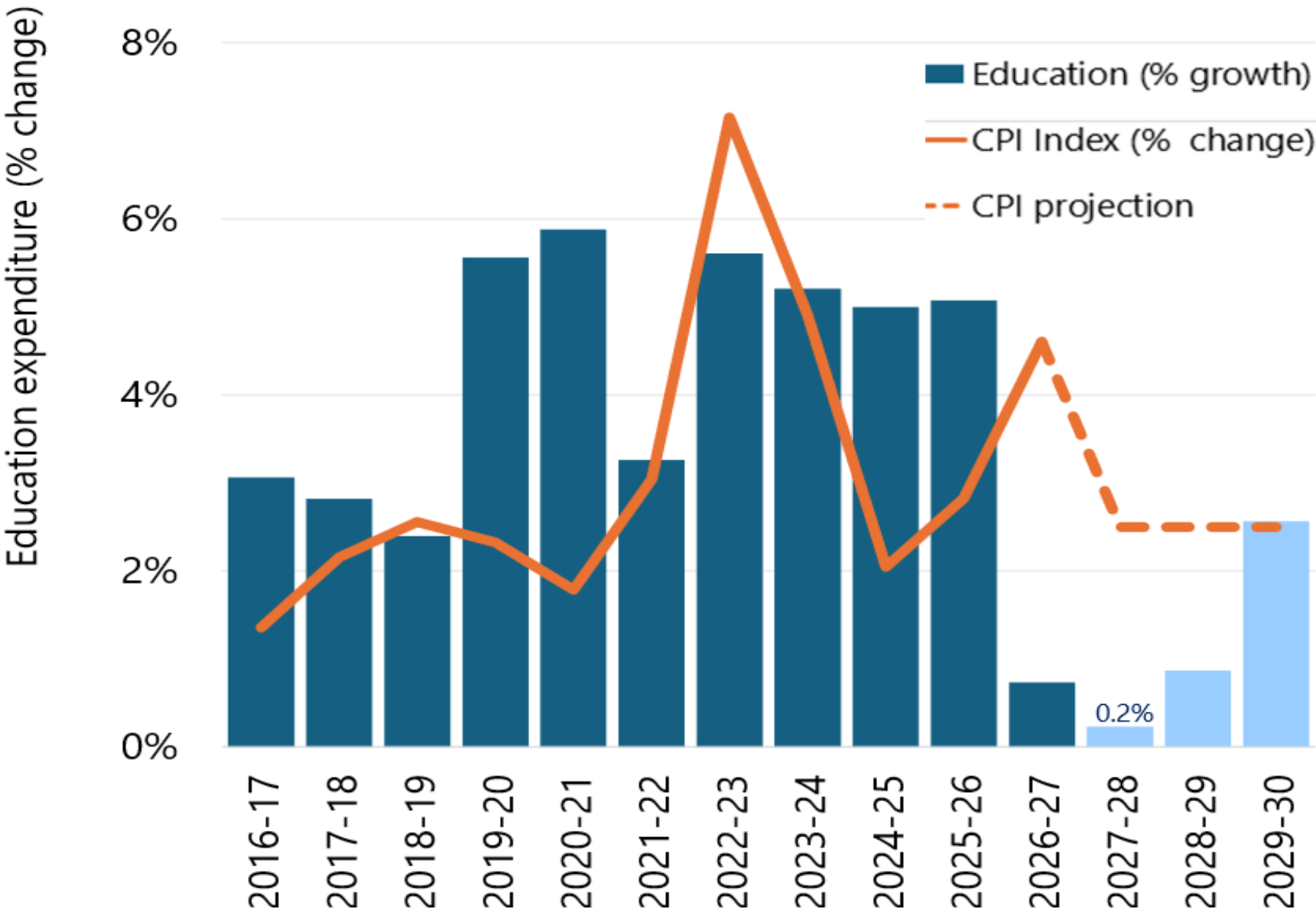
Department cuts coming?

- **Education:** \$1.49b in 26-27 up to \$1.55b in 29-30
- **Food to Support Learning and Wellbeing:** \$38.35m across FE
- Capital investment: \$294m in **school upgrades, teacher accommodation**
- DECYP operational efficiencies: **\$228m** over FE:
 - 10% reduction in the 1,552 FTE 'back-office' staff?



Source: [Tarooma High School](#)

Annual percentage change in education expenditure, 2016 to 2026

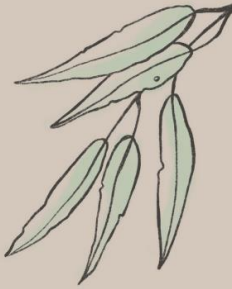


Col + Children and Young People

Col wind-down and restructures

- **Child and Youth Wellbeing (DPAC):** \$8.8m in 26-27 down to \$2m in 29-30. Apparently shifted elsewhere, but hard to track...
- **Commission for Children and Young People:** \$2.5m per year
- **Out of Home Care:** \$100.1 million across FE
- **Children Services (DECYP): \$270.5m** in 26-27 down to 224.3m in 29-20
 - **Service for Children and Families:** \$238m in 26-27 down to \$206m in 29-30 due to 'completion of Col response'
- **\$110m** in 27-28 to **replace Ashley Detention Centre**
- **\$314m** for **Victims of Crime Assistance and Redress, inc.**
National Redress scheme

Keeping
Children
Safe



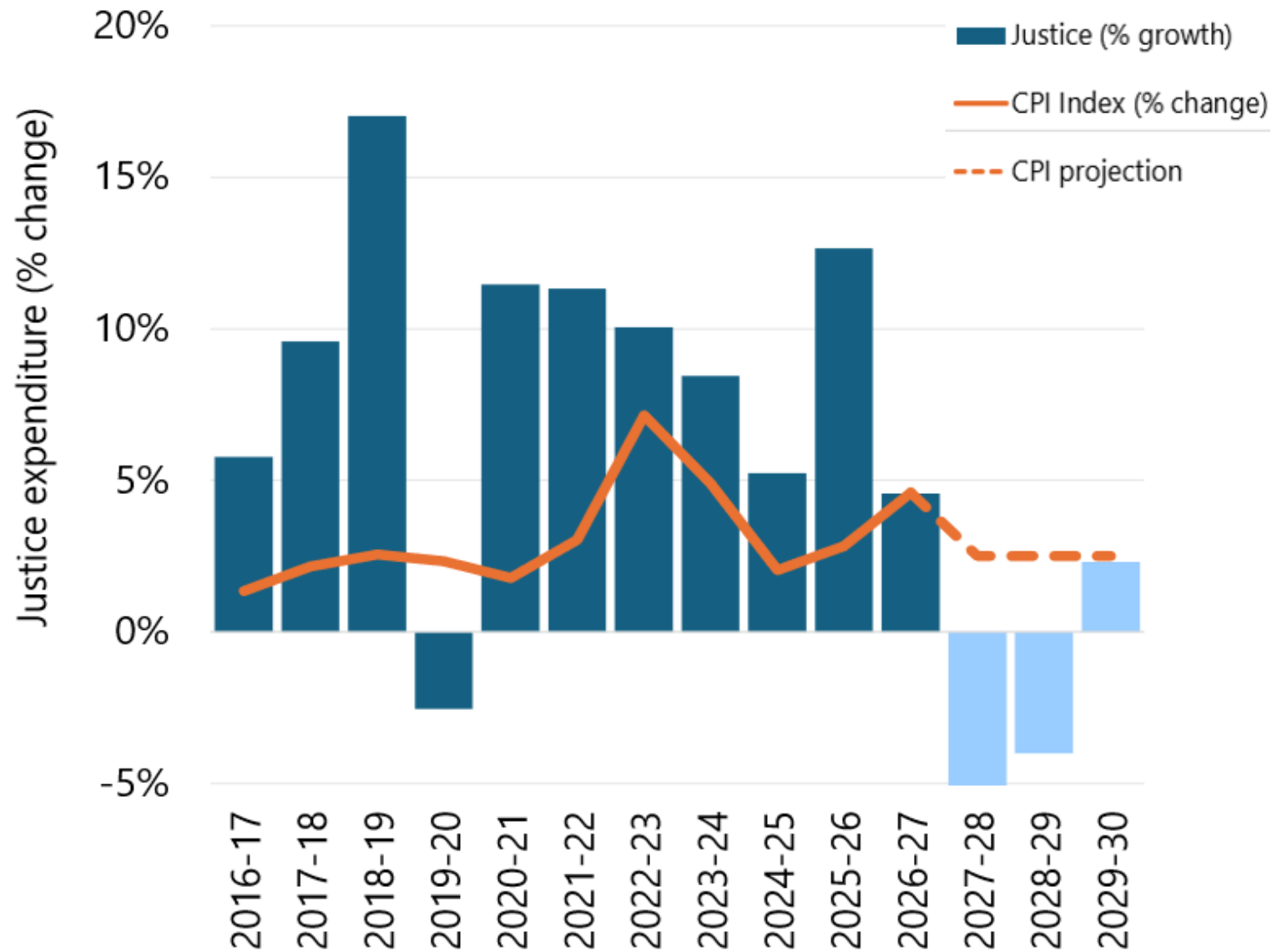
Change for Children

Tasmania's 10-year strategy for upholding the rights of children by preventing, identifying and responding to child sexual abuse

keepingchildrensafe.tas.gov.au



Annual percentage change in total justice expenditure, 2016 to 2026



Social and Community Services

Some reform, plenty of risks

- **Indexation:** 3% per annum for 26-27 and 27-28, then 2% per annum for rest of FE
- Continuation of some cost-of-living initiatives:
 - **Energy Hardship Fund:** \$150,000 per year (ends after 28-29)
 - **Energy Retailer Concession:** \$234 million over FE
 - **Food Relief Strategy and Services:** \$1.55m per year (ends after 28-29)
 - **Free public transport** continues to mid-2027
- **Community Services: 13.5% cut** across FE compared to 25-26 (25-26 = \$127.5m; 26-27 = \$110.3)
- **Closing the Gap:** No new funding beyond \$1.4 million for 2 years then \$800,000 for 2 years



Conclusions



Budgets are about choices

The 26/27 Budget seeks to deliver rapid repair

- Unprecedented savings (especially with high inflation and demand)
- Mostly achieved through revenue assumptions and operating savings

Our approach

- More gradual savings
- Public sector reprioritisation, systems reform and productivity
- Modest (\$100 million) in revenue measures
- Reduced/delayed capital spending until the budget returns to surplus
- Protect funding for programs serving the most vulnerable Tasmanians



An advocacy idea

The goal

Highlight the full impact of the budget on the community sector.

Keep track of (death by a thousand) cuts

- A lot of the cuts to the community sector will be through 'Grants and Subsidies' – but this important line item doesn't provide much detail in the budget
- Cuts will come when contracts expire – the sector could maintain a public dashboard to keep track

Questions and Comments?

Policy In My Backyard



by the [Tasmanian Policy Exchange](#)

