

2025 Interim Tasmanian Budget: Community sector implications

Dr Rob Hortle

Tasmanian Policy Exchange

7 November 2025



A photograph of traditional Indigenous objects. In the foreground, there is a large, shallow, reddish-brown clay bowl. To its left, a woven basket made of light-colored fibers is visible. Further back, another woven basket contains several dark, smooth stones. A beaded necklace with blue and white beads lies on a textured, light brown surface in the foreground. The background is a soft-focus green field.

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.

Please refer to the University [palawa kani guidelines](#) and [Acknowledgement of Country protocols](#) for further information.

The Tasmanian Policy Exchange

The Tasmanian Policy Exchange (TPE) at the UTAS makes timely and informed contributions to key policy debates in Tasmania and beyond:
www.utas.edu.au/tpe

Our latest venture is *Policy In My Backyard (PIMBY)*, which provides independent analysis of the big policy challenges facing Tasmania.



Please subscribe and suggest topics for future issues.

Scan the QR code to read the latest from PIMBY.

The latest from PIMBY



PIMBY #15

**Watt's the
(Marinus) Link?**
6 November 2025



PIMBY #14

**Fuel for
Thought**
16 October 2025



PIMBY #13

**Parliamentary
Fixed Terms**
18 September 2025

Background



Why an 'interim budget'?

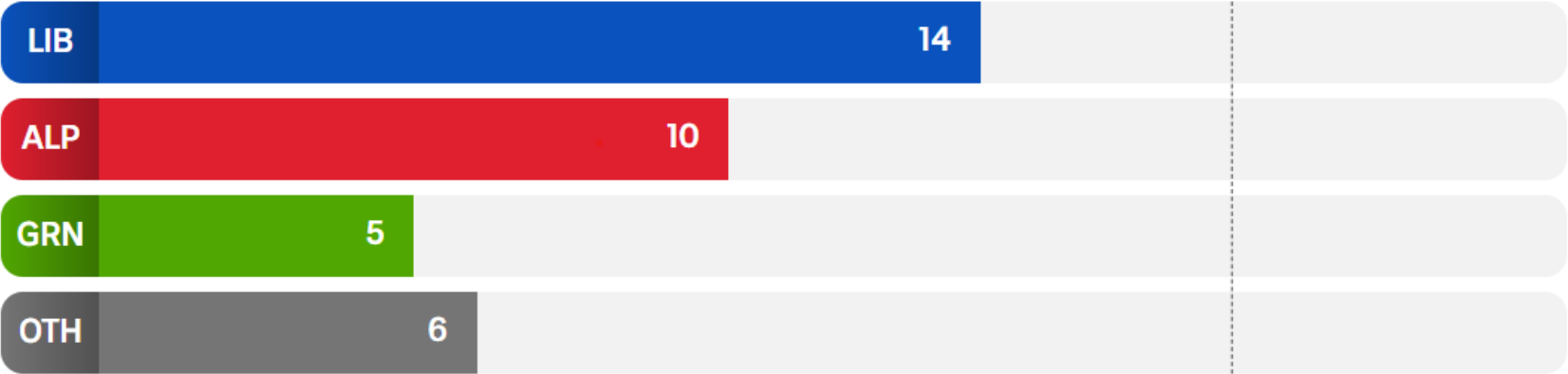
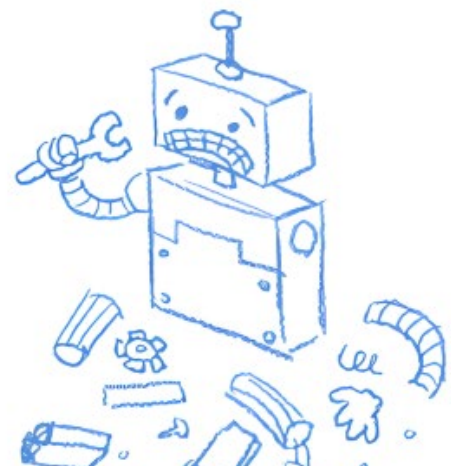
The Lost Budget of May 2025, followed by the Winter of Discontent



404. That's an error.

The requested URL was not found on this server. That's all we know.

[Hostinger](#)



Context

International

- Violent conflict
- Trade wars
- AI bubble?
- Climate change
- Populism

Australia

- Inflation battles
- Reliance on primary industry
- Relationship with China

Tasmania

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

Budget overview



The headlines

- Return of the Lost Budget? So will Parliament support it...
- Positivity built on heroic assumptions – but some big risks ahead:
 - GST review
 - The weather
 - Growth assumptions
- “Less worse” than May, but still “pretty dire” – [Saul Eslake](#)

Framing

“The economic outlook across the Forward Estimates remains positive, as does the outlook for population growth” – Budget Paper No. 1, p. 4

BUT

There are challenges including rising service delivery costs, increased demand in key areas, national and global economic conditions.

“In an environment of constrained fiscal capacity and rising service delivery costs, the Government is committed to embedding structural changes that enhance the efficiency, transparency and sustainability of public finances.”

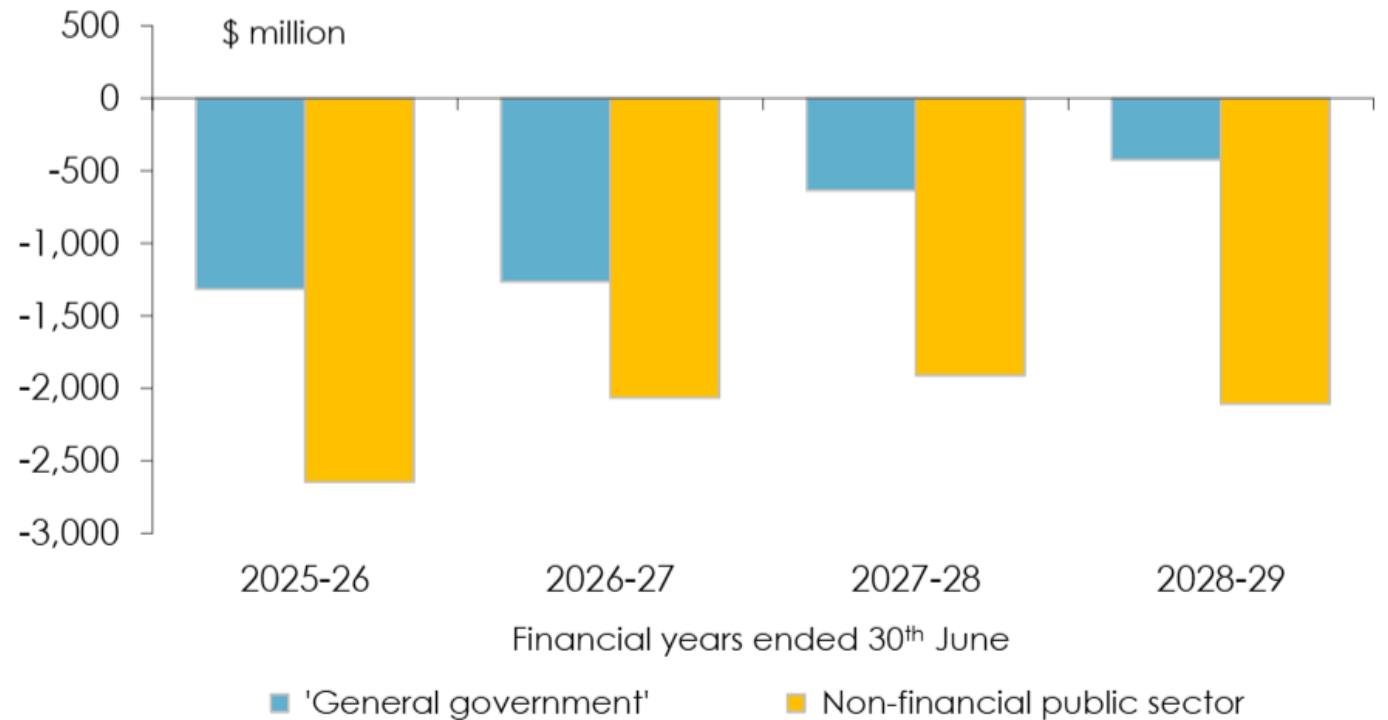
- Budget Paper No. 1, p. 7

“This Budget begins to lay the groundwork for a more accountable, efficient and future-ready public sector”

- Budget Paper No. 1, p. 7

Topline outcomes

- **Total operating deficits of \$2.1 billion** over the next 3 years, then a small surplus
- **General Government Net Debt to \$10.4 billion** by mid-2029 – but if we include Government Businesses, that goes to over **\$19 billion**
- **Our interest payments** will be **\$260 million** in 25-26 increasing to **\$618 million** (6% of operating expenses) in 28-29

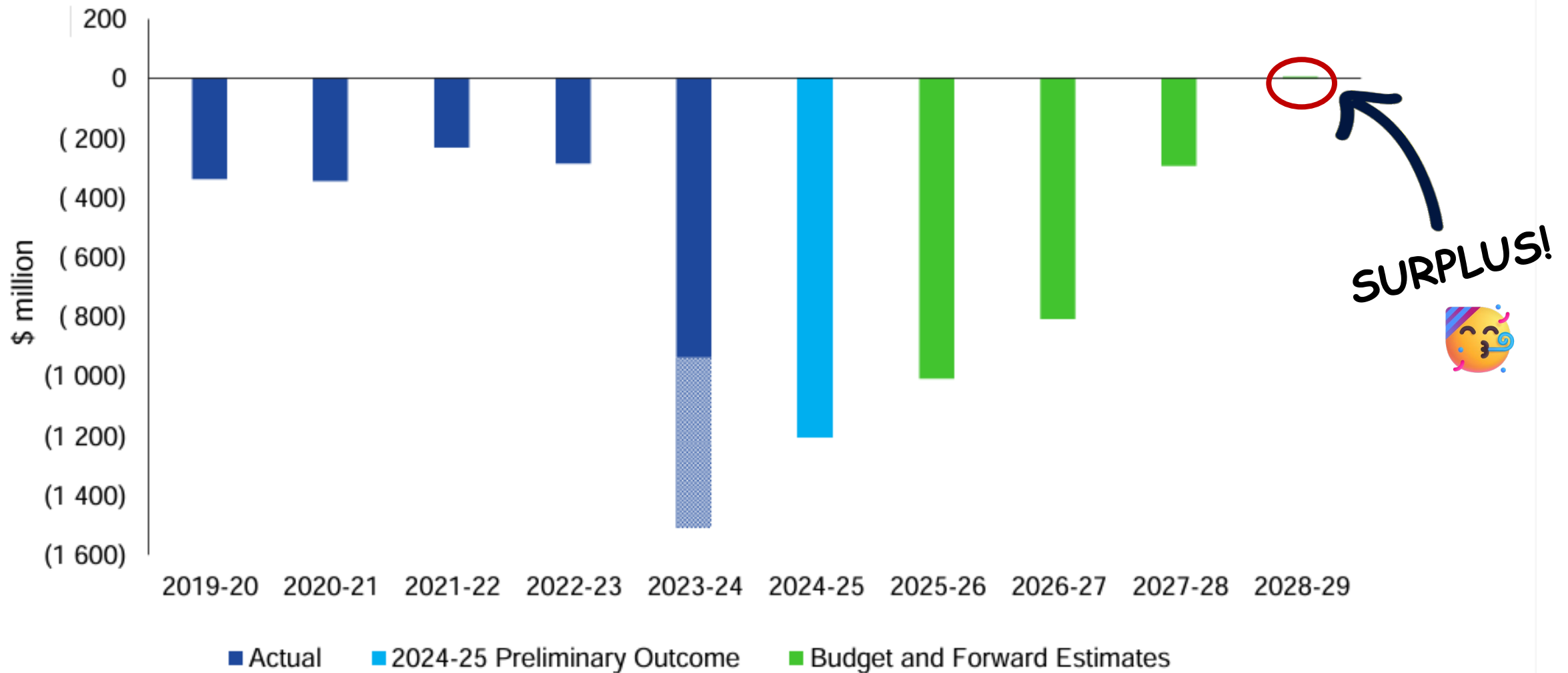


Sources: Tasmanian Government, 2025-26 Budget Paper No. 1, Treasurer's Annual Financial Report 2024-25 and previous issues.

[Saul Eslake](#)

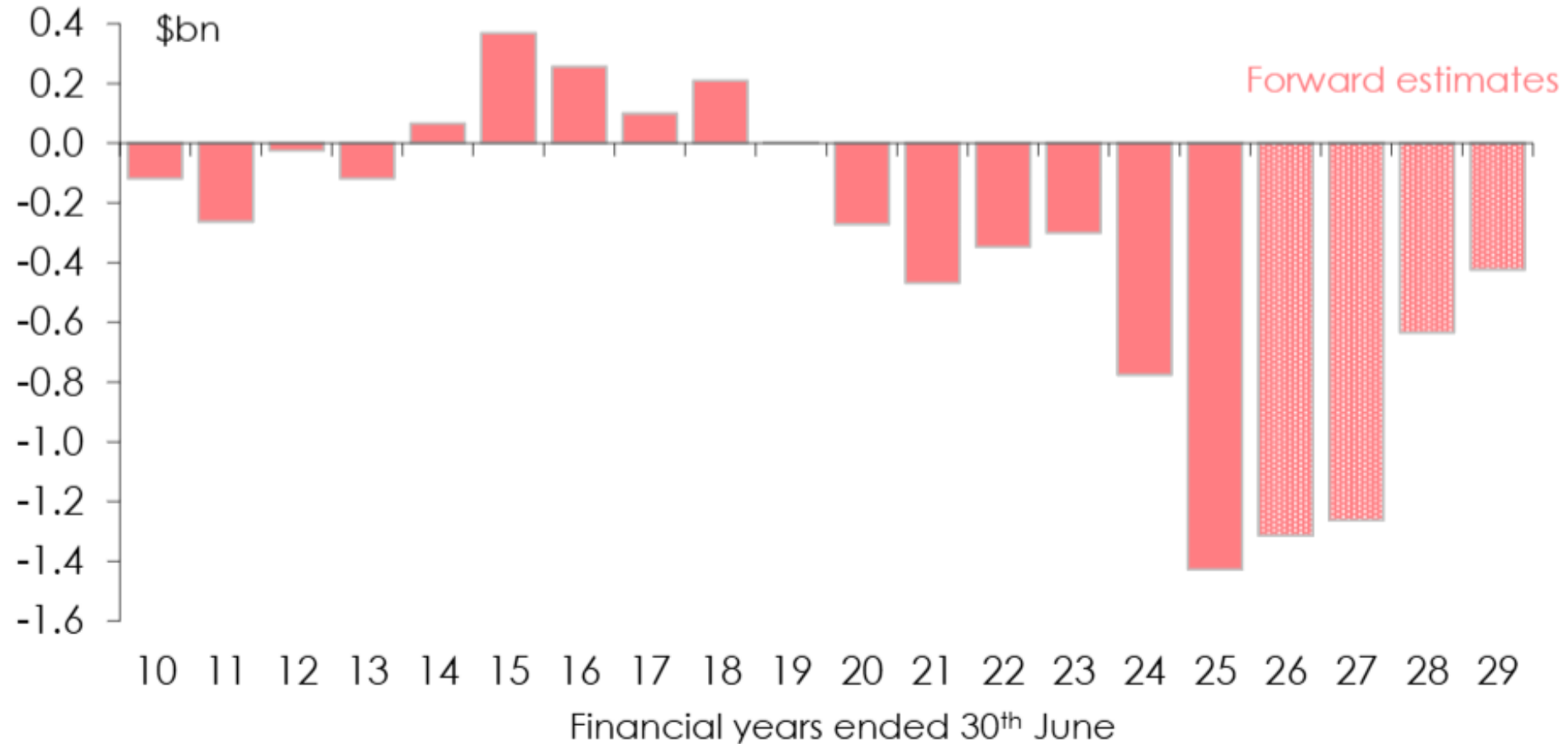
The future

Fiscal Balance, 2019-20 to 2028-29



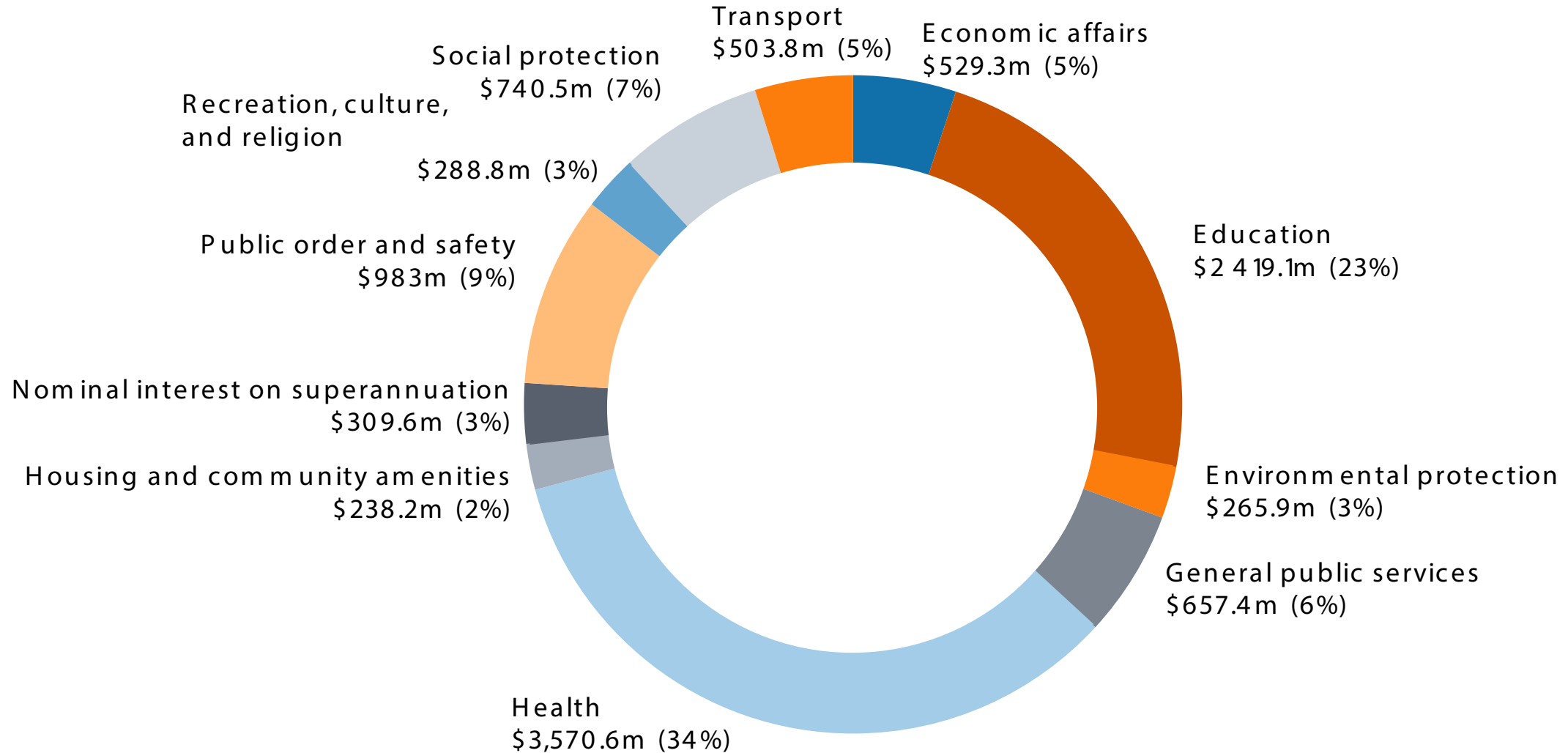
The future

Cash balance, 2010 to 2029

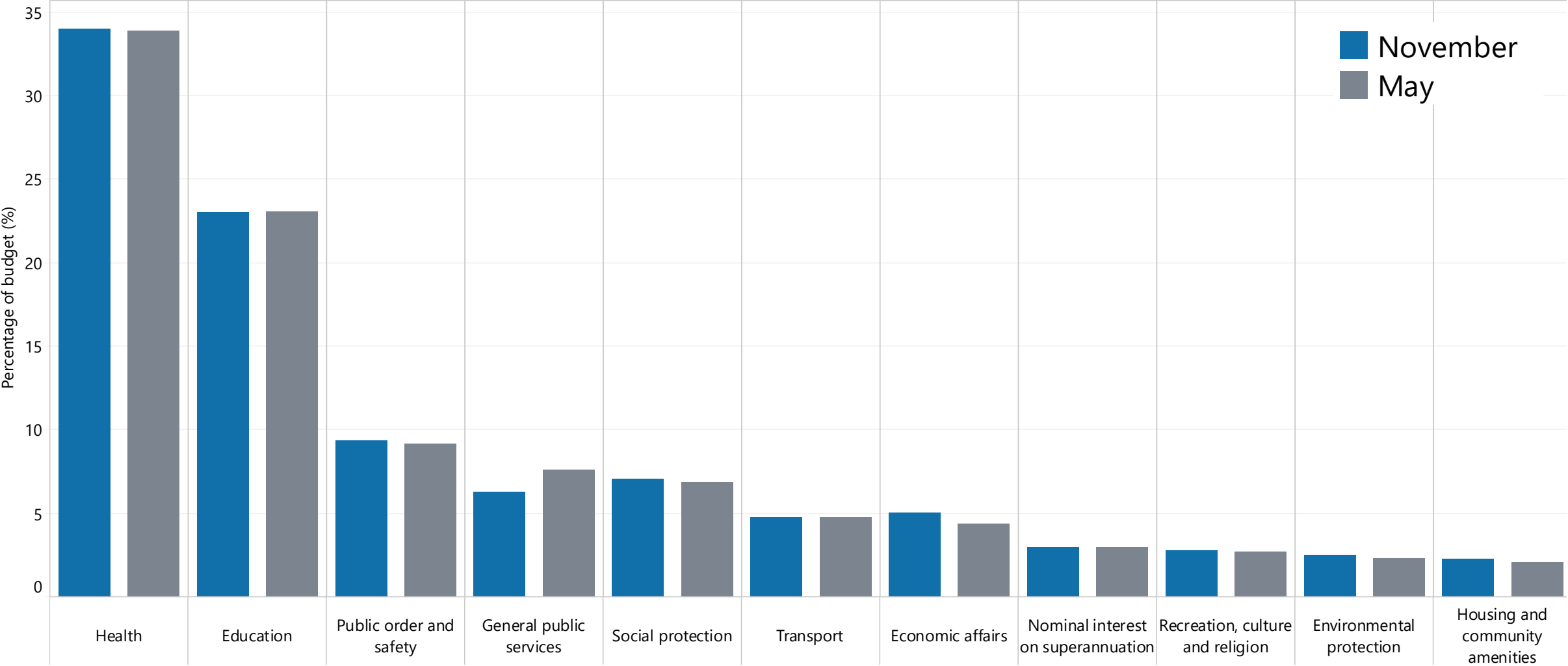


Sources: Tasmanian Government, 2025-26 Budget Paper No. 1, Treasurer's Annual Financial Report 2024-25 and previous issues.

What are we spending on?



May vs November



Focus areas

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



Health

Funding the symptom not the cure

- 34% of state budget
- **Increasing** from \$3.55b to \$3.69b over the forward estimates (only **1.4% pa** vs **8.5%** in the decade to 24-25)
- Extra **\$70 million** over 4 years for **elective surgery**
- Decrease in Public Health Services funding from \$37.6 million to \$33.6m in 28-29
- **No major structural reform**
- Federal health agreement



Housing

Will Homes Tasmania work?

- Housing and community amenities: **\$238 million** in 25-26 down to **\$146 million** in 28-29
- Homes Tasmania to receive **\$632 million** over the next 4 years – including Federal funding
- **TASCOSS** dashboard provides a clear overview of progress and challenges
- **Damning Review of Homes Tasmania** released in June – strategic housing policy shifted back to DSG



Education

Benefiting from the Agreement

- **Education output:** \$2.4 billion in 25-26 up to \$2.54 billion in 28-29
- **1.7% pa increase vs 5.6% pa** over the previous decade
- **Better and Fairer Schools Agreement:** \$24.7 million in 25-26 up to \$35.7 million in 28-29
- \$300+ million in school upgrades
- **New:** Child and Family Learning Centres



Col + Children and Young People

Significant investment but will it deliver systems change?

- **Child and Youth Wellbeing (DPAC):** \$25.7 million in 24-25 down to \$2 million in 28-29. Apparently shifted elsewhere, but hard to track...
 - **Commission for Children and Young People:** \$2.47 million per year
 - **Implementation Monitor:** \$1.47 million per year
 - **Child and Youth Wellbeing Strategy:** shifted to Health and DECYP
- In May, **\$105 million** over 4 years to **replace Ashley Detention Centre**
- **\$296.2 million** in compensation to victim survivors – but estimated cost is \$450 million?
- **\$34 million** for stand-alone Child and Adolescent Mental Health Inpatient Unit and Day Facility at St Johns Park



Social and Community Services

Some reform, plenty of risks

- **Indexation:** 3% per annum over the 2025-26 Budget and two Forward Estimates years
- Continuation of some cost-of-living initiatives:
 - **Energy Hardship Fund:** \$150,000 per year
 - **Energy Retailer Concession:** \$220 million over 4 years
 - **Food Relief Strategy and Services:** \$6.7 million over 4 years
 - **Half price public transport fares** continue to end of 25-26
- **Community Services Sustainability:** \$150,000
- **Neighbourhood Houses Community Connector:** \$324,000 per year
- **Closing the Gap:** \$1.4 million for 2 years then \$800,000 for 2 years



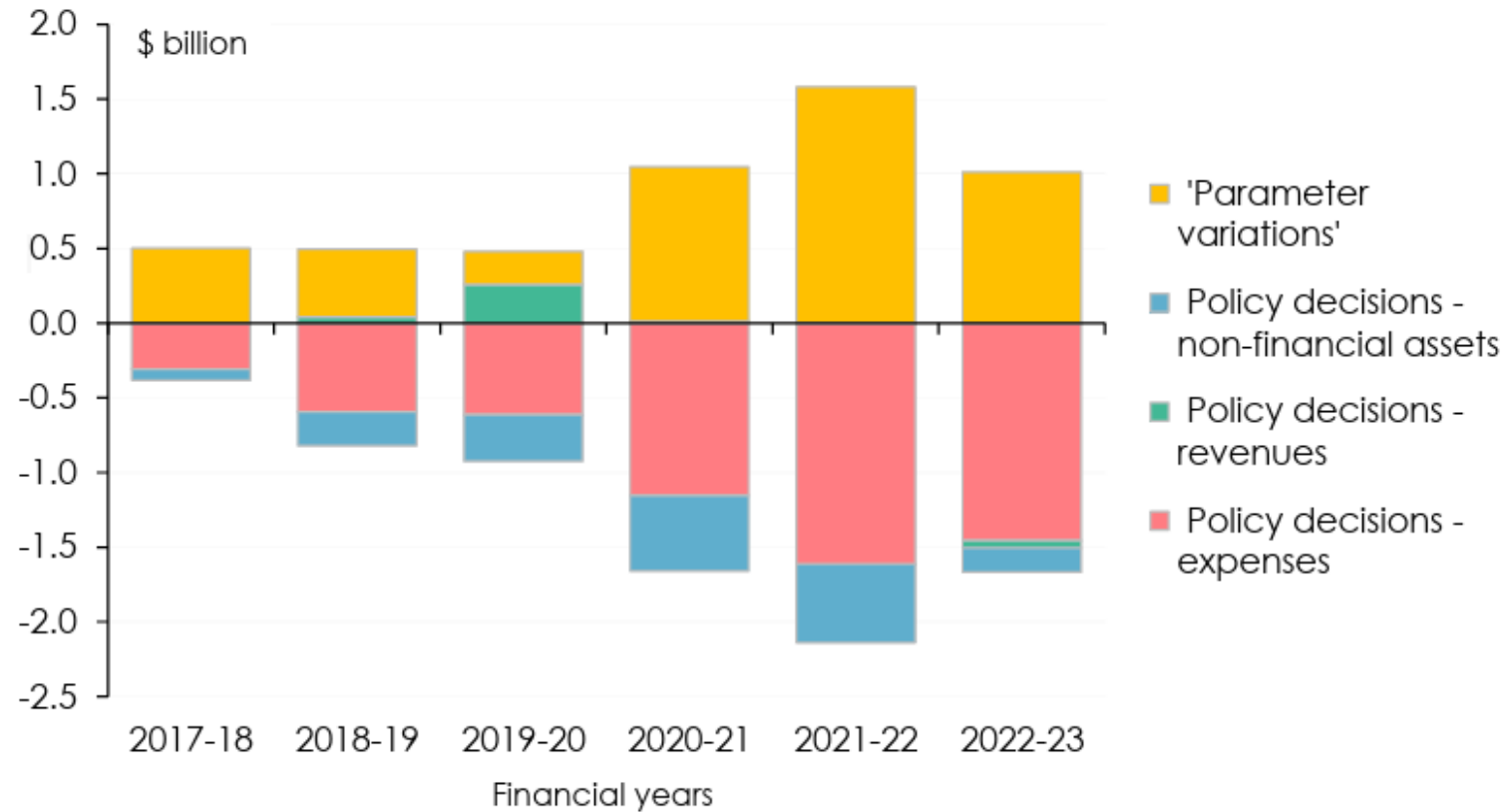
Solutions?



If you were treasurer for a day...

- We can't just grow our way out
- We can't just cut our way out
- We can't just tax our way out
- "A combination of revenue and expenditure measures will be required. No single class of intervention is likely to be sufficient to move Tasmania to a sustainable fiscal trajectory."

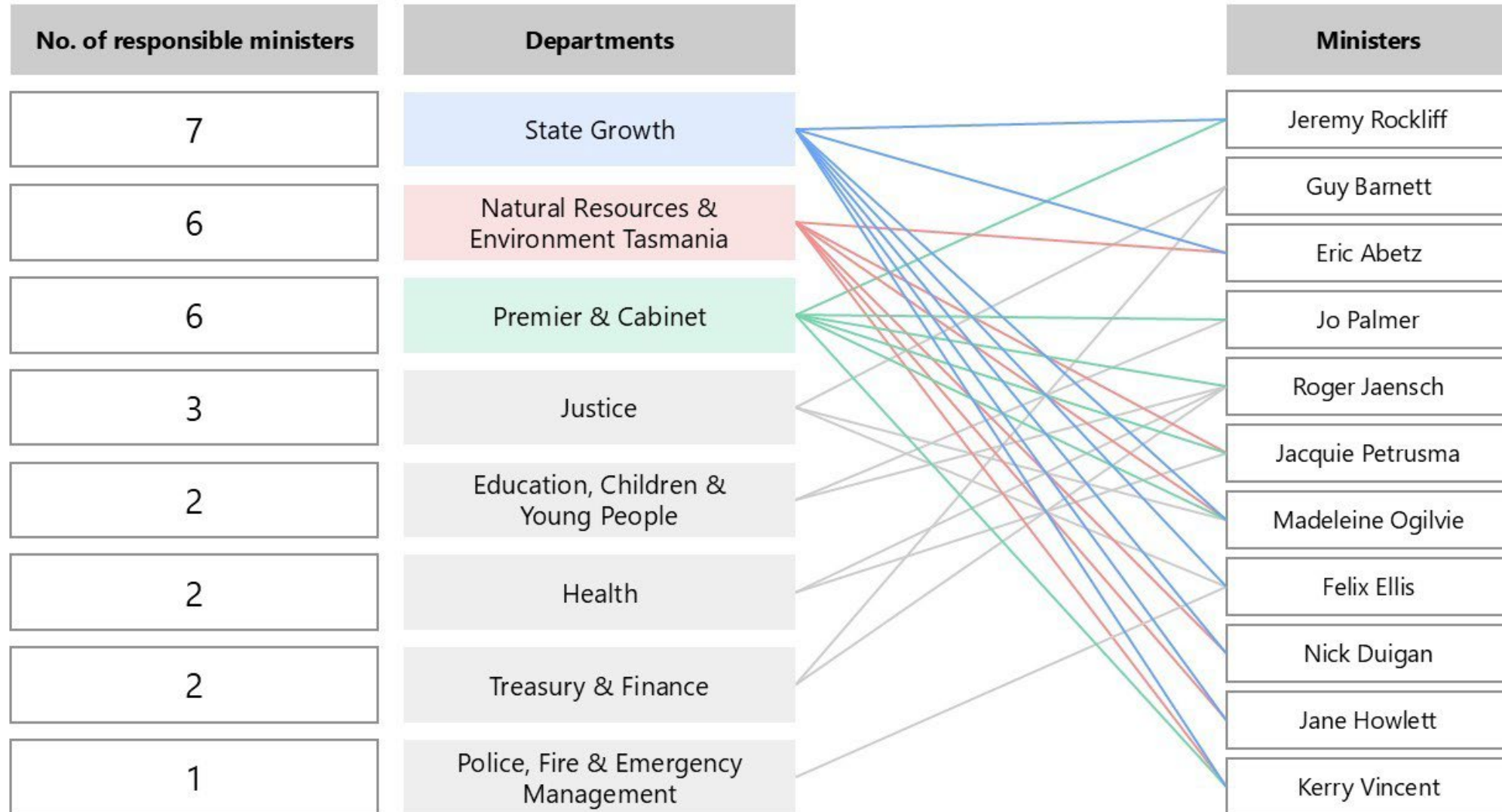
[PEFO 2025](#)



[Saul Eslake](#)

Idea:

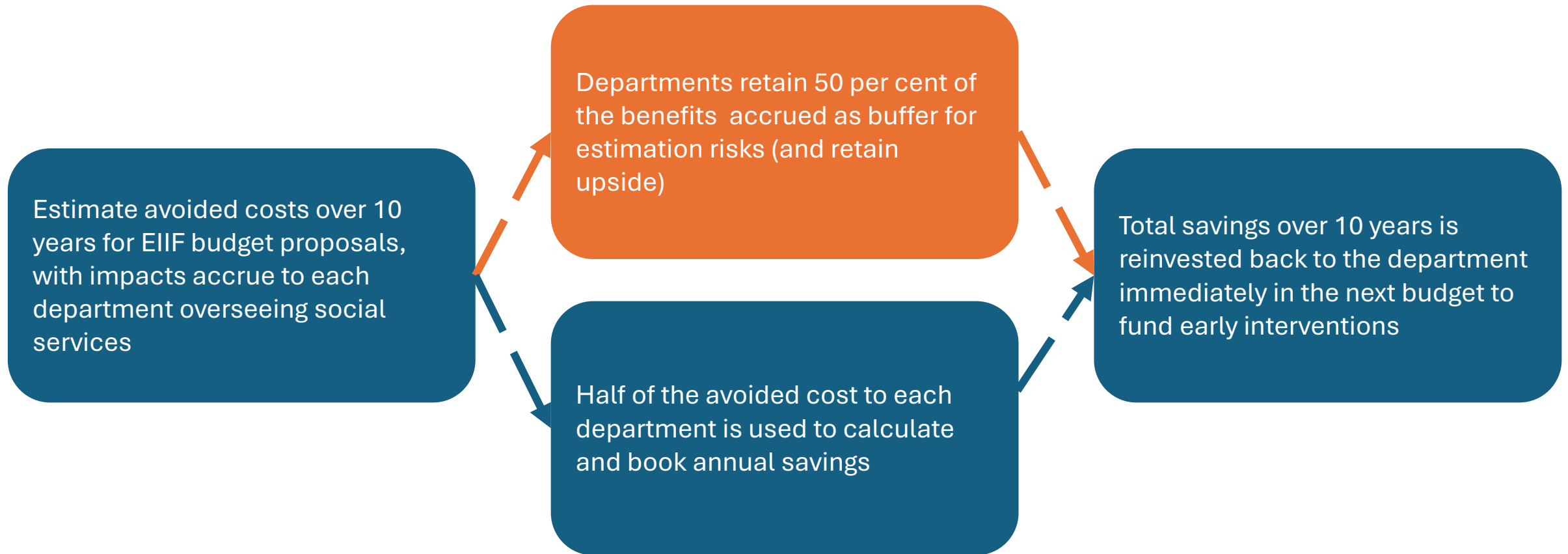
Simplify the machinery of government



Idea:

Preventive spending / Future avoided costs

Victoria has developed an **Early Intervention Investment Framework**:



"Evidence-based early interventions are needed to start slowing the growth in demand for acute services" - [Department of Treasury and Finance, Victoria](#)

Questions and Comments?

Policy In My Backyard



by the **Tasmanian Policy Exchange**

