Estimates Briefing for the Treasurer

Subject: T143. Treasury: Budget Efficiency Dividend Strategy and Ongoing Review of Operations

Budget output: Departmental

Key messages

- The 2025-26 Budget introduces three new savings measures, consistent with the Liberal Party's 2025 election commitments. s27 [redacted]
- Treasury will develop and implement strategies to achieve these savings during the second half of 2025-26.
- s27 [redacted]
- Any further efficiencies that result from the implementation of the Government's "hiring freeze" will be in addition to the savings identified from existing measures.

Background:

2025-26 Budget Saving Initiatives

- The 2025-26 Budget includes a series of new savings initiatives consistent with the Liberal Party's 2025 election commitments to be implemented across government agencies. Key initiatives include:
  - centralisation of media and communications functions to reduce agency expenditure on marketing and media;
  - streamlining of Government procurement processes and arrangements to minimise waste and reduce costs for businesses engaging with the Government; and
  - enhancements to office and leasing arrangements to support a modern and contemporary working environment across the State Service.
- Treasury's share of these savings initiatives has been allocated as follows:
  - marketing and communications: $17 000 in 2025-26, increasing to $34 000 annually from 2026-27;
  - procurement improvements: $34 000 in 2025-26, increasing to $68 000 annually from 2026-27;
  - office and leasing efficiencies: $30 000 in 2025-26, increasing to $61 000 annually from 2026-27.
- Treasury will develop and implement strategies to achieve these savings during the second half of 2025-26.

2023-24 BED

- The 2023-24 Budget included a $300 million Budget Efficiency Dividend commencing in 2024-25.
- Each Agency, in conjunction with its Ministers, was required to determine agency specific measures to meet savings requirements, with the information to be presented to Budget Committee.

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- A review of Treasury's operations was undertaken to identify the most appropriate approach to achieving the required savings, with a strong focus on improving efficiency and minimising the impact on Treasury's service delivery.

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- On 18 November 2024, *Administrative Arrangements Amendment Order (No.3) 2024* transferred the responsibility for the administration of the *Gaming Contract Act 1993* and the *Liquor Licensing Act 1990* from the Minister for Finance to the Treasurer.
- Treasury Outputs, 3.2 Regulation and Administration of Liquor and Gaming and 4.2 Community Support Fund, which both included BED allocations, were restructured from the Minister for Finance to the Treasurer's Portfolios.

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Implementation of the Government's Hiring Freeze

- Treasury has established a Vacancy Management Committee, comprising members of the Executive Committee and the Manager Human Resources, to oversee assessments of positions and their role within the agency. The committee has defined principles for evaluating essential and non-essential positions, considering operational needs, environmental factors, and organisational context. It convenes weekly to review roles deemed essential, though not all positions advance to this stage. Since March 2025, Treasury's employee headcount has remained unchanged, and Workforce Renewal Incentive Programs (WRIPs) are under consideration as part of a broader organisational review, though none have been introduced yet.

Document reference: 25/194560

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Estimates Briefing for the Treasurer

Subject: T149. Treasury: Vacancy management and size of Treasury

Budget output: Departmental

Key messages

- Over the past decade, the number of Treasury employees has grown at a rate that is slightly below Tasmanian population growth, when adjusted for new functions that have been brought into Treasury's remit.
- Treasury's Paid FTE has increased by 1.5 per cent from 322.61 in June 2024 to 327.39 as at 30 June 2025.
- On 2 March 2025, the Government announced a hiring freeze on all non-essential staff within the State Service to support the Government's fiscal strategy.
- In response, the Treasury Vacancy Management Committee was established comprising all members of Treasury's Executive Committee to review recruitment decisions.
- The Committee assesses non-essential and essential roles, based on the operations, environment and context of Treasury.

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- Workforce Renewal Incentive Programs (WRIPs) are being considered as part of Treasury's broader organisational review and workforce renewal activities.
- No WRIPs have been made available at this stage.

Key issues (including data)

- While employees can be measured in a number of ways, paid FTEs provide a useful measure of operational staffing. Paid FTEs is a measure of full-time equivalent value for all employees receiving salary at a point in time, excluding those on unpaid leave of ten days or more duration and employees on secondment to other agencies.
- Aside from paid FTEs, employee levels can also be measured by:
    - Paid Headcount: The physical count of employees on the payroll, excluding those on unpaid leave of ten days or more duration and employees on secondment to other agencies.
    - Actual FTEs: Full-time equivalent value for all employees on the payroll, includes paid and unpaid employees.
    - Actual Headcount: The physical count of employees on the payroll, paid and unpaid.

Table 1: Paid Headcount and Paid FTE comparison February - September 2025

	Paid Headcount	*Paid FTE*
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June 2025	350	327.39
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- From 30 June 2023 to 30 June 2025, the number of Treasury's paid FTEs increased by 2.4 per cent.

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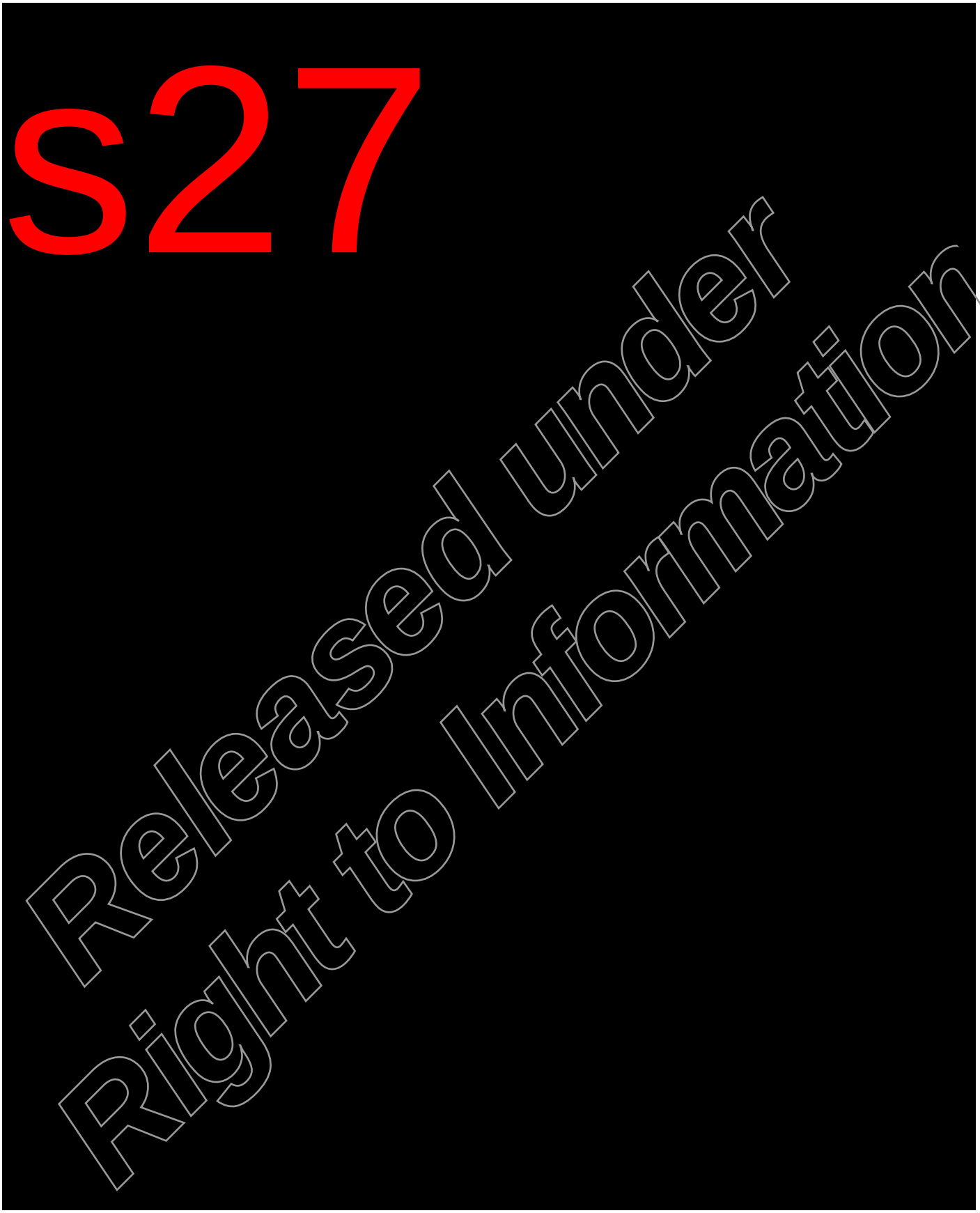
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Table 5: Paid FTE figures 2014 to 2025

Year ending 30 June	Paid FTEs	Change in Paid FTEs	Percentage Change
2014	272.4	-	
2015	255.4	-17	↓ 6.2%
2016	261.8	6.4	↑ 2.5%
2017	291.5	29.7	↑11.3%
2018	301.3	9.8	↑3.4%
2019	320.6	19.3	↑6.4%
2020	303.7	-16.9	↓5.3%
2021	305.9	2.2	↑0.7%
2022	346.99	41.1	↑13.4%
2023	319.62	-27.37	↓7.9%
2024	322.61	2.99	↑0.9%
2025	327.39	4.78	↑1.5

Background:

- On 2 March 2025, the Tasmanian Government announced a hiring freeze on all non-essential public service workers, following an increase in the number of state service employees since the COVID-19 pandemic, and noting that the rate of growth in public sector employees has been greater than the rate of growth in the Tasmanian population.
- When assessing roles, the Treasury Vacancy Management Committee considers whether the role supports the Government's key policies, Treasury's compliance or legal risks, and potential efficiencies through digital transformation. The Committee also considers if the role's tasks can be managed differently to delay hiring.
- Managing Positions in the State Services is a set of practices and procedures authorised under Section 15(1)(b) of the *State Service Act 2000*. It was updated in early 2025 to include changes to the Workforce Renewal Incentive Program (WRIP), with an increase in the maximum payment from $30 000 to $60 000.
- Treasury has used employee reassignment as a management tool, with no requirement for WRIPs to date.
- Over the past decade, from 30 June 2014 to 30 June 2024, the number of Treasury employees has grown at a higher rate than that of the population, across all three measures of employees. However, this higher growth rate over this period in part reflects the commencement of the Office of the Superannuation Commission (OSC) on 1 April 2017. At this time, 28 additional employees started at Treasury, though some were distributed across other areas of Treasury outside of OSC.

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Estimates Briefing for the Treasurer

Subject: T14. Savings Measures in the 2025-26 Budget

Budget output: 1.1 Budget Development and Management

Key messages

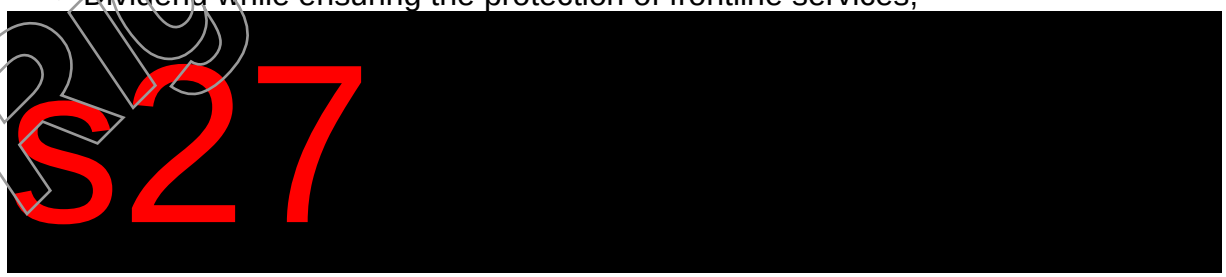
- The 2025-26 Budget includes the following explicit savings measures:
  - the 2023-24 Budget Efficiency Dividend;
  - the Productivity and Efficiency Measure; and
  - measures included in the *Budget Better Under Tasmanian Liberals* 2025 election commitment, being:
    - agency marketing, communications and expenditure improvements;
    - office and leasing improvements; and
    - procurement process enhancements.
- In addition, the 2025-26 Budget reflects the Government's *Budget Better Under Tasmanian Liberals* 2025 election commitment to reduce the Treasurer's Reserve.

Key issues (including data)

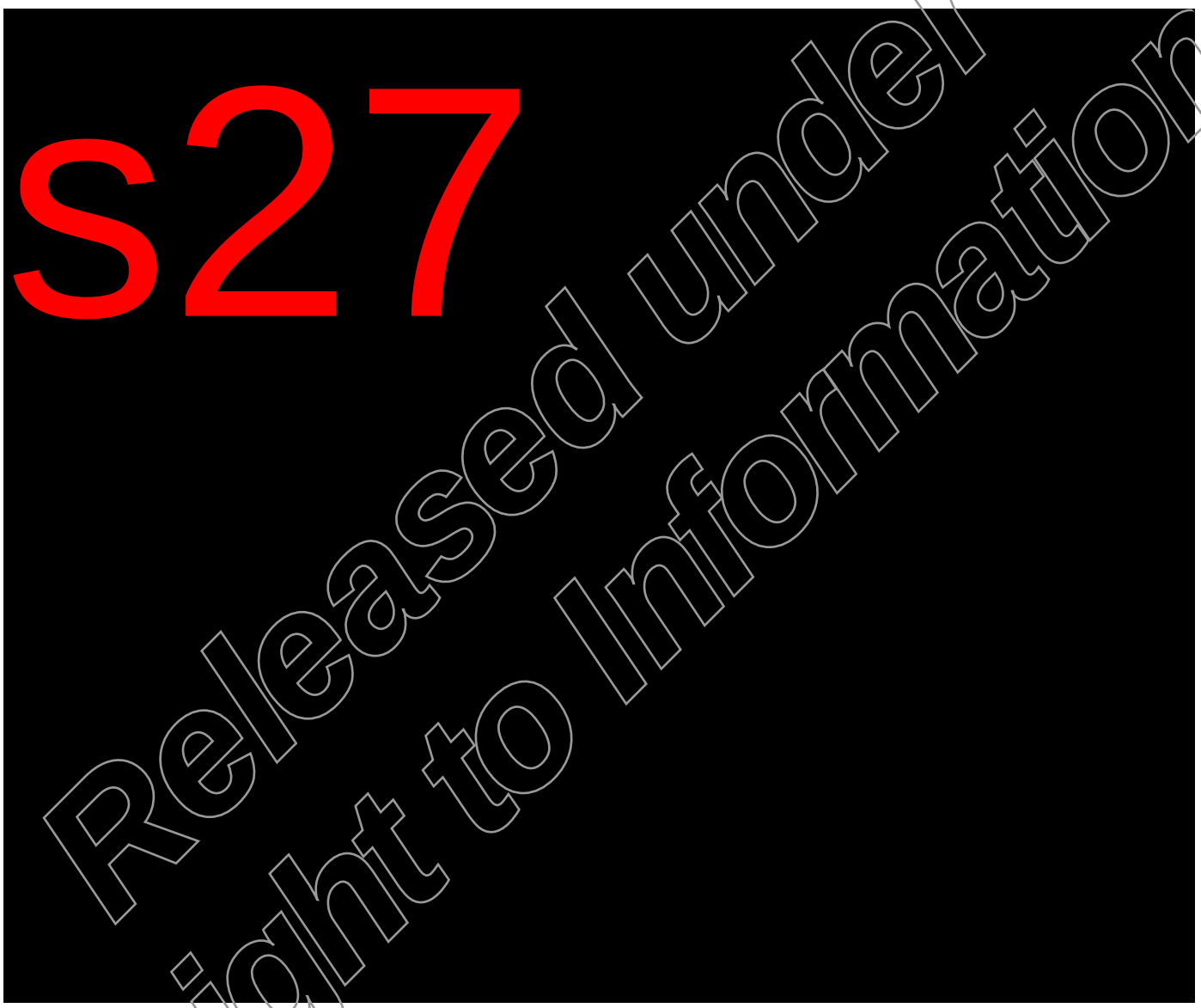
A summary of all savings measures is presented at Table 1.

2023-24 Budget Efficiency Dividend

- The 2023-24 Budget Efficiency Dividend was first presented in the 2023-24 Budget as a $300 million initiative - commencing with a savings requirement of $50 million in 2024-25, increasing by $50 million annually, to reach $150 million per annum from 2026-27 – presented in Finance-General's Output 4.11 – Budget Efficiency Dividend.
- During the development of the 2024-25 Budget:
  - agencies developed savings strategies to meet the 2023-24 Budget Efficiency Dividend while ensuring the protection of frontline services;



- The 2024-25 Budget Papers reflect the allocation of the 2023-24 Budget Efficiency Dividend to agencies as a Policy decision, with the ongoing allocation of the 2023-24 Budget Efficiency Dividend from 2027-28 reflected as a parameter variation.
- The reduction in expenditure associated with the implementation of Savings measures to deliver the 2023-24 Budget Efficiency Dividend is incorporated in each agency's Detailed Budget Statements in the 2024-25 *Government Services*, Budget Paper No 2.



Productivity and Efficiency Measure

- The Productivity and Efficiency Measure was first presented in the 2024-25 Budget, as:
  - an additional $150 million per annum savings measure, commencing in 2027-28 and continuing thereafter;
  - known as the 2024-25 Budget Efficiency Dividend; and
  - presented in Finance-General's Output 4.11 – Budget Efficiency Dividend (i.e. not allocated to agencies).
- In the 2025-26 Budget the Productivity and Efficiency measure is:
  - renamed (from 2024-25 BED); and
  - continues to be presented in Finance-General (in Output 4.11, which has also been renamed Productivity and Efficiency Measure).
- The PEM will require agencies to identify and implement reforms that improve service delivery outcomes and optimise resource allocation.
- Allocation of the PEM will occur ahead of the commencement of the Measure.

***Budget Better Under Tasmanian Liberals* 2025 election commitment**

- Three new savings measures, consistent with the *Budget Better Under Tasmanian Liberals 2025 election commitment*, are included in the 2025-26 Budget:
  - agency marketing, communications and expenditure improvements;
  - office and leasing improvements; and
  - procurement process enhancements.
- The value of these savings is $5.9 million in 2025-26 and $11.9 million each year thereafter.
- Allocations of these savings measures are specified at the *Table 1.4: 2025 Election Commitments* in *Service Delivery*, Budget Paper No. 2 (pages 11-13).
- The *Budget Better Under Tasmanian Liberals* 2025 election commitment also included a commitment to reduce the size of the Treasurer's Reserve.
- As the Treasurer's Reserve is a contingency fund, available to respond to unforeseen expenditure needs that may arise during the Budget year[redacted]s27[redacted]s27[redacted]

Document reference: 25/197884

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Department of Treasury and Finance

Tasmanian Government

Estimates Briefing for the Treasurer

Subject: T4. Fiscal Strategy

Budget output: 1.1 Budget Development and Management

Key messages

- The Government has made updates to its Fiscal Strategy for the 2025-26 Budget, including the introduction of new monitoring Targets.
- The new Targets support the monitoring of the State's fiscal health by providing greater focus on key fiscal measures.
- The Government has decided to bring forward the review of its Fiscal Strategy, for the 2026-27 Budget.
- It is timely to review the Strategy now, to ensure it is fit for purpose, to support fiscal sustainability.
- The compressed timeframe for the development of the 2025-26 Budget has meant a comprehensive review has not been possible.
- In reviewing the Strategy, the Government looks forward to consulting with the Multi-Partisan Budget Consultation Panel.
- The Government has confirmed Treasury's intent to publish the Fiscal Sustainability Report early in 2026 to inform the review of the Strategy.

Key issues (including data)

- The Government's Fiscal Strategy includes a combination of Strategic Actions and associated Targets to provide a range of measures through which fiscal health can be considered.
- Eleven Strategic Actions and Targets are organised into groups and address the principles of sound fiscal management outlined in the *Charter of Budget Responsibility Act 2007*:
  - Whole-of-Government Financial Position (Strategic Action and Target 1);
  - Level of Government Debt (Strategic Targets and Actions 2-4);
  - Financial Sustainability (Strategic Targets and Actions 5-7);
  - Sustainable Infrastructure Development (Strategic Targets and Actions 8-9); and
  - Public Sector Productivity and Service Delivery (Strategic Targets and Actions 10-11).

- During the 2025 State election, the Government published its Fiscal Strategy Statement and the *Tasmanian Liberals Economic Statement*, which outlined key objectives to support its fiscal policy and committed to implementing relevant recommendations of the Saul Eslake report *Independent Review of Tasmania's State Finances*, excluding those related to new or increased taxes, or infrastructure investment.
- As a result of these commitments, several Targets have been updated, as well the inclusion of supporting commentary. Key updates include:
  - New general monitoring Targets:
    - Net Cash from Operating Activities (by 2028-29)
    - Underlying surplus in Net Operating Balance (within four years)
    - Overall Fiscal surplus (over the following six years).
  - New monitoring Targets to support Net Debt to Gross State Product:
    - Over the next 10 years General Government Sector Net Debt to GSP <8 per cent
    - Over the next 10 years Total Public Non-Financial Sector Net Debt to GSP <12 per cent
  - A change to the Target for the Cost of Debt (including defined benefit superannuation) to Cash Receipts from <6 per cent to <7 per cent.

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- Attachment 2 provides the status of the Fiscal Strategy, showing the 2025-26 Budget outcomes against each of the current Strategic Actions. Currently the Government is only meeting one of its Targets: to maintain annual investment in Infrastructure to a level no less than depreciation.
- Attachment 3 sets out the Strategic Actions calculation methodology.

Background:

- Since 1990 Tasmanian budgets have contained a fiscal strategy setting out the Government's objectives and targets for fiscal management.
- In 2007 the *Charter of Budget Responsibility Act 2007* introduced a requirement for the Treasurer to announce and table the first fiscal strategy for a particular Government at or before the time of its first budget.
- A fiscal strategy statement is to be based on the principles of sound fiscal management, as set out in the Charter of Budget Responsibility Act.
- The Government's current Fiscal Strategy was introduced in the 2023-24 Budget. The strategy was designed to focus on the longer-term achievement of Fiscal Outcomes, support intergenerational change and a focus beyond the current four-year Budget and Forward Estimates Cycle.
- The Government had intended to review its Fiscal Strategy in 2026-27.

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Attachment 2 – Summary of Strategic Actions and Targets

Strategic Actions	2024-25 Preliminary Outcome	2025-26 Budget	2032-33 Target
1. State's Current Credit Rating			
Moody's	Aa2 (Negative)[1]	Aa2 (Negative)	Aa2 (Stable)
Standard & Poor's	AA+ (Negative)[1]	AA+(Negative)	AA+ (Stable)
2. Gross debt per capita ($)[2]			
General Government Sector	19 041	23 057	<20 000
3. Net Debt to Gross State Product (%)[2]			
General Government Sector	12.9	17.4	<10
4. Cost of Debt (including defined benefit superannuation) to Cash Receipts (%)[2]			
General Government Sector	6.8	7.6	<7
5. Fiscal Balance ($m, rolling 4-year average)			
General Government Sector	(1 081.2)	(1 292.9)	Balanced fiscal position over a rolling four-year average
Total State Sector	(1 893.5)[3]	(2 482.9)	
6. Total General Government Sector Own-Source Revenue as a percentage of Total Expenditure (%)	31.1	29.9	>37
7. Impact of Government Business Enterprises and State-Owned Companies on the General Government Sector Financial Position ($m)[4]	(89.8)	(421.7)	Positive impact
8. General Government Sector Infrastructure Investment			
Annual investment in infrastructure no less than depreciation	Yes	Yes	GGS Income Statement infrastructure investment > depreciation
9. Government Business Infrastructure Investment			
The proportion of GBE and SOC infrastructure projects in excess of $50 million, for which Board approval is provided in the Budget year, that have a positive Net Present Value and/or positive Benefit Cost Ratio calculated as part of a Cost Benefit Analysis undertaken in accordance with the Infrastructure Australia Assessment Framework (%)	Na[5]	100	100

Summary of Strategic Actions and Targets (continued)

Strategic Actions	2022 Actual	2024-25 Preliminary Outcome	2032-33 Target
10. General Government Sector FTEs per capita (including Homes Tasmania) (per 100 000 persons)[6]	5 315	5 814[7]	No increase compared to 30 June 2022
11. Public Sector Efficiency, Productivity and Financial Transparency will be Improved	na	• Continuation of savings measures from previous Budgets; and • responding to Review and Inquiry recommendations; and • the establishment of the Efficiency and Productivity Unit.	Review to be undertaken in 2032-33 to assess the impact of action taken

Notes:
1. The 2024-25 Preliminary Outcome represents Tasmania's credit ratings at the time of the finalisation of the 2025-26 Budget.
2. This action includes the impact of debt and cost of debt for Homes Tasmania and, from 2028-29, will also include costs associated with borrowings for the Macquarie Point Development Corporation.
3. The Fiscal Balance (rolling 4-year average) for the Total State Sector reflects the Estimated Outcome for 2024-25.
4. This action includes an equity transfer to Tasmanian Networks Pty Ltd in 205-26 for costs associated with the Marinus Link Project. The 2025-26 Budget is adversely impacted by the Government's anticipated equity contribution to Tasmanian Networks Pty Ltd for the North West Transmission Developments project and the TT-Line for financial support for major capital projects and to support its ongoing operations.
5. Measurement of this action will commence in 2025-26.
6. This action reflects the total number of FTEs employed within the General Government Sector. There may be differences between the total number of FTEs under this action and the State Service Workforce Report, which only includes FTEs employed under the State Service Act and excludes those FTEs employed under other Acts (such as sworn Police Officers under the Police Service Act).
7. The 2024-25 Preliminary Outcome reflects the figure as at 30 June 2025.

Attachment 3 - Strategic Actions Calculation Methodology

Strategic Action	Formula		Calculation Summary
1 State's current credit rating	na		Current credit rating provided by Moody's and Standard and Poor's.
2 Gross Debt per capita ($)	**Gross Debt per Capita**		Gross Debt reflects the sum of total liabilities within the GGS Balance Sheet, plus Homes Tasmania Borrowings, less Defined Benefit Superannuation Liability (due to the superannuation liability being met on an emerging cost basis). This value is then divided by the current Treasury population forecast to determine a per capita value.
	Total Liabilities	(A)	
	Plus Homes Tasmania Borrowings	(B)	
	Less Defined Benefit Superannuation Liability	(C)	
	Total Gross Debt (A+B+C)	**(D)**	
	Population Estimate	(E)	
	Gross Debt per Capita	**(D/E)**	
3 Net Debt to Gross State Product (%)	**Net Debt as a % of GSP**		This calculation is based on Net Debt as reflected in the General Government Sector Balance Sheet, plus Homes Tasmania supported borrowings; divided by Treasury's Forecast of Nominal Gross State Product.
	Net Debt	(A)	
	Plus Homes Tasmania Borrowings	(B)	
	Total Adjusted Net Debt (A + B)	**(C)**	
	GSP	(E)	
	Net Debt as a percentage of GSP	**(C/E)**	
4 Cost of Debt to Cash Receipts (%)	**Cost of Debt as a % of Cash Receipts**		Comprised of Defined Benefit Superannuation Scheme Employer Contributions based on actuarial advice, plus Homes Tasmania Supported Borrowing Costs, and Borrowing Costs as reflected in the General Government Sector Cash Flow Statement. This value is then divided by total Cash Receipts as reflected in the General Government Sector Cash Flow Statement.
	Total Employer Contributions	(A)	
	Homes Tasmania Supported Borrowings Costs	(B)	
	GGS Borrowing Costs	(C)	
	Total Cost of Debt (A+B+C)	**(D)**	
	Cash Receipts	(E)	
	Cost of Debt (%)	**(D/E)**	
5 Fiscal Balance ($m)	**Rolling 4-Year Fiscal Balance (2024-25)**		The rolling 4 year average is comprised of the sum of the year being reported and the preceding three years.
	2021-22 Actual Outcome	(A)	
	2022-23 Actual Outcome	(B)	
	2023-24 Actual Outcome	(C)	
	2024-25 Revised Budget	(D)	
	Rolling Fiscal Balance	**(A+B+C+D)/4**	
6 Total General Government Sector : Own-Source Revenue as a % of total expenditure	**Own-Source Revenue % of Expenditure**		Own-Source Revenue is the sum of all revenue categories within the General Government Sector Income Statement apart from Grants, which reflects Australian Government Payments. This revenue is then divided by Total Expenditure from Transactions within the General Government Sector Income Statement.
	Revenue from Transactions	(A)	
	Less Grants	(B)	
	Own-Source Revenue (A-B)	**(C)**	
	Expenditure from Transactions	(E)	
	Own-Source Revenue % of Expenditure	**(C/E)**	

Attachment 3 - Strategic Actions Calculation Methodology (continued)

Strategic Action	Formula		Calculation Summary
7 Impact of Government Business Enterprises and State-Owned Companies on the GGS Position ($m)	**Impact of GBEs and SOCs**		Sum of Returns to Government (excluding Mersey Dividend); less the sum of State Equity Contributions, CSO Payments and Operational Funding/Grants provided to GBEs/SOCs.
	Returns to Government	(A)	
	Less Mersey Dividend	(B)	
	Adjusted Returns to Government (A-B)	**(C)**	
	State Equity Contributions	(D)	
	CSO Payments	(E)	
	Operation Funding/Grants	(F)	
	Total Expenditure (D+E+F)	(G)	
	Net Impact	**(C-G)**	
8 General Government Sector Infrastructure Investment	**Infrastructure Investment**		Purchases of non-financial assets as reflected in the General Government Sector Income Statement less Depreciation as reflected in the General Government Sector Income Statement.
	Purchases of non-financial assets	(A)	
	Less Deprecation	(B)	
	Net Infrastructure Investment	**(A-B)**	
9 Government Business Infrastructure Investment	na Work on the development of a framework to support this Strategic Action commenced in 2023-24.		The proportion of GBE and SOC infrastructure projects in excess of $50 million, for which Board approval is provided in the Budget year, that have a positive Net Present Value and/or positive Benefit Cost Ratio calculated as part of a Cost Benefit Analysis undertaken in accordance with the Infrastructure Australia Assessment Framework (%).
10 General Government Sector FTE per capita	**GGS FTE Per Capita**		This calculation includes the sum of total General Government Sector FTE employees (including Homes Tasmania) divided by Treasury's Forecast of the Tasmanian Population.
	GGS FTE (including Homes Tasmania FTE)	(A)	
	Tasmanian Population	(B)	
	GGS FTE Per Capita	**(A/B)**	
11 Public sector efficiency, productivity and financial transparency will be improved	na		Review to be undertaken in 2032-33 to assess the impact of action taken.

Department of Treasury and Finance

Tasmanian Government

Estimates Briefing for the Treasurer

Subject: T10. Net Debt

Budget output: 1.1 Budget Development and Management

Key messages

- The Government's Strategic Fiscal objective for debt management is to maintain General Government Sector net debt below eight per cent of Gross State Product (GSP) and Total Public Non-Financial Sector net debt below 12 per cent of GSP, over the next ten years.
- General Government Net Debt is estimated to be $5 044.3 million as at 30 June 2025, based on the 2024-25 Preliminary Outcomes Report (POR). This is projected to increase to $10 397.4 million by 30 June 2029. The Treasurer's Annual Financial Report 2024-25 (TAFR) reports actual Net Debt at $5 048.3 million as at 30 June 2025.
- On a Government Financial Statistics (GFS) basis, which excludes Lease liabilities and Service concession liabilities, Net Debt is estimated to be $3 960.3 million as at 30 June 2025 (POR), increasing to $9 553.3 million by 30 June 2029. The TAFR reports actual GFS Net Debt at $3 958.7 million as at 30 June 2025.

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Key issues (including data)

- General Government Sector Net Debt is anticipated to increase significantly over the Forward Estimates.
- High levels of Net Debt over the long-term can constrain Budget flexibility due to higher associated debt servicing payments. This can limit the ability of a government to fund and deliver future services and the capacity to respond to unforeseen events or possible future shocks to the Tasmanian economy. If debt is allowed to grow significantly over time, it can become an unreasonable burden for future generations, creating intergenerational inequity.

Table 1: Net Debt

	2023-24 Actual	2024-25 Original Budget	2024-25 Preliminary Outcome	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate	2028-29 Forward Estimate
	$m	$m	$m	$m	$m	$m	$m
General Government Sector							
Net Debt at 30 June[1]	3 336.3	5 434.6	5 044.3	7 081.1	8 646.3	9 595.6	10 397.4
GFS Net Debt at 30 June[2]	2 208.8	4 178.9	3 960.3	6 030.7	7 663.6	8 681.1	9 553.3
Total Non-Financial Public Sector							
Net Debt at 30 June	7 317.1	10 663.4	10 108.0[3]	12 789.5	14 935.5	16 920.4	19 102.1
Net Debt plus Superannuation Liability	15 026.6	18 428.9	17 575.3[3]	20 362.8	22 475.4	24 403.0	26 522.9

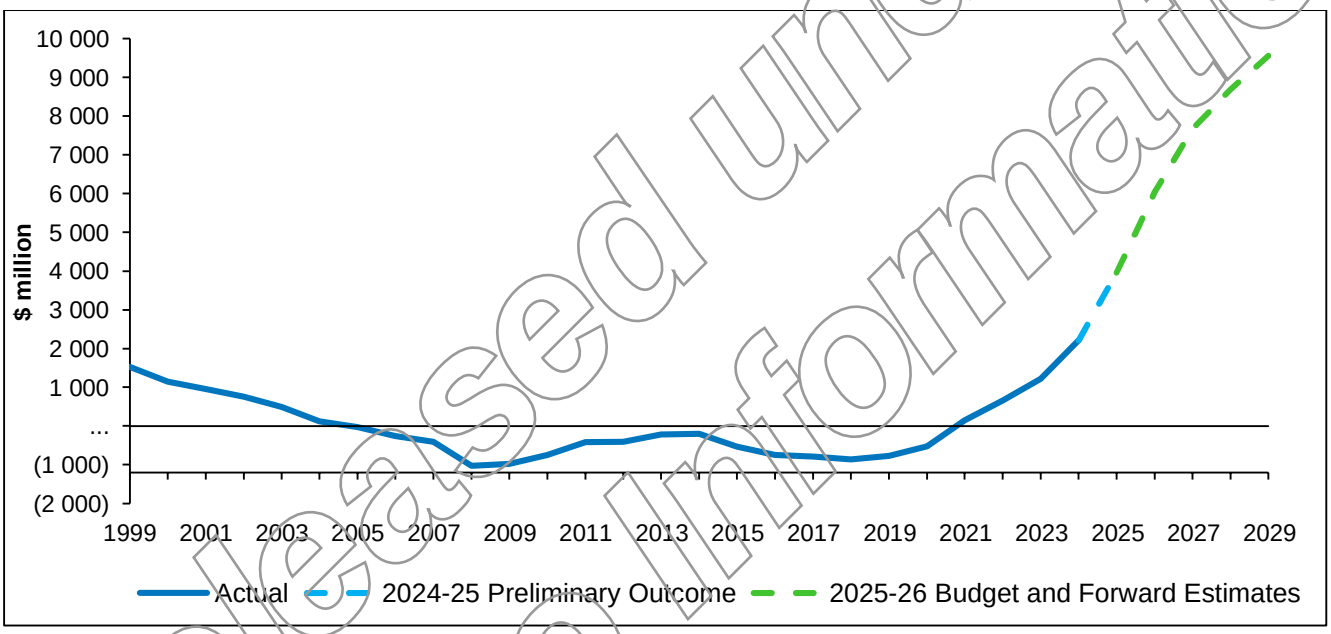
Notes:
1. Net Debt represents Borrowings plus Lease liabilities and Service concession liabilities, less the sum of Cash and deposits and Investments. This measure incorporates the impact of recognising Lease liabilities and Service concession liabilities on the Balance Sheet.
2. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments. This is equivalent to Net Debt based on the Australian Bureau of Statistics Government Finance Statistics reporting framework and excludes the impact of Lease liabilities and Service concession liabilities.
3. 2024-25 figures for the Total Non-Financial Public Sector reflect the 2024-25 Estimated Outcome available at the time of preparing the 2025-26 Budget.

Background

- Net Debt is a measure used to help judge the overall strength of the Government's fiscal position. Net Debt comprises Borrowings, Lease liabilities and Service concession liabilities, less the sum of Cash and deposits and Investments.
- GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments. This is equivalent to Net Debt based on the Australian Bureau of Statistic's Government Finance Statistics reporting framework and excludes the impact of Lease liabilities and Service concession liabilities.

- The Net Debt key fiscal measure reflects the cumulative impact of annual Budget outcomes over time.
- Since 30 June 2020 the General Government Sector Net Debt position has deteriorated from a Net Cash and Investment position of $176 million (i.e. negative Net Debt) to a Preliminary Outcome Net Debt position of $5 044.3 million as at 30 June 2025 (TAFR: $5 048.3 million).
- The 2025-26 Budget indicates that this trend is expected to continue over the next four-years, with Net Debt forecast to reach $10 397.4 million by 30 June 2029.
- This projection includes the impact of Service concession liabilities, which are estimated to be $282.8 million as at 30 June 2029.
- Chart 1 shows GFS Net Debt from 1999 to 2029.

Chart 1 - GFS Net Debt 1999 to 2029



- General Government Sector Net Debt as a proportion of gross state product is a widely used fiscal indicator and provides a useful basis for jurisdictional comparison.

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Document reference: 25/197895

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Department of Treasury and Finance

Tasmanian Government

Estimates Briefing for the Treasurer

Subject: T2. 2025-26 Supply

Budget output: 1.1 Budget Development and Management

Key messages

- The Supply Acts are currently in force to provide appropriations from the Public Account to ensure the continuation of Government services for the current financial year, pending the passage of the 2025-26 Budget Appropriation Bills.
- The appropriations are intended to cover Government service delivery for the six month period from 1 July 2025 to 31 December 2025.
- Royal Assent for the 2025 Appropriation Bills is expected in mid-December 2025.

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- All funding issued and applied under the Supply Acts is incorporated into the Budget Appropriation Acts.

Key issues (including data)

- As Budget Appropriation Acts were not in place by 1 July 2025, *Supply Act (No.1) 2025* and *Supply Act (No.2) 2025* were enacted to provide interim appropriations from the Public Account for 2025-26.
- The Supply Acts maintain Government services on a same-policy basis as the 2024 Appropriation Acts, including the 2024-25 Supplementary Appropriation Act. They do not provide for new initiatives, capital projects or equity contributions arising from 2025-26 policy decisions.
- Supply Act (No.1) provides appropriations for Government services.
- Supply Act (No.2) provides appropriations for Government services in respect of Parliament and Statutory Offices.
- The total appropriation under both Acts is approximately $4.6 billion.
- Table 1 shows the appropriations under each Act.

Table 1: 2025 Supply Acts - Operating and Capital Services Appropriations

	Operating Services	Capital Services	Total
	$m	$m	$m
Supply Act (No. 1) 2025	4 273.7	309.7	4 583.4
Supply Act (No. 2) 2025	27.7	1.9	29.6
Total Appropriation	**4 301.4**	**311.6**	**4 613.0**

- The appropriations under the Supply Acts are based on estimates of agency funding needs for the period from 1 July 2025 to 31 December 2025.
- Each Supply Act includes a clause requiring the Treasurer to incorporate all money issued and applied under the Act into the 2025-26 Appropriation Act as if were being newly appropriated.

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Document reference: 25/197882

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Estimates Briefing for the Treasurer

Subject: T105. State taxation revenue

Budget output: 2.2 Regulatory Policy

Key messages

- State taxation revenue is forecast to grow by $353.2 million over the Budget and Forward Estimates (a compound annual growth rate of 5.8 per cent).
- The increase in state taxation revenue over the Budget and Forward Estimates is primarily driven by growth in payroll tax, conveyance duty, Government guarantee fees and land tax revenue.

Key issues (including data)

Table 1 - State taxation revenue:

	2024-25 Budget	2025-26 Budget	2026-27 Forward Estimate	2027-28 Forward Estimate	2028-29 Forward Estimate	Total Budget & FE
2025-26 Budget ($m)	1 840.5[1]	1 933.1	2 087.3	2 181.2	2 286.3	n/a
2024-25 Budget ($m)	1 821.9	1 912.2	2 051.2	2 158.0	n/a	n/a
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[1] Preliminary Outcome for 2024-25

- In 2025-26, State taxation revenue is forecast to be $1 933.1 million which represents an increase of $20.9 million compared to the 2024-25 Budget.

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Background:

- Table 6.5 of Budget Paper No. 1 provides details of the components of the State Taxation estimates and is included as Attachment 1.
- Table 2 provides a comparison of the 2024-25 Preliminary Outcome to the 2024-25 Budget and details the key drivers in forecast growth in State taxation revenue over the 2025-26 Budget and Forward Estimates for key tax lines.

Table 2 – State taxation revenue by tax line:

Tax Line	$m[3]
Payroll Tax	
2024-25 Budget	578.8
2024-25 Preliminary Outcome	572.8
$ Change[1]	*(6.0)*
2025-26	608.8
2026-27	647.0
2027-28	687.6
2028-29	730.8
$ Change[2]	*122.0*
Land Tax	
2024-25 Budget	194.0
2024-25 Preliminary Outcome	198.2
$ Change[1]	*4.2*
2025-26	195.1
2026-27	203.1
2027-28	211.4
2028-29	220.1
$ Change[2]	*25.0*

[redacted] s27

Tax Line	$m[3]
Fire Service Levies	
2024-25 Budget	105.1
2024-25 Preliminary Outcome	105.7
$ Change[1]	*0.6*
2025-26	110.5
2026-27	116.2
2027-28	122.2
2028-29	128.6
$ Change[2]	*18.0*
Conveyance Duty	
2024-25 Budget	338.0
2024-25 Preliminary Outcome	363.5
$ Change[1]	*25.5*
2025-26	390.1
2026-27	479.4
2027-28	497.7
2028-29	516.6
$ Change[2]	*126.5*
Annual Wagering Levy	
2024-25 Budget	1.7
2024-25 Preliminary Outcome	1.7
$ Change[1]	0.0
2025-26	1.8
2026-27	1.8
2027-28	1.9
2028-29	1.9
$ Change[2]	0.1
General Casino Tax and Licence Fees	
2024-25 Budget	10.5
2024-25 Preliminary Outcome	11.3
$ Change[1]	*0.8*
2025-26	10.6
2026-27	10.6
2027-28	10.7
2028-29	10.7
$ Change[2]	*0.2*

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Tax Line	$m[3]
Venue Tax and Licence Fees	
2024-25 Budget	41.2
2024-25 Preliminary Outcome	42.5
$ Change[1]	*1.3*
2025-26	41.4
2026-27	41.5
2027-28	41.6
2028-29	41.7
$ Change[2]	*0.4*
Keno Operator Tax and Licence Fees	
2024-25 Budget	8.0
2024-25 Preliminary Outcome	8.8
$ Change[1]	*0.8*
2025-26	8.1
2026-27	8.1
2027-28	8.2
2028-29	8.2
$ Change[2]	*0.1*
Lottery Tax	
2024-25 Budget	54.6
2024-25 Preliminary Outcome	47.8
$ Change[1]	*(6.7)*
2025-26	56.7
2026-27	59.0
2027-28	61.4
2028-29	63.8
$ Change[2]	*7.1*
Point of Consumption Tax	
2024-25 Budget	15.2
2024-25 Preliminary Outcome	14.8
$ Change[1]	*(0.5)*
2025-26	15.4
2026-27	15.5
2027-28	15.6
2028-29	15.7
$ Change[2]	*0.4*

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Tax Line	$m[3]
Insurance Duty	
2024-25 Budget	153.7
2024-25 Preliminary Outcome	154.2
$ Change[1]	*0.4*
2025-26	161.1
2026-27	158.4
2027-28	160.2
2028-29	165.7
$ Change[2]	*4.6*
Vehicle Registration Fees	
2024-25 Budget	56.6
2024-25 Preliminary Outcome	60.1
$ Change[1]	*3.5*
2025-26	62.2
2026-27	64.4
2027-28	66.7
2028-29	69.0
$ Change[2]	*6.8*
Motor Vehicle Duty (paid on the sale of new and second-hand vehicles)	
2024-25 Budget	77.4
2024-25 Preliminary Outcome	72.4
$ Change[1]	*(5.0)*
2025-26	73.9
2026-27	75.7
2027-28	77.6
2028-29	79.6
$ Change[2]	*5.7*
Motor Tax (paid in conjunction with motor vehicle registration)	
2024-25 Budget	135.2
2024-25 Preliminary Outcome	138.4
$ Change[1]	*3.2*
2025-26	142.2
2026-27	147.9
2027-28	153.8
2028-29	160.0
$ Change[2]	*17.8*

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Motor Vehicle Fire Levy	
2024-25 Budget	11.8
2024-25 Preliminary Outcome	12.3
$ Change[1]	*0.5*
2025-26	12.7
2026-27	13.7
2027-28	14.3
2028-29	14.8
$ Change[2]	*2.1*

[redacted]

[1] $ Change from 2024-25 Budget to 2024-25 Preliminary Outcome.
[2] $ Change from 2025-26 Budget to 2028-29 Forward Estimate.
[3] $ Change may not equal difference based on values shown in table due to rounding.

[redacted]

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Taxation Measures:

- A number of time-limited concessions and exemptions are due to expire in the near future, including:
  - the First Home Buyer Duty Exemption for conveyance duty on 30 June 2026;
  - the Pre-completion Duty Concession for conveyance duty for new apartments and units on 30 June 2026; and
  - the land tax exemptions for newly constructed rental properties and former short stay accommodation premises made available for long term rental on 30 June 2026.
- The Government has also committed to introducing a five per cent Short Stay Accommodation Levy. The Short Stay Accommodation Levy is currently being developed by Treasury with an expected commencement date of 1 July 2026. As the policy is still in development, it is not reflected in the 2025-26 Budget.

out-of-scope

Document reference: 25/191329

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Estimates Briefing for the Treasurer

Subject: T130. Gambling - Taxation revenue

Budget output: 3.2 Regulation and Administration of Liquor and Gaming

Key messages

- Gambling taxation, licensing and fees revenue is forecast to grow by $8.0 million over the Budget and Forward Estimates, which represents an average annual growth rate of 2 per cent.
- The growth in gambling revenue is primarily driven by growth in lottery tax, which is forecast to grow by $7.1 million over the Budget and Forward Estimates.
- The current gaming licensing arrangements commenced on 1 July 2023. The taxation rates and licence fees paid by casino, venue and keno operators changed at this time as part of the Government's Future of Gaming in Tasmania policy.
- The former Casino Tax and Licence Fees taxation revenue line has been split according to licence type, consistent with licensing arrangements.
- The taxation revenue line split increases transparency of gambling taxation revenue in the State Budget and associated financial reports.

Key issues (including data)

- The table below provides a summary of gambling taxation revenue by tax line.

	2024-25 Budget	2024-25 Preliminary Outcome	2025-26 Budget	2026-27 Forward Estimate	2027-28 Forward Estimate	2028-29 Forward Estimate	Growth 2025-26 to 2028-29
	$m	$m	$m	$m	$m	$m	$m
Annual Wagering Levy	1.7	1.7	1.8	1.8	1.9	1.9	0.1
General casino tax and licence fees	10.5	11.3	10.6	10.6	10.7	10.7	0.1
Venue tax and licence fees	41.2	42.5	41.4	41.5	41.6	41.7	0.3
Keno operator tax and licence fees	8.0	8.8	8.1	8.1	8.2	8.2	0.1
Lottery tax	54.6	47.8	56.7	59.0	61.4	63.8	7.1
Point of Consumption Wagering Tax	15.2	14.8	15.4	15.5	15.6	15.7	0.3
Total	**131.2**	**126.9**	**134.0**	**136.5**	**139.4**	**142.0**	**8.0**

s27 [redacted]

Background:

Comparison of tax rates and licence fees

- The table below provides a comparison of the tax rates and licence fees payable by gaming operators prior to and after the commencement of the gaming licensing arrangements on 1 July 2023.
- Tax rates are payable on the gross profits of each specific type of game.
- Licence fees are represented in annual figures and are based on the 2024-25 fee unit value.

Licence Type	Prior 1 July 2023	Current Rate or fee payable
General Casino Licence		
Table gaming tax	0.88%	0.91%
EGM tax[1]	25.88%	10.91%
Keno tax[1]	5.88%	0.91%
FATG tax	25.88%[2]	5.91%
Licence fee	$2 261 600 per casino	$1 094 265 per casino
Venue Licence		
EGM tax[3]	25.88%[4]	Hotels 33.91% Clubs 32.91%
Licence fee	Keno only $1 557 Keno & 30 EGMs $3 927	Keno only $1 309 Keno & 30 EGMs $55 154
Keno Operator Licence		
Keno tax[3]	5.88%[4]	20.31%
Licence fee	Nil[5]	$528 238

1. This tax rate is payable on these games in casinos only.
2. Prior to 1 July 2023, fully-automated table games were not defined within the *Gaming Control Act 1993* and fell within the definition of an electronic gaming machine.
3. This tax rate is payable on these games in hotels and clubs only.
4. Prior to the commencement of the new gaming licensing arrangements, this tax was payable by the Gaming Operator (Australian National Hotels Pty Ltd).
5. Gaming Operator licence fee was not payable separately from casino licence fee as operators were the same corporate group.

Document reference: 25/198853

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Estimates Briefing for the Treasurer

Subject: T112. GST Revenue and Forward Estimates

Budget output: 2.3 Intergovernmental Financial Matters

Key messages

- The 2025-26 State Budget estimates that Tasmania will receive $3.8 billion in GST revenue in 2025-26 and $11.9 billion across the Forward Estimates.
- Tasmania's GST revenue is forecast to increase by $635.3 million over four years to 2027-28 compared to the 2024-25 State Budget. This reflects:
  - the Commonwealth Grants Commission increasing Tasmania's GST relativity from 1.8283 in 2024-25 to 1.8405 in 2025-26;
  - an increase in Treasury's own modelled GST relativities for 2026-27 to 2028-29;
  - the Australian Government increasing its forecasts of the national GST pool by $6.5 billion in its 2025-26 Budget compared to the pool forecasts in its 2024-25 Budget; and
  - an estimated positive residual adjustment of $35.3 million in 2025-26 for underpaid GST revenue in 2024-25.
- These increases were partially offset by:
  - the Australian Government slightly decreasing its forecasts of Tasmania's share of the national population; and
  - a residual adjustment of negative $27.4 million in 2024-25 for overpaid GST revenue in 2023-24.
- Tasmania's GST revenue forecasts include no worse off guarantee payments of $384.4 million over the Budget and Forward Estimates.
- The Tasmanian Government has long advocated for the no worse off guarantee to be maintained in perpetuity, and I will continue to advocate strongly to ensure that Tasmania gets its fair share of the GST.

Key issues (including data)

Table 1: GST revenue to Tasmania, compared to the 2024-25 State Budget and the 2024-25 Revised Estimates Report

	2024-25[1]	2025-26	2026-27	2027-28	2028-29	Total
	$m	$m	$m	$m	$m	$m
2024-25 State Budget[2]	3 519.4	3 605.0	3 619.6	3 798.0		
2024-25 Revised Estimates Report[3]	3 576.9	3 673.0	3 666.1	3 839.1		
2025-26 State Budget[4,5]	3 562.3	3 813.8	3 883.1	3 918.1	4 095.3	
Change from:						
2024-25 State Budget to 2025-26 State Budget	*42.9*	*208.8*	*263.5*	*120.1*	*na*	*635.3*
2024-25 RER to 2025-26 State Budget	*-14.9*	*140.8*	*217.0*	*79.0*	*na*	*422.2*

[1] The residual adjustment of negative $27.4 million published in the 2023-24 Final Budget Outcome was not reflected in the 2024-25 State Budget.

[2] The 2024-25 State Budget included forecast no-worse-off guarantee payments of $115.5 million in 2024-25, $75.0 million in 2025-26, $30.7 million in 2026-27 and $32.0 million in 2027-28.

[3] The 2024-25 RER included forecast no-worse-off guarantee payments of $120.0 million in 2024-25, $78.9 million in 2025-26, $33.3 million in 2026-27 and $35.2 million in 2027-28.

[4] The 2025-26 State Budget includes forecast no-worse-off guarantee payments of $120.0 million in 2024-25, $146.3 million in 2025-26, $120.3 million in 2026-27, $57.1 million in 2027-28 and $60.6 million in 2028-29.

5. The 2025 26 State Budget includes an estimated positive residual adjustment of $35.3 million for underpaid GST revenue in 2024 25.
Totals may not sum due to rounding.

- Attachment A presents these comparisons visually.
- Over the four years to 2027-28, forecast GST Revenue in the 2025-26 State Budget is $635.3 million greater than the 2024-25 State Budget. This is primarily due to an increase in Tasmania's actual and forecast GST relativities and an increase in the Australian Government's forecast of the national GST pool in its 2025-26 Budget.
- The 2025-26 State Budget incorporates the Commonwealth Grants Commission's (CGC) recommended 2025-26 GST relativities and Treasury's own modelled relativities over the Forward Estimates, which have been updated to reflect updated data and method changes from the CGC's 2025 Methodology Review.

Background:

- In the 2025-26 State Budget, forecast GST revenue to Tasmania has been calculated using:
  - GST pool and population forecasts from the Australian Government's 2025-26 Budget;
  - Tasmania's actual relativity for 2025-26 recommended by the Commonwealth Grants Commission; and
  - Treasury's own modelled relativities across the Forward Estimates. As is standard practice, Treasury's modelled relativities are held constant in the final Forward Estimate year.
- The GST revenue forecasts incorporate the Australian Government's 2018 reforms, including the impact of pool boosts, and the six-year transition to the revised distribution arrangements, which will be fully implemented by 2026-27.

- Tasmania is expected to be worse off across the Budget and Forward Estimates under the revised GST distribution arrangements.
- Guarantee payments are received the same year a state is recognised as being worse off under the revised distribution arrangements, net of any benefit that a state has received from the revised arrangements in previous years.
- The GST revenue forecast for 2025-26 includes an estimated positive residual adjustment of $35.3 million due to an underpayment of GST revenue in 2024-25.
- A residual adjustment is made in the following financial year to ensure each state has received its final GST entitlement.
- Final GST entitlements are determined by the Australian Government once the GST pool (the GST revenue raised in the year) is confirmed.
- The residual adjustment reconciles the difference between the amount of GST paid to the State during a financial year, and the State's final GST entitlement for that year. A residual adjustment can be either negative or positive.
- The Tasmanian Government is progressing legislation aligned to the 2024 election commitment to direct 50 per cent of any GST windfalls over and above Treasury's Budget forecasts to offset superannuation liabilities.

2025-26 Australian Government Budget

- The Australian Government handed down its 2025-26 Budget on 25 March 2025.
- The Australian Government forecasts of total GST payments to states include GST distributions and no-worse-off guarantee payments. However, these distributions are not generally comparable with Tasmania's forecasts because the Australian Government:
  - does not include residual adjustments in its 2024-25 estimated outcome, which overstates estimates of GST revenue to Tasmania in that year;
  - determines the no-worse-off guarantee to states in 2024-25 on an accrual basis;
  - uses a simplistic forecasting method that holds 2025-26 GST relativities constant across the Forward Estimates; and
  - discounts no-worse-off guarantee payments in the Forward Estimate years.

Table 2: GST revenue to Tasmania, compared to the 2025-26 Australian Government Budget

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
	$m	$m	$m	$m	$m	$m
2025-26 Australian Government Budget[1,2]	3 589.0	3 778.5	3 930.3	4 110.3	4 287.5	
2025-26 State Budget[3,4,5]	3 562.0	3 813.8	3 883.1	3 918.1	4 095.3	
Change from:						
2025-26 Australian Government Budget to 2025-26 State Budget	*-27.0*	*35.3*	*-47.2*	*-192.2*	*-192.2*	*- 422.9*

[1] The 2025-26 Australian Government Budget forecasts for Tasmania include forecast no-worse-off guarantee payments of $119.6 million in 2024-25, $146.3 million in 2025-26, $151.4 million in 2026-27, $150.2 million in 2027-28 and $148.1 million in 2028-29. The Australian Government forecasts discount the no-worse-off guarantee payment by 10 per cent in 2026-27, 15 per cent in 2027-28 and 20 per cent in 2028-29.

[2] The Australian Government's forecasts hold the 2025-26 relativity constant over the Forward Estimates.

[3] The 2025-26 State Budget includes a negative $27.4 million residual adjustment in 2024-25 for overpaid GST revenue to the State in 2023-24.

[4] The 2025-26 State Budget includes an estimated positive $35.3 million residual adjustment in 2025-26 for underpaid GST revenue in 2024-25.

[5] The 2025-26 State Budget includes forecast no-worse-off guarantee payments of $120.0 million in 2024-25, $146.3 million in 2025-26, $120.3 million in 2026-27, $57.1 million in 2027-28 and $60.6 million in 2028-29.

Totals may not sum due to rounding.

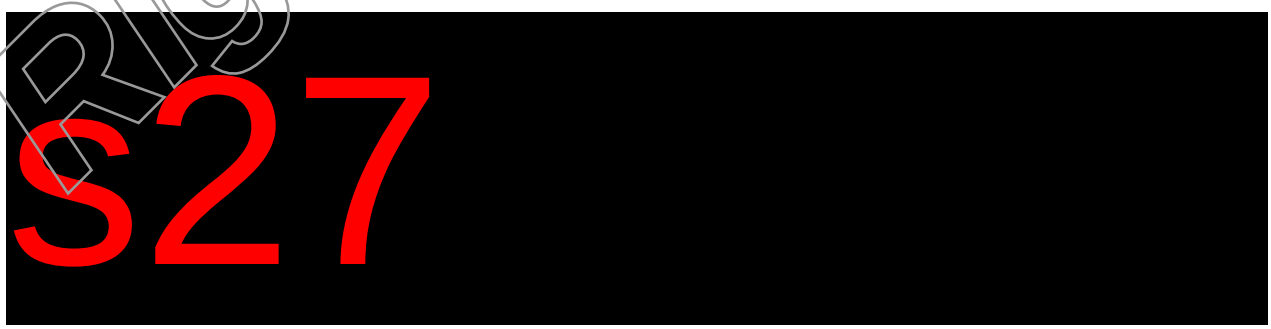
GST Administration Costs

- All states collectively fund the Australian Taxation Office's (ATO) administration of the GST system. These costs are shared amongst all states on a per capita basis.
- GST Administration Costs in the 2025-26 State Budget reflect Tasmania's population share of GST administration cost estimates in the Australian Government's 2025-26 Budget.

Table 3: GST Administration Costs to Tasmania, compared to the 2024-25 State Budget

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
	$m	$m	$m	$m	$m	$m
2024-25 State Budget	14.9	15.0	14.9	9.9		
2025-26 State Budget	12.9	14.4	14.3	9.3	9.2	
Change from:						
2024-25 State Budget to 2025-26 State Budget	*-2.0*	*-0.6*	*-0.6*	*-0.6*	*na*	*-3.8*

- Tasmania's estimated share of the GST administration costs have slightly decreased compared to the 2024-25 State Budget due to:



- The reduction in GST Administration Costs in 2027-28 reflects the ATO's GST Compliance Program ceasing in 2026-27.
- The GST Compliance Program focuses on actively targeting GST fraud and evasion, reducing GST debt, targeting business activity statement lodgement rates, and enhancing support and education to encourage voluntary compliance by a range of taxpayers.

Document reference: 25/192032

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Tasmanian Government

Department of Treasury and Finance

Tasmanian Government

Estimates Briefing for the Treasurer

Subject: T113. GST treatment for Macquarie Point precinct funding

Budget output: 2.3 Intergovernmental Financial Matters

Key messages

- Following continuous advocacy by the Tasmanian Government, on 13 December 2024, the Commonwealth Treasurer agreed that the Commonwealth's funding contribution to the Macquarie Point precinct redevelopment would not impact Tasmania's GST allocation.
- I welcome the Commonwealth Treasurer making this direction and will continue to strongly advocate for Tasmania to receive its fair share of GST.

Background:

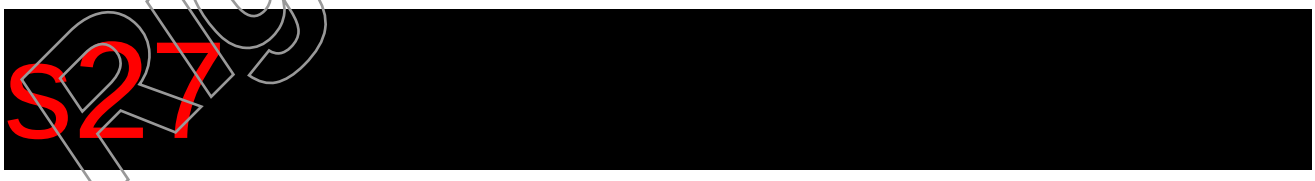
- The Commonwealth Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Catherine King, wrote to the Premier on 28 April 2023 confirming funding of $305 million for the redevelopment of Macquarie Point precinct ($240 million) and for upgrades to York Park Stadium ($65 million).

- However, in a subsequent letter sent on 13 December 2024, the Commonwealth Treasurer advised that he would direct the Commonwealth Grants Commission (CGC) to exclude Commonwealth funding contributions associated with the Macquarie Point precinct redevelopment from affecting Tasmania's GST allocation.
- The Commonwealth Treasurer's direction was provided through supplementary Terms of Reference for the CGC's 2025 Review Final Report on 21 February 2025.

Process of quarantining payments

- When calculating the recommended GST distribution each year, the CGC is required under the annual Terms of Reference to take account of Commonwealth payments states receive for specific purposes, unless the payment has been "quarantined" from this assessment.
- The only person able to direct the CGC to quarantine payments made to states is the Commonwealth Treasurer, via a formal process and direction to the CGC.

- The decision to quarantine a Commonwealth payment is at the sole discretion of the Commonwealth Treasurer.



- HFE ensures that all states and territories have a similar fiscal capacity to deliver services and infrastructure to their residents to the same standard as any other state or territory, provided they make a similar revenue raising effort.

- Tasmania is a major beneficiary of HFE noting it is the driving factor that ensures Tasmania receives a distribution of GST that is approximately 1.8 times more than its population share.

Document reference: 25/195857

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Estimates Briefing for the Treasurer

Subject: T114. Revised GST Distribution Arrangements

Budget output: 2.3 Intergovernmental Financial Matters

Key messages

- The Tasmanian Government has consistently raised concerns with the revised GST distribution arrangements and argued that they create a system that entrenches a gap between the fiscally strongest state and all other states.
- The Australian Government has forecast in its 2025-26 Budget that all states except Western Australia will be worse off under the revised arrangements and require no-worse-off guarantee payments.
- In December 2024, Tasmania signed the funding agreement to extend the no-worse-off guarantee until 2029-30 providing Tasmania with some funding certainty in the short term.
- GST no-worse-off guarantee payments are estimated to represent $384.4 million in revenue to Tasmania over the current Budget and Forward Estimates.
- The Tasmanian Government has long advocated for GST revenue to be distributed on the basis of full Horizontal Fiscal Equalisation to provide the State with the fiscal capacity to provide the same level of services and infrastructure as other states.
- The Tasmanian Government will continue to prosecute for a fair share of GST, including through the 2026 Productivity Commission inquiry into GST Distribution Arrangements.
- At a minimum, making the no-worse-off guarantee a permanent feature of the GST distribution arrangements would ensure that the Australian Government meets their commitment that no state or territory is worse off under the 2018 reforms to GST distribution arrangements.

s27 [redacted]

Key issues (including data)

- The 2025-26 State Budget estimates that Tasmania will receive no-worse-off guarantee payments of $146.3 million in 2025-26 and $384.4 million in total over the Budget and Forward Estimates.
- While the no-worse-off guarantee provides Tasmania temporary relief from the impacts of the revised GST distribution arrangements, if the guarantee is not made in perpetuity, Tasmania will receive significantly less GST revenue each year beyond 2029-30.
- On 24 September 2025, the Australian Treasurer issued the Terms of Reference (ToR) for the 2026 Productivity Commission (PC) inquiry into the 2018 GST Distribution Reforms. The ToR direct the PC to provide its Final Report on this inquiry to the Australian Government before 31 December 2026.
- The ToR meet the legislative requirement to examine the fiscal implications of the revised arrangements and whether the revised arrangements are operating efficiently, effectively and as intended.
- The ToR also direct the PC to investigate:
    - whether the revised arrangements are providing a 'reasonable' standard of Horizontal Fiscal Equalisation (HFE), reducing volatility and improving certainty, and supporting states to pursue reform; and
    - the interaction between GST payments and other Commonwealth payments to states, including the principles for exempting payments from the Commonwealth Grants Commission's assessment
- The ToR also directs the PC to develop a range of distribution options that include options with a relativity floor comparable to the current level, with and without top-up funding from the Australian Government.
- While the inquiry presents risks to all states, the Tasmanian Government will seek to mitigate this through actively participating in all facets of the inquiry.
- The Tasmanian Government has long supported the distribution of GST based on the principles of full HFE.
- Full HFE ensures that Tasmania has a similar fiscal capacity to all other states and can provide the same level of services and infrastructure to Tasmanians as is provided on the mainland.
- Tasmania considers the distribution of GST based on full HFE is the most equitable arrangement available.

Background:

GST distribution arrangements

- In 2018, the former Australian Government legislated revised arrangements to distribute GST revenue among the states and territories.

- The revised GST distribution arrangements will be fully implemented by 2026-27 and transition from the principle of equalising states' and territories' fiscal capacities to the level of the strongest state, currently Western Australia, to equalising to the stronger of New South Wales or Victoria.
- Under the revised arrangements, Western Australia receives a larger share of GST at the expense of all other states and territories, regardless of the strength in its mineral royalties revenue. This enables Western Australia to deliver a higher standard of services, or lower taxes to its community, compared to all other states and territories.
- GST is a zero-sum game - where one state or territory receives a greater share of GST revenue, other states and territories must receive a smaller share.
- Prior to the 2018 legislation, GST revenue was distributed on the basis of full HFE.
- HFE ensures that all states and territories have a similar fiscal capacity to deliver services and infrastructure to their residents to the same standard as any other state or territory, provided they make a similar revenue raising effort.
- Tasmania is a significant beneficiary of HFE. Full HFE is particularly beneficial to smaller states, such as Tasmania, as it enables them to provide services to the same standard as larger states.
- When the Australian Government announced its changes to the GST distribution, it argued, based on a single scenario, that all states and territories would be better off under the revised model, both now and in the future.
- At the time, most states and territories, including Tasmania, argued that the assumptions and modelling upon which the Australian Government built its revised arrangements and arguments were flawed and failed to consider several other more realistic alternate scenarios.
- As a result, the Australian Government agreed to a time-limited legislated guarantee that no state or territory would be worse off, in total, under the revised distribution arrangements over the transition period to 2026-27.
- In December 2023, National Cabinet agreed to extend the no-worse-off guarantee for three years to 2029-30.
- All states and territories except Western Australia have signed the funding agreement which will provide the no-worse-off guarantee until 2029-30.
- Western Australia does not need to sign the agreement as they are a significant beneficiary of the revised arrangements and therefore do not receive no-worse-off guarantee payments.

Treasury Occasional Papers

- Treasury published two Occasional Papers in September 2021 and December 2021 outlining the impact of the new GST distribution arrangements on Tasmania at the time, and providing indicative modelling to illustrate the impact under a range of different scenarios, including:
  - stable relativities from 2023-24;
  - a gradual return to 10-year average relativities by 2031-32;

  - a short-term modest decrease in Western Australia's mining royalties; and
  - a gradual return to New South Wales being the strongest state by 2031-32.
- The alternative scenarios are purely indicative to demonstrate a range of potential outcomes to 2031-32 and are not an expectation of future outcomes.
- The indicative Treasury scenarios in the Occasional Papers estimated that:
  - by 2031-32, Western Australia could be up to $57.5 billion better off from 2019-20 and Tasmania could be up to $755 million worse off; and
  - in 2031-32 alone, Tasmania could be up to $100 million per annum worse off.
- While this modelling does not include updated data and current relativities, the underlying impact of the GST distribution arrangements on Tasmania's GST revenue remains consistent.

Document reference: 25/192033

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Estimates Briefing for the Treasurer

Subject: T118. Payroll Tax for GPs/Medical Centres

Budget output: 3.1 Tax Administration and Revenue Collection

Key messages

- Some in the medical profession are concerned about the possible imposition of payroll tax on medical centres that have not taken proper account of the contractor provisions in the *Payroll Tax Act 2008*. These contractor provisions are largely harmonised across the states and territories.
- The law in this area has not changed, but some states/territories have engaged in more active compliance programs following recent court cases.
- The Tasmanian State Revenue Office has advised:
  - its approach to this issue has not changed;
  - it is not conducting enhanced compliance targeted at medical centres; and,
  - where issues arise as a result of normal compliance activities it will continue to apply the law as usual in accordance with the facts and circumstances of the matter.
- There have been no relevant court decisions or changes to the legislation that would mandate a different approach by the State Revenue Office.
- Contractor provisions are consistent across all industries. Employers in other industries also make use of contractor arrangements similar to some medical centres and therefore may have similar issues and demand similar Government assistance.
- Concerned practitioners/medical centre owners and other industry employers should seek specialist taxation advice regarding the specific circumstances of their business arrangements.

Background

- Employers in each state and territory pay payroll tax on taxable wages paid to employees above a certain threshold. Payroll tax legislation is harmonised across most jurisdictions and is in largely identical terms.
- Medical practitioners set up their practices in different ways, including via a “service agency model”.
- A “service agency model” is one in which a service company (the medical centre) enters into individual contracts with medical practitioners. The medical centre agrees to provide offices and administrative services in exchange for a management fee. The medical centre bills the patients (and/or Medicare) on behalf of the medical practitioners, keeps its management fee and remits the net amount to the medical practitioners.

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- Five Australian jurisdictions (Queensland, South Australia, New South Wales, Victoria, and the ACT) published similar Payroll Tax Revenue Rulings relating to medical centres which use a modified service agency model. Some of these Governments have also offered forms of amnesties, exemptions and/or access to rebates to encourage bulkbilling.

- The Tasmanian State Revenue Office has not published a specific Revenue Ruling addressing the situation of medical centres. The Commissioner's existing Revenue Rulings address the contractor provisions and various exemptions. The Tasmanian Government has not offered any form of amnesty or exemption.

Document reference: 25/184591

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Department of Treasury and Finance

Tasmanian Government

Estimates Briefing for the Treasurer

Subject: T119. Payroll Tax Measures

Budget output: 3.1 Taxation Administration and Revenue Collection

Key messages

- The Payroll Tax Rebate Scheme, providing payroll tax relief to businesses operating in Tasmania that employ apprentices, trainees and youth employees, expired on 30 June 2025.
- The Scheme provided a payroll tax rebate for two years from the date that apprentices and trainees commenced their qualification and one year from the date that youth employees were employed.
- Apprentices, trainees and youth employees employed before 30 June 2025 remain eligible for the rebate under the provisions of the Scheme.
- In the lead up to the 2025 State Election the Government committed to extending the Payroll Tax Rebate Scheme for one year for apprentices only.
- On 19 August 2025, the Government tabled legislation to introduce the extension to the Scheme (from 1 July 2025 to 30 June 2026). The legislation remains before the Parliament.
- It is estimated that the extension will cost approximately $2.6 million over the 2025-26 Budget and Forward Estimates.

Key issues (including data)

Table 1 - 2025-26 Budget for the Payroll Tax Rebate[1]:

	2025-26 Budget	2026-27 Forward Estimate	2027-28 Forward Estimate	2028-29 Forward Estimate
Estimated Payroll Tax Rebate cost ($'000)	6 388	4 367	500	-

[1] The estimated payroll tax rebate cost includes the proposed extension of the scheme for employers of apprentices. At the time of writing the Budget, debate on legislation to extend the scheme was scheduled to resume in the House of Assembly in November 2025.

Proposed Payroll Tax Rebate Scheme extension - apprentices only

Table 3 - Estimated cost of the Payroll Tax Rebate Scheme extension (for apprentices only):

	2025-26 Budget	2026-27 Forward Estimate	2027-28 Forward Estimate	2027-28 Forward Estimate
Estimated Payroll Tax Rebate cost ($'000)	800	1 300	500	-

Background:

Payroll Tax Rebate Scheme - apprentices, trainees and youth employees

- The *Payroll Tax Rebate (Apprentices, Trainees, Youth Employees) Act 2017* provides payroll tax relief to businesses operating in Tasmania that employ apprentices, trainees and youth employees.
- The rebate is equivalent to the lesser of 100 per cent of the payroll tax paid on wages paid to eligible employees, or the total payroll tax paid by the employer. That is, the rebate is only payable on the amount of the wages that exceed the payroll tax threshold.
- Following adjournment, the debate on legislation to extend the payroll tax rebate scheme for employers of apprentices (backdated to 1 July 2025) is scheduled to resume in the House of Assembly in November 2025.

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Department of Treasury and Finance

Tasmanian Government

Estimates Briefing for the Treasurer

Subject: T104. Short Stay Accommodation Levy

Budget output: 2.2 Regulatory Policy

Key messages

- In the lead-up to the 2024 Tasmanian State Election, the Government announced the introduction of a 5 per cent levy on short stay accommodation.
- The Short Stay Accommodation Levy will be introduced on short stay rental properties such as those advertised on online platforms, such as Airbnb and Stayz. It will not apply to traditional accommodation operators such as hotels, pubs, bed and breakfasts and caravan parks.
- The levy is intended to be paid by those using the short stay accommodation and not the property owners.
- The Government has estimated the levy will generate around $11 million in revenue per year.
- 100 per cent of the revenue raised by the levy will go towards the cost of the Government's first home buyers support to directly assist Tasmanians buying their first home.
- The Government has committed to undertake consultation with stakeholders in late 2025 prior to the introduction of the proposed levy on 1 July 2026.

Key issues (including data)

- The levy will apply consistently across the State avoiding geographic distortions of the market.
- The Short Stay Accommodation Levy is currently being developed by Treasury with an anticipated commencement date from 1 July 2026.

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Background:

- Developments in other jurisdictions include:
  - Victoria introduced a 7.5 per cent short stay accommodation levy from 1 January 2025.
  - The Australian Capital Territory introduced a 5 per cent levy on short-term rental accommodation made through a booking service from 1 July 2025. s27 [redacted]
  - s27 [redacted]

Document reference: 25/191582

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Tasmanian Government

Estimates Briefing for the Treasurer

Subject: T131. Liquor licensing - harm minimisation

Budget output: 3.2 Regulation and Administration of Liquor and Gaming

Key messages

- Tasmania's liquor licensing legislation provides the Commissioner for Licensing with powers to reduce or minimise the harm associated with the sale and consumption of liquor in Tasmania.
- The *Healthy Tasmania Five-Year Strategic Plan 2022-26* raises awareness of the benefits that reducing harmful alcohol consumption has on chronic health conditions and mental health, and promotes awareness of factors that protect against or increase the risk of alcohol-related harms.
- The *Tasmanian Drug Strategy 2024-2029* provides a five-year framework to minimise the risks and harms associated with alcohol, tobacco and other drug use.
- The Department of Health continues to progress:
  - the major reforms to the Alcohol and Other Drugs (AOD) Sector, ensuring Tasmanians affected by AOD use can access appropriate, timely, effective, and quality services; and
  - the development of a new Tasmanian Alcohol Action Plan.
- The Tasmanian Government has committed to reform the *Liquor Licensing Act 1990* to:
  - introduce a modern, risk-based approach to managing the harms from liquor; and
  - require regular review of the Responsible Service of Alcohol training framework; and
  - consider the role alcohol may play in contributing to family and domestic violence, noting National Cabinet's decision on gender-based violence.

Key issues (including data)

- The Department of Health continues to implement significant reforms to the Alcohol and Other Drugs (AOD) Sector under a 10-year plan to ensure Tasmanians affected by AOD use have access to appropriate, timely, effective, and quality services.
- The Department of Health is developing an Action Plan to implement the new Drug Strategy which will include the development of a new Tasmanian Alcohol Action Plan.
- The Liquor and Gaming Branch will work collaboratively with the Department of Health in the development of the Alcohol Action Plan.
- The Tasmanian Drug Strategy, the Healthy Tasmania Five-Year Strategic Plan, the Tasmanian Alcohol Action Plan and National Cabinet's response to gender based violence will be considered as part of the Government's reform of the *Liquor Licensing Act 1990*.

Background:

- The *National Alcohol Strategy 2019-2028* (NAS) outlines the nationally agreed approach to prevent and reduce alcohol related harm and policy options for jurisdictions to consider.
- The NAS and two-stages of public consultation, including relevant agencies and community feedback, has informed development of the Tasmanian Drug Strategy.
- The Commissioner has powers under the *Liquor Licensing Act 1990* to address specific venue issues or emerging concerns by imposing conditions on licences in support of harm minimisation. Examples of conditions that might be imposed include:
    - sufficient licensed crowd controllers;
    - cessation of liquor promotions after midnight;
    - installation of CCTV;
    - size and type of containers that can be used to serve liquor;
    - provision of drinking water at liquor sales points;
    - restrictions around the consumption of liquor to clearly defined areas, including the use of wet areas at spectator events; and
    - restrictions on sale of liquor at junior sporting events.
- The Commissioner encourages sporting clubs to also implement their own measures to create a responsible drinking culture within their club. This includes the encouragement for sporting clubs to be registered with Good Sports and develop an alcohol management plan.

Document reference: 25/197221

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Department of Treasury and Finance

Tasmanian Government

Estimates Briefing for the Treasurer

Subject: T132. Liquor licensing - Licensing Reforms

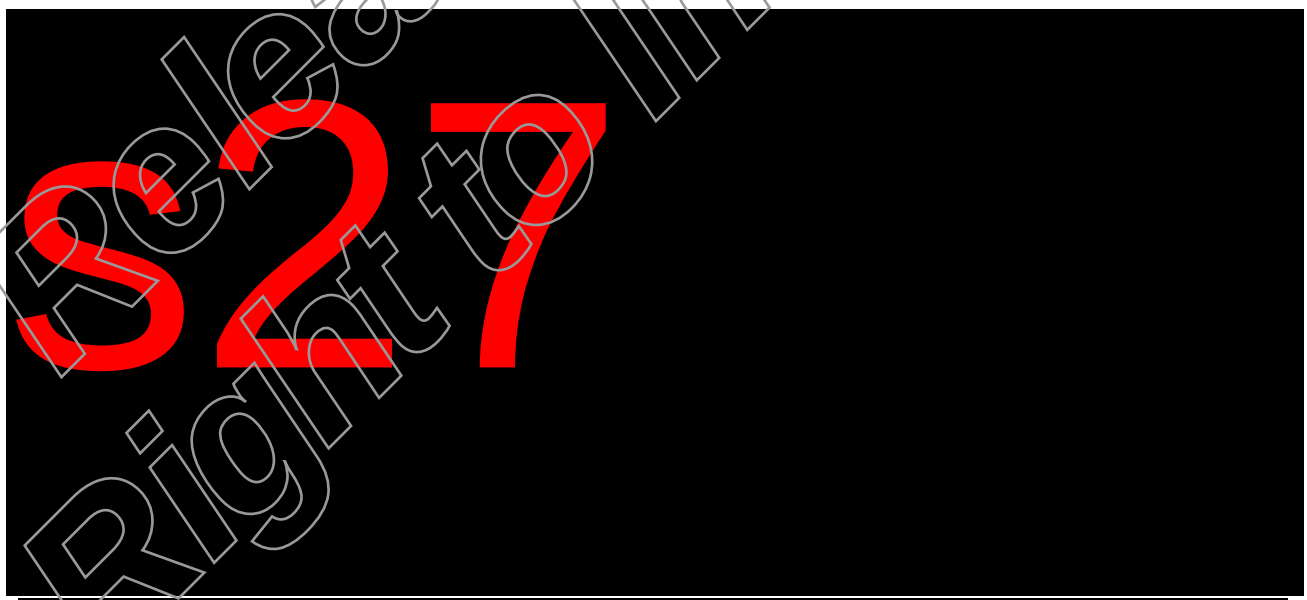
Budget output: 3.1 Regulation and Administration of Liquor and Gaming

Key messages

- The sale, supply, promotion and consumption of liquor in Tasmania is regulated by the *Liquor Licensing Act 1990* (the Act).
- The Government is aware of limitations in applying the Act to modern business practices and the approach to regulation has changed significantly since the Act was introduced.
- In response to issues with the Act, and consistent with the Government's commitment to streamline processes and reduce red tape, the Government will reform the Act and introduce a modern, risk-based approach to managing the harms from liquor.
- As part of the reforms:
  - New licensing and permit categories will be introduced with endorsements to enable tailoring of the authority to reflect different business and community activities;
  - The role that alcohol may play in contributing to family and domestic violence will be considered in response to National Cabinet's decision on gender-based violence;
  - Regulatory processes will be streamlined to minimise the regulatory burden on businesses; and
  - A new liquor and gaming licensing system will be procured to deliver digital transformation of liquor licence and permit applications and enable shorter processing times and trackable applications.

Key issues (including data)

- Issues have been identified with the current regulatory model:
    - The current liquor licence and permit categories are difficult to apply to new and evolving business models, including online businesses, micro businesses, specialist and tourism businesses.
    - Assessment requirements are difficult to adapt for lower risk and simple business models, to enable assessment in a simpler and quicker way.



Background:

- The current Gaming and Licensing Information System (GLIS) has been in place for over 20 years and is at end of life. It is not designed for modern and digital business methods, limiting the ability to streamline and simplify processes.

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- Stakeholders have commented on limitations of the current model and licensing system, noting that it can result in lengthy assessment times for low-risk, small events, a lack of flexibility and inefficient assessment process.
- At the 6 September 2024 National Cabinet meeting, State and Territory First Ministers agreed to review alcohol laws in their jurisdiction and to report back to National Cabinet. The agreement was made in the context of findings from the Expert Panel Review into Prevention Approaches (the Rapid Review) that alcohol plays a significant role in exacerbating family and domestic violence.
- The key recommendations from the Rapid Review were for states to adopt primary objectives to prevent gender-based violence in regulatory regimes and to strengthen controls on alcohol access and availability including retail density, operating hours, online delivery, and advertising.
- The Government has released the Tasmanian Drug Strategy 2024-2029, which provides a five-year framework to minimise the risks and harms associated with alcohol, tobacco and other drug use in Tasmania. An alcohol action plan is currently being developed under this Strategy and it will be important that the Act appropriately supports the plan.

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Document reference: 25/197163

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Estimates Briefing for the Treasurer

Subject: T133 Liquor Licensing – Regulatory Framework and Key Facts

Budget output: 3.2 Regulation and Administration of Liquor and Gaming

Key messages

- Liquor is regulated through the *Liquor Licensing Act 1990* (the Act) and regulations.
- The Act establishes the independent Commissioner for Licensing, responsible for the regulation of liquor under the Act.
- As at 1 October 2025, there were 1 924 liquor licences and 508 liquor permits active in Tasmania. Please note as permits expire, this number only reflects the number of permits active on any one day and is not indicative of how many permits are issued during a calendar or financial year.
- Over the last three years, an average of 135 licence applications were determined per calendar year. The large majority of licence applications are approved, with only four refused in the past year.
- Very few decisions of the Commissioner are appealed with less than half of one per cent of relevant decisions appealed in the past five years. One appeal was received and determined in 2024-25.
- In comparison to other jurisdictions, Tasmania has short timeframes for the assessment and issuing of liquor licences.
- The achievement of targeted timeframes for assessing liquor licence applications has been consistently high.

Key issues (including data)

Commissioner for Licensing

- The Commissioner for Licensing is responsible for a range of functions, the requirements of which are set out in the Act:
    - administering applications for licences and permits;
    - ensuring people are qualified to hold a liquor licence or permit;
    - the determination of liquor licence applications;
    - transferring liquor licences from one person to another;
    - issuing interim authorities for people to act as licensees;
    - issuing liquor permits;
    - administering surrendered liquor licences or permits; and
    - cancelling or suspending liquor permits and licences.
- The Commissioner is also responsible for taking disciplinary action where breaches of licences or permits occur.

Performance of liquor licensing function

- Appeals against the Commissioner's decisions can be made to the Tasmanian Liquor and Gaming Commission.
    - One appeal was received in 2024-25; it was then issued as a different licence type. No appeals were received in 2023-24 or 2022-23.
- The Commissioner works with applicants to ensure the appropriate licence type is applied for and to develop conditions that allow licences to be issued. The large majority of liquor licence applications are approved.
    - 2024-25: 138 licences approved, 4 refused and 1 appealed
    - 2023-24: 122 licences approved, 1 refused
    - 2022-23: 140 licences approved, 1 refused
- The Liquor and Gaming Branch has a publicly reported performance measure for the percentage of liquor applications submitted to the Commissioner for Licensing within 40 days of advertising, targeting at least 95 percent. Recent performance outcomes are:
    - 2024-25 98.6%
    - 2023-24 97.5%
    - 2022-23 97.2%

s27 [redacted]

Liquor licences and permits

- In 2024-25, there were 1 918 liquor licences at the end of the financial year, an increase from the 1 895 on issue during 2023-24 primarily due to increases in general and on-licences.
- All applications for liquor licences are considered by the Commissioner who must make a decision that is, in the Commissioner's opinion, in the best interest of the community.
- The Act allows the Commissioner to issue the following licences and permits:

Liquor licence categories[1]	**Authorised sale of liquor**	**Licence fee**[2]	**Number of licences (1 October 2025)**
General licences	On the licensed premises between 5am and midnight on any day, for consumption on and off the premises.	$1 528	388
Club licences	On the licensed premises (a club) between 5am and midnight on any day, for consumption on or off those premises, limited to club members, guests and people attending club activities or functions.	$1 528	204
Off-licences (bottleshop)	Between 5am and midnight on any day, for consumption off those premises.	$1 528	113
On-licences (bar, nightclub)	On the licensed premises between 5am and midnight on any day, for consumption on those premises.	$1 528	171
On-licences (restaurant)		$764	174

Liquor licence categories[1]	Authorised sale of liquor	Licence fee[2]	Number of licences (1 October 2025)
Special licences (eg. café, internet only, wholesaler, vineyard/cellar door)[3]	On the licenced premises between specified times, for limited activities, subject to conditions typically varying according to business type, consumption areas, etc.	$764	874
Total			**1 924**

[1] Liquor licences refer to all licences in an active status (Issued, Transfer Application and Variation Application).
[2] Per the *Liquor Licencing (Fees) Regulations 2015*, Part 1 regulation
[3] There are three types of special licences: authorising sale of local wine at a winery or cellar door ($382.00), or vineyard ($191.00),
as well as other special licences ($764.00).

Liquor permit categories[1]	Authorised sale of liquor	Permit fee[2]	Number of licences (1 October 2025)
Out-of-hours	On licenced premises for any period between midnight and 5am, at the specified times.	$2 263.35	104
Off/On	On-permit holder, permitted to sell liquor for consumption on the licensed premises for specific occasions or events. Off-permit holder, permitted to sell liquor for consumption off the premises for a specific occasion or where tenure may be subject to a third-party approval.	$382.00	72
Special (annual, six months, less than 30 days, less than four days)	On premises where there is no existing authority, time limited, for functions or events or for a club for a specified number of hours per week.	$496.60	301
Small producers	Allows Tasmanian craft and boutique liquor producers to sell their liquor at more than one "event", such as a market or food festival.	$162.35	31
Total			**508**

[1] Liquor permits refer to all permits in an active status (Issued).
[2] Per the *Liquor Licencing (Fees) Regulations* 2015, Part 2 regulation 1. There are different lengths of time permits can be for with differing costs associated, refer the Regulations for further detail (www.legislation.tas.gov.au/view/whole/html/inforce/2021-06-16/sr-2015-064).

- Annual liquor licence fees are incurred on 1 January and are payable by 31 March. The Act provides for a penalty of 10 per cent where fees are not paid by the due date. Non-payment by 30 April can lead to a suspension and/or cancellation of the licence.

Night-time economy

- The Liquor and Gaming Branch undertake inspections of licensed premises who trade late to ensure compliance with the Act. Joint inspections with Tasmania Police also regularly occur to support safe and responsible practices in licenced premises.

Background

- The time taken to assess and determine applications for liquor licences and permits is driven by the requirements of the *Liquor Licensing Act 1990* and the quality of information provided by applicants.
    - The Act requires the Commissioner to assess certain requirements and to make determinations as to the fitness of the applicant and associates, the appropriateness of the business operations and location, what conditions are appropriate to ensure responsible service of alcohol and the best interests of the community.
    - Applicants are required to provide a well-defined set of information in order for a completed application to be assessed. Where required information is not provided, delays can occur while the missing information is followed up. To mitigate this, application forms include a checklist and further guidance information is available online and is regularly reviewed and updated by the branch.

Historical licence and revenue data

Total liquor licences by category for the last five years (as at EOFY)					
	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
General	356	373	382	377	391
Club	198	204	201	202	206
Off	94	98	104	109	111
On	284	297	314	313	336
Special	760	763	748	725	718
Special Wine Producer	191	181	171	169	156
Total	**1 883**	**1 916**	**1 920**	**1 895**	**1 918**

Annual revenue from liquor fees	
2024-25	$2 001 324
2023-24	$1 878 395
2022-23	$1 816 000
2021-22	$1 740 000
2020-21	$274 000[1]

[1] Decrease in revenue reflects refunded and waived fees under the Government's COVID-19 support measures

Liquor Licensing Fees

- Liquor licensing fees are subject to the *Fee Units Act 1997*. Fees for 2025-26 are published on the Liquor and Gaming website. Fees increase on 1 July each year in accordance with indexation.

- A further breakdown of the liquor licence and permit categories with correlating fees can be found here: www.treasury.tas.gov.au/liquor-and-gaming/fees/liquor-fees.
- Tasmania uses a fixed fee model based solely on the category of licence. Most other jurisdictions use, or are working towards, a risk-based approach that reflects a combination of licence class, trading hours and, in some cases, loadings based on compliance history, patron capacity of the premises and location.

Night-time economy

- The night-time economy generally refers to social, cultural and business activities that involve the sale of alcohol at licensed premises from 6:00pm until the early hours of the morning.
- The Commissioner has powers under the Act to address specific venue issues or emerging concerns by imposing conditions on permits and licences in certain circumstances, where there is evidence of emerging issues and in support of harm minimisation.
- In late 2018, the Commissioner determined that licenced premises permitted to trade after 2:00am must have recorded closed circuit television (CCTV) surveillance in operation while trading, a condition that supports alcohol-related harm minimisation.

- Recently the Council of Capital City Lord Mayors' commissioned report, *Measuring the Australian Night-Time Economy 2025*, was published and is available here: https://www.lordmayors.org/wp-content/uploads/2025/07/CCCLM_NTE_2025_Report.pdf.

[redacted]

Document reference: 25/194532

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Tasmanian Government

Estimates Briefing for the Treasurer

Subject: T124. Gambling – Commonwealth Inquiry into Online Gambling and Harm Reduction

Budget output: 3.2 Regulation and Administration of Liquor and Gaming

Key messages

- Commonwealth, state and territory gambling ministers have a shared commitment to pursue actions to prevent and reduce harm from online wagering.
- This includes consideration of the findings and recommendations of the Australian Government Parliamentary inquiry into online gambling and its impacts on those experiencing gambling harm ("You win some, you lose more" report).
- The Australian Government has not yet responded to the "You win some, you lose more" report or provided formal advice regarding a ban on advertising for online gambling to date.
- The Tasmanian Government will continue to engage with the Australian Government on this matter and participate in national working groups and forums to progress a strategy to reduce harm from online gambling.

Key issues (including data)

- On 28 June 2023, the House of Representatives Standing Committee on Social Policy and Legal Affairs released its report into gambling "You win some, you lose more - Online gambling and its impact on those experiencing harm".
- Key recommendations of the report included:
    - The Australian Government, with states and territories, develop within 12 months a comprehensive national strategy for online gambling harm reduction based on public health principles (recommendation 2).
    - The Australian Government prohibit all online gambling inducements and inducement advertising (recommendation 16).
    - The Australian Government, with the cooperation of the states and territories, implement a comprehensive ban on all forms of advertising for online gambling, to be introduced in four phases, over three years (recommendation 26).

- Submissions in 2022 to the inquiry by the Tasmanian Government and the Tasmanian Liquor and Gaming Commission raised concerns about the prevalence of, and potential harm for vulnerable groups, of advertising by online wagering service providers, supporting further restrictions of gambling advertising by online wagering providers.
- On 4 September 2024, Australian Government Minister for Social Services, the Hon Amanda Rishworth MP, invited State and Territory Gaming Ministers to meet to discuss online wagering and harm minimisation.
- This meeting was focussed on discussion of the development of a national strategy. Tasmania had previously committed in-principle to working with the Australian Government, states and territories to develop a national strategy.

Background:

- Online wagering providers in Australia are licensed by individual states/territories but are also regulated under Commonwealth laws covering communications and interactive gambling.

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- Tasmania's legislation regulates based on point of supply (i.e. where the licence is issued). This means that online gambling activities offered by an entity licensed in another jurisdiction are generally not captured by Tasmanian legislation. Tasmania has only one licensed provider, UBET TAS Pty Ltd, a subsidiary of Tabcorp.
- The Australian Government Parliament inquiry was established following a referral from the Minister for Social Services, Hon Amanda Rishworth MP.
- The Committee's terms of reference included:
    - Effectiveness of existing consumer protection aimed at reducing online gambling harm.
    - How to better target programs to address online gambling harm.
    - Appropriateness of the definition of "gambling service" in the Interactive Gambling Act 2001 (Cth).
- Key findings of the inquiry:
    - Gambling poses serious risks to Australians' physical and mental health and a significant portion of the population engaging in online gambling faces financial, emotional and social hardships.
    - Australia's online gambling market is increasing and Australians who gamble online are significantly more likely to report experiencing harm compared to those who only gamble on land-based forms.
    - Australia has a complex, fragmented and inconsistent regulatory framework for online wagering that contributes to insufficient consumer protections and inadequately resourced harm reduction, treatment and support measures.

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Estimates Briefing for the Treasurer

Subject: T128. Gambling – Social and Economic Impact Study

Budget output: 3.2 Regulation and Administration of Liquor and Gaming

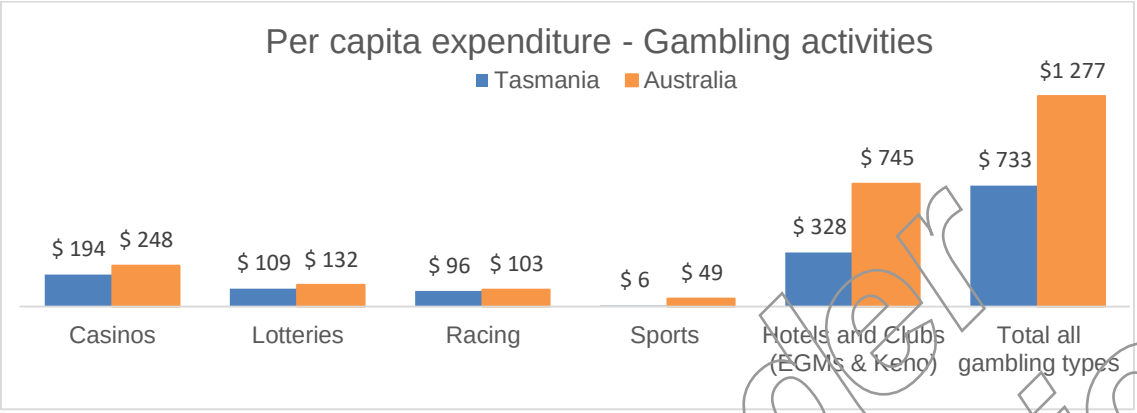
Key messages

- The procurement process for the sixth Social and Economic Impact Study on Gambling in Tasmanian is currently underway, with the completed study due by 30 June 2026.
- The reporting period for this study was extended from three to five years as part of the future gaming market reforms.
- The fifth Social and Economic Impact Study on Gambling in Tasmania was undertaken by a consortium led by the South Australian Centre for Economic Studies in June 2021.
- The study was tabled in Parliament on 1 July 2021 and is available on the Treasury website, together with all public submissions received.

Key issues (including data)

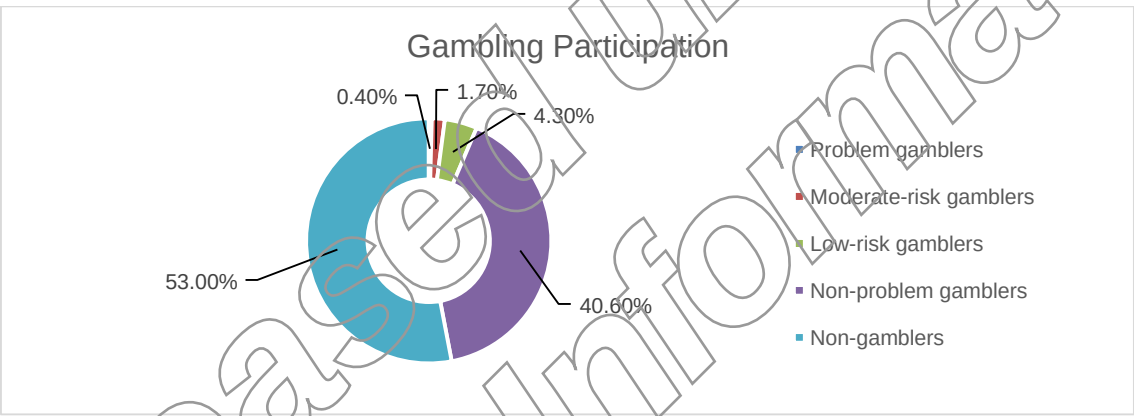
- The Gaming Control Act 1993 requires that an independent review of the social and economic impact of gambling in Tasmania be undertaken every five years.
- The procurement process for the sixth Social and Economic Impact Study on Gambling in Tasmania is currently in progress, with the final report expected by 30 June 2026.
- The most recent study was undertaken in 2020-21. This study found:
  - EGM expenditure fell 15 per cent since the 2017 study (adjusted to 2019-20 prices).
  - Real per adult EGM expenditure has steadily fallen from $851 per adult in 2003-04, to $415 per adult in 2018-19. With the COVID-19 related temporary venue closures, expenditure fell further to an average of $307 per adult in 2019-20.

- Tasmania's per capita expenditure of gambling activities was lower than Australia:



*Based on 2018-19 data.

- Gambling participation of all types of gamblers is depicted below:



  - Problem gamblers contribute 48.8 per cent of the sum of all harm, moderate-risk gamblers 30 per cent, low-risk gamblers 8.7 per cent, and non-problem gamblers 12.6 per cent.
  - Representation of problem and moderate-risk gamblers was relatively high for gamblers who bet on sporting events (18 per cent), played EGMs (12 per cent), and engaged in informal private betting for money (12 per cent).
  - There was no clear evidence of a migration to online gambling during COVID-19, although some men and younger people reported an increase in expenditure. There was also little evidence of higher risk gamblers gravitating towards online gambling or increasing their gambling.

[redacted] s27

Background:

- There have been five social and economic impact studies on gambling conducted since 2008, funded from the Community Support Fund.
- Prior to 2021 legislative amendments, the *Gaming Control Act 1993* required that an independent review of the social and economic impact of gambling in Tasmania be undertaken every three years.
- The new five-yearly cycle between reports will allow meaningful consideration of the findings, and time to implement, consolidate and evaluate resulting recommendations.
- The review must be carried out by persons (only one of whom may be employed by the State of Tasmania or a State Agency), who in the Minister's opinion, possess appropriate expertise or qualifications to carry out the review.
- The study must include consultation with stakeholders and invite written public submissions.
- Submissions to the fifth study were invited through advertising on Gambling Support Program social media; direct approaches to community, peak body and industry organisations; the University of Adelaide website; Treasury's website; and newspaper advertisements.
- COVID-19 public health restrictions and the subsequent gambling industry closures during 2020 meant completion of the study was extended by six months to 30 June 2021. As a result, the prevalence survey was conducted in October and November 2020 once gaming venues had been reopened for at least three months.
- Questions in the 2020 survey were designed to ensure, as much as possible, that the results were comparable to previous surveys. Specifically, respondents were asked to recall gambling behaviour during the 12 months preceding declaration of COVID-19 as a pandemic.

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Department of Treasury and Finance

Tasmanian Government

Estimates Briefing for the Treasurer

Subject: T127. Gambling: Regulatory framework and key facts

Budget output: 3.2 Regulation and Administration of Liquor and Gaming

Key messages

out-of-scope

- As at 23 April 2025, there are 262 premises that offer some form of gaming in Tasmania. This includes the two Tasmanian casinos and premises offering gaming machines, keno, TAB or lotteries.

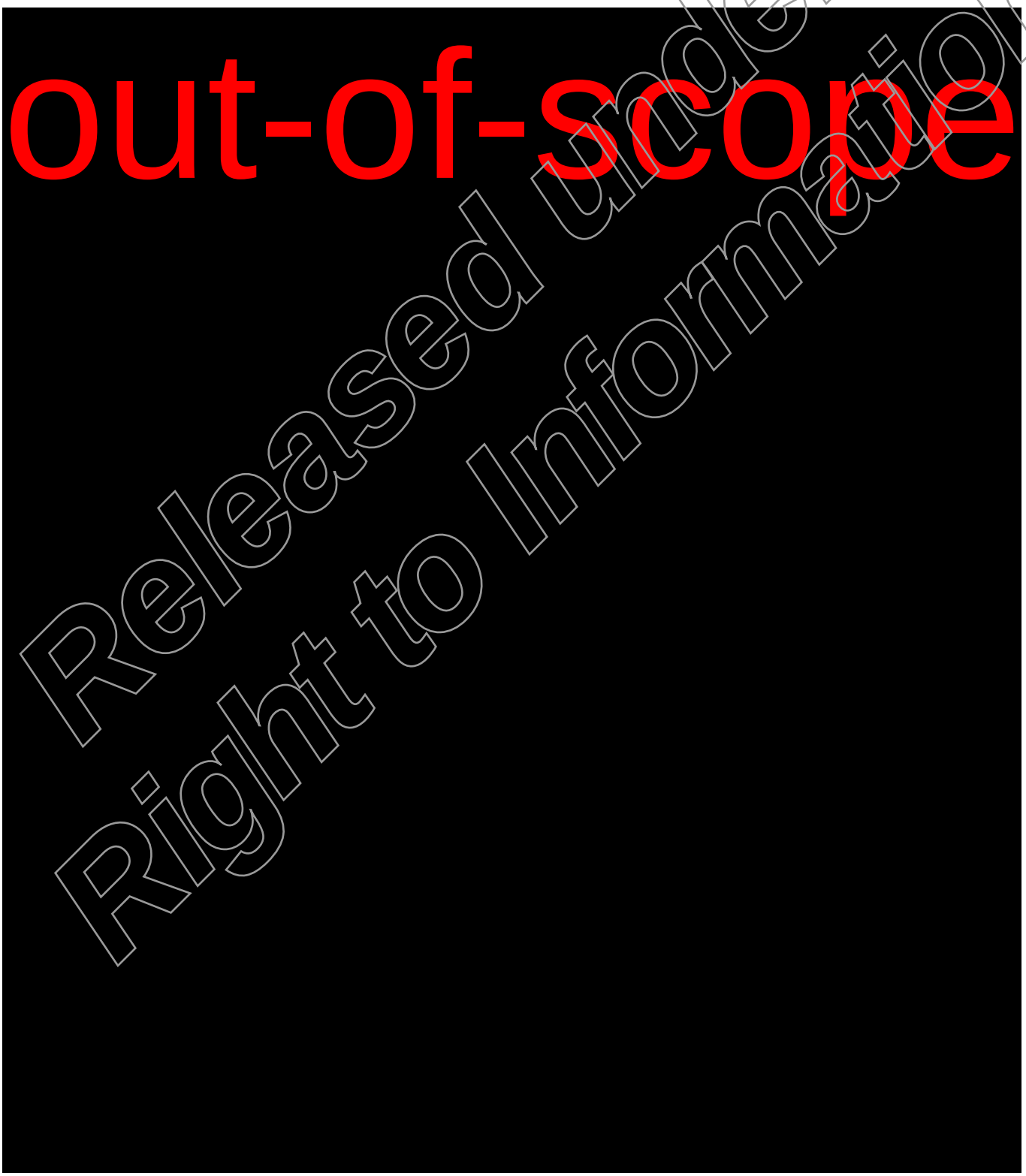
out-of-scope

- Since its inception, an estimated $122.66 million has been received through the Community Support Levy for the benefit of the community, with $8.04 million received in 2024-25.

Key Issues (including data)

As at 23 April 2025, gambling activities in Tasmania consist of:

- 3 252 electronic gaming machines (at two casinos and 90 hotels/clubs);
- keno (at two casinos and 141 hotels/clubs);
- table gaming (at two casinos);
- totalizator and fixed odds wagering (at 124 hotels/clubs, stand-alone TAB outlets, racecourses); and
- lotteries (at 96 locations).



- Gambling data is published each year in the Tasmanian Liquor and Gaming Commission's Annual Report. The number of authorised electronic gaming machines and EGM expenditure is published monthly on the Treasury website.

out-of-scope

Tax rates

out-of-scope

Community Support Levy	
Gaming machines - Hotels	5.00
Gaming machines - Clubs	4.00
Gaming machines - Casinos	3.00
Internet and Interstate based gaming and wagering	
Point of consumption wagering tax[1]	15% of net wagering revenue on bets placed in Tasmania over the annual tax-free threshold of $150 000 per operator

out-of-scope

[1] Applies to all wagering operators (including betting exchange operators) licensed in Australia and offering bets to a person located in Tasmania. The value of free bets is excluded from net wagering revenue.

Community Support Levy

- The Community Support Levy (CSL) is a levy imposed on the gross profits derived from electronic gaming machines in casinos, hotels and clubs. The levy is 5 per cent for hotels, 4 per cent for clubs and 3 per cent for casinos.

- The Government has committed $8.36 million annually to be available for expenditure over the forward estimates. Should actual expenditure reach this amount, any shortfall in receipts from the levy and the direct contribution of $50 000 annually by Maxgaming (the licensed monitoring operator) will be contributed by the Government.

Point of Consumption tax

- The Government introduced a Point of Consumption (POC) tax on all wagering by Tasmanians from 1 January 2020. Tax is collected for Tasmanian customers from all licensed betting operators in Australia where net wagering revenue exceeds the annual tax-free threshold of $150 000.

- In addition, Tasmania's wagering licence holder, UBET TAS Pty Ltd (part of the Tabcorp Group), pays an upfront annual levy of around $1.7 million (925 000 fee units) indexed by CPI.
- The Government has committed to review the quantum of the Levy three-yearly. The first review was completed in May 2023, with the amount of the levy remaining unchanged. This is due to the unchanged cost of regulating UBET TAS and the ongoing right to exclusively conduct totalizator activities in Tasmania.
- When introduced, by agreement, 80 per cent of additional revenue generated by the POC tax was shared with the racing industry. Racing industry funding is now maintained at an agreed level without being linked to a percentage of POC tax.

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Department of Treasury and Finance

Tasmanian Government

Estimates Briefing for the Treasurer

Subject: T125. Gambling – Community Support Fund

Budget output: 3.2 Regulation and Administration of Liquor and Gaming

Key messages

- The Community Support Fund (CSF) was established on 1 July 2023 and is funded through contributions from the Community Support Levy (CSL), a direct contribution from Maxgaming who is the licensed monitoring operator, and any Tasmanian Government contributions.
- The Government remains committed to implementing harm minimisation measures with $10.187 million allocated to agencies from the Fund in 2024-25.
- The Fund supports harm minimisation activities such as gambling support programs, prevention and early intervention, research, community development and sport and recreation activities. It allows a flexible approach to targeting funding where it is most needed.
- The *Gaming Control (Community Support Fund) Regulations 2023* establish the requirements for distribution of the available funds to State Service agencies, setting the allowable purposes and criteria for funding.
- 25 per cent of the total levy receipts are allocated to support sport and recreation initiatives to build community health, wellbeing and resilience.

Key issues (including data)

2025-26 Budget Estimates for Community Support Fund

	2023-24 Actual $'000	2024-25 Estimated Outcome $'000	2025-26 Budget Estimate $'000	2026-27 FEs $'000	2027-28 FEs $'000	2028-29 FEs $'000
Community Support Fund Budget	8 360	8 360	8 360	8 360	8 360	8 360

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- The above table shows Community Support Levy revenue estimates for 2024-25 and 2025-26, based on historical growth trends applied to gaming machine player expenditure.

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- 2023-24 was the first year of operation for the Community Support Fund with new administrative arrangements being introduced. While funding was allocated and committed, timing of payments resulted in a total expenditure of $6.45 million.
- The 2023-24 expenditure by agency was:

	2023-24 Expenditure ($)
Department of Premier and Cabinet - Gambling Support Program	4 341 981
Department of Treasury and Finance	288 607
Department of State Growth - Active Tasmania	1 820 000
Total	**6 450 588**

- In 2024-25, based on estimates of the Community Support Levy and the Government's budget for the Community Support Fund ($8.36 million), unallocated balance of the Fund ($606 590), funds held for major harm minimisation projects ($1.164 million) and $160 123 due to Active Tasmania, a total of $10 290 713 was available for allocation.
- Any unspent funds will remain in the Community Support Fund and are available for disbursement from the Fund in subsequent years.

- A summary of the 2024-25 approved allocations from the Fund is below:

	2024-25 Allocation ($)
Department of Treasury and Finance	
Social and Economic Impact Study Provision	250 000
Tasmanian Gambling and Exclusion Scheme	65 000
Major Harm Minimisation Projects	2 464 000
Department of Premier and Cabinet	
Gambling Support Program	5 248 000
2024 Election Commitment for Poker Machine Harm Reduction	100 000
Department of State Growth	
Active Tasmania	2 060 000
Total	**10 137 000**

- Details of expenditure from the fund will be published on the websites of the Departments of Treasury and Finance, State Growth and Premier and Cabinet.

Background:

- The Community Support Levy (CSL) is a levy imposed on the gross profits derived from electronic gaming machines in casinos, hotels and clubs. The levy is 3 per cent for casinos, 5 per cent for hotels and 4 per cent for clubs.
- The Government has committed $8.36 million annually to be available for expenditure over the forward estimates. Should actual expenditure reach this amount, any shortfall in receipts from the levy and the direct contribution of $50 000 annually by Maxgaming (the licensed monitoring operator) will be contributed by the Government.
- The Fund was established under the *Gaming Control (Community Support Fund) Regulations 2023*. The Regulations reflect the broad feedback received from both targeted stakeholder and public consultation processes, ensuring the distribution of the CSL and other monies through the Fund continues to benefit the community, to prevent and mitigate the harms associated with gambling, and provide flexibility to prioritise funding where it is most needed.
- State Service Agencies can seek funding for activities in line with one or more of the purposes and criteria prescribed by the Regulations. Requests are considered by the Tasmanian Liquor and Gaming Commission to confirm they are consistent with the Regulations and then determined by the Minister.
- A portion of the Fund is distributed annually to the Department of Treasury and Finance to fund statewide gambling research; administration of the Tasmanian Gambling Exclusion Scheme; and other gambling harm minimisation or prevention measures that may require a whole of government response.
- Treasury is required to publish details of the approved distributions from the Fund to each State Service Agency on its website each financial year. A review into the efficacy of the Fund and its expenditure will also be completed every five years.

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Estimates Briefing for the Treasurer

Subject: T45. Government Business Governance Reform

Budget output: 1.3 Shareholder Advice on Government Businesses

Key messages

- The Government is continuing to implement the governance framework reforms to ensure Government-owned businesses act in the best interests of Tasmanians.
- The first tranche of legislative reforms was passed by the Legislative Council on 5 November 2025.
- Drafting has begun on the second tranche of legislative reforms and a draft will be released for consultation.
- The Government will not be considering divestment of any Government businesses and has successfully legislated the requirement for approval of a two-thirds majority in Parliament to sell a Government business.
- The potential merger of TasRail, TasPorts and TT-Line has been considered and will not be progressed.

Key issues (including data)

- Collectively Government businesses:
  - employ over 5 400 people;
  - are forecasting to provide $1.29 billion in dividends, tax and rates equivalents over the 2025-26 Budget and Forward Estimates period;
  - manage assets valued at $32 billion;
  - are forecasting to invest $6.2 billion, over the 2025-26 Budget and Forward Estimates period, into infrastructure projects; and
  - are forecasting total debt of $7.5 billion by 2028-29, an increase of $3.1 billion compared to 30 June 2025.

Background

- The Government owns a diverse portfolio of Government businesses that operate within a governance framework designed to encourage greater operational independence and a focus on commercial performance, while ensuring that businesses remain accountable to the Government and act in the best interests of their owners, the Tasmanian community.
- The Shareholding Ministers provide their broad policy objectives and expectations to the business through the Ministerial Charter (for Government Business Enterprises (GBEs)) and Members' Statement of Expectations (for State-owned Corporations (SOCs)). They also provide input on the strategic direction of Government businesses through the annual corporate planning process.

Government business governance reform

- The current governance framework has inconsistencies that are complex, opaque and inhibit the ability to easily introduce consistent and transparent reform across all businesses. These inconsistencies were acknowledged by the Government, with actions taken in mid-2024 to commence reform.
- The first step to reform was issuing new Ministerial Charters and Members' Statements of Expectations to Government businesses. However, it was recognised that this could only go some way towards addressing some of the issues and concerns.
- The reforms are being considered with key decisions informed through consultation with stakeholders, and taking into consideration the recommendations of recognised best practice on corporate governance of Government businesses.
- The reforms are being guided by the following principles:
  - Ensuring that all Government businesses place the interests of Tasmania first and are accountable for doing so.
  - Improving governance for Government businesses to ensure it is effective, contemporary, fit for purpose, transparent and provides for appropriate oversight.
  - Expanding the range of performance monitoring options available to Shareholding Ministers.
  - Incorporating appropriate levers in the governance framework to manage or rectify poor performance of Government businesses, if required, including in relation to major capital projects.

Draft Plan

- On 3 November 2024, the Government released the Government Business Governance Reform Draft Plan.
- The Draft Plan was available for consultation until 13 December 2024.
- Treasury received 48 submissions from a range of stakeholders.

Reform Paper

- The Government released a Reform Paper on 30 May 2025, outlining all the agreed reforms and the mechanisms being used to achieve them.

Legislation

- The Government is progressing the legislation in two tranches.
- A draft of the first Bill was released for public consultation in March 2025. Treasury received 13 submissions from a range of stakeholders.
- The Bill was passed by Parliament on 5 November 2025.
- The Government Business Governance Reforms Act 2025 includes:
  - a consistent mechanism that will require all Government businesses to comply with any lawful directions from Shareholding Ministers and a requirement for reporting of compliance with directions;
  - a requirement for directions to be made transparent, including the requirement for directions to be tabled in Parliament and listed the annual report of the Government business;
  - continuous disclosure obligations for SOCs and expanded continuous disclosure expectations for GBEs to include delivery of directions;
  - the approval process and expectations in relation to the annual Statement of Corporate Intent (SCI), including the requirement that it be made public on the website of the Government business;
  - a requirement for Government businesses to publicly release a half-year report;
  - a limit of two terms for directors and chairs of Government businesses unless approved due to exceptional circumstances. Any additional terms approved beyond the limit will need to be made transparent, including a requirement to table a notice in Parliament;
  - a requirement that the two Shareholding Minister roles cannot be undertaken by the same person, with an exception allowed for the Tasmanian Public Finance Corporation; and
  - a requirement for all Government businesses to establish and publicly release a sponsorship framework that complies with Treasurer's Instructions and any regulations issued.
- The Government is working towards tabling the second tranche of legislation in the 2026 autumn session of Parliament and a draft will be made available for public consultation prior to it being introduced.
- It is intended that the second Bill will:
  - ensure that there are consistent, contemporary and appropriate arrangements for GBEs and SOCs in relation to:
    - the corporate planning process, including the timing for submission and the approval and consultation process;
    - the number of Members of SOCs;

    - financial and non-financial reporting obligations of Government businesses, including those related to continuous disclosure and quarterly performance;
    - reporting on board and CEO performance and the option for Shareholding Ministers to request an independent review of board performance be undertaken;
    - community service obligations (CSOs) and non-commercial activities, including updating the current legislative provisions related to CSOs for GBEs and extending the CSO provisions to SOCs;
    - subsidiaries and joint ventures of Government businesses, including reporting requirements, approval requirements for creating or entering into these arrangements and amending a subsidiaries Constitution and to apply Treasurer's Instructions to subsidiaries of GBEs; and
    - the tabling of Government business annual reports and SOC Constitutions in Parliament;
  - establish mechanisms to provide Shareholding Ministers with a range of options to manage and intervene in instances of poor performance;
  - remove the specific TasPorts board appointment requirements to make the arrangements consistent with the standard processes for other Government businesses;
  - establish mechanisms to provide Shareholding Ministers with options to have assurance reviews undertaken by independent experts or a performance review undertaken by the Auditor-General, with the cost to be met by the business, unless agreed otherwise by Shareholding Ministers;
  - clarify that Shareholding Ministers would not be considered directors for the purposes of the *Corporations Act 2001* in providing expectations through governance mechanisms established through the legislative framework; and
  - reduce the complexity and improve consistency between the governance frameworks of Government businesses by standardising legislative provisions and updating references to be consistent, including with the Corporations Act.
- Treasurer's Instructions and guidelines are also being updated as part of the governance reform process.

Assessment of the feasibility of merging TasRail, TasPorts and TT-Line

- Deloitte was engaged to undertake a high-level strategic assessment and provide advice on the possible strategic opportunities, risks and issues associated with a potential merger of TasRail, TasPorts and TT-Line.
- Deloitte considered the feedback received on the Draft Plan and met with TasRail, TasPorts, TT-Line, the Department of State Growth and industry stakeholders, including members of the Government Business Governance Reform Industry Reference Group.
- Deloitte completed its final assessment on 28 March 2025 and concluded that a merger was unlikely to deliver a material benefit for Tasmania and instead identified alternative recommendations and strategic opportunities for the Government to consider.
- A report summarising Deloitte's assessment is available on the Treasury website.

Government business board performance evaluation

- Directors Australia was engaged to provide recommendations to the Government on the best practice for evaluating the performance of Government businesses boards.
- Directors Australia has developed a proposed new board evaluation framework. Feedback on the proposed new framework has been sought from the Industry Reference Group and Government businesses before commencing updates to the guidelines and implementing the other reforms related to monitoring board performance.

Review of the Government business portfolio

- In the Draft Plan the Government committed to undertake a review of the entire business portfolio to:
  - define a principles-based approach for Government's ownership of businesses;
  - assess whether public ownership of each business remains appropriate, and
  - identify any businesses which should be restructured or possibly divested.
- Phase one of the original portfolio review involved Saul Eslake undertaking a staged initial assessment of the Government business portfolio, plus the Land Titles Office, which was released on 29 May 2025 and recommended ruling out a number of businesses for divestment.
- On 7 June 2025, the Government announced that it was no longer considering privatisation of any Government-owned businesses and that work would cease on the second stage of Saul Eslake's assessment.
- The Government also announced that it will introduce legislation so that a Government business can only be sold if it receives two-thirds majority support in the Parliament. This Bill passed Parliament on 5 November 2025.
- The portfolio review has been rescoped to remove consideration of divestment and will now include:
  - development of a Government Business Ownership Policy;
  - determination of the ownership rationale and goals of each Government business; and
  - assessment of the governance model that is "best fit" for the entity (eg GBE, SOC, Statutory Authority, Agency).

Estimates Briefing for the Treasurer

Subject: T13. Restoring Tasmania's Fiscal Sustainability

Budget output: 1.1 Budget Development and Management

Key messages

- The Tasmanian Government is committed to ensuring the long-term sustainability of Tasmania's finances.

s27

- It has adopted several new measures in the 2025-26 Budget to support fiscal sustainability.
- The Government's focus is on managing operational expenditure which:
  - has experienced recent high levels of growth; and
  - is the area where the most meaningful impact can be achieved.
- To support long-term planning and ensure an ongoing commitment, the Government:
  - Will continue to work with the Multi-Partisan Budget Consultation Panel;
  - has decided to bring forward its planned review of the Fiscal Strategy;
  - has confirmed Treasury's intent to publish the Fiscal Sustainability Report early (in February rather than June 2026); and
  - included new savings measures in the 2025-26 Budget to improve the efficiency of Government services.

Key issues (including data)

- In the 2025-26 November Budget the Government has committed to:
  - new savings initiatives that: reduce expenditure on agency marketing and communications costs; simplify Government procurement processes; and implement office and leasing improvements. These initiatives result in savings of $41.6 million ($5.9 million in 2025-26 and $11.9 million annually across the Forward Estimates);

- a Productivity and Efficiency Measure, which commences in 2027-28 that specifically supports agencies to identify areas for reform and implement efficiencies to support improved service delivery. This measure will result in savings of $300 million in the Budget and Forward Estimates ($150 million in 2027-28 and 2028-29). s27 [redacted]
- the funding of the Efficiency and Productivity Unit (EPU) in the Department of Premier and Cabinet s27 [redacted] s27 [redacted];
- fiscal performance initiatives, that provide additional funding for the Department of Treasury and Finance for two years to support savings strategies across government s27 [redacted]
- re-profiling the Capital Investment Program to support a deliverable pipeline of work, while mitigating short-term debt pressures; and
- a reduction in the Treasurer's Reserve ($25 million in 2025-26 and $30 million annually across the Forward Estimates).

- These measures are supported by existing operational decisions, including:
  - the ongoing application of the 2023-24 Budget Efficiency Dividend that has been applied to agency budgets from 2024-25, increasing by $50 million annually up to and including 2026-27 resulting in a cumulative saving of $300 million; and
  - a non-essential recruitment freeze across the State Service.
- General Government Sector operating expenses equate to approximately $10.5 billion a year, compared to approximately $800 million a year in capital investments.
- General Government Sector revenue is approximately $9.5 billion a year, with approximately 67 per cent of that made up of income from the Australian Government. Own-source revenue makes up approximately 33 per cent of total revenue.

Background:

Pre-election Financial Outlook Report

- The Pre-Election Financial Outlook Report (PEFO) published by Treasury in June 2025 contained the following comments about restoring Tasmania's fiscal sustainability:
  - The State Budget has a structural problem. Expenses, significantly driven by health demand and costs, are growing at a faster rate than the State's revenue;
  - Given the materiality of the projected deficits and growth in debt, a comprehensive and enduring response that addresses the existing structural deficit is required.
  - A multi-faceted program of revenue and expenditure measures is required, and no single class of intervention is likely to be sufficient to achieve a sustainable fiscal trajectory.
  - Clear prioritisation, service choices and improved planning and delivery of services, will be necessary to achieve a more efficient State Service that is sized at a sustainable level.

The Independent Review of the State's Finances

- In his report into Tasmania's State Finances, Saul Eslake made the following key comments related to restoring Tasmania's fiscal sustainability:
  - The task to return Tasmania's finances is substantial and should ideally command in-principle support across the political spectrum.
  - A series of fiscal targets over the next four to ten years should be committed to.
  - It would be undesirable and difficult for a large proportion of the task to be undertaken through reductions in operating expenses.
  - Options to raise revenue would be preferable and should be considered, including significant changes to the taxation landscape.
  - Options to move public sector employees who are members of the defined benefit scheme into a contribution scheme should be considered.
  - Infrastructure investment decisions should be made within an envelope of what can be afforded, rather than a 'bottom-up' process.
  - A range of improvements could be made to the Budget, financial documentation, and processes, to increase transparency and awareness.
  - A Parliamentary Budget Office should be considered to support increased scrutiny and capacity of the Parliament.
- The Government committed during the election campaign to implement relevant recommendations from Saul Eslake's *Independent Review of the State's Finances Report*, except for those relating to new or increased taxes, or infrastructure spending.

Document reference: 25/189986

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