

# Tasmanian Budget **2026-27**

Delivering a **strong economy**  
and **caring community**.

## Budget Speech

Presented by the Honourable Eric Abetz MP,  
Treasurer, for the information of Honourable Members,  
on the occasion of the Tasmanian Budget, 2026-27.



Tasmanian  
Government



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2026-27 Budget Paper set includes:  
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# **2026-27 BUDGET SPEECH**

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BY  
THE TREASURER  
THE HON ERIC ABETZ MP

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Delivered in the House of Assembly on 21 May 2026 on the  
Second Reading of the Appropriation Bill (No 1) 2026

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*Presented to both Houses of Parliament by the Governor's Command*

## 2026-27 BUDGET SPEECH

Securing Tasmania's tomorrow through the decisions we make today sits at the very heart of the 2026-27 Tasmanian Budget.

Disciplined budgeting will enable us to provide:

- the care Tasmanians need;
- cost of living support; and
- the needed investment in infrastructure;

while sparing our fellow Tasmanians from the burden of increased taxes.

Speaker,

Tasmania continues to enjoy a strong economy with:

- an unemployment rate that is historically low;
- a deserved reputation for a caring community;
- consistently high business confidence; and
- a growing economy.

In recent years, Tasmania recorded the strongest economic growth of any state, with the highest Gross State Product growth in the eight years to 2024-25, and while growth is now moderating, this reflects external conditions rather than any weakening of our economic fundamentals.

State Final Demand remains positive.

Our export sector remains robust, while our tourism sector has rebounded strongly to pre-pandemic levels, supporting jobs and regional communities across the State.

Ours is an economy that has proven it can adapt. One that is resilient, diverse and well-positioned to take advantage of future opportunities, particularly as major infrastructure investments come to fruition.

Blessed with a mixed economy based on:

- Agriculture;
- Aquaculture;
- Education;
- Fishing;
- Forestry;
- Information Technology;
- Manufacturing;
- Mining;
- Tourism; and
- Services;

to name up a few, combined with sound economic management, Tasmania was well positioned to face head on the recent challenges of COVID-19 and trade boycotts.

Neither were of our making.

Nevertheless, we successfully navigated through them.

Like the Federal Government and our state counterparts, resort was had to deficit spending during that time.

More recently we are experiencing the economic turbulence of inflationary pressures and higher interest rates which are now exacerbated by the conflict in the Middle East. The attendant uncertainties of these factors are impacting on household budgets and our productive sectors.

Which should remind us that none of us knows from where the next challenge will emerge.

It also reminds us we must be prepared.

This is exactly why the November 2025 Interim Budget commenced the work of winding in government spending.

Every indication suggests that the November improvement will be built upon when the actuals for the year are reported later in October.

And today's Budget is the next and further step along the necessary course to ensuring budget sustainability.

As the Good Book reminds us - there is a season for most things.

There was a season for deficit budgeting.

And now is the season for balancing the books.

State and Federal governments irrespective of political colour are now acknowledging the need to return to budgeting which is sustainable.

It is in this context the Government delivers the 2026-27 Tasmanian Budget.

In 2026-27 alone, efficiencies totalling around \$216 million growing to more than \$440 million by the end of the Forward Estimates brings us to peak net debt by 2028-29 before seeing net debt declining.

A clear, certain, determined commitment to future proof our State.

We are doing this without increasing taxes, mindful of the cost of living pressures our fellow Tasmanians are already facing and maintaining those services on which they rely while our economy continues to grow.

Continuing with these necessary measures will require discipline and a capacity to look beyond the immediate and self, and to look to the future.

The immediate task before us is to borrow less while growing the economy, ensuring we continue to be the caring community we all want.

The more significant savings are being achieved through smarter ways of working, driven by reforms such as digital transformation, service redesign, more efficient procurement and capital program realignment.

These efficiencies are about borrowing less and making sure every tax dollar works harder for our fellow Tasmanians.

The Government has embarked on Machinery of Government changes to drive even further efficiencies and seek out savings. We have asked our public service to assist in this task.

Some 438 employees have volunteered over 735 ideas, highlighting that they too understand the imperatives before us and their willingness to do their bit for Tasmania - for all of us.

We appreciate their engagement.

Our new Building Tasmania will coordinate infrastructure delivery and the realignment of key service delivery functions. The consolidation of functions such as housing and infrastructure planning will improve accountability, productivity and outcomes for the community.

Importantly, these reforms are not just structural.

They are designed to deliver real improvements in efficiency, productivity and value for Tasmanian taxpayers, while delivering a stronger economy and a more sustainable fiscal position over the longer term.

As with any reform of this scale, there are transition challenges, and some upfront costs. But over time, these changes will strengthen fiscal discipline, improve strategic alignment and ensure better service delivery for all Tasmanians.

In recent times, the Government's commitment to all things youth and education has seen a 71 per cent increase in operating expenditure.

We recognise that the current rate of expenditure growth is not financially sustainable and exceeds national average expenditure. Accordingly, a full departmental service delivery model review will be undertaken to examine how services can be delivered more sustainably in the context of increasing demand, demographic change and cost pressures.

Speaker,

If we continue to take the necessary, careful, measured actions and pursue efficiencies, we will ensure the long-term sustainability of our budgetary position which is needed to deliver a caring community.

Importantly, if we take this action now, economic modelling shows that our economy does not contract, and growth remains positive.

Tasmania is heavily reliant on its GST income, which accounts for about 40 per cent of our income, with Australian Government Specific Purpose Payments making up about 26 per cent of our income, leaving approximately one third of our income from self-sourced revenue such as payroll tax, land tax and royalties.

These confronting realities reinforce the importance of fair Australian Government funding.

Even small changes in the national GST pool or Tasmania's relativity can have a material impact on the Budget.

Given all this, it is clear that we need to reduce our expenditure while growing the economy and protecting our fair share of GST.

Our initial submission to the Productivity Commission's inquiry into the GST distribution arrangements advocated for a return to full Horizontal Fiscal Equalisation as the only arrangement to support equitable outcomes and a sustainable federation.

The changes made in 2018 undermined this arrangement, abandoning Horizontal Fiscal Equalisation and creating a two-tier federation.

Restoring full Horizontal Fiscal Equalisation will give certainty to our community that the delivery of essential services to Tasmanians, from hospitals and schools to police and infrastructure, is secured.

The House's unanimous approval of a motion calling on the Federal Government to restore full Horizontal Fiscal Equalisation, together with the submissions from the Opposition, the Greens and Mr Fairs, Member for Bass, backing in the Government's submission to the review, saw Tasmania speak as one, loudly, convincingly and I trust effectively.

Speaker,

Reducing expenditure is never easy. Nevertheless, it is necessary, indeed essential for our future wellbeing. We all know it is the correct thing to do both morally and economically. Our challenge is to live up to this responsibility.

After all, we were sent to an early election based on the stated need for "budget repair". This saw the Government being entrusted with a three per cent surge in support from our fellow Tasmanians less than a year ago.

We were re-elected to deliver and we are.

The objective of returning the Net Operating Balance to surplus and achieving peak net debt in 2028-29, as outlined in November, is on target to be achieved.

To reach peak debt we need to have sufficient funds for our operating budget, our infrastructure budget and equity injections for our government businesses.

To achieve this, we need both a net operating surplus and a fiscal surplus to provide for our operating and capital costs, plus surplus funds for our equity commitments which would otherwise need to be borrowed.

This Budget sees us return to a net operating surplus in just two years and peak net debt in under four years.

Both manageable. Both necessary.

Paying down debt and reducing our interest payments frees up more money for services instead of repayments.

By restoring the budget to surplus, we strengthen our State's finances, reducing the need for borrowing, easing pressure on future budgets and ensuring more of taxpayers' money can be invested where it matters most.

It gives us the flexibility to continue supporting Tasmanians through cost of living pressures, while also investing in the essential services and infrastructure our communities rely on now and into the future.

Two thirds of our operating expenditure will be directed to essential services in health, education and public safety.

Budget sustainability and the provision of services is not a binary choice. Both can be delivered, and they are in this Budget.

Speaker,

The Government's commitment to health remains and continues to be the largest area of expenditure at \$15 billion, reflecting the Government's commitment to community wellbeing.

Since coming to office, we have seen our commitment to health being not only spoken but delivered with a 150 per cent increase in expenditure.

We walk the talk, difficult as it has been.

This resolute commitment has been quite substantially responsible for our deficits as federal governments of both persuasions have failed to live up to their promises and clear responsibility, with their serious underfunding of health.

The latest Addendum to the National Health Reform Agreement goes some way to the Federal Government living up to its obligations, providing Tasmania up to an estimated \$705 million in additional Australian Government funding over five years from 2026-27, for which we are grateful but also mindful our Canberra counterparts need to do a lot more because we can no longer borrow to make up for Canberra's ongoing funding neglect that sees Tasmania funding primary care services.

Over the years, we have contributed approximately \$476 million to make up for Canberra's neglect in our hospitals alone, as well as approximately \$50 million on primary care initiatives.

The Tasmanian Government recognises the critical importance of quality healthcare to the wellbeing and productivity of our State. We are investing more than \$165 million in additional funding to support bulk-billing GP clinics, women's health and workforce capability.

Just one example is the new \$15 million Huon Valley Health Precinct and Mental Health Hub, which will deliver 100 per cent bulk-billed GP appointments, after-hours and weekend services and a base for mental health outreach programs.

We are also boosting access to vital breast screening services across the State, with funding for new permanent clinics in Devonport, Triabunna, Kingborough and Glenorchy.

We are also assisting new families, with \$5 million of funding to support access to assisted reproductive treatments.

Speaker

Our ongoing investment in education will improve student wellbeing, engagement and attendance, which are critical foundations for learning, while building a skilled, supported education workforce that can respond to growing complexity in classrooms.

Together, these investments help provide opportunities and deliver stronger communities across Tasmania.

It is critical that cost of living relief is appropriately targeted and sustainable.

We have made choices that are about navigating uncertainty responsibly, while continuing to look after our most vulnerable and support the health and wellbeing of our communities.

The Government has a proven track record of supporting our community through unprecedented events and challenging times.

We will continue to support Tasmanians with the ongoing cost of living impacts from high inflation, high interest rates and high oil prices.

We are supporting families through free school lunch and breakfast programs, ensuring young people can learn and thrive, without the distraction of hunger.

We will continue to provide over 100 different types of concessions, amounting to over \$370 million in funding over four years.

Our support for Neighbourhood Houses continues, with \$270 000 per annum of additional funding for Ash Cottage in the Central Highlands.

Social protection and general public services grow to 15 per cent of total expenditure to almost \$6.5 billion across the Budget and Forward Estimates, a modest, but real, boost in resourcing.

Recently we provided an extra \$500 000 for food relief services.

And today the Government announces the continuation of free public transport, providing real cost of living support, reducing traffic congestion and incentivising a bit of extra physical activity thrown in as a bonus.

Speaker,

We are continuing our support for police, emergency services and community safety, with funding directed to frontline capability, officer safety, modern infrastructure, technology uplift, and community safety initiatives.

Over \$300 million is directed towards frontline policing, visible patrols, family violence responses and community engagement.

Safeguarding the future includes, and indeed requires, safeguarding our people.

The Budget continues our significant investment in legal assistance, which commenced in the 2025-26 Interim Budget, providing over \$39 million in funding over four years.

And we continue to advocate strongly for the Federal Government to step up and meet its responsibilities in legal aid funding – yet another area where Tasmanians make up for Federal neglect.

We are establishing the Historical Forced Adoption Redress Scheme for mothers who were subject to forced adoption practices, going some way to righting past wrongs. This is about who we are as a community, caring, compassionate and willing to acknowledge the past.

Speaker,

We continue to support our first home buyers.

With the First Home Owner Grant set to decrease to \$10 000 on 1 July 2026, we will boost the grant to \$20 000 for a 12-month period from that date, helping more young Tasmanians and families enter home ownership and have a personal stake in their economy.

We are well on our way to deliver 10 000 more social and affordable homes by 2032, with over \$900 million being invested over four years into housing to put and keep roofs over the heads of Tasmanians.

Additional funding is also being provided to support crisis accommodation at Jireh House and McCombe House, supporting those doing it tough in our communities.

We are also providing additional funding to Pathways Tasmania, to support both men and women to receive therapeutic community-based care.

New funding has been allocated over the next two years to support the next phase of work to establish TasInsure and commence the delivery of services and functions for the community.

And while we provide the services needed, we will continue to grow the productive and jobs-rich sectors of our economy, sectors that are underpinned by vital infrastructure such as our TT-Line, which provide the capacity to fund our social care.

Just this last summer, TT-Line delivered more than 320 000 passengers along with 149 000 vehicles, 13 000 caravans, 10 000 motor homes and 10 000 motor bikes across Bass Strait.

Last financial year over 107 000 twenty-foot equivalent units of freight was shipped by our TT-Line. This keeps our vital primary industry, manufacturing and tourism workers in employment, especially in our regional areas.

The new Spirits IV and V will lift capacity across Bass Strait to allow these sectors to grow while reducing waiting times.

Make no mistake, the Government's essential and substantial investment of \$506 million over the Budget and Forward Estimates in this vital infrastructure provides an unsurpassed capacity and experience for an expected lifetime of at least 30 years.

We are delivering by investing for the future and growing capacity, giving expression to the confidence we have in Tasmania.

This economic enabling infrastructure underpins thousands of Tasmanian livelihoods and allows our producers – especially fruit growers – to grow with confidence given space for enhanced capacity.

The vessels have over 28 per cent increased capacity for passengers from 1 400 to 1 800, over 35 per cent more cabins, increasing from 222 to 301.

But perhaps the most significant difference is the almost 60 per cent increase in vehicle lanes for passengers and freight vehicles. Unlike the current ships, all vehicle lanes will have extra height and will fit caravans and campervans.

The Government looks forward to the Spirits plying the waters of Bass Strait and taking our economy to the next level in less than six months.

Speaker,

The Budget also includes almost \$100 million towards our visitor economy for events.

We are also providing over \$28 million for the West Coast Wilderness Railway to support further vital capital investment to ensure it remains a cornerstone of the distinctly unique West Coast.

Economic enabling infrastructure like Marinus Link and the Multipurpose Stadium at Macquarie Point also lie at the heart of our infrastructure, future proofing agenda.

The Macquarie Point Multipurpose Stadium is a transformational investment in Tasmania's future, one that will reshape our capital city and help secure long term economic opportunity for generations to come.

Converting an ugly, non-productive industrial wasteland into a thriving cultural, social and sporting hub will turbo-charge our tourism and event economies while delivering an iconic world class gateway to our capital city. This is about far more than a stadium.

It is about –

- our aspiration;
- our ambition;
- our courage; and
- our self-confidence as a people.

It is about unlocking the full potential of Macquarie Point as a vibrant precinct, supporting jobs, investment, urban renewal and broader economic activity across the State.

This project also secures Tasmania's place in the national AFL competition.

No stadium, no team and we forego at least \$600 million in direct economic input to our State economy over the first 10 years.

The Tasmania Devils will provide a once in a lifetime enduring economic and social dividend, while also inspiring physical activity, participation and opportunity for young Tasmanians right across the State.

This \$600 million includes the welcome contribution towards the stadium from Canberra of \$240 million and the AFL's \$15 million contribution, and the AFL's further commitment of \$345 million into local Tasmanian Aussie Rules football.

This Government understands that major state building infrastructure requires disciplined financial management, which is why this investment is being delivered alongside our broader fiscal strategy.

By way of total outlays in this year's Budget and Forward Estimates, the project represents less than one per cent of our operating budget.

Let me repeat – the stadium represents less than one per cent of our operating budget for an asset that will last a lifetime plus. For an investment that will drive visitation, economic activity, private sector confidence and long-term State growth.

This is an investment in Tasmania's future prosperity – an investment we cannot afford not to make.

Speaker,

We invest in productive, intergenerational infrastructure to provide real employment opportunities for our fellow Tasmanians. Employment which provides self-esteem, financial independence and control along with the mental and physical health benefits.

These benefits cannot be overstated.

Gainful employment is the best welfare policy. Our task is to facilitate employment opportunities.

This is why we are strategically investing more than \$4.9 billion in total infrastructure investment, averaging over \$1.2 billion per year, reflecting the scale and longevity of Tasmania's infrastructure task.

General Government Sector infrastructure investment totals \$3.5 billion over the Budget and Forward Estimates period, with funding concentrated on service enabling assets and the maintenance of critical networks.

Almost half of this investment is directed to our roads and bridges network and the ongoing need to maintain safety, productivity and regional connectivity.

Our commitment to improving road safety and travel time reliability can be seen across the State. On the Bass Highway alone, \$145 million will be invested for improvements, including road widening north of Sassafras and upgrades to the Christmas Hills Road junction.

Health infrastructure represents the second largest area of investment, accounting for more than 20 per cent of General Government Sector infrastructure spending, supporting major hospital redevelopments, mental health facilities and digital health transformation initiatives that respond to evolving service demand and models of care.

One such example is our \$363 million investment in the Launceston General Hospital Redevelopment. This is an essential investment in the future of health care, delivering critical upgrades for the people of Northern Tasmania.

In parallel, the Government is providing around \$1.5 billion in equity contributions to government businesses and other public non-financial corporations to support critical infrastructure across energy, transport, ports, rail, irrigation and community facilities.

This investment secures the reliability and resilience of statewide supply chains, enhances Tasmania's economic participation, regional development and industry growth, including support to our regional economies.

Speaker,

This Budget strikes a careful balance and is quite clear about the role of debt.

When debt is used responsibly to support sustainable, productive assets and intergenerational infrastructure, it strengthens Tasmania's financial position, as opposed to borrowing for today's living standards or those of previous generations.

Tasmania's net assets and net worth are forecast to grow even further over the Forward Estimates, with net worth forecast to reach nearly \$18 billion by 2030, driven by our sustained investment in infrastructure and public assets that will serve Tasmanians for generations to come.

This is the hallmark of a responsible fiscal strategy: using today's capacity to invest in assets that deliver value for decades to come so future generations inherit not just debt, but stronger public assets, a larger net worth and a more resilient State. And this is what we are delivering.

Fiscal sustainability actually means building Tasmania's future, supporting a strong economy and a caring community, now and for future generations ahead.

This Budget introduces an updated Fiscal Strategy with a clear plan focused on sustainability while continuing to deliver the services Tasmanians rely on.

The Strategy looks beyond any single headline number and instead assesses the State's financial health across the short, medium and long term –

- maintaining and improving Tasmania's credit ratings;
- ensuring debt remains affordable relative to the size of our economy; and
- managing the cost of debt so it does not crowd out funding for essential services is the purpose of our Strategy.

Speaker,

Tasmania's approach aligns with a broader national focus on responsible financial management.

This Budget is built on a strong foundation and is realistically clear-eyed about the risks we face.

Tasmania's finances remain sensitive to a range of pressures outside our direct control.

Persistent inflation, interest rate movements, as well as other decisions taken by the Australian Government and the geopolitical conflict continue to cast a shadow over both Tasmania's economic outlook and the State's finances.

While the Government supports efforts by the Australian Government to deliver responsible cost reductions, my fellow Treasurers and I are exceedingly clear - we will not support measures that simply shift the costs onto the states.

Many Australian Government funding agreements are often tied to conditions, capped funding, or matched funding requirements that transfer risk to the states, limiting our ability to respond flexibly to local needs and priorities.

We have already seen this dynamic play out in the National Disability Insurance Scheme, where the Australian Government has moved to constrain expenditure growth, with changes projected to reduce Commonwealth spending by around \$37.8 billion over the Forward Estimates.

While improving the sustainability of the Scheme is necessary and welcome, the proposed changes do not remove demand for services. Instead, they risk shifting responsibility and cost pressures onto the states, particularly in areas such as foundational supports, health, education and community services that will now sit outside the NDIS.

Of the 103 Tasmanian patients who were medically ready for discharge in March 2026, 94 were waiting for residential aged care placements and a further nine were awaiting NDIS supports, both clear Federal responsibilities, but due to Federal neglect the cost to our fellow Tasmanians is around \$73 million per annum.

Any reduction in NDIS funding is likely to delay access to disability supports, meaning these patients remain in hospital longer despite no longer needing acute care.

This reduces available hospital beds, increases pressure on services and drives up costs by keeping patients in higher cost care, limiting access to care for other Tasmanians who need it.

We also face the ongoing risk of escalating workers' compensation costs and the flow on impact on agency premiums.

Contributions to the Tasmanian Risk Management Fund are forecast to increase significantly, reflecting a sharp rise in claim incidence, higher weekly benefits and settlement costs, as well as increasing claim complexity.

Psychological injury claims are accounting for a growing share of claims and incur substantially higher average costs than physical injuries, contributing disproportionately to overall liabilities.

While our Budget includes additional targeted support for these claims, there remains a risk that premium increases exceed current assumptions.

Legislative review is clearly needed.

Other states have tackled, or are tackling, this issue. So must we.

Modest deviations in forecast public sector wage outcomes can add hundreds of millions in costs across the Forward Estimates.

Population ageing, increasing service complexity and rising demand for essential services are all placing structural pressure on the Budget.

Without adequate and clearly defined Federal funding for these supports, states like Tasmania are left to manage increasing demand, greater complexity, and higher costs within their own constrained systems.

For Tasmania, this reinforces the importance of fair and sustainable funding arrangements, particularly in relation to the GST and National Agreements.

Together, these risks underline the importance of maintaining fiscal discipline and flexibility in the face of an increasingly complex and uncertain operating environment.

Speaker,

The choices made through this Budget are about navigating uncertainty responsibly to secure the future.

By strengthening our finances, reforming the delivery of our essential services, and investing in our people, to deliver a strong, growing economy and caring community, we are safeguarding Tasmania for generations to come.

This is a Budget which faces our uncertain times with a well-founded confidence based on a resolute commitment to fiscal sustainability, thereby sustaining our caring community.

Which is why we commend the Bill to the House.



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