

ESTIMATES BRIEF – Hot Issue

Additional Estimates – February 2026

SAVINGS AND REPRIORITISATIONS

2025-26 MYEFO Issues Brief – Savings and Reprioritisations

Subject/Issue

Savings and reprioritisations in the 2025-26 MYEFO.

Key facts and figures

	Saves and Spending Reprioritisations (\$b)	Receipts (\$b)	Total Budget Improvements (\$b)
2025–26 MYEFO ¹	20.0	1.2	21.1
2025 PEFO ²	..	0.0	..
2025–26 Budget ³	2.1	1.8	3.9
2024–25 MYEFO ⁴	14.6	0.5	15.1
2024–25 Budget ⁵	27.9	4.3	32.2
2023–24 MYEFO ⁶	9.8	1.9	11.6
2023–24 Budget ⁷	17.8	14.7	32.5
2022–23 October Budget ⁸	22.0	6.5	28.5
Total since 2022 PEFO	114.1	30.9	145.0

¹ See page 1, 2025–26 MYEFO.

² The 2025 PEFO included \$37 million in savings and spending reprioritisations.

³ See page 59, Budget Paper No. 1, 2025–26 Budget.

⁴ See page 53, 2024–25 MYEFO.

⁵ See page 7, Budget Paper No. 1, 2024–25 Budget.

⁶ See page 55, 2023–24 MYEFO.

⁷ See page 85, Budget Paper No. 1, 2023–24 Budget.

⁸ See page 7, Budget Paper No. 1, 2022–23 October Budget.

- In the 2025–26 MYEFO, the Government has identified \$21.1 billion in budget improvements over the five years from 2024–25 to 2028–29.
 - Since the 2022 Pre-Election Economic and Fiscal Outlook (PEFO), the Government has identified a total of \$145.0 billion in budget improvements.
- Budget improvements reported in the 2025–26 MYEFO include \$20.0 billion in savings and spending reprioritisations.
 - Since the 2022 PEFO, the Government has identified a total of \$114.1 billion in savings and spending reprioritisations.
- Budget improvements reported in the 2025–26 MYEFO also include \$1.2 billion in receipt measures.
 - Since the 2022 PEFO, the Government has delivered a total of \$30.9 billion in receipt improvement measures.

SAVINGS AND REPRIORITISATIONS

Key points

- Key savings and spending reprioritisations in 2025–26 MYEFO include:
 - \$6.8 billion through further reductions in spending on external labour and other non-wage expenses like travel, hospitality, and property, delivering and expanding on the Government’s 2025 election commitment (Appendix A, page 215, *Further Reducing Spending on Consultants, Contractors and Labour Hire, and Non-wage Expenses*)
 - \$1.8 billion through returning to the practice of updating the social security deeming rates on financial assets to reflect market returns (Appendix A, page 284, *Resetting Social Security Deeming Rates*)
 - \$882 million through strengthening program integrity across the Veterans’ Affairs portfolio by reducing service provider and advocate non-compliance and fraud (Appendix A, page 222, *Department of Veterans’ Affairs – strengthening program integrity and veterans’ advocacy*)
 - \$574 million in reprioritisations across the Defence portfolio, including:
 - \$262 million in Defence and Australian Submarine Agency reprioritisations to continue to support the Nuclear-Powered submarine program (Appendix A, page 224, *Nuclear-Powered Submarine Program – further program support*)
 - \$95 million in Defence reprioritisations to continue to support the Government of Ukraine through the provision of critical military equipment (Appendix A, page 218, *Continued Defence Support to Ukraine*)
 - \$78 million in Defence reprioritisations to establish a new executive agency from 1 July 2026 focused on veteran wellbeing to deliver more integrated and connected support for veterans and families (Appendix A, page 221, *Department of Veterans’ Affairs – establishing the Agency for Veteran and Family Wellbeing*)

SAVINGS AND REPRIORITISATIONS

- \$60 million in Defence reprioritisations to support the Papua New Guinea – Australia Mutual Defence Treaty (Appendix A, page 225, *Papua New Guinea – Australia Mutual Defence Treaty*)
 - \$45 million in Defence reprioritisations to establish and sustain the Defence and Veterans' Services Commission (Appendix A, page 223, *Establishment of the Defence and Veterans' Services Commission*)
 - \$32 million in Defence reprioritisations to build and sustain an Australian-built Guardian-class Patrol Boat as a gift to the Maldives (Appendix A, page 224, *Guardian-class Patrol Boat to the Republic of the Maldives*)
 - \$3 million in Defence reprioritisations to support Defence community engagement, tourism and the local economy, delivering on the Government's 2025 election commitment (Appendix A, page 225, *Supporting Defence Community Engagement*).
- \$534 million through reprioritising funding within the Climate Change, Energy, the Environment and Water portfolio to deliver key national climate change and environmental priorities (Appendix A, page 201, *Climate Change, Energy, the Environment and Water – reprioritisation*).
 - \$359 million through reprioritising funding within the Education portfolio, including through additional integrity activities to strengthen the Child Care Subsidy program (Appendix A, page 227, *Education – reprioritisation*).
 - \$256 million through more targeted and streamlined aged care funding to reinvest into new or expanded aged care programs (Appendix A, page 249, *Improving In-Home Aged Care Support*).
 - \$179 million through efficiencies within the Medicare Benefits Schedule (Appendix A, page 240, *An Effective and Clinically Appropriate Medicare Benefits Schedule*).

SAVINGS AND REPRIORITISATIONS

- \$148 million through redirecting funding within the Industry, Science and Resources portfolio (Appendix A, page 266, *Industry, Science and Resources – reprioritisation*).
- \$32 million through reprioritising funding within the Employment and Workplace Relations portfolio (Appendix A, page 235, *Employment and Workplace Relations – reprioritisation*).
- Key receipt improvement measures
 - Increasing the Visa Application Charge for primary student and student guardian visa applicants. This measure is estimated to increase tax receipts by \$740 million and decrease GST payments to the states and territories by \$20 million (Appendix A, page 175, *Migration – uplift of Visa Application Charge for student visas*).
 - Implementing the OECD Crypto Asset Reporting Framework and a domestic crypto tax reporting regime. This measure is estimated to increase tax receipts by \$170 million and increase payments by \$58 million (Appendix A, page 179, *OECD Crypto Asset Reporting Framework and domestic reporting*).

SAVINGS AND REPRIORITISATIONS

Background

- The 2025–26 MYEFO includes \$20.0 billion in savings and reprioritisations. This is in addition to the \$94.1 billion of savings and reprioritisations made since the 2022 PEFO, including:
 - \$2.1 billion in the 2025–26 Budget, including a further reduction in spending on external labour, and Social Services reprioritisations to support people with disability
 - \$14.6 billion in the 2024–25 MYEFO, including from bipartisan aged care reforms, and Defence reprioritisations to deliver the Defence Workforce Plan, provide continued support for Ukraine and to build the capacity of Australian industry to support the Nuclear-Powered Submarine program
 - \$27.9 billion in the 2024–25 Budget, including Defence reprioritisations to deliver the 2024 National Defence Strategy and Integrated Investment Program, a further reduction in spending on external labour, and reform of the Child Care Subsidy program
 - \$9.8 billion in the 2023–24 MYEFO, including through changes to the Infrastructure Investment Program following the Independent Strategic Review
 - \$17.8 billion in the 2023–24 Budget, including Defence reprioritisations to enable the initial implementation of the Nuclear-Powered Submarine program and Health and Aged Care reform
 - \$22.0 billion in the 2022–23 October Budget, including from reprofiling Infrastructure projects, savings from external labour, advertising, travel and legal expenses, the reprioritisation of funding to improve the integrity of regional grants programs and savings from the National Water Grid Fund.

Supporting information

Questions on Notice

- F037 Budget Reprioritisation. 2024-25 Budget Estimates. Response provided on 25 July 2024.
- F022 Savings, reprioritisations, tax and non-tax receipt measures – 2023-24 Budget. 2023-24 Additional Estimates. Response provided on 4 April 2024.
- F041 \$61 billion Budget improvements. 2023-24 Supplementary Budget Estimates. Response provided on 12 December 2023.
- F042 Savings returned to the budget. 2023-24 Supplementary Budget Estimates. Response provided on 12 December 2023.
- F030 \$61 Billion Budget Reprioritisation. 2023-24 Budget Estimates. Response provided on 7 July 2023.

Freedom of Information (FOI) Requests

- No FOIs asked

SAVINGS AND REPRIORITISATIONS

Recent Ministerial Comments

- [2025–26 MYEFO delivers a stronger budget](#), Jim Chalmers and Katy Gallagher, 17 December 2025

Relevant Media Reporting

- [APS targeted for another \\$1b in savings](#), Dana Daniel, The Canberra Times, 16 December 2025.
- [More cuts coming as Chalmers reveals \\$20 billion slice to budget](#), Shane Wright, The Sydney Morning Herald, 14 December 2025.

Date sent to MO: 20/01/2026
Cleared by (SES): Nhi Nguyen
Telephone No: 02 6215 3950
Group/Division: Budget Group / Budget Policy and Data
Contact Officer: s22 [REDACTED]
Telephone No: s22 [REDACTED]
Consultation: Nil
PDR Number: SB26-000005