

ESTIMATES BRIEF – Hot Issue

Supplementary Budget Estimates – October 2025

UNAVOIDABLE SPENDING**2025-26 Budget Issues Brief - Unavoidable spending****Subject/Issue**

Unavoidable spending in the 2025-26 Budget and 2025 PEFO

Key facts and figures**2025-26 Budget**

- In the 2025–26 Budget, the Government provided \$3.5 billion over five years to 2028–29 for unavoidable policy decisions. Investment in these critical areas supports the delivery of essential services and prevents cuts to services Australians rely on (*page 60, 2025–26 Budget Paper No. 1*).
- Unavoidable policy decisions since the 2024–25 MYEFO included:
 - new and amended listings on the Pharmaceutical Benefits Scheme and new and amended items on the Medicare Benefits Schedule
 - addressing unavoidable cost pressures for projects in the Infrastructure Investment Program, including the Bruce Highway - Rockhampton Ring Road in Queensland, Barwon Heads Road Upgrade – Stage 2 in Victoria and Homebush Bay Drive in NSW
 - supporting illicit tobacco compliance and enforcement, focused on sustained disruption of the illicit trade in tobacco and associated nicotine products
 - supporting implementation of the *Aged Care Act 2024* and funding the outcome of the Fair Work Commission’s decision to increase the minimum award wages of registered and enrolled nurses employed in the aged care sector, and
 - funding essential government services, including modernising My Health Record, addressing border and biosecurity threats from illegal fishing activities in Australia’s northern waters and sustaining the Australian Criminal Intelligence Commission, Australian Maritime Safety Authority, Australian Transport Safety Bureau and Civil Aviation Safety Authority.

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- Including the 2025–26 Budget, the Government took \$51.1 billion in unavoidable decisions during its first parliamentary term to address urgent and unforeseen issues, guarantee the continuity of funding for the essential services that Australians rely on, and deal with legacy issues inherited from the previous government (*page 9, 2025–26 Budget Paper No. 1*).

2025 PEFO

- In the 2025 PEFO, the Government provided \$99 million over five years to 2028–29 for unavoidable policy decisions. This comprised new and amended listings on the Pharmaceutical Benefits Scheme and new and amended items on the Medicare Benefits Schedule.

Key points

- Ten per cent of net policy decisions in the 2025–26 Budget addressed unavoidable spending pressures.
 - Unavoidable spending decisions made up \$3.5 billion of the total \$34.9 billion in policy decisions reported in the 2025–26 Budget.
- 2025–26 Budget measures that contained unavoidable spending components included:
 - \$1.8 billion for new and amended listings on the Pharmaceutical Benefits Scheme, including new oral contraceptives and treatments for endometriosis, lymphoma, menopause and treatment-resistant major depression (*page 51, 2025–26 Budget Paper No. 2, Pharmaceutical Benefits Scheme (PBS) New and Amended Listings*).
 - \$527 million to extend terminating measures, including the modernisation of My Health Record, support the digital health reform agenda, fund initiatives under the Health Delivery Transformation Program, and sustain the operations of the Department of Veteran’s Affairs and the National Measurement Institute (*various measures in 2025–26 Budget Paper No. 2*).

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- \$256 million to introduce new and amend existing items on the Medicare Benefits Schedule, including funding for severe speech and language disorders, the management of symptomatic Inflammatory Bowel Disease, and to support treatment of advanced neuroendocrine tumours (*page 53, 2025–26 Budget Paper No. 2, Strengthening Medicare*).
- \$237 million to address unavoidable cost pressures for projects in the Infrastructure Investment Program (*page 66, 2025–26 Budget Paper No. 2, Building a Better Future Through Considered Infrastructure Investment*).
- \$207 million to continue the stabilisation and uplift of the Australian Securities and Investment Commission’s business registers (*page 78, 2025–26 Budget Paper No. 2, Treasury Portfolio - additional resourcing*).
- \$157 million to support the Illicit Tobacco Compliance and Enforcement Package, to strengthen compliance and enforcement action in relation to the trade of illicit tobacco and nicotine products (*page 31, 2025–26 Budget Paper No. 2, Illicit Tobacco Compliance and Enforcement Package - direct and targeted enforcement to counter profits from illicit tobacco*).
- \$118 million in funding essential government services, including the Australian Criminal Intelligence Commission, the Australian Federal Police fit out for Western Sydney International Airport, the Australian Maritime Safety Authority and the Civil Aviation Safety Authority (*page 21, 2025–26 Budget Paper No. 2, Attorney-General’s Portfolio – additional resourcing* and *page 69, 2025–26 Budget Paper No.2, Supporting Transport Priorities*).
- \$116 million in funding for the Aged Care Quality and Safety Commission to ensure it is appropriately funded to fulfil its regulatory functions (*page 48, 2025–26 Budget Paper No.2, Implementation of Aged Care Reforms*).

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- \$82 million to fund the outcome of the Fair Work Commission's decision to increase the minimum award wages of registered and enrolled nurses employed in the aged care sector (*page 46, 2025–26 Budget Paper No.2, Funding Pay Increases for Aged Care Workers - Nurses*).
- 2025 PEFO measures that contained unavoidable spending were:
 - \$97 million over five years from 2024-25 for new, amended and temporary listings on the Pharmaceutical Benefits Scheme and the Repatriation Pharmaceutical Benefits Scheme (*page 26, footnote (i), 2025 PEFO, Appendix B: Policy decisions since the 2025-26 Budget*).
 - \$2 million over four years from 2025-26 (and \$0.4 million per year ongoing) for two new Medicare Benefits Schedule (MBS) listings to ensure the MBS remains clinically appropriate and reflects modern medical practices (*page 26, footnote (h), 2025 PEFO, Appendix B: Policy decisions since the 2025-26 Budget*).

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Background

- The 2025–26 Budget included \$3.5 billion in unavoidable spending and the 2025 PEFO included \$99 million in unavoidable spending. This was in addition to the \$47.6 billion in decisions made to address unavoidable and legacy pressures since the 2022 PEFO, including:
 - \$8.8 billion in the 2024–25 MYEFO, including for frontline legal assistance through the National Access to Justice Partnership, new and amended listings on the Pharmaceutical Benefits Scheme, extending funding for health and aged care programs, the National Disability Insurance Agency and the NDIS Quality and Safeguards Commission, unavoidable infrastructure cost pressures and funding for the avian influenza response (*page 7, Part 1, 2024–25 MYEFO*).
 - \$15.4 billion in the 2024–25 Budget, including funding to address pressures at Services Australia, such as maintaining safety for staff and customers and continuing to operate, maintain and enhance myGov, address unavoidable cost pressures in the Infrastructure Investment Program, extend health programs and continue the COVID-19 response (*page 8, 2024–25 Budget Paper No.1*).
 - \$5.2 billion in the 2023–24 MYEFO, including responding to the Robodebt Royal Commission, continuing support for the COVID-19 response, funding for Services Australia and the National Disability Insurance Agency, and the cost of closing the Pandemic Event Visa (*page 56, Part 3, 2023–24 MYEFO*).
 - \$9.8 billion in the 2023–24 Budget, including funding the Brisbane 2032 Olympic and Paralympic Games, securing digital health infrastructure such as My Health Record, sustainably funding Australia’s biosecurity system and Australia’s nine National Collecting Institutions, and funding for the ongoing COVID-19 response (*page 93, 2023–24 Budget Paper No. 1*).
 - \$8.4 billion in the 2022–23 October Budget, including continuing support for the COVID-19 response, maintaining critical ICT platforms such as My Aged Care, funding to continue environmental approval assessments, and reversing unlegislated savings measures (*page 79, 2022–23 October Budget Paper No. 1*).

UNAVOIDABLE SPENDING**Supporting information****Questions on Notice**

- F012 Unavoidable spending decisions. 2024-25 Additional Estimates. Response provided on 24 March 2025.
- F004 Unavoidable spending. 2024-25 Supplementary Budget Estimates. Response provided on 19 December 2024.
- F033 Unavoidable spending decisions. 2024-25 Budget Estimates. Response provided on 25 July 2024.

Freedom of Information (FOI) Requests

- No FOIs asked

Recent Ministerial Comments

- [Joint press conference, Canberra | Treasury Ministers](#), Jim Chalmers & Katy Gallagher, 25 March 2025

Relevant Media Reporting

- [Australia's tax take is higher – but so are debt and deficit in this year's budget | Australian budget 2025 | The Guardian](#), Jonathan Barrett, 25 March 2025.

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