

ESTIMATES BRIEF – Hot Issue

Supplementary Budget Estimates – October 2025

SAVINGS AND REPRIORITISATIONS**2025-26 Budget Issues Brief - Savings and reprioritisations****Subject/Issue**

Savings and reprioritisations.

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

	2022-23 October Budget (\$b) ¹	2023-24 Budget (\$b) ²	2023-24 MYEFO (\$b) ³	2024-25 Budget (\$b) ⁴	2024-25 MYEFO (\$b) ⁵	2025-26 Budget (\$b) ⁶	Cumulative since 2022 PEFO (\$b)
Saves and spending Reprioritisations	22.0	17.8	9.8	27.9	14.6	2.1	94.1
Receipts	6.5	14.7	1.9	4.3	0.5	1.8	29.8
Total Budget Improvements	28.5	32.5	11.6	32.2	15.1	3.9	123.8

¹ See page 7, Budget Paper No. 1, 2022-23 October Budget.² See page 85, Budget Paper No. 1, 2023-24 Budget.³ See page 55, 2023-24 MYEFO.⁴ See page 7, Budget Paper No. 1, 2024-25 Budget.⁵ See page 53, 2024-25 MYEFO.⁶ See page 59, Budget Paper No. 1, 2025-26 Budget.

- In the 2025-26 Budget, the Government identified \$3.9 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 identified a total of \$123.8 billion in budget improvements in the six economic updates up to and including the 2025-26 Budget.
- Budget improvements reported in the 2025-26 Budget included \$2.1 billion in savings and spending reprioritisations.
 - Total savings and spending reprioritisations identified by the Government in the six economic updates up to and including the 2025-26 Budget were \$94.1 billion.
- Budget improvements in the 2025-26 Budget included \$1.8 billion in tax and non-tax receipt measures. This included measures to strengthen the fairness and sustainability of the tax system.

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- Total receipt improvement measures delivered by the Government in the six economic updates up to and including the 2025-26 Budget were \$29.8 billion.

2025 PEFO

- The 2025 PEFO contained \$37 million in additional savings and spending reprioritisations.
- Accounting for these additional savings and spending reprioritisations, total budget improvements identified between the 2022 PEFO and the 2025 PEFO were \$123.9 billion.

Labor's costed plan to Build Australia's Future

- In *Labor's costed plan to Build Australia's Future*, the Government identified total savings and spending reprioritisations of over \$100 billion, which comprised:
 - \$94.1 billion in savings and reprioritisation decisions identified by the Government since the 2022 PEFO.
 - \$6.4 billion in additional savings from the election commitment to reduce spending on consultants, contractors, labour hire and non-wage expenses. This commitment will be published in the 2025-26 MYEFO.

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Key points

2025-26 Budget

- Key savings and spending reprioritisations in 2025-26 Budget included:
 - \$719 million through further reductions in spending on consultants, contractors and labour hire (Budget Paper No. 2, page 32, *Savings from External Labour – further extension*).
 - \$424 million in reprioritisations to support people with disability, including \$365 million from reforming the Information, Linkages and Capability Program in line with the recommendations of the Independent NDIS Review (Budget Paper No. 2, page 73, *Support for People with Disability*).
 - \$103 million in reprioritisations across the Defence portfolio, including:
 - \$62 million in Defence and Australian Submarine Agency reprioritisations to continue to provide regulatory, safety and policy advice to support Australia's nuclear-powered submarine program (Budget Paper No. 2, page 35, *Nuclear-Powered Submarine Program – continuation of whole-of-government support*).
 - \$24 million in Defence reprioritisations to support the Naval Shipbuilding and Sustainment Plan (Budget Paper No. 2, page 34, *Investing in Naval Shipbuilding and Sustainment in Australia – further investment*).
 - \$17 million in Defence reprioritisations to provide further support to Ukraine (Budget Paper No. 2, page 33, *Continued Defence Support to Ukraine*).
 - \$100 million in savings through redirecting funding across the Climate Change, Energy, the Environment and Water portfolio, including \$75 million for uncommitted funds in the Hydrogen Highways program (Budget Paper No. 2, page 24, *Climate Change, Energy, the Environment and Water – savings*).

SAVINGS AND REPRIORITISATIONS

- Measure descriptions published in 2025-26 Budget Paper No. 2 specify where funding has been reprioritised from within existing resources.
 - This is consistent with longstanding practice for the presentation of measure descriptions.
- Key receipt improvement measures in the 2025-26 Budget included:
 - \$3.2 billion in additional tax receipts by strengthening the fairness and sustainability of Australia's tax system by extending and expanding the ATO's tax compliance activities
(2025-26 Budget Paper No. 2, page 7, *Strengthening Tax Integrity*).
 - This measure is estimated to increase payments by \$1.4 billion, comprising: \$999.0 million in additional funding for the Australian Taxation Office (ATO), \$402.6 million in increased GST payments to the states and territories, and \$31.0 million in unpaid superannuation to be disbursed to employees.

2025 PEFO

- Key spending measures that were reprioritised within existing funding in the 2025 PEFO included:
 - \$20 million in health programs including for chronic conditions, preventative health and youth mental health (2025 PEFO Appendix B, page 26, footnotes (l) to (q)).
 - \$10 million for the West Coast Tasmania Mobile Capacity Uplift Program (2025 PEFO Appendix B, page 26, footnote (y)).

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Background

- Including savings identified in Labor's costed plan to Build Australia's Future, the Government has identified over \$100 billion in savings and reprioritisations. This included savings of \$6.4 billion from the election commitment to reduce spending on consultants, contractors, labour hire and non wage expenses.
- The Government identified \$2.1 billion in savings and reprioritisations in the 2025-26 Budget and \$37 million in savings and reprioritisations in the 2025 PEFO. This is in addition to \$92 billion of savings and reprioritisations identified by the Government prior to the 2025-26 Budget, which included:
 - \$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.

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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

Recent Ministerial Comments

- [Labor's costed plan to Build Australia's Future](#), Jim Chalmers and Katy Gallagher, 28 April 2025
- [Responsible economic and fiscal management](#), Katy Gallagher and Jim Chalmers, 25 March 2025

Relevant Media Reporting

- [Labor banks more savings from cutting consultants, outstripped by new spending](#), Tom Crowley, ABC News, 24 March 2025
- [Budget 2025: Into red zone and no way out as Labor accepts years of deficits](#), Greg Brown, Sarah Ison and Jack Quail, The Australian, 23 March 2025

Date sent to MO: 22/09/2025
Cleared by (SES): Cath Patterson
Telephone No: **s22** [REDACTED]
Group/Division: Budget Group / Budget Policy and Data
Contact Officer: **s22** [REDACTED]
Telephone No: **s22** [REDACTED]
Consultation: Nil
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