

A Fresh Start for **BUDGET REPAIR**

Fiscal Strategy Statement





Message from the Tasmanian Labor Leader

“

A Labor Government I lead will offer Tasmanians a fresh start and a vision for the future.”

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Dean Winter MP

Tasmania's finances are on track to become the worst in the nation. Having inherited no net debt when elected in 2014, the Tasmanian Liberal Government has built up \$4.2 billion in net debt, with \$3 billion having occurred in the past three years. This debt is forecast to triple to \$13 billion by 2028.

The tripling of net debt over the next three years means that the state will be paying more than \$700 million every year in interest. Compounding this problem, the Liberals are planning to pay for these interest costs with more borrowings.

The framework in this document outlines Labor's approach to responsibly managing Tasmania's budget and will guide our actions.

We acknowledge that a broader focus on fiscal objectives at a total state sector level is required.

We expect this fiscal strategy will be further informed by expert advice and recommendations from the Department of Treasury and Finance.

In addition to this, noting the three key budget documents released over the past four-month period have all presented a differing and worsening perspective on the state of the budget, a Labor Government will bring forward publication of the Fiscal Sustainability Report.

Unlike the Liberal government, a Labor Government I lead will be honest with the Tasmanian community about the budget position. After 11 years of the Liberals, we offer Tasmanians a fresh start and a vision for the future.

With hard work and discipline, we are ready to fix the budget, grow the economy and deliver the change Tasmania needs.

Dean Winter MP
TASMANIAN LABOR LEADER

28 June 2025

Fiscal Strategy Statement

The fiscal objectives and strategic priorities outlined in this Fiscal Strategy are informed by the principles of sound fiscal management as outlined in the *Charter of Budget Responsibility Act 2007*.

The *Pre-Election Financial Outlook Report* released on 25 June 2025 confirms Tasmania is facing a structural budget problem, with the Net Operating Balance in 2027-28 projected to be at a deficit of \$2.2 billion and a Fiscal Balance deficit of \$2.5 billion - both the worst in the state's history.

Key to this will be unlocking capacity and investment in the private sector, which has stagnated. Seven thousand full time jobs having been lost since the Liberals went into minority government.

A Dean Winter Labor Government will unlock private sector investment through our new Invest Tasmania agency, planning reform and a bilateral development agreement with the Australian Government.

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A Dean Winter Labor Government will **implement \$1 billion in savings** to reduce pressure on the budget in the short-term and implement strict fiscal discipline by directing net windfall gains from taxation revenue towards debt reduction.

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This fiscal strategy sets out a framework for achieving a sustainable surplus through responsible financial management and a commitment to ensuring that public funds are used efficiently and effectively.

We will end the reckless spending of the Rockliff Liberal Government.

Labor acknowledges the scale of the structural deficit, and the failure of recent Liberal governments to match ongoing spending with sustainable revenue.

Our strategy is focused on expenditure restraint, disciplined capital management, and returning the budget to a cash surplus over time.

Labor will make mainland governments pay for Marinus Link, by transferring our stake to the Victorian and Australian Governments at fair value. This will release capital and speed up the project, helping to deliver the investments that depend on it.

Labor will unlock further investment by using Invest Tasmania to aggressively attract and retain businesses, major projects and skilled workers.

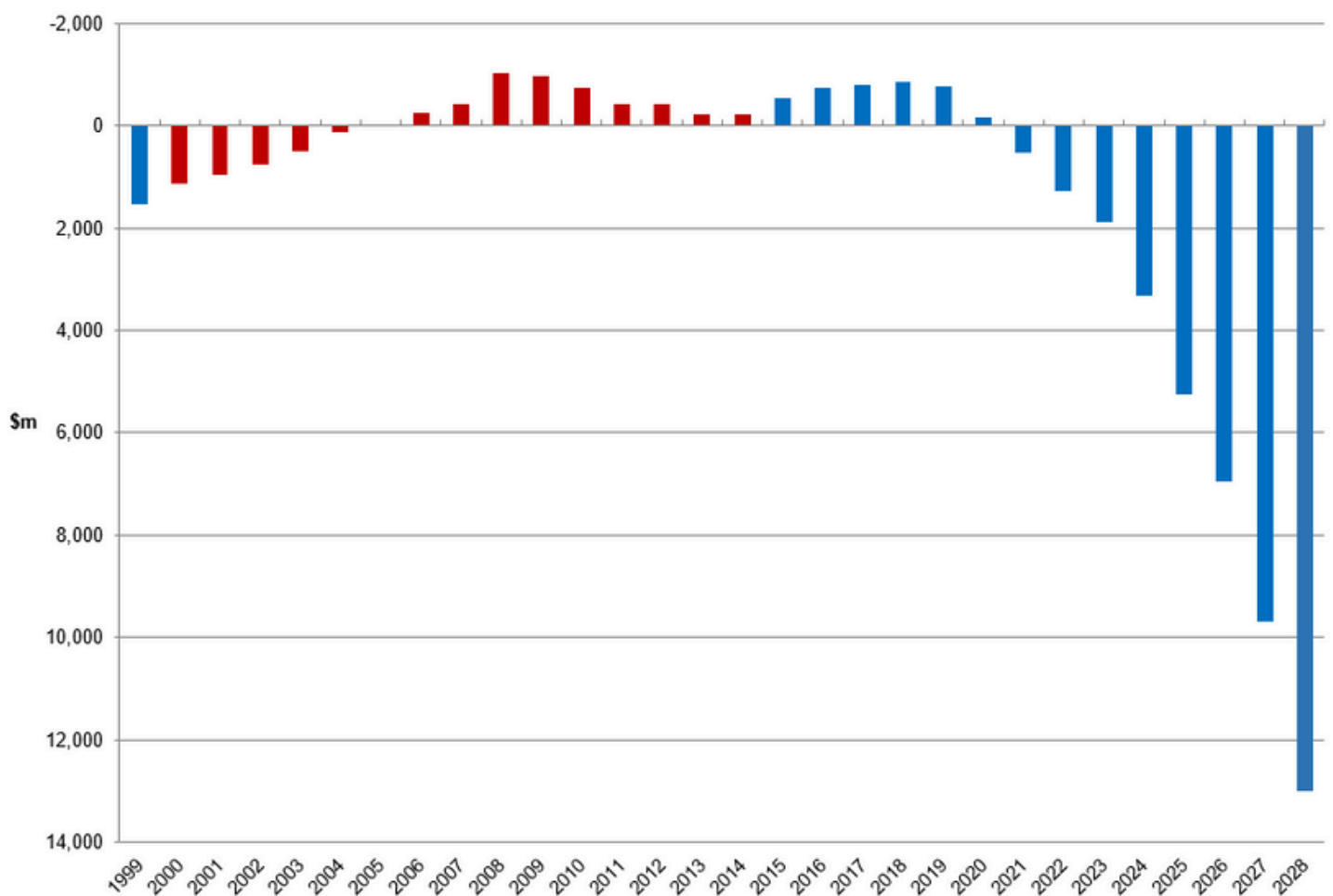
Labor's plan for budget repair spans a ten-year horizon, from 2025-26 to 2034-35, and includes both medium-term (five year) and longer-term (ten year) targets.

Tasmania's Debt - 1998-99 to 2027-28

When the Liberals were elected in 2014, Tasmania had no net debt.

After 11 years Tasmania is on track for \$13 billion of debt.

This simple graph below helps to demonstrate the sheer scale of the Liberals' budget mismanagement.



Stabilise net debt

Objective:

Reduce debt servicing costs, build capacity to make funds available for other types of expenditure and increase flexibility to respond effectively to future external shocks.

Restored fiscal buffers are critical to enable Tasmania to leverage future opportunities, respond effectively to unforeseen economic shocks, and maintain long-term economic stability.

Targets:

- Stabilise net debt over the medium-term.
- Reduce general government sector net debt levels over the long-term.
- Maintain a strong credit rating to help manage borrowing costs.
- Over the long-term, ensure infrastructure spending remains at levels that are consistent with the average of all states and territories, as a percentage of Gross State Product.



Establish a debt reduction fund to ensure net taxation revenue windfall gains are used to offset debt.



Keep Tasmanian assets and services in public hands, protecting long-term revenue streams.



Establish Invest Tasmania to get new renewable energy and other major projects approved, providing a strong pipeline of private sector capital investment and returning revenue back to government.



End the uncertainty of annual infrastructure underspends by immediately conducting an audit of Tasmania's capital investment program with a view to ensuring capital works are profiled accurately and all projects deliver value for Tasmanians.

Stop budget blowouts

Objective:

Ensure the culture of accepting budget blowouts is brought to an end.

Many Tasmanian households are facing unprecedented cost of living pressures, and just like these households are required to do, a Dean Winter Labor Government will not spend beyond its means.

Targets:

- Average annual growth in general government sector expenditure remains below average annual growth in general government sector revenue in the medium-term.
- Introduce mechanisms to ensure the state government and its agencies adhere to allocated budgets.



Amend the *Financial Management Act* and the *Constitution Act* so that any budget with a cash deficit greater than 10 per cent of revenue will require a two-thirds majority of Parliament to pass, preventing governments from putting short-term political interest ahead of Tasmania's best interest.



Stop reckless spending by introducing a ban on pork barrelling, ensuring community grants are funded through an independent, merit-based assessment process.



Work with department secretaries to develop annual performance plans and set annual performance targets that include increased accountability for operating within approved funding estimates.



Introduce performance-based budgeting that links government spending to measurable outcomes.



Joint planning and collaboration to identify and reprioritise underperforming programs to ensure they deliver the best value for money for Tasmanians.

Restore budget surpluses

Objective:

Deliver sustainable budget surpluses that can be used for budget repair and to reduce the need to accumulate additional borrowings.

Tasmanians will need to work together on budget repair. A Dean Winter Labor Government will be open and honest with the Tasmanian community about the scale of this task and the immense challenge associated with restoring the health of Tasmania's finances.

Through a Budget Repair Roundtable, Labor will work with unions, businesses and the broader community on the steps necessary to restore Tasmania's financial health and ensure actions to address budget repair are informed by the recommendations of this group.

Targets:

- Return the general government sector to a balanced cash position over the medium-term.
- Return general government sector cash surpluses in the long-term.

- ✓ Establish a Budget Repair Roundtable to work with representatives of public sector workers, the Tasmanian community and businesses on budget repair, informed by advice from independent experts.
- ✓ Maintain public ownership of government businesses and services to support funding for essential public services through the payment of dividends and tax equivalents.
- ✓ Grow the Tasmanian economy to increase overall state own-source revenue by:
 - ✓ Establishing RenewTas to stimulate the building industry by unlocking development, activating public land and getting homes built.
 - ✓ Cutting red tape and development rules in half to get projects moving faster through planning and building reform.
- ✓ Work with the public sector to modernise the way it works and ensure effort is directed to the highest priority tasks.
- ✓ Establish an internal jobs market in the public service, to allow jobs to be filled permanently by existing state servants from other departments. This will allow roles to be realigned to government priorities without adding to the overall size of the state service or involuntarily displacing existing workers.
- ✓ Implement Labor's 10 point plan to immediately commence budget repair, including an audit of all outsourcing contracts, bringing more consulting services in-house, and ensuring all government grants go through a rigorous assessment process.
- ✓ Establish a Review and Evaluation Unit in the Department of Treasury and Finance so failed programs and policies can be identified and ended.
- ✓ Explore merging the generic IT infrastructure of various government departments to reduce maintenance costs, strengthen buying power and improve cybersecurity. Work with other state to find low-cost solutions that can be borrowed from their existing IT architecture.

Strengthen budget oversight and accountability

Objective:

Increase transparency and accountability for state government budgeting and financial performance.

A Dean Winter Labor Government will rebuild public trust by enhancing oversight, accountability, and the ability to evaluate the government's progress towards fiscal stability.

Targets:

- Provide quarterly updates on progress towards achieving the targets outlined in this fiscal strategy.
- Restore fiscal discipline across government by strengthening budget oversight and accountability mechanisms to the strongest in the nation.



Ensure decisions are taken with a long-term view of the state's finances, by including ten year projections for key budget performance measures.



Enhance the powers and independence of the Tasmanian Audit Office to stop the improper use of public money.



Establish a Tasmanian Parliamentary Budget Office to strengthen the capacity of Parliament to scrutinise government spending on behalf of the Tasmanian community and to help improve public understanding of the budget.



Require effective real-time reporting of additional expenditure so new spending can be properly scrutinised as it occurs.

Identified budget savings - Operational and TOTAL

Operational Budget Repair Measures	2025/26	2026/27	2027/28	2028/29	TOTAL
10 Point Plan for Budget Repair	41.15	36.65	42.7	43	\$163.5
Abolish Associate Secretary establishment and associated costs	2	2	2	2	\$8m
Axe the debt-funded dinner voucher program	10	0	0	0	\$10m
Cut 25 Senior Executive Service positions	6.25	6.25	6.25	6.25	\$25m
Cut spin doctors	1.25	1.25	1.25	1.25	\$5m
Initial reprioritisation of Waste and Resource Recovery Board grants	6.9	6.9	6.9	6.9	\$27.6m
Cut government advertising	10	10	10	10	\$40m
Impose hard cap on departmental travel budgets	12.7	12.7	12.7	12.7	\$50.8m
Reduction in unbudgeted spending from Treasurer's Reserve	30	30	30	30	\$120m
Cancel Treasury privatisation process	1	0	0	0	\$1m
Special dividend from MAIB	50	0	0	50	\$100m
Operational Savings TOTAL	\$171.25m	\$105.75m	\$111.8m	\$162.1m	\$550.9m

Identified budget savings - Capital and TOTAL

CAPITAL SAVINGS WITHIN CURRENT FORWARD ESTIMATES	2025/26	2026/27	2027/28	2028/29	TOTAL
Indefinitely defer Southern Outlet Fifth Lane and reallocate Federal Funding	1.25	2.5	2.5	12.5	\$18.75m
Ensure capital works are profiled accurately	26.7	44.9	48.9	51	\$171.5m
Transfer Tasmania's share of Marinus Link	100	0	0	0	\$100m
Marinus Link Equity Injection	98.5	0	0	0	\$98.5m
CAPITAL SAVINGS BEYOND CURRENT FORWARD ESTIMATES					
Indefinitely defer Southern Outlet Fifth Lane and reallocate Federal Funding					\$81.25m
Capital Savings TOTAL					\$470m
All Budget Repair Savings TOTAL					\$1020.9m



A Fresh Start for Tasmania

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