



# Budget 2025–26

## BUDGET SPEECH

Delivered on 25 March 2025 by

**The Honourable Jim Chalmers MP**  
Treasurer of the Commonwealth of Australia

## 2025–26 BUDGET PAPERS

### Budget Speech

**No. 1 Budget Strategy and Outlook 2025–26**

Contains information on the economic and fiscal outlook, together with information on the fiscal strategy.

**No. 2 Budget Measures 2025–26**

Provides a comprehensive statement on the budget payment and receipt measures in the 2025–26 Budget.

**No. 3 Federal Financial Relations 2025–26**

Provides information on the Australian Government's financial relations with the states, territories and local government.

**No. 4 Agency Resourcing 2025–26**

Contains information on resourcing for Australian Government agencies (including special appropriations, special accounts and a summary of agency resourcing).

## 2025–26 BUDGET RELATED PAPERS

**No. 1 Portfolio Budget Statements**

Detailed information on the resources available and the planned performance of each Australian Government entity for 2025–26.



Treasury acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

# 2025–26 Budget Speech

**Treasurer the Hon Jim Chalmers**

**Parliament House  
Canberra**

**25 March 2025**

I move that the Bill be now read a second time.

## **Turning the corner, together**

And I acknowledge the Ngunnawal people here, and the Yagara and Yugambeh back home.

Speaker –

This Budget builds on the progress we've made, together.

It's a plan to help with the cost of living –

With two new tax cuts, and higher wages –

More bulk billing, and more help with electricity bills –

Cheaper medicines, and less student debt.

And it's a plan to build Australia's future –

With more homes –

New investments in skills and education –

Competition reforms and a Future Made in Australia.

Speaker –

Our economy is turning the corner.

Inflation is down, incomes are rising, unemployment is low, interest rates are coming down, debt is down, and growth is picking up momentum.

On all these fronts, our economy and our Budget are in better shape than they were three years ago.

This progress has been exceptional, but not accidental.

The credit belongs to Australians in every corner of our country.

We've come a long way, but there's more work to do.

This Budget is our plan for a new generation of prosperity in a new world of uncertainty.

It's a plan to help finish the fight against inflation –

Rebuild living standards –

And maximise our national advantages into the future.

This is a responsible Budget with five main priorities:

- **Helping with the cost-of-living;**
- **Strengthening Medicare;**
- **Building more homes;**
- **Investing in every stage of education;** and
- Making our **economy stronger, more productive and more resilient.**

## **Economic outlook**

Speaker,

The global economy is volatile and unpredictable.

The 2020s have already seen a global pandemic, global inflation and the threat of a global trade war.

The whole world has changed as a consequence.

Tariffs and tensions abroad have been accompanied by storms at home.

Ex-Tropical Cyclone Alfred could wipe  $\frac{1}{4}$  of a percentage point off quarterly growth.

North and Far North Queensland have flooded.

Storm clouds are gathering in the global economy too.

Trade disruptions are rising, China's growth is slowing, war is still raging in Europe, and a ceasefire in the Middle East is breaking down.

Treasury expects the global economy to grow  $3\frac{1}{4}$  per cent for the next three years – its slowest since the 1990s.

It's already forecasting the two biggest economies in the world will slow next year – with risks weighing more heavily on both.

Australia is neither uniquely impacted nor immune from these pressures, but we are among the best placed to navigate them.

We're emerging from this spike in global inflation in better shape than almost any other advanced economy.

Growth is forecast to pick up from  $1\frac{1}{2}$  per cent this year to  $2\frac{1}{2}$  per cent in 2026–27.

The private sector is resuming its rightful place as the main driver of this growth –

With Treasury upgrading forecasts for growth in private demand to more than double next year, compared to this one.

Unemployment is now projected to peak lower, at  $4\frac{1}{4}$  per cent.

Employment and real wage growth this year will be stronger, and participation will stay near its record high for longer.

Inflation is coming down faster as well.

Treasury now expects inflation to be sustainably back in the band six months earlier than anticipated.

All of this means the soft landing we have been planning and preparing for is looking more and more likely.

Because of our collective efforts, the worst is behind us and the economy is now heading in the right direction.

## Delivering responsible cost-of-living relief

But there's more work to do because people are still under pressure.

The cost-of-living is front of mind for most Australians and it's front and centre in this Budget.

We know the welcome improvements in the aggregate numbers don't always immediately translate to how people are feeling and faring.

We've made a lot of progress together but we know many people are still doing it tough.

Our plan to rebuild living standards starts with cost-of-living help and wages growth.

It includes more hip pocket help for households:

- Two new tax cuts for every taxpayer;
- More energy bill relief;
- Increasing wages and reforming non-compete clauses;
- More bulk billing and cheaper medicines;
- Student debt relief; and
- A fair go for families at the checkout and farmers at the farm gate.

## New tax cuts for every Australian taxpayer

Speaker,

Tonight, the Government is proud to be delivering more tax relief.

Every Australian taxpayer will get a tax cut next year and the year after, to top up the tax cuts which began last July.

This will take the first tax rate down to its lowest level in more than half a century.

These additional tax cuts are modest but will make a difference.

The average earner will have an extra \$536 in their pocket each year when they're fully implemented.

Combined with our first round of tax cuts, this rises to \$2,190.

And the average total tax cut will be \$2,548, or about \$50 a week.

We will also increase the Medicare levy low-income thresholds, which is extra tax relief for more than a million Australians.

Our \$17 billion in tax cuts are the biggest part of the responsible cost-of-living package in this Budget.

But they're not the only part.

### **New energy rebates**

Speaker,

Electricity prices went down 25 per cent here last year but they're still putting pressure on households around the world.

Two rounds of energy rebates have helped take some of the sting out of energy costs.

Tonight, we're providing \$1.8 billion more energy bill relief.

Every household and around one million small businesses will receive energy rebates until the end of 2025.

This means cutting another \$150 off bills this year.

The Government will also be using the powers and penalties of the energy regulators and the ACCC to help ensure:

- Energy companies offer customers cheaper deals;
- Pensioners receive the discounts they are entitled to; and
- Australians get the value they deserve.

### **Earning more and keeping more**

Speaker,

At the core of our economic plan – and the very heart of our Labor Government – is a simple objective:

To ensure more Australians earn more and keep more of what they earn.

In the five quarters before our first Budget, real wages fell in annual terms.

They have now grown for the last five.

Real incomes per capita are growing now too.

This is the dividend of our economic plan to get inflation down, wages up, and tax cuts flowing.

Tonight, we are providing an additional \$2.6 billion to fund pay rises for aged care nurses from March this year –

So the workers we trust to care for our parents and grandparents get paid properly for the work they do.

We're reforming non-compete clauses, to lift wages by up to \$2,500 for workers covered by them.

We've supported a historic wage increase for the early childhood education and care workforce.

And we've backed pay rises which ensure the National Minimum Wage has risen by almost \$7,500 a year.

### **A fair go for families and farmers**

Speaker,

We know that Australians are still under pressure, and a lot of that pressure is felt at the checkout.

That's why we're cracking down on the supermarkets.

By empowering the competition watchdog, making the Food and Grocery Code mandatory, increasing penalties and boosting competition.

At the same time, we're targeting excessive surcharging, scams and unfair trading practices that harm consumers.

### **Cutting student debt**

Speaker,

A university education is a life-changing opportunity.

But it should not leave Australians with a lifetime of debt.

This year, we will cut 20 per cent off all student loan debts, raise the minimum repayment threshold and reduce repayment rates.

Combined with our existing student debt relief, we will slash \$19 billion in debt for more than three million Australians.

## **Cheaper medicines**

Speaker,

In every Budget including this one, we've made medicines cheaper.

Tonight, we reduce the maximum price for a PBS script from \$31.60 to \$25.

Pensioners and concession cardholders will still pay \$7.70 a script because we froze their costs as well.

We're also investing \$1.8 billion to list more life-changing and life-saving medicines on the PBS.

For example, cutting the cost of a lymphoma treatment will save some Australians more than \$600,000.

## **Strengthening Medicare**

Speaker,

The Pharmaceutical Benefits Scheme is a great Labor creation – and a great Australian institution.

We are strengthening it because Australians need us to, not weakening it because American multinationals want us to.

A Labor Government created Medicare as well – and only Labor Governments strengthen it.

Tonight, we are proud to make the single largest commitment to Medicare since its creation.

A record \$8.5 billion to lift bulk billing rates and build our health workforce.

Because of this investment, 9 out of 10 GP visits should be fully bulk billed by the end of the decade.

More bulk billing will mean less pressure on families.

These incentives mean there will be around 4,800 fully bulk billing practices across the country –

Making it easier to see a doctor and get the care you need.

And saving patients around \$860 million per year.

This Budget also delivers new incentives for doctors to train as GPs –

New scholarships for nurses and midwives –

### **Better access to Urgent Care Clinics**

And another 50 Medicare Urgent Care Clinics.

A \$644 million investment in this Budget to build on the 87 we have already opened.

4 in every 5 Australians will live within a 20-minute drive of an Urgent Care Clinic as a consequence.

Opening early, closing late – available on weekends.

Taking pressure off hospitals and emergency departments.

And all you need is your Medicare card.

### **More funding for public hospitals**

Every single state and territory will also get more money for hospitals in this Budget.

Funding that will reduce waiting times.

Tonight, we're locking in an extra \$1.8 billion, taking our total contribution to public hospitals to \$33.9 billion next year.

### **Investing in women's health**

Speaker,

We're proud to be investing \$793 million in women's health.

To create more choices, lower costs and deliver better health care for women.

This funding will help Australian women save on contraception, access more endometriosis and pelvic pain clinics, and receive better support through menopause.

Because for our Government, women's health is not a boutique issue or a question of special interest – it is a national priority.

## **Building more homes for Australians**

Speaker,

New plans for cost-of-living and health are accompanied by new investments in housing.

We are tackling the housing shortage from every responsible angle –

Making home ownership more affordable for young Australians and young families in particular.

Our \$33 billion plan will help build 1.2 million new homes before the decade is out.

### **More homes, more quickly**

This includes \$54 million to accelerate the uptake of modern methods of housing construction.

Which is all about building more homes, more quickly.

It supports our work to cut red tape and reduce financial barriers to more efficient construction methods.

The first two rounds of the \$10 billion Housing Australia Future Fund are helping build about 18,000 social and affordable homes for those who need them most.

And lifting the cap on Housing Australia’s financial liabilities to \$26 billion also helps here.

We’re making sure new properties are well-located and connected to the infrastructure they require.

Our Housing Support Program is funding the crucial roads, water and power these new homes need.

Our national leadership is incentivising states and territories to reform their planning systems to accelerate new housing supply.

To build more, we need to train more builders.

That’s why we’re attracting more apprentices into the housing industry.

By doubling incentive payments so eligible apprentices get up to \$10,000 if they train-up in the housing construction sector.

## **More support for first home buyers**

Speaker,

Tonight, we're expanding our Help to Buy scheme.

This is part of our efforts to help more Australians buy a place of their own.

We will update the property price and income caps so more first home buyers are eligible for the scheme.

This will help 40,000 Australians buy their first home in the next four years.

The changes will mean they can access a bigger range of homes and buy one that suits them.

And we're easing pressure on the housing market by banning foreign investors from buying established homes, and cracking down on foreign land banking as well.

## **Investing in every stage of education**

Speaker,

A crucial part of this Labor Government's economic plan relies on the transformational power of education.

Its power to turn aspiration into reality.

Which is why we're investing in every stage of education.

To lay the foundation for a better and fairer system and teach and train Australians for the jobs of the future.

## **Reforming early education and care**

Speaker,

This all starts with early childhood education and care.

We believe every child has the right to an early education, to ensure they don't start school behind.

Cheaper childcare is also cost-of-living relief with an economic dividend.

A key part of our plan to rebuild living standards is to help people work more and earn more if they want to.

That means breaking down barriers to workforce participation.

From January 2026, we are replacing the Child Care Subsidy activity test with a new Three Day Guarantee.

This will make sure families are entitled to at least three days a week of subsidised early childhood education and care.

We're also building more childcare centres in areas of need.

Investing \$5 billion to expand access across the country and lift the wages of early educators.

And charting a path to universal early education and care, regardless of a child's background, or where they live.

### **Investing in public schools**

Speaker,

We're also putting billions into public schools in this Budget, to open the doors of opportunity for more children.

We're fully and fairly funding public schools to help students catch up, keep up and finish school.

This means public schools will finally be on track to reach the funding standard recommended in the Gonski Review almost 15 years ago.

### **Making Free TAFE permanent**

On top of this, our Free TAFE program will help equip Australians for the jobs of the future.

Over the next decade, 9 out of 10 new jobs will require post-secondary qualifications.

Almost half of these will be from vocational training.

We have introduced legislation to lock in 100,000 Free TAFE places annually from 2027.

And we have committed \$1.6 billion to fund these places until 2035, to make it easier for Australians to train, retrain and upskill.

## **Building a stronger economy**

Speaker,

This is one way to ensure Australians can be primary beneficiaries of the churn and change we see around the world.

Another is by investing in our competitive advantages.

Or by looking for opportunities to join with our partners in new, resilient supply chains.

By becoming an indispensable part of the net zero economy.

By preparing our people to adjust to and succeed in the new world being created in front of us.

By building a Future Made in Australia.

## **A more productive, more dynamic economy**

A big part of this depends on boosting productivity the right way, to lift living standards over the long term.

Our plan for productivity growth doesn't mean making Australians work longer for less.

It's about investing in our people and doing more to unlock our potential by boosting dynamism and competition.

We've created a \$900 million fund to reward state governments for implementing reforms that promote competition.

Tonight, we are advancing this substantial reform agenda.

We will abolish non-compete clauses for most workers.

Non-competes are holding too many Australians back from switching to better, higher-paying jobs.

More than 3 million Australians are captured by these clauses, including childcare workers, construction workers and hairdressers.

People shouldn't need to hire a lawyer to take the next step in their career.

Or permission from their old boss if they want to be their own boss, and turn an idea into a small business.

The Productivity Commission estimates this reform could lift productivity, reduce inflation and improve GDP by \$5 billion.

And it could boost wages by up to 4 per cent.

We're also introducing a national licensing scheme to allow electricians to work seamlessly across borders.

This will be a template for expanding national licensing to other occupations, where we can.

The PC suggests broader licensing reforms could boost GDP by up to \$10.3 billion.

## **A Future Made in Australia**

Speaker,

Australia is well placed to respond to the five seismic changes shaping this new world of uncertainty.

The shift from globalisation to fragmentation.

From hydrocarbons to renewables.

From information technology to AI.

From a younger population to an older one.

And changes to our industrial base.

All this puts a premium on resilience.

That's what a Future Made in Australia is about.

In this Budget, we are investing more than \$3 billion to support the production of Australian-made green metals, like aluminium and iron.

Building on the tax incentives for critical minerals and green hydrogen we legislated this year.

We're also backing clean technologies through our Future Made in Australia Innovation Fund and by recapitalising the Clean Energy Finance Corporation.

This will help develop new industries in clean energy manufacturing, green metals, and low carbon liquid fuels, and unlock private investment.

This agenda is about recognising our future growth prospects lie at the intersection of our industrial, resources, skills and energy bases and our attractiveness as an investment destination –

So we can grasp the jobs and opportunities of the net zero transformation.

## Support for local businesses

Speaker,

In difficult conditions, around 25,000 businesses have been created each month on average since we came to office.

We respect and admire the hard work, aspiration and sacrifice behind those record numbers.

Which is why we're going into bat for small and local businesses in this Budget:

- Protecting them from unfair trading practices;
- Funding our Buy Australian campaign to support local producers;
- Providing new resources for the regulator to level the playing field for smaller players;
- And delivering tax relief for hospitality venues, brewers, distillers and wine producers.

## Thriving cities, suburbs and regions

Speaker,

Building Australia's future means building on the strength of our regions.

That's why we are securing banking services in country towns and flights in the bush.

It's also why we are investing up to \$3 billion in additional equity to complete the rollout of the National Broadband Network.

Infrastructure like the NBN is essential for communities, students and businesses, and to the productivity of our nation.

So are the roads and railways connecting our regions to our cities and supporting economic growth.

This Budget provides \$17.1 billion over ten years for these projects.

Including:

- \$7.2 billion to upgrade the Bruce Highway in Queensland – the single largest investment ever in the Bruce.
- \$2.3 billion for Western Sydney, with \$1 billion for the rail network alone.
- And \$2 billion towards transforming Sunshine Station, taking our Melbourne Airport Rail investments to \$7 billion.

In total we're investing more than \$120 billion in infrastructure in every state and territory over the decade.

Improving the productivity, resilience, liveability and sustainability of our cities, regions and communities.

Accompanied by \$262 million to preserve and conserve our natural land and ocean assets.

## **Securing Australia's place in the world**

Speaker,

In these uncertain times, economic security and national security are increasingly intertwined.

We're supporting stability and prosperity in our region, by helping to shore up banking services in the Pacific.

We have invested an extra \$50.3 billion in defence by the mid-2030s, to help keep Australians safe.

It means defence funding will grow beyond 2.3 per cent of GDP by the early 2030s.

And we're investing \$45 million in our initial response to the 2024 Independent Intelligence Review.

## **Responsible economic management**

Speaker,

In a tight Budget, we've made room to boost our defences, strengthen Medicare, help people doing it tough, build more homes and invest in the future.

We've done all this at the same time as we've overseen the biggest ever fiscal improvement in a single term of Government.

Tonight's Budget is \$207 billion better than we inherited.

It's in better shape in every year over the forward estimates, than it was three years ago.

In our first two years, we posted the first back-to-back surpluses in nearly two decades.

Our deficit this year has almost halved since we came to office.

Next year's deficit is \$42 billion, lower than what was forecast at the last election, and lower than at the mid-year update.

Gross debt will hit \$940 billion this financial year, \$177 billion less than what we inherited.

This means we will avoid around \$60 billion in interest costs over the decade.

These are some of the dividends of our responsible economic management.

Achieved through a combination of spending restraint, finding savings and banking revenue upgrades.

Real payments growth is forecast to average 1.7 per cent to 2028–29, less than half of the average under our predecessors.

We have found around \$94 billion of savings since coming to Government, including another \$2 billion in this Budget.

In this term, we've banked around 70 per cent of tax receipt upgrades –

And we've made structural improvements to the Budget across the NDIS, aged care and interest costs.

## **Broadening opportunity**

Speaker,

We're repairing the Budget without ignoring our responsibility to build a stronger, fairer and more inclusive society –

Where more Australians have the chance to contribute to and share in our economic success.

We're providing \$1.3 billion for Closing the Gap and economic self-determination for First Nations Australians –

With investments in remote community services, opportunities for business, and support for home ownership.

Tonight's Budget also includes \$424 million for Australians with a disability, and more funding for aged care reform.

There's more money to support veterans and build on the progress we've made eliminating the backlog of claims.

## **Cyclone Alfred**

And we're providing help to Australians and communities affected by natural disasters.

Provisioning another \$1.2 billion to properly fund recovery from ex-Tropical Cyclone Alfred.

As part of \$13.5 billion in natural disaster funding for further north and around the country.

## **Seizing the opportunities ahead**

Speaker,

It's even more important and even more remarkable that Australia's economy is turning the corner –

When we know the global economy is taking a turn for the worse.

Our progress and our prospects validate and vindicate the decisions and sacrifices we've made together.

To bring inflation and debt down.

Get wages and growth up.

And keep unemployment low.

What matters now is that we build on this platform.

How we help finish the fight against inflation.

How we keep rebuilding living standards.

And how we maximise our national advantages to benefit middle Australia.

The plan at the core of this Budget is about more than putting the worst behind us.

It's about seizing the best of what's ahead of us.

To build a stronger economy –

And a future we can all be proud of.

I commend this Bill and this Budget to the House.



# Budget

## 2025–26

BUDGET SPEECH