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— **Opinion**

Chalmers' budget blowouts echo Britney's 'Oops, I did it again'

Our silly budget reporting rules allow a completely cooked policymaking disaster to show up as large budgetary savings made by our very responsible Treasurer.

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Canberra, we have a problem: the public service is getting rapidly worse at forecasting the cost of government.

Buried deep in the budget papers is the table where the feds update overall costs for their programs: everything from aged care through to defence.



There have been seven budget updates since late 2022, and they've revealed errors that average \$18.4 billion. The latest was particularly shocking: **Alex Ellinghausen**

And because these revisions are adjusted for new policies, they are a handy test of the accuracy of public service cost projections.

You would therefore hope they'd reveal Canberra is on top of its brief: that cost revisions are small, and that they aren't biased either up or down.

Well, that used to be true.

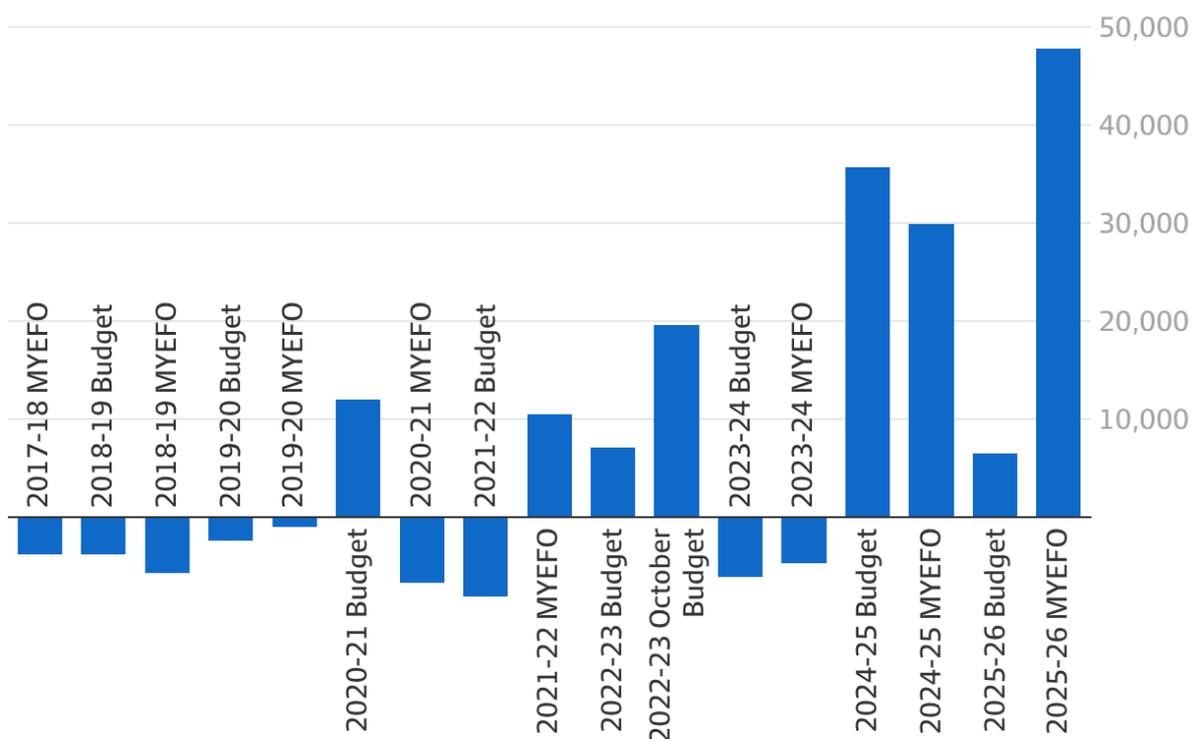
The budget numbers are updated twice a year, and in the six years before COVID these revisions averaged \$0.7 billion. Even better, that average was negative, meaning program costs were a little less than budgeted.

But then COVID threw a spanner in the works. Every time the government updated the budget it added an average of \$3 billion to expected costs: not because policies changed, but because existing policies were costing more than expected.

Still, the ravages of COVID are long since in the rearview mirror, so you would hope those forecasting errors shrunk again.

Except they didn't. They got a lot worse.

Budget forecast misses (\$m)



Forecast misses are the total over the four-year forward estimates period for each budget update.

Source: Chris Richardson, Budget Papers

There have been seven budget updates since late 2022, and they've revealed errors that average \$18.4 billion. The latest was particularly shocking: the budget update issued just before Christmas said existing policies were going to cost \$47.8 billion more than had been expected at 2025's earlier update.

That's the equivalent of doubling last year's NDIS costs and putting that on the national credit card.

Please read that last sentence again.

When in opposition, Jim Chalmers tore strips off the government over cost errors during COVID, arguing that “after all the lectures about fiscal responsibility” they “can’t get this basic maths right”. Well, yes.

And if you’re wondering whether the Reserve Bank clocked the demand impact of a budget update that said spending on health and welfare was going to be sharply higher than earlier estimated, then I suspect you’d be right.

To be fair, the economy grows over time. Yet, even as a share of the economy, recent errors are 24 times worse than their pre-COVID average, while the latest update weighs in at a stonking 58 times worse.

Or, as the economist Britney Spears would have summarised this situation to a roomful of public service chiefs, *Oops, we did it again.*

The largest single blowout in the latest revisions was for a policy where costs went up by a factor of six – and did so less than six months after the policy began operating.

Despite being a poster child for poor policy making, the budget reporting rules allowed the government to proudly proclaim the solar battery policy had saved money rather than spent it.

That it was a new policy where the costing error was biggest isn’t a surprise: new policies are increasingly likely to be populist and rushed. That’s because both sides have highly attuned antenna as to what the punters would like, and party leaders act fast when opinion polls are wobbly or an election is approaching.

Rushed and populist policy making is how we got beefed up subsidies for solar batteries announced during last year’s election campaign.

That policy started in mid-2025 at an announced cost of \$2.3 billion. But the new policy had a fundamental flaw: the subsidies were way more generous for batteries that were high-capacity but low-quality.

So generous, in fact, that families were paying only a fraction of retail for them.

This free money proved so popular [<https://www.afr.com/policy/energy-and-climate/australians-go-mad-for-batteries-as-subsidies-kick-in-20250701-p5mbnt>] that the latest budget update said the policy was now going to cost \$13.9 billion over four years. At \$11.6 billion more than the original costing, this blowout was so spectacular that the government simultaneously announced a redesign of a policy that had been running for less than six months.

Despite being a poster child for poor policy making, the budget reporting rules allowed the government to proudly proclaim the solar battery policy had saved money rather than spent it.

Say what? The latest redesign aims to cut costs by \$6.7 billion. And so the government gleefully booked a \$6.7 billion saving against a \$2.3 billion policy, thereby allowing the Treasurer to happily highlight overall “net policy decisions that improve the bottom line [<https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases/2025-26-myefo-delivers-stronger-budget>]” at the exact time as the energy minister touted “More Australians to benefit from Cheaper Home Batteries [<https://minister.dcceew.gov.au/bowen/media-releases/more-australians-benefit-cheaper-home-batteries>]”.

Confused? I suspect the politicians are happy if you are. The bottom line is that the blowout in existing policy costs is really bad, but it isn't quite as bad as it looks because our silly reporting rules allow a completely cooked policy-making disaster to show up both as large budgetary savings made by our very responsible treasurer and as an increase in the generosity of government subsidies by the smiling energy minister.

We're being taken for mugs

Happy? I'm not. Our budget reporting rules have become budget rorting rules.

Peter Drucker famously said that what gets measured gets managed. Sadly, the Canberra equivalent is that what gets reported gets manipulated.

The media spent decades reporting the cash underlying budget balance. In response, the politicians moved much of their spending off-budget, because until recently that hasn't had as much attention [<https://www.afr.com/policy/economy/chalmers-fails-to-recognise-47b-deficit-in-his-budget-20250430-p5lvi2>] as the numbers that usually hog the headlines.

In the same vein, the cost of government policy decisions is detailed in a little pearler that I call the **Table of Truth** [<https://www.afr.com/policy/economy/the-two-little-known-budget-figures-you-should-care-about-20250318-p51khg>]. But the more attention that the Table of Truth gets, the less truth that it contains.

And, in the meantime, the quality of government cost forecasting is fading fast.

So it is long past time for an overhaul of our budget rules, reporting and forecasting. They are all being badly abused: we're being taken for mugs.

And unless and until we hold our politicians to a higher standard, then maybe we deserve to be.

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