

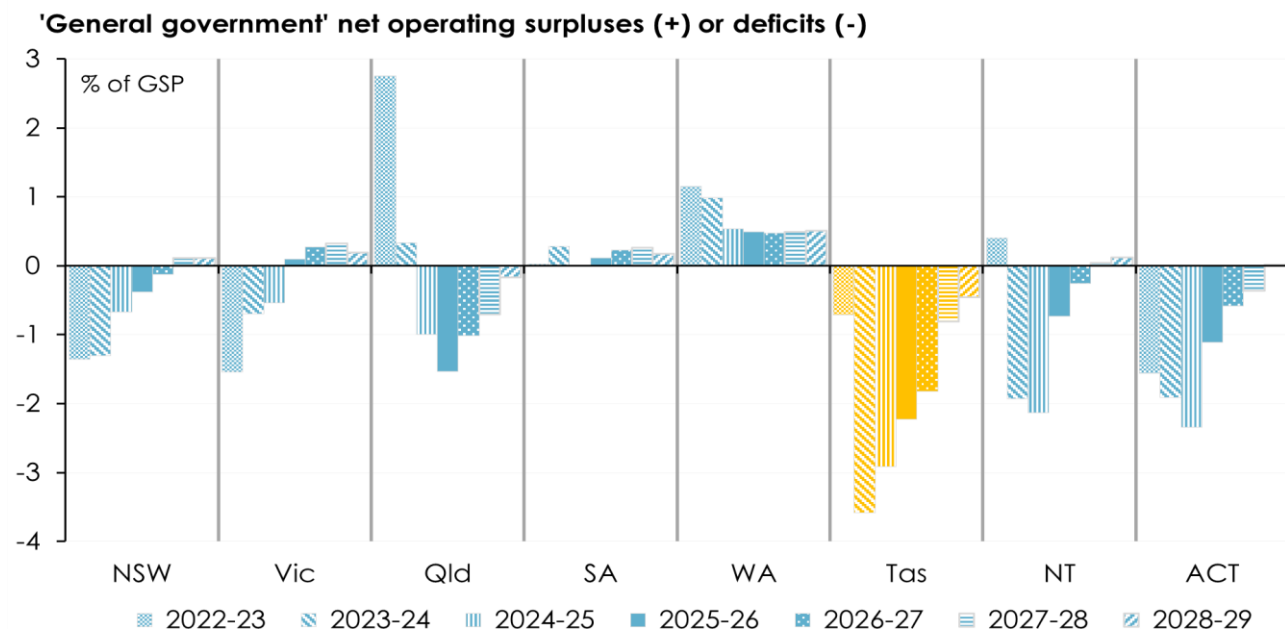
## Tasmania's public finances - a comparison with other states and territories in eight charts

New South Wales, Queensland and the Australian Capital Territory all presented their 2025-26 Budgets yesterday (24th June). So it is now possible to compare Tasmania's financial position with those of the other states and territories, ahead of the state election to be held on 19th July.

When State Treasurers talk about their budgets being in 'surplus' or 'deficit', they're invariably talking about the **'net operating balance'** of the **'general government'** sector. That's the difference between revenues (from all sources) and 'operating' expenses (the cost of delivering public services like schools and hospitals; running departments and agencies; making grants to businesses, community groups, local governments and individuals; paying interest and superannuation expenses, and providing for depreciation) for government departments and agencies.

On the forward estimates presented in the 2025-26 State Budget published on 29th May, Tasmania's general government sector will incur 'net operating deficits' averaging 1.3% of gross state product (GSP) over the four years to 2028-29. That's higher than for any other state or territory, and well above the average for all states and territories of 0.1% of GSP. Together with Queensland, Tasmania is the only state which won't record an 'operating surplus' in any of the next four years.

The 'net operating balance' excludes what Budget Papers call **"net purchases of non-financial assets"**, which is a fancy word for 'capital expenditures', often called 'infrastructure investment'.



Sources: State and territory 2025-26 Budget Papers.

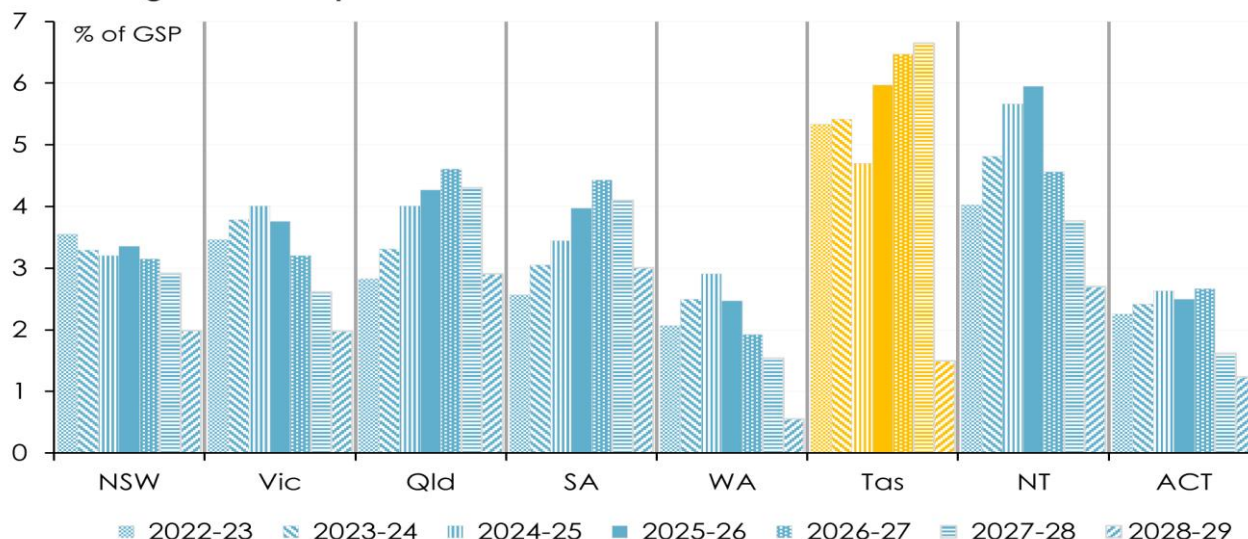
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Tasmania is planning to spend the equivalent of 3.3% of GSP on 'general government' net purchases of non-financial assets over the next four years - more than any other state or territory, and well above the average for all states and territories of 2.1% of GSP.

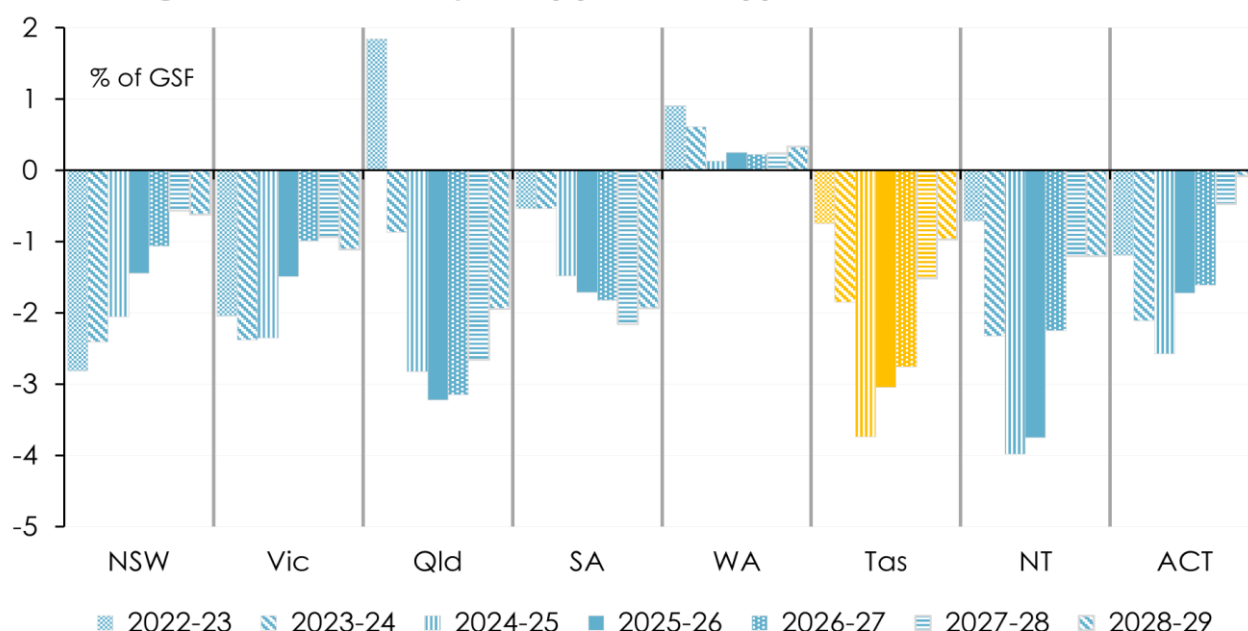
## 'General government' 'purchases of non-financial assets'



Sources: State and Territory 2025-26 Budget Papers.

As a result, Tasmania's 'general government' sector will be incurring **cash deficits** averaging 2.1% of GSP over the four years to 2028-29, the second largest (after Queensland) of any state or territory, and almost double the average for all states and territories of 1.2% of GSP.

## 'General government' cash surpluses (+) or deficits (-)



Sources: State and Territory 2025-26 Budget Papers.

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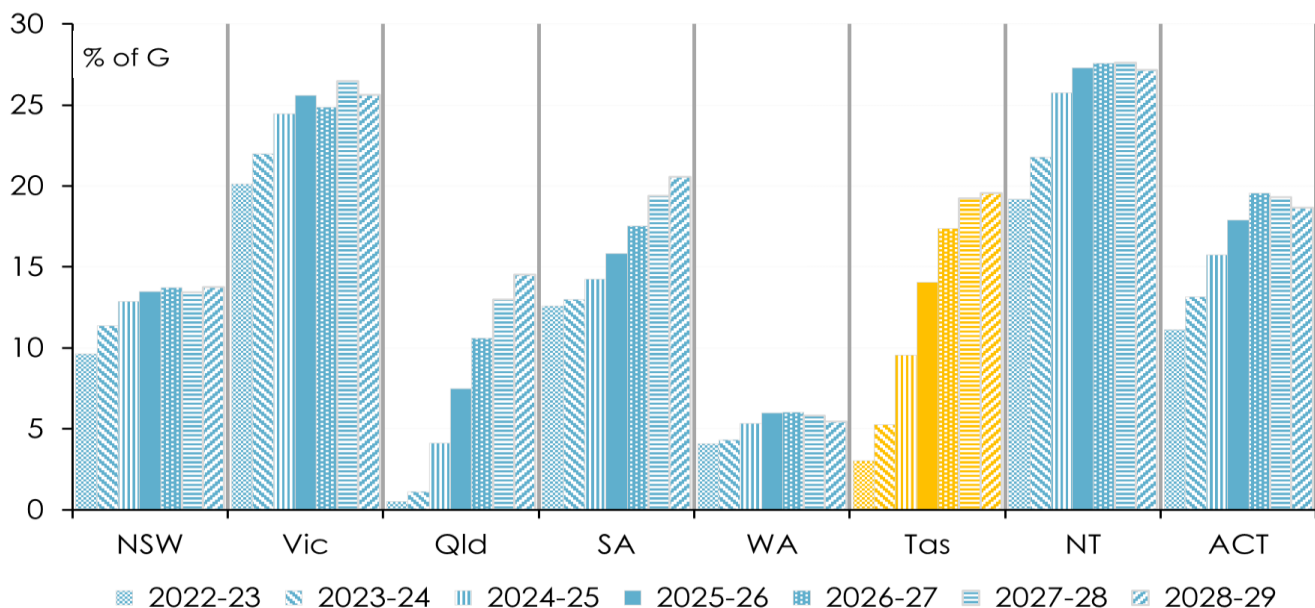
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As a result of running those deficits, Tasmania's general government sector **net debt** will rise by 10 pc pts of GSP between 30th June 2025 and 30th June 2029, more than in any other state except Queensland (10.4 pc pts of GSP), to 19.6% of GSP, the fourth highest of any state or territory (behind the NT, 27.2%, Victoria 25.6% and SA 20.6%), but above the average for all states and territories of 16.0% of GSP.

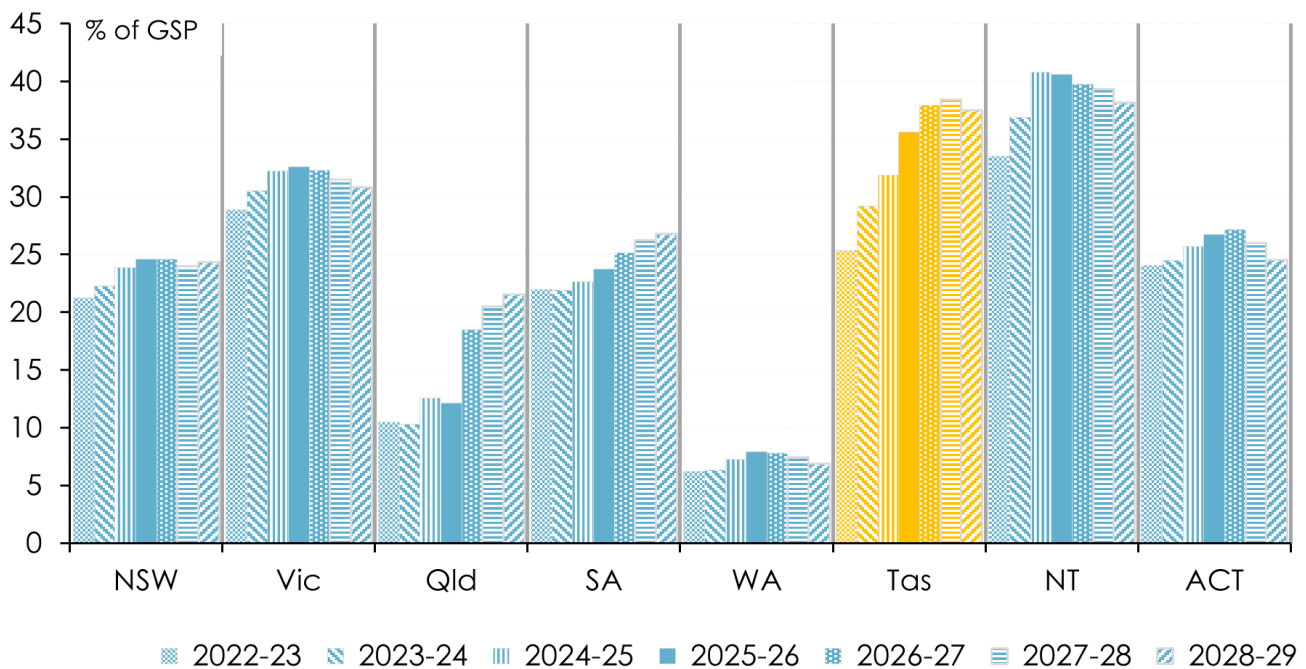
## 'General government' net debt



Sources: State and Territory 2025-26 Budget Papers.

That might seem 'not too bad'. But net debt excludes unfunded superannuation liabilities, which are no less a contractual obligation to be serviced than debt. And Tasmania's unfunded superannuation liabilities are by far the largest of any state or territory. Tasmania's general government **net financial liabilities** (which includes unfunded super) will increase by 5.6 pc pts of GSP to 37.5% of GSP by 30th June 2029, surpassing Victoria to be the second-highest of any state or territory, behind only the Northern Territory (38.2%), and well above the average for all states and territories of 22.8% of GSP.

These numbers don't give you the complete picture, however, because they exclude what is called the **public non-financial corporations sector**, which comprise government business enterprises and state-owned companies - which are for the most part funded by revenue from selling goods and services rather than out of the state budget, but whose liabilities are guaranteed by the state or territory government which owns them. Tasmania's PNFC sector is, together with Queensland's and Western Australia's, considerably larger in proportion to the state's economy than those of the other states and territories.

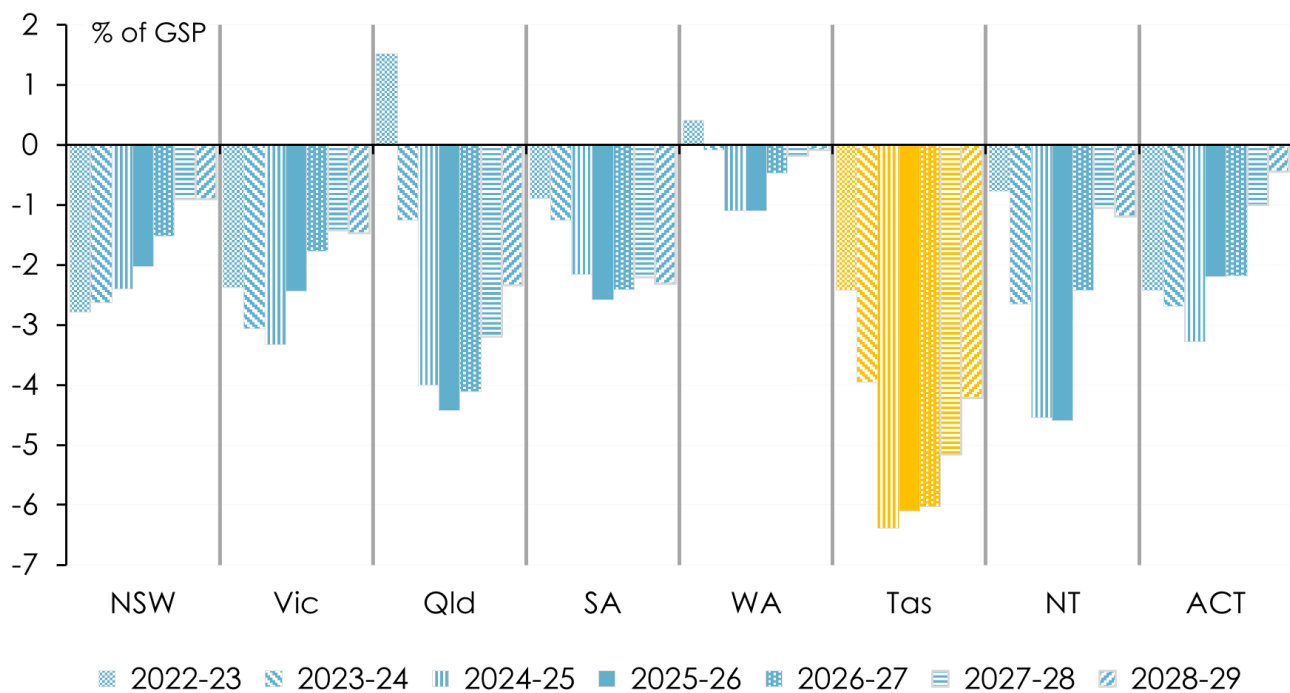
**'General government' net financial liabilities (including unfunded superannuation)**

Sources: State and Territory 2025-26 Budget Papers.

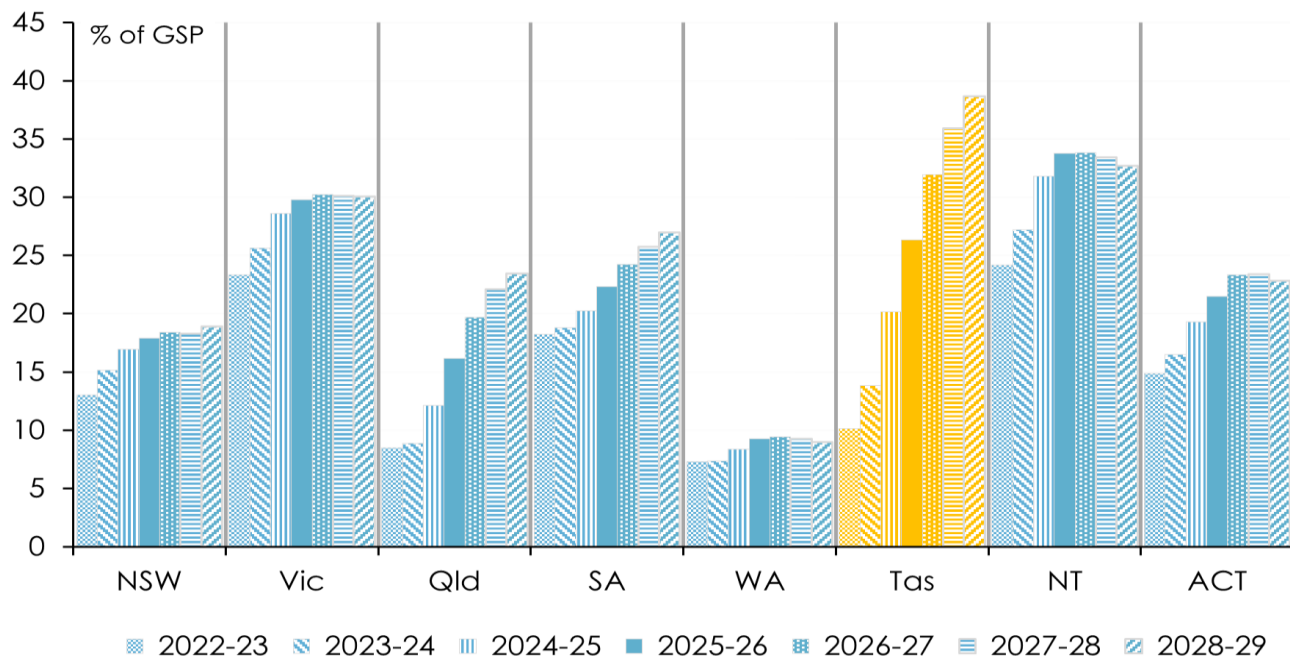
So in order to gauge the true picture of each state and territory's finances, it's important to look at the figures for the **non-financial public sector as a whole**.

Based on the forward estimates presented in the 2025-26 Budgets, Tasmania's non-financial public sector will incur **cash deficits** averaging 5.4% of GSP over the four years to 2028-29. That's the biggest of any state or territory, by a wide margin (the next largest is Queensland with 3.5%), and almost treble the average for all states and territories, of 1.9% of GSP (see first chart on page 5).

As a direct result, Tasmania's **non-financial public sector net debt** is projected to rise by 18.5 percentage points of GSP over the next four years, more than for any other state or territory (and compared with the average for all states and territories of 4.0 pc points), to 38.6% of GSP by 30th June 2029, which will be higher than for any other state or territory, and well above the all-states-and-territories average of 21.6% of GSP (see second chart on page 5).

**Non-financial public sector cash surpluses (+) or deficits (-)**

Sources: State and Territory 2025-26 Budget Papers.

**Non-financial public sector net debt**

Sources: State and Territory 2025-26 Budget Papers.



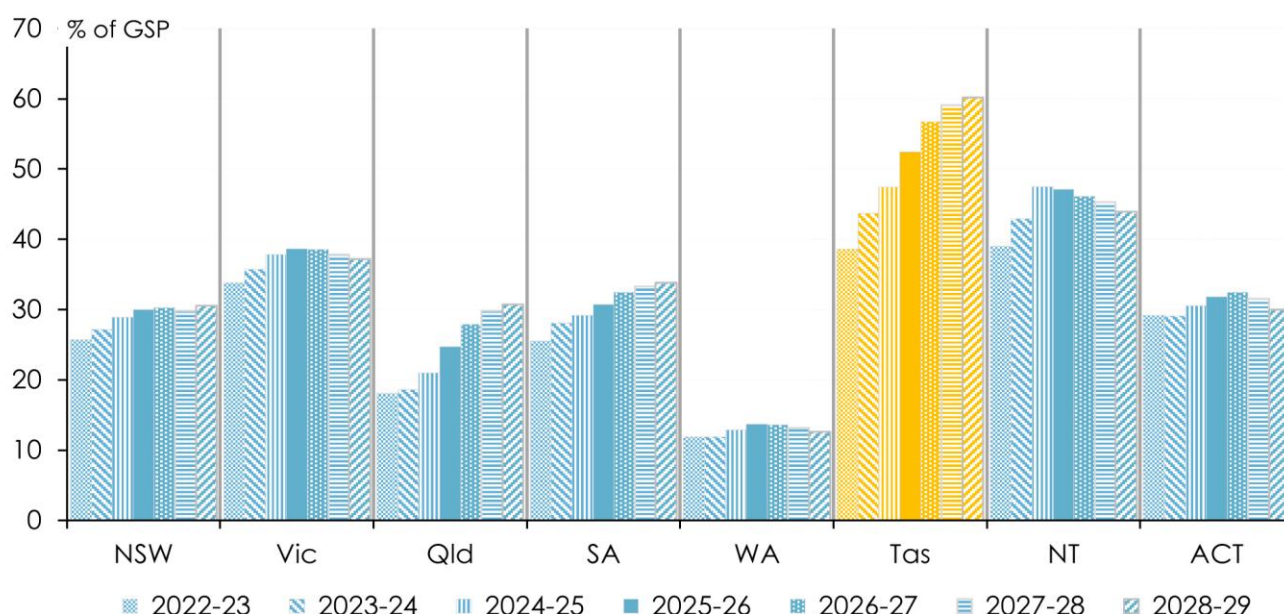
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And finally, as noted above with regard to the 'general government' sector, these figures for the non-financial public sector exclude unfunded superannuation liabilities. Tasmania's GBES have more of those (in dollars) than any other jurisdiction's except NSW. So when you include them, Tasmania's **non-financial public sector net financial liabilities** are projected to increase by 12.8 percentage points of GSP over the next four years (compared with an average of only 2.5 pc points of GSP across all states and territories), to 60.2% of GSP by 30th June 2029. Again, that is by a wide margin the largest of any state or territory - the next highest is the Northern Territory with 44.0% of GSP by 30th June 2029, and then Victoria with 37.2% - and well above the all-states-and-territories average of 29.7% of GSP.

## Non-financial public sector net financial liabilities (including unfunded superannuation)



Sources: State and Territory 2025-26 Budget Papers.

The clear message from all of this is that Tasmania cannot afford another election like the last three have been - where the winner carries commitments to spend upwards of \$1½ billion over the following four years, without having uttered a word as to how that additional spending might be paid for.

Indeed, Tasmania can't really afford to spend all of what's already in the forward estimates in the most recent budget, unless whoever wins the forthcoming election is prepared to take steps to raise additional revenue, or is willing to cut some of the spending which is already in those forward estimates.

So far, the parties contesting next month's election are promising to spend money without saying, in any meaningful or credible detail, how they're proposing to pay for it - albeit that, so far, the numbers are more modest than in the past three election campaigns.

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Let's hope that this 'modesty' will continue over the remainder of the campaign - and that they political parties will be honest enough with the Tasmanian people to tell them, well before people start to vote (rather than on the afternoon of the Friday before the official polling day, as they've done in the past) how the spending commitments they've made are going to be paid for.

Saul Eslake  
Corinna Economic Advisory



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