

Another hung parliament solves nothing about Tasmania's dire fiscal situation

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With just under two-thirds of the vote counted, Tasmanians appear to have elected a Parliament very similar to the one which they elected just 16 months previously.

Despite a 3 percentage point primary vote swing towards them, the Liberals seem unlikely to improve on the 14 seats they held in the previous Parliament, leaving them four short of a majority on the floor of the House of Assembly.

Labor, which suffered a 3 percentage point primary swing against it, may lose one seat, leaving it with nine.

The Greens have held on to their five seats, while it is possible that there will be five independents, one more than in the previous Parliament.

Premier Jeremy Rockliff has claimed a mandate to be re-commissioned as Premier. But he can only be sure of support for confidence and supply from, at most, two of the likely cross-benchers: the three former members of the Jacqui Lambie Network, who initially pledged their support to the Liberals in the last Parliament, all lost their seats at this weekend's election.

So while the Liberals are better placed than any other to form government when all the votes are eventually counted and preferences distributed under Tasmania's Hare-Clark system, that's not guaranteed.

What neither of the major parties have is a mandate for fixing what Tasmania's Treasury described, in its [Pre-Election Financial Outlook Report](#), as the 'structural problem' in the State's Budget, arising from the fact that "expenses ... are growing at a faster rate than the State's current sources of revenue", resulting in a "rate of growth in debt" which "is not sustainable".

Treasury warned – as it did [before the previous election in March last year](#) – that "this structural problem will not be resolved through future economic growth" and that "explicit policy choices are required". It went on to say that "a combination of revenue and expenditure measures will be required" and that "no single class of intervention is likely to be sufficient to move Tasmania to a sustainable fiscal trajectory".

Unfortunately, these warnings again fell on deaf ears – as they have done at each of the past three Tasmanian state elections.

Both major parties explicitly ruled out any consideration of raising additional revenue.

Both major parties are committed to large capital expenditure programs, including a stadium whose location and design have been dictated by the AFL, funded with borrowed money.

And both major parties ruled out any privatisations, the Liberals despite having flirted with the idea before the election was called and Labor despite having previously been responsible for three of the four privatisations which have been undertaken in Tasmania during the past 35 years (fewer than in any other jurisdiction except the ACT).

The best that can be said is that both major parties were much more circumspect in their pork-barrelling than they had been at each of the three previous elections.

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The Liberals [promised](#) \$477 million of new spending over the four years to 2028-29 – compared with more than \$1.4 billion over the four year periods following each of the past three elections (which has been a major driver of the deterioration in Tasmania's financial position over the past eight years).

Of this, they claim that \$281 million was already provided for in the 2025-26 Budget (which failed to pass the Parliament before the election was called), and that they will save a further \$265 million by “reducing the Treasurer's Reserve” (a pot of money which Tasmanian Treasurers can use to dole out money without further Parliamentary approval), reducing advertising costs, “simplifying procurement processes”, “implementing office and leasing improvements”, and not making any further contributions to the Marinus Link project (the proposed electricity cable under Bass Strait).

The Liberals' costings did not include any provision for their 'headline' policy of putting the State Government back into the general insurance business, a proposal for which they failed to provide any credible or coherent justification other than a claim that Tasmanian households and small businesses were being “ripped off” by mainland insurers to pay for climate-related disasters on the mainland that “don't happen” in Tasmania – an assertion that flies in the face of the fact that Tasmanians pay the second-lowest home and contents insurance premiums in Australia, and that insurance premiums as measured in the CPI have risen by less in Hobart than in all but two other capitals over the past decade.

For its part Labor began the campaign proposing [\\$1 billion of expenditure savings](#) over the four years to 2028-29, although some of those were of dubious quality, and some of the genuine savings were subsequently offset by new spending promises.

The unfortunate reality is that neither the Liberals, who are more likely to form government after this weekend's election, or Labor, who could perhaps end up forming a government if the Liberals are unable to, have any kind of mandate to do what needs to be done to put Tasmania's finances on a more sustainable footing. It seems almost inevitable that things will have to get worse before one side of Tasmanian politics or the other is willing to be honest with themselves, and the Tasmanian people.

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