

THE TASMANIAN ECONOMY AND PUBLIC FINANCES

3RD NOVEMBER 2025

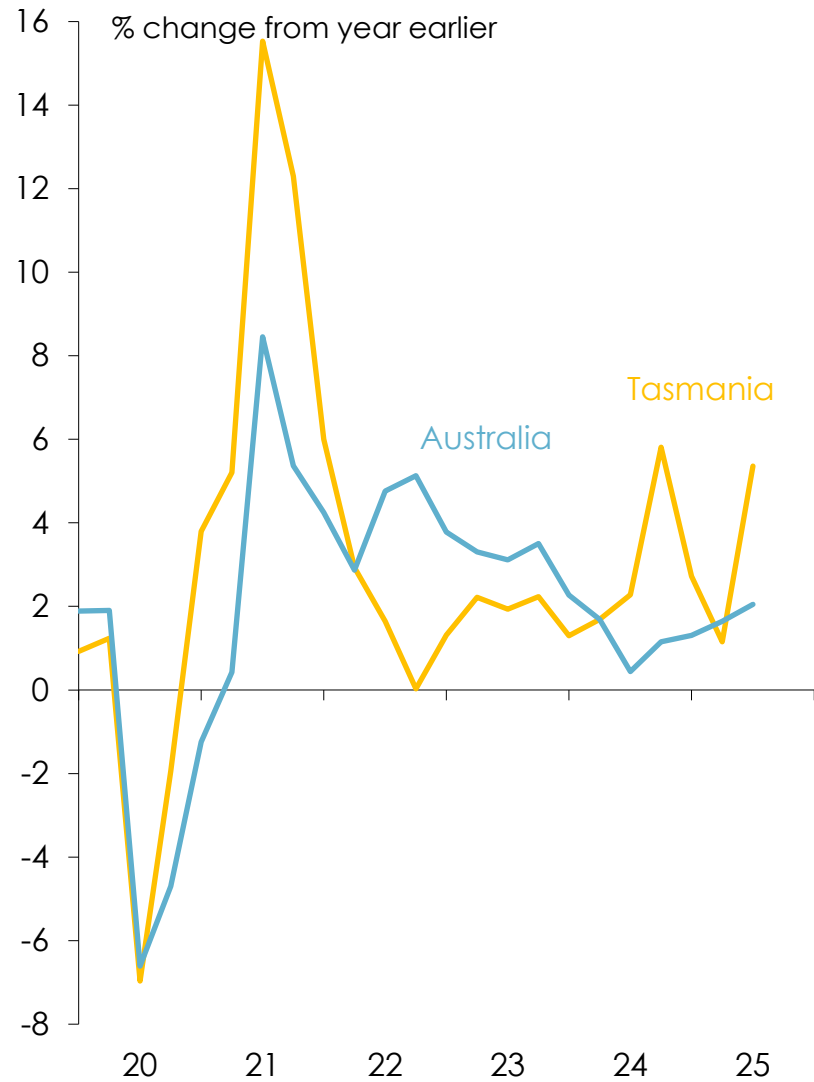
SAUL ESLAKE

CORINNA ECONOMIC ADVISORY
INDEPENDENT ECONOMICS

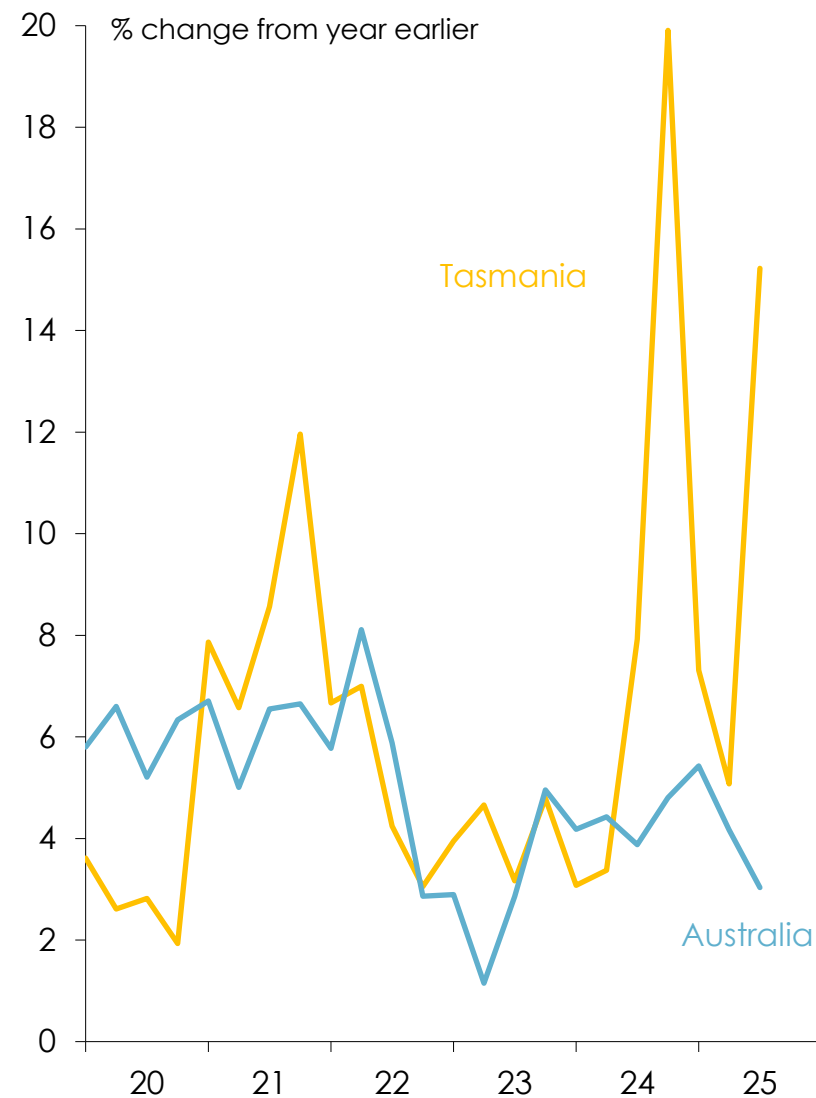
The Tasmanian economy

Tasmania is only 'outperforming the nation' (as the Government claims) because of debt-funded public spending

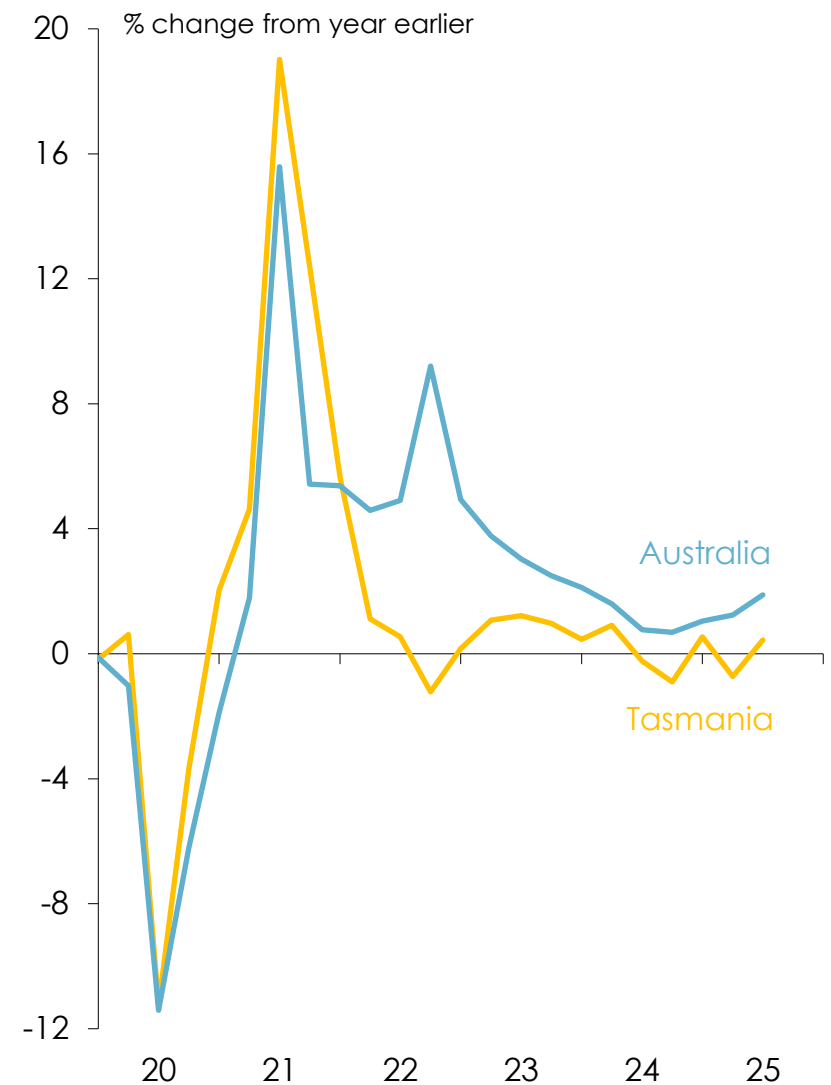
'State final demand'



Public sector final demand



Private sector final demand

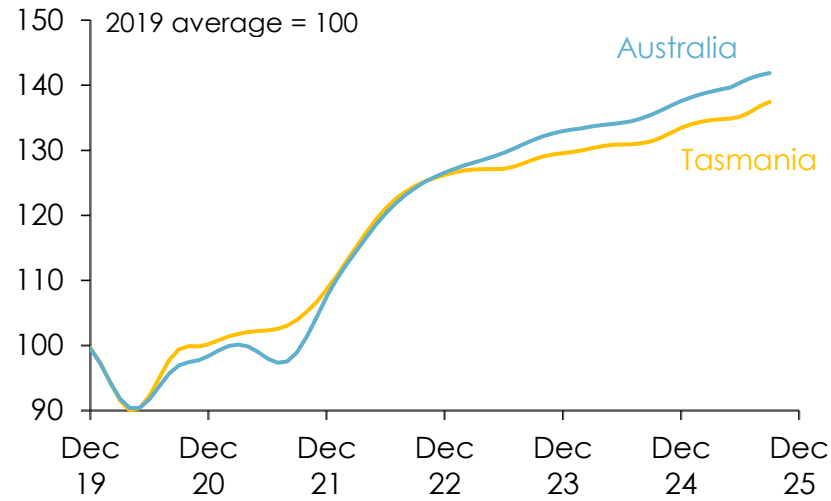


Note: 'Final demand' is the sum of consumption and investment expenditure (it excludes inter-state and international trade, and changes in inventories).

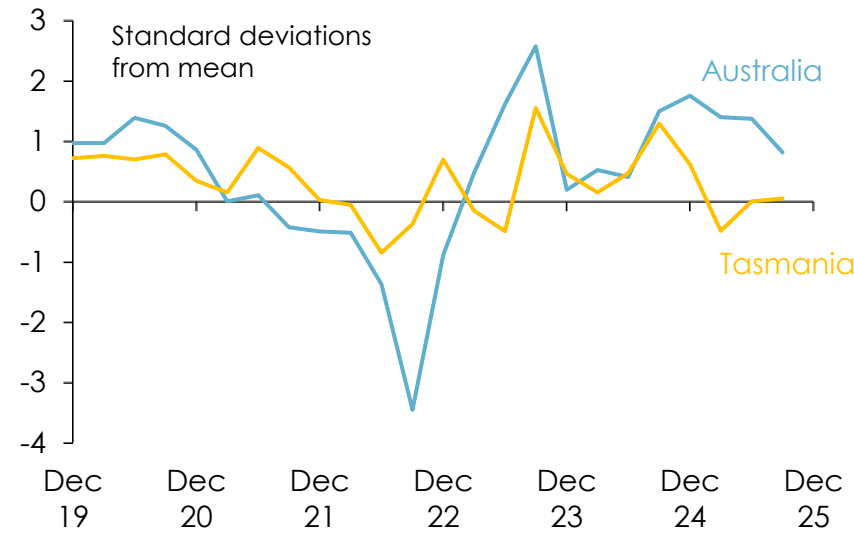
Sources: ABS, [Australian National Accounts: National Income, Expenditure and Product](#), June quarter 2025.

On most indicators (except unemployment), Tasmania is under-performing national averages

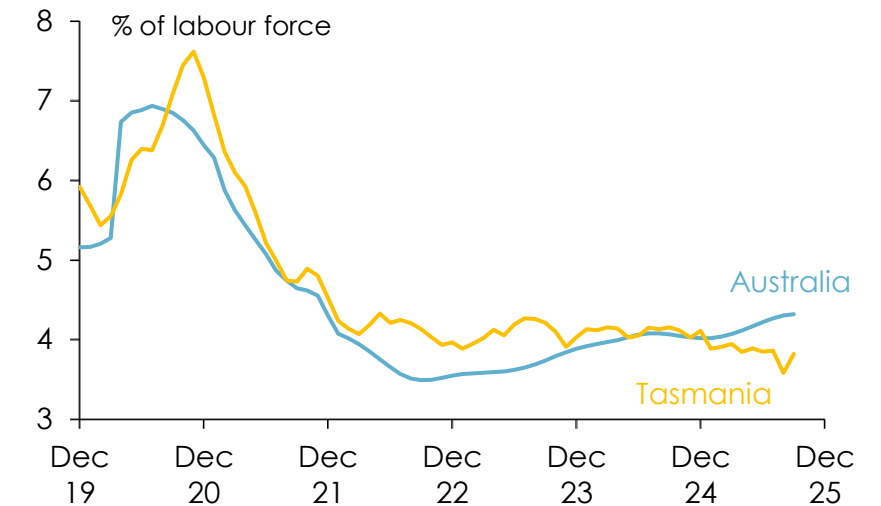
Household spending



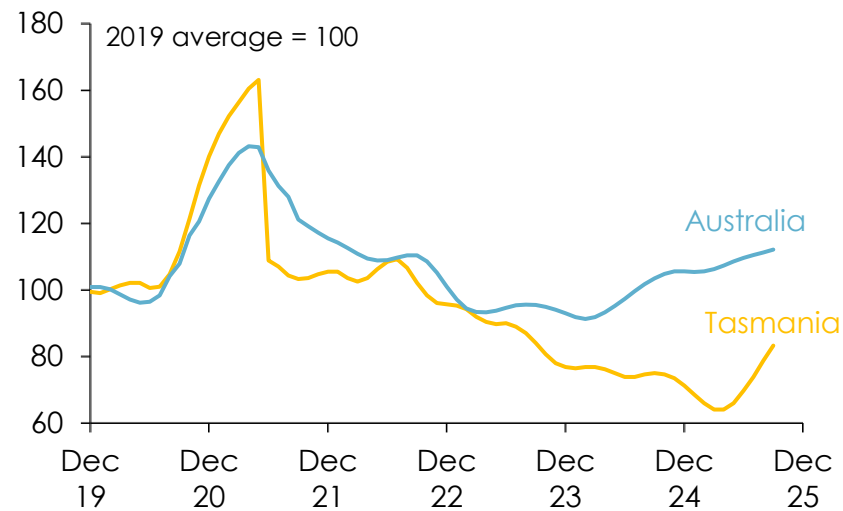
Business confidence



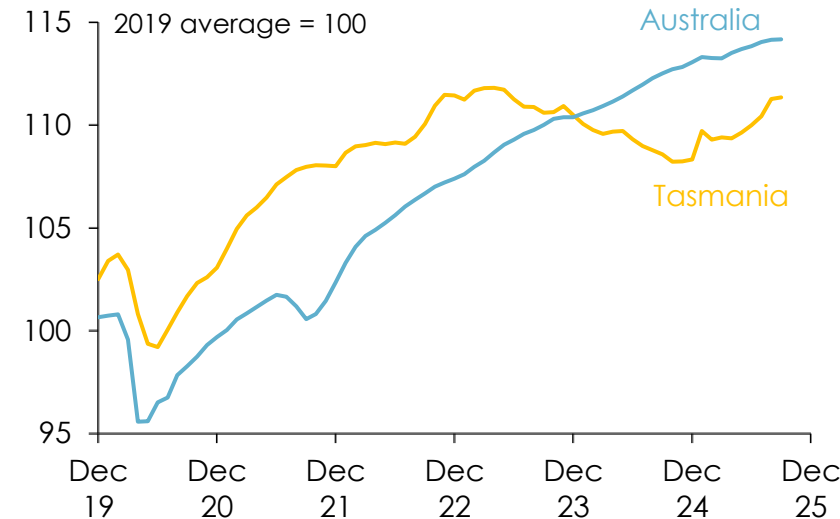
Unemployment



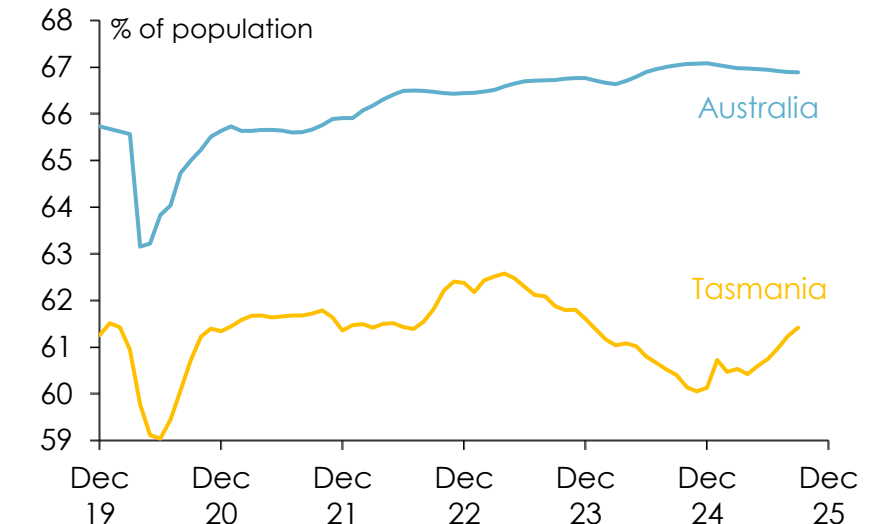
Residential building approvals



Employment



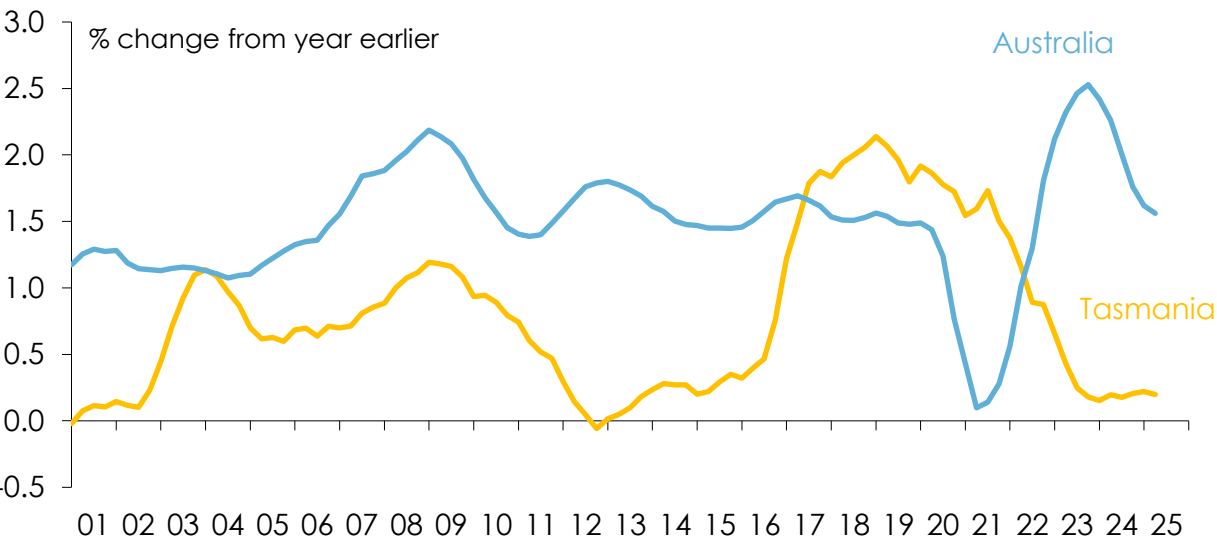
Labour force participation rates



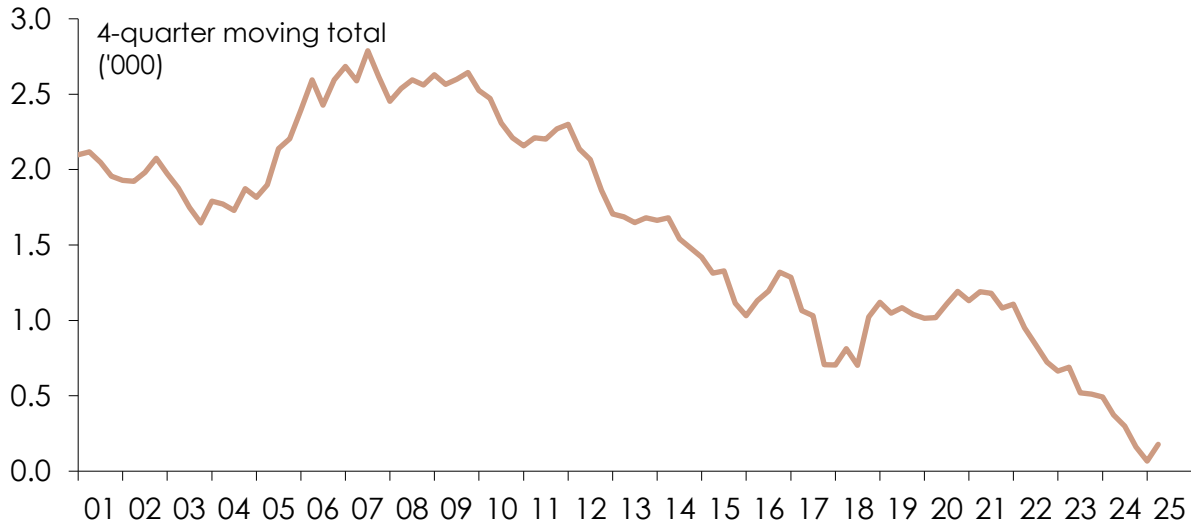
Note: all data except for business confidence are derived from trend estimates. Sources: ABS, [Monthly Household Spending Indicator](#) and [Building Approvals](#), September 2025; National Australia Bank, [Quarterly Business Survey](#), September quarter 2025; and ABS, [Labour Force](#), September 2025.

A major difference between Tasmania and the rest of Australia over the past two years has been population growth

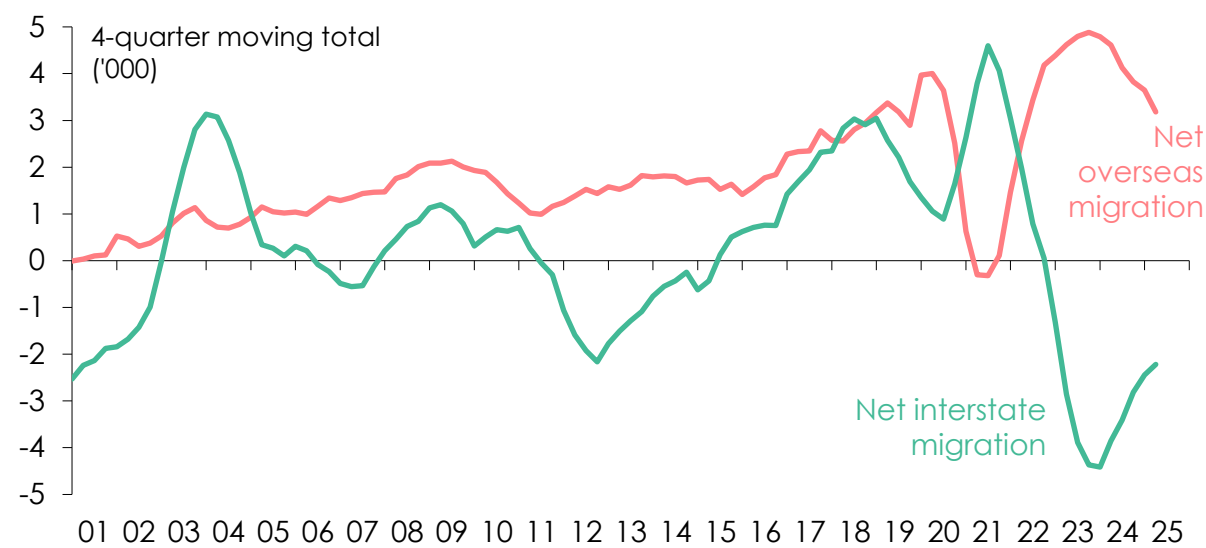
Population growth



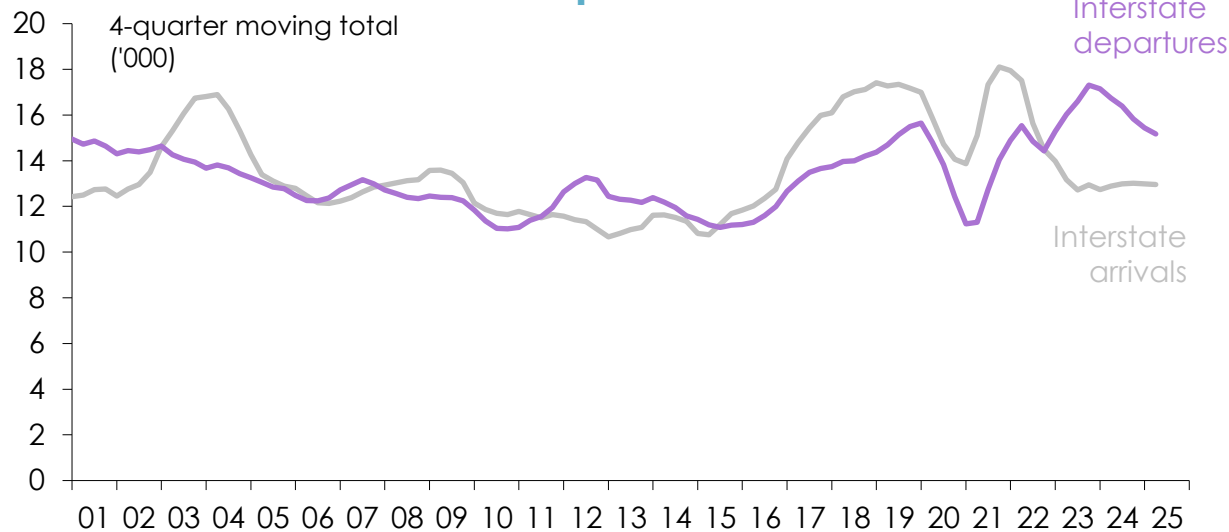
Natural increase (births minus deaths)



Net migration to Tasmania



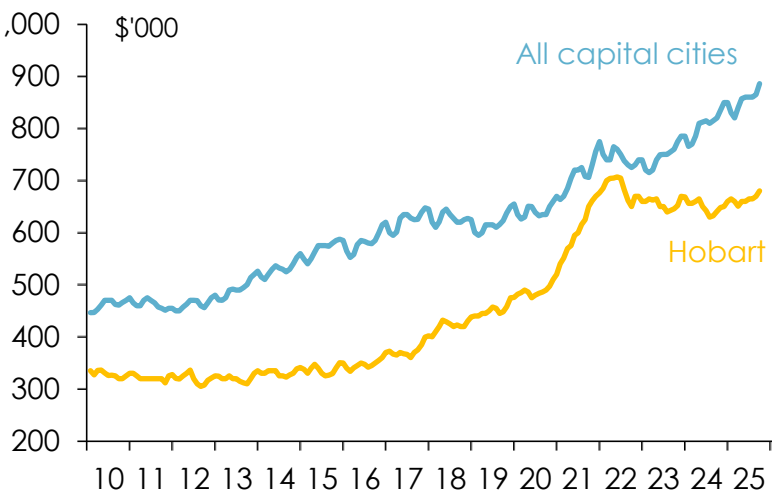
Interstate arrivals and departures



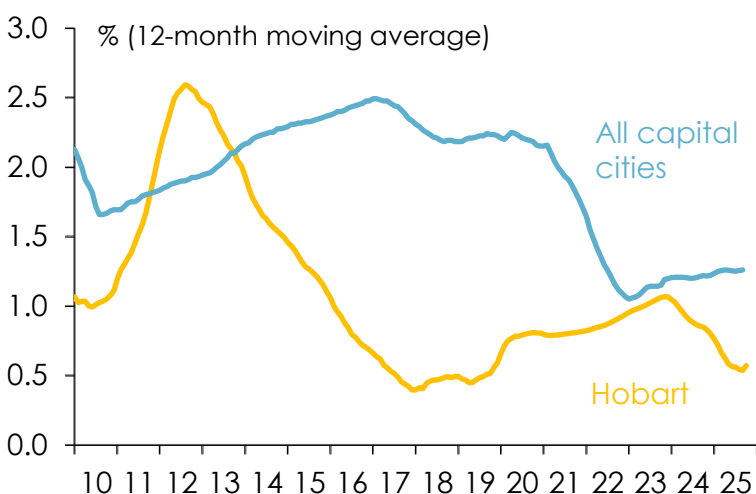
Sources: ABS, [National, state and territory population](#), March quarter 2025

Slower population growth explains why Tasmania's property market has followed a different course – although it remains relatively expensive

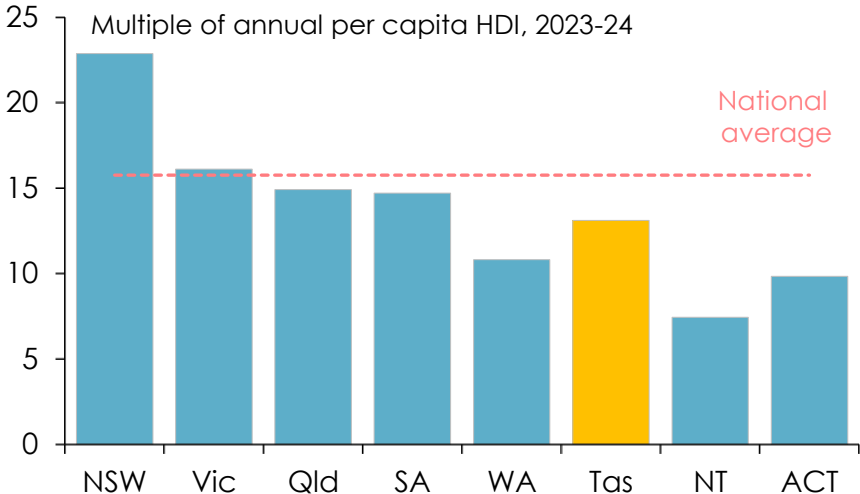
Capital city dwelling prices



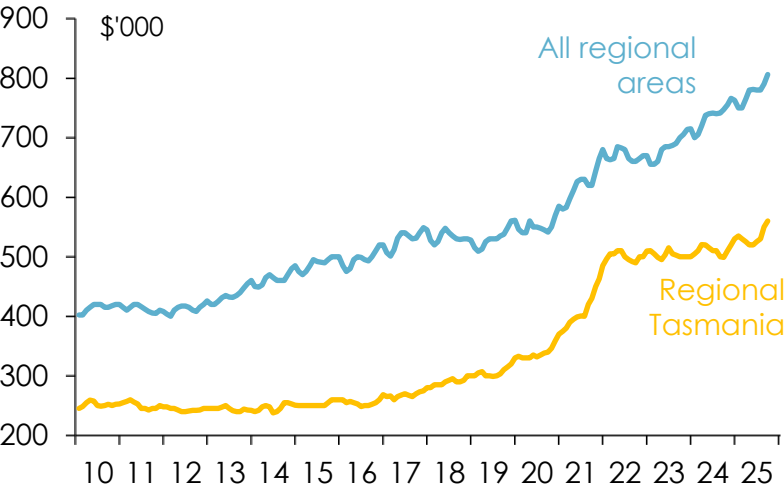
Rental vacancy rates



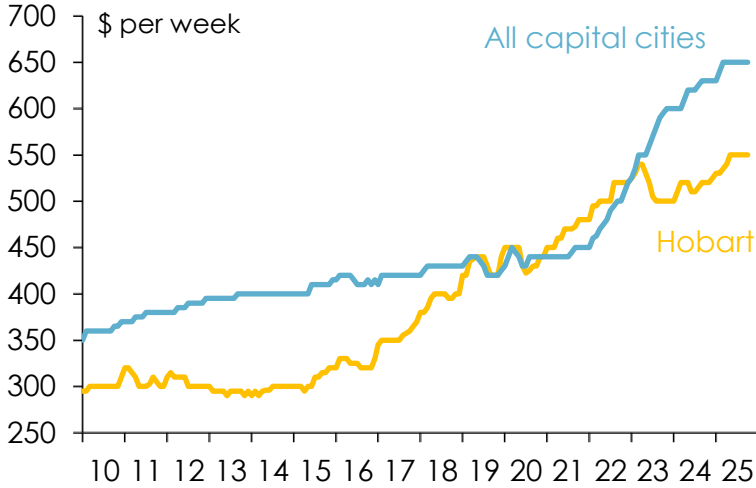
House price-to-income ratio



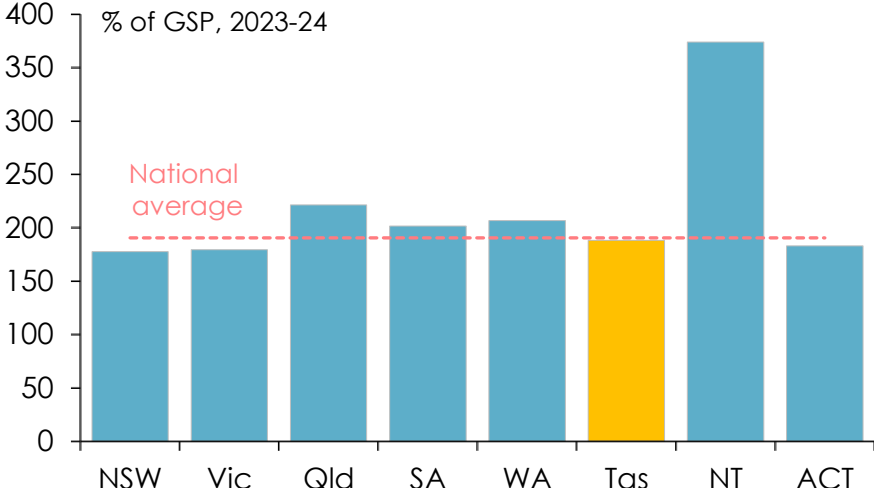
Regional areas dwelling prices



Median rents



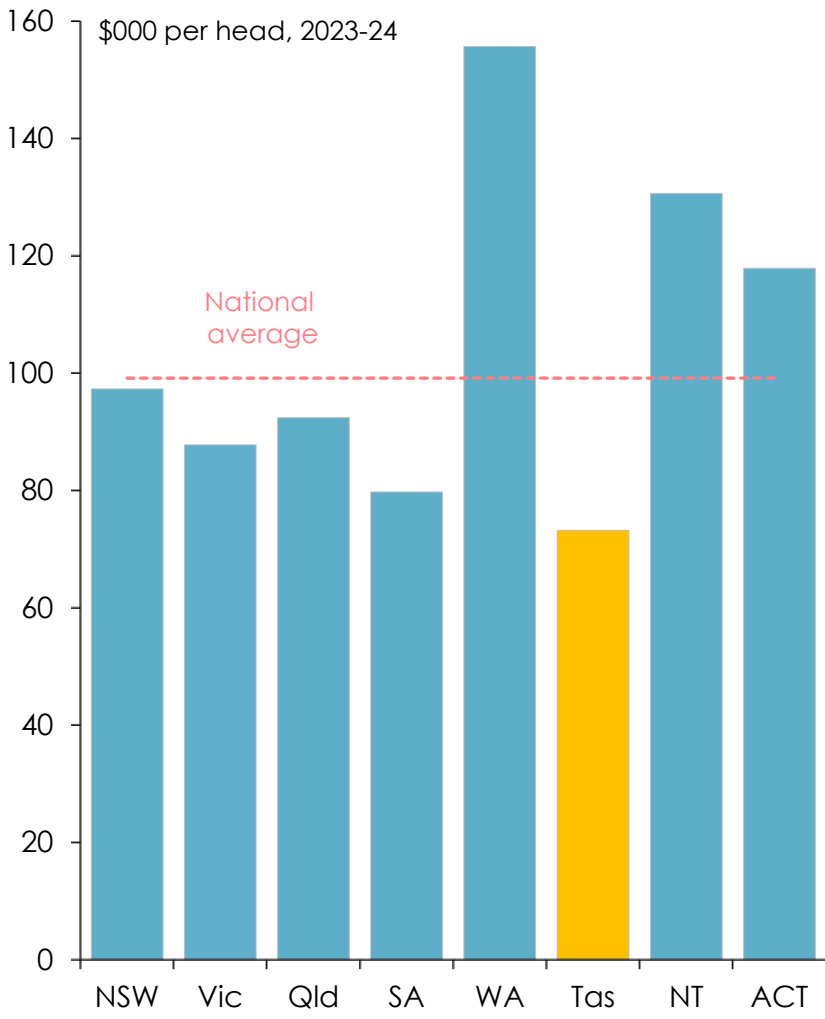
Value of dwelling stock



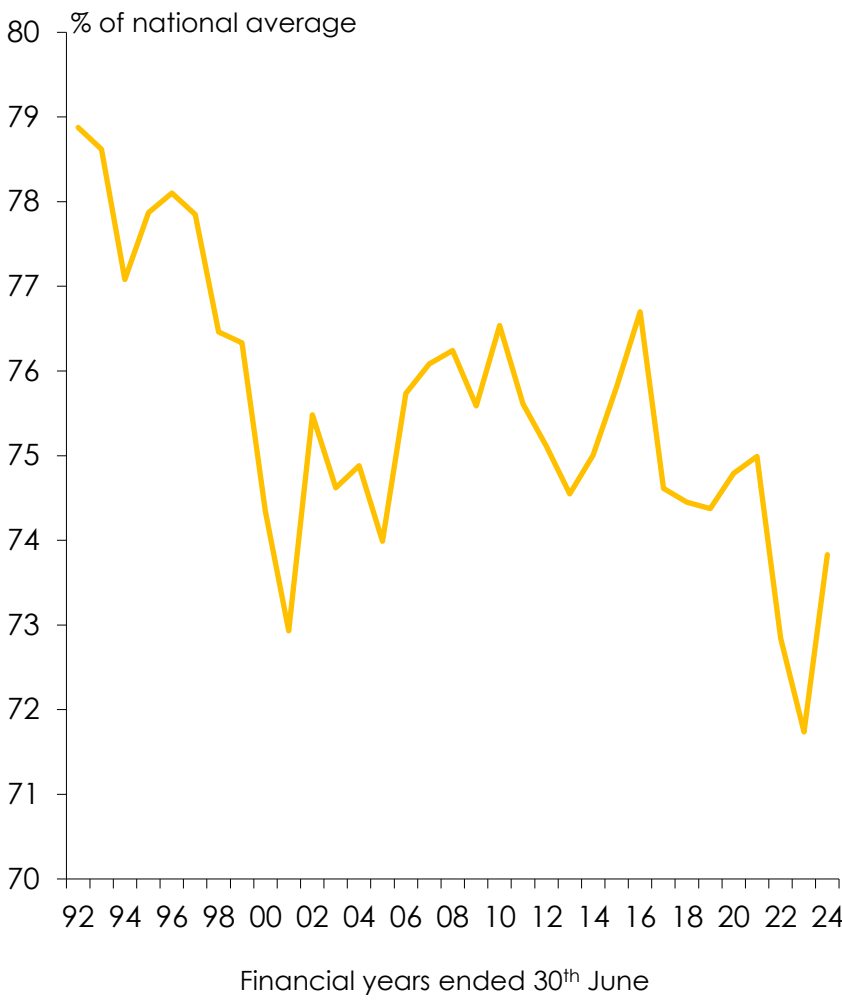
Sources: [Cotality](#); SQM Research, [Residential Vacancy Rates](#); ABS, [Total Value of Dwellings](#), June quarter 2025; and [Australian National Accounts: State Accounts](#), 2023-24

And we remain the poorest state in the nation, for reasons that haven't changed over more than three decades

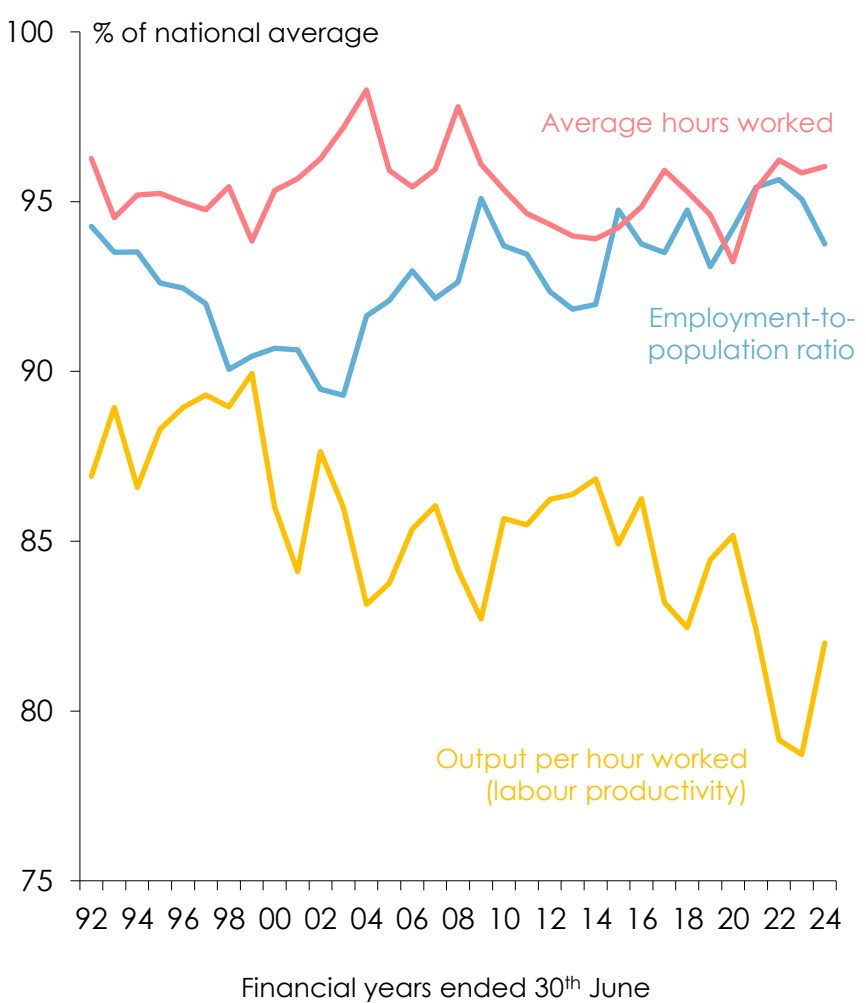
Per capita gross state product, 2023-24



Tasmanian per capita gross product as pc of national average



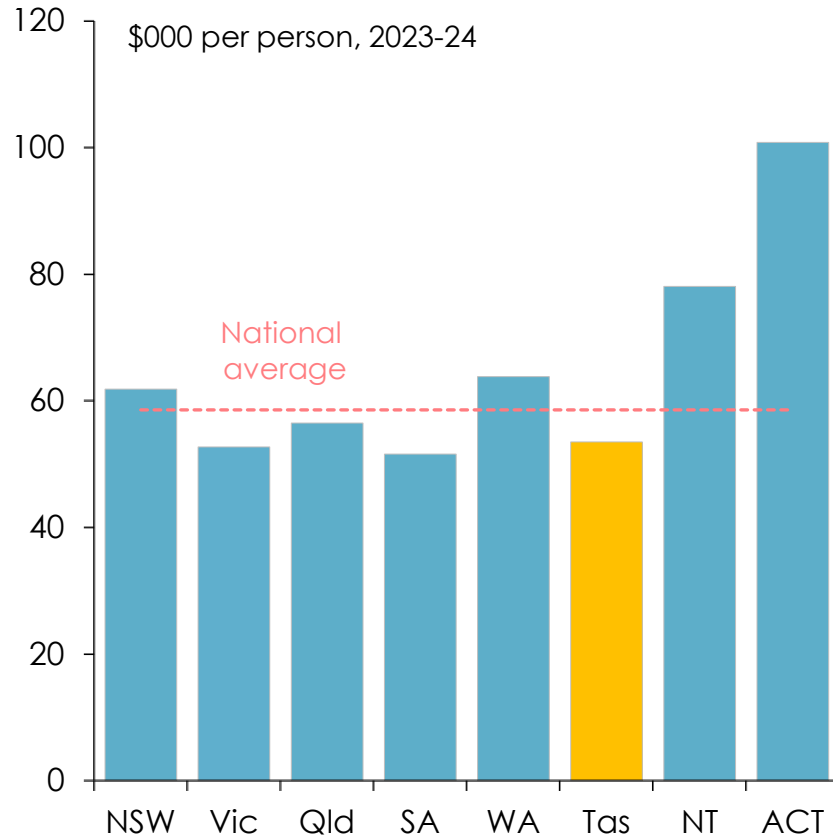
Contributors to Tasmania's per capita gross product as pc of national average



Sources: ABS, [Australian National Accounts: State Accounts](#), 2023-24 financial year; [Labour Force, Australia](#), August 2025.

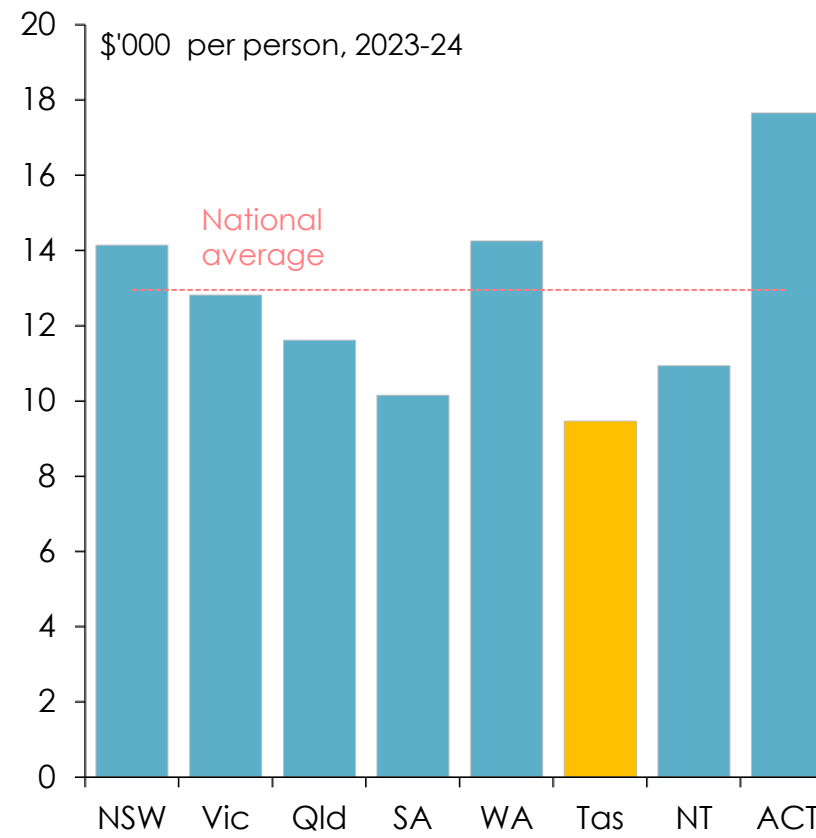
The national tax and social security systems shield Tasmanian household incomes from the effects of Tasmania's poor economic performance

Household disposable income per head, 2023-24



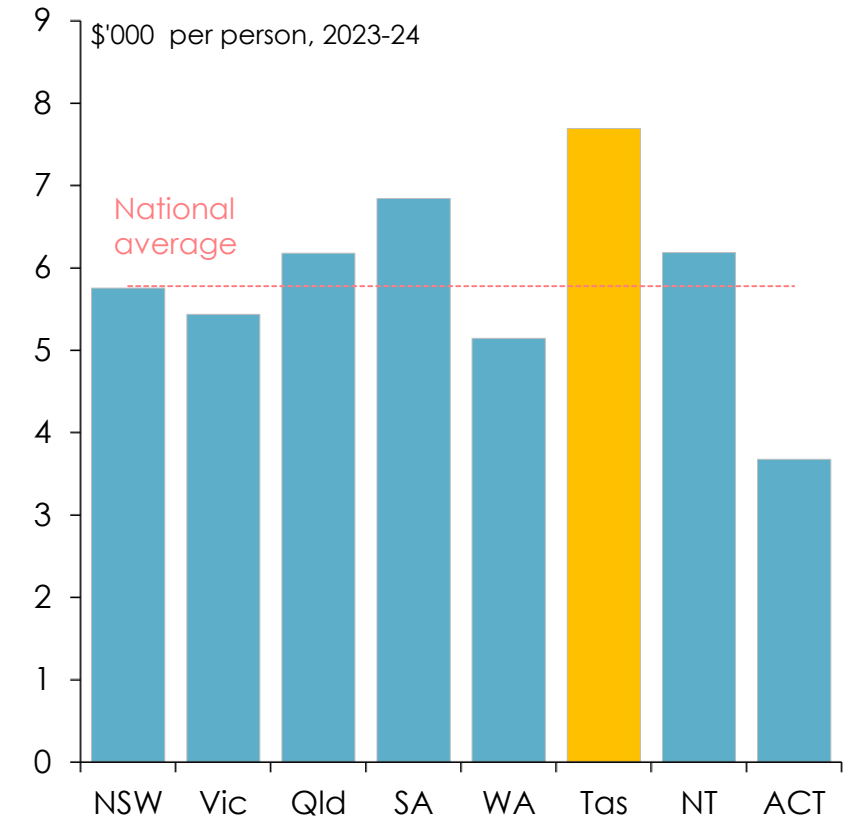
Tasmanian per capita household disposable income is 'only' 9½% below the national average (cf. per capita GSP 26¼% below average)

Personal income tax payments per head, 2023-24



Tasmanians pay \$3,487 per head (27%) less in personal income tax than the national average

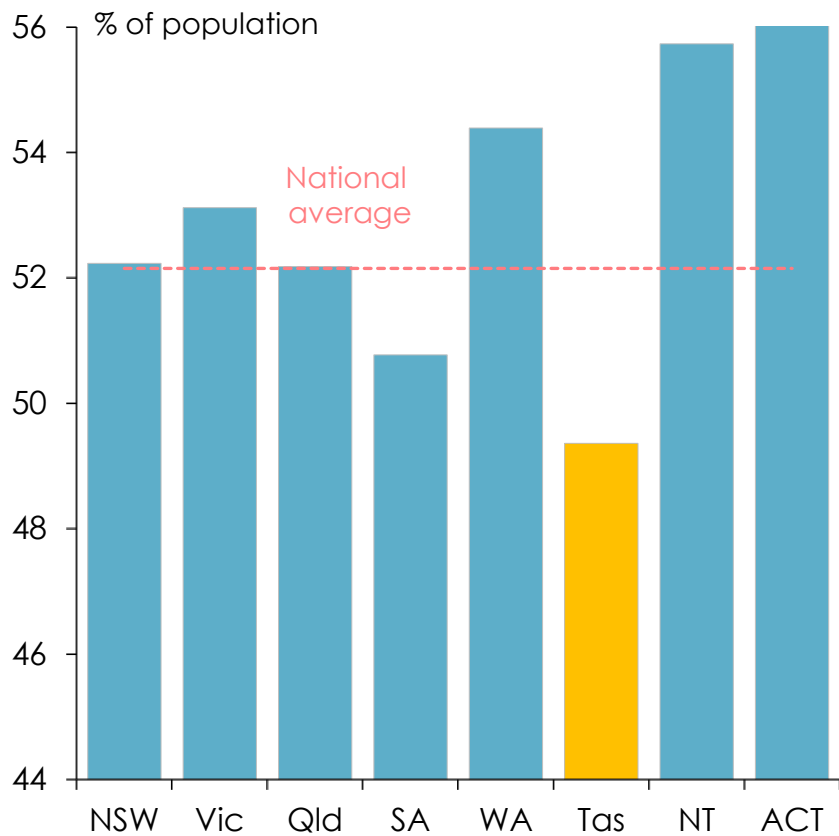
Social security benefit payments per head, 2023-24



Tasmanians receive \$1,915 per head (33%) more in benefits than the national average

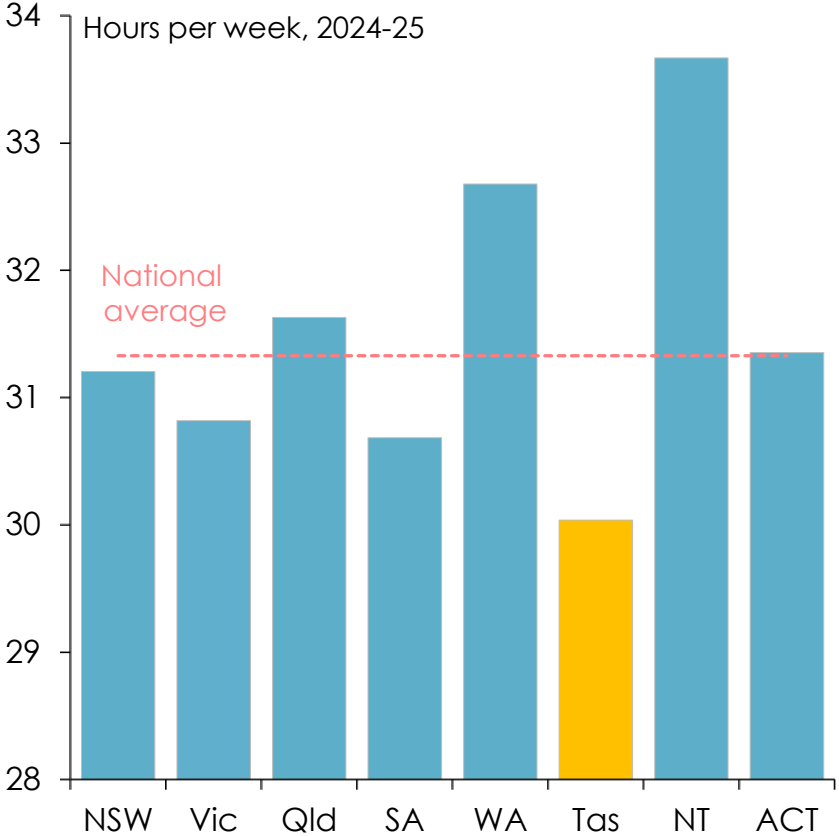
We're the poorest state in the nation because fewer of us have jobs, we work fewer hours, and for each hour that we work we produce less

People with jobs as a proportion of the population, 2024-25



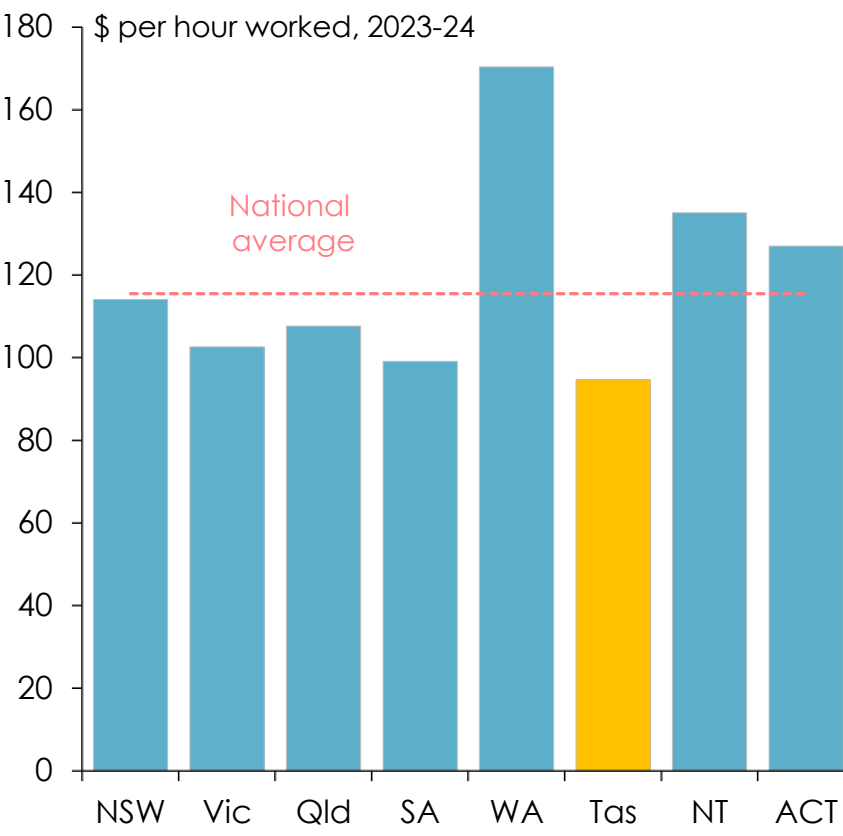
Only 48.7% of Tasmanians work – 3.6 pc pts less than the corresponding proportion of mainlanders

Average hours worked by people with jobs, 2024-25



Tasmanians work 1.3 fewer hours per week than mainlanders – equivalent to an additional 10 days off a year

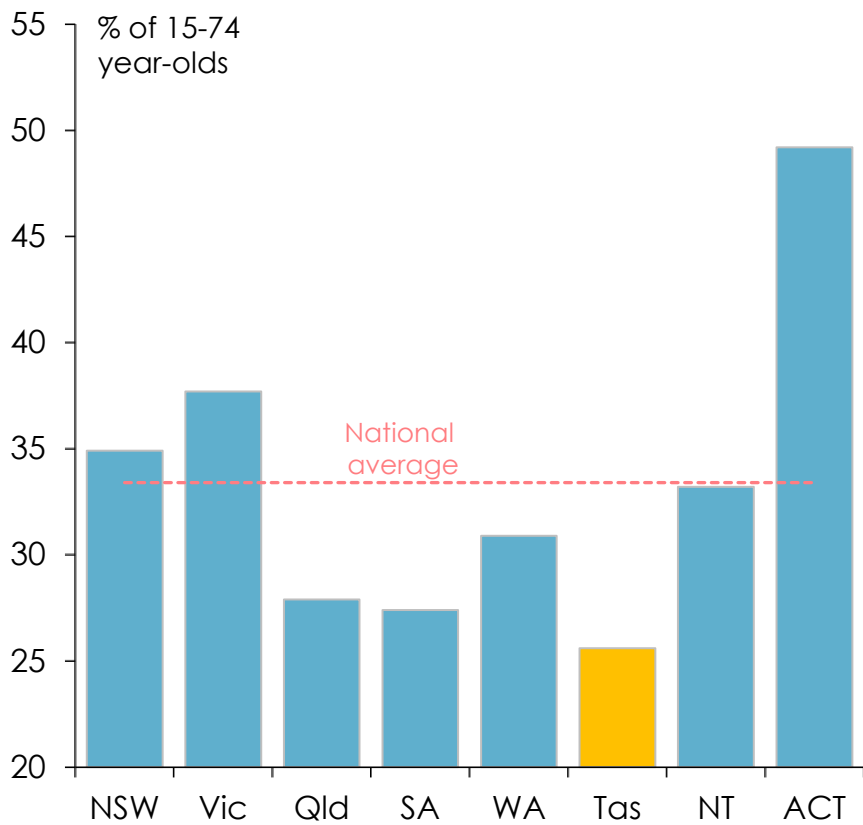
Output per hour worked by people with jobs, 2023-24



Tasmanian labour productivity is \$21.60 (20¾%) less than the mainland average

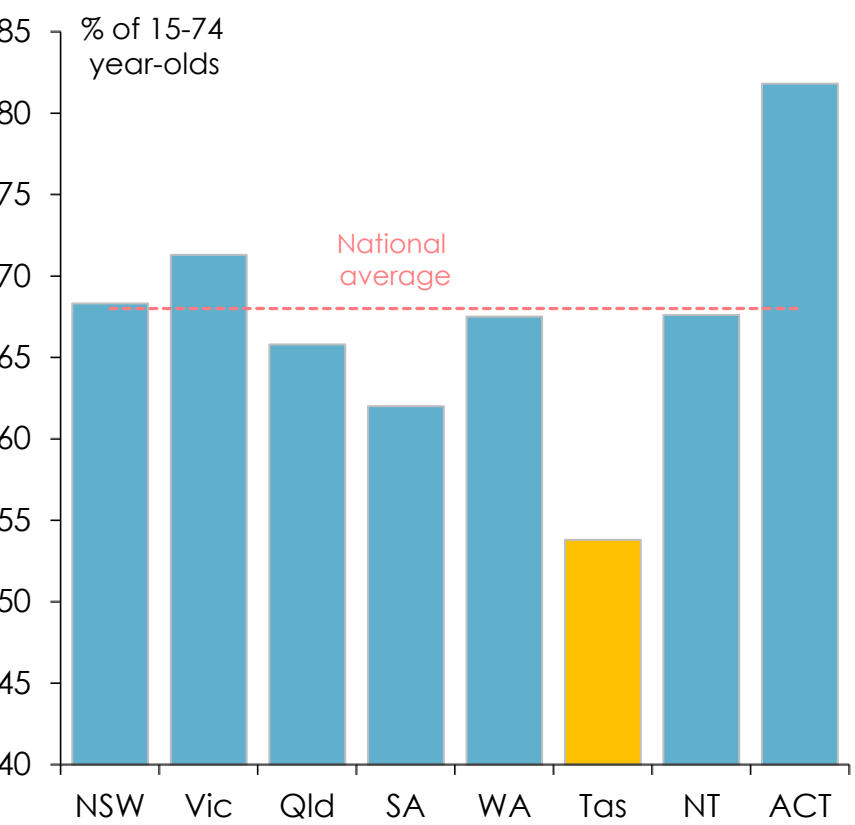
A common factor in all three of the reasons for our below-average per capita GSP is our below-average levels of educational attainment

Proportion of 15–74-year-olds with a bachelor degree or higher, 2024



The proportion of Tasmanians with a university degree is 7¾ percentage points below the national average

Proportion of 15–74-year-olds with at least Year 12, 2024



The proportion of Tasmanians with at least Year 12 of high school is 14¼ pc points below the national average

Proportion of 15–74-year-olds with nothing beyond Year 10, 2024

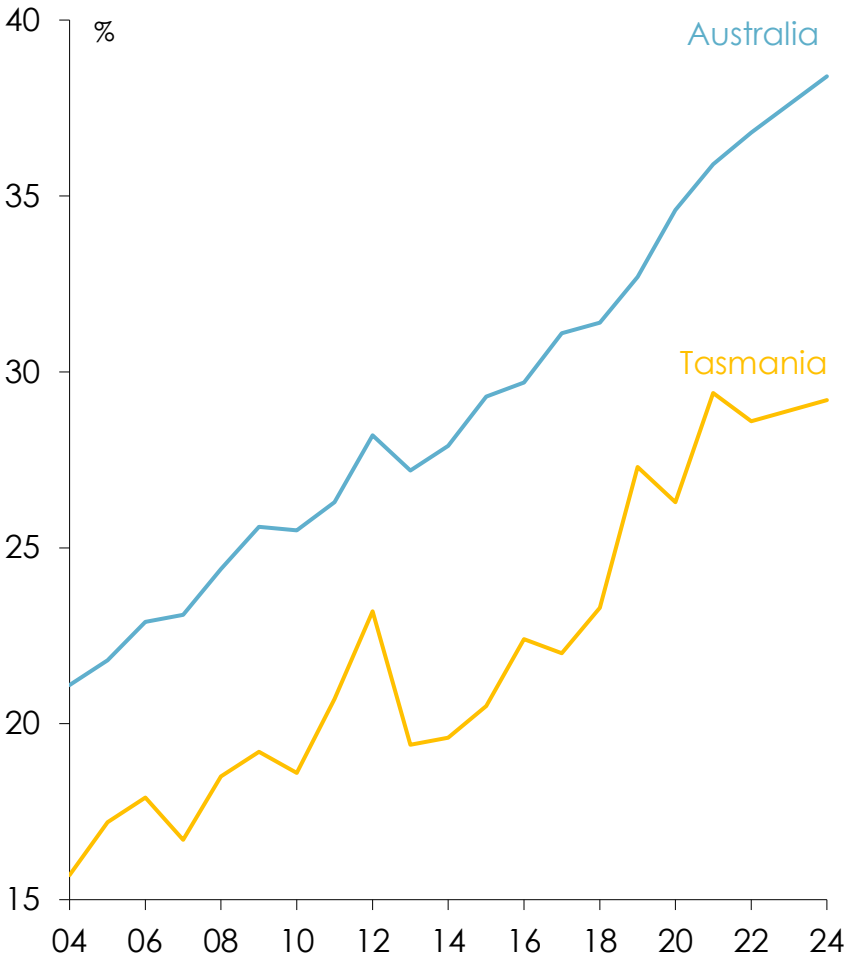


The proportion of Tasmanians with nothing beyond Year 10 is 8¾ pc points above the national average

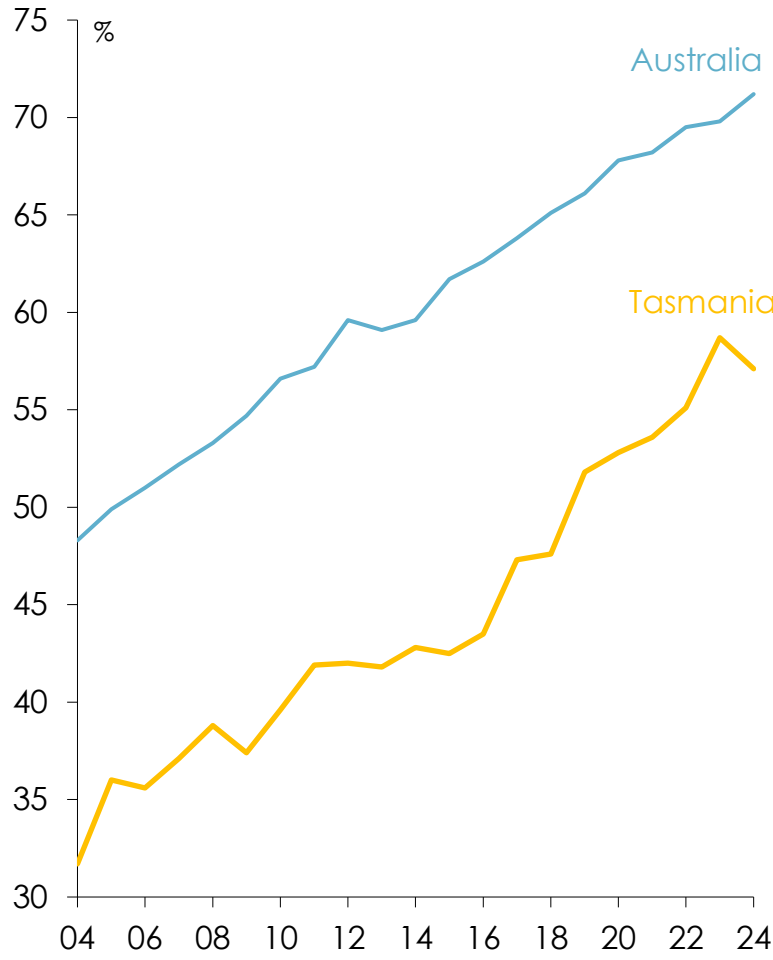
Source: ABS, [Education and work, Australia](#), May 2024.

... and on none of these metrics has there been any improvement in Tasmania's standing relative to national averages over the past 20 years

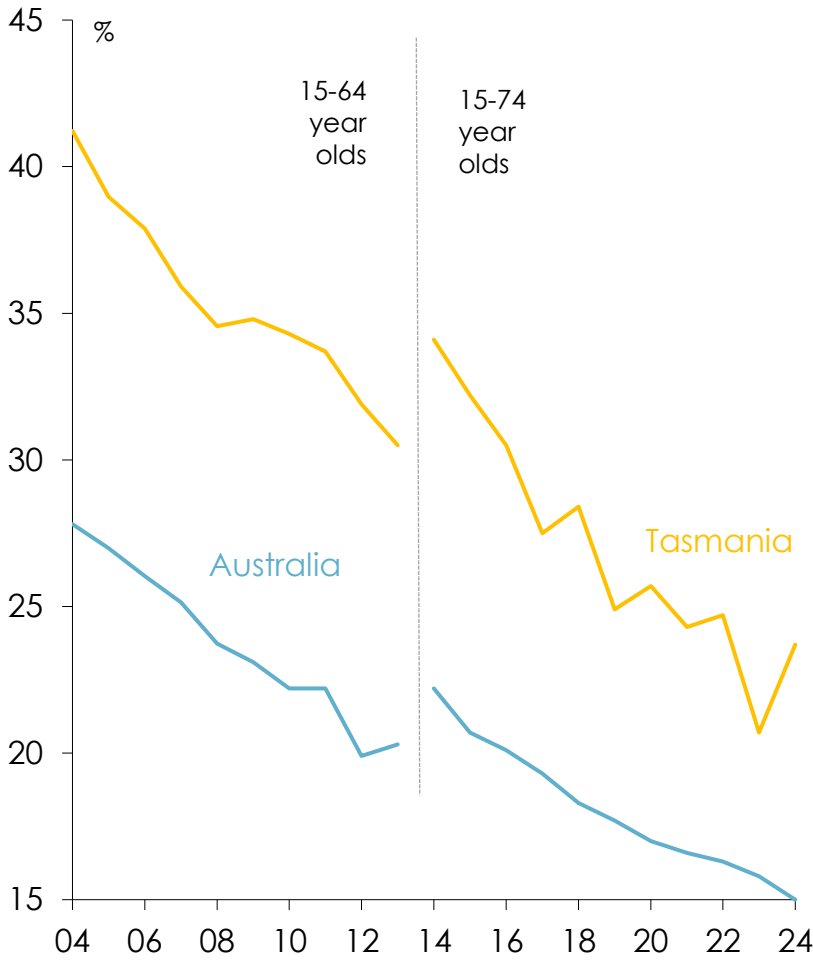
Proportion of 15–74-year-olds with a bachelor degree or higher



Proportion of 15–74-year-olds with at least Year 12, 2024



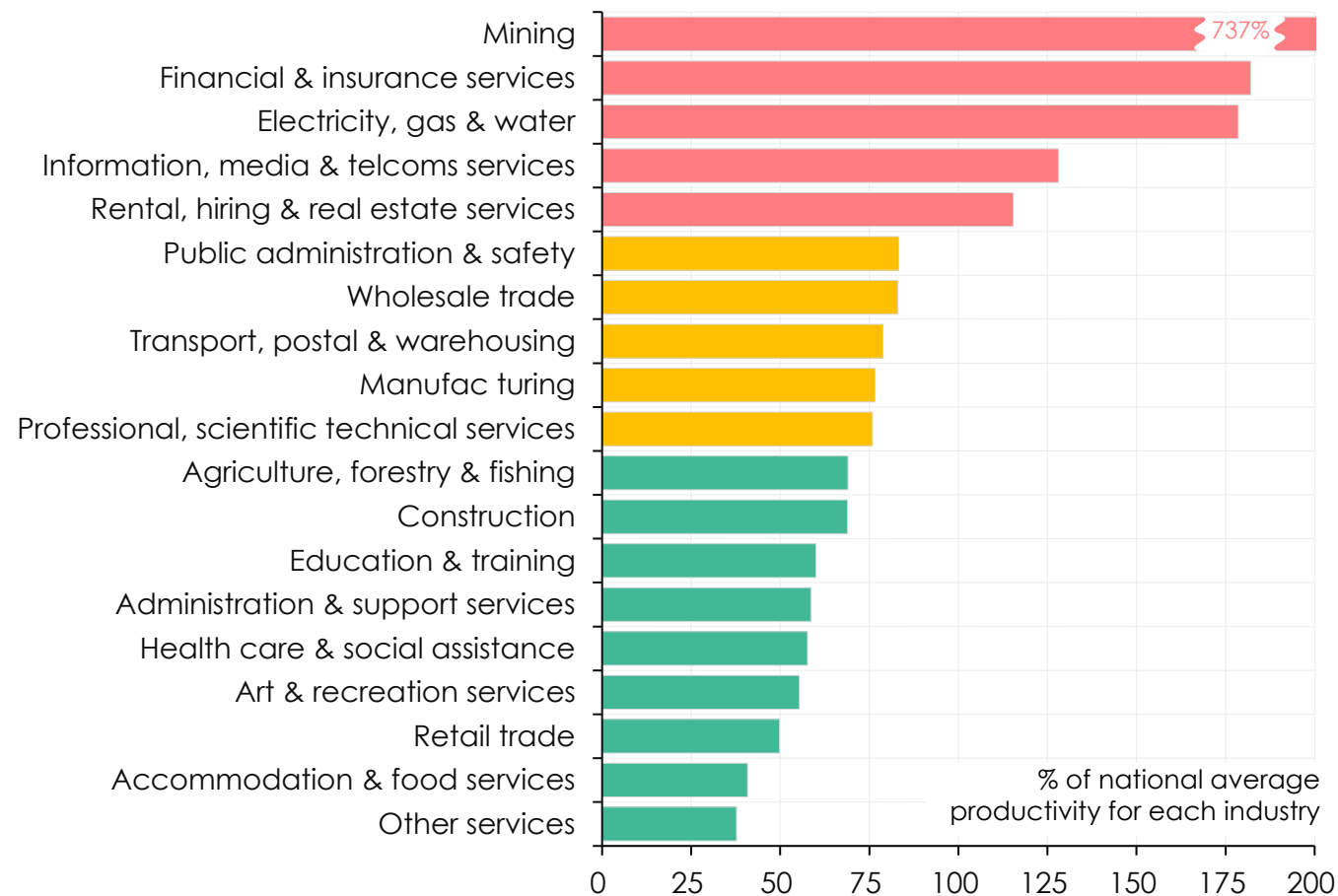
Proportion of 15–74-year-olds with nothing beyond Year 10, 2024



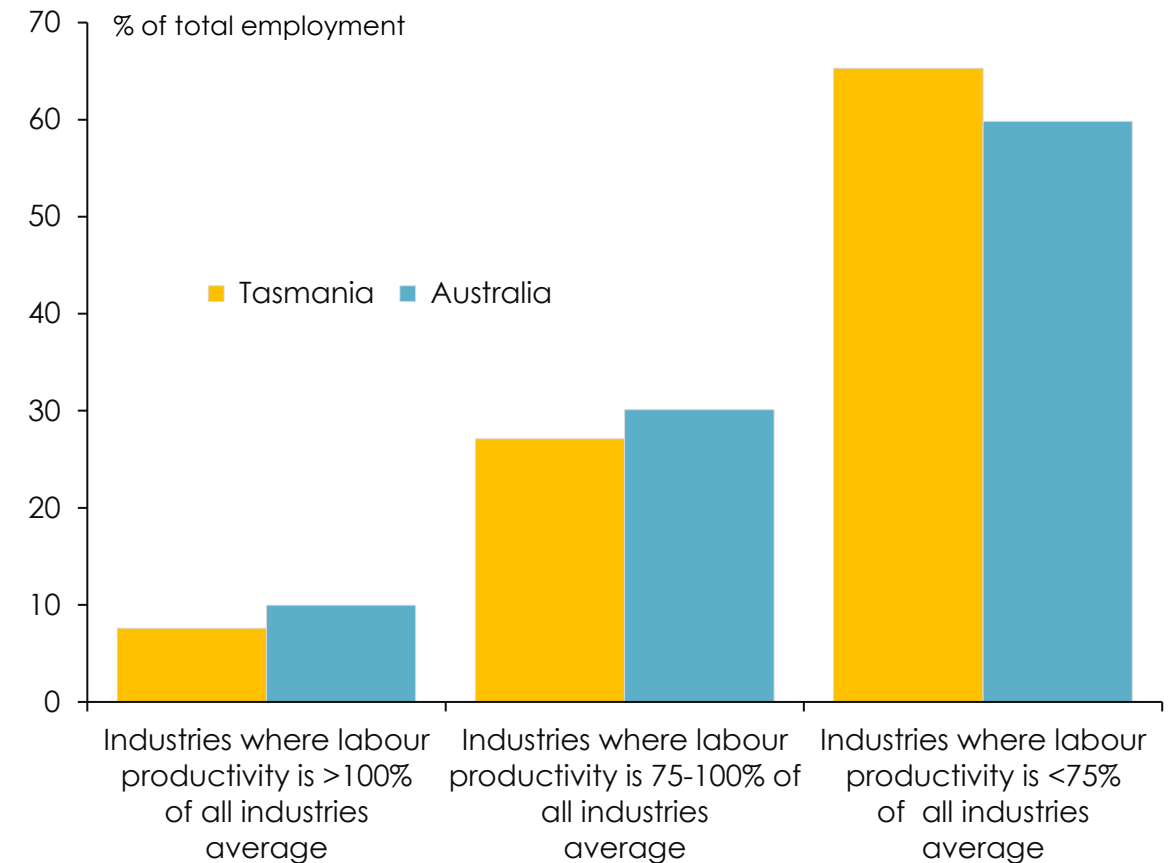
Source: ABS, [Education and work, Australia](#), May 2024.

Relatively fewer Tasmanians work in intrinsically high-productivity industries, whereas more work in low-productivity industries

Labour productivity by industry, Australia, 2023-24



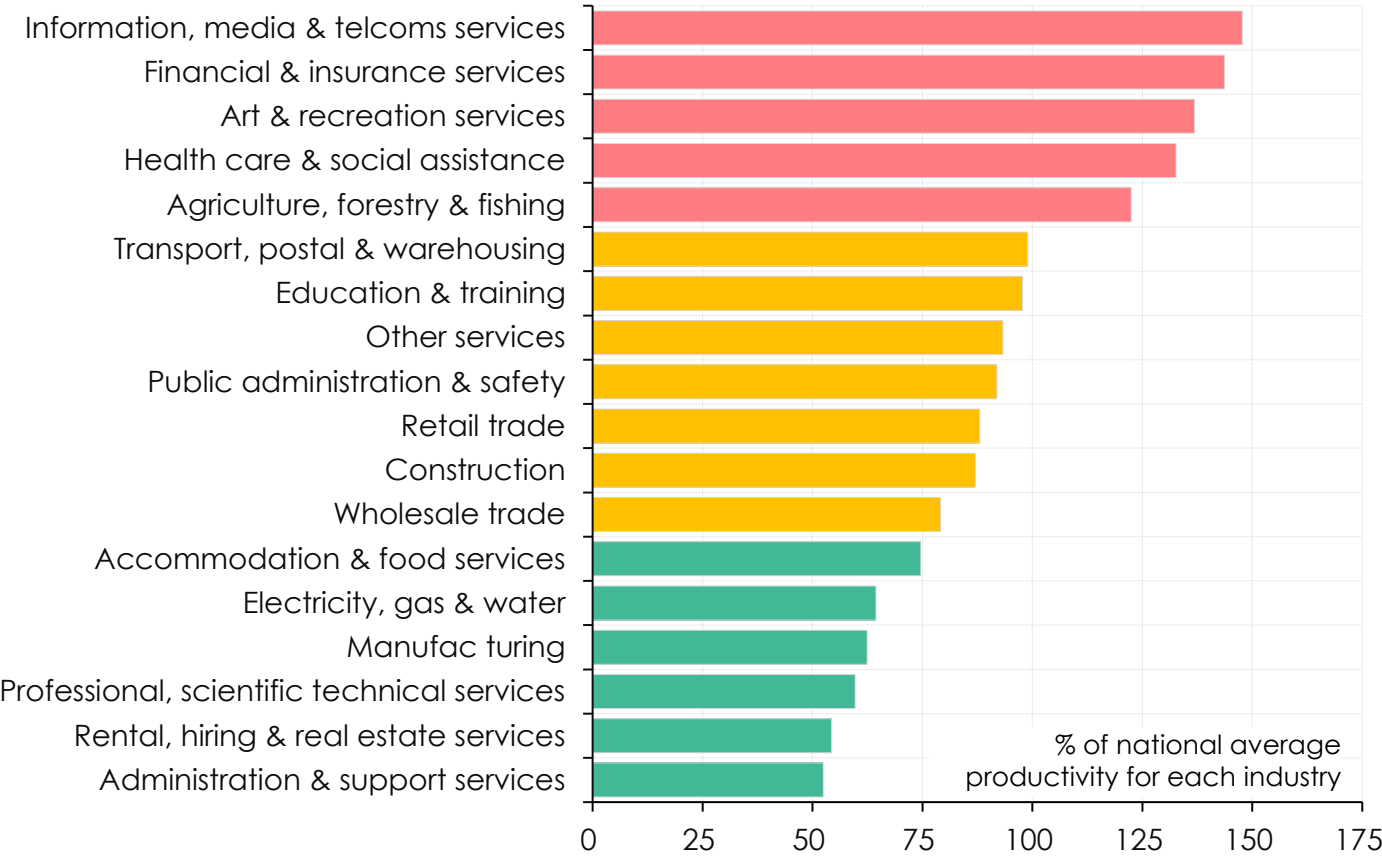
Shares of total employment by industry groups ranked by productivity, 2023-24



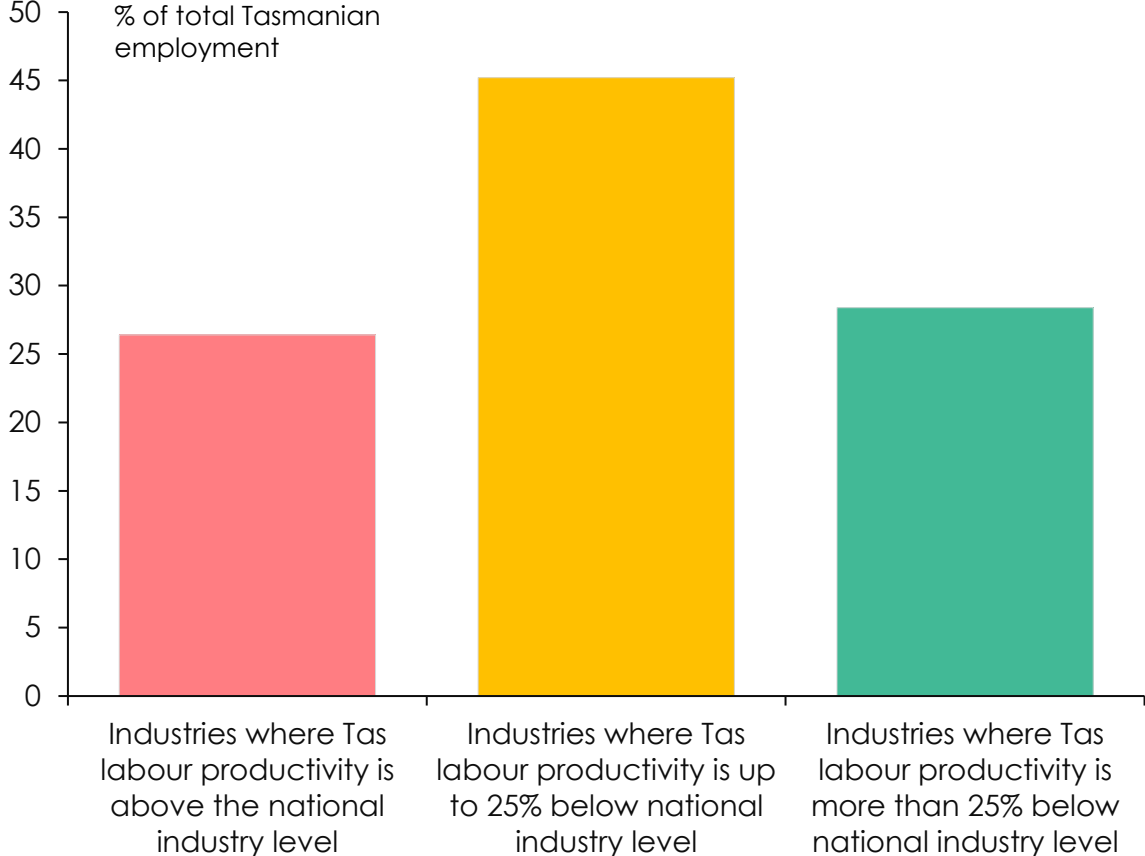
Only 7½% of Tasmanian workers are employed in industries where (nationally) labour productivity is higher than the all-industry average (cf. 10% of Australian workers) – whereas 65% of Tasmanian workers are employed in industries where labour productivity is more than 25% below the all-industry average (cf. 60% of all Australian workers)

Two-thirds of Tasmanian workers are employed in industries where labour productivity is below the corresponding national industry average

Labour productivity in Tasmanian industries as a percentage of national average productivity in those industries, 2023-24



Shares of total employment in Tasmania by industries ranked by productivity as pc of national average, 2023-24

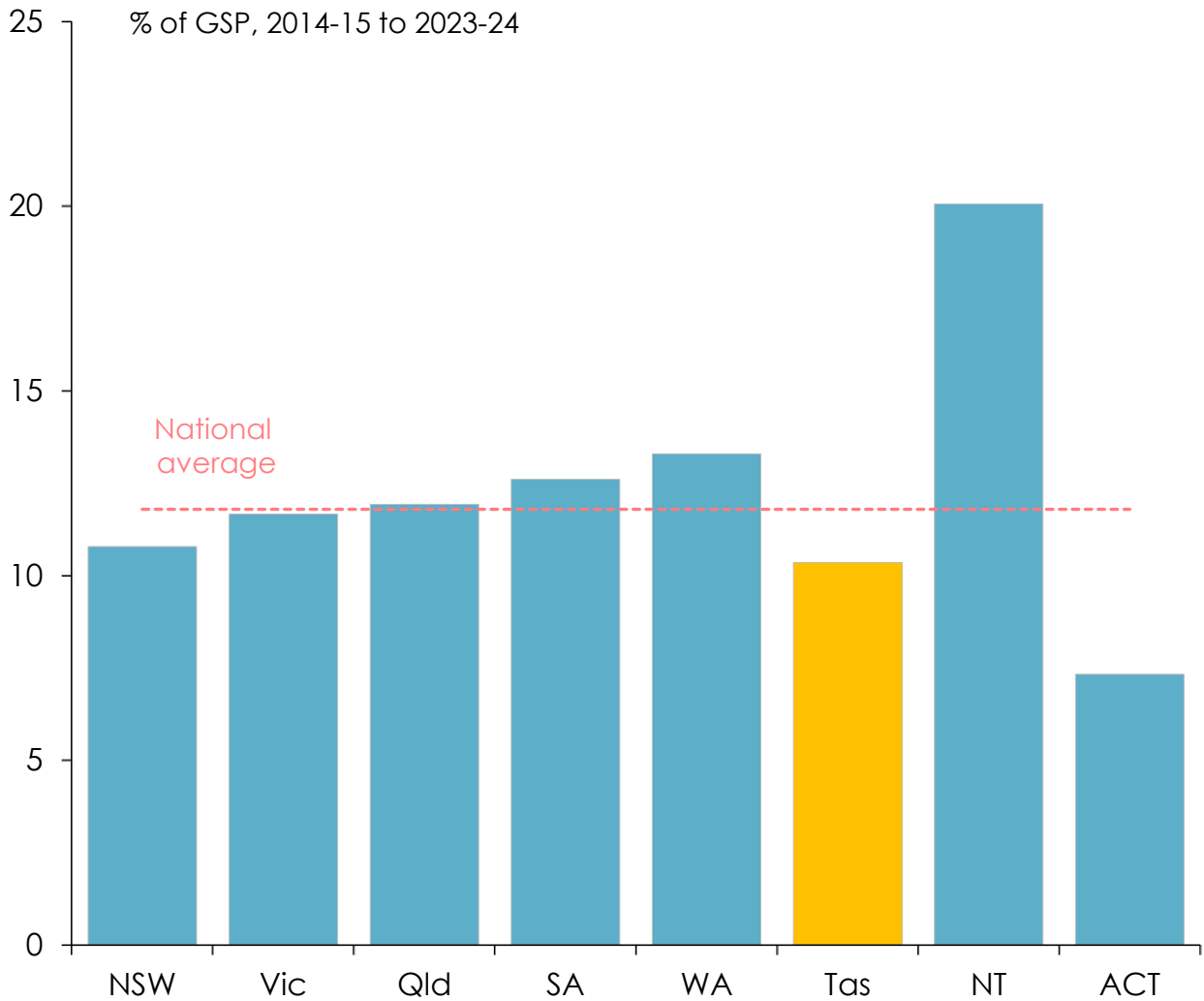


26½% of Tasmanian workers are employed in industries where their productivity is higher than the corresponding national averages for those industries – whereas 45% of Tasmanian workers work in industries where their productivity is up to 25% below the corresponding national average, and 28% where their productivity is more than 25% below the national average

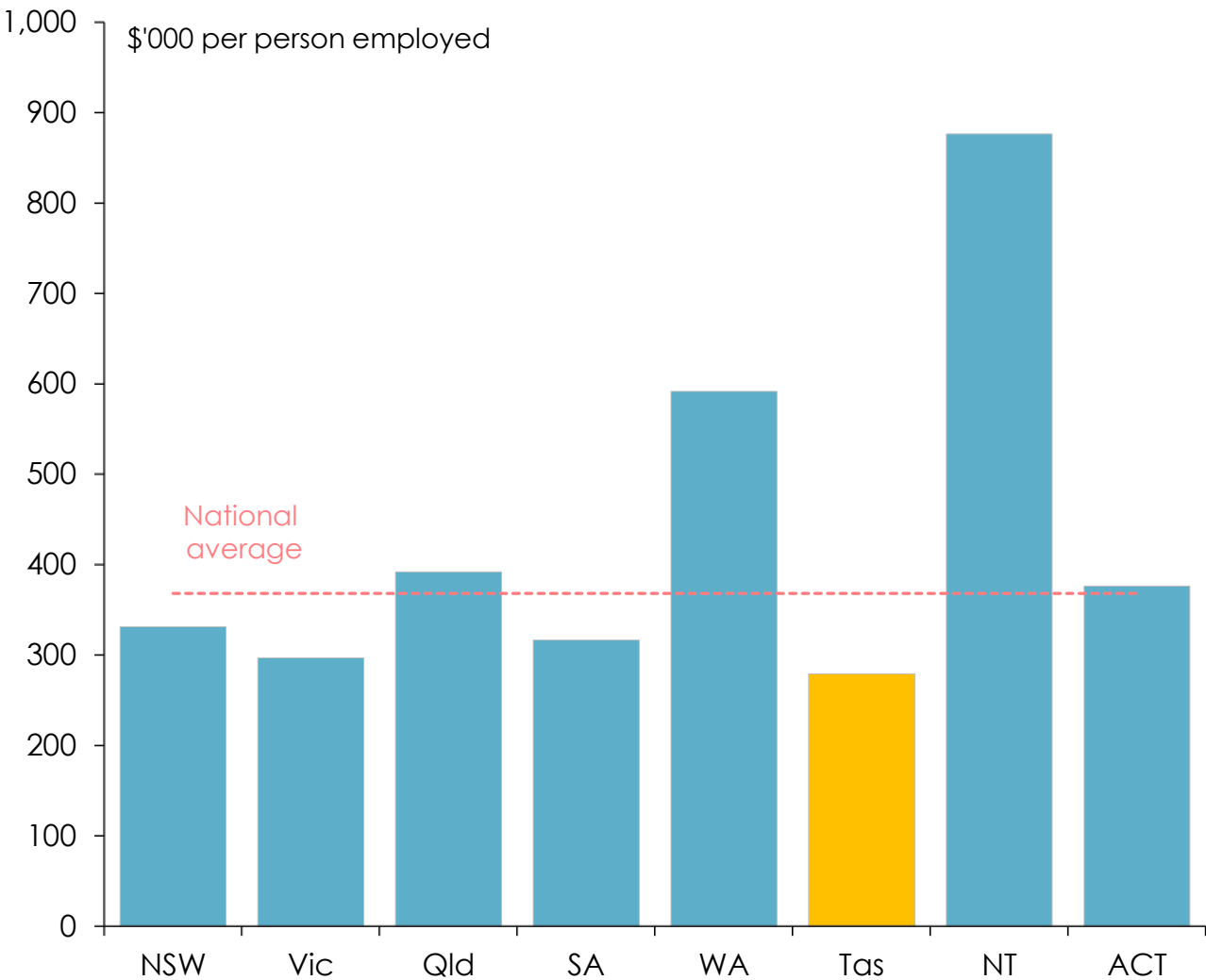
Sources: ABS, [Australian National Accounts: State Accounts](#), 2023-24; [Labour Force, Australia, Detailed](#), August 2024.

Tasmania has invested a smaller share of its income than any other state, so Tasmanian workers work with less capital than their mainland peers

Business investment as a share of gross state product, 2014-15 through 2023-24



End-year value of the non-residential capital stock per person employed, 2023-24



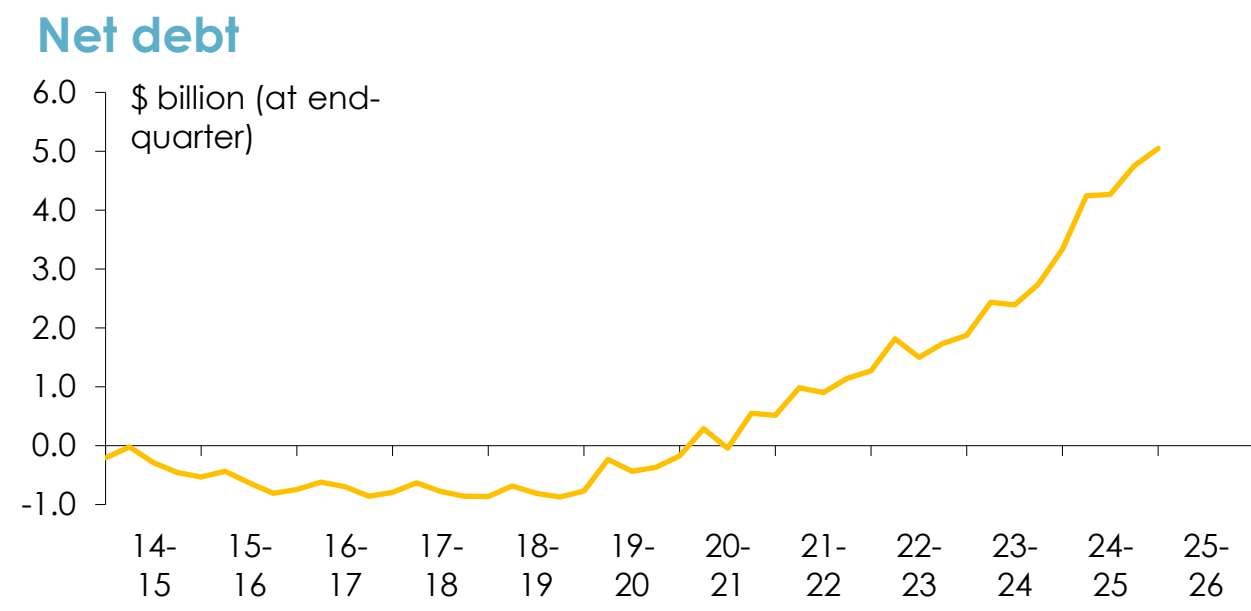
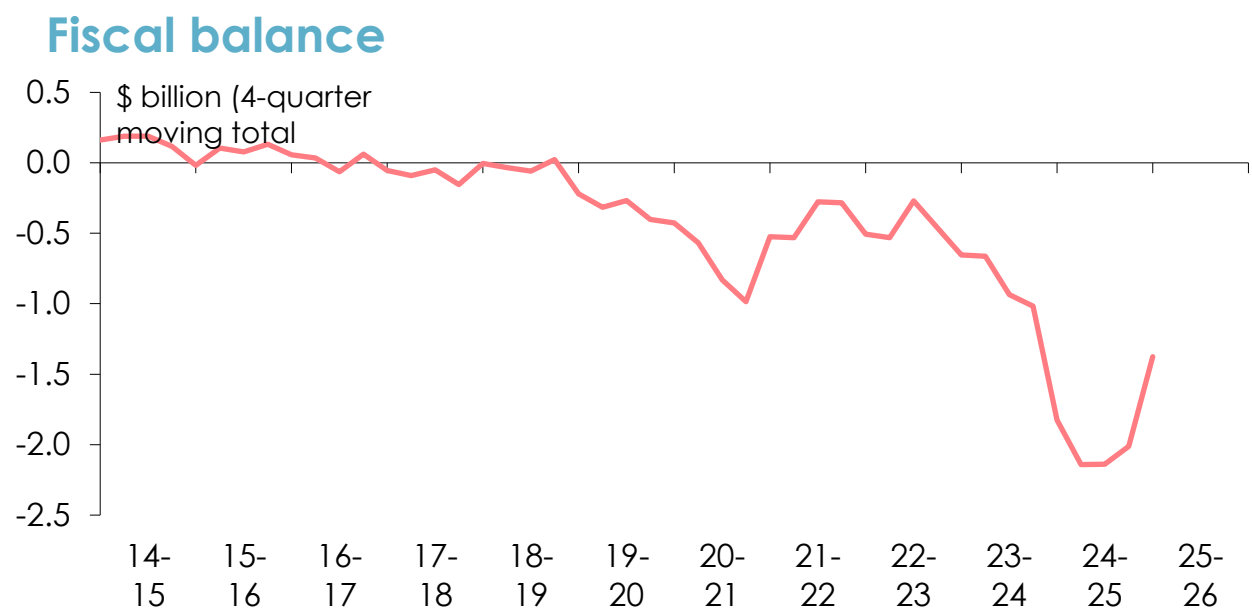
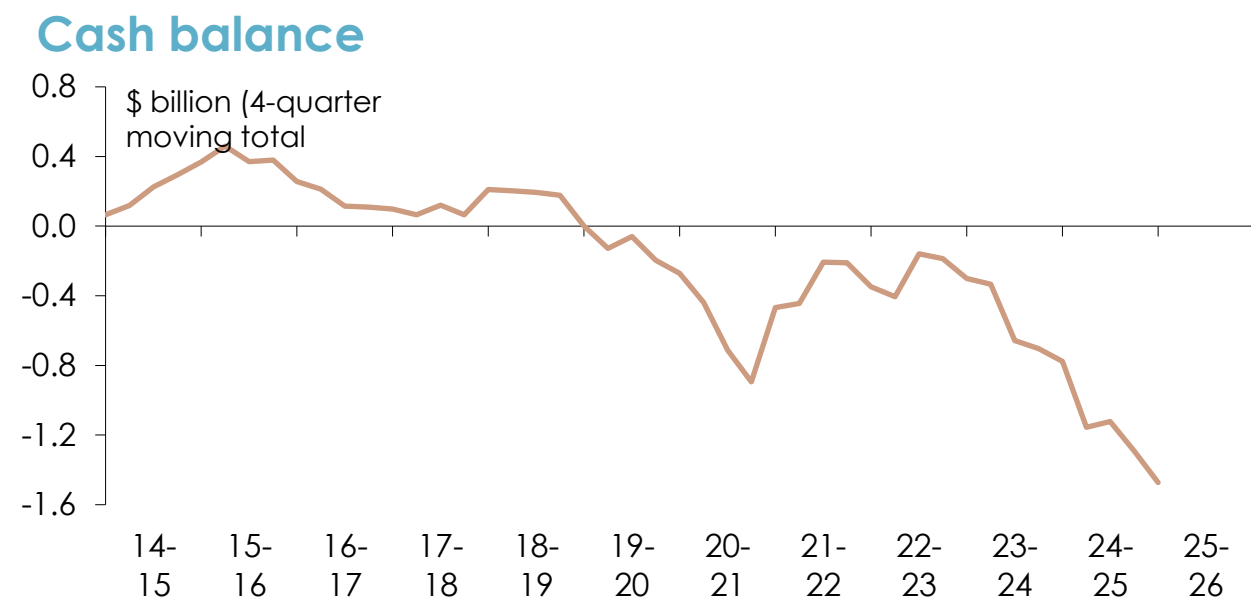
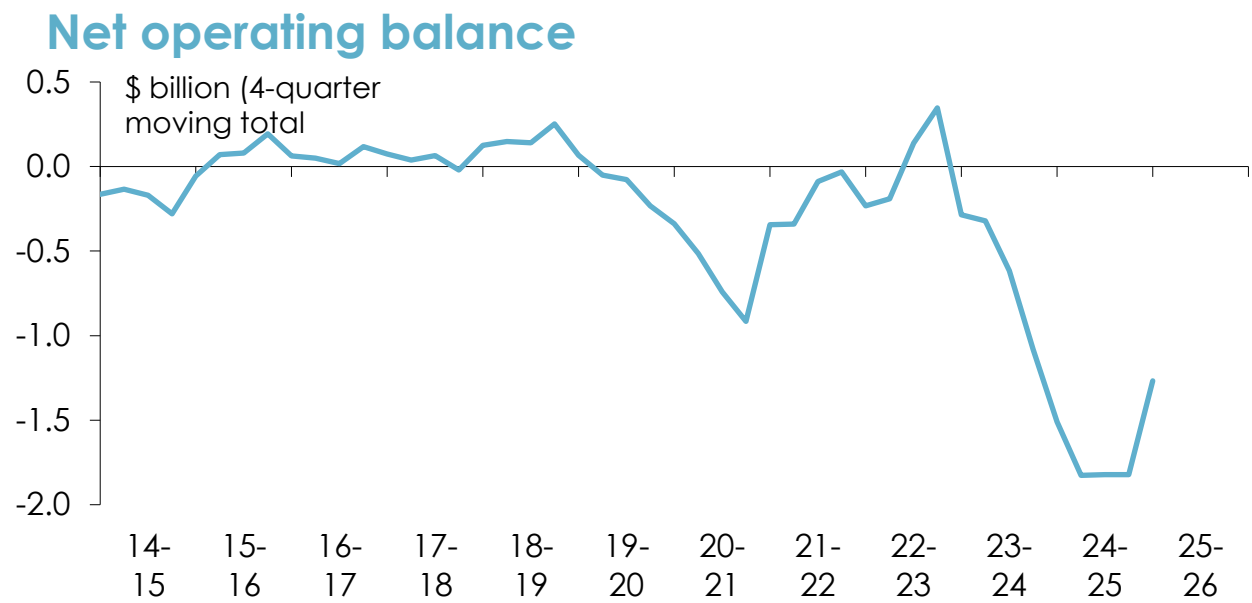
Sources: ABS, [Australian National Accounts: State Accounts](#), 2023-24; [Labour Force, Australia](#), September 2025.

Tasmania's public finances

Some important points to bear in mind when reading Tasmania's Budget Papers

- ❑ **State Treasurers tend to focus on the 'net operating balance' as 'the' measure of the budget's "bottom line"**
 - note that the net operating balance excludes 'net purchases of non-financial assets' (aka 'capital expenditure')
 - but (perversely) it includes 'one-off' grants from the Federal Government for capital purposes (which in recent years have averaged over \$300 million per annum)
 - the 'underlying' net operating balance excludes these grants
- ❑ **The 'cash balance' is a better measure of the budget bottom line**
 - that's the measure that is most commonly used by Federal Treasurers, and commentators on the Federal Budget
 - it includes capital ('investment') expenditures
 - it is the cash balance which (largely) explains movements in net debt
- ❑ **Most of the commentary and analysis in the Budget Papers focuses on the 'general government' sector**
 - that is, on spending by departments and agencies funded out of the Public Account, and the revenue which funds them (state taxes and charges, grants from the Federal Government, returns from GBEs etc)
 - by definition, it excludes the activities of GBEs (public non-financial and financial corporations)
 - the Government has shifted some agencies (and their transactions and assets & liabilities) from the 'general government' sector to the 'public non-financial corporations' sector (eg Tas TAFE, Homes Tasmania) – and borrowings by the MPDC to fund the proposed AFL Stadium will have a similar effect
- ❑ **'Net debt' excludes the unfunded superannuation liability**
 - which though not subject to 'roll-over' risk (like debt) is nonetheless a contractual obligation requiring annual 'service' payments just as debt does
 - a better measure of the state's financial obligations is net financial liabilities (which includes unfunded super)
- ❑ **Hence it's important to look at the cash deficit (not the 'NOB'), net financial liabilities (not just net debt) and the non-financial public sector (not just the 'general government' sector)**

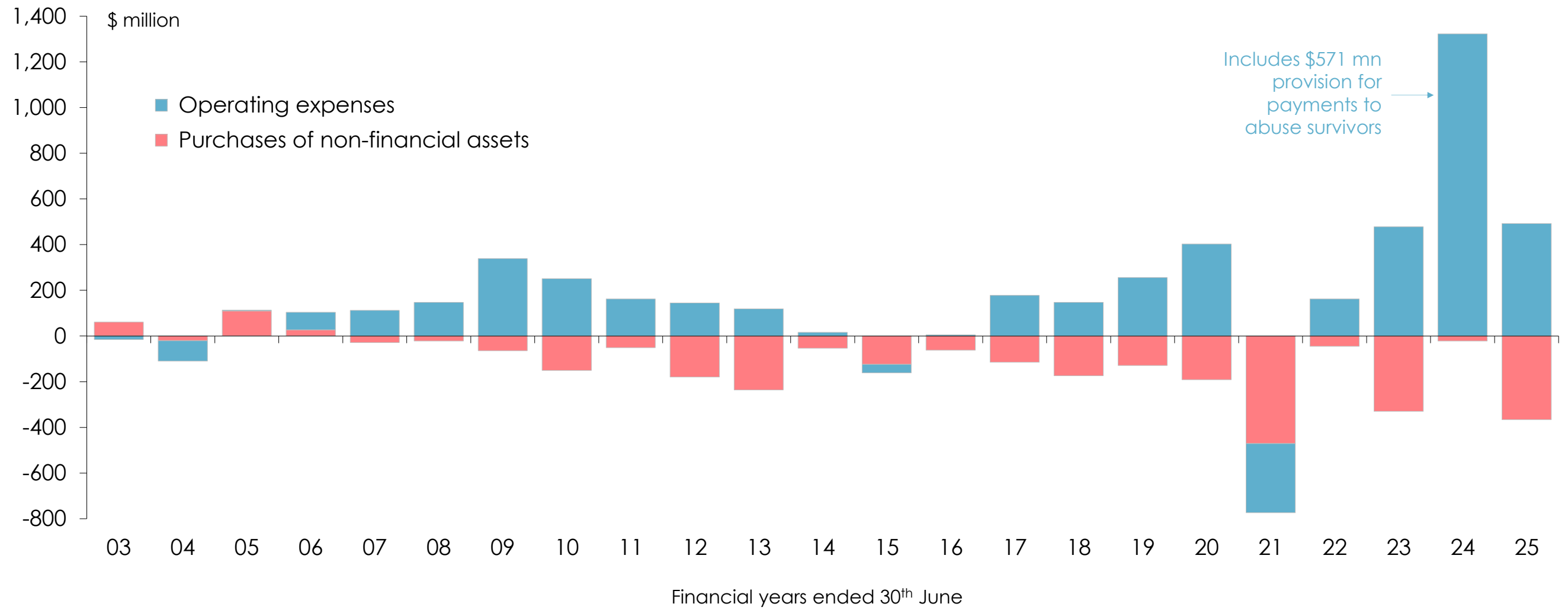
The quarterly accounts do not show any turnaround in Tasmania's financial position (excluding provisions for historical child sexual abuse claims)



Note: Data shown are for the 'general government' sector (ie excluding GBEs). Towards the end of the June quarter of 2024, the Government made an additional provision of \$571 mn for claims related to child sexual abuse in State institutions (on top of the \$76 mn recognized a year earlier). This provision adds to the net operating and fiscal deficits, but not the cash deficit. Sources: Tasmanian Department of Treasury and Finance, [Financial Reports](#), and Corinna calculations.

The Government almost always over-spends Budget forecasts of ‘operating’ expenses and under-spends Budget forecasts of infrastructure spending

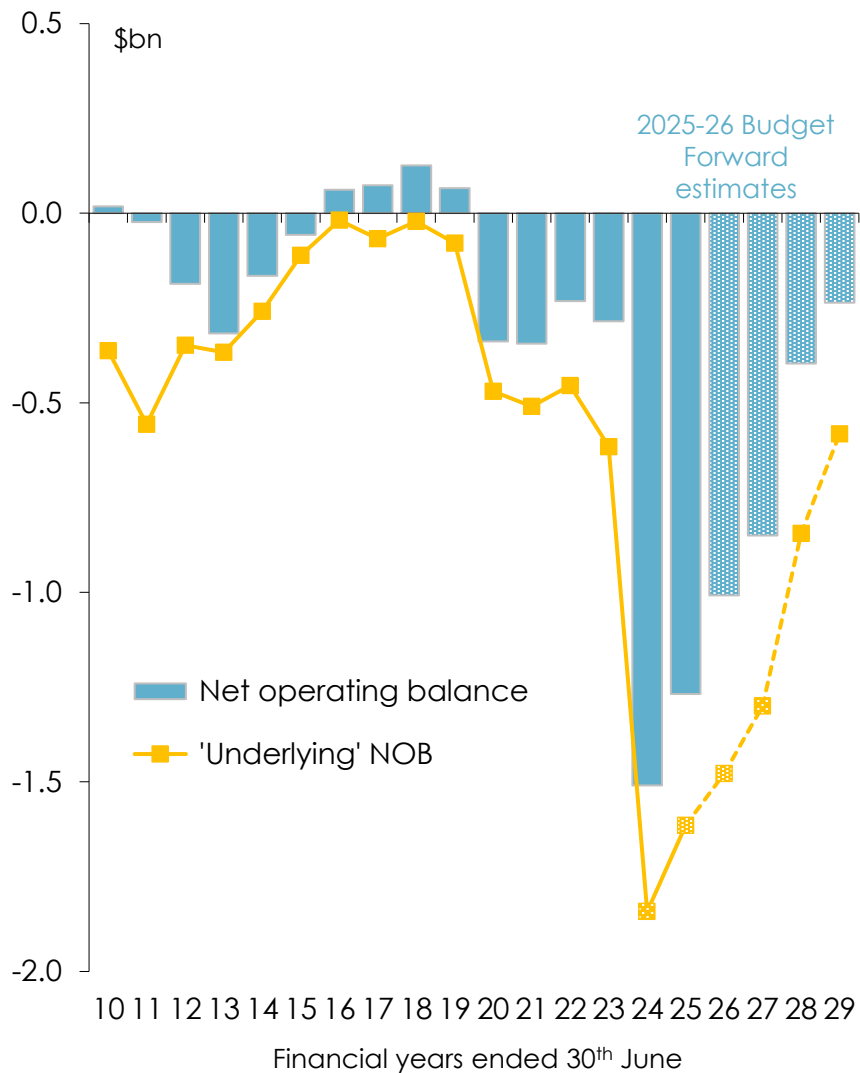
Difference between Budget forecasts of ‘operating’ expenses and ‘purchases of non-financial assets’ (capex) and final outcomes



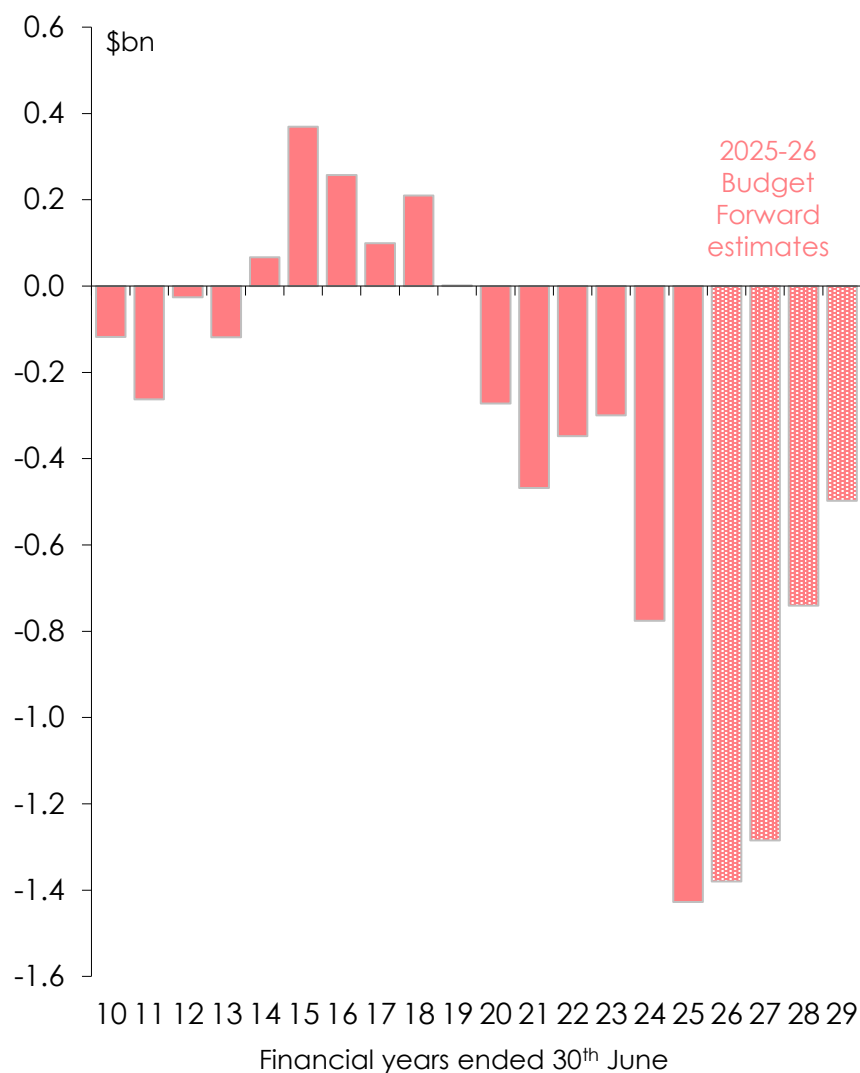
Sources: Tasmanian Government, [2024-25 Budget Paper No. 1](#) and [Treasurer's Annual Financial Report 2024-25](#), and previous issues.

There was no credible ‘path back to surplus’ in the 2025-26 Budget which didn’t pass the Parliament before the July election

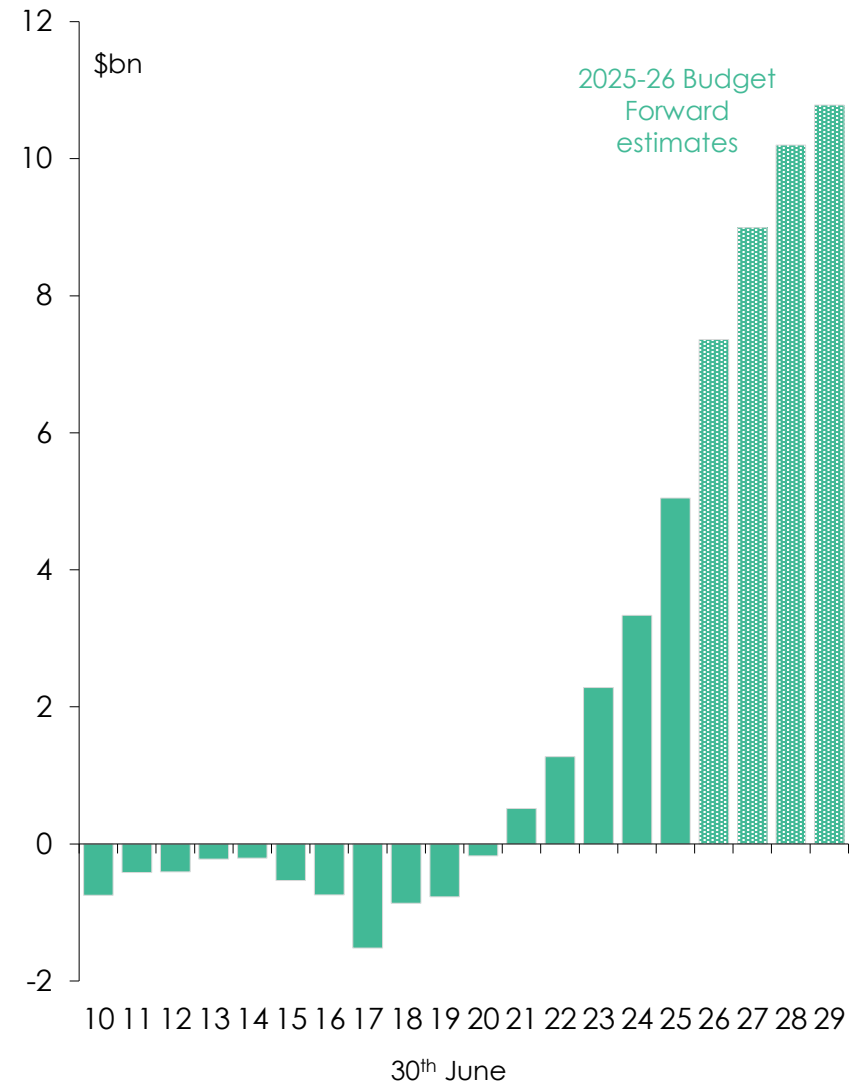
‘Net operating balance’



Cash balance

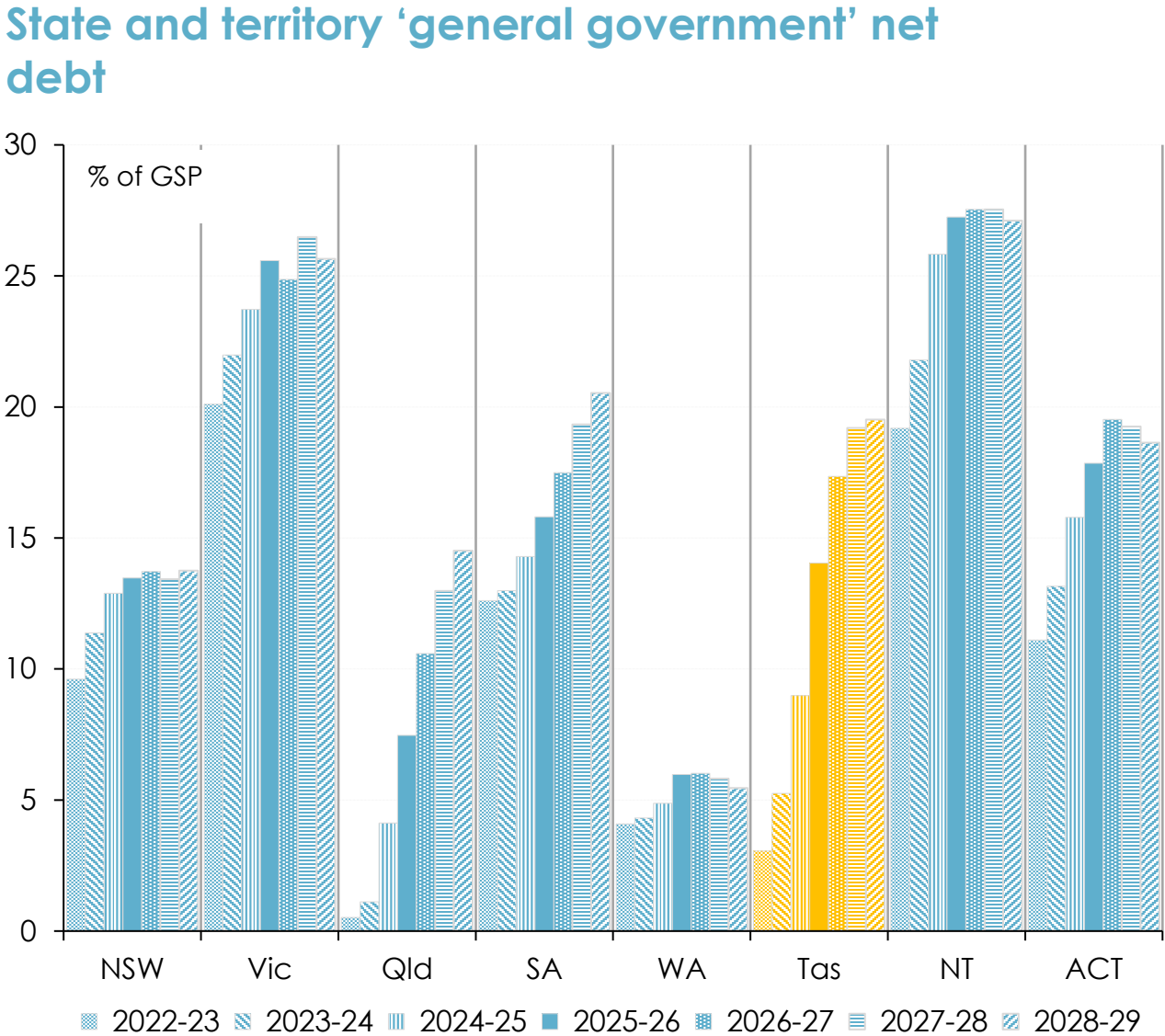
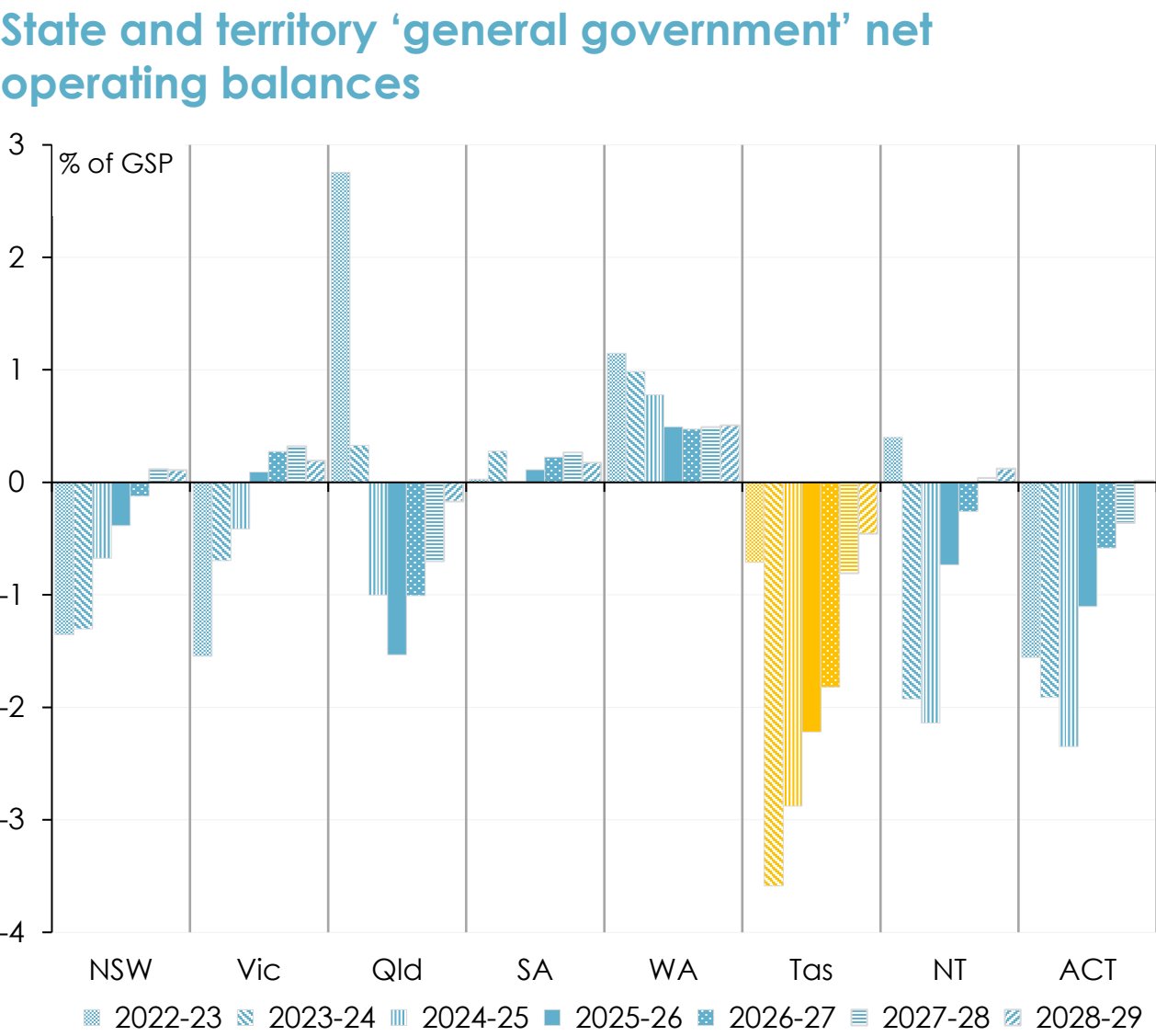


Net debt



Note: These charts are for the 'general government sector', ie, for departments and agencies funded out of the Public Account, and do not include government business enterprises or state-owned companies. The 'underlying' net operating balance excludes one-off grants from the Federal Government for capital purposes.
Sources: Tasmanian Treasury, [Treasurer's Annual Financial Report 2024-25](#) and previous issues; and Tasmanian Government, 2025-26 Budget Paper No. 1, 29th May 2025 (since removed from the Treasury website).

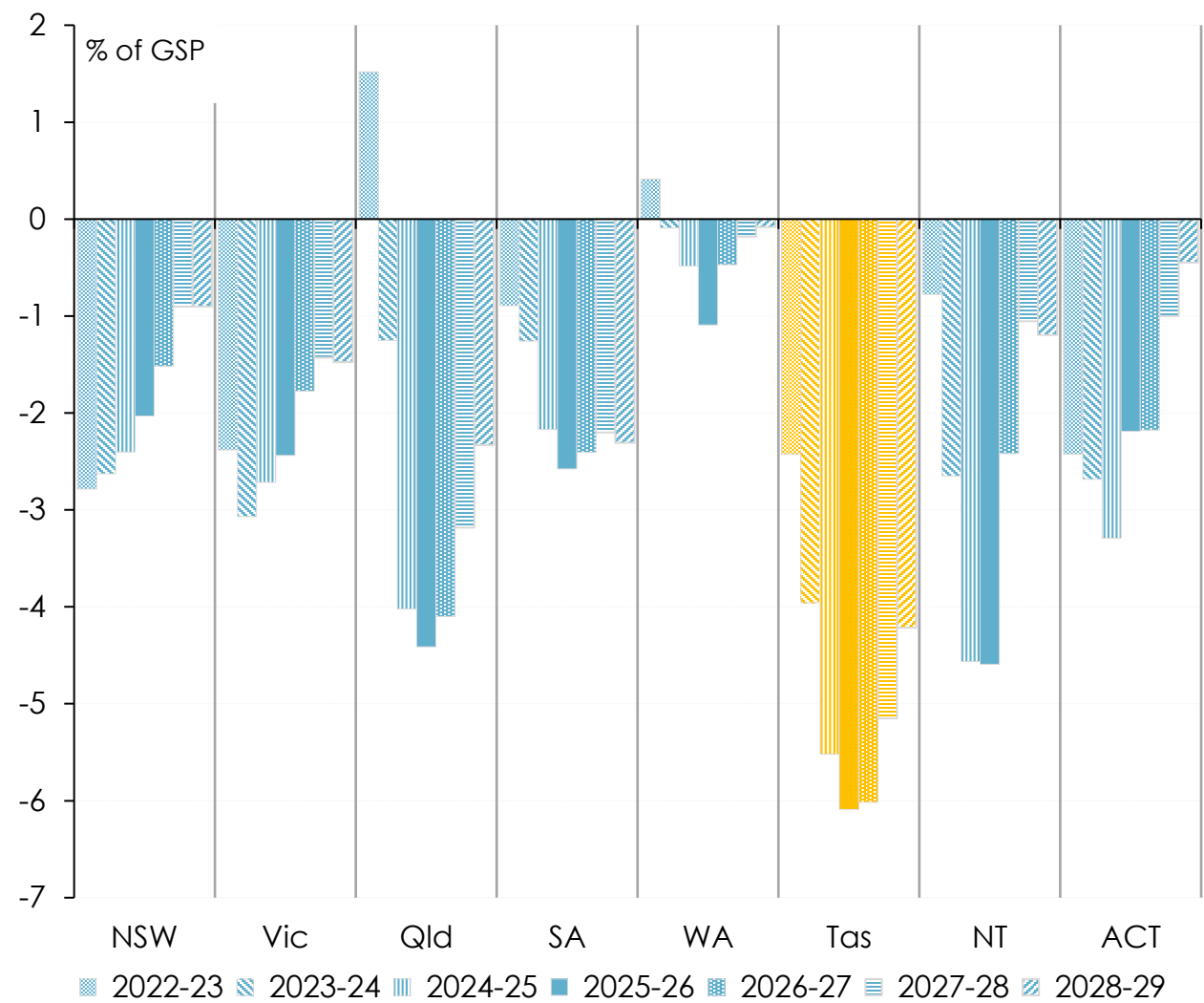
Looking only at the ‘net operating balance’ and net debt, only for the ‘general government’ sector, misses a large part of the whole picture



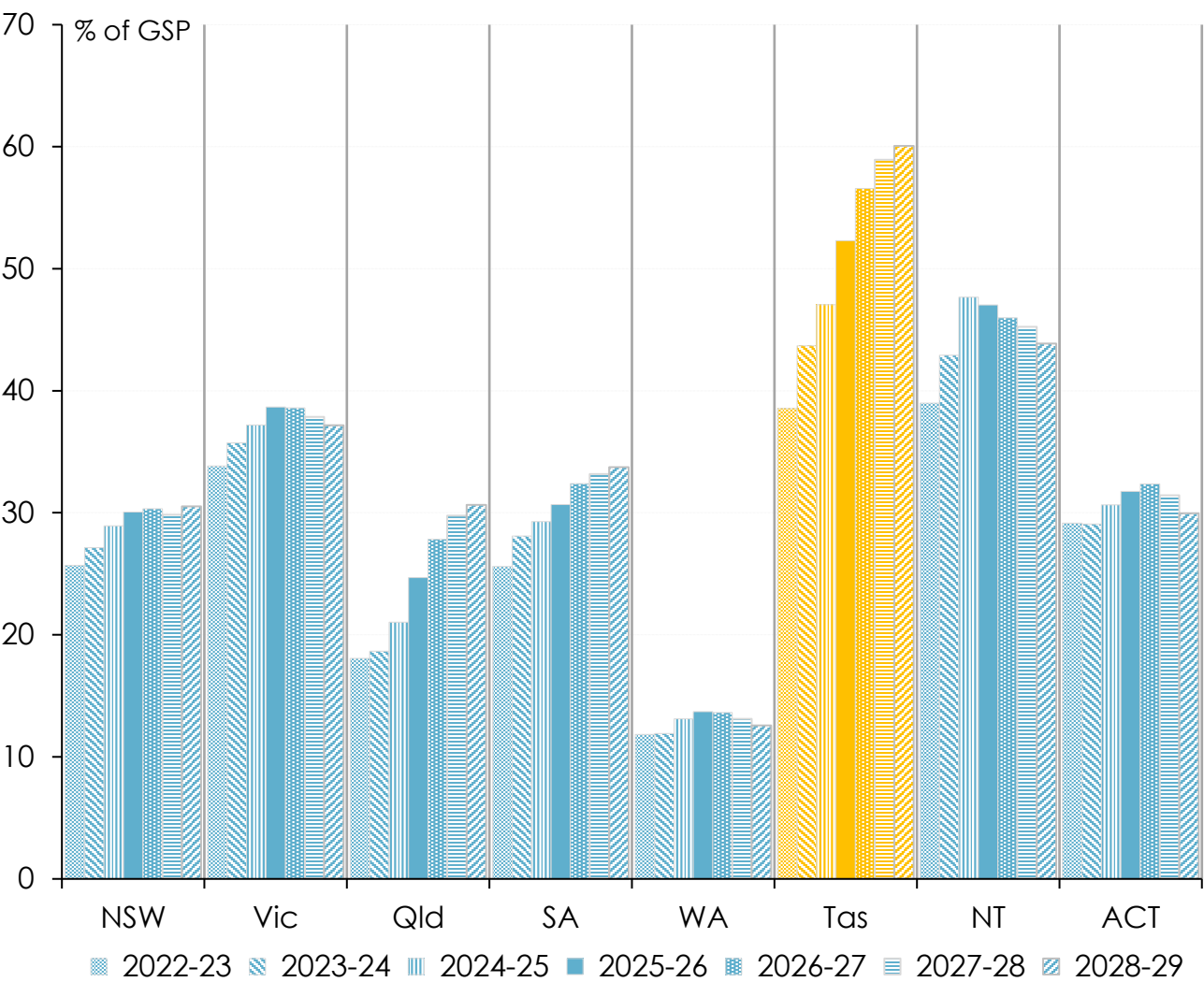
Note: The ‘general government’ sector includes departments and agencies funded out of the public account - but excludes public non-financial and financial corporations (GBEs). The ‘net operating balance’ excludes capital expenditures (but includes grants from the Federal Government for capital purposes). Sources: 2024-25 Final Budget Outcome reports for [Victoria](#), [Western Australia](#) and [Tasmania](#); 2025-26 State Budget Papers for [New South Wales](#), [Victoria](#), [Queensland](#), [South Australia](#), [Western Australia](#), [Tasmania](#), the [Northern Territory](#) and the [Australian Capital Territory](#); and ABS, [Australian National Accounts: State Accounts](#), 2023-24; Corinna calculations.

When GBEs, and unfunded superannuation liabilities are included (which they should be) Tasmania's finances are the worst in the nation

State and territory non-financial public sector cash balances



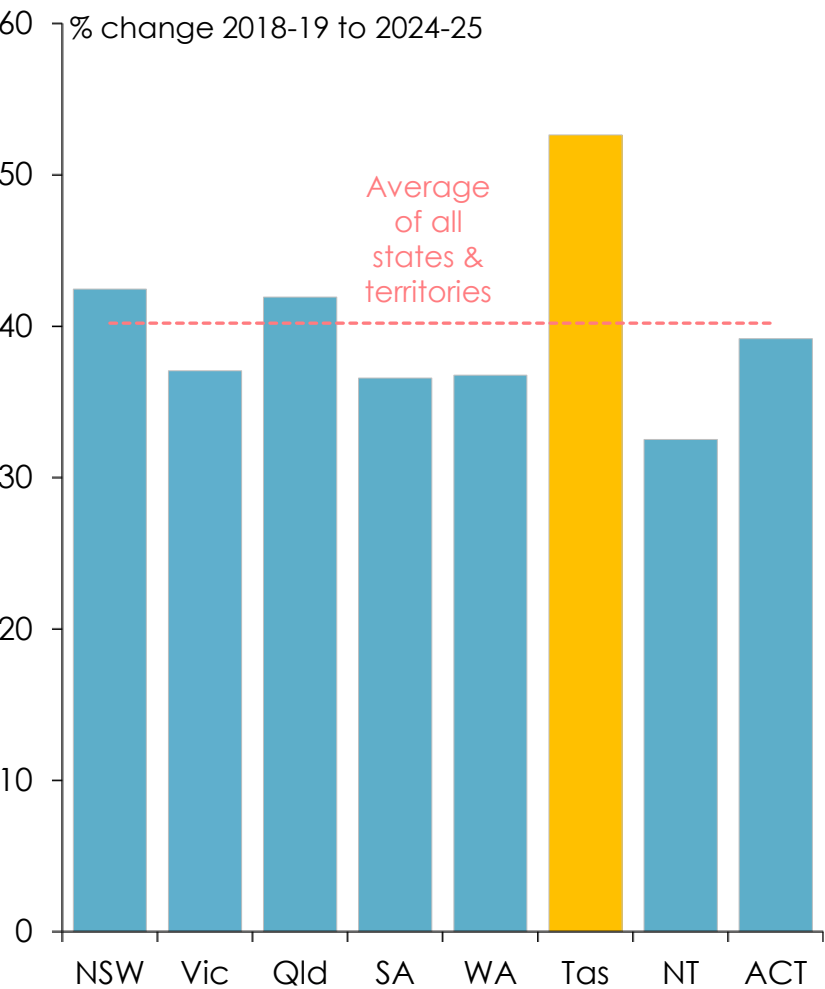
State and territory non-financial public sector net financial liabilities



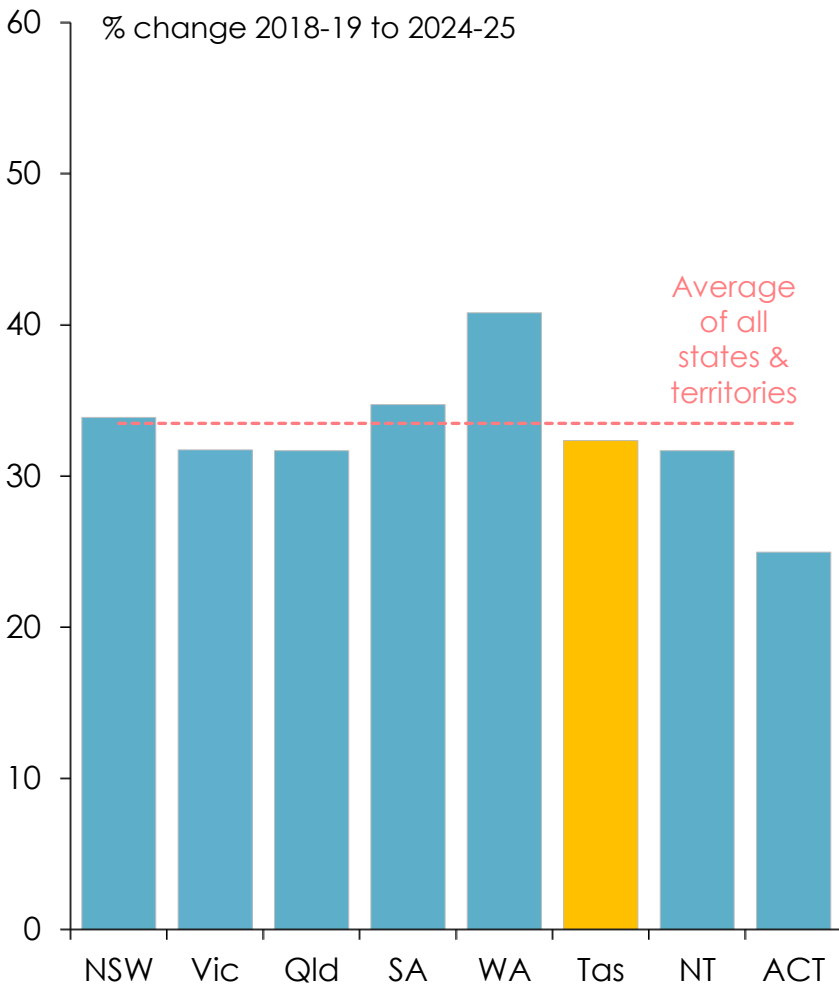
Note: net financial liabilities includes unfunded superannuation liabilities as well as debt. Sources: 2024-25 Final Budget Outcome reports for [Victoria](#), [Western Australia](#) and [Tasmania](#); 2025-26 State Budget Papers for [New South Wales](#), [Victoria](#), [Queensland](#), [South Australia](#), [Western Australia](#), [Tasmania](#), the [Northern Territory](#) and the [Australian Capital Territory](#); and ABS, [Australian National Accounts: State Accounts](#), 2023-24; Corinna calculations.

Tasmania's fiscal woes stem from above-average growth in recurrent spending, and below-average growth in revenues ...

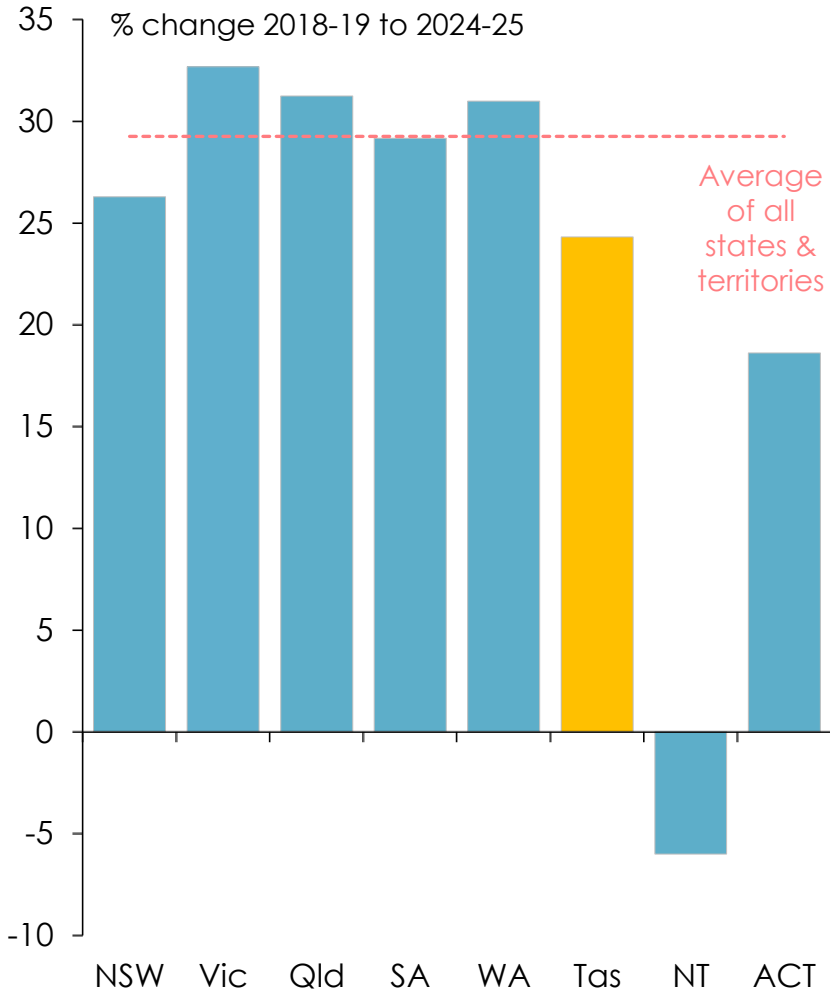
Growth in 'operating' expenses per capita, 2018-19 to 2024-25



Growth in 'operating' revenues per capita, 2018-19 to 2024-25



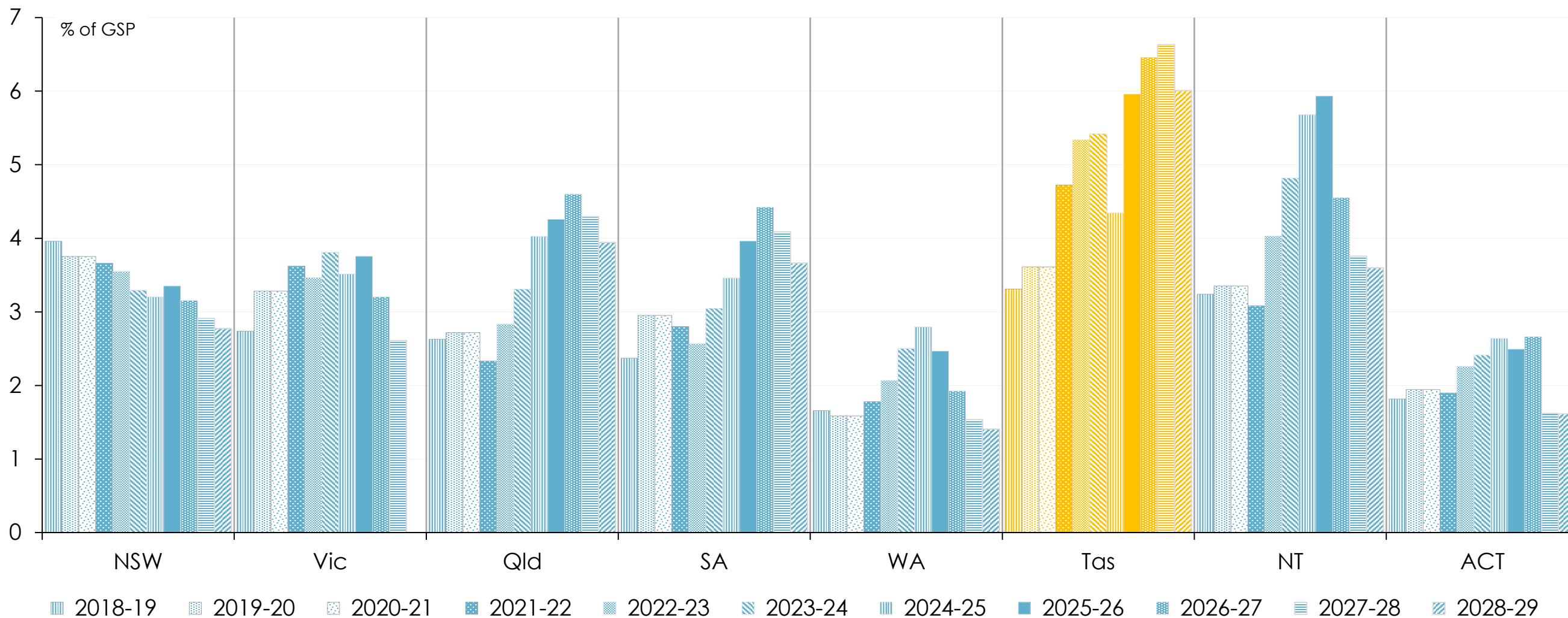
Growth in 'own-source' revenues per capita, 2018-19 to 2024-25



Sources: 2024-25 Final Budget Outcome reports for the [Commonwealth](#), [Victoria](#), [Western Australia](#) and [Tasmania](#); Commonwealth 2025-26 [Budget Paper No. 3: Federal Financial Relations](#); 2025-26 State Budget Papers for [New South Wales](#), [Victoria](#), [Queensland](#), [South Australia](#), [Western Australia](#), [Tasmania](#), the [Northern Territory](#) and the [Australian Capital Territory](#); and ABS, [Australian National Accounts: State Accounts](#), 2023-24; Corinna calculations.

... and an excessively ambitious infrastructure spending program

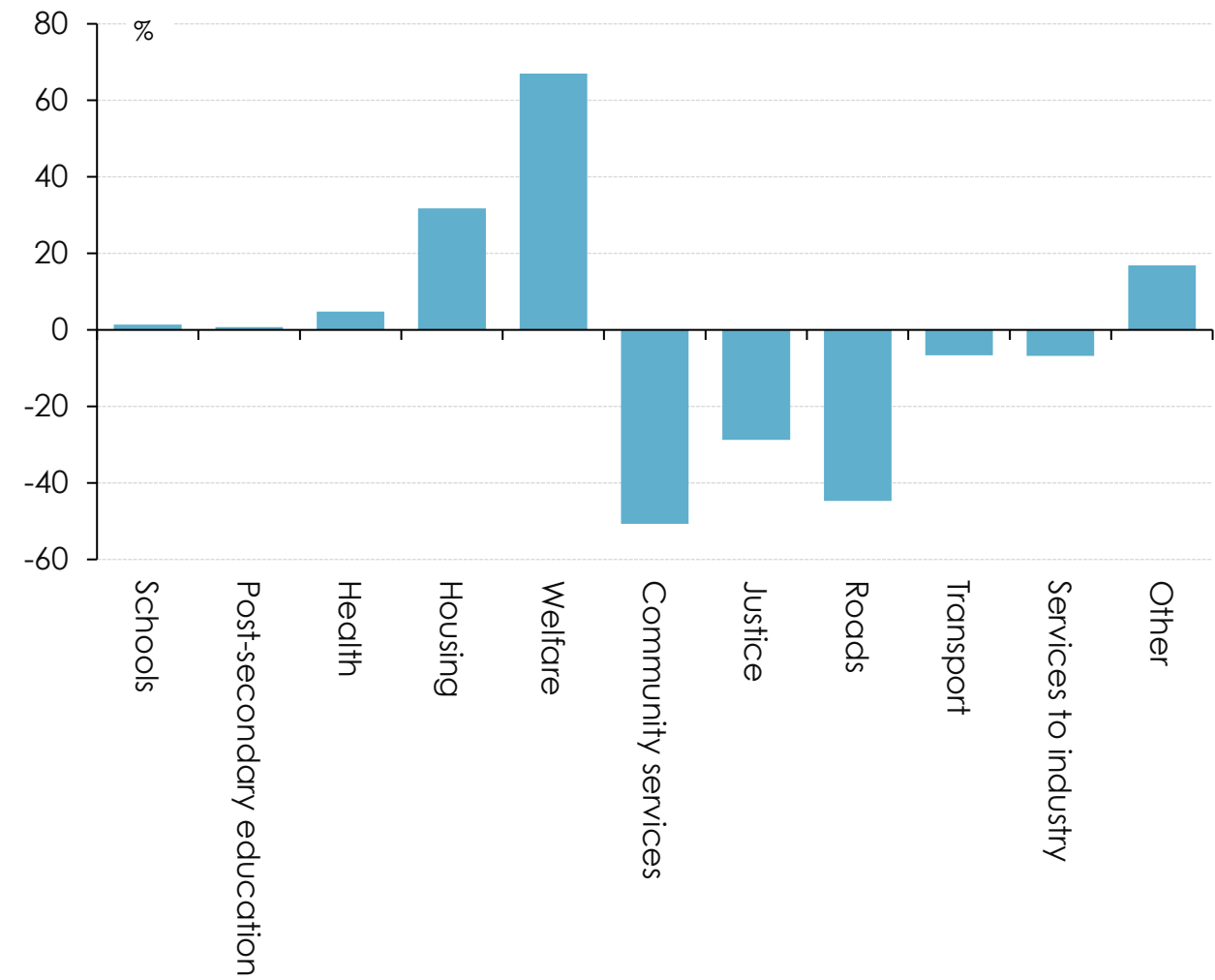
State and territory non-financial public sector purchases of non-financial assets as percentages of gross state product, 2018-19 to 2024-25



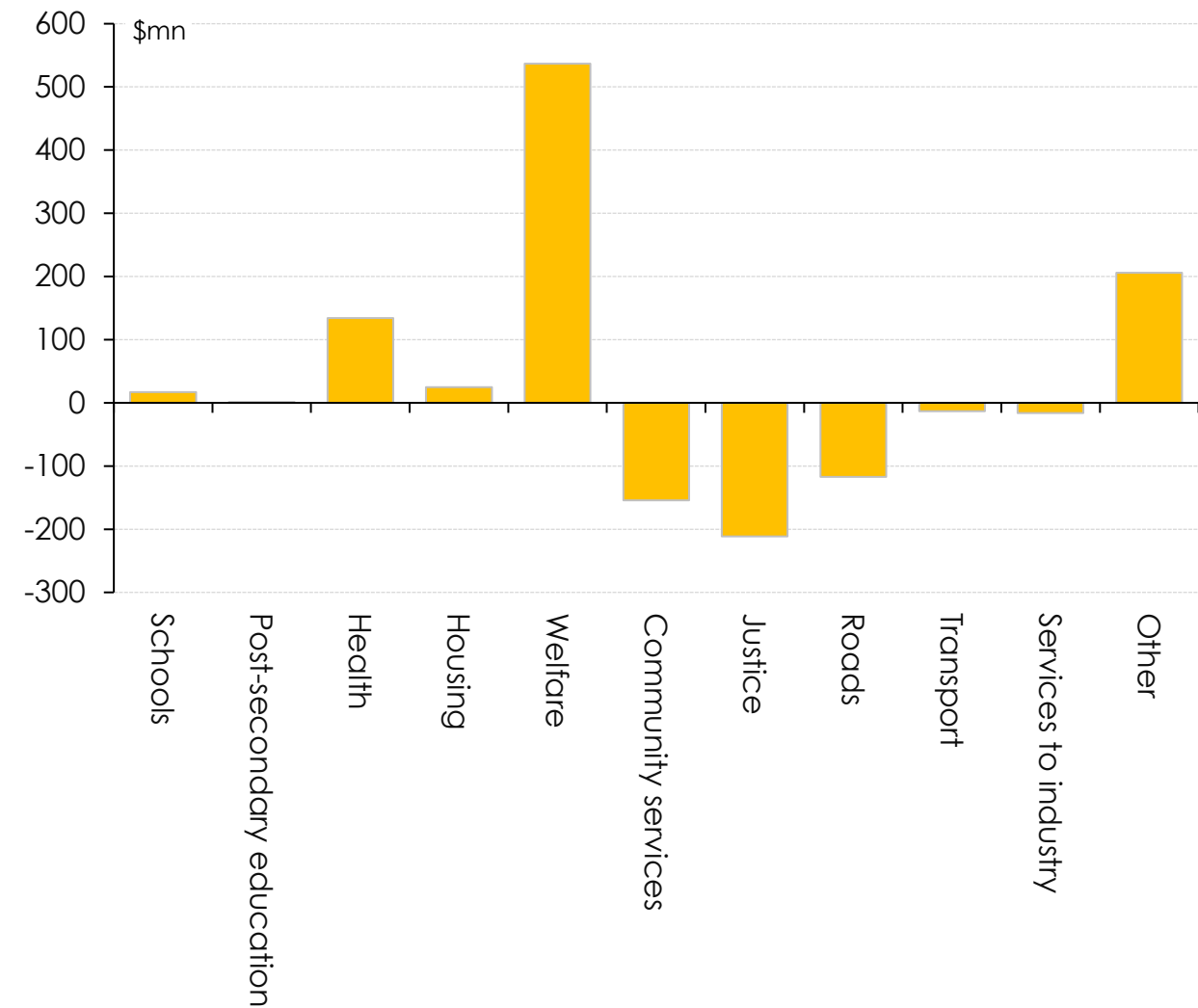
Sources: 2024-25 Final Budget Outcome reports for [Victoria](#), [Western Australia](#) and [Tasmania](#); 2025-26 State Budget Papers for [New South Wales](#), [Victoria](#), [Queensland](#), [South Australia](#), [Western Australia](#), [Tasmania](#), the [Northern Territory](#) and the [Australian Capital Territory](#); and ABS, [Australian National Accounts: State Accounts](#), 2023-24; Corinna calculations.

The Grants Commission's assessments point to potential areas where spending could be cut, although these should be interpreted cautiously

Tasmanian 'level of service provision ratios', by category, 2023-24



Difference between actual and 'assessed' spending by Tasmanian Government, 2023-24



Note: 'Assessed' spending is that estimated the Commonwealth Grants Commission as being required to provide the same level of services as the average of all states and territories. The 'level of service provision ratio' is the ratio of actual to assessed spending. In some cases, big departures from zero are the result of states classifying particular spending programs in different ways from other states. Source: [2025 Methodology Review - Tables, charts and supporting data](#), March 2025.

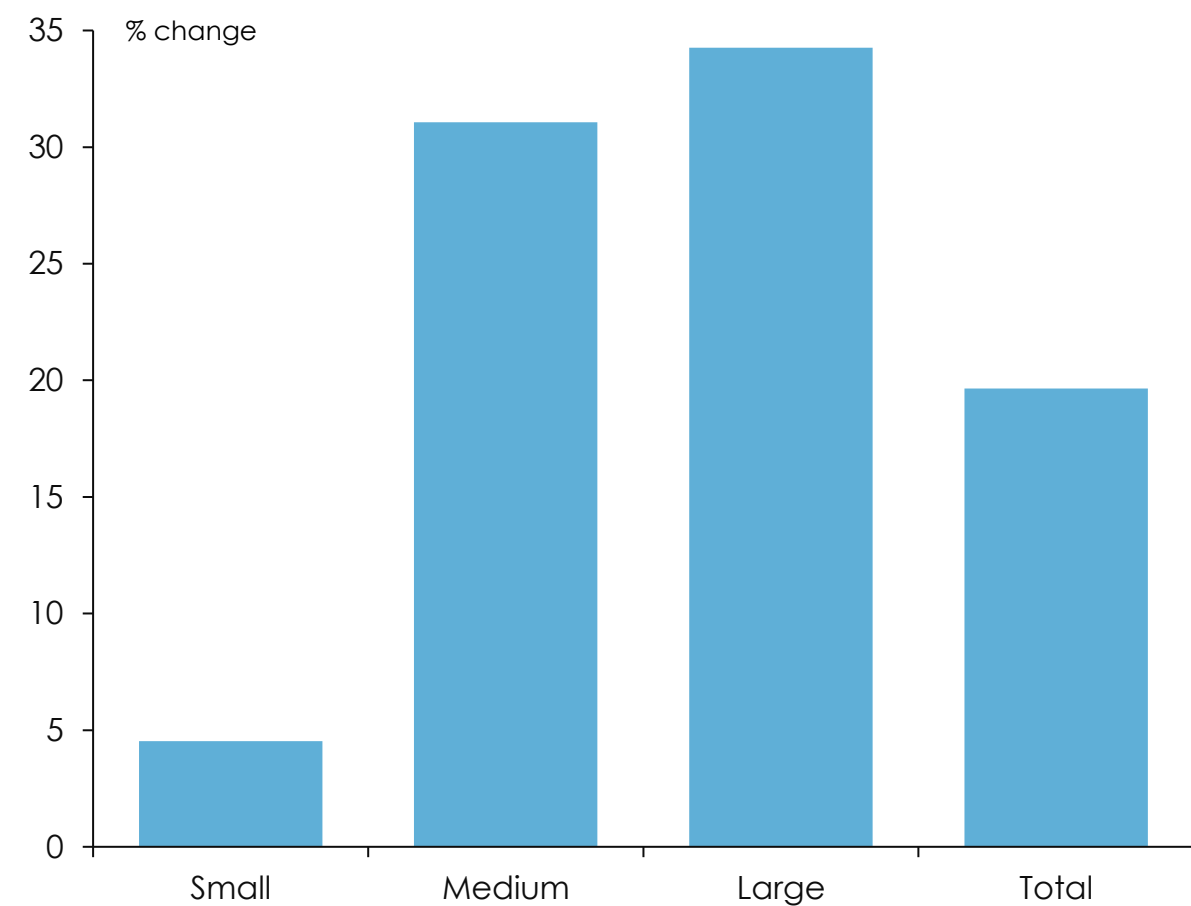
Tasmania has the highest payroll-tax free threshold, and the highest tax rate, of any state – without having any discernible impact on employment

Effective state and territory payroll tax rates at various annual payroll levels for 2024-25

Annual payroll	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Average
\$M	%	%	%	%	%	%	%	%	%
1	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.1
2	2.2	2.7	1.9	3.2	3.5	1.5	0.0	1.7	2.1
3	3.3	3.4	3.1	4.2	4.0	3.0	2.3	3.4	3.3
4	3.8	4.4	3.7	4.8	4.2	3.8	3.4	4.3	4.0
5	4.1	4.9	4.0	5.1	4.4	4.3	4.1	4.8	4.5
10	4.8	4.9	4.9	5.5	4.7	5.2	5.5	5.5	5.1
20	5.1	5.4	5.1	5.5	4.8	5.6	6.2	5.5	5.4
50	5.3	5.7	5.2	5.5	4.9	5.9	6.6	5.5	5.6
100	5.4	5.8	5.2	5.5	4.9	6.0	6.7	5.5	5.6

Source: State legislation and information available at 7 March 2025

Private sector employment growth in Tasmania by business size, 2018-19 to 2023-24



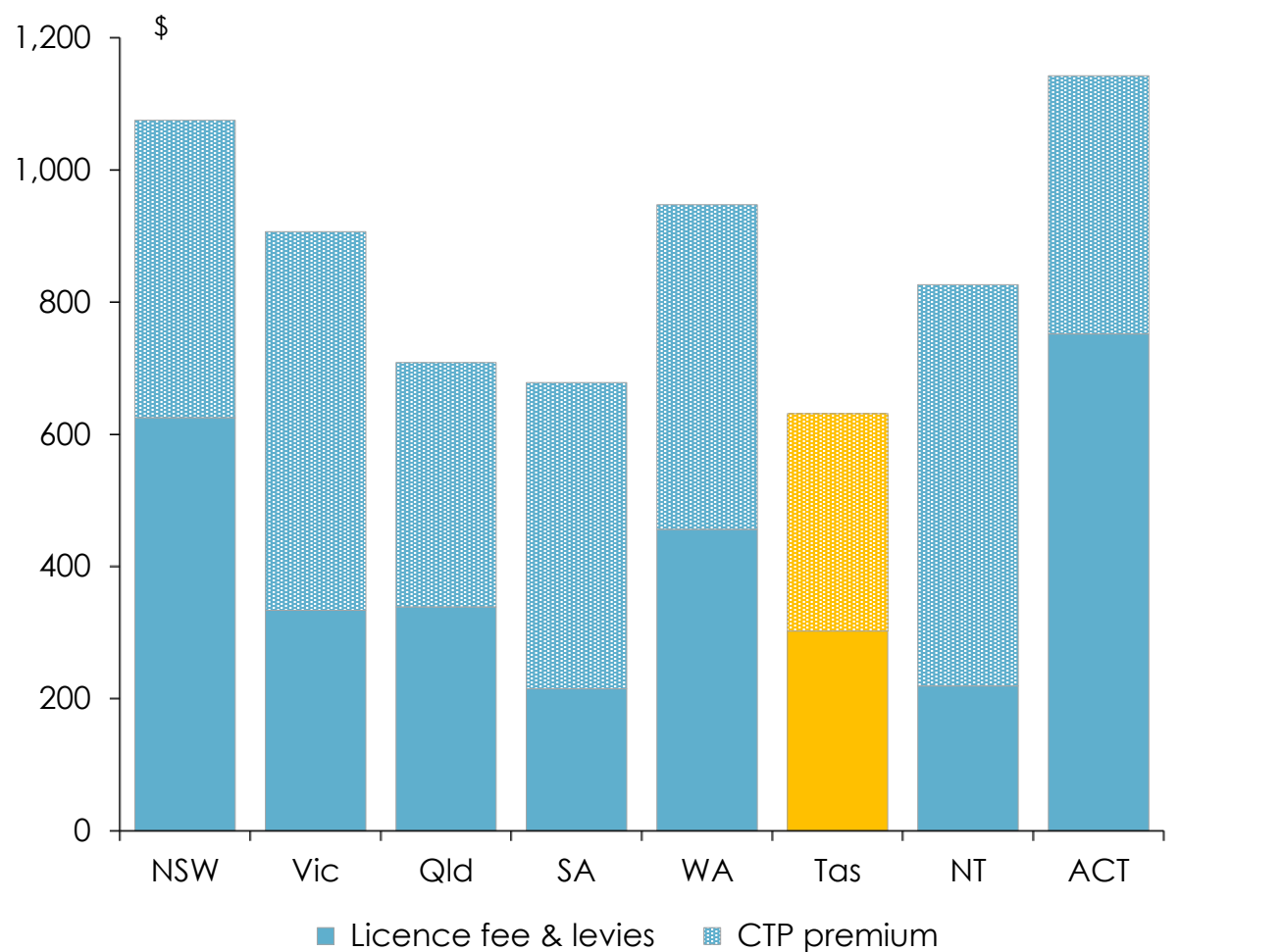
Sources: Northern Territory Government, [2025-26 Budget Paper No. 2: Budget Strategy and Outlook](#), p. 67; ABS, [Australian Industry](#) 2023-24 financial year.

Tasmania levies the lowest duties on registrations of expensive cars of any state, and has the second lowest annual registration fees

Duty payable on registrations of new motor vehicles, by value, 2024-25

	Duty payable (\$)							
Value (\$)	NSW	Vic	Qld	SA	WA	Tas	NT	ACT
10,000	300	420	300	340	275	300	300	317
20,000	600	840	600	740	550	600	600	634
40,000	1,200	1,680	1,200	1,540	2,000	1,600	1,200	1,268
60,000	2,100	2,520	1,800	2,340	3,900	2,400	1,800	2,270
80,000	3,100	3,360	2,400	3,140	5,200	3,200	2,400	3,394
100,000	4,100	5,200	3,000	3,940	6,500	4,000	3,000	4,518
150,000	6,600	10,500	7,500	5,940	9,750	6,000	4,500	7,328
200,000	9,100	18,000	10,000	7,940	13,000	8,000	6,000	10,138

Motor vehicle registration fees and compulsory third party insurance premiums, 2024 Toyota Camry SL



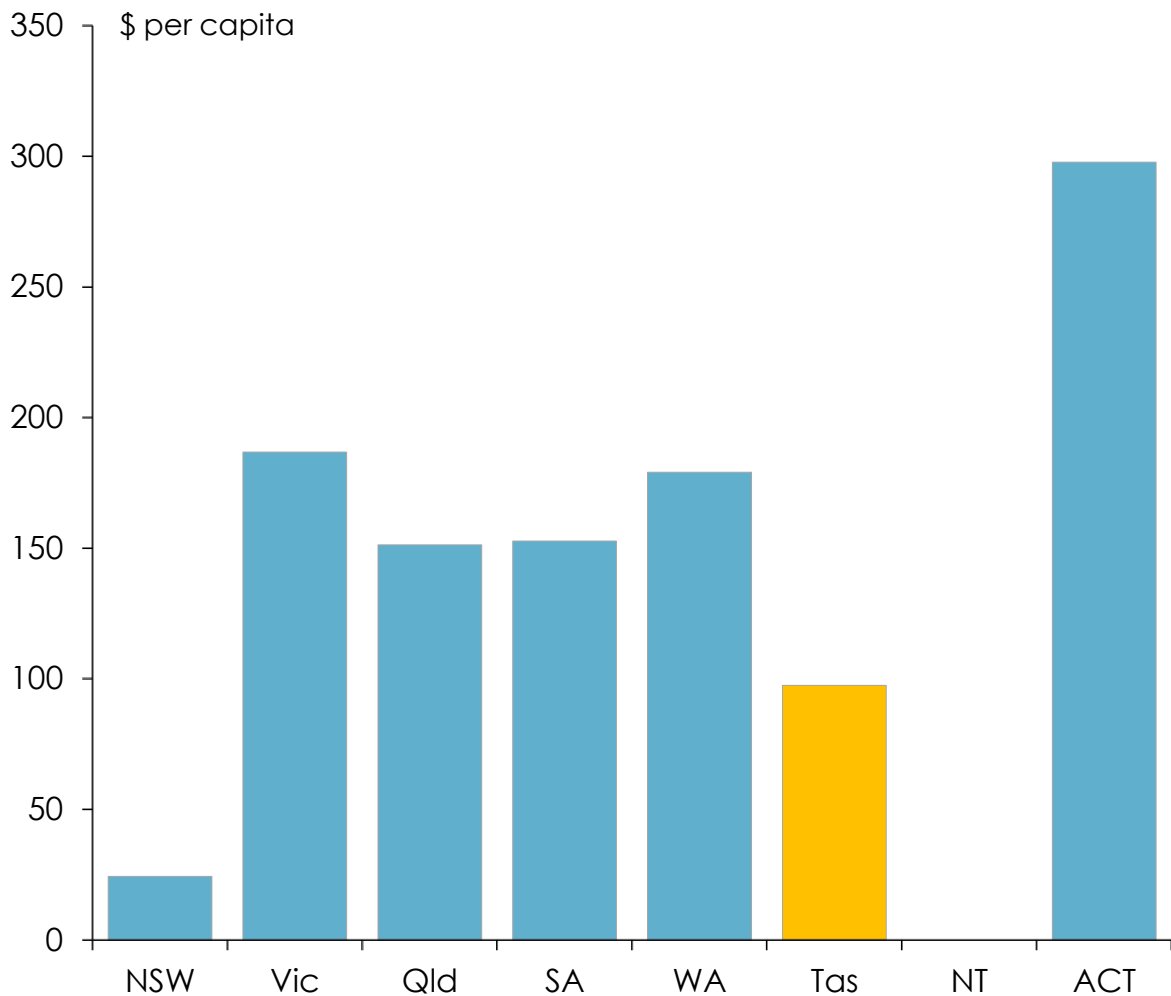
Source: Western Australian Department of Treasury and Finance, [Overview of State Taxes and Royalties 2024-25](#), 29th November 2024.

Tasmania could derive more revenue from levies on property, including for funding emergency services or for other purposes (as the ACT now does)

State levies on metropolitan residential properties for fire and emergency services, 2024-25

WA	The Emergency Services Levy is levied upon property owners at a rate determined by the level of fire and emergency services cover available in their region. Residential property owners in the Perth metropolitan region pay 1.4555% of the Gross Rental Value (GRV)^(a) of the property. The minimum fee payable is \$103 and the maximum is \$508. (a) The GRV of a property is determined by the Valuer General. It is the gross annual rental income that a property might reasonably be expected to realise if it were let on a tenancy basis from year to year.
VIC	The Fire Services Property Levy (FSPL) contains both a fixed charge and variable charge component. Residential metropolitan property owners pay a fixed charge of \$132 and a variable charge of 0.0087% of the Capital Improved Value^(a) of the property. (a) The Capital Improved Value is determined through the general valuation process, and is the value of land inclusive of its buildings and other capital improvements.
QLD	The Emergency Management Levy is levied upon all property owners at a rate determined by the location and category of the property. A single unit residence located in a metropolitan region is levied a flat rate of \$243.40.
SA	The Emergency Services Levy contains both a fixed charge and a variable charge. Residential metropolitan property owners are levied a fixed charge of \$50 and a variable charge of approximately 0.038%^(a) of the Capital Value^(b) of the property. (a) The effective rate of the variable charge component is less than this prescribed amount, as the variable component is reduced (via a general remission) for all levy payers. (b) The Capital Value is determined through the general valuation process, and is the value of land inclusive of its buildings and other capital improvements.
TAS	A Fire Service Contribution is levied by local councils on behalf of the Tasmanian Government at a rate which varies across regions. Residential property owners in Hobart are charged a levy of 0.042% of the Capital Value^(a) of a property, with a minimum charge of \$49. (a) Refers to the value of land inclusive of its buildings and other capital improvements.

Revenue per capita from ‘other taxes on property’ (ie excluding land tax, stamp duty & rates) , 2023-24



Note: NSW and the NT do not apply property-based levies to fund fire and emergency services. Sources: Western Australian Department of Treasury and Finance, [Overview of State Taxes and Royalties 2024-25](#), 29th November 2024; ABS, [Taxation Revenue](#), 2023-24 financial year, April 2025.

Tasmania could also raise more revenue from mineral royalties

Iron ore royalty rates

	WA	NSW	VIC	QLD	SA	TAS	ACT	NT ^(a)
Royalty Rate	Beneficiated: 5.0% Direct shipping: 7.5%	4.0% of the ex-mine value (value less allowable deductions)	2.75% of net market value	\$1.25 per tonne plus 2.5% of gross value above \$100 per tonne ^(b)	5.0% of net market value	1.9% on net sales plus profit royalty up to maximum of 5.35% of net sales ^(c)	N/A	Beneficiated: 5.0% Direct shipping: 7.5%
Royalty System	Ad valorem	Ad valorem	Ad valorem	Hybrid	Ad valorem	Hybrid		Ad valorem

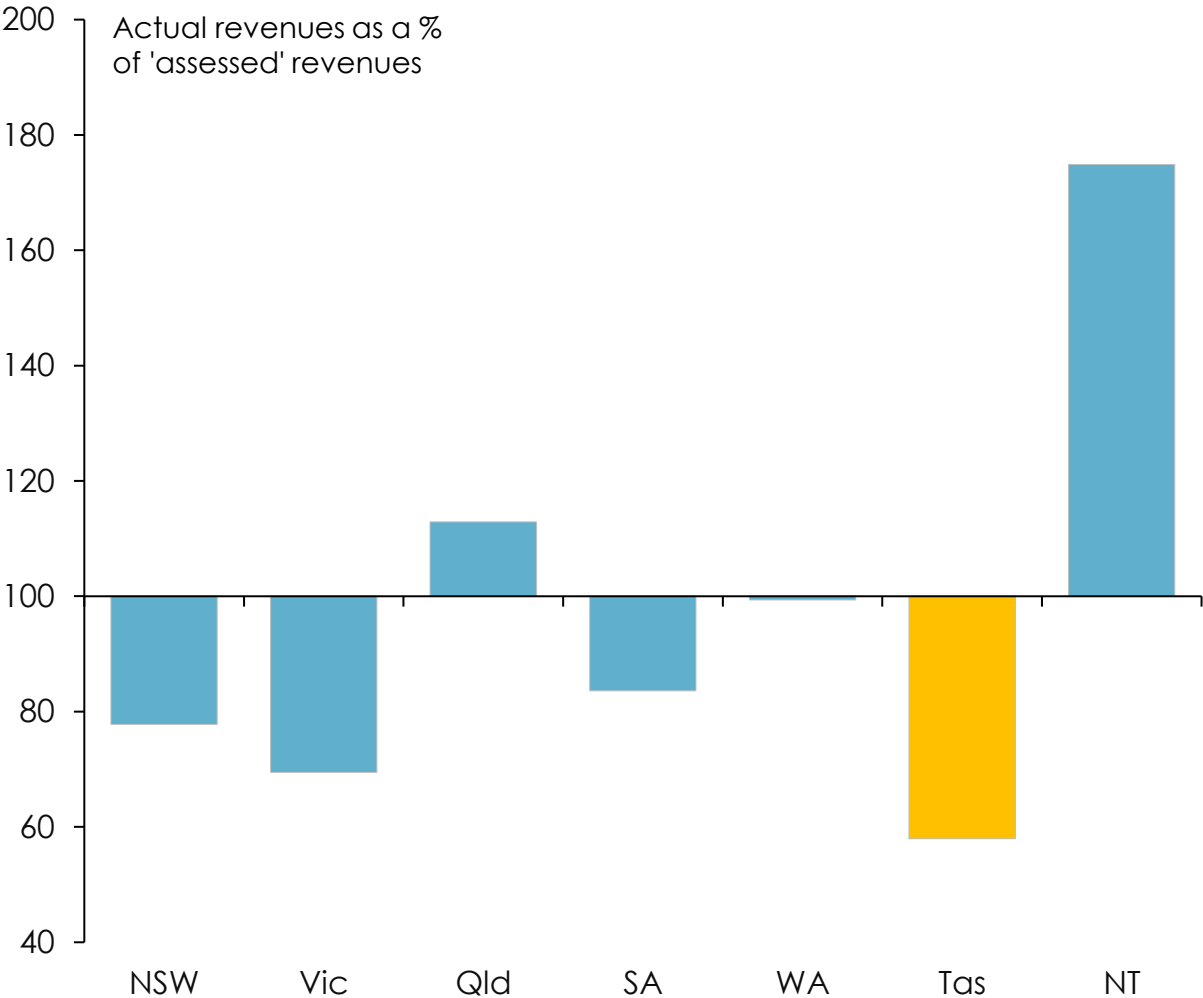
- (a) Applies to new mines that begin operating from 2024. For mines that were already operating in 2023 and have annual gross production revenue exceeding \$500,000, the following rate applies: the greater of 20% of net value (less \$10,000) or 2% to 2.5% of gross revenue.
- (b) A discount of 20% is available if the mineral is processed in Queensland and the metal produced is at least 95% iron ore.
- (c) A 20% rebate is available for the production of a metal in Tasmania.

Copper royalty rates

	WA	NSW	VIC	QLD	SA	TAS	ACT	NT ^(a)
Royalty Rate	Metallic form: 2.5% Concentrate: 5.0% Crushed and screened ore: 7.5%	4.0% of the ex-mine value (value less allowable deductions)	2.75% of net market value	Variable rate (between 2.5% and 5.0% of gross value) depending on average metal prices ^(b)	Metallic form: 3.5% Concentrate: 5.0%	1.9% on net sales plus profit royalty up to maximum of 5.35% of net sales ^(c)	N/A	Metallic form: 2.5% Concentrate: 5.0% Crushed and screened ore: 7.5%
Royalty System	Ad valorem	Ad valorem	Ad valorem	Ad valorem	Ad valorem	Hybrid		Ad valorem

- (a) Applies to new mines that begin operating from 2024. For mines that were already operating in 2023 and have annual gross production revenue exceeding \$500,000, the following rate applies: the greater of 20% of net value (less \$10,000) or 2% to 2.5% of gross revenue.
- (b) Producers are advised of the applicable variable rate each quarter. Prices below \$3,600/tonne attract the minimum rate; prices above \$9,200/tonne attract the maximum rate. A discount of 20% is available if the mineral is processed in Queensland and the metal produced is at least 95% copper. No royalty is payable on the first \$100,000 of copper produced each year.
- (c) A rebate of 20% is available for the production of a metal within Tasmania.

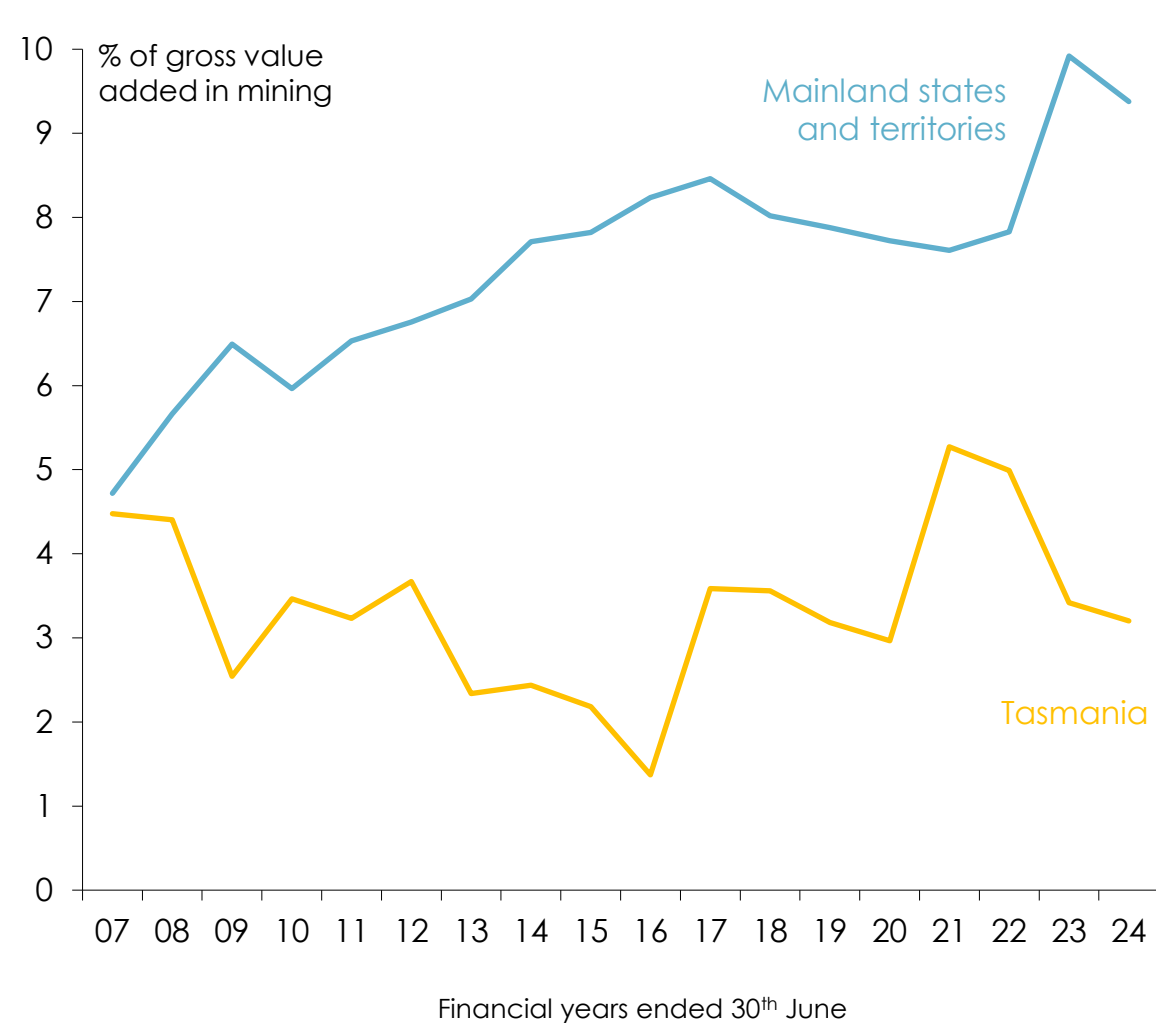
'Revenue-raising effort' from mineral royalties, 2020-21 through 2023-24



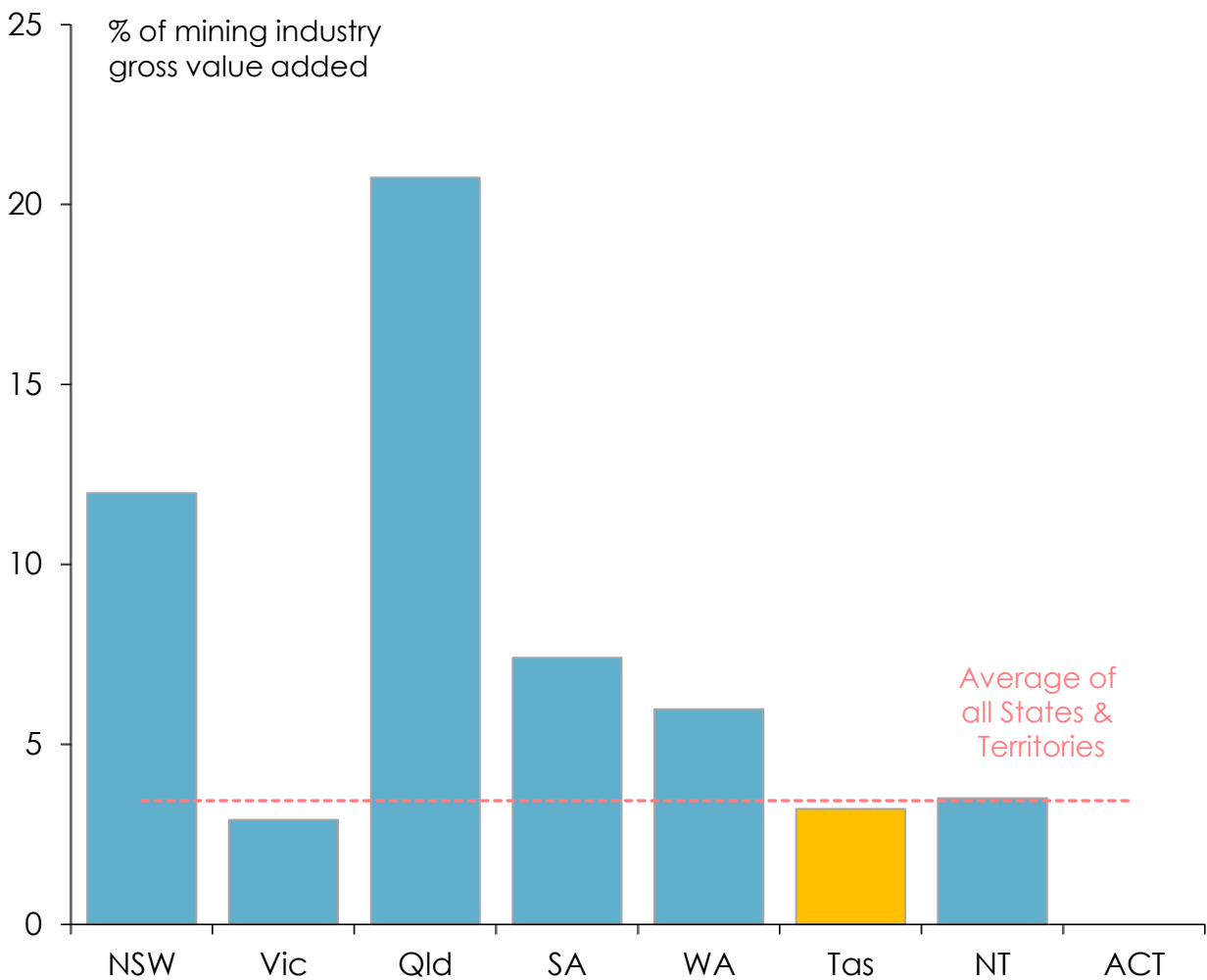
Sources: Western Australian Department of Treasury and Finance, [Overview of State Taxes and Royalties 2024-25](#), 29th November 2024; Commonwealth Grants Commission, [2025 Methodology Review - Tables, charts and supporting data](#), March 2025. 'Assessed revenue' is the revenue the Grants Commission estimates a state or territory could raise if it were to apply a royalty regime equivalent to the average of all states and territories.

Tasmania could also raise more revenue from mineral royalties

Mining royalties as a percentage of gross value added in mining, Tasmania vs mainland states



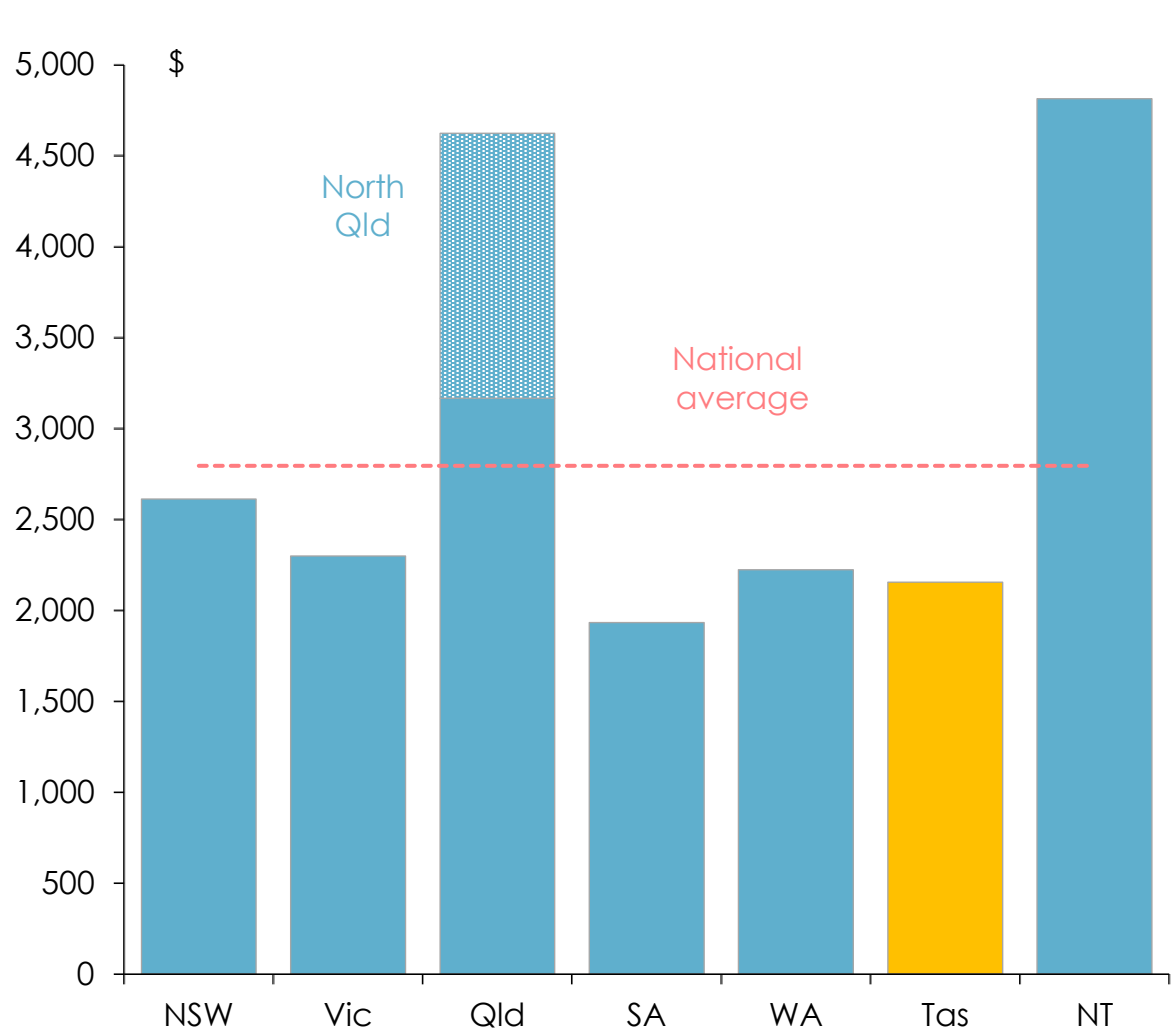
Mining royalties as a percentage of gross value added in mining, states & territories, 2023-24



Sources: 2024-25 Final Budget Outcome reports for [Victoria](#), [Western Australia](#) and [Tasmania](#); 2025-26 State Budget Papers for [New South Wales](#), [Victoria](#), [Queensland](#), [South Australia](#), [Western Australia](#), [Tasmania](#), the [Northern Territory](#) and the [Australian Capital Territory](#); and ABS, [Australian National Accounts: State Accounts](#), 2023-24; Corinna calculations.

Tasmanians pay the second-lowest home & contents insurance premiums in Australia – so why do we need a state-owned insurance company?

Average annual home and contents insurance premiums, 2025



Declared catastrophes (CATs) and significant events (SEs) since 2020



Sources: Canstar, ['Australians paying more for home and contents insurance as premiums jump 14%'](#), 11th September 2025; Insurance Council of Australia, [Australia's insurance industry snapshot 2025](#).