

2025 Election Fiscal Strategy Statement

Submitted by Greens Leader Dr Rosalie Woodruff MP
on behalf of the Tasmanian Greens, in accordance with the
Charter of Budget Responsibility Act 2007.



On behalf of the Tasmanian Greens, I present the Greens' 2025 election Fiscal Strategy statement.

The purpose of a fiscal strategy statement under *Charter of Budget Responsibility Act 2007* (the Charter) is to –

- (a) establish a benchmark for evaluating the Government's fiscal performance; and*
- (b) increase public awareness of the fiscal policies of the Government and Opposition parties.*

This statement was developed in accordance with the principles of sound fiscal management set out in Part 3 of The Charter and complies with the requirements of Part 4 of The Charter.

The requirements of a Fiscal Strategy statement under The Charter are for it to –

- (a) specify the long-term objectives within which budgets will be framed; and*
- (b) specify the key fiscal measures against which fiscal policy will be set and assessed; and*
- (c) specify the fiscal objectives and targets for the budget year and the following 3 financial years; and*
- (d) identify how the fiscal objectives and strategic priorities relate to the principles of sound fiscal management.*

The principles of sound fiscal management as set out in The Charter are -

- (a) manage the State's finances responsibly for the wellbeing of all Tasmanians; and*
- (b) provide for the future for the next generation of Tasmanians; and*
- (c) prepare for unexpected events by building a robust financial position; and*
- (d) improve services to Tasmanians by building a strong economy and efficiently allocating public resources to gain the maximum community benefit; and*
- (e) formulate spending and taxation policies that ensure a reasonable degree of equity, stability and predictability; and*
- (f) ensure transparency and accountability in developing, implementing and reporting on fiscal objectives.*

The Greens Fiscal Objectives

Long Term Objectives

The long-term objectives of the Greens' Fiscal Strategy are to ensure that:

1. The budget is in a financially sustainable position, having regard to revenue, expenditure, liability, and debt.
2. The budget is managed to ensure that investment in services adequately address need, and that there is ongoing security for services to continue to be delivered.
3. Infrastructure assets are appropriately and responsibly developed and maintained.
4. The impact of volatility in Commonwealth funding to the State Budget is minimised.
5. Decisions about spending are informed by impartial assessment and do no amount to pork-barrelling.
6. Decisions about major capital investment are based on impartial cost-benefit assessment.

Fiscal Measure 1: Sustainable Operational Expenditure

Operational expenditure should be managed on the principal that, except as needed to maintain services during economic downturns and respond to crises and emergencies, an average of positive surpluses should be maintained.

Fiscal Target 1.1: The projected average of the underlying net operating balance in a given budget year, and across the forward estimates, will either be in surplus, or will be a lower deficit than the same average in the previous budget.

Fiscal Target 1.2: The average of the underlying net operating balance in a given budget year, and across the budget outcomes for the previous five financial years, will either be in surplus, or will be a lower deficit than the same average in the previous budget.

Fiscal Target 1.3: Greater than 95% of expenditure on community and sporting organisation grants, is spent on grants recommended for approval by independent assessment.

Fiscal Measure 2: Managing Debt and Financial Liabilities

Debt and financial liabilities should be managed to ensure that budget liabilities are within the State's means to manage without placing an undue burden on future generations.

Fiscal Target 2.1: The general government sector ratio of net financial liabilities to gross state product for a given budget year, and across each year of the forward estimates, will either be lower than the previous financial year, or lower than the average of all states and territories.

Fiscal Target 2.2: The non-financial public sector ratio of net financial liabilities to gross state product for a given budget year, and across each year of the forward estimates, will either be lower than the previous financial year, or lower than the average of all states and territories.

Fiscal Target 2.3: The general government sector ratio of net debt to gross state product for a given budget year, and across each year of the forward estimates, will either be lower than the previous financial year, or lower than 80% of the average of all states and territories.

Fiscal Target 2.4: The non-financial public sector ratio of net debt to gross state product for a given budget year, and across each year of the forward estimates, will either be lower than the previous financial year, or lower than 80% of the average of all states and territories.

Fiscal Target 2.5: The liabilities servicing ratio for a given budget year, and across each year of the forward estimates, will either be lower than the previous financial year, or lower than 6%.

Fiscal Measure 3: Maintain Sustainable Revenues

Revenue sources should be managed to ensure adequate funding is available to spend on government services and projects.

Fiscal Target 3.1: The ratio of own-source revenue to total revenue less once-off commonwealth payments for a given budget year, and across each year of the forward estimates, will be higher than the previous financial year, or above 50%.

Fiscal Measure 4: Prudent Infrastructure Investment

Infrastructure investment should be prudently determined to effectively maintain our infrastructure assets and ensure infrastructure investment decisions are sound.

Fiscal Target 4.1: The average expenditure on maintenance or replacement of infrastructure assets for a given budget year and across the forward estimates should exceed the average of depreciation.

Fiscal Target 4.2: Greater than 95% of expenditure on school infrastructure spent on projects recommended by the external maintenance and capital expenditure oversight board.

Fiscal Target 4.3: 100% of expenditure on major infrastructure projects (projects costing in excess of \$50 million), spent on projects recommended for invest by a formal cost-benefit analysis.

Statement Against Principles of Sound Fiscal Management

Manage the State's finances responsibly for the wellbeing of all Tasmanians

Our fiscal strategy ensures that the State's finances are responsibly managed for the wellbeing of all Tasmanians by ensuring that the Budget is balanced through achieving sustainable revenue and expenditure, as well as ensuring that investment decisions are robust and well-founded. All fiscal measures and targets contribute to this principle.

Provide for the future for the next generation of Tasmanians

Ensuring that spending is sustainable into future years ensures that the next generation of Tasmanians will not be disadvantaged in favour of current generations. Ensuring that assets are appropriately maintained, debt and liabilities are managed, and revenue sources are robust and resilient, will contribute to future generations not inheriting legacy issues from budget mismanagement in the present. All fiscal measures and targets contribute to this principle.

Prepare for unexpected events by building a robust financial position

Ensuring that debt and liabilities are limited to manageable levels, and that revenue streams are diverse and resilient, ensures that the state will be better placed when unexpected events occur. Fiscal measure 1 also makes allowance for responding to economic downturns and crises. All fiscal measures and targets contribute to this principle.

Improve services to Tasmanians by building a strong economy and efficiently allocating public resources to gain the maximum community benefit

Fiscal targets 1.3, 4.2 and 4.3 provide for the efficient allocation of public resources by ensuring that decisions about grants and infrastructure funding are based on a sound assessment of their relative cost and benefits. Robust decision-making about investment ensures that economic and community benefits are maximised.

Formulate spending and taxation policies that ensure a reasonable degree of equity, stability and predictability

All fiscal measures and targets contribute to budget stability and predictability by ensuring an appropriate balance of investment, revenue and debt management. Fiscal targets 1.3, 4.2 and 4.3 contribute to equity by promoting merit-based assessment for government grants and major infrastructure decisions. Fiscal target 3.1 will further improve predictability by reducing the extent to which Tasmania's budget is reliant on commonwealth funding.

Ensure transparency and accountability in developing, implementing and reporting on fiscal objectives

The Fiscal Strategy statement has been developed with reference to Saul Eslake's *Independent Review of Tasmania's State Finances* as well as the *Pre-election Economic and Fiscal Outlook*. The statement reports against each element required by the *Charter of Budget Responsibility Act 2007*, has clear long-term objectives, four fiscal measures against key areas of budget management, and a total of 12 specific targets each budget would be measured and reported against.