Solid Foundations, Bright Future

An Analysis of New South Wales Economic and Fiscal Advantages

By Jack Thrower

The Centre for Future Work at the Australia Institute

June 2024

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This report was commissioned by the New South Wales Teachers Federation.

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Introduction and Summary

New South Wales has one of the most prosperous and productive economies in Australia, with a diverse base of economic activity and strong labour market. However, years of austerity have hollowed out its public sector, creating one of the proportionally smallest state public sectors in the country in terms of both economic activity and employment.

Despite the instrumental role the public sector played in navigating the state through the pandemic, weak wage growth and rising inflation have compounded the impacts of austerity, leading to significant reductions in public sector real wages. While the current government's scrapping of the wage cap and implementation of public sector wage rises has undone some of this damage, most notably the October 2023 wage rises for public school teachers, more repair is needed.

The NSW government has a strong fiscal position with which to manage these challenges. NSW maintains nearly the highest credit rating in the country and relies on revenue bases that are both diverse and stable. Additionally, there is considerable evidence that, if needed, several options are available to increase state government revenue. As the state economy weakens in response to high interest rates and declining real incomes, the state government has the responsibility to contribute to support the economy and broader society, through expansion of public services, repair of public sector wages, and support for the most vulnerable.

Macroeconomic Performance

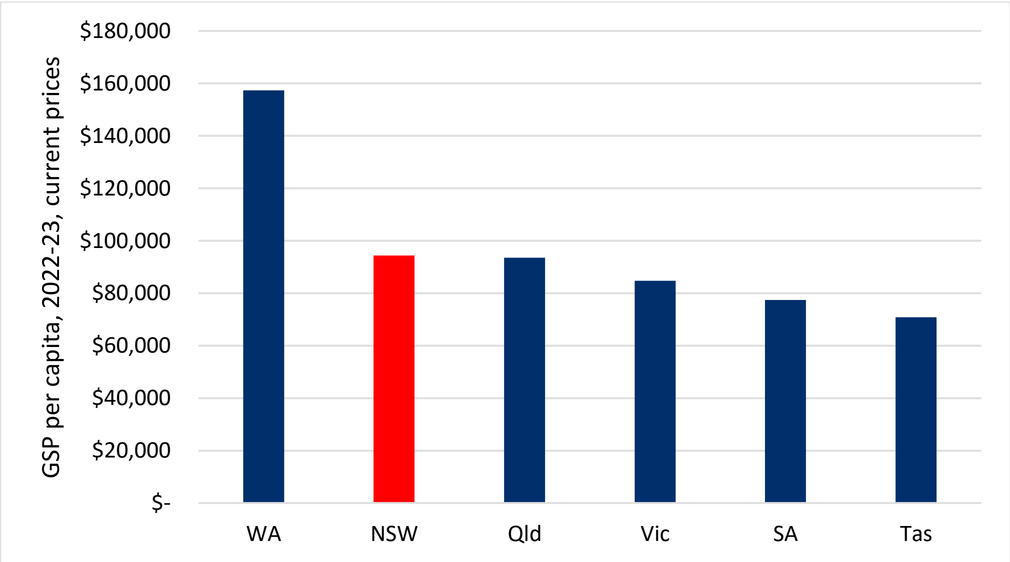
OVERVIEW

NSW is one of Australia's most prosperous states, with a strong and diversified economy, a competitive and productive labour market, and relatively high incomes and household wealth.[1] However, this prosperity is not always equitably shared and in recent years inflation has eaten away at wages and incomes. The well-being of NSW residents was further undermined over the last dozen years by needless austerity in fiscal policy, public service provision, and public sector industrial relations – which suppressed funding for essential public services (such as education and health care), and degraded compensation and working conditions for those providing those public services.

ECONOMIC PROSPERITY

Gross State Product and productivity

Figure 1: Gross State Product per capita by state, 2022-23

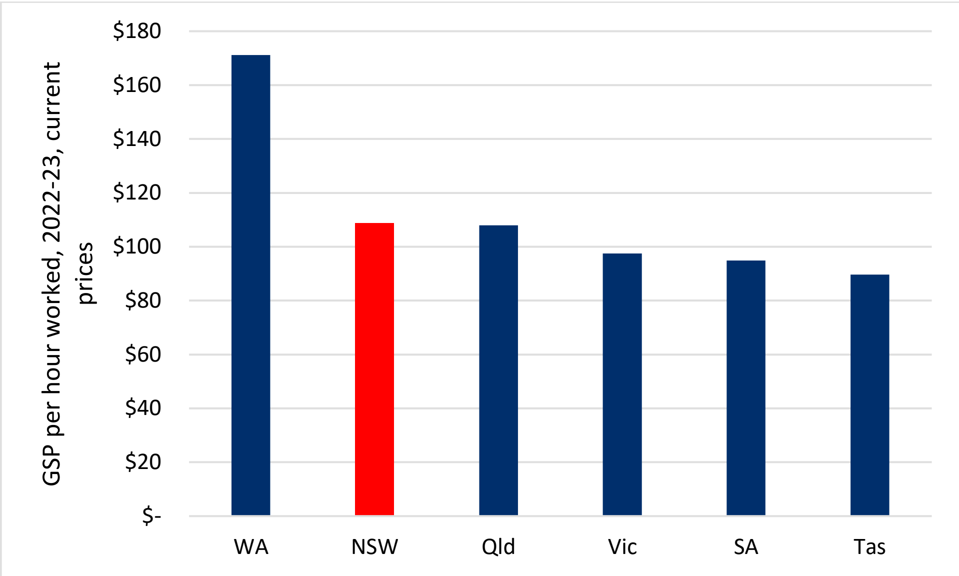


Source: ABS Catalogue 5220.0 (Australian National Accounts: State Accounts)

[1] Australian Bureau of Statistics (April 2022) *Household Income and Wealth, Australia, 2019-20,* https://www.abs.gov.au/statistics/economy/finance/household-income-and-wealth-australia/2019-20

NSW ranks as one of Australia's most prosperous states, with the second highest Gross State Product (GSP) per capita and labour productivity (behind only Western Australia, whose very large mining sector lifts those indicators above other states).[2]

Figure 2: Labour productivity by state, 2022-23



Source: ABS Catalogue 5220.0 (Australian National Accounts: State Accounts); ABS Catalogue 6202.0 (Labour Force), hours worked (seasonally adjusted); author's calculations

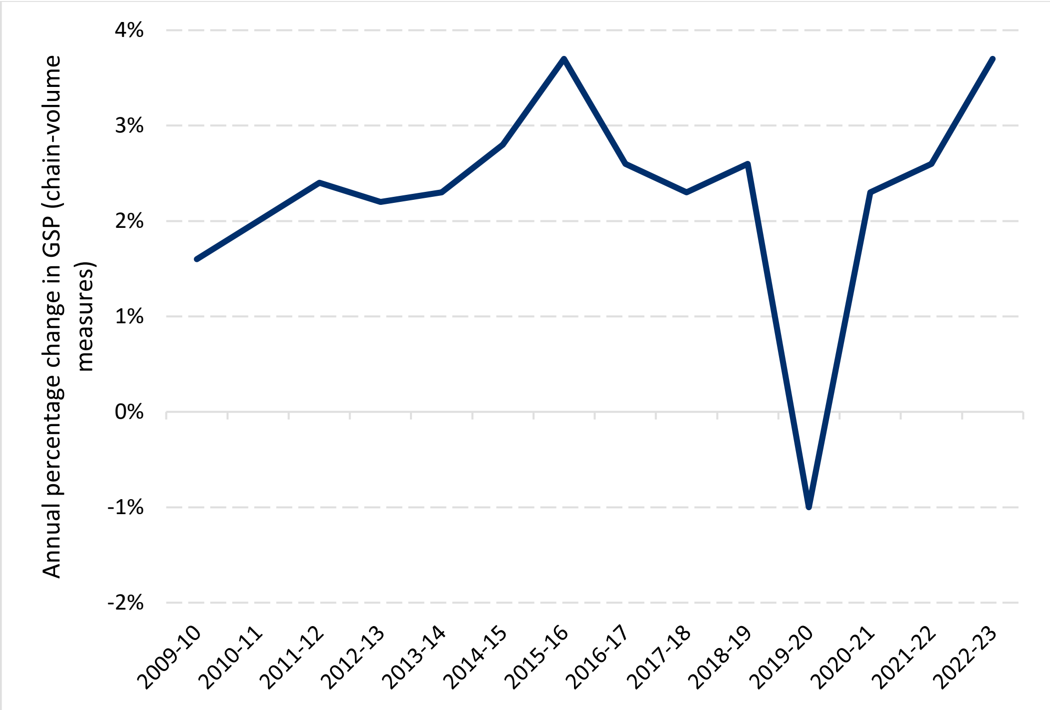
NSW has a strong and diversified economy. Though it has particularly prominent financial and insurance and professional, scientific, and technical services industries, no single sector overwhelmingly dominates.[3] This means the state's economy is robust and stable, not as vulnerable to shocks (such as global commodity price fluctuations or other exogenous uncertainties) as other states.

[2] This paper excludes territories from these comparisons because of their small size and unique sectoral compositions.

[3] Australian Bureau of Statistics (Nov 2023) *Australian National Accounts: State Accounts, NSW, 2022-23,* https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-state-accounts/2022-23-financial-year

Economic growth

Figure 3: Real economic growth, NSW, 2009-10 to 2022-23

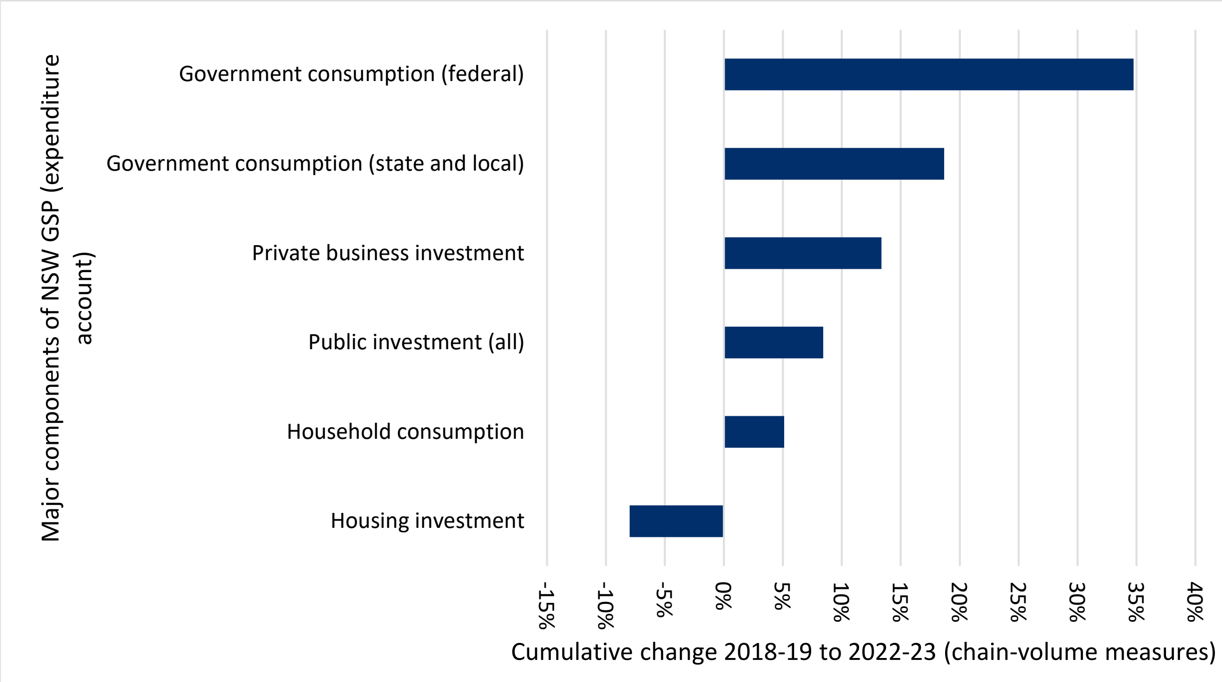


Source: ABS Catalogue 5220.0 (Australian National Accounts: State Accounts)

In the face of macroeconomic shocks from the COVID-19 pandemic and subsequent global uncertainty, the NSW economy has shown remarkable resilience, bouncing back strongly from the immediate impacts of the pandemic. In real terms (after adjusting for inflation), the NSW economy grew by a cumulative total of 7.8% over the entire pandemic and post-pandemic period: from the 2018-19 financial year to 2022-23.[4]

[4] Australian Bureau of Statistics (Nov 2023) *Australian National Accounts: State Accounts, NSW*, https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-state-accounts/2022-23-financial-year

Figure 4: Real growth in major components of NSW GSP, 2018-19 to 2022-23



Source: ABS Catalogue 5220.0 (Australian National Accounts: State Accounts); author's calculations

Since 2019, economic growth in NSW has been driven by an impressive combination of government consumption, private business investment, public investment and household consumption.[5] While household consumption, accounting for more than half of economic activity, remained a key component of growth, its rate of expansion was much slower than other components of growth. Contrastingly, public spending, particularly federal government spending, has grown significantly faster and supported economic growth. NSW economic activity been further bolstered by strong population growth via immigration, promoting household consumption and business investment, while providing further labour supply. These drivers of growth have been partially offset by pressures constraining household budgets and spending, such as high inflation, falling real wages, and rising interest rates. Nevertheless, aggregate demand remains relatively resilient, due to support from population growth and public spending.[6]

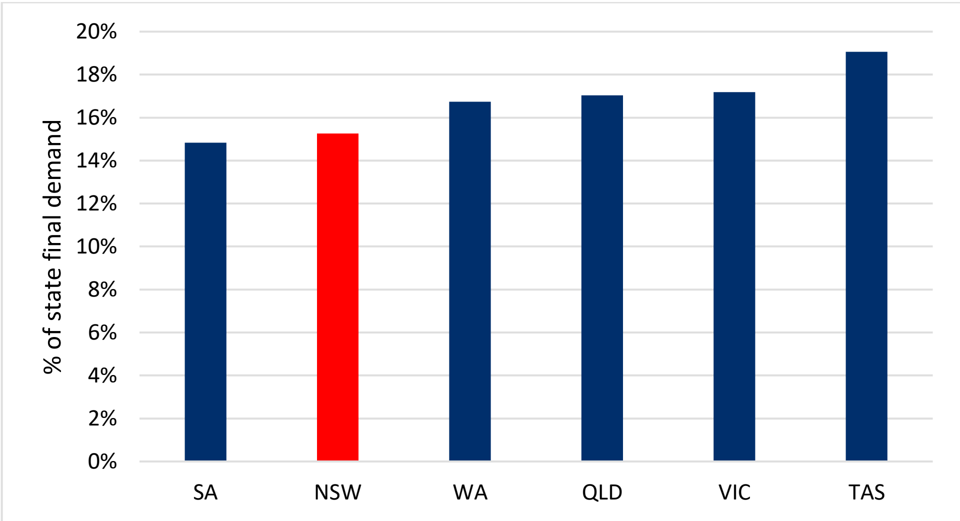
[5] Government consumption refers to the production and use of public services, including education and health care, financed by government.

[6] New South Wales Government, *Budget 2024-25: Budget Paper No.01: Budget Statement*, https://www.budget.nsw.gov.au/sites/default/files/2024-06/Budget-Paper-No.1-Budget-Statement-Budget-2024-25.pdf, ch 2

Public spending in NSW is low in relative terms

Although public consumption and investment in NSW have grown since the pandemic, public spending remains relatively low as a percentage of total economic activity. Indeed, state-level public spending forms a smaller share of the NSW economy than in all states except for South Australia.

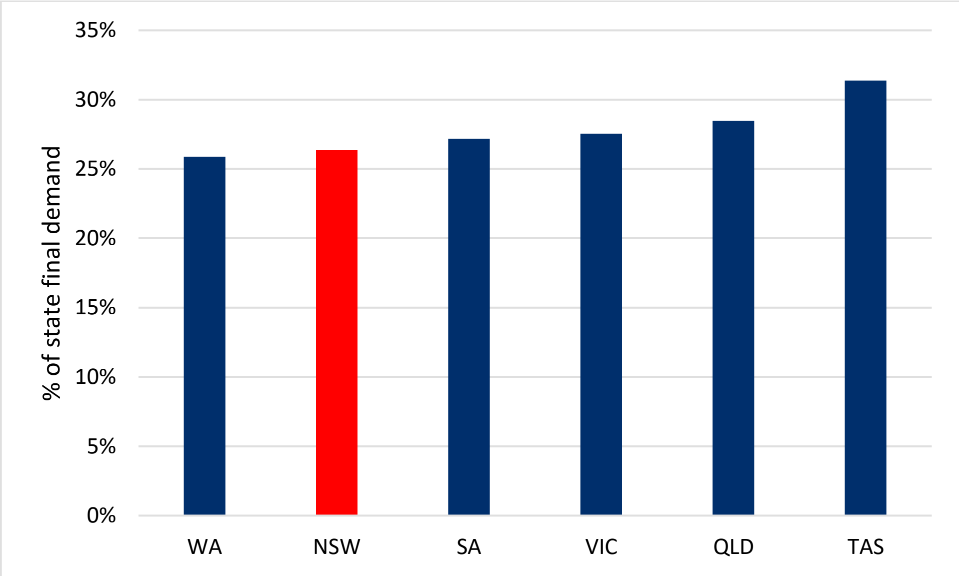
Figure 5: Proportional economic size of state and local public sector, 2022-23



Source: ABS Catalogue 5220.0 (Australian National Accounts: State Accounts), current prices, includes all state and local government consumption, investment, and investment from state-level public corporations; author's calculations

When federal-level public spending is also included, total public spending is smaller as a share of GDP in NSW than any other state but WA.

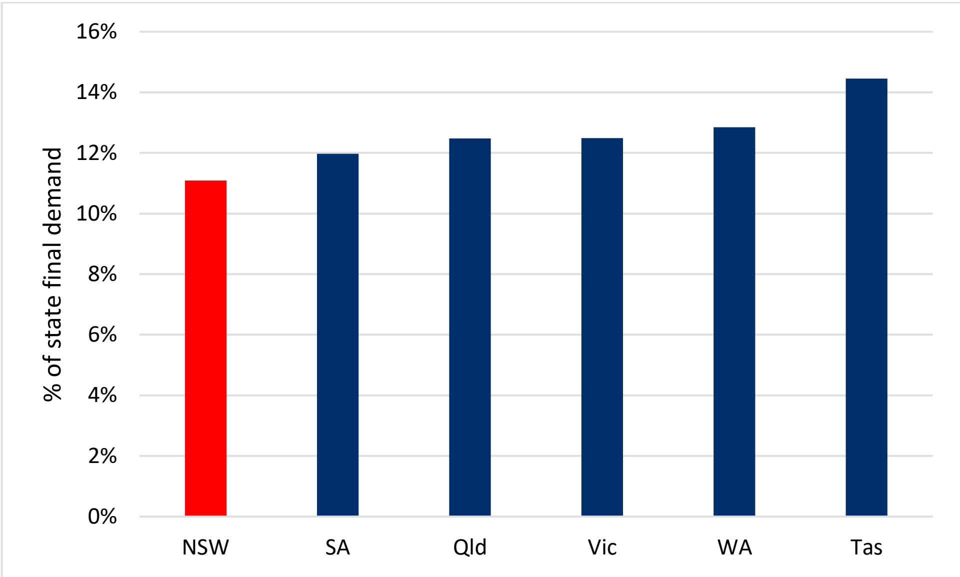
Figure 6: Proportional economic size of total public sector, 2022-23



Source: ABS Catalogue 5220.0 (Australian National Accounts: State Accounts), current prices, includes all government consumption and investment, and investment from public corporations; author's calculations

When considering only state and local government consumption spending (on programs), excluding public investments in infrastructure and other assets, NSW ranks at the bottom of the table. This result still applies when federal consumption spending is also included.

Figure 7: Proportional economic size of state and local government consumption, 2022-23



Source: ABS Catalogue 5220.0 (Australian National Accounts: State Accounts), current prices, state and local government consumption; author's calculations

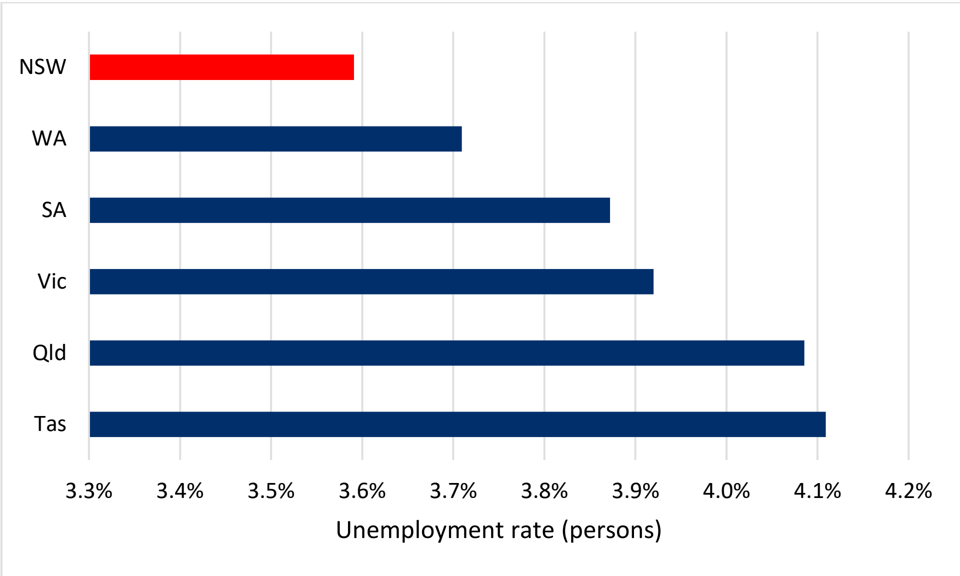
According to all these measures, the public sector is unusually small relative to the state's overall economy. There is clearly economic space to strengthen the state government's economic and social role in NSW.

LABOUR MARKET TRENDS AND WAGES

Labour market resilience

Despite the challenges of inflation and interest rates, NSW labour market remains very strong, both compared to other states and in historic terms. Over the last year NSW's unemployment rate was on average lower than any other state.

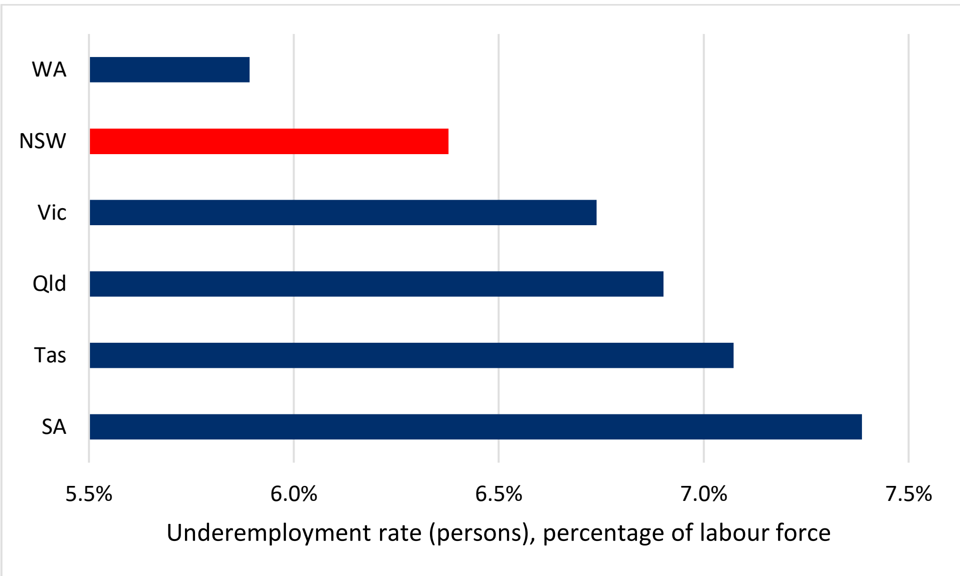
Figure 8: Unemployment rate by state, 12-month average to May 2024, seasonally adjusted



Source: ABS Catalogue 6202.0 (Labour Force)

NSW's underemployment rate, measured as the percentage of the labour force currently employed but seeking additional hours of work, has also remained low over the last year: the second lowest of any state.

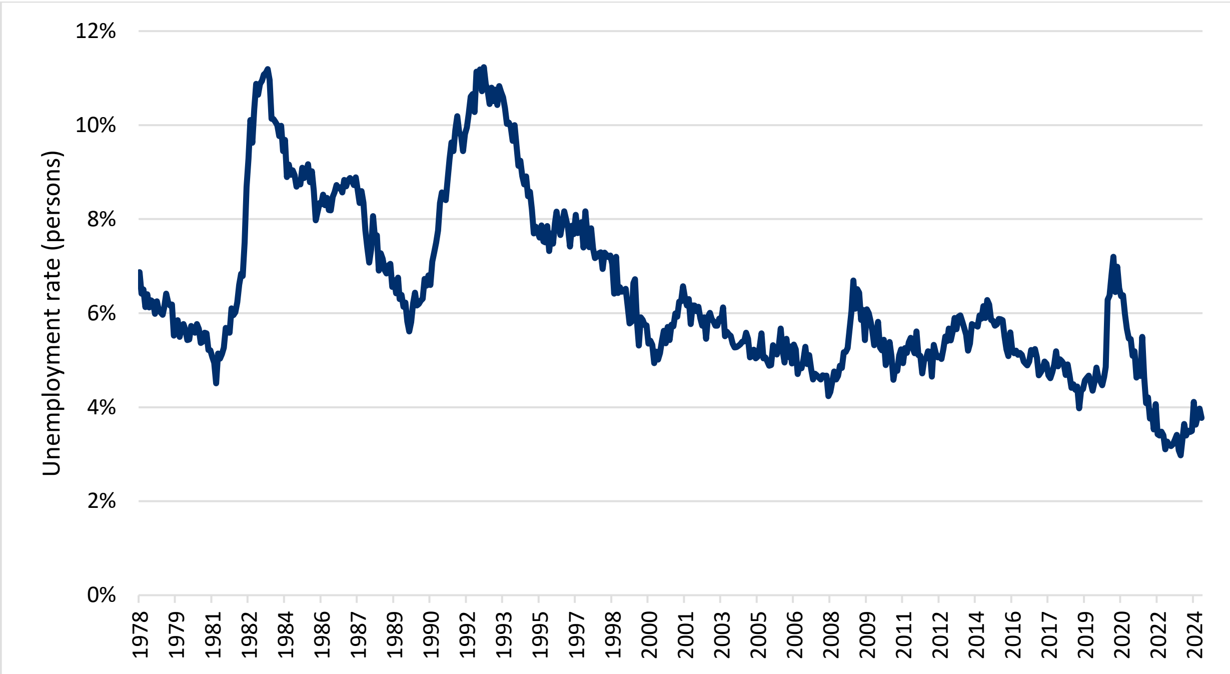
Figure 9: Underemployment rate by state, 12-month average to May 2024, seasonally adjusted



Source: ABS Catalogue 6202.0 (Labour Force)

Despite weakening slightly since 2023, as the national economy slowed in the face of high interest rates and falling real incomes, the NSW labour market exhibits strong momentum. The state is experiencing the lowest rates of unemployment recorded over the nearly 50 years of this data set.

Figure 10: Unemployment rate, NSW, seasonally adjusted, February 1978 to May 2024

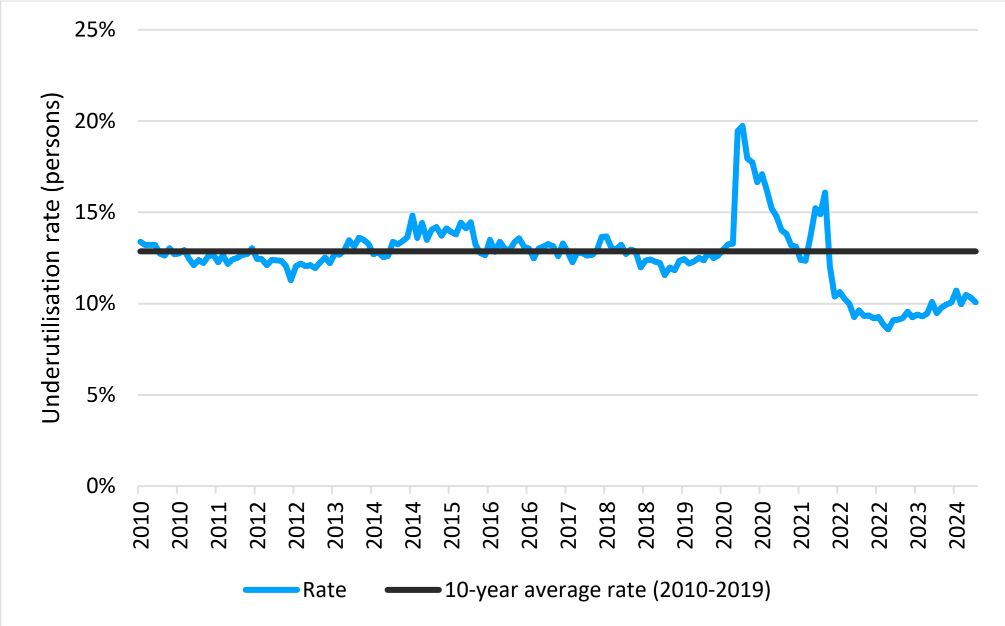


Source: ABS Catalogue 6202.0 (Labour Force)

This historic strength is also evident in the 'underutilisation rate', a broader labour market measure that includes both unemployed persons and underemployed persons. The latest reported underutilisation rate for the state stands at about 10.1%, well below its pre-pandemic 10-year average (2010-2019) of 12.9%. This is particularly impressive considering that the 'participation rate' – the proportion of the population either working or actively looking for work – has also risen over this period.[7]

[7] Australian Bureau of Statistics (Jun 2024) *Labour Force, Australia, May 2024*, https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/may-2024

Figure 11: Underutilisation rate, NSW, seasonally adjusted, January 2010 to May 2024



Source: ABS Catalogue 6202.0 (Labour Force)

This data indicates the state's labour market is strong and resilient and is navigating current macroeconomic challenges (including slower economic growth, high interest rates, and pressures on household budgets) in a relatively robust condition. As interest rates start to decline, and GDP growth picks up again, as expected by the Reserve Bank of Australia (RBA) and other forecasters,[8] then the state's economy and labour market will likely become even stronger. This bodes well for the state government's fiscal position. It also reinforces the need for the state to fairly compensate its public sector workforce. Given the continuing strength in the broader labour market, the state must offer competitive wage and entitlements packages to recruit and retain staff, and address chronic staff shortages in education, health care, and other essential public services.

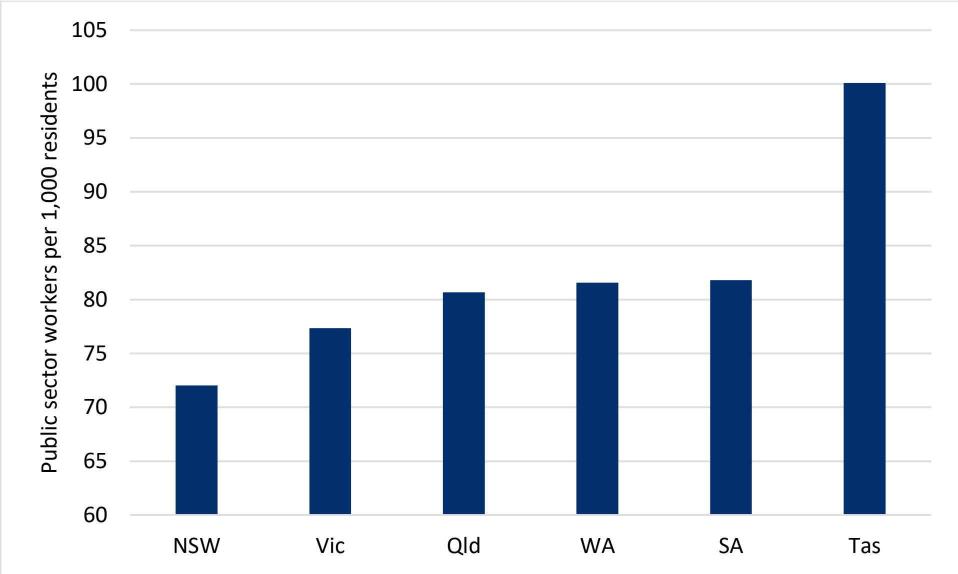
NSW has a relatively small public sector workforce

As noted above, spending on state-funded public services in NSW is unusually small as a share of the state economy, compared to other states. The state-funded public sector in NSW is also small in terms of employment. There are 72 state-funded public

[8] Reserve Bank of Australia (2024) *Statement on Monetary Policy: May 2024,* https://www.rba.gov.au/publications/smp/2024/may/

sector employees per 1,000 residents of NSW, lower than any other state. This underdeveloped public sector workforce is further testament to years of chronic underfunding of public services in NSW by past governments.

Figure 12: State and local public sector employees per 1,000 population, by state, June 2023



Source: ABS Catalogue 6248.0.55.002 (Employment and Earnings, Public Sector), local government included for comparability across states; ABS Catalogue 3101.0 (National, state and territory population); author's calculations

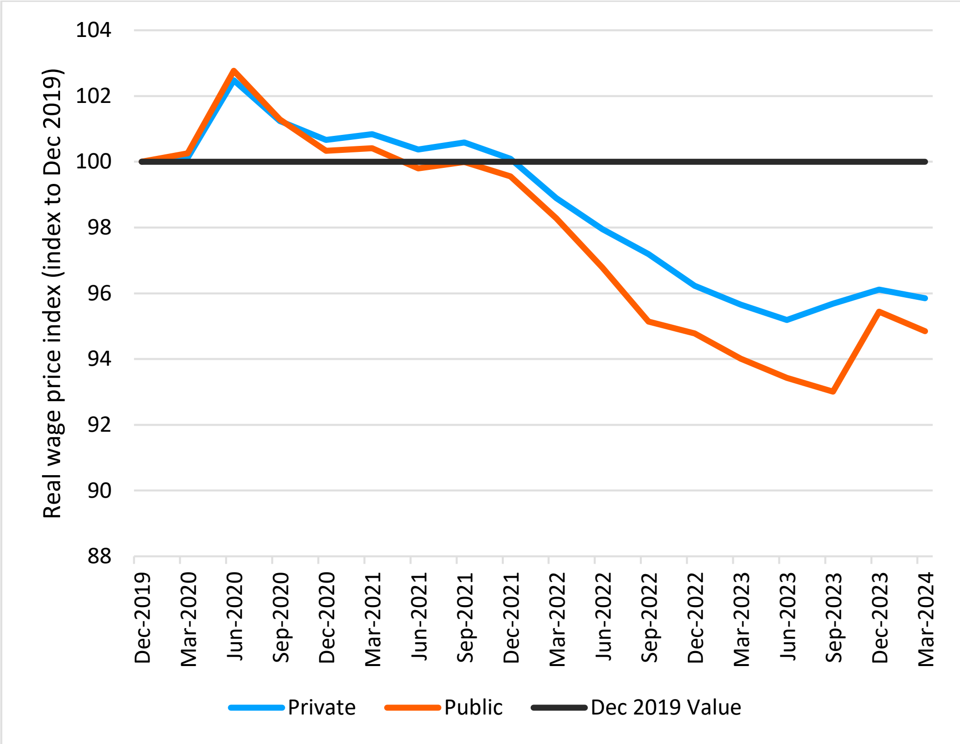
Wages

In recent years, real wages in NSW have declined as inflation outpaced increases in nominal wages. There are a range of different metrics of wages published by the Australian Bureau of Statistics, each providing different insights into the labour market. The general conclusion is clear: workers in NSW have seen their wages lag behind inflation, and hence their real living standards decline.

Wage price index

The wage price index is one measure of labour compensation; it is constructed by the ABS to reflect 'pure' inflation in a fixed 'bundle' of jobs, thus controlling for changes in the composition of employment (such as inter-industry shifts or shifts into and out of part-time work) that can also affect average wages. By this metric, real public sector wages in NSW are more than 5% below their pre-pandemic levels. Private sector real wages also declined, but not as significantly. This means that overall workers are receiving less real compensation for the same work done before the pandemic.

Figure 13: Changes in real wages, NSW, December 2019 to March 2024

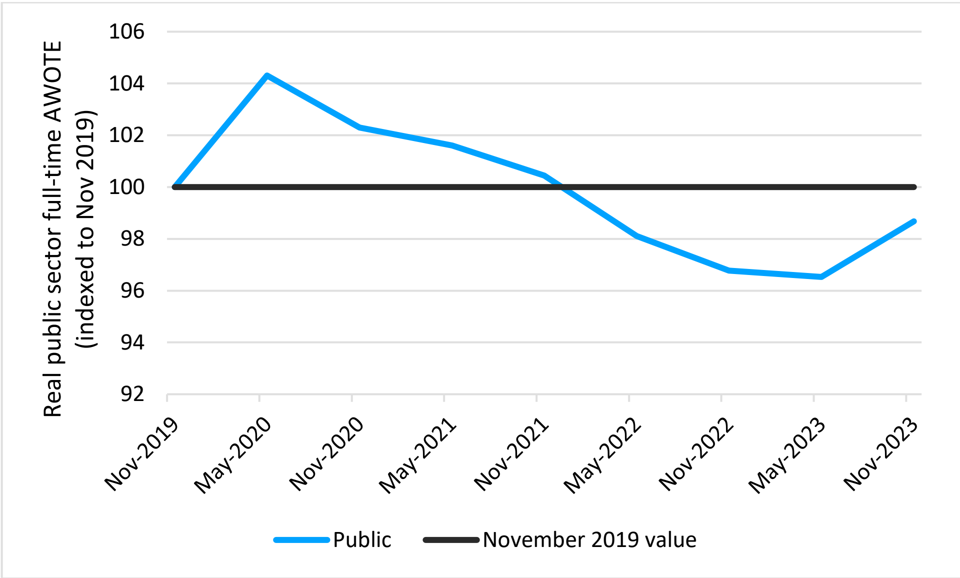


Source: ABS Catalogue 6401.0 (Wage Price Index); ABS Catalogue 6345.0 (Cost Price Index); author's calculations

Average weekly earnings

Another measure of wages reported by the ABS is average weekly earnings. 'Average weekly full time ordinary time earnings' measures the gross pay received by full-time workers, excluding bonuses and overtime. On this metric, according to most recent figures, real full-time public sector workers' earnings have also declined since the pandemic, by between 1 and 2%. This means that, even accounting for promotions and experience, full-time public sector workers are still on average receiving less real compensation for their work than before the pandemic.

Figure 14: Changes in real public sector earnings, NSW, November 2019 to November 2023

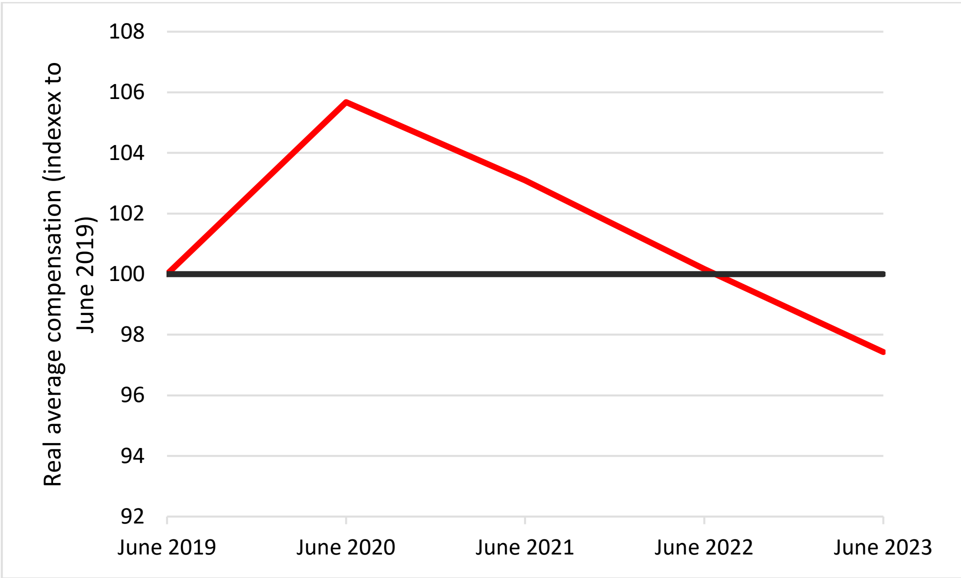


Source: ABS Catalogue 6302.0 (Average Weekly Earnings), public sector full-time adult average weekly ordinary time earnings (AWOTE); ABS Catalogue 6345.0 (Cost Price Index); author's calculations

Earnings of state-funded public sector workers

A third measure of real earnings that allows a focus on workers in state-funded public services in NSW is generated from ABS data on public sector earnings and employment by level of government. This data allows calculation of average cash compensation per worker in public services by state, disaggregated by level of government funding the services in question. Average real earnings grew for state-financed public sector workers in the initial period of the pandemic (reflecting the decline in average consumer prices in 2020) but have since fallen back as a result of accelerating inflation combined with harsh pay restraint by the former NSW state government. By June 2023 (most recent data available in this annual series), real average wages for state-financed public sector workers in NSW were 2.6% lower than in June 2019. Clearly, significant wage gains are required for NSW teachers and other public sector workers, in order both to compensate for these previous losses in real earnings and protect against future inflation (which continues to run somewhat faster than RBA targets).

Figure 15: Changes in real average compensation for state-funded public sector workers, NSW, June 2019 to June 2023



Source: ABS Catalogue 6248.0.55.002 (Employment and Earnings, Public Sector); ABS Catalogue 6345.0 (Cost Price Index); author's calculations

NSW teacher wages

Responding to this general trend, the October 2023 wage increase for NSW public school teachers repaired much of the damage to real wages across a range of classifications. This wage rise, as well as other public sector wage rises, are visible in several relevant metrics, which show a distinct uptick in public sector wages after October 2023. Despite this, public sector wages, and many teachers' wages, broadly remain below their December 2019 real values.

OUTLOOK FOR THE NSW ECONOMY

Most government and private sector forecasts predict a modest softening of the national and state labour markets as a result of slower growth arising from high interest rates and other macroeconomic headwinds. The main source of economic weakness is sluggish household consumption spending. Despite population growth, headwinds such as inflationary pressures, high interest rates and falling real wages are putting pressure on household budgets and constraining spending. Business confidence remains more resilient than consumer sentiment, supporting greater business investment and demand for labour.

Most forecasts expect that as inflation eases, the Reserve Bank will cut interest rates. This will stimulate stronger household consumption and a rebound in economic growth and job-creation. The NSW Treasury in its 2024-25 Budget notes:

> *Overall, the outlook is consistent with a soft landing for the New South Wales economy. Economic growth is forecast to be subdued in the very near term, before accelerating through the course of 2024-25 as cost-of-living pressures ease.*[9]

However, notably the NSW Treasury also expects unemployment to rise to a peak of about 4 ½ per cent in the second half of 2025, and for public spending to recede as a driver of economic growth as the state government reduces expense growth.[10]

The state government has a macroeconomic responsibility to contribute to the rebound in growth in NSW over the coming years and minimise rises in unemployment. Expanding fiscal support for essential public services will reinforce the recovery in aggregate demand and economic growth. The state can support the needed recovery in real wages for workers in the state (especially the workers providing essential public services, like education and health care). Expanded public service provision and a restoration of real earnings for state public service providers will strengthen private sector activity, too, by reinforcing the recovery in overall aggregate demand and consumer spending.

[9] New South Wales Government, *Budget 2024-25: Budget Paper No.01: Budget Statement*, p 2-7
[10] New South Wales Government, *Budget 2024-25: Budget Paper No.01: Budget Statement*, p 2-7

The NSW Government's Fiscal Position

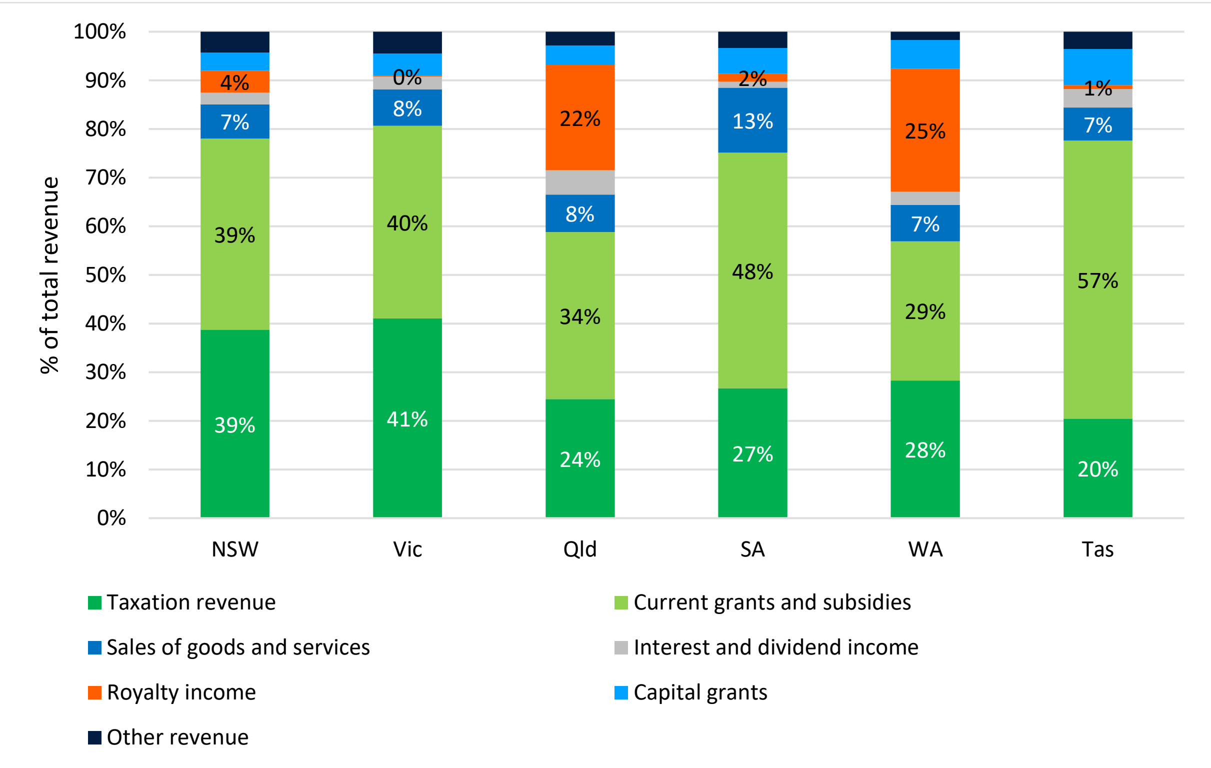
STRUCTURE

The NSW state government has a strong fiscal position. Revenues are diverse and stable. Unlike some other states, NSW is not reliant on any single revenue source – such as resource revenues in WA, which are notoriously volatile. The NSW state government receives a larger share of its revenues from own-source taxes than other states do, ensuring a greater degree of self-reliance for funding state programs.

Revenue

NSW largest revenue base is taxation, accounting for 39% of total revenues, a larger percentage than all states other than Victoria. Current grants and subsidies (federal grants such as GST distributions) account for another 36% of total revenues.

Figure 16: State government revenue bases disaggregated, 2022-23

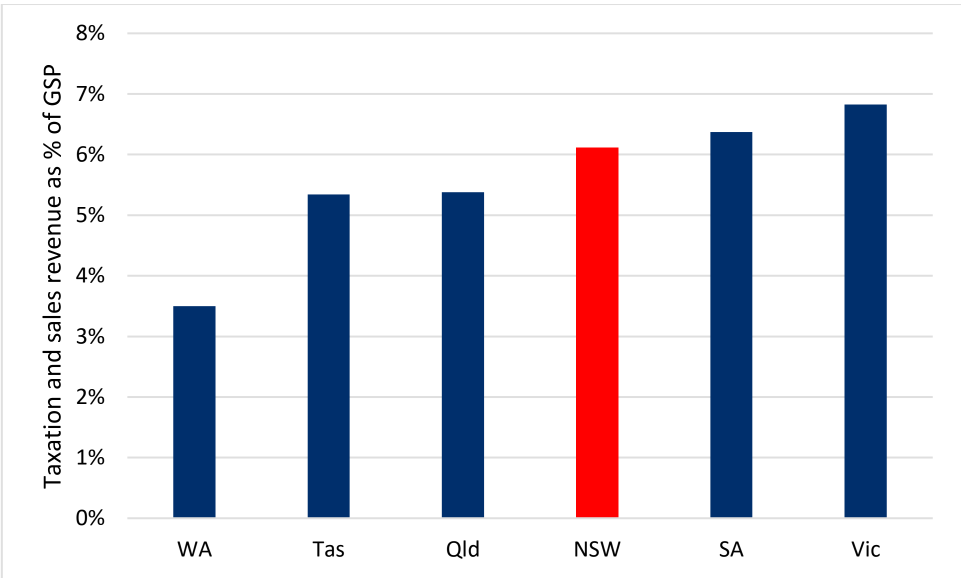


Source: ABS Government Finance Statistics, interest and dividend income amalgamated; author's calc'ns

NSW is unusually reliant on 'Taxation revenue' and 'Sales of goods and services' (including user fees for public services), collectively these account for a larger share of total revenue than any other state except Victoria. There are two key advantages to reliance on these revenue bases. First, these revenue sources are comparatively stable. Second, these revenue sources are largely under the control of the state government, not requiring negotiation with the federal government nor as subject to market fluctuations (as are interest, dividends, and royalties).

Despite the relative importance of these revenue sources in NSW's overall state revenue base, the state does not have unusually high levels of state taxation or user fees when measured against total economic activity. State taxes and revenue from sales of goods and services accounts for about 6% of NSW's GSP – on par with the average of other states. These revenue sources are larger relative to GSP in South Australia and Victoria, and lower in Western Australia thanks to its huge resources sector, currently elevating both non-tax revenues such as royalties and the overall level of GSP. If NSW raised the same percentage of GSP as Victoria from these two self-determined sources, it would have raised about $5.5b in additional revenue in 2022-23. This clearly indicates there is scope for the NSW government to raise additional revenue if it chose to.

Figure 17: Taxation and sales of goods and services revenue as a % of GSP, 2022-23

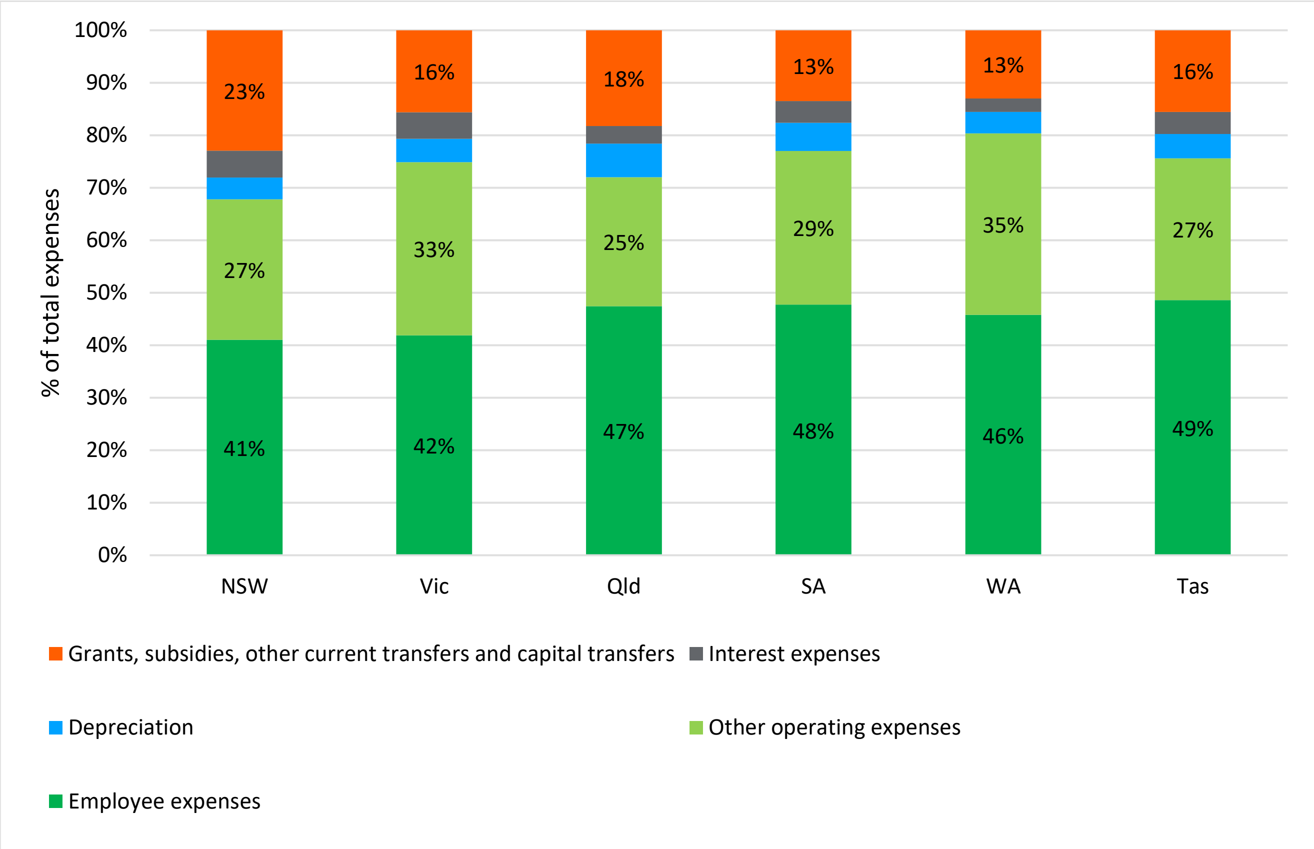


Source: ABS Government Finance Statistics, Annual; ABS Catalogue 5220.0 (Australian National Accounts: State Accounts); author's calculations

Expenses

The two largest expenses for NSW (as with all states and territories) are employee expenses (wages and related costs) and other operating expenses (for instance the non-staff costs of running hospitals and schools). Collectively these costs account for over three quarters of total state government expenses. Other categories of expenses include grants, subsidies, and other transfers (which includes transfers to state-owned corporations, local government, individuals, and households); depreciation (reflecting the ageing of infrastructure); and interest expenses on government debt. NSW state expense profile broadly mirrors those of other states – although notably NSW allocated the smallest proportion of total spending to employee expenses in 2022-23.

Figure 18: State expenses disaggregated, 2022-23



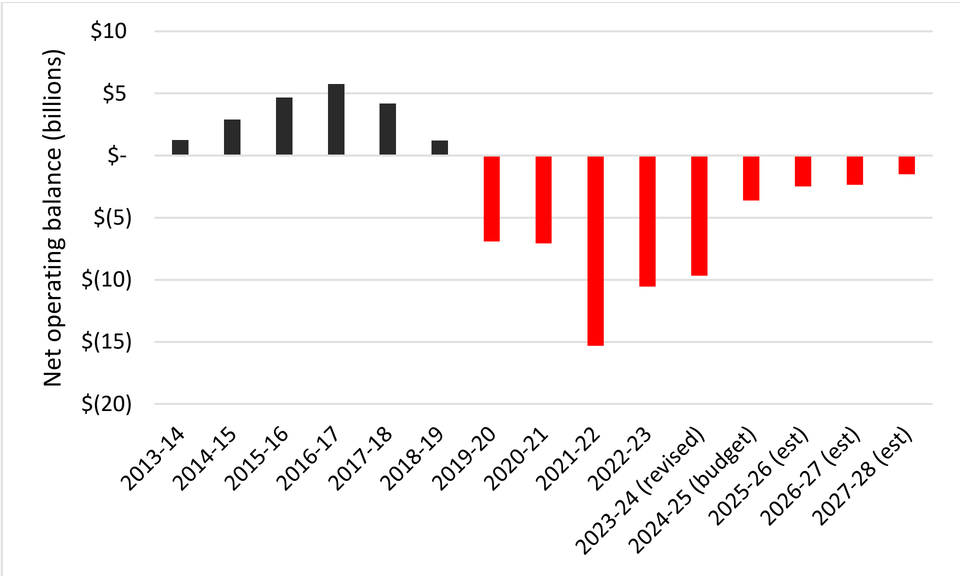
Source: ABS Government Finance Statistics, some categories amalgamated for comprehensibility; author's calculations

OPERATING BALANCE

Surpluses and deficits in recent years

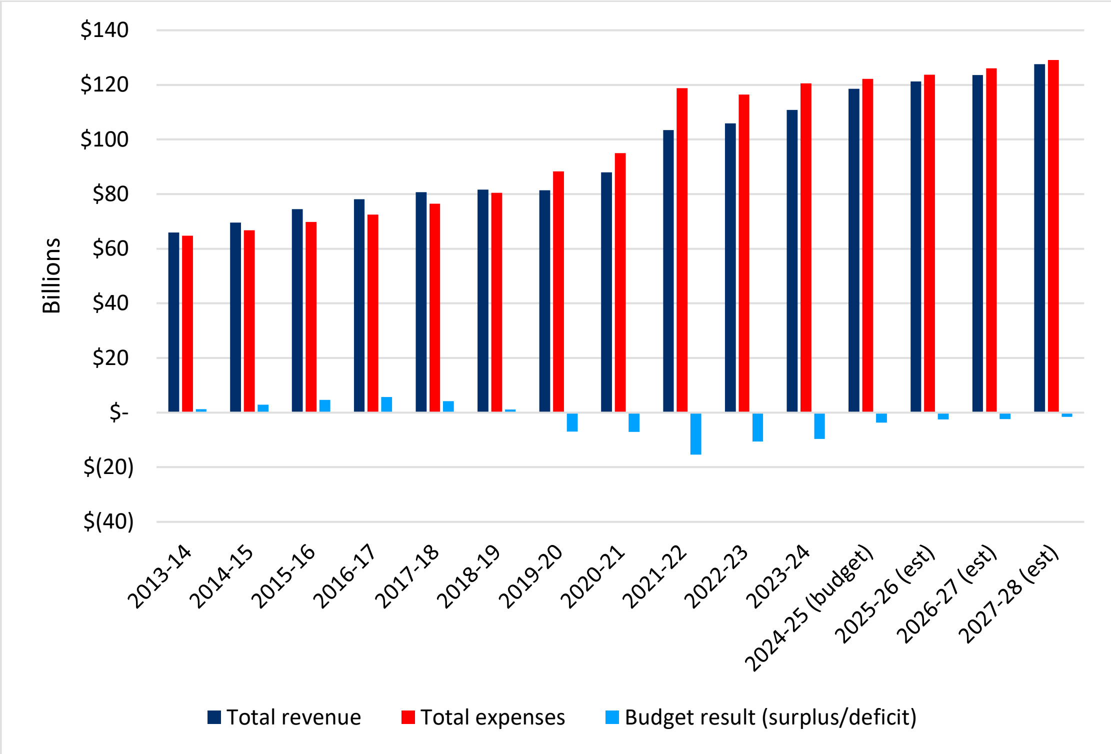
NSW had operating surpluses in the years leading up to the pandemic, and then (like other states) experienced significant deficits during and after the Covid-19 lockdowns. The Budget forecasts these deficits to shrink steadily in the next few financial years.

Figure 19: NSW net operating balances, 2013-14 to 2027-28



Source: NSW Budget papers

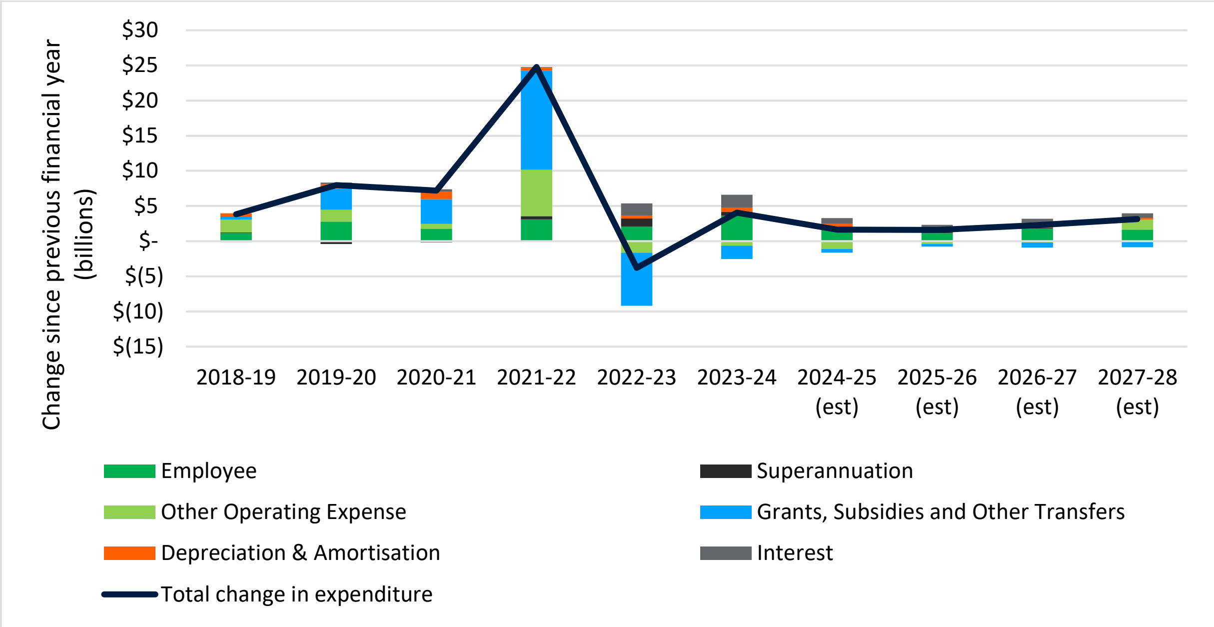
Figure 20: NSW revenues and expenses, 2013-14 to 2027-28



Source: NSW Budget papers

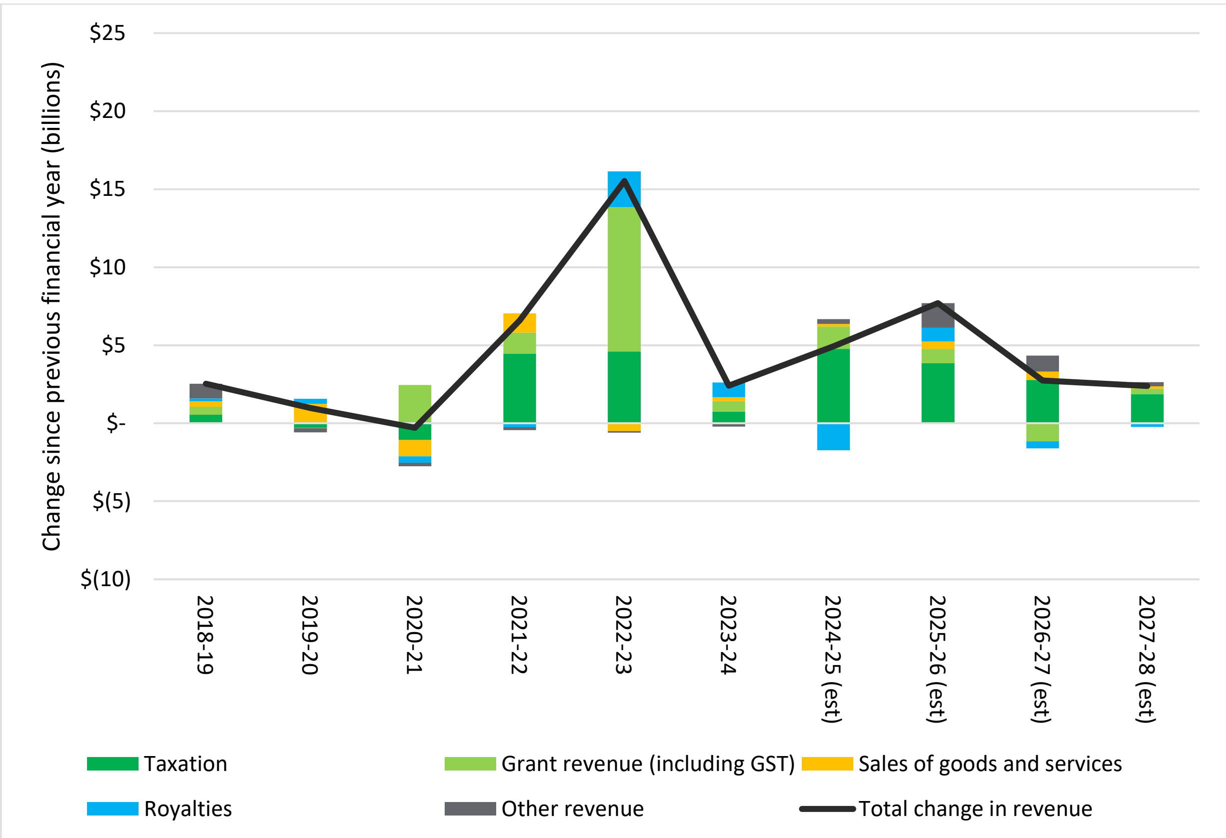
Disaggregating changes in revenues and expenses reveals that deficits were principally driven by an expansion in outgoing grants, subsidies and other transfers. This is an unsurprising outcome of supporting households and businesses during the COVID-19 pandemic, with NSW having the country's second longest lockdowns, after Victoria. On the revenue side, there was also an expansion in federal grants during this period, but these were insufficient to account for increased expenses. Since the pandemic, the increase in inflation has likely helped improve the budget bottom line, for instance employee salaries have not kept up with expenses while inflated prices will have improved tax receipts. This trend was reinforced by the previous Coalition government's public sector wage caps, which kept public sector wages behind inflation for several years. The current government has scrapped this cap and delivered some significant repair of wages, as in the October 2023 wage increase for NSW teachers. However, years of austerity would have impacted the overall trajectory of public sector wages and likely have ongoing effects on their current level.

Figure 21: Changes in expenses by year, disaggregated, 2018-19 to 2027-28



Source: NSW Budget papers; author's calculations

Figure 22: Changes in revenue by year, disaggregated, 2018-19 to 2027-28



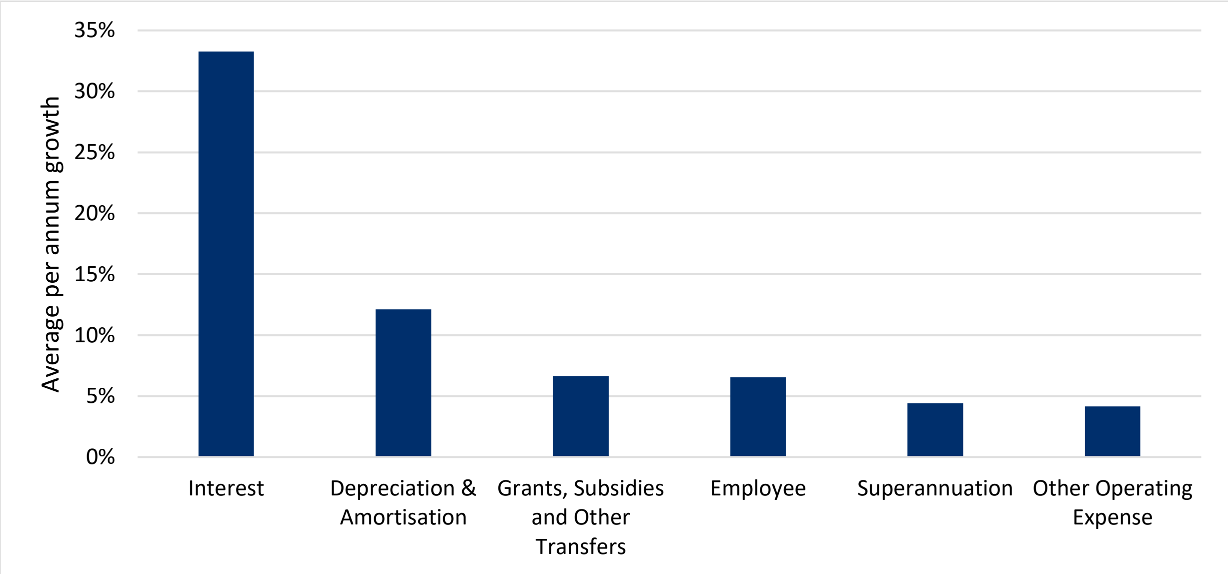
Source: NSW Budget papers, other revenue includes all remaining revenue categories; author's calc'ns

Underlying trends

Expenses

Over the period from 2017-18 to 2027-28, which includes both the pandemic period and the future estimates presented in the most recent budget, the groups of expenses with the highest growth were interest payments (reflecting additional debt from the pandemic and capital investments such as infrastructure and higher interest rates), depreciation and amortisation (also due to capital investments), and the expansion of grants, subsidies, and other transfers spending over the pandemic. It is unlikely that these expenses will continue to grow at these rates in future years. Employee expenses will increase over this decade by an annual average of 6.5% per year. This is modest, given the impact of both population growth and inflation on the cost of public service provision in NSW.

Figure 23: Average per annum growth by expense category, 2017-18 to 2027-28

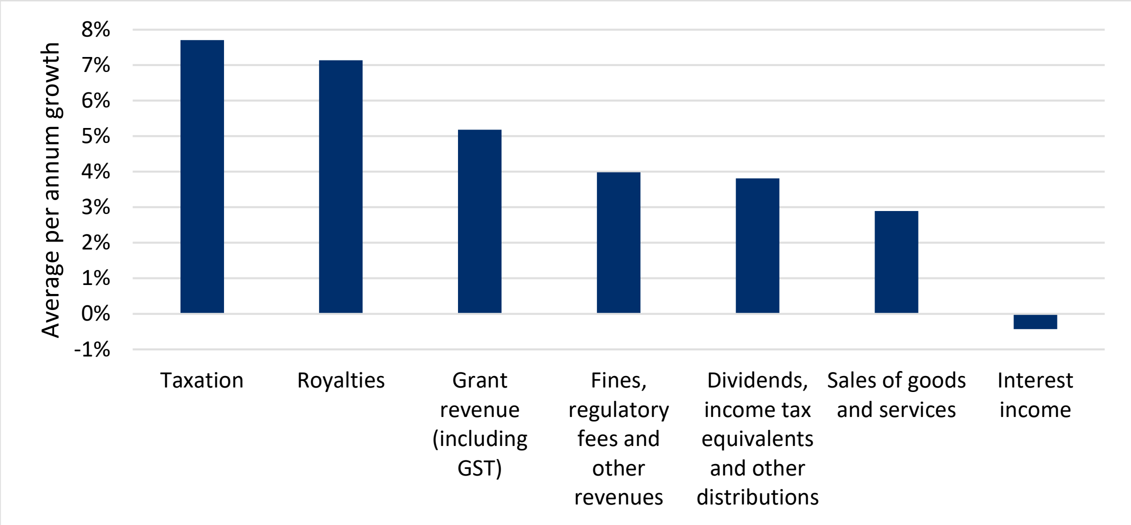


Source: NSW Budget papers, average is calculated by comparing end values and dividing by number of years; author's calculations

Revenues

Over this same period the revenue groups with the highest relative growth were taxation, followed by royalties, and grants revenue. Meanwhile interest income contracted slightly.

Figure 24: Expected average per annum growth by revenue category, 2017-18 to 2027-28



Source: NSW Budget papers, average is calculated by comparing end values and dividing by number of years; author's calculations

Core trends

Despite recent deficits stemming from the pandemic, the underlying fiscal fundamentals of the NSW budget are strongly positive. Most notably, core revenues (especially taxation and federal grants) are outpacing core expenses. These two sources collectively account for about three quarters of state government revenue. From 2017-18 to 2027-28 taxation has increased at an average of 7.7% per annum, while federal grants have grown at a rate of 5.2% per annum including the recently reported downwards revision of the NSW GST share. Meanwhile employee costs have increased at 6.5% per year, and other operating costs at only 4.2% per annum over this period. Though there have been upticks in other expense categories, these are not longstanding trends that would upset the state's fiscal balance. Meanwhile, if the NSW government decides additional revenue is necessary, there is ample scope for increasing revenues (through measures such as increased royalties, and payroll or land taxes). Indeed the primary cause of NSW's recently reduced federal grant revenue was the Commonwealth Grants Commission's assessment that economic changes have improved the state's capacity to raise its own revenue.[11] Given the relatively small size of public sector spending and employment in NSW, and the decline in real wages experienced by the state's essential public service workforce, there is both economic space and social responsibility for the state government to improve funding for

[11] Commonwealth Grants Commission (2024) *GST Revenue Sharing Relativities: 2024 Update*, https://www.cgc.gov.au/sites/default/files/2024-06/2024%20Update_FINAL.pdf, ch 2

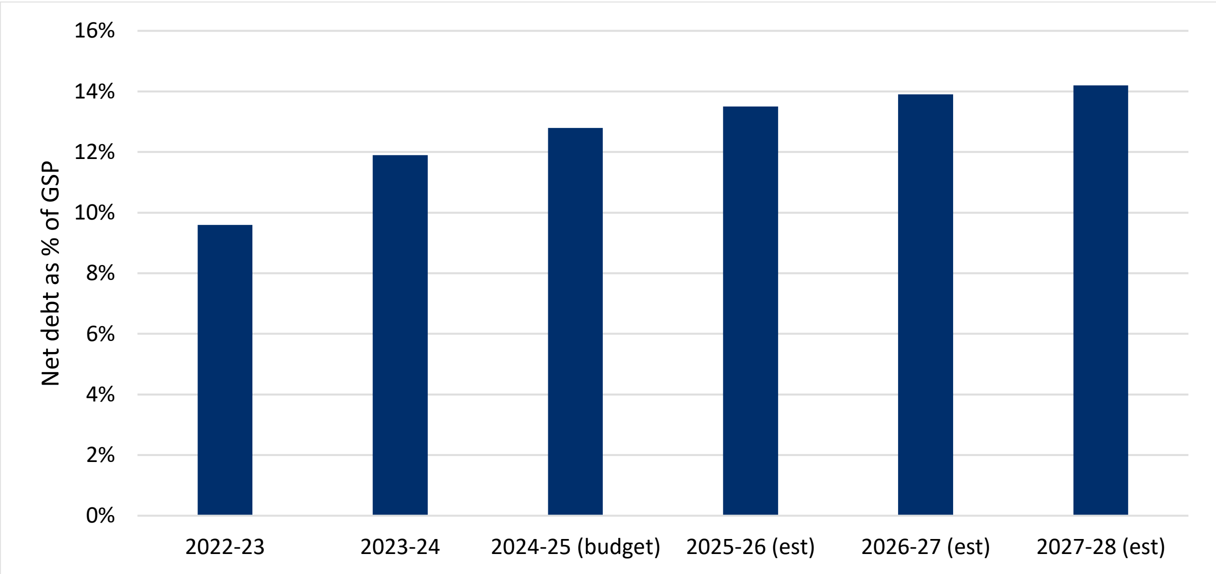
education and other services and restore wages and working conditions for the workers providing those services.

DEBT AND WORTH

NSW net state debt has increased over recent years and is projected to rise somewhat further, reflecting necessary borrowing to fund capital investments in infrastructure and deficits incurred since the pandemic. Interest payments have likewise risen due both to higher debt quantities and rising interest rates. These fiscal considerations appear highly manageable for several reasons.

First, the state's return to more balanced budgets combined with the growth of nominal GSP (reflecting both restored economic growth and higher inflation) mean that further rises in state debt relative to GSP will be relatively modest. As shown in Figure 25, the rate of growth is set to decline rapidly and appears set to stabilise by 2028. Throughout this period net debt will remain below other jurisdictions such as Victoria and the Commonwealth.

Figure 25: Net debt over time, % of GSP, 2022-23 to 2027-28



Source: NSW budget papers

Second, as outlined in previous sections, NSW's broader fiscal situation, driven by comparative growth in its large and less volatile revenue base, is solid. There is also ample evidence that the state government can increase revenues if it chooses to.

Third, as noted by NSW Treasury in the 2024-25 Budget "[t]he main driver of the borrowing program is the State's infrastructure program".[12] Borrowing for the purposes of investment to expand the productive capacity of the economy is economically sensible as returns on such investments should eventually repay such borrowing.

Fourth, the cost of interest on this debt (the primary reason to be concerned with debt) is clearly manageable. As outlined above, debt interest (while rising in proportional terms) is not forecast to significantly alter the state's overall expenses. Further, according to the Parliamentary Budget Office's most recent National Fiscal Outlook, debt servicing as a proportion of GSP is moderate (set to rise to 0.6% of the state's economy by 2026-27), lower than several other jurisdictions including Victoria, South Australia and the Commonwealth.[13]

Fifth, NSW's credit rating ranks among the strongest of Australian states, maintaining the highest possible credit rating with two of the Big Three credit rating agencies (Fitch and Moody's) and the second highest rating with the third (S&P Global). Indeed, NSW's credit ratings exceeds that of many industrial countries (such as France and Belgium). Credit ratings are awarded based on international credit rating agencies' assessment of a government's credit worthiness, the strength and stability of its revenue base, and its ability to meet future debt repayments. NSW is clearly seen as fiscally sustainable even by traditionally fiscally conservative organisations.

Lastly, a valid assessment of a government's financial circumstances must also consider its assets, not just its liabilities. When considering the NSW government's total assets (including both financial and non-financial assets), the net worth of the state government has remained strongly positive, about $365 billion in 2023-24, and is projected to remain steady over coming years. Focusing only on government debt, without assessing the value of assets that debt helped to pay for, is clearly a one-sided and misleading perspective on public finance.

[12] New South Wales Government, *Budget 2024-25: Budget Paper No.01: Budget Statement*, p 6-2

[13] Parliamentary Budget Office (2023) *2023-24 National fiscal outlook,* https://www.pbo.gov.au/publications-and-data/publications/research-reports/2023-24-national-fiscal-outlook

Conclusion

NSW enjoys impressive advantages in the health of its macroeconomy and fiscal position, both now and into the future. Facing the lingering impacts of over a decade of austerity (under previous governments) and current strained household budgets, the state government has both the responsibility and the capacity to manage these problems effectively, and play a more active role in supporting incomes, spending power, and economic growth in the state. Continuing to rebuild the public sector and expand public services, including through improved public sector wages and conditions, is economically sensible, fiscally achievable, and socially responsible. NSW has a bright future if governments choose to build on its strong economic and fiscal foundations, and invest appropriately in public services, and the workers who provide those services.

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