

## State finances 2025

This report summarises the 2024–25 consolidated financial statements of the New South Wales General Government Sector (GGS) and Total State Sector (TSS). Together these comprise the Total State Sector Accounts (TSSA).

The report comments on key findings from the TSSA audit and highlights significant factors that have contributed to the State's financial outcomes for the year ended 30 June 2025. The report also identifies areas of focus for future audits.

### Key findings

The audit opinion on the TSSA for the year ended 30 June 2025 was unqualified.

#### **The GGS deficit was \$1.4 billion higher than originally budgeted**

The GGS reported a deficit of \$5.1 billion for the 2024–25 financial year. This was higher than the original budgeted deficit of \$3.6 billion, and \$86 million higher than the revised budget deficit of \$5 billion estimated during the 2024–25 half yearly review.

#### **Since 2022–23, the GGS's revenue growth has exceeded expense growth**

This reversed a trend from previous years when expenses rose faster than revenue due to the Government's response to COVID-19 and natural disasters.

#### **The GGS's interest expense increased by \$3.1 million per day**

In 2024–25, the GGS's interest expense increased by \$1.1 billion to \$7.1 billion, mainly due to a \$11.7 billion increase in the GGS's borrowings. Interest is costing the GGS \$19.6 million per day (\$16.5 million last year).

The GGS reported borrowings of \$165.2 billion at 30 June 2025.

#### **The State maintained its credit ratings, however, S&P Global has indicated a risk of downgrade still exists**

Both Moody's and Fitch maintained the State's credit rating at triple-A with a stable outlook in September 2025.

In November 2025, S&P Global reaffirmed its AA+ rating and maintained its negative long-term outlook. The negative outlook signifies a risk that the State's financial management or budgetary performance could weaken over the next two years.

### Recommendations

All recommendations from our State finances 2024 report were addressed by NSW Treasury in 2024–25. No additional recommendations are made for 2024–25, apart from those made to agencies in the State agencies 2025 report.

## Fast facts

\$5.1b

deficit of the GGS

\$165.2b

borrowing position for the GGS

43.5%

of the State's total operating expenses are employee-related costs (including superannuation)

\$1.4b

higher than originally budgeted GGS deficit

\$19.6m

interest cost per day for the GGS

\$582b

property, plant and equipment recorded in the TSS