



Australian Government
Commonwealth Grants Commission

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MEDIA RELEASE

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REPORT ON STATE REVENUE SHARING RELATIVITIES 2009 UPDATE

The Commonwealth Grants Commission has released its advice to the State, Territory and Australian Governments on how GST revenue should be distributed among the States and Territories in 2009-10. As required by the Terms of Reference, this advice is based on the average fiscal capacities of the States over the five-year period 2002-03 to 2007-08. (A copy of the main report section including the main reasons for the changes for each State and Territory is attached. A full copy of the report is available at <http://www.cgc.gov.au>).

Under the Commission's recommended relativities for 2009-10, Queensland, Western Australia and Tasmania would receive smaller shares of the available GST revenue, while New South Wales and to a lesser extent Victoria and South Australia would receive larger shares. The shares of the Northern Territory and the ACT would remain unchanged.

The Chairman of the Commission, Alan Morris, said, "This update records the continuation of changing relative fiscal circumstances that the Commission has observed in the data over recent years and in recent updates. Western Australia and Queensland's economies have grown faster and they can raise more than average revenue from State taxes. Fiscal equalisation is designed so that as a State's own capacity to raise revenue, or cost of delivering services, diverges from the national average, there are compensating adjustments to its GST revenue. That is what has happened in this update".

In this update, Western Australia again recorded the strongest fiscal capacity of all the States. Queensland's capacity increased to give it the second strongest capacity. These two developments reflect the strong relative positions of their State economies.

The recommended relativities for 2008-09 for the first time incorporate the impact of the new Intergovernmental Agreement on Federal Fiscal Relations 2008 (IGA). While the agreement makes only a small change to how revenue would be distributed in this update, it does mean that the

recommended relativities cannot be compared to those of previous updates. Comparison tables in the attached report and the summary tables below are prepared on a basis consistent with the new IGA.

BACKGROUND

Table 1 Distribution of the rebased 2008-09 GST and illustrative 2009-10 GST

GST pool	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Rebased 2008-09	12 189.0	9 549.9	8 150.4	3 666.3	3 883.7	1 629.0	851.7	2 279.5	42 199.4
Illustrative 2009-10	13 118.4	9 890.6	8 052.1	3 479.7	4 030.8	1 621.6	888.7	2 347.9	43 430.0
Difference	929.4	340.8	- 98.3	- 186.5	147.2	- 7.4	37.0	68.4	1 230.6

Table 2 Sources of change in the redistribution between 2008-09 and 2009-10

Source of change	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Different relativities	613.3	56.6	-381.8	-309.7	52.2	-41.0	11.4	-0.9	0.0
Different population	-55.6	4.0	55.3	24.6	-19.2	-12.3	0.4	2.9	0.0
Different pool	371.7	280.3	228.2	98.6	114.2	45.9	25.2	66.5	1 230.6
Total change	929.4	340.8	- 98.3	- 186.5	147.2	- 7.4	37.0	68.4	1 230.6

Table 3 Shares of the 2008-09 GST and illustrative 2009-10 GST

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	%	%	%	%	%	%	%	%	%
Rebased 2008-09	28.9	22.6	19.3	8.7	9.2	3.9	2.0	5.4	100.0
Illustrative 2009-10	30.2	22.8	18.5	8.0	9.3	3.7	2.0	5.4	100.0
Difference	1.3	0.2	- 0.8	- 0.7	0.1	- 0.2	0.0	0.0	0.0

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