



4 March 2008

# **MEDIA RELEASE**

**Embargoed until 1.00 pm Tuesday 4 March 2008**

## **REPORT ON STATE REVENUE SHARING RELATIVITIES 2008 UPDATE**

The Commonwealth Grants Commission has released its advice to the State, Territory and Australian Governments on how GST and health care grants revenue (the pool) should be distributed among the States and Territories in 2008-09. (A copy of the report including the main reasons for the changes for each State and Territory is attached).

Under the Commission's recommended relativities for 2008-09, which are based on data for the five year period 2002-03 to 2006-07, Queensland and Western Australia would receive smaller shares of the pool, while New South Wales and Victoria would receive larger shares. South Australia's share would fall marginally and the Northern Territory's would rise marginally. Tasmania and the ACT's shares would be unchanged.

The Chairman of the Commission, Alan Morris said, "The process of 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 from the pool. This update reflects that process in operation. The strong growth in Western Australia and Queensland's ability to raise revenue on their own means that they receive a smaller share of the pool, while New South Wales and Victoria receive a higher share.

This year, for the first time since the introduction of the GST, Western Australia recorded the strongest fiscal capacity of all the States and Queensland joins Western Australia, New South Wales and Victoria in having an above average fiscal capacity. These two developments reflect the strong relative positions of their State economies".

The recommended relativities for 2008-09 for the first time incorporate revised data from the 2006 Census and new estimates of road length and use.

## BACKGROUND

**Table 1 Distribution of 2007-08 GST pool and illustrative 2008-09 GST pool**

Distribution	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Estimated 2007-08	14 860.2	11 373.0	10 222.8	4 840.7	4 627.3	1 843.3	954.0	2 273.0	50 994.2
Illustrative 2008-09	16 096.4	12 428.5	10 497.3	4 820.4	4 901.2	1 929.9	1 020.9	2 506.3	54 200.7
Increase	1 236.2	1 055.5	274.5	- 20.2	273.9	86.5	66.9	233.3	3 206.5

**Table 2 Sources of change in the redistribution between 2007-08 and 2008-09**

Source of change	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Different pool	952.3	735.3	621.0	285.2	290.0	114.2	60.4	148.3	3 206.5
Different population	-57.6	3.3	62.8	21.3	-21.9	-11.4	-1.7	5.2	0.0
Different relativities	341.5	316.9	-409.3	-326.7	5.8	-16.2	8.2	79.8	0.0
Total change	1 236.2	1 055.5	274.5	- 20.2	273.9	86.5	66.9	233.3	3 206.5

**Table 3 Shares of the 2007-08 and illustrative 2008-09 pool**

Distribution	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	%	%	%	%	%	%	%	%	%
Estimated 2007-08	29.1	22.3	20.0	9.5	9.1	3.6	1.9	4.5	100.0
Illustrative 2008-09	29.7	22.9	19.4	8.9	9.0	3.6	1.9	4.6	100.0

## CONTACT OFFICER

Mr John Spasojevic, Secretary of the Commission      02 6229 8814