Australian Government
Commonwealth Grants Commission

Queensland

This fact sheet provides a summary of the major causes of change in relative fiscal capacity since the 2019 Update, as well as an overview of circumstances that have affected expenditure and revenue.

Fiscal circumstances

Queensland has the fourth strongest fiscal capacity. Its above average expense requirement reflects above average shares of Indigenous people and people living in regional and remote areas, and above average natural disaster relief expenses.

Queensland also has below average revenue raising capacity due to below average values of property sales, taxable land and taxable payrolls.

Those effects on Queensland's fiscal capacity are partly offset by its above average mining production and an above average share of Commonwealth payments.

Illustrative GST, Queensland, 2020-21

	$m	$pc
Equal per capita share	13,597	2,598
Effect of assessed:		
Expenses	1,295	247
Investment	15	3
Net borrowing	-14	-3
Revenue	276	53
Commonwealth payments	-882	-169
Illustrative GST	**14,286**	**2,730**

Note: Table may not add due to rounding. For expenses and investment, a negative sign indicates below average costs, which reduces a State's GST requirement. For net borrowing, revenue and Commonwealth payments, a negative sign indicates above average revenue raising capacity, which also reduces a State's GST requirement.

Key reasons why fiscal capacities differ between States

- The uneven distribution of mining activity and production due to underlying differences in distribution of mineral reserves across Australia.
- Differences in the spatial distribution (or dispersion) of their populations.
  - States with a greater than average share of population in less accessible regions face higher than average service delivery and infrastructure costs.
  - States with large, densely populated cities face higher than average urban public transport costs.
- Variation in the value of property sales. States with higher property values and volume of turnover have a greater capacity to raise revenue from taxes imposed on the transfer of property.
- Differences in the number of Indigenous people in their populations. States with a greater than average share of Indigenous people in the population face higher than average service delivery costs.

Change in fiscal capacity

Queensland's fiscal capacity has strengthened due to an increase in its capacity to raise coal royalties, lower assessed costs of providing urban public transport services and a greater share of Commonwealth payments. These changes were partly offset by revisions to State natural disaster relief expenses, an increase in assessed rural road investment, and changes to the scope of the stamp duty assessment.

Compared with 2019-20, Queensland's GST share will fall slightly from 21.2% to 21.1%. Combined with pool growth, its GST entitlement in 2020-21 will rise by $418 million, or 3.0%.

Change in illustrative GST distribution since the 2019 Update, Queensland

	$m	$pc
New population	18	3
Growth in GST available	467	89
Changes in relative fiscal capacity	-67	-13
Method changes	139	27
Data revisions	271	52
State circumstances	-477	-91
Total change	**418**	**80**

Note: Table may not add due to rounding.

Since the 2019 Update, there have been changes in some of the assessment methods used by the Commission, revisions to some of the data used in the assessments, and changes in economic and demographic circumstances.

Main changes for Queensland, 2020 Review

Method changes

−$340m — **Transport.** A revised assessment that better captures the influences of population density and other characteristics on urban public transport expenses has reduced Queensland's GST share.

$287m — **Investment.** An increase in Queensland's assessed investment needs for rural roads has increased its GST share.

$165m — **Stamp duty on conveyances.** Changes to the scope of property transfers included in the category has increased Queensland's GST share.

Data revisions

$342m — **Natural disaster relief.** Including State-funded local government natural disaster relief expenses has increased Queensland's GST share in 2020-21, offsetting a similar reduction in 2019-20.

Changes in State circumstances between 2015-16 and 2018-19

−$485m — **Mining production.** Growth in the value of coal production increased Queensland's relative revenue raising capacity, reducing its GST share.

−$164m — **Commonwealth payments.** Queensland's share of payments was greater in 2018-19 than in 2015-16, mainly due to higher shares of payments for health and schools, partially offset by its lower share of payments for rail infrastructure. Overall, this reduced Queensland's GST share.

$139m — **Taxable land values.** Below average growth in taxable land values reduced Queensland's revenue raising capacity and increased its GST share.

For more information about these changes, see Volume 1 of the 2020 Review final report.