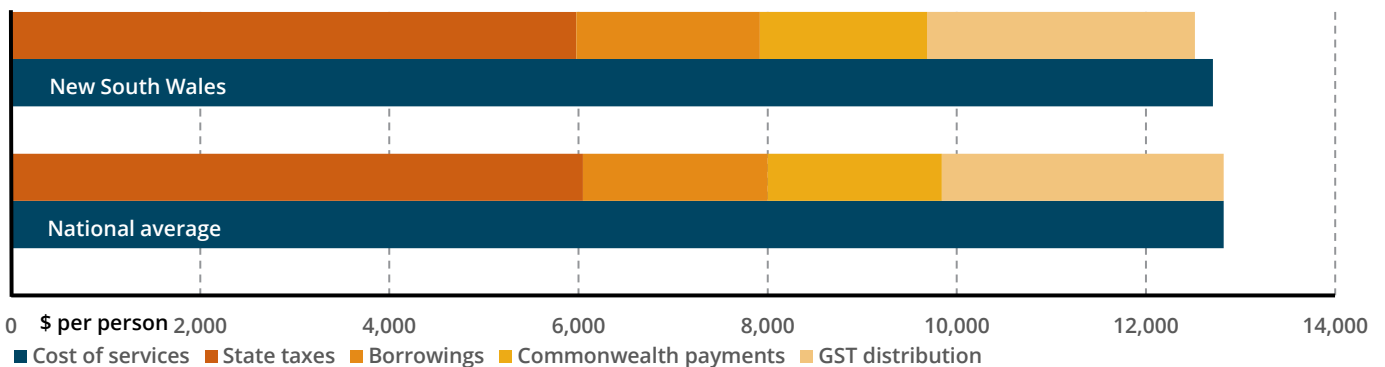




New South Wales

New South Wales is estimated to receive \$23,218 million in GST in 2022-23. This would be an increase of \$1,111 million compared to 2021-22. The change reflects its share of the growth in the GST pool. It also reflects the application of the 0.7 GST relativity floor, which increases Western Australia's GST and reduces the GST distribution to all other states.

GST distribution in 2022-23



Key factors that affected New South Wales' GST share in 2022-23 compared to 2021-22



+\$644 million

Strong growth in Western Australia's mining production reduced New South Wales' relative revenue raising capacity



+\$173 million

Total urban transport investment increased faster than growth in the GST pool, increasing the GST share of New South Wales as it has above average need for urban transport investment



+\$103 million

Wage growth in New South Wales was faster than the national average, which increased the relative costs of providing services



-\$72 million

Above average growth in property sales increased New South Wales' relative revenue raising capacity

How New South Wales compared to other states and territories

New South Wales' capacity to raise revenue from its own taxes is similar to the national average. For example:



New South Wales can raise \$162 per person from mining royalties, well below the national average of \$676



New South Wales can raise \$1,205 per person from taxes on property sales, above the national average of \$907

The characteristics of the people living in New South Wales means that the costs of providing government services is similar to the national average. For example:



5.8% of the New South Wales population lives in outer regional and remote areas where service costs are higher, compared to the national average of 9.9%



Sydney's population density is 7,116 persons per square km compared to the national average urban population density of 1,120, which raises the cost of providing urban transport

With around average costs of providing services, and around average revenue raising capacity, New South Wales receives a per person GST allocation around the national average.

How the GST is distributed

The Commonwealth Grants Commission provides independent advice to the Commonwealth government on how GST revenue should be distributed to ensure each state has a similar capacity to provide services. The amount of revenue each state can raise differs because it depends on things like the value of mining production, property transactions and taxable payrolls. The cost of providing services varies too, based on things like a state's size, its geography, where its residents live and their age, health and wealth.

Changes to the GST distribution in 2022-23 reflect the 2018 GST legislated arrangements. These include implementation of a GST relativity floor below which no state's GST revenue sharing relativity can fall and Commonwealth top ups to the GST pool. The Commonwealth also makes separate transitional no worse off payments to the states.

For further information see <https://www.cgc.gov.au/reports-for-government/2022-update>