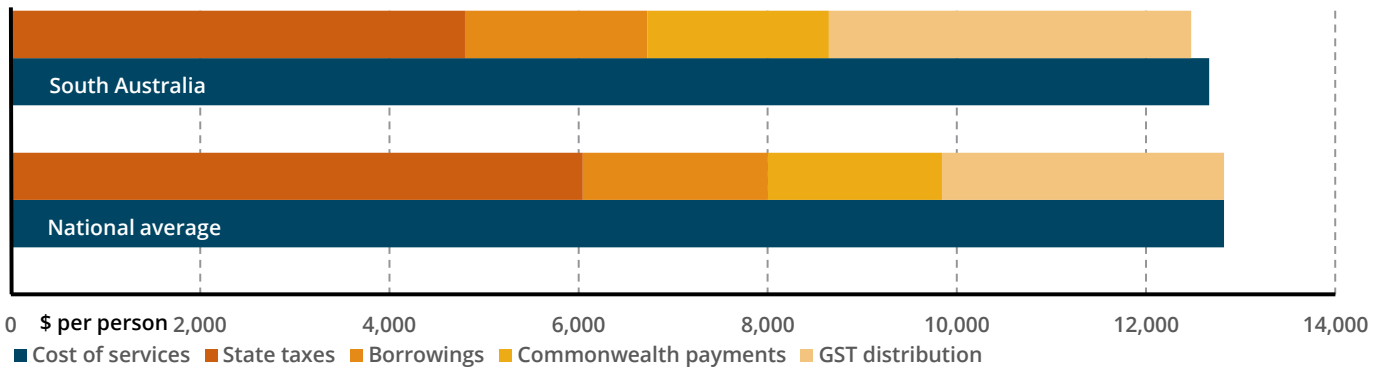




South Australia

South Australia is estimated to receive \$6,865 million in GST in 2022-23. This would be an increase of \$80 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 South Australia's GST share in 2022-23 compared to 2021-22


+\$123 million

South Australia's population growth slowed less than the national average, increasing its need for investment relative to other states


+\$35 million

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


-\$71 million

Total urban transport investment increased faster than growth in the GST pool, reducing the GST share of South Australia as it has below average need for urban transport investment


-\$70 million

Above average growth in taxable payrolls increased South Australia's relative revenue raising capacity and reduced its GST share

How South Australia compared to other states and territories

South Australia's capacity to raise revenue from its own taxes is lower than the national average. For example:



South Australia can raise \$223 per person from mining royalties, well below the national average of \$676



South Australia can raise \$520 per person in tax from property sales, well below the national average of \$907

The characteristics of the people living in South Australia mean that the cost of providing government services is higher than the national average. For example:



Service use and costs are higher for those living in economic disadvantage.

South Australia has a relatively disadvantaged population with 26% in the bottom 20% of relative economic advantage



The wages that people receive in South Australia are 4.6% lower than the national average, which makes services relatively cheaper to deliver

Overall, with below average capacity to raise revenue, and higher costs of delivering services, South Australia receives a per person GST allocation above 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>