



## Australian Capital Territory

This fact sheet provides an overview of the major causes of change in relativities and the distribution of the GST pool since the 2021 Update.

### Recommended GST relativities and GST distribution

The ACT's recommended GST relativity will decrease to 1.09250 in 2022-23, resulting in it receiving an estimated GST pool distribution of \$1,421 million.

Under the 2018 legislated arrangements, 2022-23 is the second year in a 6-year transition away from distributing the GST pool based on assessed relativities. At the end of these 6 years, no state will have a per capita GST share lower than the fiscally stronger of New South Wales or Victoria.

GST relativities, shares and estimated GST distribution, 2021-22 and 2022-23  
(excludes no worse off payments)

	GST relativities		GST shares		GST distribution	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
			%	%	\$m	\$m
New South Wales	0.95617	0.95065	30.3	30.0	22,107	23,218
Victoria	0.92335	0.85861	23.8	22.2	17,411	17,167
Queensland	1.05918	1.03377	21.5	21.2	15,739	16,384
Western Australia	0.41967	0.70000	4.4	7.3	3,199	5,682
South Australia	1.34719	1.28411	9.3	8.9	6,785	6,865
Tasmania	1.96067	1.85360	4.1	3.9	3,024	3,035
Australian Capital Territory	1.16266	1.09250	2.0	1.8	1,426	1,421
Northern Territory	4.79985	4.86988	4.6	4.7	3,379	3,644
<b>Total</b>	<b>1.00000</b>	<b>1.00000</b>	<b>100.0</b>	<b>100.0</b>	<b>73,070</b>	<b>77,416</b>

Note: The estimated GST pool distribution for 2022-23 was calculated by applying 2022 Update relativities to estimated state populations (as of December 2022) and the estimated GST pool for 2022-23. It excludes no worse off payments that are part of a Commonwealth guarantee that no state will be worse off over the 6-year transition period.

Source: Commission calculation.

### Assessed relativities to GST relativities, 2022-23

	Assessed relativities	Standard state relativities	Blended relativities	GST relativities
New South Wales	1.01373	0.93448	0.98742	0.95065
Victoria	0.92170	0.84245	0.89538	0.85861
Queensland	1.09684	1.01758	1.07053	1.03377
Western Australia	0.15784	0.84245	0.38608	0.70000
South Australia	1.34715	1.26790	1.32087	1.28411
Tasmania	1.91658	1.83733	1.89037	1.85360
Australian Capital Territory	1.15556	1.07631	1.12927	1.09250
Northern Territory	4.93255	4.85329	4.90665	4.86988
<b>Total</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>

(a) Assessed relativities refer to the previous arrangements.

(b) Standard State relativities refer to the 2018 legislated arrangements (equalising to the stronger of New South Wales or Victoria). Victoria was fiscally stronger in each of the three assessment years.

(c) The blended capacities are 4/6th assessed relativities and 2/6th standard State relativities.

(d) An internal floor of 0.70 applies to GST relativities for 2022-23.

Source: Commission calculation.



## Change in assessed relativity

The ACT's share of the GST pool is estimated to decrease from 2.0% to 1.8%. Even with pool growth, but excluding no worse off payments, its estimated GST distribution in 2022–23 would decrease by \$5 million, or 0.4%. It is expected that the no worse off payments would result in the ACT receiving more revenue overall from the GST distribution arrangements in 2022–23 than it received in 2021–22.

The ACT's relative wage costs decreased and this along with above average growth in property sales reduced its GST share. These changes were partly offset by increased value of mining production, mainly in Western Australia, along with population growth slowing by less than the national average, increasing its relative need for new infrastructure. The combined effect of blended relativities and the GST floor would reduce the ACT's distribution by \$69 million. Across the transition period, this impact would be ameliorated by no worse off payments.

### Change in estimated GST distribution from 2021-22 to 2022-23, the ACT (excludes no worse off payments)

	\$m	\$pc
Change in population	-1	-2
Growth in GST pool	85	194
Changes in assessed needs		
Data revisions	-18	-41
State circumstances	-3	-7
Total	-21	-47
Blended relativities and GST floor (a)	-69	-157
<b>Total change</b>	<b>-5</b>	<b>-12</b>

Note: Table may not add due to rounding.

(a) This represents the difference between applying the GST relativities and assessed relativities to the GST pool. It is not the basis of the 'no worse off' calculation, which is a state's assessed relativities applied to the GST pool without the pool top-up.

Source: Commission calculation.

## Main changes for the ACT, 2022 Update

Changes in state circumstances between 2017-18 and 2020-21

-\$18m	<b>Wage costs.</b> Wage growth in the ACT was lower than the national average between 2017-18 and 2020-21, decreasing its GST share.
\$16m	<b>Mining production.</b> Growing value of mining production in other states reduced the ACT's relative revenue raising capacity and increased its GST share.
\$14m	<b>Population growth.</b> The ACT's population growth slowed less than the national average between 2017-18 and 2020-21. This increased the ACT's relative need for new infrastructure.
-\$13m	<b>Property sales.</b> Above average growth in property sales increased the ACT's relative revenue raising capacity and reduced its GST share.
\$11m	<b>Taxable payrolls.</b> Below average growth in taxable payrolls reduced the ACT's relative revenue raising capacity and increased its GST share.
-\$10m	<b>Administrative scale.</b> Expenses for administrative scale grew at a rate slower than the GST pool. This decreased the GST shares of states with high administrative scale needs, including the ACT.
\$10m	<b>Commonwealth payments.</b> Below average growth of Commonwealth payments made to the ACT between 2017-18 and 2020-21 increased the ACT's GST needs.

Source: Commission calculation.

For more information about these changes, see the 2022 Update report.