



New South Wales

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

New South Wales' recommended GST relativity will slightly decrease in 2022-23, resulting in it receiving an estimated GST pool distribution of \$23,218 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
Total	1.00000	1.00000	100.0	100.0	73,070	77,416

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
Total	1.00000	1.00000	1.00000	1.00000

(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

New South Wales' share of the GST pool is estimated to fall slightly from 30.3% to 30.0%. Including pool growth, but excluding no worse off payments, its estimated GST distribution in 2022–23 would increase by \$1,111 million, or 5.0%.

New South Wales' assessed needs are higher than average for the first time. Major changes increasing its GST needs included an increase in the value of iron ore production in Western Australia, a national increase in investment in urban transport and a relative increase in its wage costs. The combined effect of blended relativities and the GST floor reduced New South Wales' distribution by \$1,298 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, New South Wales (excludes no worse off payments)

	\$m	\$pc
Change in population	-95	-12
Growth in GST pool	1,309	160
Changes in assessed needs		
Data revisions	135	16
State circumstances	1,061	129
Total	1,195	146
Blended relativities and GST floor (a)	-1,298	-158
Total change	1,111	136

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 New South Wales, 2022 Update

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

\$644m	Mining production. Growing value of mining production in other states has reduced New South Wales' relative revenue raising capacity and increased its GST share.
\$173m	Capital improvements. Total urban transport investment increased faster than growth in the GST pool. This increased the GST share of states with above average urban transport investment needs, including New South Wales.
\$103m	Wage costs. Wage growth in New South Wales was higher than the national average between 2017-18 and 2020-21, increasing its GST share.
\$99m	Cost of construction. The cost of construction grew more than the national average for New South Wales between 2017-18 and 2020-21, increasing its GST share.
-\$72m	Property sales. Above average growth in property sales increased New South Wales' relative revenue raising capacity and reduced its GST share.
\$68m	Commonwealth payments. New South Wales' share of payments, particularly for road and health infrastructure, was lower in 2020-21 compared to 2017-18. This increased its GST share.

Data revisions

\$76m	Taxable payrolls. Downward revisions to ABS Compensation of Employees data reduced New South Wales' relative revenue raising capacity and increased its GST share.
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Source: Commission calculation.

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