



Northern 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 Northern Territory's recommended GST relativity will increase to 4.86988 in 2022-23, resulting in it receiving an estimated GST pool distribution of \$3,644 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

The Northern Territory's share of the GST pool is estimated to increase from 4.6% to 4.7%. Combined with pool growth, but excluding no worse off payments, its estimated GST distribution would increase by \$265 million, or 7.2%.

The Northern Territory's estimated GST distribution increased due to growth in the GST pool, increased national spending on services used by Aboriginal and Torres Strait Islander people, and below average growth in taxable payrolls. The increase was partly offset by a decrease in relative wage costs and slower growth in national spending in remote areas relative to regional areas or major cities. The combined effect of blended relativities and the GST floor would reduce the Northern Territory's distribution by \$35 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, Northern Territory (excludes no worse off payments)

	\$m	\$pc
Change in population	6	24
Growth in GST pool	201	802
Changes in assessed needs		
Data revisions	50	198
State circumstances	42	168
Total	92	366
Blended relativities and GST floor (a)	-35	-138
Total change	265	1,055

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 payments 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 Northern Territory, 2022 Update

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

\$60m	Indigenous status. Increased spending nationally on services to communities and health for Indigenous people, relative to non-Indigenous people, increased the GST share of states with above average needs for these services, including the Northern Territory.
\$30m	Taxable payrolls. Below average growth in taxable payrolls reduced the Northern Territory's relative revenue raising capacity and increased its GST share.
-\$27m	Wage costs. Wage growth in the Northern Territory was lower than the national average between 2017-18 and 2020-21, decreasing its GST share.
-\$19m	Population dispersion. Estimated national spending on family and child services decreased in remote areas, while growing in non-remote areas. This decreased the GST share of states with relatively large remote populations, including the Northern Territory.
\$17m	Population growth. The Northern Territory's population growth rate was faster in 2020-21 than in 2017-18, despite a significant slowing of national population growth. This increased the Northern Territory's assessed need for new infrastructure.
\$16m	Mining production. Growing value of mining production in other states reduced the Northern Territory's relative revenue raising capacity and increased its GST share.

Data revisions

\$38m	Indigenous status. An upward revision of national spending on health services for Indigenous people, relative to non-Indigenous people, increased the Northern Territory's GST share.
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Source: Commission calculation.

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