### Victoria

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

Victoria’s recommended GST relativity will decrease to 0.85861 in 2022-23, resulting in it receiving an estimated GST pool distribution of $17,167 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

In the 2022 Update, Victoria was assessed as the standard state under the 2018 legislated arrangements. Victoria’s share of the GST pool is estimated to decrease from 23.8% to 22.2%. With pool growth, but excluding no worse off payments, its estimated GST distribution in 2022–23 would decrease by $244 million, or 1.4%. It is expected that no worse off payments will result in Victoria receiving more revenue overall from the GST distribution arrangements in 2022–23 than it received in 2021–22.

From 2019–20 to 2020–21, Victoria’s population grew at a much slower rate (-0.04%) than from 2016–17 to 2017–18 (2.28%). With 2020–21 replacing 2017–18 in this update, the relative decline in Victoria’s population growth reduced its share of needs for new infrastructure while increasing its net borrowing needs. This was partly offset by below average growth in the value of property sales and a fall in its relative capacity to raise mining revenue. The combined effect of blended relativities and the GST floor would reduce Victoria’s distribution by $1,063 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, Victoria

(excludes no worse off payments)

|  |  |  |
| --- | --- | --- |
|  | $m | $pc |
| Change in population | -10 | -2 |
| Growth in GST pool | 1,035 | 154 |
| Changes in assessed needs |  |  |
| Data revisions | 46 | 7 |
| State circumstances | -251 | -37 |
| Total | -206 | -31 |
| Blended relativities and GST floor (a) | -1,063 | -159 |
| Total change | -244 | -36 |

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.

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Main changes for Victoria, 2022 Update



Source: Commission calculation.

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