



Western Australia

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

Western Australia's recommended GST relativity will increase to 0.70000 in 2022-23, resulting in it receiving an estimated GST pool distribution of \$5,682 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. For this reason, Western Australia's standard State relativity is equal to that of Victoria.
- (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

Western Australia's share of the GST pool is estimated to increase from 4.4% to 7.3%. Combined with pool growth, its estimated GST distribution in 2022–23 would increase by \$2,483 million, or 77.6%.

Western Australia's assessed needs decreased due to significant growth in the value of its iron ore production. The decrease was partly offset by increases in relative wage costs and population growth. Nonetheless, its estimated GST distribution increased by \$3,667 million due to the combined effects of blended relativities and the GST floor. These have replaced previous Commonwealth general revenue assistance for Western Australia that was previously provided from outside the GST pool.

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

	\$m	\$pc
Change in population	12	4
Growth in GST pool	191	70
Changes in assessed needs		
Data revisions	-11	-4
State circumstances	-1,376	-505
Total	-1,387	-509
Blended relativities and GST floor (a)	3,667	1,347
Total change	2,483	912

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 Western Australia, 2022 Update

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

-\$1941m	Mining production. Western Australia experienced the fastest growth in the value of mining production, increasing its relative revenue raising capacity and reducing its GST share.
\$321m	Wage costs. Wage growth in Western Australia was higher than the national average between 2017-18 and 2020-21, increasing its GST share.
\$289m	Population growth. Western Australia's population growth rate was faster in 2020-21 than in 2017-18, despite a significant slowing of national population growth. This increased Western Australia's assessed need for new infrastructure.
-\$130m	Property sales. Above average growth in property sales increased Western Australia's relative revenue raising capacity and reduced its GST share.
\$123m	Economic Environment. Growth in the national level of spending on mining regulation increased the GST shares of states with high needs associated with enforcing these regulations, particularly Western Australia.
\$73m	Taxable land values. Below average growth in taxable land values decreased Western Australia's relative revenue raising capacity and increased its GST share.
-\$58m	Capital improvements. Total urban transport investment increased faster than growth in the GST pool. This decreased the GST share of states with below average urban transport investment needs, including Western Australia.

Source: Commission calculation.

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