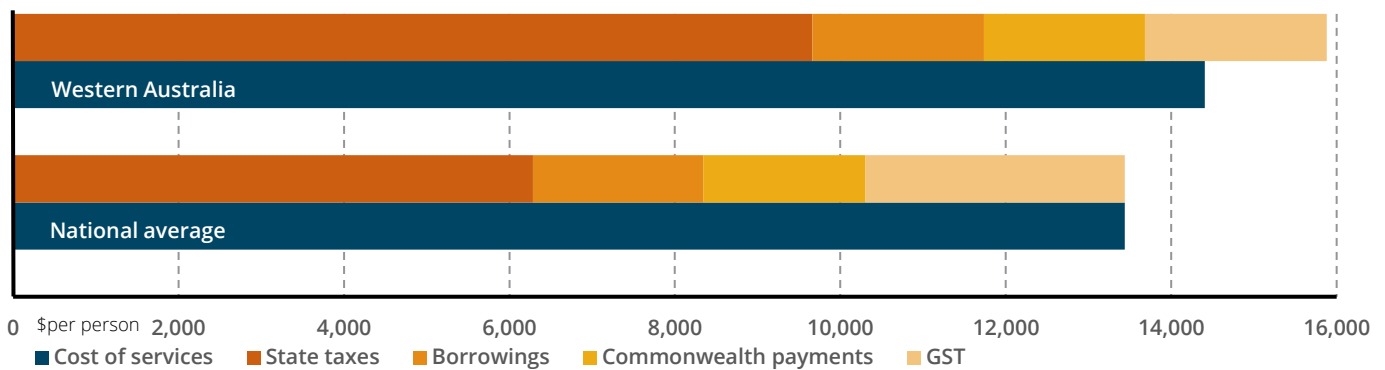




Western Australia

Western Australia is estimated to receive \$6,482 million in GST in 2023-24. This would be an increase of \$254 million compared to 2022-23. The change reflects Western Australia's assessed needs for GST and its share of the growth in the GST pool. It also reflects the application of the 0.7 GST relativity floor, which increases the GST distributed to Western Australia's and reduces the GST distribution to all other states.

GST distribution in 2023-24

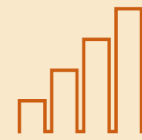


Key factors that affected Western Australia's GST needs in 2023-24 compared with 2022-23



-\$1,047 million

The growing value of mining production in Western Australia increased its relative revenue raising capacity.



+\$234 million

Western Australia's population growth was higher than the national average, increasing its assessed GST needs for investment relative to other states.



-\$182 million

An increasing share of Commonwealth payments for Western Australia decreased the state's assessed GST needs.



+\$690 million

An upward revision to Western Australia's population as a result of the 2021 census increased its assessed GST needs.

How Western Australia compared with other states and territories

Western Australia's capacity to raise revenue from its own taxes is higher than the national average. For example:



Western Australia has the highest capacity to raise revenue from mining royalties at \$4,426 per person, well above the national average of \$1,000.



Western Australia can raise \$1,444 per person from payroll tax, above the national average of \$1,057 per person.

The characteristics of the people living in Western Australia mean that the cost of providing government services is higher than the national average. For example:



The wages that people receive in Western Australia are 1.2% higher than the national average, which makes services relatively more expensive to deliver.



12.7% of Western Australia's population lives in outer regional and remote areas, where service costs are higher, compared to the national average of 10.1%.

Overall, the higher relative revenue raising capacity of Western Australia outweighs its higher relative cost of providing services. It therefore receives a per person GST allocation below the national average but equal to the floor of 0.70.

How the GST is distributed

The Commonwealth Grants Commission provides independent advice to the Commonwealth government on how GST should be distributed to ensure each state has a similar capacity to provide services. The amount of revenue each state can raise differs because it depends on things like the value of mining production, property transactions and taxable payrolls. The cost of providing services varies too, based on things like a state's size, its geography, where its residents live and their age, health and wealth.

Changes to the GST distribution in 2023-24 reflect the 2018 GST legislated arrangements. These include implementation of a GST relativity floor below which no state's GST revenue sharing relativity can fall and Commonwealth top ups to the GST pool. The Commonwealth also makes separate transitional no worse off payments to the states.

For further information see <https://www.cgc.gov.au/reports-for-government/2023-update>