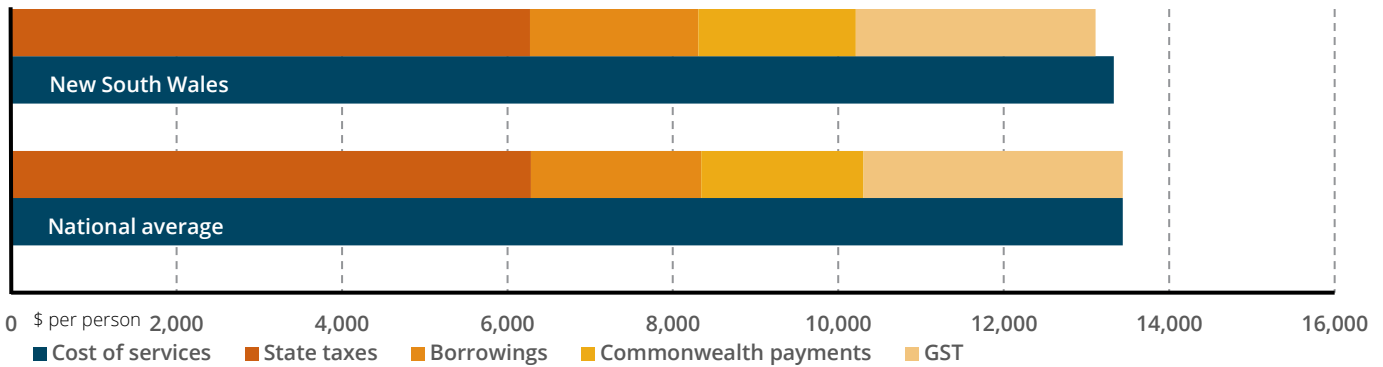




# New South Wales

New South Wales is estimated to receive \$24,870 million in GST in 2023-24. This would be an increase of \$152 million compared with 2022-23. The change reflects New South Wales' 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 and reduces the GST distributed to all other states.

## GST distribution in 2023-24



## Key factors that changed New South Wales' GST needs in 2023-24 compared with 2022-23



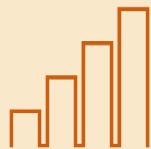
**-\$837 million**

New South Wales had above average growth in property sales which increased its relative revenue raising capacity.



**-\$547 million**

New South Wales' population in major urban areas was revised down as a result of the 2021 census. This reduced assessed GST needs for urban transport investment.



**+\$459 million**

National urban transport investment more than doubled between 2018-19 and 2021-22. This increased the assessed GST needs of states with above-average urban transport investment needs, especially New South Wales.



**+\$332 million**

Strong growth in Western Australia's mining production reduced New South Wales' relative revenue raising capacity.

## How New South Wales compared with other states and territories

New South Wales' capacity to raise revenue from its own taxes is similar to the national average. For example:



New South Wales can only raise \$523 per person from mining royalties, well below the national average of \$1,000.



New South Wales can raise \$1,813 per person from taxes on property sales, above the national average of \$1,367.

The characteristics of the people and services in New South Wales means that the costs of providing government services is below the national average. For example:



5.9% of New South Wales' population lives in outer regional and remote areas where service costs are higher, compared to the national average of 10.1%.



New South Wales needs less GST due to the lower cost of providing a similar level of government services to a larger population.

Overall, with below average cost of providing services and around average revenue raising capacity, New South Wales receives a per person GST payment less than the national average.

## 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>