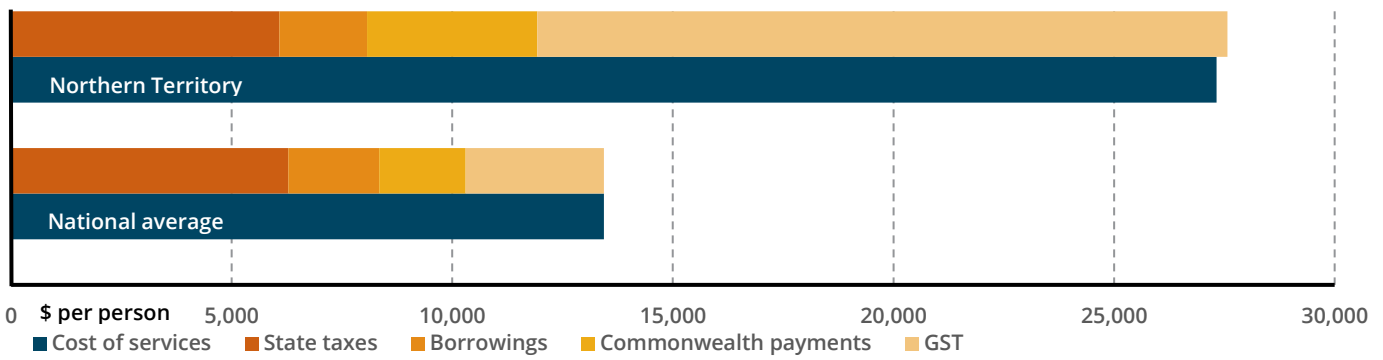




Northern Territory

The Northern Territory is estimated to receive \$4,219 million in GST in 2023-24. This would be an increase of \$255 million compared to 2022-23. The change reflects the Northern Territory'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 the Northern Territory's GST needs in 2023-24 compared with 2022-23



+\$55 million

Strong growth in other states mining production reduced the Northern Territory's relative revenue raising capacity.



+\$45 million

The Northern Territory's below average growth in property sales decreased its relative revenue raising capacity.



-\$44 million

National urban transport investment more than doubled between 2018-19 and 2021-22. This decreased the assessed GST needs of states with below-average urban transport investment needs, including the Northern Territory.



+\$44 million

Increased spending nationally on services used by First Nations people increased the Northern Territory's assessed GST needs, as it has the highest proportion of First Nations people in its population.

How the Northern Territory compared with other states and territories

The Northern Territory's capacity to raise revenue from its own taxes is below the national average. For example:



The Northern Territory can raise \$784 per person from taxes on property sales, below the national average of \$1,367.



The Northern Territory can raise \$805 per person from mining royalties, below the national average of \$1,000.

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



The Northern Territory's entire population lives in outer regional and remote areas, where service costs are higher, compared to the national average of 10.1%.



The Northern Territory has the highest proportion of First Nations people in its population at 32% compared to the national average of 3.4%.

Overall, with below average capacity to raise revenue, and higher costs of delivering services, the Northern Territory receives a per person GST payments above 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>