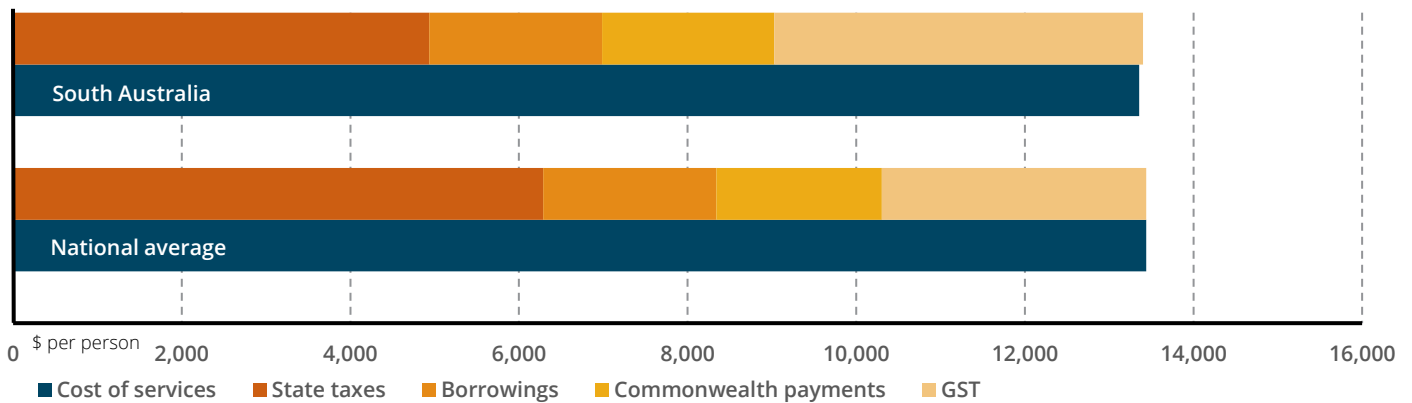




# South Australia

South Australia is estimated to receive \$8,420 million in GST in 2023-24. This would be an increase of \$943 million compared to 2022-23. The change reflects South 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 and reduces the GST distribution to all other states.

## GST distribution in 2023-24



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



**+\$216 million**

Downward revisions to the population of major urban areas in New South Wales and Victoria increased South Australia's assessed GST needs for urban transport investment relative to other states.



**+\$203 million**

Strong growth in other states mining production reduced South Australia's relative revenue raising capacity.



**+\$199 million**

Decreasing share of Commonwealth payments for South Australia increased the state's assessed GST needs.



**+\$191 million**

South Australia's below average growth in property sales decreased its relative revenue raising capacity.

## How South Australia compared with other states and territories

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



South Australia can only raise \$222 per person from mining royalties, well below the national average of \$1,000.



South Australia raises \$799 per person from taxes on property sales, well below the national average of \$1,367.

The characteristics of the people living in South Australia mean that the cost of providing government services is similar to the national average. For example:



Service use and costs are higher for those living in economic disadvantage. South Australia has a relatively more disadvantaged population with 24% in the bottom 20% of relative economic advantage.



The wages that people receive in South Australia are 3.1% lower than the national average, which makes services relatively cheaper to deliver.

Overall, the below average capacity to raise revenue in South Australia and the average cost of delivering services results in it receiving a per person GST distribution 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 2022-23 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>