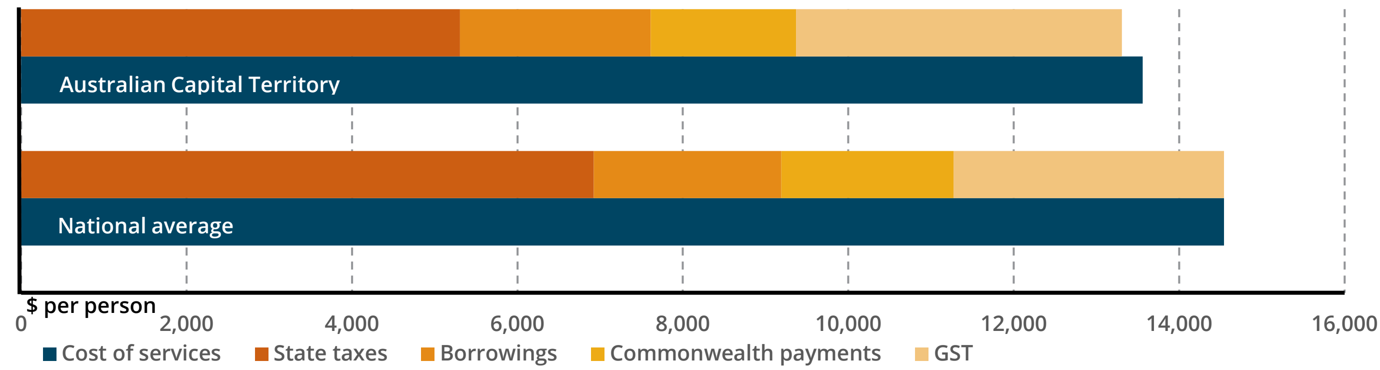
Australian Government
Commonwealth Grants Commission

Australian Capital Territory

The ACT is estimated to receive $1,889 million in GST in 2024–25. This would be an increase of $111 million compared with 2023–24. The change reflects the ACT's assessed needs for GST and its share of the growth in the GST pool. It also reflects the application of the 0.75 GST relativity floor, which increases the GST distributed to Western Australia and reduces the GST distribution to all other states.

GST distribution in 2024–25



Key factors that changed the ACT's GST needs in 2024–25 compared with 2023–24

+$89 million

Increased coal royalties resulted in higher revenue raising capacities for the main coal producing states. This reduced the ACT's relative revenue raising capacity.

-$35 million

The ACT's population growth rate was below the national average, decreasing its GST needs.

-$35 million

Below-average growth in the ACT's assessed wage costs reduced its relative service delivery costs and its GST needs.

-$40 million

Above-average growth in property sales increased the ACT's relative revenue raising capacity and reduced its GST needs.

How the ACT compared with other states and territories

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

The ACT cannot raise any revenue from mining royalties, compared with a national average of $1,379 per person.

The ACT can raise $239 per person from land tax, well below the national average of $556 per person.

The characteristics of the people living in the ACT mean that the costs of providing government services are lower than the national average. For example:

The ACT has no outer regional population compared with the national average of 8%, making it relatively less costly to provide services.

Service use and costs are higher for those living with economic disadvantage. The ACT's population is the least disadvantaged.

Overall, the below-average revenue raising capacity of the ACT outweighs its below-average cost of providing services. It therefore receives a per person GST distribution above the national average.

How the GST is distributed

The Commonwealth Grants Commission provides independent advice to the Australian Government on how GST should be distributed among the states. In doing this, the Commission takes account of states' different abilities to raise revenue and their different costs in providing 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 other socio-demographic characteristics, for example, age, health, income, and education.

Changes to the GST distribution in 2024–25 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/2024-update