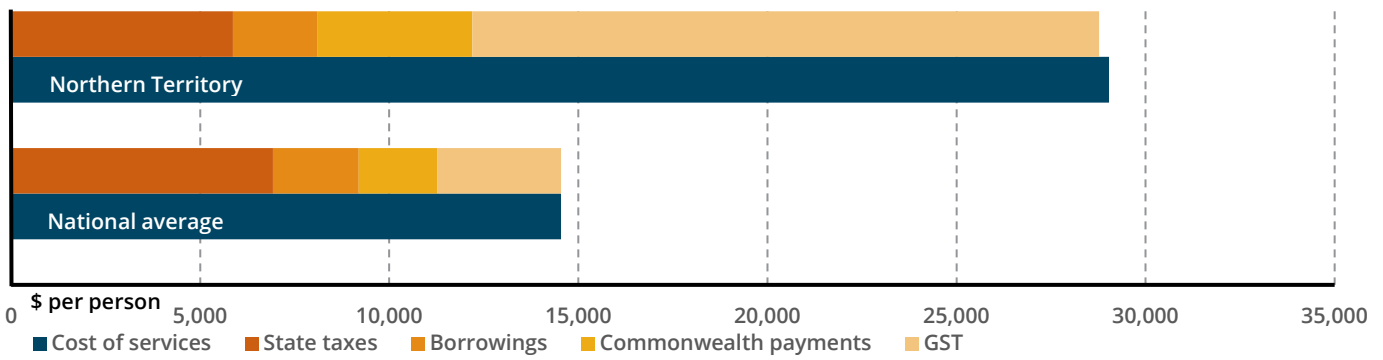




Northern Territory

The Northern Territory is estimated to receive \$4,257 million in GST in 2024-25. This would be an increase of \$256 million compared with 2023-24. 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 0.75 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 affected the Northern Territory's GST needs in 2024-25 compared with 2023-24



+\$93 million

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



+\$45 million

Above-average growth in the Northern Territory's assessed wage costs increased its relative service delivery costs and its GST needs.



-\$64 million

Relatively slow growth in national investment in health and rural roads, for which the Northern Territory has above-average needs, reduced its GST needs.



+\$71 million

2021 Census data indicated the Northern Territory's population is more dispersed and its non-indigenous population is relatively more disadvantaged than in the 2016 Census. These changes increased its GST needs.

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 \$484 per person from taxes on property sales, well below the national average of \$1,036 per person.



The Northern Territory can raise \$765 per person from mining royalties, well below the national average of \$1,379 per person.

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%.



The First Nations population of the Northern Territory is the highest nationally, comprising 30.9% of the state's population, compared to the national average of 3.9%.

Overall, with below-average capacity to raise revenue and above-average costs of delivering services, the Northern Territory 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>