



Northern Territory

This fact sheet provides an overview of the major causes of change in relativities and the distribution of the GST pool since the 2023 Update.

Recommended GST relativities and GST distribution

The Northern Territory’s recommended GST relativity will increase in 2024–25. It is estimated to receive \$4,257 million in GST payments. Its share of the GST pool is estimated to increase from 4.7% to 4.8%. Taking into account growth in the GST pool, the Northern Territory’s estimated GST distribution in 2024–25 would increase by \$256 million (\$995 per capita), or 6.4%.

Under the 2018 legislated arrangements, 2024–25 is the fourth year in a 6-year transition away from distributing the GST pool based on assessed relativities. At the end of the transition, no state will have a GST relativity lower than the fiscally stronger of New South Wales or Victoria.

GST relativities, shares and estimated GST distribution, 2023–24 and 2024–25 (excludes no worse off payments)

| | GST relativities | | GST shares | | GST distribution | | |
|------------------------------|------------------|----------------|--------------|--------------|------------------|---------------|--------------|
| | 2023–24 | 2024–25 | 2023–24 | 2024–25 | 2023–24 | 2024–25 | Difference |
| | | | % | % | \$m | \$m | \$m |
| New South Wales | 0.92350 | 0.86736 | 29.0 | 27.1 | 24,535 | 24,224 | -310 |
| Victoria | 0.85169 | 0.96502 | 21.9 | 24.8 | 18,541 | 22,227 | 3,686 |
| Queensland | 1.03118 | 0.95232 | 21.2 | 19.5 | 17,929 | 17,460 | -469 |
| Western Australia | 0.70000 | 0.75000 | 7.6 | 8.1 | 6,419 | 7,257 | 838 |
| South Australia | 1.39463 | 1.40312 | 9.7 | 9.7 | 8,214 | 8,671 | 457 |
| Tasmania | 1.79080 | 1.82832 | 3.8 | 3.9 | 3,257 | 3,476 | 219 |
| Australian Capital Territory | 1.19540 | 1.20419 | 2.1 | 2.1 | 1,778 | 1,889 | 111 |
| Northern Territory | 4.98725 | 5.06681 | 4.7 | 4.8 | 4,002 | 4,257 | 256 |
| Total | 1.00000 | 1.00000 | 100.0 | 100.0 | 84,675 | 89,462 | 4,787 |

Note: The estimated GST pool distribution for 2024–25 was calculated by applying 2024 Update relativities to estimated state populations (as of December 2023) and the estimated GST pool for 2024–25.

Source: Commission calculation.

Change in GST distribution

Change in estimated GST distribution from 2023–24 to 2024–25, Northern Territory

| | \$m | \$pc |
|------------------------------------|------------|------------|
| Change in population | -23 | -89 |
| Growth in GST pool | 225 | 876 |
| Changes in assessed GST needs | | |
| Revised populations from census | 50 | 193 |
| Other data revisions | 36 | 139 |
| State circumstances | -30 | -116 |
| Total | 56 | 216 |
| Blended relativities and GST floor | -2 | -8 |
| Total change | 256 | 995 |

Note: Table may not add due to rounding.

Source: Commission calculation.

Change in assessed needs

- The Northern Territory's assessed GST needs increased largely due to:
 - the increased capacity to raise mining revenue in coal producing states
 - the above average growth in assessed wage costs
 - revisions to disaggregated socio-demographic population data in the latest 2021 Census release
 - revisions to investment data.
- These increases were partly offset by strong growth in national urban transport investment and slow growth in investment in health and rural roads. There was also slow growth in national spending on First Nations people, and slow growth in administrative scale expenses.
- The Northern Territory's estimated GST distribution also increased due to expected growth in the GST pool.
- Compared with 2023/24, blended relativities and the GST floor resulted in a reduction (\$2 million) in the Northern Territory's GST distribution.

Northern Territory: Main changes in assessed GST needs, 2024 Update

| Changes in circumstances | | | |
|--------------------------|--------|------|---|
| Driver | Change | | Explanation |
| | \$m | \$pc | |
| Mining production | 93 | 362 | A large increase in coal prices and average coal royalty rates between 2019–20 and 2022–23 increased the revenue raising capacity of coal producing states. This reduced the Northern Territory's relative mining revenue capacity. |
| Capital improvements | -64 | -249 | Relatively slow growth in national investment in health and rural roads, for which the Northern Territory has above-average needs, reduced its assessed GST needs. Strong growth in national urban transport investment, for which the Northern Territory has a below-average requirement, also reduced its assessed GST needs. |
| Wage costs | 45 | 177 | Above-average growth in the Northern Territory's assessed wage costs increased its assessed service delivery costs. |
| Indigenous status | -31 | -120 | National spending per person on school and health services grew faster for non-Indigenous people than for First Nations people, reducing the Northern Territory's assessed GST needs. |
| Administrative scale | -30 | -118 | Assessed administrative scale expenses grew relatively slowly between 2019–20 and 2022–23, reducing their relative size. This reduced the assessed GST needs of states with high relative administrative scale expenses, including the Northern Territory. |

| Revisions | | | |
|---|--------|------|---|
| Driver | Change | | Explanation |
| | \$m | \$pc | |
| Census – new socio-demographic composition data | 71 | 276 | New 2021 Census data showed the Northern Territory's non-Indigenous population to be relatively more disadvantaged and its population more dispersed than in the 2016 Census. These changes increased the Northern Territory's assessed GST needs, especially for health and housing. |
| Capital improvements | 37 | 143 | Downward revisions to investment in urban transport (below-average needs) and upward revisions to health, justice and rural roads capital expenditure (above-average needs) increased assessed investment needs. |

Source: Commission calculation