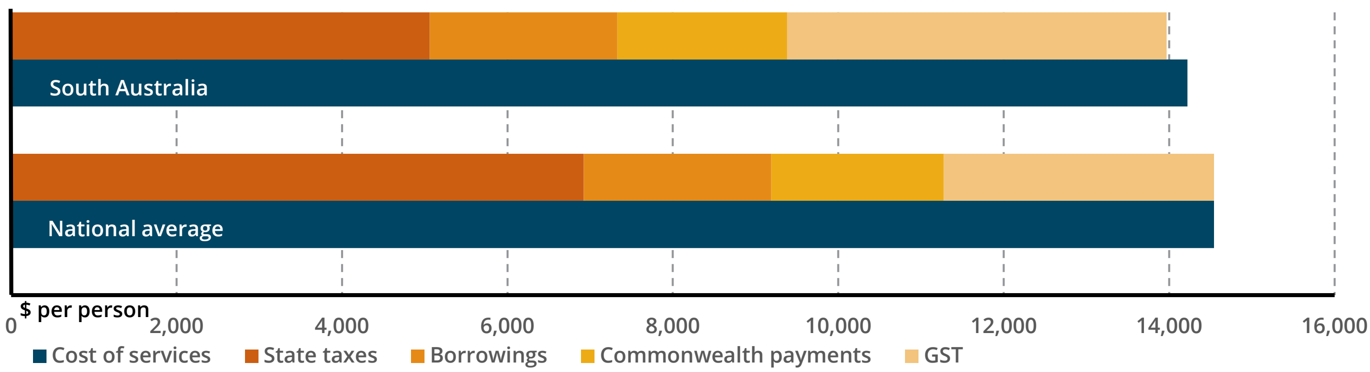
Australian Government
Commonwealth Grants Commission

South Australia

South Australia is estimated to receive $8,671 million in GST in 2024–25. This would be an increase of $457 million compared to 2023-24. 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 0.75 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 South Australia's GST needs in 2024–25 compared with 2023–24

-$167 million

2021 Census data showed a decrease in South Australia's urban population share and below-average growth in its urban population-weighted density compared to the 2016 Census. This reduced its GST needs for urban transport and associated investment.

+$388 million

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

-$106 million

2021 Census data indicated South Australia's non-Indigenous population is less disadvantaged than it was in the 2016 Census. This decreased its GST needs.

+$79 million

South Australia's below-average growth in taxable wages and salaries decreased its relative revenue raising capacity. This increased its GST needs.

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 raises $220 per person from mining royalties, well below the national average of $1,379 per person.

South Australia raises $686 per person from taxes on property sales, well below the national average of $1,036 per person.

The characteristics of the people living in South Australia mean that it has above-average costs of providing government services in some areas and below-average in others. Overall, its costs are similar to the national average. For example:

Service use and costs are higher for those living with economic disadvantage. South Australia's population is more disadvantaged than the national average.

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

Overall, the below-average capacity to raise revenue in South Australia and similar 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 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