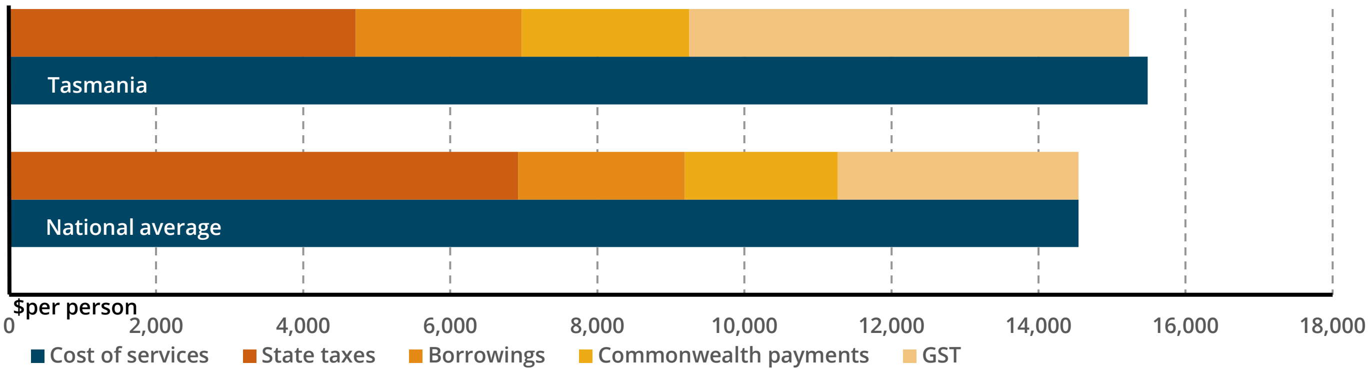
Australian Government
Commonwealth Grants Commission

Tasmania

Tasmania is estimated to receive $3,476 million in GST in 2024–25. This would be an increase of $219 million compared to 2023-24. The change reflects Tasmania'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 Tasmania's GST needs in 2024–25 compared with 2023–24

+$121 million

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

-$52 million

Strong growth in investment nationally, mainly in urban transport, reduced the investment needs of states with below-average needs for urban transport, including Tasmania.

-$62 million

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

-$36 million

An increased share of Commonwealth payments for Tasmania decreased its GST needs.

How Tasmania compared with other states and territories

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

Tasmania can only raise $157 per person from mining royalties, well below the national average of $1,379 per person.

Tasmania can raise $849 per person from payroll tax, below the national average of $1,283 per person.

The characteristics of the people living in Tasmania mean that the cost of providing government services is higher than the national average. For example:

Tasmania has a relatively dispersed population, with 38% living in outer regional and remote areas where service costs are higher, compared to the national average of 10%.

First Nations people make up 6% of Tasmania's population, compared with the national average of 3.9%.

Overall, with below-average capacity to raise revenue and above-average costs of delivering services, Tasmania 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