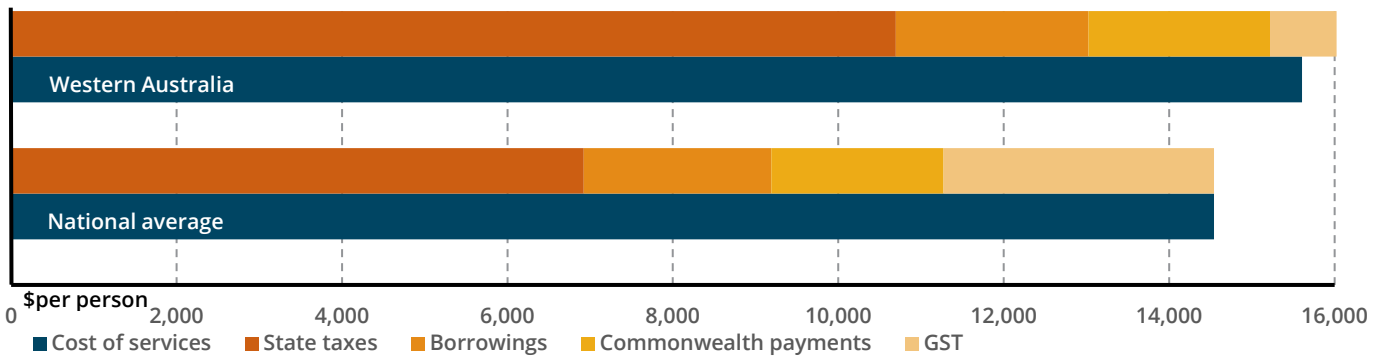




Western Australia

Western Australia is estimated to receive \$7,257 million in GST in 2024–25. This would be an increase of \$838 million compared to 2023–24. The change reflects the application of the GST relativity floor, which has increased from 0.70 in 2023–24 to 0.75 in 2024–25. It also reflects the growth in the GST pool.

GST distribution in 2024–25



Key factors that affected Western Australia’s assessed GST needs in 2024–25 compared with 2023–24



+\$608 million

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



-\$194 million

Above-average growth in property sales increased Western Australia’s relative revenue raising capacity and reduced its GST needs.



-\$151 million

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



-\$265 million

2021 Census data showed a decrease in Western 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.

How Western Australia compared with other states and territories

Western Australia's capacity to raise revenue from its own taxes is higher than the national average. For example:



Western Australia has the highest capacity to raise revenue from mining royalties at \$4,424 per person, well above the national average of \$1,379 per person.



Western Australia can raise \$1,695 per person from payroll tax, above the national average of \$1,283 per person.

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



The wages that people receive are 3.2% higher than the national average, which makes it relatively more expensive to deliver services in Western Australia.



12.6% of Western Australia's population lives in outer regional and remote areas, where service costs are higher, compared to the national average of 10%.

Overall, the above-average revenue raising capacity of Western Australia outweighs its above-average cost of providing services. Western Australia receives a per person GST distribution below the national average, equal to the floor of 0.75.

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>