



Media Release | 14 March 2025

GST Relativities 2025–26

Today, the Commonwealth Grants Commission released its recommendations for the distribution of GST revenue to the states and territories (states) in 2025–26. Available here: bit.ly/3XwEWVz.

Based on the Commission’s recommendations, all states except Queensland are expected to receive more GST than in 2024–25.

Mr Mike Callaghan AM PSM, Chair of the Commission, said: *“For more than 90 years, the Commission has provided independent advice to the Australian Government on how financial assistance should be distributed among the states. With the GST pool estimated to increase from \$91 billion in 2024–25 to around \$95 billion in 2025–26, this is an important source of revenue for the states. In preparing its recommendations, the Commission has applied the GST distribution legislation and terms of reference issued by the Commonwealth Treasurer, both of which are underpinned by the goal of providing all states with the fiscal capacity to provide a broadly comparable standard of services to their residents. The Commission’s overall approach is designed so that the GST distribution is not influenced by states’ individual policy decisions.”*

Based on the Commission’s recommendations, Victoria’s GST distribution is expected to increase by \$3.7 billion from last year to \$26.1 billion. The absence of a significant coal industry in Victoria resulted in it having a lower capacity to raise mining royalties compared with the major coal-producing states. A rebound in population growth in Melbourne following the COVID-19 pandemic also increased Victoria’s relative need for infrastructure spending. Additionally, changes to the assessment of state COVID-19 expenses increased Victoria’s expected GST distribution given its expenses in these areas were above the average of all states.

Queensland’s GST distribution is expected to fall by \$1.2 billion compared with 2024–25 to \$16.6 billion. This is primarily due to significant growth in its capacity to earn coal royalties, both from higher coal prices and from an increase in the average national coal royalty rate. Queensland has the largest share of production of high value coal. Changes to the assessment of state COVID-19 expenses also reduced Queensland’s expected GST distribution given its below-average expenses in this area.

Western Australia continues to benefit from the 2018 legislative changes to the GST distribution arrangements, which introduced a GST relativity floor of 0.75. Western Australia is estimated to receive almost \$6 billion more in GST payments in 2025–26 than it would have received under the previous arrangements. All other states will continue to receive no worse off payments. See Attachment A for a table that shows estimated GST distribution plus estimated no worse off payments.

Change in GST distribution by state 2024–25 to 2025–26

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
GST distribution (\$ million)									
2024–25	24,540	22,491	17,751	7,435	8,753	3,484	1,899	4,279	90,631
2025–26	25,482	26,147	16,562	7,830	9,032	3,635	1,934	4,527	95,150
Change	942	3,657	-1,189	395	279	151	35	248	4,519
GST distribution (\$ per person)									
2024–25	2,832	3,137	3,098	2,434	4,599	6,030	3,933	16,639	3,255
2025–26	2,940	3,647	2,890	2,563	4,746	6,290	4,006	17,605	3,418
Change	109	510	-208	129	147	261	73	966	162

Note: No worse off payments are not included in these figures.



Mr Callaghan said: “It is usual for each state’s GST distribution to vary from year to year. This is because the Commission’s recommendations take account of changes in states’ economic and socio-demographic circumstances over the assessment period. The GST distribution is also impacted by changes in state populations and growth in the size of the GST pool. This year, there are also the effects of changes to the Commission’s assessment methods from the 2025 Methodology Review.”

2025 Methodology Review

A methodology review occurs approximately every 5 years at the direction of the Commonwealth Treasurer and provides an opportunity for the Commission to review its methods and overall approach to calculating the recommended GST distribution in consultation with states. The Commission’s recommended GST distribution for 2025–26 reflect method changes made in the 2025 Methodology Review.

Additional publications

Alongside the GST relativities for 2025–26, the Commission has also released:

- [Review Outcomes](#) – the Commission’s final position on the issues considered throughout the consultation process for the 2025 Methodology Review.
- [Commission’s Assessment Methodology](#) – a detailed description of the Commission’s framework and assessment methods, including changes made as part of the 2025 Methodology Review.
- [GST Relativities 2025–26: Overview](#) – a summary of factors influencing the recommended GST distribution in 2025–26.
- [State Snapshots](#) – the key factors affecting the recommended GST distribution for each state in 2025–26.

Further information on the Commission’s recommended GST distribution for 2025–26 is available on the Commission’s website www.cgc.gov.au.

Contact us

Enquiries regarding the recommended GST distribution for 2025–26, including to arrange a call with the Commission Chair (Mike Callaghan) or the Commission Secretary (Jonathan Rollings), should be made here: cgc.gov.au/media.

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About the Commonwealth Grants Commission

The Commonwealth Grants Commission is an independent statutory agency established under the *Commonwealth Grants Commission Act 1933*. The Commission’s role is to provide independent advice to the Australian Government on the distribution of GST revenue to the states and territories (states) in accordance with legislation and terms of reference.

Underpinning these arrangements is the principle of horizontal fiscal equalisation, which seeks to provide states with the fiscal capacity to provide comparable standards of services to all Australians.

In 2018, a new method of distributing GST revenue among the states was legislated. This included benchmarking the GST distribution to the fiscally stronger of New South Wales or Victoria (the standard state) and introducing a GST floor (0.75), as well as Australian Government top-ups to the GST pool.



Attachment A

Estimated change by state 2024–25 to 2025–26: GST distribution plus no worse off payments.

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2024–25									
Total GST distribution	24,540	22,491	17,751	7,435	8,753	3,484	1,899	4,279	90,631
No worse off payments	1,879	1,551	1,228	0	404	120	103	43	5,328
Total	26,419	24,042	18,979	7,435	9,157	3,604	2,002	4,322	95,959
2025–26									
Total GST distribution	25,482	26,147	16,562	7,830	9,032	3,635	1,934	4,527	95,150
No worse off payments	2,234	1,841	47	0	486	146	124	61	4,938
Total	27,716	27,988	16,608	7,830	9,518	3,781	2,058	4,588	100,088
Difference									
GST distribution	942	3,657	-1,189	395	279	151	35	248	4,519
No worse off payments	355	290	-1,181	0	81	26	21	18	-391
Total (\$ m)	1,297	3,946	-2,371	395	361	177	56	267	4,128
Total (\$ per person)	150	550	-414	129	190	306	116	1,037	148

Note: No worse off payments compensate states for decreases in GST distribution from the implementation of the 2018 GST distribution legislation.