



## Media Release | 15 September 2025

### Occasional Paper #12 GST Distribution: Addressing Some Misconceptions

Today, the Commonwealth Grants Commission released an occasional paper responding to some common misconceptions about the GST distribution. Available here: [bit.ly/463U8hG](https://bit.ly/463U8hG).

Mr Mike Callaghan AM PSM, Chair of the Commission, said: “When the Commission’s recommendations on state and territory (state) GST shares are released each year, several misconceptions about the distribution of the GST pool often appear in public commentary. Correcting such misconceptions is part the role of the Commission in improving public understanding of the GST distribution system”.

The occasional paper corrects some of the common misconceptions around the basis for determining the distribution of the GST revenue and the ability to accurately forecast future years’ distributions.

Mr Callaghan said “The system agreed to by all governments is not about giving every state an equal per person share of GST revenue, nor the amount of GST collected in each state. Instead, it’s designed to equalise the fiscal capacities of the states to provide a broadly comparable standard of services to its residents, regardless of differences in revenue-raising capacity or service delivery costs beyond state control.

While not an exact science, the GST distribution is not arbitrary, nor does it reward poor fiscal policy. The Commission undertakes rigorous annual assessments supported by careful judgements in making its recommendations to government.

The GST revenue pool in any year is a fixed amount, therefore any increase in the share of GST revenue for some states means a decrease in the share for other states. To maintain confidence in the process, the Commission seeks to be as transparent as possible. It consults closely with states and other stakeholders, explaining the reasons for its decisions, particularly how its recommendations relate to the objective of horizontal fiscal equalisation.”

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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.