Australian Government
Commonwealth Grants Commission

Guide to the 2026–27 GST Distribution

Every year the Commonwealth Grants Commission, which is an independent body, provides recommendations for the distribution of the GST revenue pool among the states and territories (states) to the Australian Government.

This guide contains information on the Commonwealth Grants Commission's recommendations for the 2026–27 GST distribution.

Key points

- In 2026–27, all states will receive a share of the estimated $103 billion GST pool to spend on their priorities.
- Each state is estimated to receive more GST in 2026–27 than it received in 2025–26, largely due to the forecast growth in GST revenue.
- Queensland is estimated to receive the largest increase in GST distribution ($1.7 billion) and the Northern Territory the largest increase in per person terms ($1,446 per capita).
- Western Australia continues to be the fiscally strongest state. It will receive the same per person share of GST revenue as New South Wales, as required by the 2018 GST distribution legislation. This equates to around $6.6 billion more in 2026–27 than under the pre-2018 arrangements.
- In 2026–27, all states, except Western Australia, are estimated to receive a payment from the Commonwealth outside of the GST pool, so that they are not worse off than under the pre-2018 arrangements.
- In 2026–27, the total cost to the Commonwealth of the 2018 legislative changes is estimated to be $6.6 billion. This comprises $5.5 billion in no worse off payments and $1.1 billion in GST pool top-up payments.

Table 1 2025–26 and 2026–27 estimated GST payments to the states

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
2025-26									
GST distribution	25,807	26,373	16,758	7,990	9,206	3,682	1,985	4,753	96,554
2026-27									
GST distribution	26,123	27,867	18,438	9,337	9,548	3,968	2,095	5,142	102,518
Difference	**316**	**1,494**	**1,680**	**1,347**	**342**	**286**	**110**	**389**	**5,964**
Difference ($pc)	**36**	**207**	**290**	**431**	**178**	**496**	**222**	**1,446**	**212**

Note: Estimates are subject to changes in the GST pool and populations. Payments to states exclude payments made under the no worse off guarantee.

Why have GST distributions changed?

Each state has different economic, social and geographic circumstances that impact on its ability to raise revenue and on the costs of providing services. The GST distribution factors in these differences and is designed to allow all states to provide broadly the same standard of government services.

The GST pool is a fixed amount each year meaning for a state to receive more GST, one or more states must necessarily receive less. Each state's GST distribution is therefore affected by its own circumstances and those of all other states. For each area of state revenue (e.g. mining) and spending (e.g. health) the Commission assesses, if there is a change to the amount of GST going to one or more states, there must be a corresponding but opposite change for the other states.

Changes in how much GST each state receives are driven by growth in the GST pool, changes in state populations and changes in state circumstances, expressed through GST relativities.[1]

In 2026–27, the GST distribution is based on data from 2022–23 to 2024–25. Events that have occurred since then will be reflected in future updates. The main factors driving changes in state circumstances in the 2026 Update are as follows:

- The value of mining production, particularly for iron ore and coal, has declined. This has reduced the amount of revenue the main mining states (Queensland and Western Australia) can raise in royalties. This means these states need more GST than before, and consequently the other states receive less.
- The large spike in spending on COVID-19 health and business support in 2021–22 has dropped out of the 3-year assessment period used to estimate the GST distribution. Some states (New South Wales, Victoria and the ACT) had above-average spending on COVID-19. This means these states need less GST than before, and therefore the other states receive more.
- The relative strength of property markets has differed among the states. This affects how much states can raise in stamp duty and land tax, affecting their need for GST.

State-by-state changes

New South Wales is estimated to receive $26.1 billion in GST payments. Its share of the GST has decreased because it:

- had a relatively large spend on COVID-19 health and business support, which is no longer in the assessment period
- had above-average growth in land values, so it could raise more land tax revenue relative to other states
- spent less on natural disaster relief than it had previously estimated.

Victoria is estimated to receive $27.9 billion in GST payments. Its share of the GST has decreased because:

- it had a relatively large spend on COVID-19 health and business support, which is no longer in the assessment period
- a decrease in coal and iron ore prices has reduced mining revenue for Queensland and Western Australia – this increases these states' GST distribution and consequently reduces it for other states, including Victoria.

[1] A state's GST relativity is its assessed needs per person as a proportion of the per person amount it would receive if the GST pool were allocated on an equal per person basis. For example, a state with a GST relativity of 0.85 will receive 85% of its per person share of the GST pool.

Queensland is estimated to receive $18.4 billion in GST payments. Its share of the GST has increased because:

- a decrease in coal prices has reduced its capacity to raise coal royalties
- the decline in COVID-19 spending, particularly for New South Wales and Victoria, reduced these states' GST distribution and therefore increased the GST distribution for other states, including Queensland
- New South Wales' natural disaster relief expenses were lower than it had previously estimated, reducing its GST distribution and therefore increasing the distribution for other states, including Queensland.

Western Australia is estimated to receive $9.3 billion in GST payments. Its share of the GST has increased because:

- a decrease in iron ore prices reduced its capacity to raise iron ore royalties
- the decline in COVID-19 spending, particularly for New South Wales and Victoria, reduced these states' GST distribution and therefore increased the GST distribution for other states, including Western Australia
- its GST relativity has been raised to the same level as New South Wales, as specified under the 2018 legislation.

South Australia is estimated to receive $9.5 billion in GST payments. Its share of the GST has decreased because:

- it had above-average growth in the value of property transferred, so it could raise more revenue from stamp duties relative to other states
- a decrease in coal and iron ore prices reduced mining revenue for Queensland and Western Australia – this increases their GST distribution and consequently reduces it for other states, including South Australia.

Tasmania is estimated to receive $4.0 billion in GST payments. Its share of the GST has increased because:

- it needs to spend more than before on hospitals and policing in regional areas
- the decline in COVID-19 spending, particularly for New South Wales and Victoria, reduced these states' GST distribution and therefore increased the GST distribution for other states, including Tasmania.

The ACT is estimated to receive $2.1 billion in GST payments. Its share of the GST has decreased mainly because of developments in other states. In particular:

- a decrease in coal and iron ore prices reduced mining revenue for Queensland and Western Australia – this increased their GST distribution and consequently reduced it for other states, including the ACT.
- In addition, an upward revision to the ACT's population growth increased its ability to service its liabilities, reducing its GST distribution.

The Northern Territory is estimated to receive $5.1 billion in GST payments. Its share of the GST has increased because it:

- needs to spend more than before on services to First Nations people and overall health services because of its more remote population
- needs to spend more on schools than previously estimated.

No worse off payments

In addition to the GST distribution, the Commonwealth currently guarantees that no state is worse off under the 2018 GST distribution legislation. This is achieved by no worse off payments to states that are funded by the Commonwealth from outside the GST revenue pool. In 2026–27, all states, except Western Australia, are estimated to receive a no worse off payment as outlined in Table 2.

Table 2 2026–27 estimated no worse off payments to states

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
2026-27									
No worse off payments	2,125	1,753	826	0	466	140	120	64	5,492

Note: Estimates are subject to changes in the GST pool and populations.

2018 GST distribution legislation

The 2026 Update completes a 6-year transition under the 2018 legislation that changed the distribution of the GST pool from being based solely on the Commission's assessment of states' relative fiscal capacities. From this update, the Commission's assessment includes an adjustment so that no state will have a GST relativity less than the lower of New South Wales or Victoria (referred to as the 'standard state'). Given the GST pool is fixed, the GST received by other states reduces to accommodate this.

In 2026–27, New South Wales is the standard state in all 3 assessment years. Western Australia's GST relativity is lifted to New South Wales' relativity in all assessment years, while Queensland's GST relativity is lifted in 2 assessment years (2022–23 and 2023–24).

The 2018 GST distribution legislation also creates a GST relativity floor of 0.75, below which no state can fall. The floor was not triggered in 2026–27 because all states' relativities, after adjusting for the standard state, are above the floor.

Table 3 provides the GST relativities for 2026–27. A relativity of 1 would mean that a state receives a GST distribution equal to its population share. A relativity greater than 1 means a state is receiving a GST amount greater than its population share and a relativity less than 1 means it is receiving less than its population share.

Table 3 2026–27 GST relativities

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
2026-27								
GST relativities	0.81964	1.05742	0.87237	0.81964	1.35920	1.88285	1.16179	5.24149