



New South Wales

This fact sheet provides an overview of the major causes of change in relativities and the distribution of the GST pool since the 2020 Review.

Relativities and estimated GST distribution

New South Wales' recommended GST revenue sharing relativity will increase to 0.95617 in 2021-22, resulting in it receiving an estimated GST pool distribution of \$20,347 million.

This year is the first year of the legislated transition arrangements, moving from distributing the GST pool solely on the basis of the Commission's assessment of relative fiscal capacities, to new arrangements where States will be equalised to the fiscally stronger of New South Wales and Victoria.

Relativities, shares and estimated GST distributions, 2020-21 and 2021-22

	Relativities		GST shares		GST distribution		
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	Change
			%	%	\$m	\$m	\$m
New South Wales	0.91808	0.95617	29.2	30.3	18,453	20,347	1,894
Victoria	0.95992	0.92335	25.1	24.1	15,876	16,220	344
Queensland	1.04907	1.05918	21.2	21.5	13,387	14,411	1,023
Western Australia	0.44970	0.41967	4.7	4.3	2,941	2,918	-23
South Australia	1.35765	1.34719	9.4	9.2	5,906	6,207	301
Tasmania	1.89742	1.96067	4.0	4.1	2,530	2,783	253
Australian Capital Territory	1.15112	1.16266	1.9	2.0	1,222	1,310	89
Northern Territory	4.76893	4.79985	4.5	4.4	2,835	2,984	149
Total	1.00000	1.00000	100.0	100.0	63,150	67,180	4,030

Note: The estimated GST pool distribution for 2021-22 was calculated by applying 2021 Update relativities to estimated State populations (as of December 2021) and the estimated GST pool for 2021-22 (which includes the \$600 million top-up).

Implementation of new arrangements, 2021-22

	Fiscal capacities (a)	Standard State (b)	Blended capacities (c)	Implement floor (d)	GST relativities
NSW	0.96451	0.90258	0.95617	n/a	0.95617
Vic	0.93169	0.86976	0.92335	n/a	0.92335
Qld	1.06753	1.00559	1.05918	n/a	1.05918
WA	0.32852	0.86359	0.41967	n/a	0.41967
SA	1.35554	1.29360	1.34719	n/a	1.34719
Tas	1.96901	1.90707	1.96067	n/a	1.96067
ACT	1.17101	1.10907	1.16266	n/a	1.16266
NT	4.80820	4.74626	4.79985	n/a	4.79985
Total	1.00000	1.00000	1.00000		1.00000

(a) Relative fiscal capacities refer to the previous arrangements.

(b) Standard State capacities refer to the new arrangements (equalising to the stronger of New South Wales or Victoria). Victoria was fiscally stronger than New South Wales in two assessment years. New South Wales was fiscally stronger than Victoria in one assessment year. For this reason, Western Australia's standard State capacity is not equal to that of either New South Wales or Victoria.

(c) The blended capacities are 5/6th relative fiscal capacities and 1/6th standard State fiscal capacities.

(d) No internal floor applies to 2021-22.

n/a not applicable.



Change in fiscal capacity

Under the new GST relativities, which include the transition arrangements, New South Wales' GST pool share would increase from 29.2% to 30.3%, increasing its GST entitlement in 2021-22 by an estimated \$1,894 million, or 10.3%.

Western Australia's increase in mining royalties contributed to this, by reducing other States' relative capacity to raise mining revenue. Below average growth in the value of property sales and revisions to taxable payrolls also increased assessed needs. These changes were partially offset by above average growth in taxable land values, and revisions to urban transport expenses.

Change in estimated GST distribution from 2020-21 to 2021-22, New South Wales

	\$m	\$pc
Change in population	-41	-5
Growth in GST pool	1,175	144
Changes in relative fiscal capacity		
Data revisions	269	33
State circumstances	709	87
Total	978	120
Transition to new arrangements (a)	-218	-27
Total change	1,894	232

Note: Table may not add due to rounding.

(a) This represents the difference between applying the GST relativities and relative fiscal capacities to the GST pool. It is not the basis of the 'no worse off' calculation, which is a State's relative fiscal capacity applied to the GST pool without the top-up.

Main changes for New South Wales, 2021 Update

Data revisions

\$211m **Taxable payrolls.** Downward revisions to ABS Compensation of Employees data reduced New South Wales' relative revenue raising capacity and increased its GST share.

-\$144m **Urban centre characteristics.** Downward revisions to State urban transport net expenses reduced the GST share of States with above average needs, including New South Wales.

\$109m **Wage costs.** Revisions to the ABS Characteristics of Employment Survey have increased the estimates of wage costs in New South Wales, increasing the assessed cost of paying its public sector staff.

Changes in State circumstances between 2016-17 and 2019-20

\$499m **Mining.** Faster growth in the value of mining production in Western Australia reduced New South Wales' relative revenue raising capacity, increasing its GST share.

\$387m **Property sales.** Below average growth in property sales reduced New South Wales' relative revenue raising capacity and increased its GST share.

-\$206m **Taxable land values.** Above average growth in taxable land values increased New South Wales' relative revenue raising capacity and reduced its GST share.

-\$187m **Capital requirement.** New South Wales' population grew at a slower rate in 2019-20 than in 2016-17. This reduced the growth of populations who use a range of services. This was exacerbated by Sydney's density increasing at a slower rate than Melbourne's.

For more information about these changes, see the 2021 Update report.