



Northern Territory

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

The Northern Territory's recommended GST revenue sharing relativity will increase to 4.79985 in 2021-22, resulting in it receiving an estimated GST pool distribution of \$2,984 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, the Northern Territory's GST pool share would fall from 4.5% to 4.4%. Combined with pool growth, its GST pool entitlement would rise by an estimated \$149 million, or 5.3%.

The Northern Territory's GST pool requirement increased. This was due to expenses growing faster than the GST pool, which meant that expense disabilities became more important. The Northern Territory also has well above average expenses. Increases in its GST pool requirement were partly offset by a decrease in relative wage costs and revisions to the costs of providing some health and welfare services in more remote areas. While the growth in Western Australia's iron ore royalties contributed to increasing the GST pool share of other States, this influence was offset in the Northern Territory because of increases in royalties from other mineral resources.

Change in estimated GST distribution since the 2020 Review, Northern Territory

	\$m	\$pc
Change in population	-41	-171
Growth in GST pool	178	748
Changes in relative fiscal capacity		
Data revisions	-43	-181
State circumstances	66	276
Total	23	95
Transition to new arrangements (a)	-11	-46
Total change	149	626

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 the Northern Territory, 2021 Update

Data revisions

-\$49m **Population dispersion.** Revised child protection and family services data and new data for non-admitted patients show a reduced difference between remote and non-remote locations. This has reduced the Northern Territory's GST share.

-\$17m **Indigenous status.** Revised child protection and family services data and new data for non-admitted patients show a reduced difference between Indigenous and non-Indigenous service use. This, along with downward revisions to spending in some areas with high Indigenous needs, has reduced the Northern Territory's GST share.

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

\$85m **Growth in expenses.** Between 2016-17 and 2019-20, total expenses in States grew significantly faster than growth in the GST pool. This increased the GST shares of States with above average expense requirements.

-\$55m **Wage costs.** There was a large fall in the Northern Territory's assessed relative wage costs in 2019-20. This has decreased the assessed cost of paying its public sector staff.

\$34m **Capital improvements.** Increases in total State investment and stock levels in rural roads and health increased the Northern Territory's GST share because of its high capital intensity.

-\$33m **Capital requirement.** Population in the Northern Territory grew at a slower rate in 2019-20 than in 2016-17 resulting in below average growth in populations who use a range of services. This decreased its GST share.

\$21m **Indigenous status.** Increased spending nationally on Indigenous health services between 2016-17 and 2019-20 has increased the Northern Territory's GST share.

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