



Western Australia

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

Western Australia's recommended GST revenue sharing relativity will decrease to 0.41967 in 2021-22, resulting in it receiving an estimated GST pool distribution of \$2,918 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

Western Australia's GST pool requirement decreased due to a further increase in iron ore royalties and above average growth in Commonwealth payments. These changes were partly offset by below average growth in taxable land values and higher expense and investment requirements.

Change in estimated GST distribution from 2020-21 to 2021-22, Western Australia

	\$m	\$pc
Change in population	6	2
Growth in GST pool	188	71
Changes in relative fiscal capacity		
Data revisions	11	4
State circumstances	-857	-321
Total	-846	-317
Transition to new arrangements (a)	629	236
Total change	-23	-9

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.

Main changes for Western Australia, 2021 Update

Data revisions

\$52m **Wage costs.** Revisions to the ABS Characteristics of Employment Survey have increased the estimates of wage costs in Western Australia, increasing the assessed cost of paying its public sector staff.

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

-\$1,061m **Mining.** Growth in the value of iron ore production increased Western Australia's relative revenue raising capacity, reducing its GST share.

\$196m **Capital requirement.** Population in Western Australia grew at a faster rate in 2019-20 than in 2016-17 resulting in increased investment needs across all services.

\$94m **Taxable land values.** Below average growth in taxable land values reduced Western Australia's relative revenue raising capacity and increased its GST share.

-\$72m **Commonwealth payments.** Western Australia's share of payments was higher in 2019-20 than in 2016-17, mainly due to its higher share of road infrastructure payments. This reduced its GST share.

-\$59m **Property sales.** Above average growth in property sales increased Western Australia's relative revenue raising capacity and reduced its GST share.

\$57m **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 share of States with above average expense requirements.

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