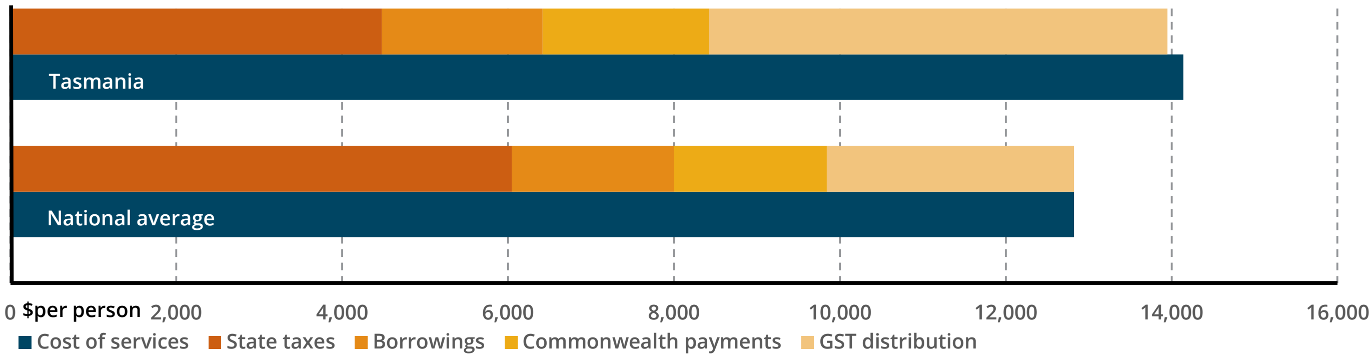
Australian Government
Commonwealth Grants Commission

Tasmania

Tasmania is estimated to receive $3,035 million in GST in 2022-23. This would be an increase of $11 million compared to 2021-22. The change reflects its share of the growth in the GST pool. It also reflects the application of the 0.7 GST relativity floor, which increases Western Australia's GST and reduces the GST distribution to all other states.

GST distribution in 2022-23



Key factors that affected Tasmania's GST share in 2022-23 compared to 2021-22

+$21 million

Strong growth in Western Australia's mining production reduced Tasmania's relative revenue raising capacity

+$16 million

Increased spending nationally on health services in regional areas, relative to major cities, increased Tasmania's GST share

-$32 million

Total urban transport investment increased faster than growth in the GST pool, reducing the GST share of Tasmania as it has below average need for urban transport investment

-$17 million

Above average growth in property sales increased Tasmania's relative revenue raising capacity

How Tasmania compared to other states and territories

Tasmania's capacity to raise revenue from its own taxes is lower than the national average. For example:

Tasmania can only raise $151 per person from mining royalties compared to the national average of $676

Tasmania can only raise $610 per person from payroll tax compared to the national average of $961

The characteristics of the people living in the Tasmania mean that the cost of providing government services is higher than the national average. For example:

Tasmania has a relatively dispersed population with 30% living in outer regional areas, where service costs are higher, compared to the national average of 8%

Tasmania needs more GST to account for the higher cost of providing a similar level of government services to a smaller population

Overall, with below average capacity to raise revenue, and higher costs of delivering services, Tasmania receives a per person GST allocation above the national average.

How the GST is distributed

The Commonwealth Grants Commission provides independent advice to the Commonwealth government on how GST revenue should be distributed to ensure each state has a similar capacity to provide services. The amount of revenue each state can raise differs because it depends on things like the value of mining production, property transactions and taxable payrolls. The cost of providing services varies too, based on things like a state's size, its geography, where its residents live and their age, health and wealth.

Changes to the GST distribution in 2022-23 reflect the 2018 GST legislated arrangements. These include implementation of a GST relativity floor below which no state's GST revenue sharing relativity can fall and Commonwealth top ups to the GST pool. The Commonwealth also makes separate transitional no worse off payments to the states.

For further information see https://www.cgc.gov.au/reports-for-government/2022-update