### 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 2021 Update.

#### Recommended GST relativities and GST distribution

New South Wales’ recommended GST relativity will slightly decrease in 2022-23, resulting in it receiving an estimated GST pool distribution of $23,218 million.

Under the 2018 legislated arrangements, 2022–23 is the second year in a 6-year transition away from distributing the GST pool based on assessed relativities. At the end of these 6 years, no state will have a per capita GST share lower than the fiscally stronger of New South Wales or Victoria.

GST relativities, shares and estimated GST distribution, 2021-22 and 2022‑23

(excludes no worse off payments)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | GST relativities | | GST shares | | GST distribution | |
|  | 2021-22 | 2022-23 | 2021-22 | 2022-23 | 2021-22 | 2022-23 |
|  |  |  | % | % | $m | $m |
| New South Wales | 0.95617 | 0.95065 | 30.3 | 30.0 | 22,107 | 23,218 |
| Victoria | 0.92335 | 0.85861 | 23.8 | 22.2 | 17,411 | 17,167 |
| Queensland | 1.05918 | 1.03377 | 21.5 | 21.2 | 15,739 | 16,384 |
| Western Australia | 0.41967 | 0.70000 | 4.4 | 7.3 | 3,199 | 5,682 |
| South Australia | 1.34719 | 1.28411 | 9.3 | 8.9 | 6,785 | 6,865 |
| Tasmania | 1.96067 | 1.85360 | 4.1 | 3.9 | 3,024 | 3,035 |
| Australian Capital Territory | 1.16266 | 1.09250 | 2.0 | 1.8 | 1,426 | 1,421 |
| Northern Territory | 4.79985 | 4.86988 | 4.6 | 4.7 | 3,379 | 3,644 |
| Total | 1.00000 | 1.00000 | 100.0 | 100.0 | 73,070 | 77,416 |

Note: The estimated GST pool distribution for 2022-23 was calculated by applying 2022 Update relativities to estimated state populations (as of December 2022) and the estimated GST pool for 2022-23. It excludes no worse off payments that are part of a Commonwealth guarantee that no state will be worse off over the 6-year transition period.

Source: Commission calculation.

Assessed relativities to GST relativities, 2022-23

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Assessed relativities | Standard state relativities | Blended relativities | GST  relativities |
| New South Wales | 1.01373 | 0.93448 | 0.98742 | 0.95065 |
| Victoria | 0.92170 | 0.84245 | 0.89538 | 0.85861 |
| Queensland | 1.09684 | 1.01758 | 1.07053 | 1.03377 |
| Western Australia | 0.15784 | 0.84245 | 0.38608 | 0.70000 |
| South Australia | 1.34715 | 1.26790 | 1.32087 | 1.28411 |
| Tasmania | 1.91658 | 1.83733 | 1.89037 | 1.85360 |
| Australian Capital Territory | 1.15556 | 1.07631 | 1.12927 | 1.09250 |
| Northern Territory | 4.93255 | 4.85329 | 4.90665 | 4.86988 |
| Total | 1.00000 | 1.00000 | 1.00000 | 1.00000 |

(a) Assessed relativities refer to the previous arrangements.

(b) Standard State relativities refer to the 2018 legislated arrangements (equalising to the stronger of New South Wales or Victoria). Victoria was fiscally stronger in each of the three assessment years.

(c) The blended capacities are 4/6th assessed relativities and 2/6th standard State relativities.

(d) An internal floor of 0.70 applies to GST relativities for 2022-23.

Source: Commission calculation.

#### Change in assessed relativity

New South Wales’ share of the GST pool is estimated to fall slightly from 30.3% to 30.0%. Including pool growth, but excluding no worse off payments, its estimated GST distribution in 2022–23 would increase by $1,111 million, or 5.0%.

New South Wales’ assessed needs are higher than average for the first time. Major changes increasing its GST needs included an increase in the value of iron ore production in Western Australia, a national increase in investment in urban transport and a relative increase in its wage costs. The combined effect of blended relativities and the GST floor reduced New South Wales’ distribution by $1,298 million. Across the transition period, this impact would be ameliorated by no worse off payments.

Change in estimated GST distribution from 2021-22 to 2022-23, New South Wales

(excludes no worse off payments)

|  |  |  |
| --- | --- | --- |
|  | $m | $pc |
| Change in population | -95 | -12 |
| Growth in GST pool | 1,309 | 160 |
| Changes in assessed needs |  |  |
| Data revisions | 135 | 16 |
| State circumstances | 1,061 | 129 |
| Total | 1,195 | 146 |
| Blended relativities and GST floor (a) | -1,298 | -158 |
| Total change | 1,111 | 136 |

Note: Table may not add due to rounding.

(a) This represents the difference between applying the GST relativities and assessed relativities to the GST pool. It is not the basis of the ‘no worse off’ calculation, which is a state’s assessed relativities applied to the GST pool without the pool top-up.

Source: Commission calculation.

Main changes for New South Wales, 2022 Update



Source: Commission calculation.

For more information about these changes, see the 2022 Update report.