



## Tasmania

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

Tasmania's recommended GST relativity will decrease to 1.85360 in 2022-23, resulting in it receiving an estimated GST pool distribution of \$3,035 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         |
| <b>Total</b>                 | <b>1.00000</b>   | <b>1.00000</b> | <b>100.0</b> | <b>100.0</b> | <b>73,070</b>    | <b>77,416</b> |

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          |
| <b>Total</b>                 | <b>1.00000</b>        | <b>1.00000</b>              | <b>1.00000</b>       | <b>1.00000</b>   |

- (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

Tasmania's share of the GST pool is estimated to decrease from 4.1% to 3.9%. Combined with pool growth, but excluding no worse off payments, its estimated GST distribution in 2022–23 would increase by \$11 million, or 0.4%.

Tasmania's estimated GST distribution increased largely due to growth in the GST pool. Its estimated GST distribution also increased due to an increase in the value of iron ore production in Western Australia, which reduced Tasmania's relative capacity to generate mining revenue. This increase was partly offset by decreased relative needs for urban transport investment and above-average growth in property sales, which reduced Tasmania's estimated GST distribution. The combined effect of blended relativities and the GST floor would reduce Tasmania's distribution by \$84 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, Tasmania (excludes no worse off payments)

|  | \$m       | \$pc      |
|--|-----------|-----------|
| Change in population                   | 2         | 3         |
| Growth in GST pool                     | 180       | 328       |
| Changes in assessed needs              |           |           |
| Data revisions                         | -54       | -98       |
| State circumstances                    | -33       | -60       |
| Total                                  | -87       | -158      |
| Blended relativities and GST floor (a) | -84       | -153      |
| <b>Total change</b>                    | <b>11</b> | <b>20</b> |

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 payments calculation, which is a state's assessed relativities applied to the GST pool without the pool top-up.

Source: Commission calculation.

## Main changes for Tasmania, 2022 Update

Changes in state circumstances between 2017-18 and 2020-21

|               |  |
|---------------|--|
| <b>-\$32m</b> | <b>Capital improvements.</b> Total urban transport investment increased faster than growth in the GST pool. This decreased the GST share of states with below average urban transport investment needs, including Tasmania.                            |
| <b>\$21m</b>  | <b>Mining production.</b> Growing value of mining production in other states reduced Tasmania's relative revenue raising capacity and increased its GST share.   |
| <b>-\$17m</b> | <b>Property sales.</b> Above average growth in property sales increased Tasmania's relative revenue raising capacity and reduced its GST share.  |
| <b>\$16m</b>  | <b>Population dispersion.</b> National spending on health services per capita increased faster in regional areas than in major cities. This increased the GST share of states with relatively large populations in regional areas, including Tasmania. |
| <b>-\$13m</b> | <b>Urban centre characteristics.</b> Total urban transport net expenses increased faster than growth in the GST pool. This reduced the GST share of states with below average recurrent urban transport needs, including Tasmania.                     |
| <b>\$10m</b>  | <b>Commonwealth payments.</b> Tasmania's share of payments was lower in 2020-21 compared to 2017-18. This increased its GST share.   |

Data Revisions

|               |   |
|---------------|---|
| <b>-\$27m</b> | <b>Capital assessments.</b> An upwards revision of total urban transport investment reduced the GST shares of states with low assessed urban transport investment needs, such Tasmania. |
|---------------|---|

Source: Commission calculation.

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