



# Australian Capital Territory

This fact sheet provides an overview of the major causes of change in relativities and the distribution of the GST pool since the 2022 Update.

## Recommended GST relativities and GST distribution

The ACT's recommended GST relativity will increase in 2023-24. It is estimated to receive \$1,831 million in GST payments. Its share of the GST pool is estimated to increase from 1.9% to 2.1%. Taking into account growth in the GST pool, the ACT's estimated GST distribution in 2023-24 would increase by \$223 million (\$473 per capita), or 13.9%.

Under the 2018 legislated arrangements, 2023-24 is the half-way point in a 6-year transition away from distributing the GST pool based on assessed relativities. At the end of the transition, no state will have a GST relativity lower than the fiscally stronger of New South Wales or Victoria.

### GST relativities, shares and estimated GST distribution, 2022-23 and 2023-24 (excludes no worse off payments)

	GST relativities		GST shares		GST distribution		Difference
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	
			%	%	\$m	\$m	\$m
New South Wales	0.95065	0.92350	29.7	28.8	24,717	24,870	152
Victoria	0.85861	0.85169	21.9	21.8	18,175	18,796	621
Queensland	1.03377	1.03118	21.1	21.1	17,547	18,220	673
Western Australia	0.70000	0.70000	7.5	7.5	6,228	6,482	254
South Australia	1.28411	1.39463	9.0	9.8	7,477	8,420	943
Tasmania	1.85360	1.79080	4.1	4.0	3,404	3,409	5
Australian Capital Territory	1.09250	1.19540	1.9	2.1	1,609	1,831	223
Northern Territory	4.86988	4.98725	4.8	4.9	3,965	4,219	255
Total	1.00000	1.00000	100.0	100.0	83,122	86,248	3,126

Note: The estimated GST pool distribution for 2023-24 was calculated by applying 2023 Update relativities to estimated state populations (as of December 2023) and the estimated GST pool for 2023-24.

Source: Commission calculation.

## Change in GST distribution

### Change in estimated GST distribution from 2022-23 to 2023-24, ACT

	\$m	\$pc
Change in population	2	5
Growth in GST pool	61	129
Changes in assessed GST needs		
Revised populations from census	83	177
Other data revisions	34	72
State circumstances	54	114
Total	171	363
Blended relativities and GST floor	-11	-23
<b>Total change</b>	<b>223</b>	<b>473</b>

Note: Table may not add due to rounding.

Source: Commission calculation.

## Change in assessed needs

- The ACT's assessed GST needs increased due to:
  - an upward revision to its population in the 2021 Census
  - faster growing wage costs
  - the effect of the increased capacity to raise mining revenue in other states
  - increased construction costs
  - higher cost of contributions to the National Disability Insurance Agency (due to the upward revision to its population).
- The increase in its assessed GST needs was partly offset by the effects of a national increase in urban transport investment.
- The ACT's estimated GST distribution increased due to expected growth in the GST pool and an increase in its assessed GST needs. These exceeded the combined effect of blended relativities and the GST relativity floor.

### ACT: Main changes in assessed GST needs, 2023 Update

Changes in circumstances			
Driver	Change		Explanation
	\$m	\$pc	
Wage costs	58	123	Wage costs in the ACT grew faster than the national average between 2018-19 and 2021-22, increasing its assessed GST needs.
Mining production	54	115	The growing value of production in other states reduced the ACT's relative revenue raising capacity and increased its assessed GST needs.
Capital improvements	-31	-67	National urban transport investment more than doubled between 2018-19 and 2021-22. This decreased the assessed GST needs of states with below-average urban transport investment needs, including the ACT.
Cost of construction	13	28	The cost of construction in the ACT increased between 2018-19 and 2021-22, increasing its assessed GST needs.
Population growth	-12	-25	The decline in the ACT's population growth between 2018-19 and 2021-22 was greater than the national average decline. This reduced its investment needs.
Revisions			
Populations from census	83	177	Downward revisions to urban populations in New South Wales and Victoria reduced their assessed needs for urban transport investment, increasing the assessed needs of other states.
NDIS	12	26	The ACT's share of state contributions to the National Disability Insurance Agency increased due to a relatively larger increase in its population between the 2011 Census and the 2021 Census. This increased its assessed GST needs.

Source: Commission calculation