



# 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 2022 Update.

## Recommended GST relativities and GST distribution

New South Wales' recommended GST relativity will decrease in 2023-24. It is estimated to receive \$24,870 million in GST payments. Its share of the GST pool is estimated to decrease from 29.7% to 28.8%. Taking into account growth in the GST pool, New South Wales' estimated GST distribution in 2023-24 would increase by \$152 million (\$18 per capita), or 0.6%.

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, New South Wales

|                                    | \$m  | \$pc |
|------------------------------------|------|------|
| Change in population               | -80  | -10  |
| Growth in GST pool                 | 927  | 112  |
| Changes in assessed GST needs      |      |      |
| Revised populations from census    | -547 | -66  |
| Other data revisions               | -63  | -8   |
| State circumstances                | 109  | 13   |
| Total                              | -501 | -61  |
| Blended relativities and GST floor | -193 | -23  |
| Total change                       | 152  | 18   |

Note: Table may not add due to rounding.

Source: Commission calculation.

## Change in assessed needs

- New South Wales' assessed GST needs reduced due to:
  - well above-average growth in the value of property sales and taxable land values
  - a downward revision to its population following the 2021 Census.
- These changes were partly offset by a national increase in urban transport investment (with New South Wales having above-average spending needs in this area), a fall in New South Wales' relative capacity to raise mining revenue (growing value of iron ore production in Western Australia more than offset the impact of higher coal royalties) and greater expense needs for natural disaster relief and business support.
- Estimated growth in the GST pool was sufficient to offset the reduction in New South Wales' assessed GST needs and the combined effect of blended relativities and the GST relativity floor.

### New South Wales: Main changes in assessed GST needs, 2023 Update

| Changes in circumstances |        |      |  |
|--------------------------|--------|------|--|
| Driver                   | Change |      | Explanation  |
|                          | \$m    | \$pc |  |
| Property sales           | -837   | -101 | Well above-average growth in property sales increased New South Wales' relative revenue raising capacity and reduced its assessed GST needs.   |
| Capital improvements     | 459    | 56   | National urban transport investment more than doubled between 2018-19 and 2021-22. This increased the assessed GST needs of states with above-average urban transport investment needs, especially New South Wales.  |
| Mining production        | 332    | 40   | The growing value of iron ore production in Western Australia more than offset the impact of higher coal royalties, such that New South Wales' relative mining revenue capacity was reduced and its assessed GST needs increased.  |
| Taxable land values      | -189   | -23  | Above-average growth in taxable land values increased New South Wales' relative revenue raising capacity and decreased its assessed GST needs.   |
| Economic environment     | 128    | 16   | Large growth in the national level of spending on industries other than agriculture and mining, mainly due to COVID-19 business support payments, increased the assessed GST needs of states with above-average shares of industry production, particularly New South Wales. |
| Natural disaster relief  | 108    | 13   | An increase in disaster relief expenses in response to the 2021 and 2022 floods increased New South Wales' assessed GST needs.   |
| Revisions                |        |      |  |
| Populations from census  | -547   | -66  | A downward revision to New South Wales' estimated resident population reduced its assessed GST needs. The main effect was to reduce assessed needs for urban transport investment due to a downward revision to the population in major urban areas.                         |

Source: Commission calculations.