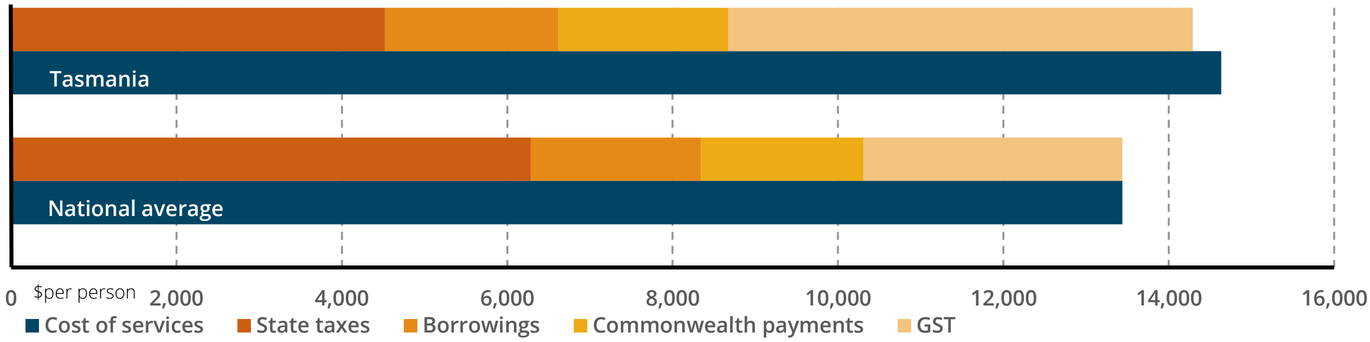
Australian Government
Commonwealth Grants Commission

Tasmania

Tasmania is estimated to receive $3,409million in GST in 2023-24. This would be an increase of $5 million compared to 2022-23. The change reflects Tasmania's assessed needs for GST and its share of the growth in the GST pool. It also reflects the application of the 0.7 GST relativity floor, which increases the GST distributed to Western Australia and reduces the GST distribution to all other states.

GST distribution in 2023-24



Key factors that affected Tasmania's GST needs in 2023-24 compared with 2022-23

+$42 million

Strong growth in other states mining production reduced Tasmania's relative revenue raising capacity.

-$36 million

Tasmania's population grew slower than the national average, reducing its assessed GST needs for investment relative to other states.

-$93 million

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 Tasmania.

+$63 million

Below average growth in property sales decreased Tasmania's relative revenue raising capacity.

How Tasmania compared with 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 $245 per person from mining royalties, well below the national average of $1,000.

Tasmania can raise $675 per person from payroll tax, below the national average of $1,057.

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 32.1% living in outer regional and remote areas, where service costs are higher, compared to the national average of 10.1%.

Of Tasmania's population, the First Nations share is 5.5% compared to the national average of 3.4%.

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

How the GST is distributed

The Commonwealth Grants Commission provides independent advice to the Commonwealth government on how GST 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 2023-24 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/2023-update