



Victoria

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

Victoria’s recommended GST relativity will decrease in 2023-24. It is estimated to receive \$18,796 million in GST payments. Its share of the GST pool is estimated to decrease slightly from 21.9% to 21.8%. Taking into account growth in the GST pool, Victoria’s estimated GST distribution in 2023-24 would increase by \$621 million (\$92 per capita), or 3.4%.

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, Victoria

	\$m	\$pc
Change in population	60	9
Growth in GST pool	686	101
Changes in assessed GST needs		
Revised populations from census	-640	-94
Other data revisions	49	7
State circumstances	627	92
Total	36	5
Blended relativities and GST floor	-161	-24
Total change	621	92

Note: Table may not add due to rounding.

Source: Commission calculation.

Change in assessed needs

- Victoria's assessed GST needs fell slightly due to:
 - reduced investment needs following a downward revision to its population following the 2021 Census and a decline in its population growth between 2018–19 and 2021–22
 - lower natural disaster relief expenses
 - increased national spending on services used by First Nations peoples.
- The decreases to its assessed GST needs were almost entirely offset by a fall in Victoria's relative capacity to raise mining revenue (due to growing value of mining production in other states), together with below-average growth in property sales and a national increase in urban transport investment (Victoria has above-average needs in urban transport).
- Expected growth in the GST pool would be sufficient to offset the reduction in Victoria's assessed GST needs and the combined effect of blended relativities and the GST relativity floor.

Victoria: Main changes in assessed GST needs, 2023 Update

Changes in circumstances			
Driver	Change		Explanation
	\$m	\$pc	
Mining production	779	115	The growing value of production in other states reduced Victoria's relative revenue raising capacity and increased its assessed GST needs.
Population growth	-603	-89	The decline in Victoria's population growth between 2018-19 and 2021-22 was greater than the national average decline. This reduced its investment needs.
Property sales	284	42	Below-average growth in property sales decreased Victoria's relative revenue raising capacity and increased its assessed GST needs.
Capital improvements	261	38	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, including Victoria.
Indigenous status	-95	-14	Growth in national expenses, in excess of growth in the GST pool, in assessment categories where Indigenous status is a large driver of need, reduced Victoria's assessed GST needs given its relatively small First Nations population.
Revisions			
Populations from census	-640	-94	A downward revision to Victoria's 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.
Natural disaster relief	-143	-21	Incorporating actual 2019-20 and 2020-21 natural disaster expense data for Victoria resulted in a downward revision to Victoria's natural disaster relief expenses. This reduced its assessed GST needs.

Source: Commission calculation