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Regional economic  
growth in Australia—  
2004–05 to 2005–06

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Department of Infrastructure, Transport,  
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# Regional economic growth in Australia— 2004–05 to 2005–06

## About the Parameters

BITRE measures economic activity in Australia and its regions using its regional economic growth database. The three main measures used are:

- Aggregate Real Taxable Income (ARTI) – the sum of the incomes of a region assessed by the Australian Tax Office where the person was required to pay income tax. Changes in Aggregate Real Taxable Income can be used to measure economic growth in a region.
- Number of Taxable Individuals (NTI) – the number of people who submitted a tax return and were required to pay tax.
- Real Income per Taxpayer (RIPT) – a measure of average income.

These parameters are related by a simple equation which simply states that the total income of a region is a function of the number of income earners and the amount that they earn:

*Aggregate Real Taxable Income = Number of Taxable Individuals x Real Income per Taxpayer.*

## States and Territories

Between 2004–05 and 2005–06 the Australian economic growth rate (rate of change in Aggregate Real Taxable Income) was 4.3 per cent, which was slightly down on the previous year's growth rate of 5.4 per cent. This growth was mostly due to a rise in the Number of Taxable Individuals (3.4 per cent) with only a small amount due to the rise in Real Income per Taxpayer (0.8 per cent).

**Table 1** Income by state/territory

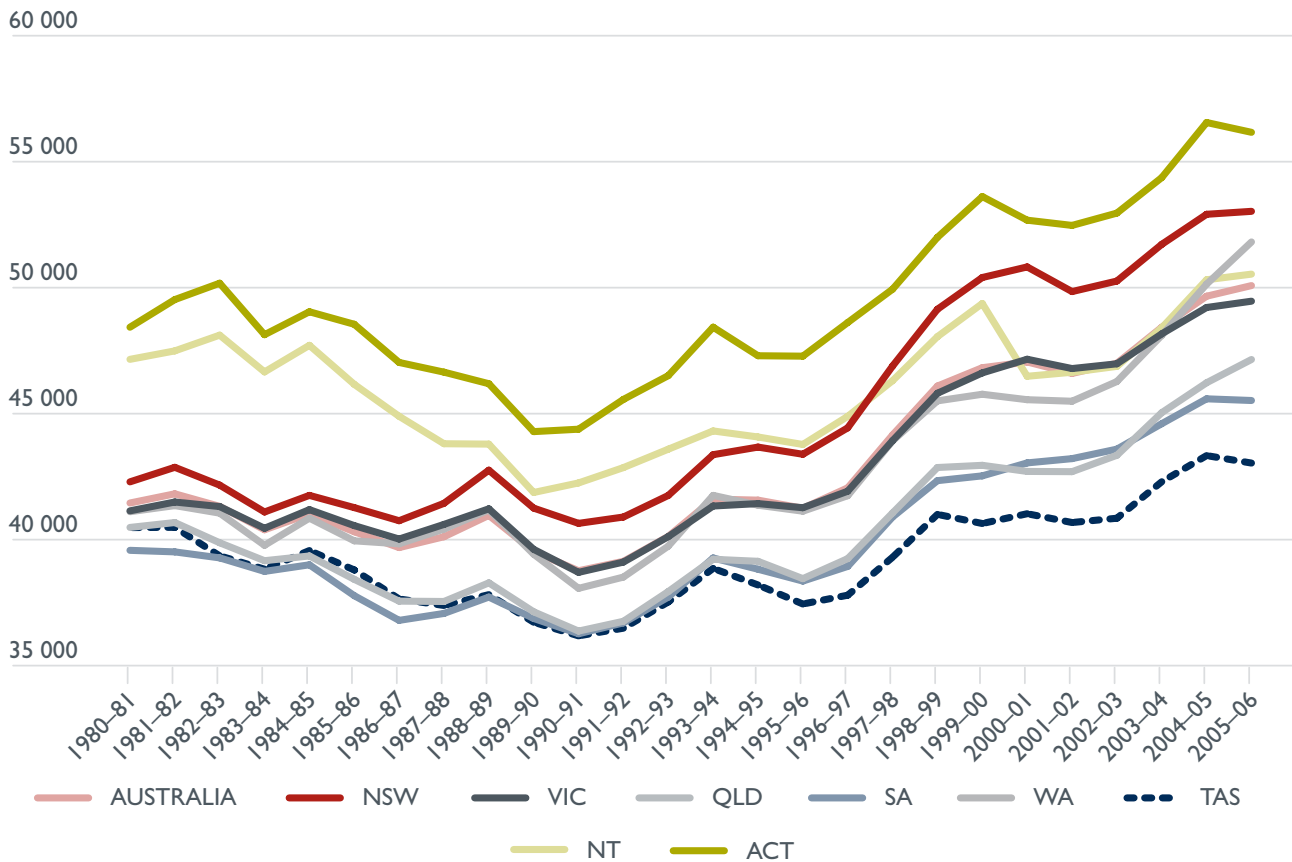
	ARTI (2005–06) (\$millions)	÷	NTI (2005–06) (thousands)	=	RIPT (2005–06) (\$)	ARTI growth (per cent)	NTI growth (per cent)	RIPT growth (per cent)
Australia	471 186		9 408		50 082	4.3	3.4	0.8
NSW	161 024		3 037		53 029	2.7	2.5	0.2
VIC	116 169		2 349		49 463	3.5	3.0	0.5
QLD	87 251		1 851		47 149	7.0	4.9	2.0
SA	32 318		710		45 522	2.3	2.4	–0.1
WA	50 405		973		51 815	8.8	5.3	3.3
TAS	9 256		215		43 039	2.3	3.0	–0.7
NT	4 223		84		50 537	3.1	2.7	0.4
ACT	10 394		185		56 165	2.8	3.5	–0.7

NSW and VIC combined contributed 59 per cent of Australia's total income and 57 per cent of Australia's tax-paying population. These economies alone dominate the Australian economy. WA is now substantially larger than SA, owing to WAs growth during the mining boom. The smallest economy, NT, is less than one per cent of the Australian economy.

Aggregate Real Taxable Income in every state/territory grew substantially during the year. Most of the economic growth for the states and territories was due to more people taking part in the economy (the increase in the Number of Taxable Individuals) as opposed to large increases in real average incomes (increase in Real Income per Taxpayer). The two fastest growing states/territories were QLD (7.0 per cent) and WA (8.8 per cent), while the state/territories with the lowest growth were SA and TAS both at 2.3 per cent and NSW with 2.7 per cent.

Three states/territories exhibited a decrease in Real Income per Taxpayer (ACT, SA and TAS) while NSW, VIC and NT showed very modest growth. Consistent with the continuing mining boom, WA and QLD showed strong growth in both the Number of Taxable Individuals and Real Income per Taxpayer, consistent with higher wages being paid to attract workers and as people migrating to take part in the boom.

**Figure 1 RIPT by state over time**



ACT continued to have the highest RIPT (\$56 165) while TAS had the lowest of the states and territories (\$43 039). As can be seen in Figure 1, there has been a sizable divergence in state RIPT values. Excluding the ACT and NT (which had the highest RIPT values and the smallest populations), in 1980–81 the difference between the top earning of the six states (NSW) and the lowest earning state (SA) was approximately \$2 700. In 2005–06, the difference between the top and bottom of the six states (NSW and TAS respectively) had increased to almost \$10 000.

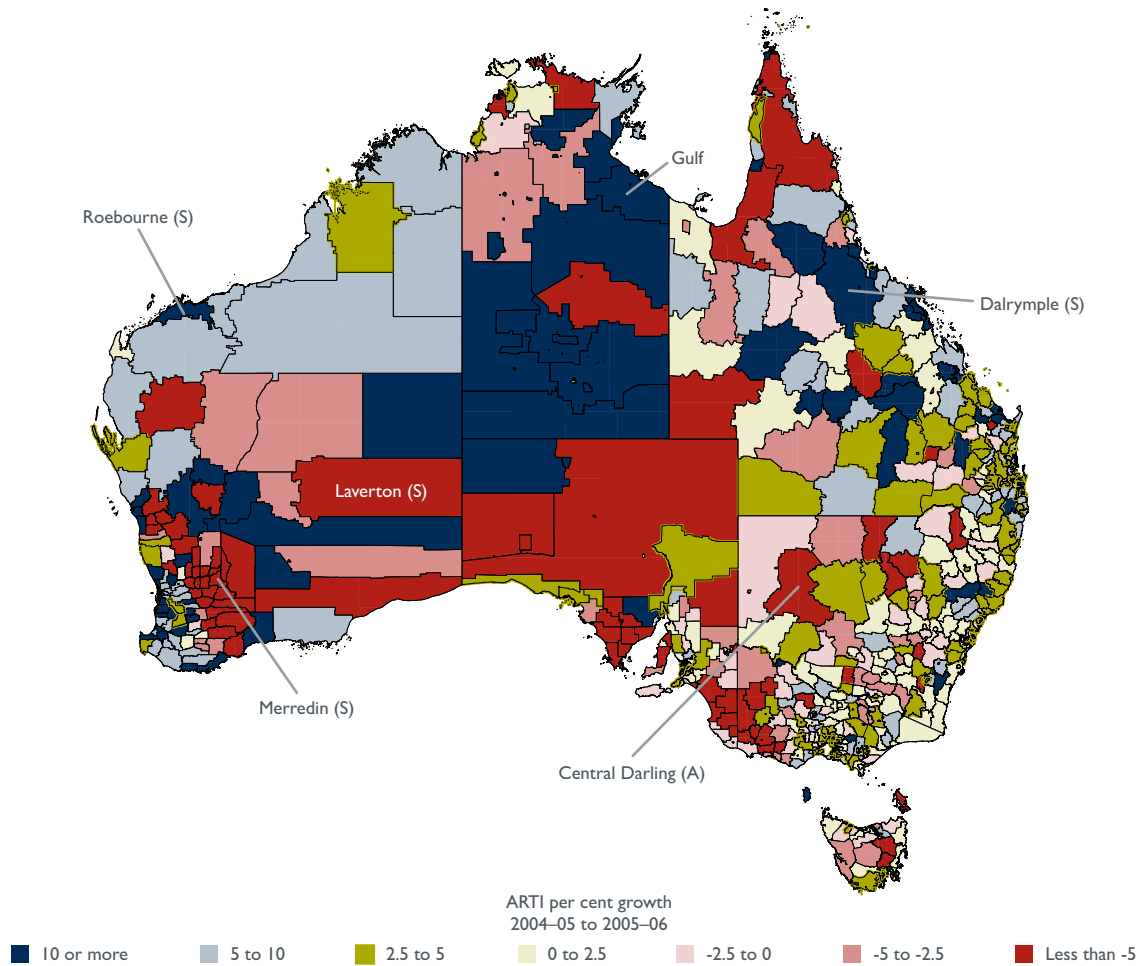
## By Statistical Local Area (SLA)

**Table 2 Highest and Lowest Incomes by Statistical Local Area 2005–06**

SLA	Highest RIPT (\$)	Lowest SLA	RIPT (\$)
Mosman (A) NSW	134 245	Woorabinda (S) QLD	34 463
Woollahra (A) NSW	121 720	Karoonda East Murray (DC) SA	34 516
Hunter's Hill (A) NSW	116 228	Mundubbera (S) QLD	34 879
Peppermint Grove (S) WA	110 668	Tasman (M) TAS	35 066
Cottesloe (T) WA	110 127	Peterborough (DC) SA	35 102
Mosman Park (T) WA	101 768	Loddon (S) – North VIC	35 160
Nedlands (C) WA	94 927	Kingston QLD	35 281
Bayside (C) – Brighton VIC	94 396	Cherbourg (S) QLD	35 377
Hamilton QLD	93 182	Murgon (S) QLD	35 377
Ascot QLD	93 182	Woodridge QLD	35 389

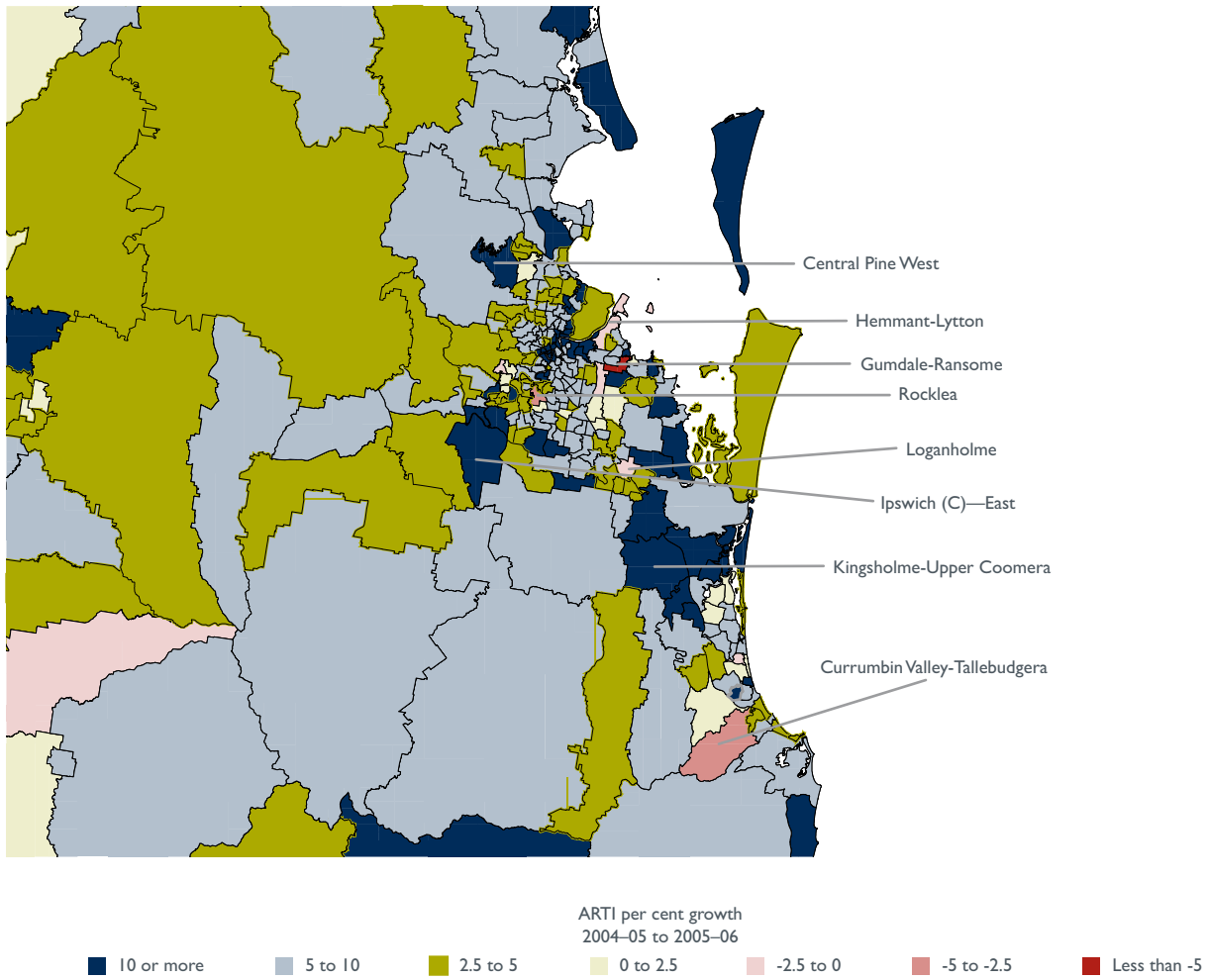
The seven statistical local areas (SLAs) with the highest Real Income per Taxpayer were all in Sydney and Perth. At the other end, the ten SLAs with the lowest Real Income per Taxpayer were mostly in QLD. Woorabinda (QLD) and Karoonda East Murray (SA) were the two SLAs with the lowest Real Income per Taxpayer. Mosman has a Real Income per Taxpayer which is 3.9 times greater than Woorabinda. By contrast, in 1980–81 the SLA with the highest Real Income per Taxpayer (Belyando in QLD) was only 1.8 times greater than the SLA with the lowest Real Income per Taxpayer (Laidley in QLD).

**Map 1 Australian ARTI growth by SLA**

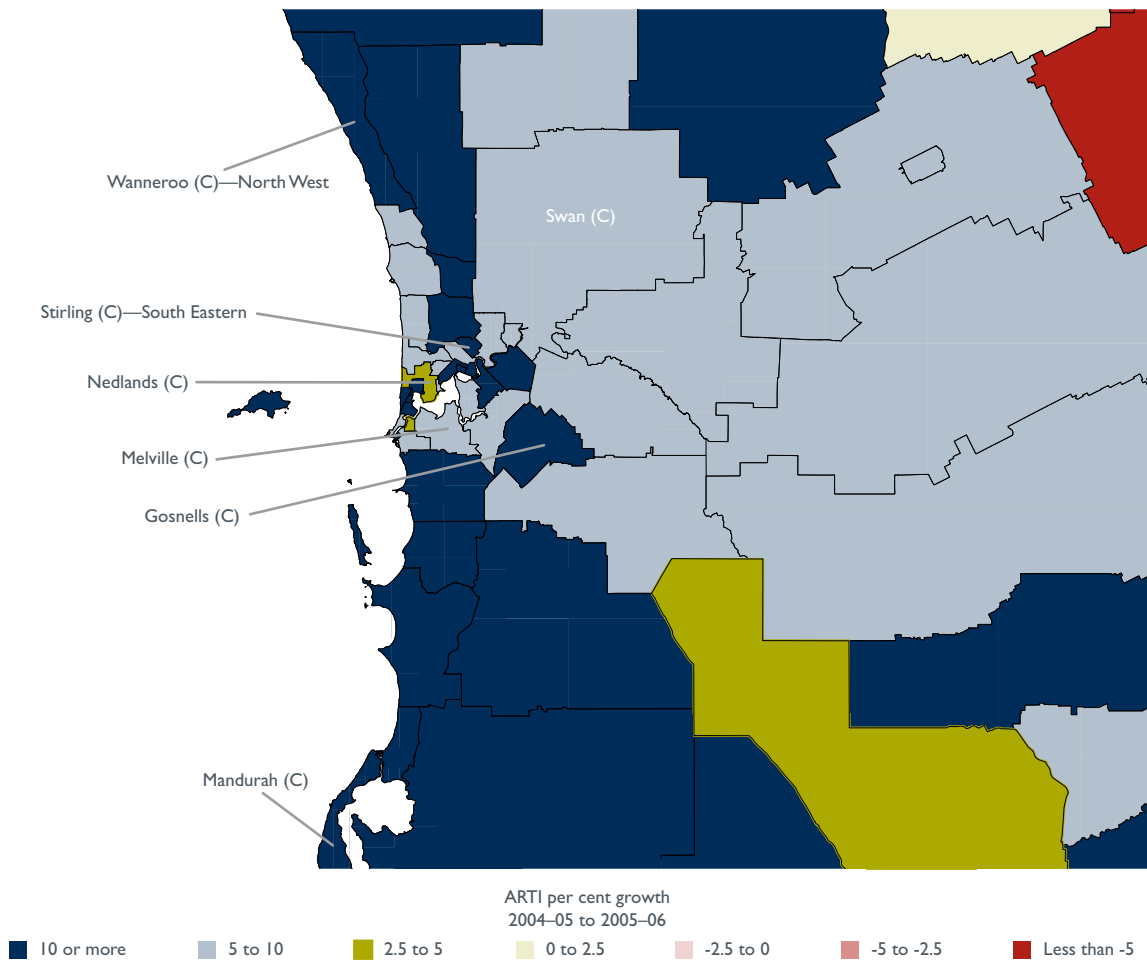


The spatial patterns of growth from 2004–05 to 2005–06 are consistent with the mining boom and the drought of the time. The wheat belt SLAs of WA and the SLAs of central NSW and northern VIC all experienced declines in economic activity over the year. The mining SLAs of northern WA, central and southern NT and QLD generally showed strong growth.

Map 2 Brisbane ARTI growth by SLA



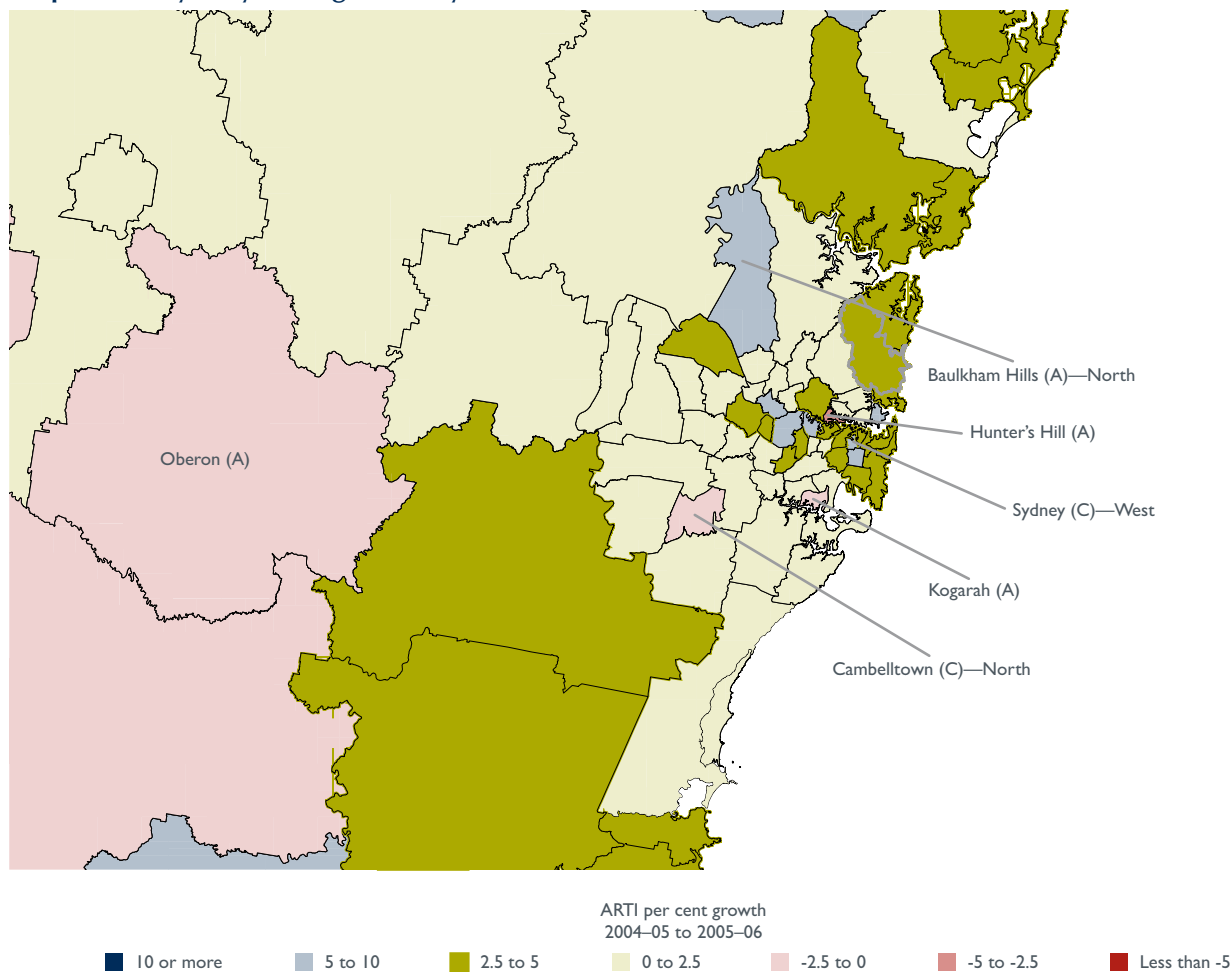
Map 3 Perth ARTI growth by SLA



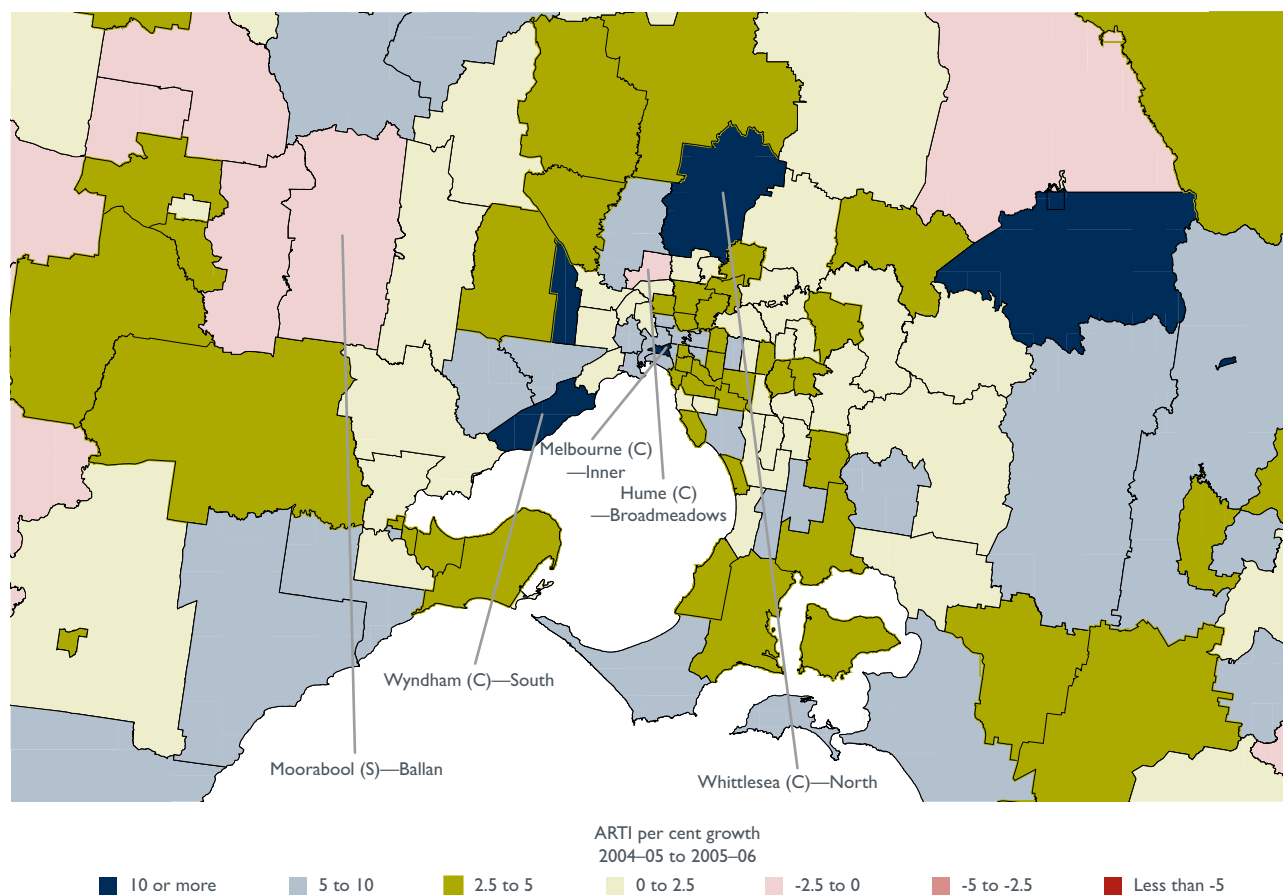
Perth and Brisbane city SLAs generally experienced strong economic growth, with no Perth SLA experiencing a decline in Aggregate Real Taxable Income. This is consistent with the flow-on affects of the mining boom. There was strong growth in the fringe areas of these cities, such as Mandurah (C) and Wanneroo (C)—North West SLAs in Perth and the SLAs of Central Pine West and Ipswich (C)—East in Brisbane.



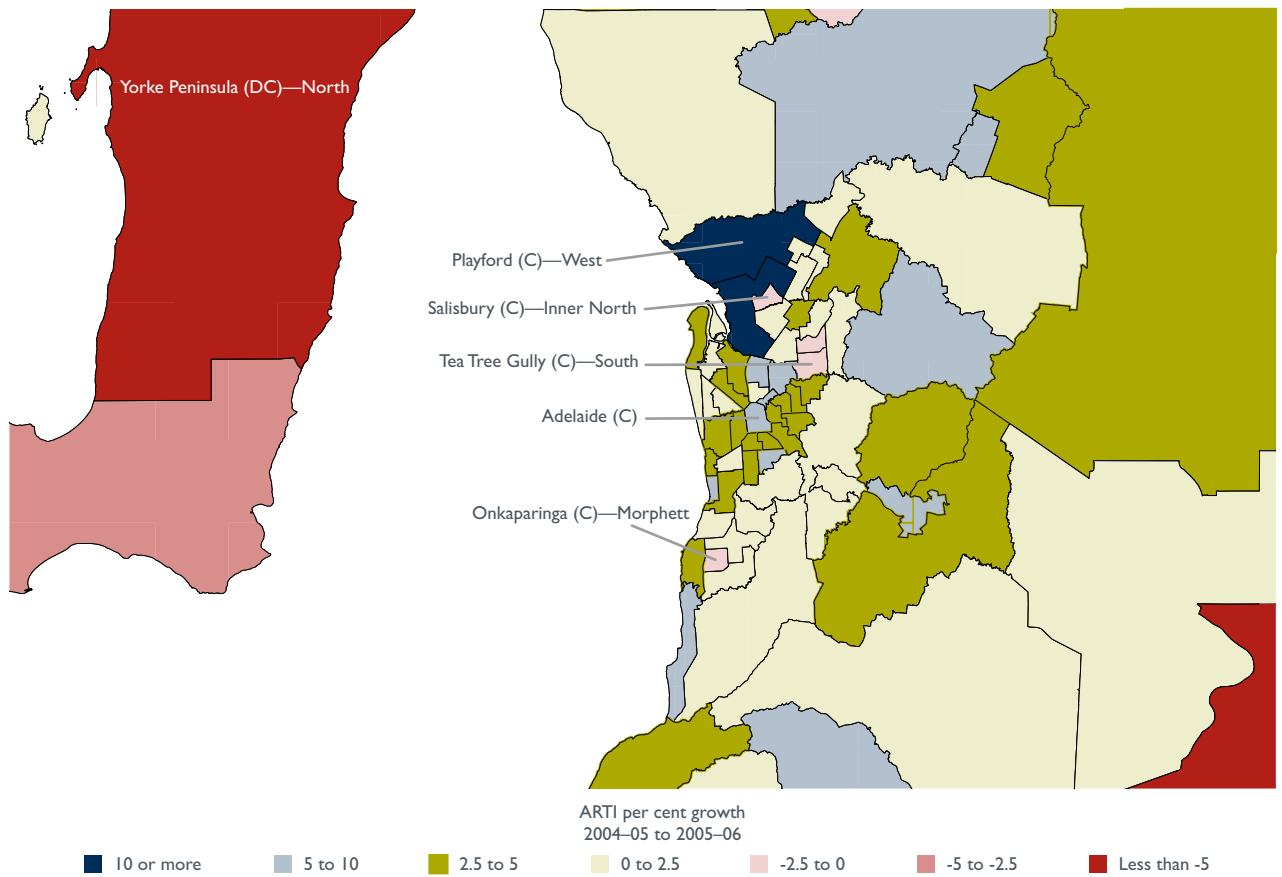
Map 4 Sydney ARTI growth by SLA



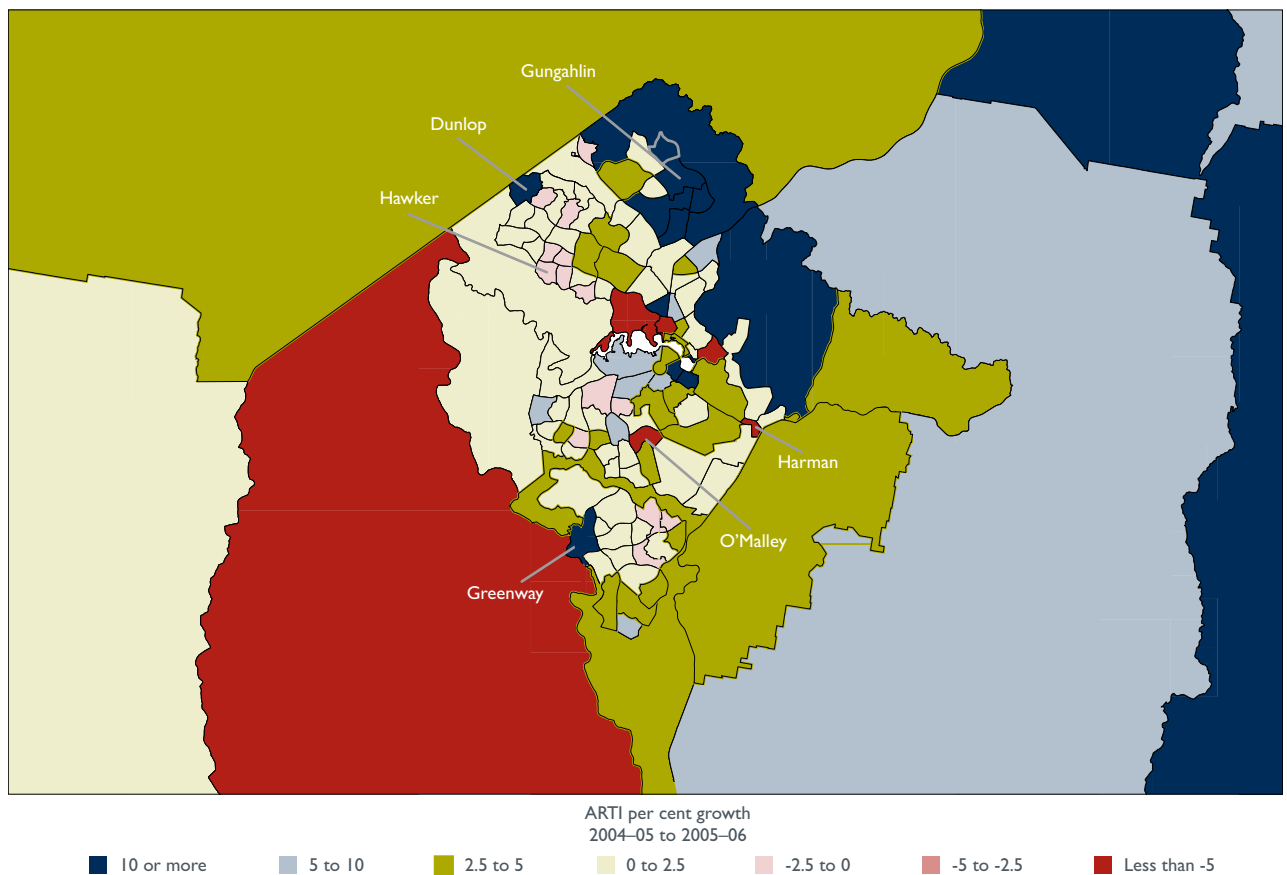
Map 5 Melbourne ARTI growth by SLA



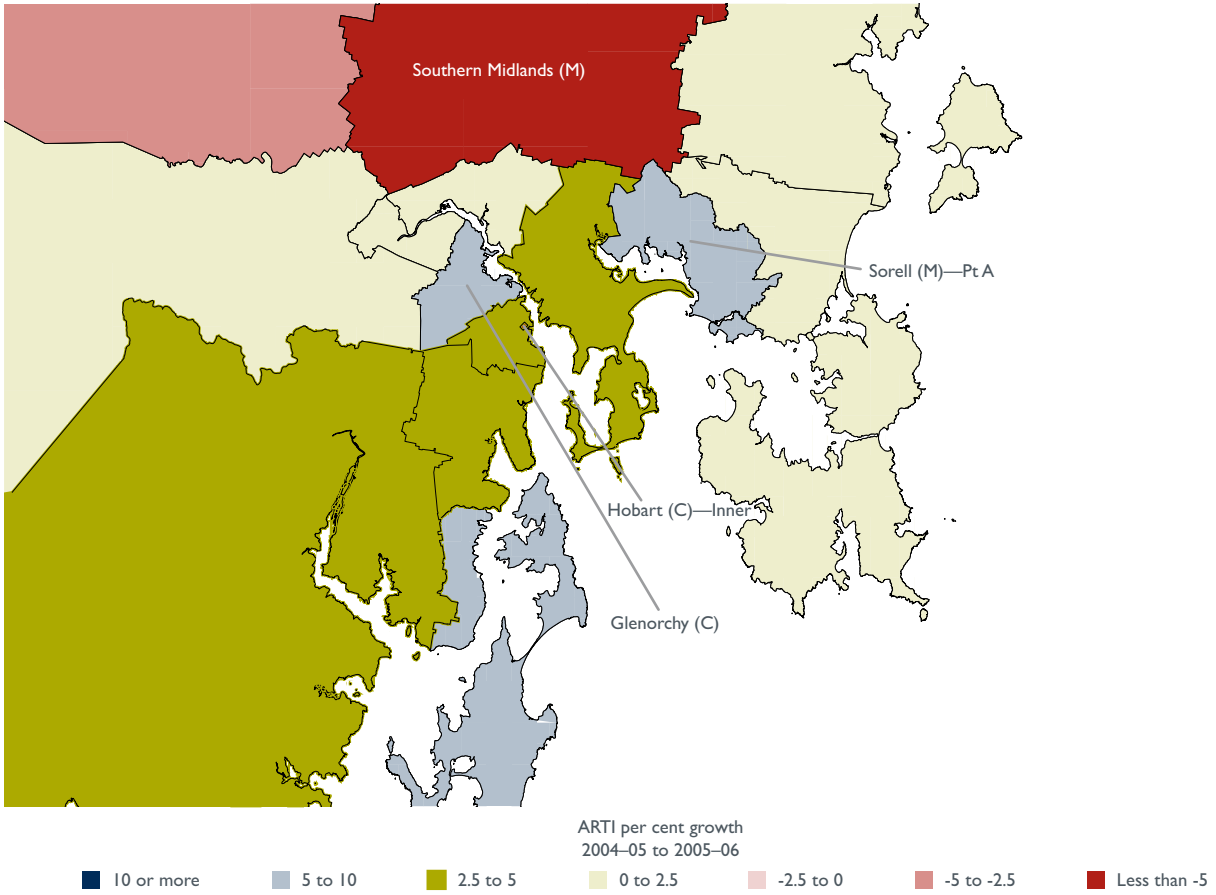
Map 6 Adelaide ARTI growth by SLA



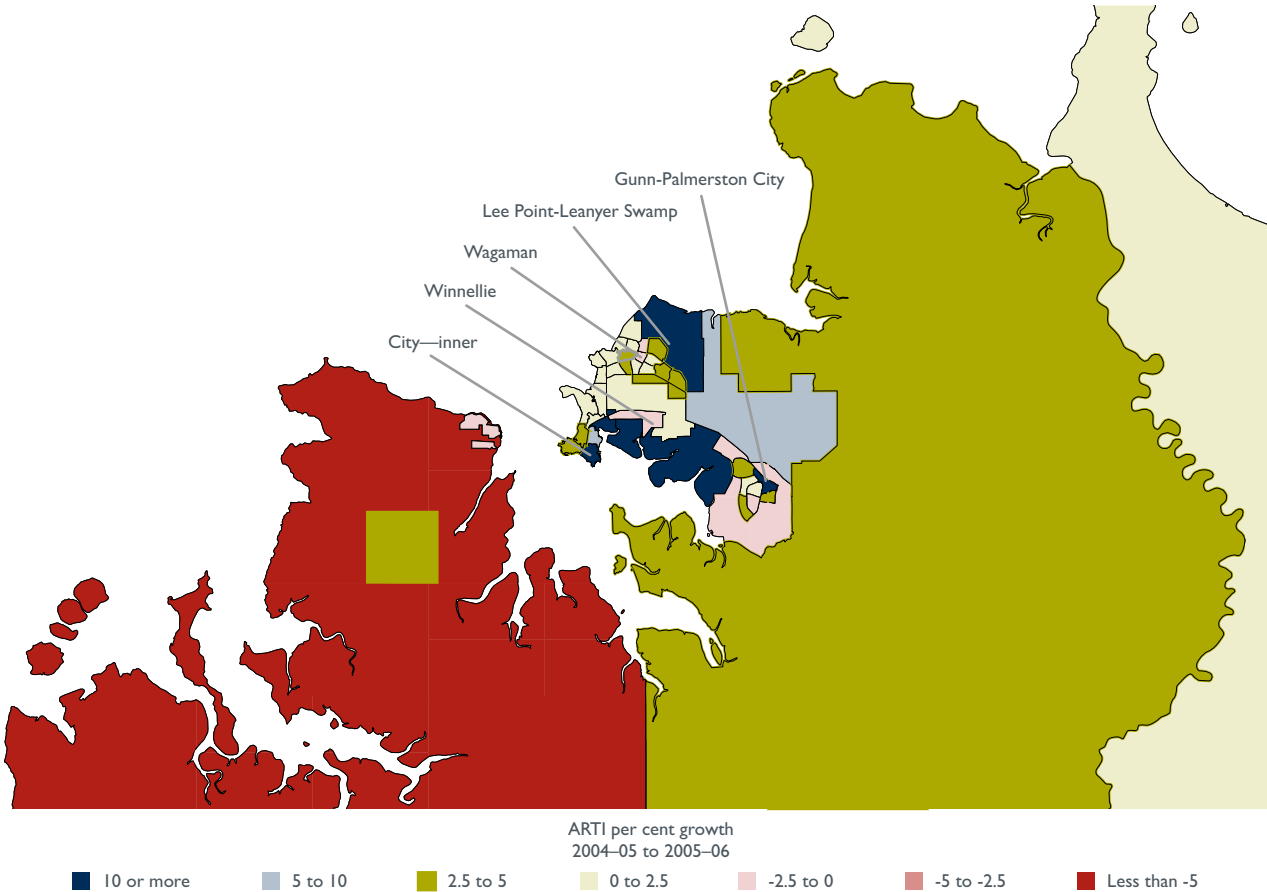
Map 7 Canberra ARTI growth by SLA



Map 8 Hobart ARTI growth by SLA



Map 9 Darwin ARTI growth by SLA



Most of the major cities exhibited firm growth for most of their inner city SLAs. Outer fringe SLAs such as Baulkham Hills (Sydney), Yarra Ranges – Pt B (Melbourne), Gungahlin (Canberra), Kingborough (M)—Pt B (Hobart), Playford (C)—West (Adelaide) and Gunn-Palmerston (Darwin) also showed strong growth. All of these cities are dominated by areas of modest growth with some regions (Campbelltown, Hume, Tea Tree Gully and South Belconnen) exhibiting declines.

Some notable inner city declines were the SLAs of Hobart (C) – Inner (TAS), Gumdale-Ransome (QLD) and Hunter’s Hill (NSW), as these are inner city SLAs that saw a decline in Aggregate Real Taxable Income of more than five per cent.

## Growth by Remoteness Class

Remoteness classes are classified by the ABS on the basis of road distance to urban centres. The population of an urban centre is used as a proxy for the availability of goods and services. The five remoteness classes used by the ABS are Major Cities, Inner Regional, Outer Regional, Remote and Very Remote.

**Table 3** Income by Remoteness Class

	ARTI (2005–06) (\$millions)	÷	NTI (2005–06) (thousands)	=	RIPT (2005–06) (\$)	ARTI growth (per cent)	NTI growth (per cent)	RIPT growth (per cent)
Australia	471 186		9 408		50 082	4.3	3.4	0.8
Major Cities	348 222		6 644		52 414	4.3	3.5	0.8
Inner Regional	76 614		1 729		44 317	4.7	3.6	1.0
Outer Regional	36 715		838		43 798	3.9	3.1	0.8
Remote	6 384		131		48 657	2.7	2.2	0.5
Very Remote	2 638		53		49 998	2.6	0.6	2.0

The Major Cities class had the highest Real Income per Taxpayer, and was the largest contributor to Australia’s economic activity contributing almost three quarters of Australia’s Aggregate Real Taxable Income. The remoteness class with the highest growth during the year was Inner Regional (4.7 per cent), while the Very Remote class grew the least (2.6 per cent).

Overall, most of the economic growth has been due an increase in the Number of Taxable Individuals, with the exception of the Very Remote class which has been due to higher Real Income per Taxpayer. This is consistent with the mining boom, and higher wages in northern WA, central NT and the mining regions of central QLD. Higher wages were being paid to the workers in the Very Remote regions because of their increasing output and the desire by mining and resource firms to attract greater numbers of skilled workers in these areas.

## Summary

Australia exhibited strong economic growth from 2004–05 to 2005–06, mostly due to growth in the number of individuals participating in the economy. Growth was mostly centred in mining areas of northern Australia (mostly in WA and QLD) while agricultural regions showed the largest declines.

Most of city SLAs exhibited moderate growth (between 0 and 5 per cent). The urban fringe of the cities saw the strongest growth with only a few exhibiting declines in Aggregate Real Taxable Income.

