
IPSWICH WEST MORETON UPDATE

Incorporating data to the 2020-21 financial year

**An update for
REGIONAL DEVELOPMENT AUSTRALIA
IPSWICH & WEST MORETON INC.**

April 2022

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IAN325 – Ipswich West Moreton update/Ipswich W Moreton/2022

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Ipswich West Moreton – Update

1. A strategic location both within and overlooking South East Queensland

South East Queensland comprises a group of eleven local government areas bounded to the east by the Pacific Ocean, to the south by the NSW border (which here follows the rugged McPherson ranges) and to the west and north-west by the Darling Downs. Seven of SEQ's eleven local government areas occupy the coastal plain while the remaining four lie inland. These four – Ipswich, Lockyer Valley, Scenic Rim and Somerset – comprise the Ipswich West Moreton (IWM) region, which accounts for well over half the land area of SEQ (13,000 km² out of 22,300 km²) but for slightly less than 10 per cent of its population (350,000 out of 3,647,600).

IWM is a region of many ranges and as many valleys. To the west its ranges buttress the Darling Downs while to the east they form a formidable but discontinuous coast range. The valleys are flat and fertile. The Lockyer Valley has a nationwide reputation as a source of fresh vegetables and the Bremer, Fassifern and upper Logan valleys also support intensive agriculture.

One of these valleys, the upper Logan centred on Beaudesert in Scenic Rim Shire, lies to the east of the coastal ranges, separated from the coast by Mount Tambourine. This valley provides a corridor for the railway line heading south to Sydney and is connected to coastal SEQ by several main roads including the Mount Lindesay Highway. The other valleys are connected to the coastal plain through gaps in the coastal ranges, the most important of which is the Goodna gap fifteen kilometres east of Ipswich – the gap which carries the Brisbane River and the Ipswich Motorway.

From Ipswich roads radiate to the rest of the region and beyond – to western Queensland via the Warrego highway, to central and north Queensland via the Burnett highway and into NSW and on to Victoria via the Cunningham highway. Ipswich was also the starting point for Queensland's first railway. Under the guise of the Inland Railway, this line is now being totally rebuilt to provide fast long-distance freight transport. The new line will not use the Goodna gap but, after serving new industrial estates near Ipswich, will tunnel through the coast range to serve logistics facilities within the IWM region near Beaudesert.

Ipswich and Beaudesert are now incorporated into the Brisbane metropolitan area but continue to provide focus for the region, along with developing urban centres such as Springfield and Gatton. Toowoomba and Warwick, located in the Darling Downs to the immediate west, also provide urban services to parts of IWM. With its inland and coastal transport connections, its plentiful flat, flood-proof industrial land, its fertile agricultural valleys and its abundant supply of skilled workers, the IWM region is a great place for primary and secondary industries. Its productive industries and its focal position in the transport system also make it an ideal location for logistics terminals.



Inland of the coastal ranges of South East Queensland lies a region of ranges and valleys. The mountains along the NSW border lie on the southern boundary of the region while the slopes of the Great Dividing Range are included to the west. The intensively-cultivated Lockyer Valley is a prime agricultural area while elsewhere there is a mixture of commercial and hobby farming, national parks and water catchments. Though the City of Ipswich, with its long-established manufacturing and defence industries, has a tradition of independence, it is closely connected to the Brisbane metropolitan area. The region also includes several nascent logistics hubs.

Major Centres: Ipswich, Springfield, Beaudesert, Gatton

2. Population growth

Over the three years prior to the advent of COVID-19 the population of the IWM region grew at an average rate of 2.9 per cent a year, well ahead of the national rate of population growth of 1.2 per cent a year and also ahead of the average rate for SEQ of 2.2 per cent. Its high population growth rate was due to net migration: more people moved into the region than moved out. Most of the people who moved into the region came from other parts of SEQ though some came from overseas, interstate or distant parts of Queensland.

COVID-19 reached Australia in January 2020. Governments reacted with lockdowns and travel restrictions. Queensland was not as severely affected by lockdowns as some of the other states but was affected by the cessation of immigration from overseas, thanks which the national population grew by a mere 0.2 per cent during the 2020-21 financial year. Despite this fall at the national level, population growth in IWM was maintained at 2.3 per cent for the year – testimony to the strong attractive capacity of the region for families moving from elsewhere in Australia.

As in Australia as a whole – indeed the world as a whole – the population of IWM has been ageing. In 2016 the 29.4 per cent of the region's population was aged under 20 but this fell to 28.4 per cent in 2021, a reduction of one percentage point. At the other end of the age scale, the proportion aged 55 and over rose from 23.8 per cent to 25.2 per cent, an increase of 1.4 percentage points. These changes were more marked than those for Australia as a whole over the same five-year period and indicate a change in the pattern of migration into IWM. The established pattern, which IWM shares with other outer metropolitan regions, has been that population

growth depended on an influx of newly-formed families into new housing estates, somewhat offset by the tendency of school-leavers to leave for the bright lights and established tertiary educational facilities of the metropolitan centres. This established pattern is now supplemented by the migration of retirees and work-at-home professionals to the peri-metropolitan countryside.

It is expected that the COVID-19 pandemic will reduce the rate of immigration into Australia for several years and hence reduce the rate of national population growth. As the IWM region has already demonstrated, this does not mean that internal migration will cease. The IWM region is well-placed to benefit from migration from other parts of Australia to take advantage of competitively-priced house- and-land packages and of new employment opportunities generated both within its own boundaries and within easy commuting distance.

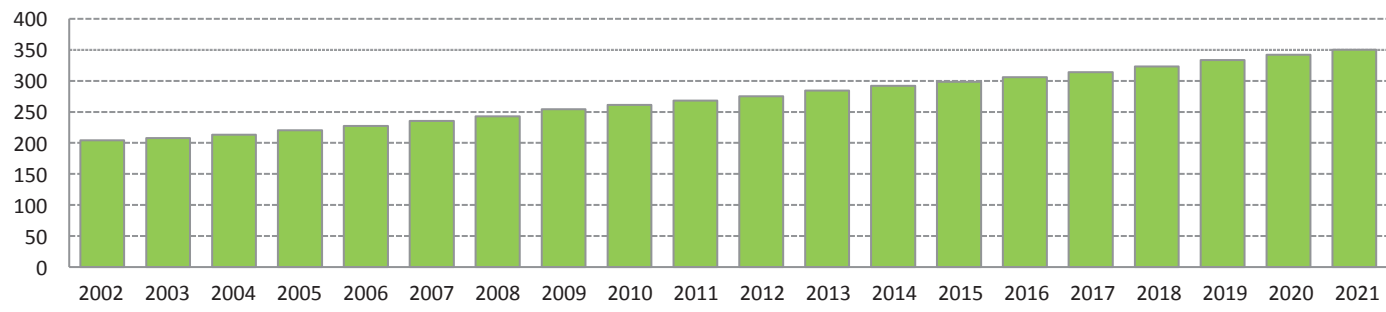
POPULATION CHANGE				
	2006	2011	2016	2021
Share of population (%)				
Age 0–19	30.1	29.9	29.4	28.4
Age 20–29	12.4	13.8	13.8	13.1
Age 30–54	35.3	33.8	33	33.3
Age 55+	22.2	22.5	23.8	25.2
Population change (average between years)				
Age 0–19		2339	1950	1873
Age 20–29		1746	1061	742
Age 30–54		2051	2110	3055
Age 55+		1981	2484	3105
Average annual growth (%)		3.7	3.8	3.9

SOCIAL SECURITY		
	% Pop	Australian ave (%)
Youth Allowance – Other (share of 16-21 years)	12.5	7.6
Youth Allowance – Student/Apprentice (share of 16-21 years)	7.7	11.5
Newstart Allowance (share of 22-64 years)	10.3	8.4
Disability, carer, widow and wife (share of 41-64 years)	19.5	13.9
Age pension (share of 65+)	62.8	57.9

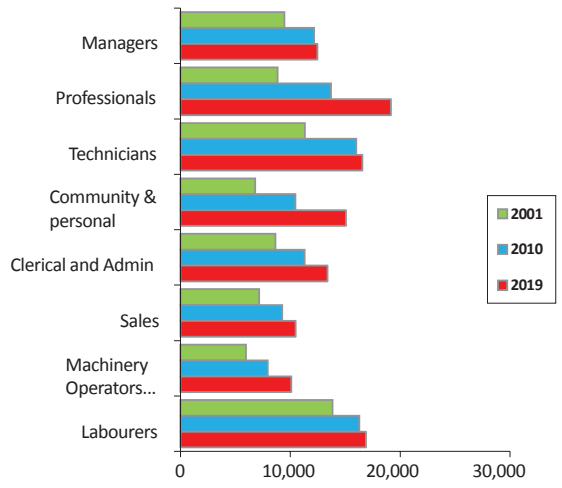
Cash benefits share of disposable income	Ipswich West Moreton	Australia
2013	15.5	12.4
2014	15.3	12.5
2015	15.5	12.3
2016	15.7	12.2
2017	15.0	11.6
2018	15.0	11.2
2019	14.9	11.0
2020	16.3	11.9
2021	15.8	12.7

POPULATION																				
	Number ('000s)																			
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Population	204	208	213	220	227	235	243	254	261	268	275	284	292	298	306	314	323	333	342	350

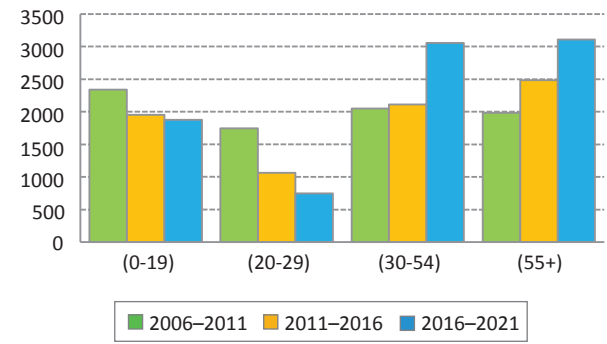
Population profile (number '000)



Occupation profile (place of work)



Population change by age group



CONSUMPTION														
Indicator	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth (average annual %)
Consumption (\$m cvm)	8272	8623	8980	8697	9780	10122	10271	10478	11124	11383	11743	11683	12358	3.4
- Per Capita (\$cvm)	32620	33020	33543	31570	34472	34676	34451	34271	35427	35240	35224	34167	35346	0.7

INDUSTRY GROUPS (UR=Place of residence, POW=Place of work)

		Place of Residence (UR) Employment					Place of work (POW) Employment				
		2001	2006	2011	2016	2021	2001	2006	2011	2016	2021
A	Agriculture, Forestry & Fishing	5,807	4,854	5,029	5,745	6,247	6,568	5,237	5,176	5,827	7,324
B	Mining	548	727	1,156	1,416	1,119	391	492	613	655	635
C	Manufacturing	13,651	16,586	16,278	14,746	18,904	11,281	13,313	12,771	11,892	15,123
D	Electricity, Gas, Water & Waste Services	907	1,206	1,827	2,129	2,418	714	938	1,234	1,586	1,520
E	Construction	6,105	10,193	13,341	12,765	16,496	4,764	7,585	9,776	8,484	10,954
F	Wholesale Trade	4,336	4,623	5,306	4,781	5,959	2,617	2,626	2,939	2,487	3,793
G	Retail Trade	9,014	11,659	12,772	14,032	15,811	7,730	9,626	10,638	11,305	13,484
H	Accommodation & Food Services	4,379	5,207	6,716	7,804	8,640	4,042	4,781	6,396	7,495	7,465
I	Transport, Postal & Warehousing	5,037	7,393	8,203	9,060	11,697	3,339	4,405	4,810	4,995	5,588
J	Information Media & Telecoms	1,162	1,160	1,230	1,542	1,010	628	641	640	778	631
K	Financial & Insurance Services	1,770	2,104	2,517	2,919	2,911	992	1,131	1,322	1,676	1,733
L	Rental, Hiring & Real Estate Services	1,069	1,606	2,150	2,258	1,714	978	1,379	1,644	1,528	1,401
M	Prof, Scientific & Technical Services	2,920	3,836	5,381	6,220	6,378	2,177	2,744	3,372	3,879	3,936
N	Administrative & Support Services	2,578	2,790	3,903	4,489	5,065	1,737	1,958	2,658	3,122	3,138
O	Public Administration & Safety	6,333	7,762	10,382	11,185	15,047	5,260	6,099	7,744	8,461	9,733
P	Education & Training	6,498	7,350	9,387	12,550	11,758	7,446	8,302	10,098	12,604	12,714
Q	Health Care & Social Assistance	9,303	10,699	13,521	16,726	21,944	7,557	8,740	10,979	13,474	16,036
R	Arts & Recreation Services	962	1,171	1,414	1,621	1,869	709	895	1,050	1,205	1,645
S	Other Services	3,774	4,032	4,755	5,608	6,773	2,605	2,711	3,187	3,503	3,840
Z	TOTAL	86,153	104,958	125,268	137,596	161,760	71,532	83,604	97,050	104,956	120,693
Z1	Hi Tech	6,590	8,387	9,643	9,834	12,001	4,601	5,625	5,754	5,899	7,021
Z2	Hi Income	6,454	7,805	10,743	12,497	12,354	4,221	4,998	6,255	7,304	7,250
Z3	Infrastructure Services	16,763	19,221	24,322	30,898	35,571	15,712	17,937	22,127	27,283	30,395

3. Industries and employment

In the 20th Century the IWM region was known for its intensive agriculture, coal mines and railway workshops. Of these three industries, agriculture has flourished while the latter two have shrunk, having been instrumental in the development of a resilient and flexible workforce now employed in a wide range of productive enterprises.

Agriculture in IWM is supported not only by its links to local manufacturing and its trucking connections to all Eastern Australian markets, but by long-established local research and educational institutions, particularly the University of Queensland at Gatton. Over recent years incomes earned in agriculture have been maintained despite fluctuating rainfall.

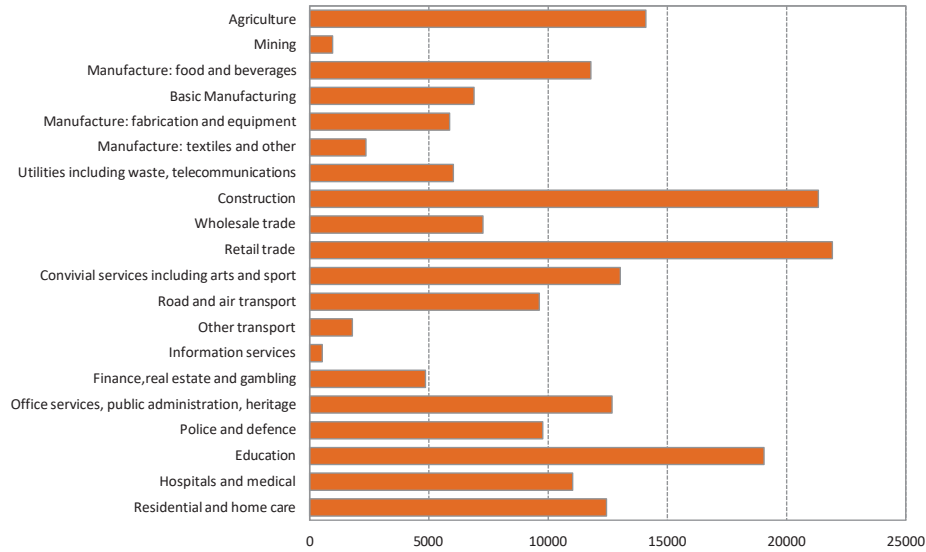
Within IWM, manufacturing not only survived but expanded during the ‘mining boom’ years 2008-13, when overseas competition exacerbated by an over-valued exchange rate brought about the decline of much Australian manufacturing. Having survived this experience, and supported by a well-organised TAFE system, the region’s manufacturing capacity is highly competitive. From 2019 to 2021 hours worked in manufacturing grew substantially and incomes earned grew even more: over the two years income generated in fabrication and equipment manufacture grew by 50 per cent, with the other manufacturing industries not far behind. The region’s strategic location underpinned similar rapid growth in employment in wholesale trade and in long- distance road and rail transport. The region was able to take advantage of opportunities created by the disruption of international supply chains due to COVID-19.

The region hosts a major RAAF base which is not only an employer in its own right but generates supportive manufacturing activity. After several years of marking time, activity at the base increased between 2019 and 2021.

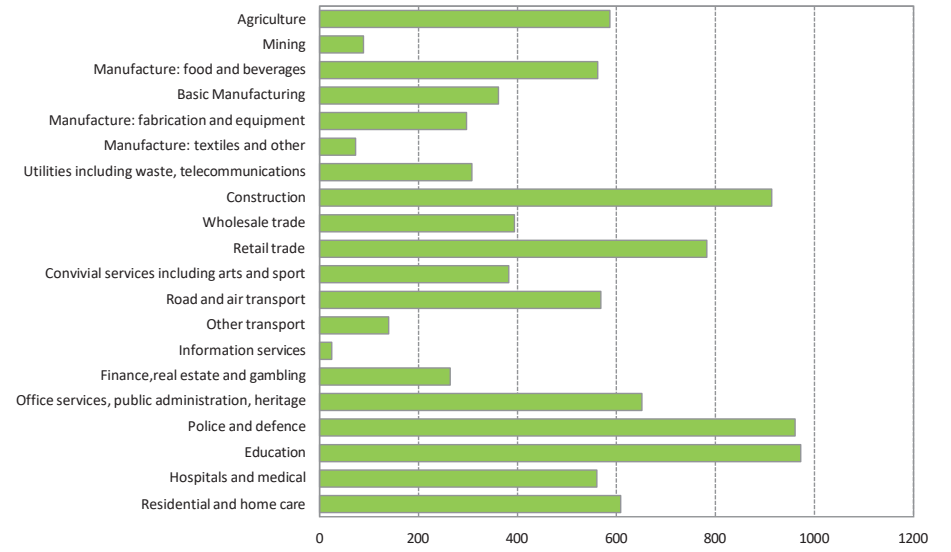
Hours worked and income generated in Ipswich West Moreton region 2020-21, by industry, with rates of growth 2016 – 2019 and 2019 – 2021						
Industry	Hours			Local income generated		
	2020-21 ('000 hours)	r.g. % p.a. 2016-2019	r.g. % p.a. 2019-2021	2020-21 (\$m cvm)	r.g. % p.a. 2016-2019	r.g. % p.a. 2019-2021
Agriculture	14098	6.68	7.37	587	0.42	0.32
Mining	970	5.24	-1.35	89	6.80	-6.23
Manufacture: food and beverages	11794	-1.37	5.43	562	-0.87	11.46
Basic Manufacturing	6895	-1.35	11.13	362	0.76	17.64
Manufacture: fabrication and equipment	5874	2.38	15.35	297	-0.83	22.64
Manufacture: textiles and other	2364	10.96	7.83	72	7.72	14.40
Utilities including waste, telecommunications	6025	2.00	-1.05	308	-1.13	4.59
Construction	21336	5.55	4.85	914	-0.78	1.74
Wholesale trade	7275	1.77	19.01	394	2.99	21.42
Retail trade	21927	3.87	0.66	783	8.06	10.03
Convivial services including arts and sport	13030	7.76	-8.14	382	6.99	-10.17
Road and air transport	9637	3.94	-6.19	568	4.31	-1.69
Other transport	1801	-1.73	0.95	140	4.49	18.62
Information services	538	1.16	-11.24	25	10.50	-10.18
Finance, real estate and gambling	4867	-3.27	2.53	264	-1.31	5.45
Office services, public administration, heritage	12682	-0.71	-0.87	651	3.88	1.06
Police and defence	9778	-1.34	13.33	961	0.10	17.69
Education	19057	1.63	2.56	972	2.07	3.33
Hospitals and medical	11032	0.59	1.83	560	4.43	10.65
Residential and home care	12450	4.82	10.12	608	0.00	7.57
Total	193431	2.69	3.31	9497	2.07	6.45

Note: NIEIR estimates. Local income = gross regional product less the corporate profit component.

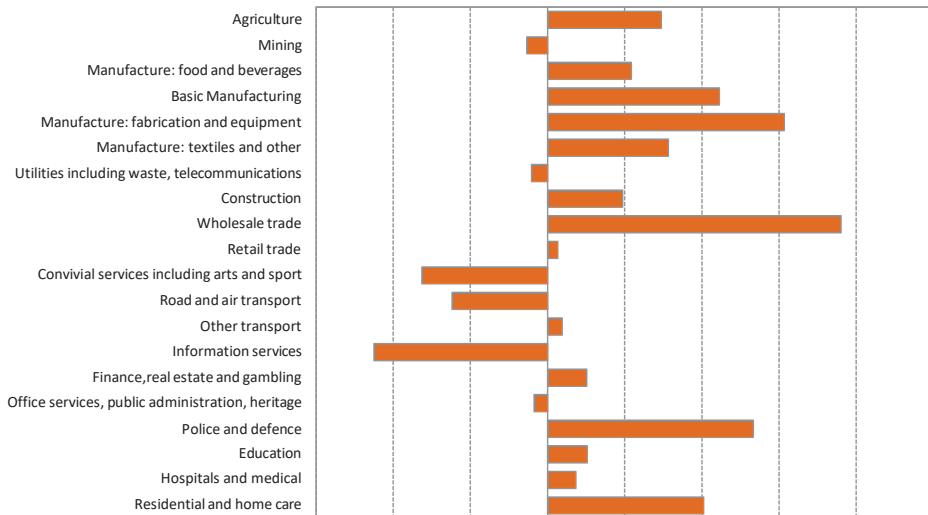
Hours worked in Ipswich West Moreton region, 2020-21, by industry ('000 hours)



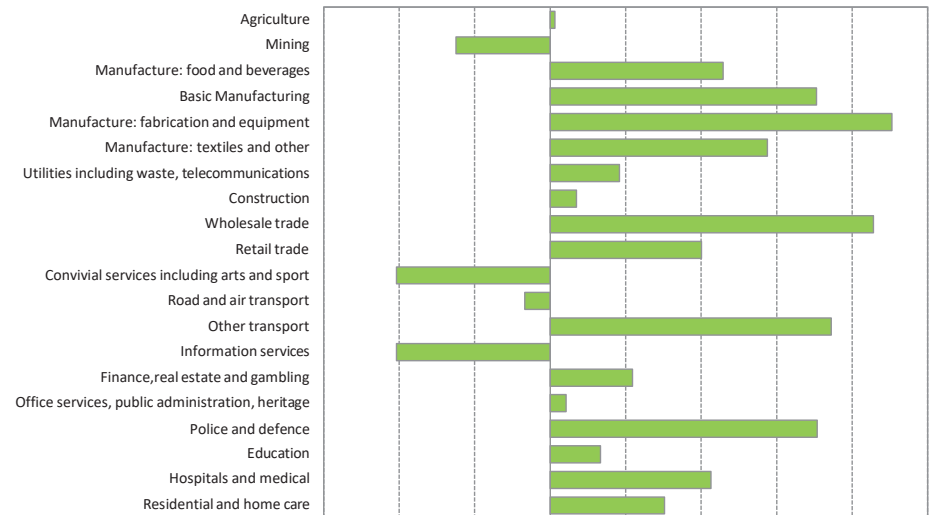
Income generated in Ipswich West Moreton region, 2020-21, by industry (\$m cvm)



Hours worked in Ipswich West Moreton region, 2019-21, by industry, rate of growth (% p.a.)



Income generated in Ipswich West Moreton region, 2019 – 2021, by industry, rate of growth (% p.a.)



UNEMPLOYMENT AND UNDER EMPLOYMENT

	Percentage						Percentage point change					Ave % point change p.a.	
	2016	2017	2018	2019	2020	2021	2016 to 2017	2017 to 2018	2018 to 2019	2019 to 2020	2020 to 2021	2016-2019	2019-2021
NIEIR U/E Rate	10.6	10.7	10.4	9.6	9.9	10.6	0.1	-0.3	-0.8	0.3	0.7	-0.3	0.5
Headline U/E Rate	7.2	7.7	7.7	7.1	7.4	8.4	0.5	0	-0.6	0.3	1	0	0.7
NIEIR Structural U/E Rate	12.3	11.8	11.6	11.1	12	13.7	-0.5	-0.2	-0.5	0.9	1.7	-0.4	1.3
Social Security Take-up	16.9	16.4	16.1	15.3	16.9	20.0	-0.5	-0.3	-0.8	1.6	3.1	-0.5	2.4
Hours Per Week(1)	22.5	22.6	23.3	22.8	21.9	23.0	0.1	0.7	-0.5	-0.9	1.1	0.1	0.1
Not Employed Share(1)	30.2	30.7	28.7	29.3	31.4	30.3	0.5	-2	0.6	2.1	-1.1	-0.3	0.5
Not In Employment(1)	40.7	40.5	38.6	40	42.3	39.5	-0.2	-1.9	1.4	2.3	-2.8	-0.2	-0.3

Note: (1) Relative to Working-age Population, Not in Employment is based on FTE.

INCOME FLOWS & PRODUCTIVITY

	Level \$m cvm						Per capita \$cvm						% p.a. growth of level	
	2016	2017	2018	2019	2020	2021	2016	2017	2018	2019	2020	2021	2016-2019	2019-2021
Wages/Salaries	7942	8242	8685	8886	9241	9946	25976	26249	26887	26655	27024	28448	3.8	5.8
Taxes Paid	1769	1904	1997	2072	2077	2192	5786	6064	6182	6215	6074	6270	5.4	2.9
Benefits	1877	1890	1951	1982	2273	2369	6139	6019	6040	5945	6647	6776	1.8	9.3
Business Income	918	1168	1007	972	963	1160	3003	3720	3117	2916	2816	3318	1.9	9.2
Interest Paid	813	790	818	832	696	599	2659	2516	2532	2496	2035	1713	0.8	-15.2
Property Income	1524	1562	1644	1707	1637	1552	4985	4975	5089	5120	4787	4439	3.9	-4.6
Disposable Income	11965	12614	12984	13271	13937	14982	39135	40172	40196	39808	40757	42853	3.5	6.3
Resident GRP (Local)	13622	14349	15024	15079	15345	16282	68964	70991	72484	70631	69815	72575	3.4	3.9
Industry GRP (Local)	10874	11434	11895	11769	12027	12690	103604	108065	106720	104285	105121	105147	2.7	3.8
Headline GRP	13034	13721	14362	14092	14022	15116	124187	129680	128856	124869	122557	125244	2.6	3.6

- Notes:
- (1) All years stated above are fiscal year ending.
 - (2) Figures for wages/salaries include superannuation supplements.
 - (3) Figures for disposable income (less depreciation expense) include imputed income from ownership of dwellings.
 - (4) Figures for Resident GRP (Local) are per working-age population and figures for Industry GRP (Local) are per industry employee. Both are at Factor Cost.
 - (5) \$m cvm = \$ million chain volume measure, which is flows of constant 2016-2017 value converted from current values by the ABS using their chain volume methodology.

As elsewhere in Australia, the negative effects of lockdowns and internal travel restrictions were felt mainly by the air transport, accommodation, eating-out and personal service industries. COVID-19 was also responsible for a surge of overtime-working in hospitals and generated an increase in incomes generated in internet-related businesses. The net effect on incomes in these affected industries was negative, but for the region as a whole was more than balanced by the increase in incomes earned in manufacturing – in 2021 IWM residents received wage and salary income 12 per cent above receipts in 2019 and the incomes of the proprietors of owner-operated businesses were 20 per cent higher. Given that the COVID-19 affected industries mainly serve local demand and that local incomes are increasing, these industries have not suffered as severely as their equivalents elsewhere and are recovering rapidly from the COVID-19 setback.

Not only have the people of IWM benefited from the growth of employment within their own region, they have also benefited from employment growth in adjacent regions and from recent transport investments which have improved the connections between IWM and the rest of SEQ – investments such as the Ipswich, Centenary, Mt Lindesay and Logan Motorways and the Springfield railway. In 1998 the net outflow of daily commuters from the region accounted for 17 per cent of its employed workers. This proportion rose to 24.1 per cent in 2019 and 25.4 per cent in 2021. (The net outflow

offsets two flows, those who live in the region and work outside, and those who live outside the region and work in it.)

Proximity to the rest of the SEQ metropolitan area is not only a direct income-earning opportunity for IWM residents, it is also a source of specialised services and support for the region. One of the major trends in the Australian economy over the past decade has been the outsourcing of specialised services. Businesses have long outsourced services from lawyers, auditors, architects and the like, but the range of activities outsourced to specialists has increased to include marketing and a wide range of scientific and other professional support. At present the region draws most of its support in these areas from Brisbane, but it has two centres with potential to develop as multi-faceted knowledge-economy centres.

They are the historic centre of Ipswich and the planned urban centre of Springfield. Both have the required nucleus of tertiary education and specialist health facilities.

Over the three years from 2014 to 2019 the number of employed IWM residents grew by 3.05 per cent a year, very similar to the rate of growth of population. However, the proportion of part-time employment increased and hours worked by residents grew a little more slowly at 2.69 per cent a year. Employment opportunities dipped with the onset of COVID-19 but recovered rapidly in 2020-21, so that in 2021

IWM residents were working 7 per cent more hours than they had in 2019. By contrast, the increase at the national level was only 1 per cent. IWM suffered less from the downsides of COVID-19 and gained more from the upsides.

In 2016 the national unemployment rate, as measured by the ABS using internationally standard definitions, was 5.7 per cent of the labour force, with the rate in IWM a little above at 7.2 per cent. By 2019 the national rate had fallen to 5.3 per cent while the IWM rate had dropped to 7.1 per cent. In 2021 the national rate had fallen further to 4.9 per cent (thanks largely to the fall in net immigration) but the rate in IWM had risen to 8.4 per cent. This divergence occurred for two reasons: the growth in employment in IWM failed to keep pace with the growth in the employable population at the same time as the increase in employment generated an increase in the labour force participation rate and hence in the number of residents actively seeking work. Even prior to COVID-19, IWM had an ample reservoir of people willing to work at the going wage, though they did not necessarily have the precise skills that employers were seeking. The relatively high IWM unemployment rate constitutes an opportunity – not only does the region have plenty of land for industrial development and good accessibility to markets but it has ready and willing labour resources. There are ample opportunities for investment to complement the region’s land and labour resources with appropriate capital.

EMPLOYED, HOURS WORKED AND INCOME										
Indicator	Place of residence					Place of work				
	2001	2006	2011	2016	2021	2001	2006	2011	2016	2021
Employment	86153	104959	125266	137595	161759	71532	83604	97050	104956	120693
Hours (1,000 hours)	152920	182214	213933	231510	268355	124278	139422	158454	167355	193431
Income (\$m cvm)	4996	6852	8930	10630	13241	4021	5326	6742	7882	9497
Average Weekly Hours/Employment	34.1	33.4	32.8	32.4	31.9	33.4	32.1	31.4	30.7	30.8
Average Hourly Rate/Employment (\$cvm)	32.7	37.6	41.7	45.9	49.3	32.4	38.2	42.5	47.1	49.1

4. Housing

The housing stock in IWM is dominated by houses with gardens, though the stock of flats has been increasing. Flats now comprise 10 per cent of all dwellings in the region and account for well over 10 per cent of new dwelling approvals.

Even after adjustment for general inflation, the average price of an established dwelling in IWM more than doubled between 2001 and 2011. From 2011 to 2019 average prices declined slightly in real terms, with some of the decline due to an increase in the proportion of flats in the dwelling mix. IMW was not alone in these trends, which were similar in Australia generally.

Across Australia a further burst of real dwelling price increases occurred in 2021, arguably as an unintended result of some of the Commonwealth government responses to the COVID-19 lockdowns. Australia-wide, value per dwelling increased by 27 per cent between June 2019 and June 2021. However, the price increases were concentrated in capital cities and retirement areas of NSW and Victoria and the increase in IWM was limited to 7 per cent. As the property market has flowed and ebbed, typical house prices in IWM have varied between half and three-quarters of the national average.

In 2001 dwellings in IWM had been decidedly more affordable in relation to local household incomes than in Australia as a whole. By 2019 they had lost a small part of this relative affordability advantage, but they regained it in 2021. Dwelling prices in IMW remain reasonable in relation to Australia at large, though they are high in relation to the norms established in previous generations and in relation to the incomes of young families. This has raised questions of housing affordability in relation to income.

HOUSEHOLD WEALTH & DEBT									
Indicator	Ipswich West Moreton region			Australian average			% of Australian average		
	2011	2016	2021	2011	2016	2021	2011	2016	2021
Wealth per Household (\$cvm '000s)	543	480	535	775	745	993	70.1	64.4	53.9
Value of Property and Unincorporated Business	484	450	498	620	645	777	78.1	69.8	64.1
Value of Financial Assets	266	241	253	381	346	452	69.9	69.9	56.1
Value of Household Liabilities	207	211	217	226	245	262	91.7	86.3	82.8
Disposable Income after Debt Service Costs	116	114	123	139	142	149	83.0	80.3	82.4
Household Debt Service Ratio	19.2	17.2	14.7	17.9	16.1	14.6	107.6	106.3	100.6
Household Debt to Gross Income Ratio	1.5	1.6	1.6	1.4	1.5	1.6	110.6	108.1	102.3

HOUSING										
Housing Indicator	1991.3	1996.3	2001.3	2006.3	2011.2	2016.2	2019.2	2006.3 Rank	2019.2 Rank	Annual growth 2006-19
Average established dwelling price (\$cvm '000s)	136.73	139.52	141.47	312.76	365.80	342.37	347.67	45	43	0.83%
Average adjusted household income per occupied dwelling	68,302	68,549	74,115	97,576	113,889	109,296	102,833	43	58	0.41%
Ratio of adjusted dwelling price to adjusted average household disposable income	2.00	2.04	1.91	3.21	3.22	3.14	3.39	42	39	0.44%
Average household income from labour market catchment	41,909	47,289	51,431	64,120	72,269	62,043	56,690	38	49	-0.96%
Ratio of average mortgage costs on established dwellings to average household catchment income	35.4%	25.3%	18.7%	38.0%	39.9%	32.8%	36.4%	35	37	-0.34%
Ratio of average mortgage costs on new dwellings to average household catchment income	73.6%	50.9%	38.4%	47.0%	46.3%	37.4%	42.2%	28	33	-0.83%
Ratio of new construction cost to established dwelling	177.5%	175.2%	182.1%	98.0%	95.6%	93.3%	96.5%	28	32	-0.12%
Share of flats in dwelling stock	3.2%	3.0%	3.4%	3.4%	3.0%	4.2%	5.2%	65	63	3.34%
Ratio of houses in new dwelling approvals	n/a	89.2%	92.7%	91.2%	88.2%	79.0%	85.5%	4	28	-0.51%
Adults per occupied dwelling	2.28	2.11	2.11	2.11	2.13	2.14	2.10	21	27	-0.04%

In the 1990s the average dwelling sold in IWM went for roughly twice regional average household disposable income; since 2006 it has fetched more than three times. This followed national trends. Households were able to pay the higher prices by taking on increased debt (mainly mortgages). In IWM households had, by 2019, accumulated debt equal to 1.6 times their annual gross income, compared to 1.72 times for Australia as a whole. This was only feasible because interest rates fell. The decrease in interest rates offset the increase in debt so that the household debt service ratio in IWM fell from 16 per cent of income after tax in 2016 to 14.6 per cent in 2021, similar to Australia as a whole.

Australian mortgage interest rates were very high in the early 1990s, which gave plenty of scope for gradual reductions to support the demand for new dwellings.

However this mechanism has reached its limits and the expectation is now that interest rates will rise. It is possible that dwelling prices will return to something like their 1990s – or, more drastic, 1960s – relation to incomes, reversing the capital gains received by longstanding home owners and by investors in real estate. Should it occur, this process will take the form of a fall in the price of urban land – not so much in the price of dwellings as such, for the capital gains in housing have been due to the rising value of the underlying land, not due to increased house-construction costs. This process will not be pleasant, but IWM is likely to suffer less than regions where land values have risen to high proportions of dwelling value.

5. Construction

Between 1999 and 2019 the hours of work put in by IWM residents employed in the construction industries increased by 2.5 times, hence growing at the rather hectic rate of 4.7 per cent a year. This rate of growth accelerated to 5.7 per cent a year in the five years to 2019, in which year construction accounted for 12 per cent of all hours worked by IWM residents. The proportion declined slightly to 11 per cent in 2021, not because of any slackening in construction activity but due to increased activity in other industries such as manufacturing. Many of these residents worked outside the region – 21 per cent in 1999 rising to 34 per cent in 2021. In this way the IWM region has shared in the general level of construction activity in SEQ.

In 2020 construction activity within IWM was slackening off, but in 2021 it revived even if it did not quite return to its 2018 peak. In both 2018 and 2021 residential buildings accounted for half of total value in construction with the construction of non-residential buildings and engineering works accounting for the other half. Within the residential sector there was a switch towards renovations, and within the non-residential sector a switch towards business premises and away from civil works. The decline in new dwelling construction reflected the national difficulty of maintaining demand for new houses in an era of high urban land prices, high household debt and fear of interest rate increases, though as already noted the position in IWM is not as dire as in some other parts of Australia.

The increase in business construction is a positive development, reflecting the recently improved prospects for manufacturing and logistics. Infrastructure investment should revive as Inland Rail is constructed through the region and investments are made in water management.

What happens next will be affected by federal and state government policy. Left to itself, and even in the absence of a price correction in urban land, residential construction is likely to tail off further, reflecting reduced population growth due to the COVID-19 induced fall in immigration coupled with household debt saturation. Non-residential construction depends on business prospects, particularly on whether the recently improved expectations in manufacturing and logistics hold up. Manufacturing faces the prospect of a reduction in competitiveness as the exchange rate rises in response to the revival of the short-term prospects for mineral exports, but on the other hand stands to benefit as a supplier to the mining industry – the effect on investment in manufacturing will depend on how these forces play out. In the medium term logistics will have to switch away from fossil fuels, which may well change the cost pattern to favour further investment in IWM.

Meanwhile, the region is far from lacking in shovel-ready projects ranging from residential and industrial estates through upgrading urban centres to major infrastructure projects.

6. Local government rates and grants

The main taxes in Australia are levied by the Commonwealth government and include income tax and general sales tax. These taxes are levied on income wherever it is earned and on sales wherever they occur. The states also levy taxes, such as payroll tax, at rates which vary between states but again do not vary by location within each state. By contrast, the property tax levied by local governments (in Queensland on unimproved values) varies by Council, at the Council's discretion. The theory is that communities have a local choice: they can choose a local government package with high rates and high services, or a package with low rates and low services.

This said, the expenditure needs of local government areas and their rate paying capacity are often out of kilter. An area with high needs (typically lots of local roads) can find itself with low unimproved values, while areas with high unimproved values can find themselves with relatively few needs for roads, recreation grounds and other council services. The purpose of the Commonwealth/State program of General Purpose Grants, as well as the program of Roads Grants, is to make good some of these differences. In all states, and particularly in Queensland, the State Grants Commission which assesses relative needs has found that remote area councils are most in need of financial assistance, followed by other rural councils.

Nevertheless, under the legislation all councils receive a minimum level of road and general purpose grants, determined largely by road lengths and population.

Taken together, in 2020 the four councils of IWM received General Purpose grants at a rate not much above the statutory minimum of \$31 per capita. Their receipts from road grants were also well below national average.

CONSTRUCTION								
	2012-2014	2015	2016	2017	2018	2019	2020	2021
Value \$m cvm per annum								
Residential New Construction	1919	715	843	1035	1140	963	756	986
Residential Renovations	717	256	298	316	340	386	398	469
Non-Residential	1215	526	631	565	610	418	587	755
Engineering	7001	1403	778	836	915	825	795	754
Total	10852	2900	2549	2752	3005	2592	2537	2964
Value per capita \$cvm								
Residential New Construction	2257	2397	2757	3295	3531	2889	2210	2820
Residential Renovations	843	859	973	1006	1054	1158	1164	1341
Non-Residential	1428	1766	2064	1799	1887	1254	1717	2160
Engineering	8229	4705	2545	2663	2832	2473	2326	2156
Total	12757	9727	8339	8763	9304	7775	7418	8477
Rank (value per capita)								
Residential New Construction	86.3	80.9	83.5	98.3	105.1	88.6	76.7	98.2
Residential Renovations	74.6	73.6	83.4	85.8	93.7	103.4	106.6	109.8
Non-Residential	84.8	104.8	123.6	110.3	104.6	68.5	88.7	118.6
Engineering	125.1	88.2	57.7	67.6	60.2	66.7	65.9	61.6
Total	106.2	87.2	79.1	86.8	84.6	78.4	78.6	90.1

Note: (1) Percentage increase represents the increase (or decrease) of the last three years average when compared to the average of the three years prior to those.

This meant that the councils relied heavily on rate revenue to finance their services. At \$781 per capita their rate-raising effort was above the national average of \$764 per capita. Grants accounted for only 7 per cent of their revenue excluding that from user charges such as fees for hiring recreation grounds (the national average was 13 per cent).

LOCAL GOVERNMENT RATES AND GRANTS		
	Region (2020)	Australia (2020)
Rates (\$m cvm)	273.42	19578
General Purpose Grants (\$m cvm)	11.64	1732.49
Roads Grants (\$m cvm)	7.67	784.84
All Grants to Rates Ratio	0.071	0.129
Rates per Population	34.05	67.44
General Purpose Grants per Population	22.43	30.55
Roads Grants per Population	273.42	19578

Appendix A: Industry classification

When considering the economic fortunes of regions, it is helpful to be able to refer to the industry structure of the region, both as regards employment and the value of work done. A short excursion into industry classifications is therefore warranted. The standard ANZSIC list of industries is a general purpose classification, with 82 2-digit headings conventionally summarised into 19 broad industry groups. For present purposes the 2-digit headings have been re-grouped as follows.

- Agriculture, forestry and fishing, as per ANZSIC.
- Mining, as per ANZSIC but excluding non-metallic mineral mining and quarrying because, unlike other mining it is widespread and serves local markets.
- Manufacture of food products, beverage and tobacco products.
- Basic manufacturing, including manufacture of pulp, paper and converted paper products, petroleum and coal products, basic chemical and chemical products, non-metallic mineral products and primary metal and metal products.
- Equipment manufacturing, including manufacture of fabricated metal products, transport equipment, machinery and other equipment.
- Other manufacturing, including manufacture of textiles, clothing, footwear, wood products and furniture and printing.
- Utilities including electricity supply, gas supply, water supply, sewerage, drainage, waste collection, treatment and disposal, expanded beyond the ANZSIC definition to include telecommunications and building cleaning, pest control, gardening and packaging. At base, these industries involve the operation of specialised networks, mostly wires and pipes. Cleaning and the collection and

disposal of waste products do not require specialised networks but are included here because they feed into specialised facilities in a way similar to sewerage systems.

- Construction, the ANZSIC broad group plus non- metalling mineral mining and quarrying, a small industry which supplies local construction works.
- Wholesale trade, the ANZSIC broad group plus warehousing and storage services.
- Retail trade, the ANZSIC broad group plus repairs and maintenance.
- Convivial services, including accommodation, food and beverage services, heritage activities, creative and performing arts, sports and recreation, personal and other services and private households employing staff.
- Road transport including postal, courier and delivery services.
- Off-road transport, including rail, water, air and sightseeing transport, pipelines, ports, airports and freight forwarders.
- Information and media, comprising publishing, cinema, broadcasting, internet publishing, internet services and libraries, which is the ANZSIC information, media and telecommunications group minus telecommunications services which have been included in utilities as a capital-intensive network.
- Finance, comprising the ANZSIC group plus real estate, which like finance deals with trade in assets. The group also covers gambling activities, which are included here on the grounds that these involve large cash transfers and are vastly more profitable than the convivial activities with which they are often classified due to the physical resemblance of gambling and entertainment venues. The finance sector has long included a range of businesses from the highly respectable to the disreputable.

- Specialised private-sector office activities, including hiring services, professional scientific and technical services and administrative services. If an office is defined as a workplace with chairs, tables and the like where people do desk-work, virtually all industries include an office component. This component can be carried out in-house or contracted out to specialists. With the rise of the knowledge economy the traditional specialist services of lawyers and accountants have been joined by a wide range of hiring, marketing, computing, employment, travel agency and other desk-work services.
- Public administration and safety including police and defence, the ANZSIC group.
- Education and training, the ANZSIC group.
- Hospitals, medical and other health care services.
- Residential care, child care and other social assistance services.
- \$m CVM = \$ million chain volume measure, which is flows of constant value converted from current values by the ABS using their chain volume methodology.
- Chain volume measures are an alternative set of volume measures to constant price estimates. As with constant price estimates, chain volume measures only vary with changes in the quantities of commodities produced or sold.