Economic Impact Study

FOR

Urban Development Institute of Australia
(Western Australian Division)

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Economic Research Associates Pty Ltd

And

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Executive Summary

The Western Australian division of the Urban Development Institute of Australia, on behalf of its members commissioned Syme Marmion & Co and Economic Research Associates Pty Ltd to prepare an economic impact study to measure the value of the land development, group dwelling construction and single residence construction industries to the Western Australian economy in terms of direct and indirect employment, wages salaries and taxation.

This report shows that the annual total state lot production between 2002/2003 and 2005/2006 averaged 17,680 lots, with an average of 14,946 lots created per annum in the Perth metropolitan and Peel regions (MDP area) and 2,734 lots per annum in country areas of Western Australia. In 2005/2006, a total of 20,689 lots were created in Western Australia, which represented a total production value of $4,063M.

In 2005/2006, annual group dwelling construction totalled 3,325 dwellings for Western Australia which represented $604.5M in total production value. Single residence construction for 2005/2006 totalled 18,214 dwellings at a total nominal production value of $3,763M. This equals a total nominal production value of $4,368M for group and single residence dwelling construction.

It is estimated that the three industries combined directly employed approximately 16,900 persons in 2005/2006. The number of indirect jobs for 2005/2006 for the three industries combined totalled an estimated 21,000 jobs. This resulted in an overall employment of almost 38,000 persons in the three industries.

Direct wages and salaries attributable to the land development and residential construction industries for 2005/2006 amounted to $995M and indirect wages and salaries totalled $1,154M, giving around $2,148M of wages and salaries in total.

The total value of lot production, group dwelling construction and single residence construction for 2005/2006 totalled an estimated $8,430M. Between 2002/2003 and 2005/2006 the total value of production for all three sectors averaged $5,956M per annum.

TOTAL TAXES - Land Development and Residential Construction Industry in WA

	$M
GST	600
PAYE	190
Stamp Duty	119
Payroll Tax	40
Land Tax	*
MRIT	*
TOTAL	948

The estimated PAYE tax for 2005/2006 generated directly by the land development, group dwelling construction and single residence construction industries totalled $190M while estimated GST totalled $600M. Stamp duty and payroll tax generated $119M and $40M respectively during 2005/2006 giving a total of $948M in taxes generated for the year to June 2006.

* A total estimated $319.9M in Land Tax and $54M in MRIT was collected by the State Government in 2005/06. For the purposes of this study UDIA was unable to quantify the exact proportion attributable to the Land Development and Residential Construction Industry in WA. More information is available on page 10 of this report.

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1 Introduction

This report investigates the land development industry and the residential housing construction industry in Western Australia and their economic contribution to the Western Australian economy. In this context, the land development industry principally consists of the subdivision of large parcels of land for sale to the general market. For the most part, lots are used for the construction of single residential and grouped dwellings, together with the retail, commercial and community infrastructure necessary for an urban community. This study also considers the economic consequences of the construction of residential buildings on the developed land.

1.1 Scope and Purpose of Study

The study documents the extent of the economic activity which is directly related to land development and residential construction and the magnitude of the flow-on effects these have in the rest of the economy. Impacts are measured in terms of output, employment and incomes generated. Flow-on effects are estimated using multipliers from the Western Australian input-output table.

Land subdivision and residential development is a substantial industry in Western Australia. For 2005/2006 it is estimated that the total value of residential lots developed in the Perth metropolitan region was $4,063 million. Single residential housing and other residential (grouped dwellings) construction for the same period had an estimated total value of $4,368 million.

1.2 Structure of the Report

The report analyses land development, grouped dwelling construction and single residential construction separately in Chapters Two, Three and Four. The overall economic impacts are then examined in Chapter Five.

2 Land Development

2.1 Introduction

The output of the land development industry is the production of lots for sale.

This chapter focuses on the overall lots developed in the planning region centred on Perth, corresponding to the Metropolitan Development Plan (MDP) area (incorporating metropolitan Perth and the Peel region) and also country areas of Western Australia.

2.1.1 Lot Production

Lot production data has been sourced from the Western Australian Planning Commission and lot value data has been sourced from the UDIA. *Table 2-1* below shows the total lot production, the average lot values and the aggregate nominal value of lot production over the last four years.

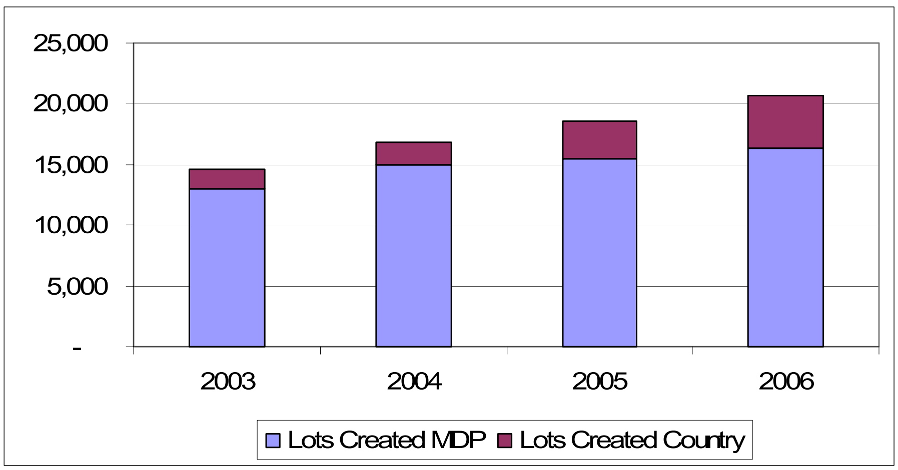
Table 2-1: Total New Lot Creation and Value MDP Area and Country WA, 2001/2002 to 2005/2006

Year Ending June	2003	2004	2005	2006	4 Yr Average
Lots Created MDP	12,978	15,001	15,507	16,299	14,946
Lots Created Country	1,651	1,797	3,098	4,390	2,734
Average Lot Value MDP Area ($)	107,341	122,030	143,185	196,655	142,303
Average Lot Value Country ($)	129,735	137,232	135,642	195,329	149,485
Aggregate Nominal Value ($M)	1,607	2,077	2,641	4,063	2,597

Source: WAPC State Lot Activity and UDIA Urban Development Indexes

Over the period 2002/2003 to 2005/2006, total residential lot creation has averaged 14,946 lots per annum in the MDP area and 2,734 lots per annum in country areas of Western Australia. In 2005/2006, 16,299 lots were created in the MDP area. During the same period, 4,390 lots were created in country WA areas. *Figure 2-1* graphs the total lot creation in the MDP area and country WA over the last four years.

Figure 2-1: Total New Lot Creation in the MDP and Country WA



The value of lot production can be implied from total lot creation and an average value per lot. Lot value data is not available in a format that parallels the WAPC lot creation data. However, the quarterly surveys by UDIA collect data on an average values of lots sold in the Perth Metropolitan area and regional Western Australia. These average lot values are shown in *Table 2-1*. Using these average lot values, the implied total value of annual lot creation has increased from $1,607M to $4,063M over the last four years.

2.2 Land Development Wages and Employment

2.2.1 Land Development Direct Employment

The approach used to estimate direct employment is to estimate the employment required to create lots across all of the major employment categories associated with lot production.

The basic ABS definition of the “property operators and developers” group is not entirely satisfactory as a measure of the direct employment associated with the land development activity of UDIA members in Western Australia. The category includes those involved in owning and renting buildings. It does not therefore appear indicative of the core direct employment generated when a developer takes a greenfield site or brownfield site and transforms it into saleable lots.

In terms of the basic activity of lot production the typical list of employment activities is something like that shown in *Table 2-2* below.

Table 2-2: Employment Categories for a Typical Land Development

Developer	Consultants	Services
Acquisition	Planner / Urban Designer	Earth Works
Project Manager	Market Research	Services
Sales and Marketing	Statutory Planner	Roads
Customer Service	Engineer	Landscaping
Support Staff / Accounts	Environmental Scientist	Landscape Maintenance
Finance	Landscape Architect	
	Surveyor	
	Community Development	
	Communications and Marketing	
	Sales	
	Legal	
	Settlement	

Therefore, for this study, an estimate has been made of the employment structure for a typical estate on a per lot basis using data provided by a sample of major developers. Data was collected on employment numbers and time dedicated to the project as well as project scale in terms of lots. The study collected separate data for greenfield and brownfield developments and the results were collated. The brownfield developments studied were straight forward projects with no unusual environmental remediation or services upgrade costs. Analysis of the survey data shows that the average cost of development per lot for the brownfield developments is 52% greater than for greenfield development. However, this figure should be treated cautiously as it is general and is very dependent on the specific nature and location of the individual brownfield developments. Nevertheless it gives a broad indication of the magnitude of the additional cost per lot involved in brownfield development compared with greenfield development.

Using the employment numbers and months on the project, an estimate was made of FTEs (full time equivalent employment numbers) and these were then averaged on a per lot basis. This ratio has then been applied to the aggregate number of lots created (MDP and state lot activity) to arrive at an estimate of the full time equivalent employment generated by the level of state lot activity final approvals.

Using this analysis for typical estates, we have an estimate of total employment for the 2005/2006 lot creation in the MDP area and country WA. This is shown in *Table 2-3* where the aggregate estimate is based on the 2005/2006 lot production of 20,689 per annum. To produce this output requires 4,289 full time equivalent employees. Based on the estimated 2006 average lot value of $196,655 for MDP lots and $195,329 for country lots, these 4,289 jobs are associated with aggregate production value of $4,063M and direct wages of $298M.

Table 2-3: Estimated Direct Employment based on Total WA Lot Production

Year Ending June	2003	2004	2005	2006	4 yr Average
Direct Incomes ($M)	148	181	230	298	214
Direct Employment	3,365	3,696	3,907	4,289	3,814

The estimates of direct employment of 4,289 persons, aggregate wages and salaries of $298M and an aggregate lot production value of $4,063M form the basis for estimating a variety of indirect or flow on impacts associated with urban land development.

2.2.2 Land Development Indirect Employment

The direct impact associated with urban land development activity will give rise to further impacts in the form of flow on effects. These effects arise as a result of the additional output, income and employment generated in those industries supplying the goods and services to those involved in urban land development. The increased household incomes generated in this process will cause increases in general consumption expenditure thereby inducing further production, income and employment increases.

In order to estimate the flow on effects associated with a given activity, a multiplier is applied to the direct impact estimates. This multiplier has the effect of scaling the direct impact estimate up to a level which accounts for the flow on effects generated. The multiplier therefore expresses the ratio of flow on output/income/employment to direct output/income/employment for the industry under consideration (urban land development in the current study).

Table 2-4 shows the estimated indirect employment based on total WA lot production and the total estimated wages and salaries implied.

Table 2-4: Indirect Incomes and Employment Based on Total WA Lot Production

Year Ending June	2003	2004	2005	2006	4 yr Average
Indirect Incomes ($M)	216	265	336	435	313
Indirect Employment	8,393	9,219	9,746	10,700	9,515

The table shows that based on total lot production for 2005/2006, approximately 10,700 full time equivalent indirect jobs and $435M in indirect wages and salaries are generated based on multiplier application.

2.2.3 Land Development Total Employment

Table 2-5 shows the total employment and wages and salaries generated both directly and indirectly based on total WA lot production. In 2005/2006 there were an estimated 14,989 persons employed both directly and indirectly through the land development industry, with total wages of approximately $733M.

Table 2-5: Total Incomes and Employment Based on WA Lot Production

Year Ending June	2003	2004	2005	2006	4 yr Average
Total Incomes ($M)	364	446	566	733	527
Total Employment	11,758	12,914	13,653	14,989	13,329

2.2.4 Land Development Wages and Salaries

Table 2-6 shows the implied wages and salaries for those employed directly in the land development industry over the last four years. Direct incomes resulting from the land development industry in 2005/2006 totalled approximately $298M with an implied average salary of $69,000 per direct job.

Table 2-6: Implied Wages and Salaries

Year Ending June	2003	2004	2005	2006	4 yr Average
Implied Wages and Salaries, Annual, per person ($)	44,015	49,054	58,853	69,494	55,354

2.3 Taxes

The estimated direct personal income tax resulting from wages and salaries in the land development industry for 2005/2006 is $75M and payroll tax is estimated at $12M. Stamp duty from land sales is estimated at $102M, adjusted for first home buyers (assumes 8% of lots attract no stamp duty). Sales of developed lots for 2005/2006 are estimated to have generated approximately $203M net in GST revenue.

3 Grouped Dwelling Construction

3.1 Introduction

The output of the group dwelling construction industry is the production of apartments, townhouses and residential dwellings other than single houses on a separate lot for sale. This chapter focuses on the grouped dwellings constructed in Western Australia.

3.1.1 Group Dwellings Constructed

Data on group dwelling or other residential construction has been sourced from the Australian Bureau of Statistics Building Activity Cat 8752.0. *Table 3-1* shows the total number of grouped dwellings constructed over the last four years and their nominal value.

Table 3-1: Grouped Dwellings Constructed and Value of Work Done ($M)

Year Ending June	2003	2004	2005	2006	4 yr Average
Number (WA Total)	2,575	2,816	3,384	3,325	3,025
Value of Work Done ($M)	369	413	522.8	604.5	477
Average Value Work Done ($)	143,107	146,804	154,492	181,805	156,552

Source: ABS Building Activity Cat. 8752.0

Between 2002/2003 and 2005/2006, the average number of grouped dwellings constructed per annum was 3,025. Based on total grouped dwellings constructed and their total value, the average value for a grouped dwelling in 2005/2006 was approximately $182,000. Note that this figure represents the building component value only and reflects a contract price for the work done.

3.2 Group Dwelling Construction Wages and Employment

3.2.1 Group Dwelling Construction Direct Employment

Table 3-2 shows the direct employment and incomes generated by the group dwelling construction industry over the last four years. Between 2002/2003 and 2005/2006 an average of 1,450 full time equivalent workers have been employed per year in the construction of group dwellings in Western Australia. In 2005/2006, there were 1,738 jobs in the group dwelling construction industry with incomes totalling $96M.

Table 3-2: Other Residential Construction Direct Employment and Incomes WA

Year Ending June	2003	2004	2005	2006	4 yr Average
Direct Incomes ($M)	55	62	82	96	74
Direct Employment	1,181	1,291	1,574	1,738	1,446

3.2.2 Group Dwelling Construction Indirect Employment

Table 3-3 shows the estimated indirect employment based on total WA group dwelling construction and the total estimated wages and salaries.

Table 3-3: Other Residential Construction Indirect Employment and Incomes WA

Year Ending June	2003	2004	2005	2006	4 yr Average
Indirect Incomes ($M)	57	64	84	99	76
Indirect Employment	964	1,054	1,285	1,419	1,181

The table shows that an average of 1,181 workers per annum have been indirectly employed as a result of the group dwelling construction industry between 2002/2003 and 2005/2006. In 2005/2006 there were 1,419 indirect jobs resulting from the group dwelling construction industry.

3.2.3 Group Dwelling Construction Total Employment

Table 3-4 shows the total employment and wages and salaries generated both directly and indirectly based on total WA group dwelling construction. In 2005/2006 there were an estimated 3,157 persons employed both directly and indirectly through the group dwelling construction industry, with total wages of approximately $196M.

Table 3-4: Other Residential Construction Total Employment and Incomes WA

Year Ending June	2003	2004	2005	2006	4 yr Average
Total Incomes ($M)	113	127	166	196	150
Total Employment	2,145	2,345	2,859	3,157	2,627

3.2.4 Group Dwelling Construction Wages and Salaries

Table 3-5 shows the implied wages and salaries for those employed directly in the group dwelling construction industry over the last four years. Direct incomes resulting from the group dwelling construction industry in 2005/2006 totalled approximately $96M with an implied average salary of $55,484 per direct job.

Table 3-5: Other Residential Construction Industry Implied Direct Salaries

Year Ending June	2003	2004	2005	2006	4 yr Average
Implied Direct Salaries, Annual, per person ($)	46,896	48,250	51,867	55,484	50,624

Source: ABS Average Earnings by Industry Cat- 6306.0

3.3 Taxes

The estimated direct personal income tax resulting from wages and salaries in the group dwelling construction industry for 2005/2006 is approximately $22M. The sale of grouped dwellings in 2005/2006 is estimated to have generated $17M in stamp duty (adjusted for first home buyers) and $55M in GST revenue. Payroll tax generated by the group dwelling construction industry is estimated at $4M for 2005/2006.

4 Single Residential Construction

4.1 Introduction

The output of the single residential construction industry is the production of single house residences for sale. This chapter focuses on the single residences constructed in Western Australia.

4.1.1 Single Residences Constructed

Data on single residence construction has been sourced from the Australian Bureau of Statistics Building Activity Cat 8752.0. *Table 4-1* shows the total number of single residences constructed over the last four years and their nominal value.

Between 2002/2003 and 2005/2006, the average number of single residences constructed per annum was 16,316. The number of new single residences constructed increased by 16% between 2002/2003 and 2005/2006. Based on total single residences constructed and their total value, the average value of construction for a single residence in 2005/2006 was approximately $175,000. In 2005/2006 there were 18,214 single residences constructed with a total nominal value of construction estimated at $3,763M.

Table 4-1: Single Residences Constructed and Value ($M)

Year Ending June	2003	2004	2005	2006	4 yr Average
Number	15,703	15,491	15,854	18,214	16,316
Nominal Value ($M)	2,322	2,551	2,891	3,763	2,882
Average Value	147,870	164,676	182,351	206,599	175,374

Source: ABS Building Activity Cat. 8752.0

4.2 Single Residential Construction Wages and Employment

4.2.1 Single Residential Construction Direct Employment

Table 4-2 shows the direct employment and incomes generated by the construction of single residences over the last four years. Between 2002/2003 and 2005/2006 an average of 8,732 full time equivalent workers have been employed per year in the construction of single residences in Western Australia. In 2005/2006, there were 10,817 jobs in the single residence construction industry with incomes totalling $600M.

Table 4-2: Single Residential Construction Direct Employment

Year Ending June	2003	2004	2005	2006	4 yr Average
Direct Incomes ($M)	349	384	451	600	446
Direct Employment	7,442	7,967	8,702	10,817	8,732

4.2.2 Single Residential Construction Indirect Employment

Table 4-3 shows the estimated indirect employment based on total WA single residence construction and the total estimated wages and salaries. The table shows that an average of 7,131 workers per annum have been indirectly employed as a result of the single residential construction industry between 2002/2003 and 2005/2006. In 2005/2006 there were 8,833 indirect jobs resulting from the single residential construction industry.

Table 4-3: Single Residential Construction Indirect Employment

Year Ending June	2003	2004	2005	2006	4 yr Average
Indirect Incomes ($M)	360	397	466	619	460
Indirect Employment	6,077	6,506	7,106	8,833	7,131

4.2.3 Single Residential Construction Total Employment

Table 4-4 shows the total employment and wages and salaries generated both directly and indirectly based total WA single residential construction. In 2005/2006 there were an estimated 19,649 persons employed both directly and indirectly through the single residence construction industry, with total wages of approximately $1,219M.

Table 4-4: Single Residential Construction Total Employment

Year Ending June	2003	2004	2005	2006	4 yr Average
Total Incomes ($M)	709	781	917	1,219	907
Total Employment	13,519	14,473	15,808	19,649	15,863

4.2.4 Single Residential Construction Wages and Salaries

Table 4-5 shows the implied wages and salaries for those employed directly in the single residential construction industry over the last four years. Direct incomes resulting from the single residential construction industry in 2005/2006 totalled approximately $600M with an implied average salary of $55,484 per direct job.

Table 4-5: Single Residential Wages and Salaries

Year Ending June	2003	2004	2005	2006	4 yr Average
Implied Direct Salaries, Annual, per person ($)	46,896	48,250	51,867	55,484	50,624

Source: ABS Average Earnings by Industry Cat- 6306.0

4.3 Taxes

The estimated direct personal income tax resulting from wages and salaries in the single residential construction industry for 2005/2006 is $93M. Stamp duty for single residential construction is difficult to estimate, given that the majority of construction is owner-occupier and not constructed for immediate sale, as in the case of land and group dwellings.

Single residential construction for 2005/2006 is estimated to have generated $342M in GST and generated approximately $24M in payroll tax.

5 Overall Economic Impacts

5.1 Introduction

This chapter collates the results of the previous sections to enable estimation of the overall economic impacts generated by the land development, group dwelling construction and single residential industries.

5.2 Employment

Table 5-1 outlines the direct employment attributable to each of the three industries. The table shows that in 2005/2006 there were approximately 17,000 full time equivalent workers employed directly in the land development, group and single residential construction industries.

Table 5-1: Direct Employment

Year Ending June	2006	4yr Average
Land Development	4,289	3,814
Group Residential Construction	1,738	1,446
Single Residential Construction	10,817	8,732
Total	**16,844**	**13,992**

Table 5-2 outlines the indirect employment resulting from each of the three industries. The table shows that in 2005/2006 there were approximately 21,000 full time equivalent workers

employed indirectly as a result of the land development, group and single residential construction industries.

Table 5-2: Indirect Employment

Year Ending June	2006	4yr Average
Land Development	10,700	9,515
Group Residential Construction	1,419	1,181
Single Residential Construction	8,833	7,131
Total	**20,952**	**17,826**

Table 5-3 shows the total employment, including direct and indirect, resulting from each of the three industries. The table shows that in 2005/2006 there were approximately 38,000 full time equivalent workers employed directly and indirectly as a result of the land development, group and single residential construction industries.

Table 5-3: Total Employment

Year Ending June	2006	4yr Average
Land Development	14,989	13,329
Group Residential Construction	3,157	2,627
Single Residential Construction	19,649	15,863
Total	**37,795**	**31,818**

5.3 Wages and Salaries

Table 5-4 shows the total direct wages and salaries attributable to each of the three industries. In 2005/2006, the total value of direct wages and salaries was $995M.

Table 5-4: Direct Wages and Salaries

Year Ending June	2006	4yr Average
Land Development ($M)	298	214
Group Residential Construction ($M)	96	74
Single Residential Construction ($M)	600	446
Total Value ($M)	**995**	**735**

Table 5-5 shows the total indirect wages and salaries attributable to each of the three industries. In 2005/2006, the total value of indirect wages and salaries was $1,154M.

Table 5-5: Indirect Wages and Salaries

Year Ending June	2006	4yr Average
Land Development ($M)	435	313
Group Residential Construction ($M)	99	76
Single Residential Construction ($M)	619	460
Total Value ($m)	**1,154**	**850**

Table 5-6 shows the total wages and salaries, including direct and indirect, attributable to each of the three industries. In 2005/2006, the total value of wages and salaries was $2,148M.

Table 5-6: Total Wages and Salaries

Year Ending June	2006	4yr Average
Land Development ($M)	733	527
Group Residential Construction ($M)	196	150
Single Residential Construction ($M)	1,219	907
Total Value ($m)	**2,148**	**1,584**

5.4 Outputs

Table 5-7 outlines the value of lot production, group dwelling construction and single residential construction over the last four years. It shows an average total value of all three industries was $5,956M over the last four years. The total value of lot production, group dwelling construction and single residence construction in 2005/2006 was $8,430M.

Table 5-7: Value of Lot Production, Group Dwelling Construction and Single Residential Construction WA

Year Ending June	2003	2004	2005	2006	4yr Average
Lot Production ($M)	1,607	2,077	2,641	4,063	2,597
Group Residential Construction ($M)	369	413	523	605	477
Single Residential Construction ($M)	2,322	2,551	2,891	3,763	2,882
Total Value ($M)	**4,298**	**5,042**	**6,054**	**8,430**	**5,956**

5.5 Total Taxes

Table 5-8 summarises the estimated total taxes generated by the land development, group dwelling construction and single residential construction industries in 2005/2006. It shows a combined estimated total of $948M in taxes, including PAYE tax, stamp duty, payroll tax and GST, is generated by the three industries.

Table 5-8: Estimated Total Taxes

2005/2006	PAYE Tax[1] ($M)	Stamp Duty[2] ($M)	Payroll Tax[3] ($M)	GST ($M)	Total ($M)
Lots	75	102	12	203	**392**
Group Residential	22	17	4	55	**97**
Single Residential	93	NA	24	342	**459**
Total ($m)	**190**	**119**	**40**	**600**	**948**

Notes:

1. *Based on direct employment wages only*
2. *Stamp Duty adjusted for 8% first Home Buyers, stamp duty on new single residential unavailable*
3. *Payroll Tax calculated @ 4% of total wages*

Assuming that all PAYE tax remains with the Commonwealth and that all of the GST is returned to the state of Western Australia, the total taxes obtained by Western Australia from the land development, group dwelling construction and single residence construction industries amounts to approximately $758M.

One of the major objectives of the GST was to replace a number of other taxes such as State payroll tax and stamp duty. Stamp duty and payroll tax currently account for approximately 20% of all tax flowing to the State Government from activities in land development and residential construction industries.

Land Tax and the Metropolitan Region Improvement Tax (MRIT) directly related to land development are difficult to quantify precisely. In 2005/2006, a total estimated $319.9M in land tax and $54M in MRIT was collected (Overview of State Taxes Western Australia, 2005–06, Department of Treasury and Finance). To give an indication of the contribution that land development has on these taxes, the additional tax on sub-divided land is approximately

290% greater than for en-globo land prior to sub-division approval. For example, a developer receiving approval for subdivision on the 29th of June on a lot with an en globo value of $10M would pay an additional $500,000 in land tax and MRIT, since the value of the sub-divided land would be approximately $29M. If the same sub-division approval were given on the 1st of July, the developer would have 12 months to sub-divide and sell a significant proportion of lots and reduce the tax burden calculated at June 30th the following year. This approval timing difference creates a significant incentive to achieve sub-division approval in July or shortly after.

In 1996, a concession was introduced for land developers by applying the land tax scale to the "en globo" value of the property. This concession was removed from the 2003-2004 tax year, as part of the reform of State taxes.

UDIA is currently making further investigations into the exact amount of Land Tax and MRIT that is collected by the State Government directly from the Land Development and Residential Construction industry.

6 Conclusion and Summary

This report shows that the average annual lot production between 2002/2003 and 2005/2006 totalled 17,680 lots, with an average of 14,946 lots created per annum in the Perth metropolitan and Peel regions (MDP area) and 2,734 lots per annum in country areas of Western Australia. In 2005/2006, 20,689 lots were created for Western Australia in total which represented a total production value of $4,063M.

The total value of lot production, group dwelling construction and single residence construction for 2005/2006 totalled an estimated $8,430M. Between 2002/2003 and 2005/2006 the total value of production for all three sectors averaged $5,956M per annum.

The three industries combined directly employed approximately 14,000 persons in 2005/2006. The total number of indirect jobs for 2005/2006 for the three combined industries is estimated at almost 18,000 jobs which gives an overall total employment of approximately 32,000 persons.

Direct wages and salaries attributable to the land development and residential construction industries for 2005/2006 amounted to $995M and indirect wages and salaries totalled $1,154M, giving around $2,148M in wages and salaries in total.

The estimated PAYE tax for 2005/2006 generated directly by the land development, group dwelling construction and single residence construction industries totalled $190M while estimated GST totalled $600M. Stamp duty and payroll tax generated $119M and $40M respectively during 2005/2006 giving a total of $948M in taxes generated for the year to June 2006.

6.1 Summary of Key Findings

- Total lots created in Western Australia in 2005/2006 amount to 20,689 with a total production value of $4,063M.
- Total group dwellings constructed in Western Australia in 2005/2006 amount to 3,325 with a total production value of $604.5M.
- Total single residences constructed in Western Australia in 2005/2006 amount to 18,214 with a total production value of $3,763.
- The combined production value of lot development, group dwelling construction and single residence construction for 2005/2006 total $8,430M.
- The combined total direct and indirect jobs resulting from the land development, group dwelling construction and single residence construction industries in 2005/2006 are estimated at 37,795 jobs.

- The combined total direct and indirect wages and salaries resulting from the land development, group dwelling construction and single residence construction industries in 2005/2006 are estimated at $2,148M.
- In 2005/2006 direct PAYE tax generated by the three industries totalled $190M.
- In 2005/2006, GST of $600 was generated by the three industries.
- Stamp duty of approximately $119M was generated by the land development, group dwelling construction and single residence construction industries in 2005/2006.
- The combined payroll tax generated by all three industries in 2005/2006 is estimated at $40M.
- A combined total of $948M in Commonwealth and State taxes was generated by the three industries during 2005/2006.
- A total estimated $319.9M in land tax and $54M in MRIT was collected by the State Government in 2005/06