The gap in GDP per capita between the richest and poorest region increased in Australia over the last sixteen years. Behind this trend is the growth of GDP per capita of more than 50% in the Northern Territory over the period 2000-16. In Tasmania, the region with lowest GDP per capita in the country, economic growth only reached 25% in the same period.

With an annual average productivity growth of 1.1% over the period 2000-16, Australia outperformed the 1% OECD average. Regional growth ranges from 2.3 % per year in Western Australia to 0.6% per year in Victoria. The youth unemployment rate in Tasmania reached 16.4% in 2016, more than twice the level in the Canberra region.

### Economic trends in regions

**Regional gap in GDP per capita, 2000-16**

- **Highest region**: Northern Territory - 66,846 USD
- **Australia**: 45,817 USD
- **Lowest region**: Tasmania - 35,543 USD

**Index of regional disparity in GDP per capita, 2016**

The six metropolitan areas in Australia accounted for almost two-thirds of national GDP growth in 2000-16.

Local governments in Australia carry out more than 72% of public investment, compared to the OECD average of 57% in 2016.

**Youth unemployment rate, 15-24 years old, 2007-16**

- **Highest rate**: Tasmania - 16.4%
- **Australia**: 12.4%
- **Lowest rate**: Canberra Region ACT - 7.4%

Source: OECD Regional Database.

Notes: (1) Figure on regional gap in GDP per capita: OECD regions refer to the administrative tier of subnational government (large regions, Territorial Level 2); Australia is composed of 8 large regions. (2) Figure on index of regional disparity: top (bottom) 20% regions are defined as those with the highest (lowest) GDP per capita until the equivalent of 20% of national population is reached, this indicator provides a harmonised measure to rank OECD countries, using data for small regions (Territorial Level 3) when available. (3) Productivity is measured as GDP per employee at place of work in constant prices, constant Purchasing Power Parities (reference year 2010).
Relative ranking of the regions with the best and worst outcomes in the 11 well-being dimensions, with respect to all 402 OECD regions. The eleven dimensions are ordered by decreasing regional disparities in the country. Each well-being dimension is measured by the indicators in the table below.

All eight Australian states are among the top 25% of OECD regions in three well-being dimensions: environment, income and housing. In seven out of eleven well-being dimensions, Canberra (Capital Territory) ranks the highest. Australia has the sixth largest regional disparities in safety among OECD countries.

Both the high- and low-performing states in Australia fare better than the OECD median region in all well-being dimensions, with the exceptions of unemployment rate and labour force education.


Notes: (1) OECD regions refer to the first administrative tier of subnational government (large regions, Territorial Level 2); Australia is composed of 9 large regions. (2) Household income per capita data are based on USD constant PPP, constant prices (year 2010).
In Australia, **79% of the population lives in cities** of more than 50 000 inhabitants. The share of population in cities with more than 500 000 people is **67%** compared to **55%** in the OECD area.

Metropolitan areas (cities above 500 000 inhabitants) in Australia account for **64%** of national **GDP** and **68%** of employment. Between 2000 and 2016 they generated for **63%** of the national **GDP growth**.

In terms of **GDP per capita**, **Greater Perth** is among the richest 15% of OECD metropolitan areas, and Greater Adelaide is above the median of the 327 metropolitan areas. **Air pollution** in Australian metropolitan areas is among the lowest across the OECD, with the exception of Greater Melbourne. Four out of six Australian metropolitan areas are among the 20% least polluted of the OECD.

Source: OECD Metropolitan Database. Number of cities: 18 in Australia compared to 1 138 within the OECD.

*Note: Cities are defined here as functional urban areas, which are composed by high-density urban centres of at least 50 000 people and their areas of influence (commuting zone). For more information, see: [http://www.oecd.org/cfe/regional-policy/functionalurbanareasbycountry.htm](http://www.oecd.org/cfe/regional-policy/functionalurbanareasbycountry.htm)
Subnational government expenditure by function
As a share of total subnational government expenditure, 2016

<table>
<thead>
<tr>
<th>Function</th>
<th>Australia</th>
<th>OECD average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>25%</td>
<td>18%</td>
</tr>
<tr>
<td>Education</td>
<td>22%</td>
<td>25%</td>
</tr>
<tr>
<td>Other</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>Economic affairs</td>
<td>15%</td>
<td>14%</td>
</tr>
<tr>
<td>General public services</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td>Social protection</td>
<td>7%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Subnational expenditure per capita: USD 7,922 USD 6,817

Subnational government expenditure amounts to USD 7,922 per capita in Australia compared to an OECD average of USD 6,817. In Australia, this is equivalent to 46.3% of total public expenditure and to 16.4% of GDP. In comparison, across the OECD, subnational government expenditure accounts for 40.4% of total public expenditure and for 16.2% of GDP. Health and education are the two largest spending items for subnational governments in Australia: together they represent 47% of subnational expenditure compared to 43% in the OECD area.

In Australia, 72.5% of total public investment was carried out by subnational governments compared to an OECD average of 56.9%.

Role of subnational governments in public investment
Subnational government public investment per capita, 2016

<table>
<thead>
<tr>
<th>USD per capita</th>
<th>Australia</th>
<th>OECD average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total public investment</td>
<td>USD 1,395 per capita 2.9% of GDP</td>
<td>USD 1,278 per capita 3.0% of GDP</td>
</tr>
<tr>
<td>Subnational government investment</td>
<td>USD 1,011 per capita 72.5% of public invest.</td>
<td>USD 727 per capita 56.9% of public invest.</td>
</tr>
</tbody>
</table>

Source: OECD Subnational Government Structure and Finance Database.
Note: The function 'Other' includes housing and community amenities, recreation, culture and religion; environment; public order and safety.

OECD Regions and Cities at a Glance 2018

The 2018 edition of OECD Regions and Cities at a Glance shows how regions and cities contribute to national growth and the well-being of societies. It updates its regular set of region-by-region indicators, examining a wide range of policies and trends and identifying those regions that are outperforming or lagging behind in their country.

Consult this publication on line: https://oe.cd/pub/2n9

Updated the 5th of March 2019