



Capacity to Pay

Armidale Regional Council

November 2022



Job #	Approving Director	Date
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Executive summary

Armidale Regional Council ('Council') is currently exploring a special rate variation (SRV) to ensure financial capacity to maintain existing service levels into the future. Therefore, Council is currently in the process of reviewing the potential impact on the community of an SRV. This report emphasises the capacity to pay principle, given that some ratepayers have more ability to pay rates than others.

This report provides an analysis and evaluation of relative wealth and financial capacity; it looks at the financial vulnerability and exposure of different community groups within the local government area (LGA). The key findings are summarised in Table 1.

Table 1 Area summary

Area	Findings
Armidale Central	<ul style="list-style-type: none"> Low SEIFA Rankings (10th percentile IRSD, 13th IRSAD) High levels lone person households Highest proportion young workforce in LGA Relatively high household stress, but majority renting (53%, with 11% in social housing)
Ben Venue	<ul style="list-style-type: none"> Low unemployment (3.9%) Moderate SIFA rankings (56th percentile IRSD, 59th percentile IRSAD). Household stress in line with LGA average (14%)
North Hill	<ul style="list-style-type: none"> Average unemployment rate at 5.7% SEIFA rankings in 32nd percentile (IRSD), 38th percentile (IRSAD) Moderate household stress (16%) but relatively low home ownership
Soudan Heights - St Patricks - Bona Vista	<ul style="list-style-type: none"> Low unemployment (4.2%) High SEIFA rankings, ranking in the 75th percentile (IRSD and IRSAD). Low levels of household stress (9%), and 45% fully owned homes
Newling - Acacia Park	<ul style="list-style-type: none"> High unemployment at 9.1% SEIFA rankings at the 7th percentile (IRSD) and 8th percentile (IRSAD). Higher levels of household stress (19%) but lower levels of home ownership at only 46%.
Duval	<ul style="list-style-type: none"> Low unemployment (2.3%) SEIFA rankings in the 72nd percentile (IRSD) and 73rd percentile (IRSAD). High level of mortgagees (40%). Household stress 13% is below LGA average
South Hill	<ul style="list-style-type: none"> Averages SEIFA scores at 39th percentile IRSD, and 57th percentile (IRSAD) Above LGA average household stress at 18%, but Lower levels of home ownership (53%) and very low number of mortgagees (21%)
Madgwick	<ul style="list-style-type: none"> 56% of population aged 18-24 Very high unemployment at 14.6% Low SEIFA rankings (9th percentile IRSD, 20th percentile IRSAD) Lowest equivalised income in LGA High levels of household stress, but very low levels of home ownership at 22%
West Armidale	<ul style="list-style-type: none"> Very high unemployment (10.5%) Lowest SEIFA rankings in LGA (4th percentile IRSD, 5th percentile IRSAD) Highest level of household stress in LGA (27%), but very low levels of home ownership (34%), and 96% of mortgage repayments in bottom two quartiles
Rural Armidale	<ul style="list-style-type: none"> Very low unemployment (2.8%) Very high SEIFA rankings (97th percentile IRSD, 94th percentile IRSAD) Very high levels of equivalised income (59% in upper two quartiles)

Area	Findings
Guyra - South Guyra	<ul style="list-style-type: none"> • Low SEIFA rankings (17th percentile IRSD, 13th percentile IRSAD) • Low levels of equivalised income (73% in lower two quartiles) • Household stress (13%) below the LGA average
Rural East	<ul style="list-style-type: none"> • Very low unemployment (2.7%) • High SEIFA rankings (70th percentile IRSD, 74th percentile IRSAD)
Rural North West	<ul style="list-style-type: none"> • Extremely low unemployment (1.6%) • Moderately high SEIFA rankings (61st percentile for IRSD and 69th percentile IRSAD)

Although there are pockets of significant wealth and advantage, there is also significant disadvantage. There is a noticeable disparity between the urban and non-urban /rural areas.

By the end of the proposed SRV period in the 2025/26 financial year, when compared to what be under normal rate increases over this same period it is estimated that:

- average residential rates will increase by \$702, or \$13 per week
- average farmland rates will increase by \$688, or \$13 per week
- average business rates will increase by \$1,809, or \$35 per week
- average mining rates will increase by \$2,550, or \$49 per week.

The impact of these rises will vary throughout the LGA depending upon the relative value of the land for each property. With respect to residential rates, this is demonstrated in the area of Soudan Heights – St Patricks – Bona Vista, which will see the largest increases in rates at an estimated average of \$1,022 in 2025/26, or \$20 per week (when compared to the normal rates increases should there be no SRV). Urban areas with more disadvantage and lower land values will see much smaller increases, Madgwick and West Armidale both increasing by an average of only \$11 per week by the end of the SRV period (2025/26 average increases compared to normal rates increases estimated at \$558 and \$566 respectively). It is generally observed that these areas with greater disadvantage have lower levels of home ownership, limiting the direct impact of the proposed SRV.

With respect to farmland rates, again the increases are dependent upon relative land values, with Guyra-South Guyra (\$18 per week) along with Rural East (\$18 per week) seeing the largest increases in rates in 2025/26 of \$822 and \$800 respectively (when compared to the normal rates increases should there be no SRV).

Reviewing indicators such as household expenditure shows that household net savings have increased to \$25,913 per household in 2020/21 (in line with Regional NSW averages), these increases in net savings indicate a capacity to pay within the community.

Additionally, we also noted that Armidale Regional Council has a relatively low proportion of outstanding rates at 5.0% (2021), a strong indicator of both capacity and willingness to pay rates especially given that the benchmark for outstanding rates is less than 10% for regional and rural areas.

Council should ensure that it acknowledges disadvantage within the community when bringing rates revenue up to the level required to service the community. This would include ensuring that the SRV increases are supported by Council's rates hardship policy.

Introduction

Armidale Regional Council is currently exploring an SRV to ensure that it can maintain existing service levels into the future. A number of factors are considered when determining the size and need for an SRV including, equity, efficiency and capacity to pay. This report puts due emphasis on the capacity to pay principle given that some ratepayers have more ability to pay rates than others.

This report provides an analysis and evaluation of relative wealth and financial capacity; it looks at the financial vulnerability and exposure of different community groups within the LGA.

Key considerations include:

- regions of social disadvantage
- particularly vulnerable groups of individuals
- patterns of household expenditure.

These findings will then be compared to proposed rate increases to identify whether there are any groups or individuals that are being particularly impacted and/or marginalised.

Data for this review was obtained from the following sources:

Australian Bureau of Statistics, *2016 and 2021 Census Data, 'Data by Regions'*.

Profile ID – Armidale Regional Council community/economic profiles.

National Institute of Economic and Industry Research (NEIR) 2021.

Housing and Homelessness Policy Consortium (ACT Shelter, ACTCOSS, Women's Centre for Health Matters, Youth Coalition of Act), February 2016, *Snapshot: Housing stress and its effects*.

Background

Armidale Regional Council is divided into 13 regional areas. Council is looking to ensure that through the special rates variation process, community groups are not significantly disadvantaged, and that relative equity is promoted as each region has differing economic and socio-economic profiles. A summary of the areas using 2021 Estimated Resident Population¹ (ERP) has been provided in the following Table 2 and Figure 1.

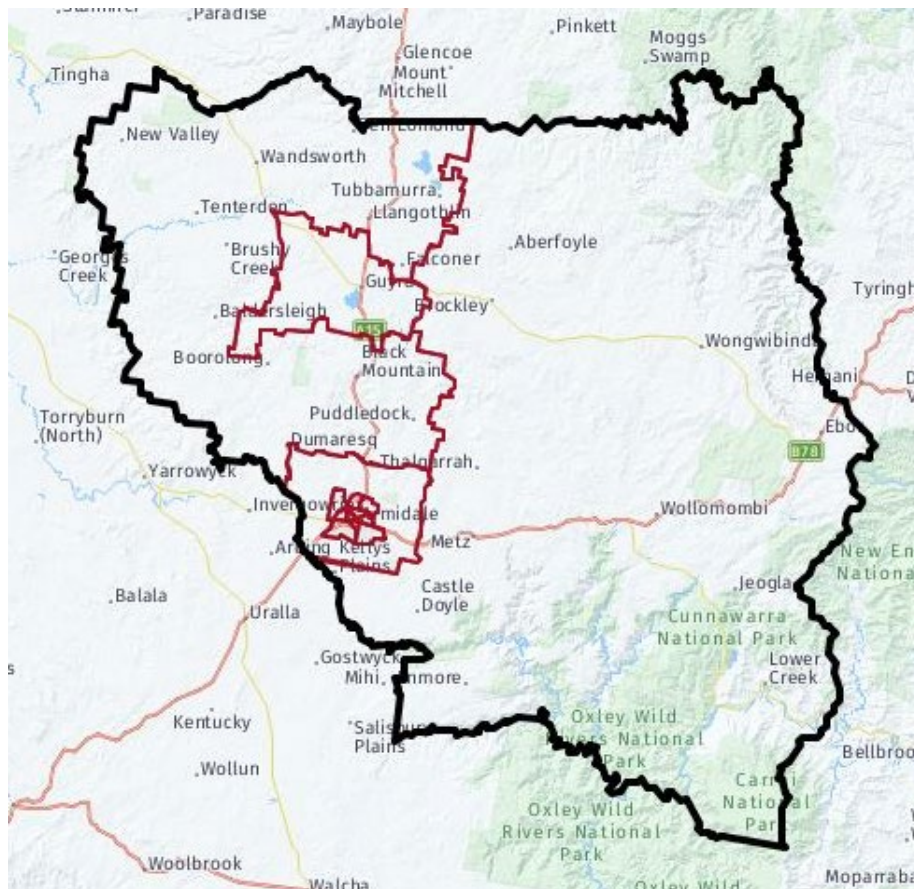
Table 2 Armidale Regional Council area summary

Geographical area	Included areas
Armidale Central	Central part of the locality of Armidale.
Ben Venue	Central section of the locality of Armidale.
North Hill	Part of the central section of the locality of Armidale.
Soudan Heights - St Patricks - Bona Vista	Part of the central section of the locality of Armidale.
Newling - Acacia Park	Part of the central section of the locality of Armidale.
Duval	Part of the central section of the locality of Armidale.
South Hill	Part of the central section of the locality of Armidale.

¹ Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0). Compiled and presented in profile.id by .id.

Geographical area	Included areas
Madgwick	Part of the central section of the locality of Armidale
West Armidale	Part of the central section of the locality of Armidale.
Rural Armidale	Rural part of the locality of Armidale, which surrounds the central, urban part of the locality of Armidale.
Guyra - South Guyra	Localities of Guyra and South Guyra.
Rural East	Localities of Aberfoyle, Backwater, Bald Blair, Brockley, Carrai, Castle Doyle, Ebor, Enmore, Green Hills, Hillgrove, Jeogla, Lower Creek, Lyndhurst, Metz, Oban, Thalgarrah, Wards Mistake, Wollomombi and Wongwibinda, and the Armidale Regional Council area parts of the localities of Dangarsleigh, Hernani, Kellys Plains, Kookabookra and The Gulf.
Rural North West	Localities of Baldersleigh, Bassendean, Black Mountain, Brushy Creek, Donald Creek, Duval, Falconer, Georges Creek, Howell, Llangothlin, New Valley, Puddledock, Stanborough, Tenterden, The Basin, Tilbuster and Tubbamurra, and the Armidale Regional Council area parts of the localities of Ben Lomond, Boorolong, Briarbrook, Bundarra, Dumaresq, Tingha and Wandsworth.

Figure 1 Armidale Regional Council areas



Methodology

Our methodology in examining the relative wealth between the different areas focuses on the following:

- **Areas of social disadvantage**

We will first look into the different characteristics and make up of each area to determine whether there are any particular areas of social disadvantage. This will include an investigation into:

- the age structure of each region
- the typical make up of each household
- household income, including the effect of dependants
- SEIFA rankings.

- **Particularly vulnerable groups of individuals**

We will then investigate whether there are any particular groups within each area that, despite the overall wealth of the area, would be particularly vulnerable and affected by a change in rates. These include:

- property owners
- persons who have or need core assistance
- individuals who are currently unemployed
- analysis of household mortgage repayments
- pensioners.

- **Patterns in household expenditure**

We will then examine trends in household expenditure and discuss what impacts they may have on an individual's ability to pay.

We will then compare these findings to the proposed rating variation to determine whether there are any particular groups or individuals that would be significantly impacted.

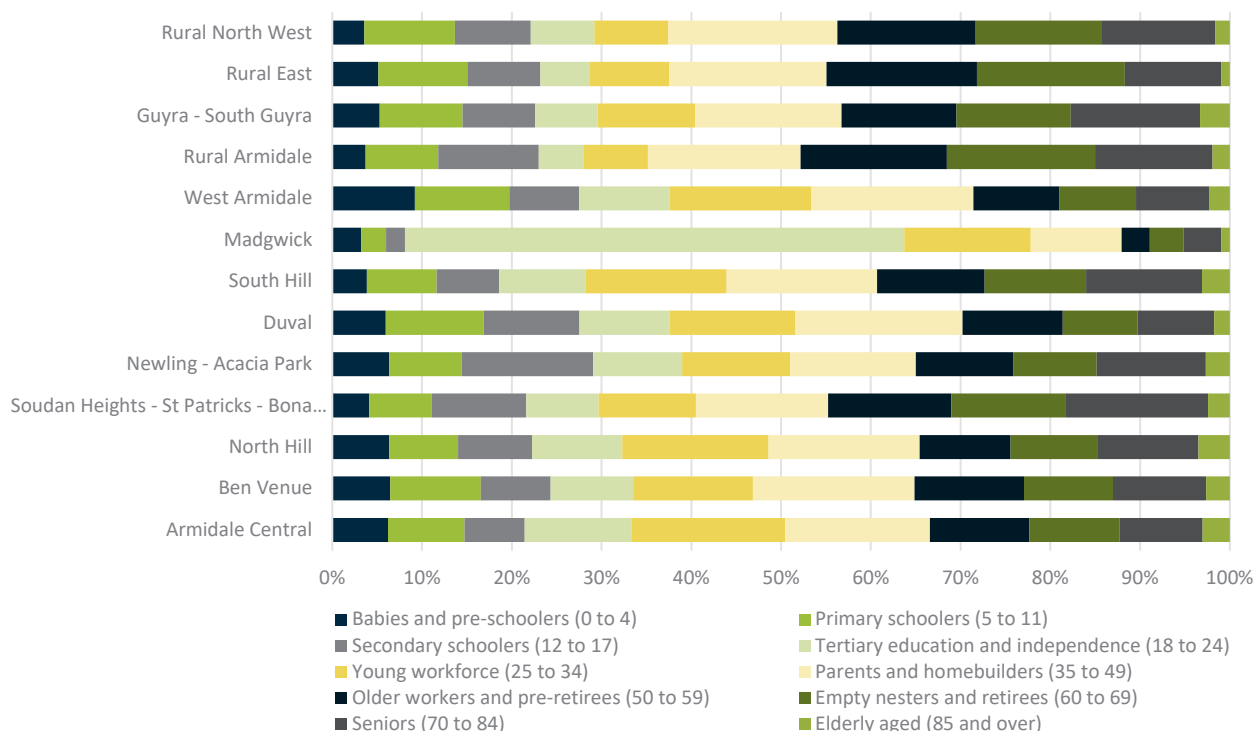
Areas of social disadvantage

Each area has differing demographic characteristics and we first want to identify ‘who are the people’ that make up each area, ‘what do they do’ and ‘how do they live’.

Age profiles by region

Data has been broken into groups which are reflective of typical life stages. This provides insight into the number of dependants, size of the workforce and number of retirees in each area.

Figure 2 Age profiles by region²



Grouping these results in terms of the following categories (dependants, workforce, and retirees) as a proportion of population generates the following results.

² Australian Bureau of Statistics, Census of Population and Housing 2021. Compiled and presented in profile.id by .id.

Table 3 Age profile distributions

% of total people	Armidale Central	Ben Venue	North Hill	Soudan Heights - St Patricks - Bona Vista	Newling - Acacia Park
Dependents	21.4%	24.3%	22.3%	21.6%	29.1%
Working age	56.2%	52.7%	53.3%	47.4%	46.8%
Retirees	22.3%	22.9%	24.4%	31.0%	24.1%

% of total people	Duval	South Hill	Madgwick	West Armidale
Dependents	27.5%	18.6%	8.1%	27.5%
Working age	53.9%	54.1%	83.0%	53.6%
Retirees	18.6%	27.3%	8.9%	19.0%

% of total people	Rural Armidale	Guyra - South Guyra	Rural East	Rural North West
Dependents	23.0%	22.6%	23.2%	22.1%
Working age	45.4%	46.9%	48.7%	49.6%
Retirees	31.5%	30.4%	28.2%	28.3%

Overall, the LGA has a low proportion of retirees (25%) relative to Regional NSW averages (29%). Accordingly, the proportions of dependents (23%) and working age (53%) population are high relative to Regional NSW averages (21% and 50% respectively). The urban regions have a distinctly younger population profile than that of the rural regions, particularly the areas of Madgwick, Armidale Central and South Hill. In particular, Madgwick has a significant (55.7%) proportion of population in the 18-24 age range. It was also noted that the rural regions had a very low young work force (25–34-year-old) in particular.

Household types

Alongside the age structure of each region, it is important to determine the typical trends in the make-up of households. This provides a more complete picture of the people, families and communities in each area. A summary of household type is provided in the figure below.

The 'lone person' and 'one parent family' households are considered to be more vulnerable to the impacts of rate increases due to a reduced/singular income stream. Combining these categories together into an 'at risk' group shows that the level of at-risk households in the LGA (40%) is close to Regional NSW (37%), see Figure 4.

A key observation is the distinct difference in the family compositions between rural and urban households. Rural households have significantly biased towards family orientated households whereas we observe significantly higher levels of lone individuals and shared housing in the urban regions particularly in Madgwick, West Armidale, Armidale Central and the South Hill areas.

Figure 3 Household composition (2021)³

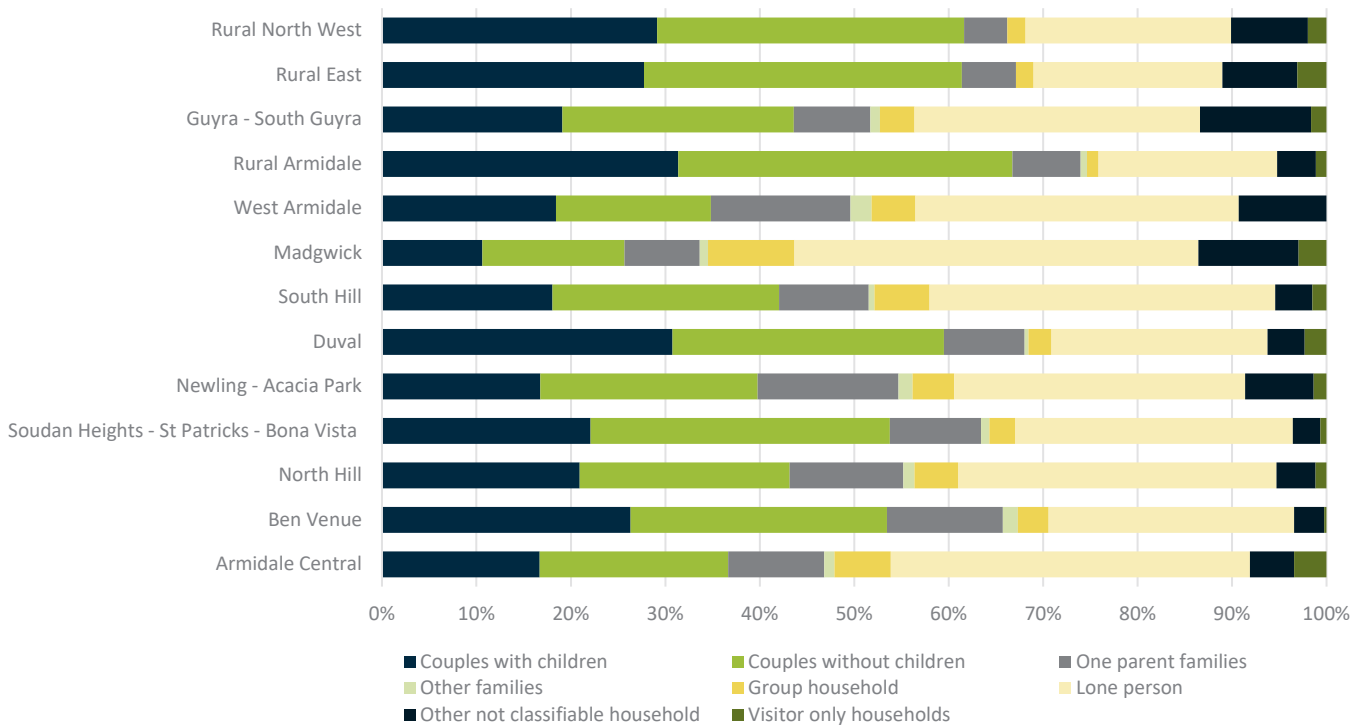
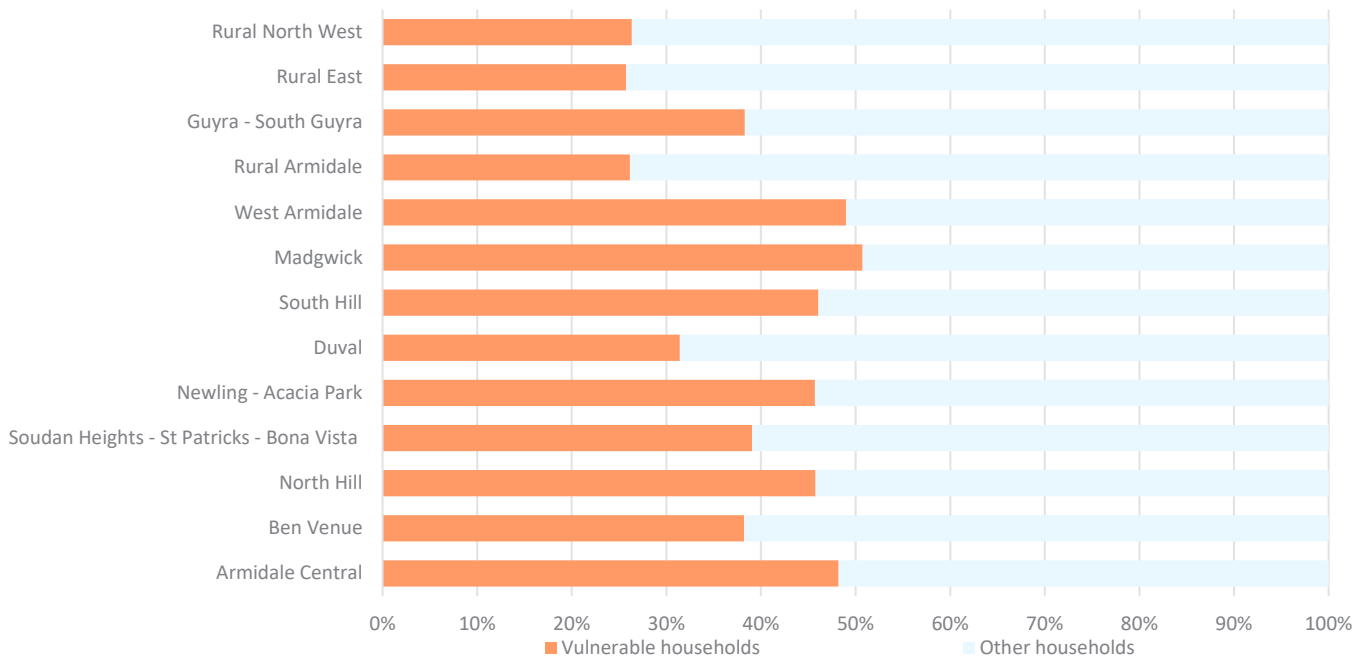


Figure 4 Household composition - showing vulnerable households (2021)⁴



³ Ibid.

⁴ Ibid.

Housing tenure

By observing housing tenure levels in the community, we are able to identify which areas would be most impacted by a change in council rates, i.e., the direct impact of a change in rates will be felt by homeowners, whereas renters may experience an indirect increase/decrease dependant on their lease agreement/decisions of their landlord. Furthermore, individuals in social housing are unlikely to be impacted by a change in rates.

Table 4 Armidale Regional Council housing tenure⁵

	Armidale Central	Ben Venue	North Hill	Soudan Heights - St Patricks - Bona Vista	Newling - Acacia Park
Tenure type					
Ownership - Total	40%	61%	51%	73%	46%
Ownership - Fully owned	22%	30%	27%	45%	26%
Ownership - Mortgage	18%	31%	25%	28%	20%
Renting - Total	53%	34%	42%	22%	38%
Renting - Social housing	11%	6%	7%	2%	12%
Renting - Private	42%	29%	35%	20%	27%
Total households	1,308	1,190	1,444	1,364	800

	Duval	South Hill	Madgwick	West Armidale
Tenure type				
Ownership - Total	68%	53%	22%	34%
Ownership - Fully owned	27%	32%	14%	17%
Ownership - Mortgage	40%	21%	9%	17%
Renting - Total	27%	40%	61%	49%
Renting - Social housing	0%	2%	3%	13%
Renting - Private	27%	39%	58%	36%
Total households	739	783	332	492

	Rural Armidale	Guyra - South Guyra	Rural East	Rural North West
Tenure type				
Ownership - Total	82%	60%	67%	71%
Ownership - Fully owned	47%	37%	46%	48%
Ownership - Mortgage	35%	22%	21%	23%
Renting - Total	11%	22%	14%	14%
Renting - Social housing	0%	2%	0%	0%
Renting - Private	10%	20%	14%	14%
Total households	897	991	653	395

⁵ Ibid.

The LGA level of resident ratepayers (fully owned plus mortgagees) of 57% is below the Regional NSW average (66%) and well above the average for other councils within the region as identified Regional Development Australia (RDA) Northern Inland average (52%⁶).

Table 4 above shows that rural areas display significantly higher levels of homeownership than that in the urban centres with Rural Armidale, Rural East and Rural North West having ownership rates of 82%, 67% and 71% respectively. A noteworthy urban exception however are Heights - St Patricks - Bona Vista and Duval areas which have a total ownership rate of 73% and 68% respectively.

All the rural areas and Soudan Heights - St Patricks - Bona have a higher proportion as being fully owned (ranges between 37% to 48%). High levels of fully owned homes are an indicator of greater household wealth, and therefore a greater capacity to pay as they will not be encumbered by mortgage.

Equivalised household income

Equivalised household income can be viewed as an indicator of the economic resources available to a standardised household. It is calculated by dividing total household income by an equivalence factor. The factor is calculated in the following way:

- First adult = 1
- Each additional adult + child over 15 = + 0.5
- Each child under 15 = + 0.3.

Dividing by the equivalence factor, household income becomes comparable to that of a lone individual, thereby making households with dependants and multiple occupants comparable to those without. By factoring in dependants into household incomes, we are provided with a better indicator of the resources available to a household.

As this is a relative comparison, data has been presented in quartiles. A quartile describes a way of dividing up values into four quarters or intervals; regions of disadvantage will have a higher proportion of households in the bottom two quartiles than those of greater wealth and advantage. These quartiles were determined by reviewing the distribution of household incomes within NSW and then dividing them into four equal groups or quartiles.

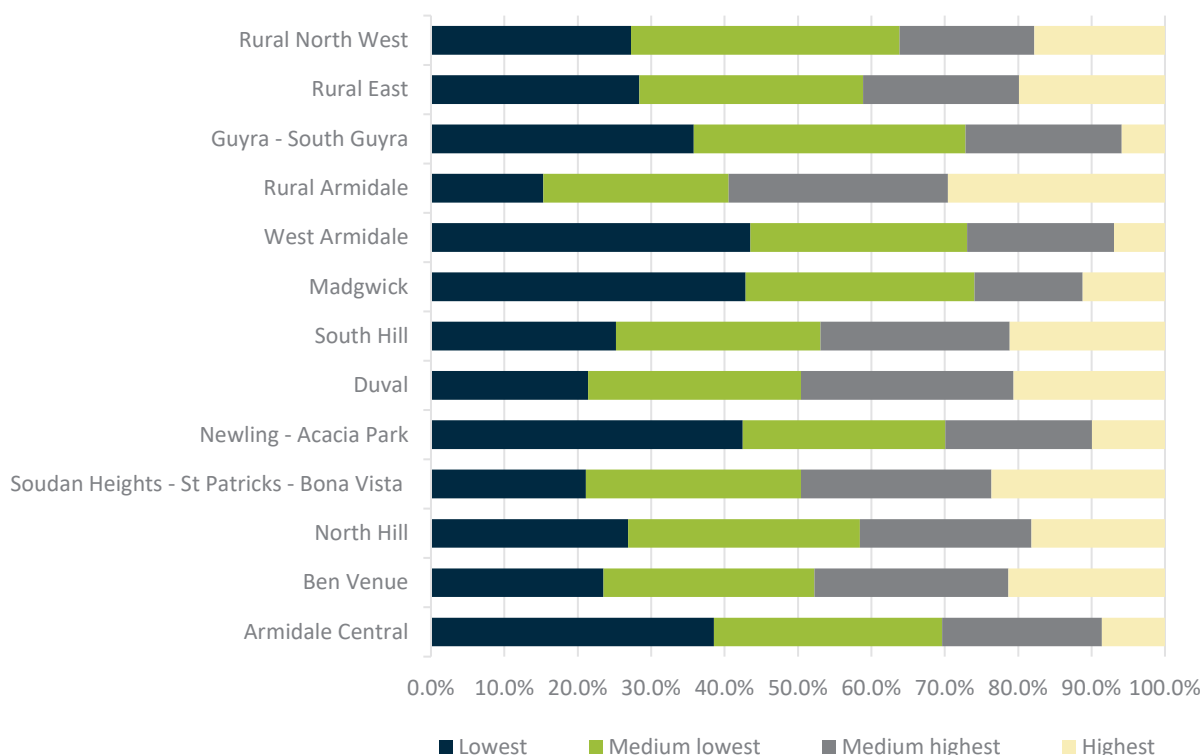
The data has been presented in ranges for the following equivalised weekly income levels:

- Lowest: \$0 - \$603 – this range is representative of the bottom 25% of all equivalised household incomes in NSW.
- Medium lowest: \$604 - \$1,096 – this range is representative of the bottom 25% - 50% of all equivalised household incomes in NSW.
- Medium highest: \$1,097 - \$1,770 – this range is representative of the top 50% - 75% of all equivalised household incomes in NSW.
- Highest: \$1,771 and over – this range is representative of the top 25% of all equivalised household incomes in NSW.

Figure 5 summarises the equivalised household income ranges (2021) for each area.

⁶ *Regional Development Australia Northern Inland NSW Remplan Economy*

Figure 5 Equivalised household income⁷



We can make the following observations from the 2021 data:

Of the rural regions, Rural Armidale and Rural East region have the greatest proportion of advantaged households.

In the urban regions, the areas of Madgwick, West Armidale, Newling - Acacia Park and Armidale Central have the greatest disadvantage whereas Soudan Heights - St Patricks - Bona Vista and Duval are of the greatest advantage and have the highest proportion of households in the upper brackets.

Ranking areas in terms of disadvantage (percentage of households in lower two brackets):

- | | |
|-------------------------|----------------------------------------------|
| 1-Madgwick | 8-North Hill |
| 2-West Armidale | 9-South Hill |
| 3-Guyra - South Guyra | 10-Ben Venue |
| 4-Newling - Acacia Park | 11-Soudan Heights - St Patricks - Bona Vista |
| 5-Armidale Central | 12-Duval |
| 6-Rural North West | 13-Rural Armidale |
| 7-Rural East | |

Rankings areas in terms of greatest middle class (percentage of households in middle brackets):

- | | |
|---------------------------------------------|--------------------------|
| 1-Guyra - South Guyra | 8-South Hill |
| 2-Duval | 9-Armidale Central |
| 3-Soudan Heights - St Patricks - Bona Vista | 10-Rural East |
| 4-Ben Venue | 11-West Armidale |
| 5-Rural Armidale | 12-Newling - Acacia Park |
| 6-Rural North West | 13-Madgwick |
| 7-North Hill | |

⁷ Australian Bureau of Statistics, Census of Population and Housing 2016. Compiled and presented in profile.id by .id.

Ranking areas in terms of greatest advantage (percentage of households in the highest bracket):

- | | |
|---------------------------------------------|--------------------------|
| 1-Rural Armidale | 8-Rural North West |
| 2-Soudan Heights - St Patricks - Bona Vista | 9-Madgwick |
| 3-Ben Venue | 10-Newling - Acacia Park |
| 4-South Hill | 11-Armidale Central |
| 5-Duval | 12-West Armidale |
| 6-Rural East | 13-Guyra - South Guyra |
| 7-North Hill | |

Table 5 Regional comparison of equivalised household income⁸

	LGA	Armidale Central	Ben Venue	North Hill	Soudan Heights - St Patricks - Bona Vista
Lowest	29%	39%	24%	27%	21%
Medium lowest	30%	31%	29%	32%	29%
Medium highest	24%	22%	26%	23%	26%
Highest	17%	9%	21%	18%	24%
Total Households	8,863	1,024	908	1,184	1,148

	Newling - Acacia Park	Duval	South Hill	Madgwick	West Armidale
Lowest	42%	21%	25%	43%	44%
Medium lowest	28%	29%	28%	31%	30%
Medium highest	20%	29%	26%	15%	20%
Highest	10%	21%	21%	11%	7%
Total Households	564	441	627	238	383

	Rural Armidale	Guyra - South Guyra	Rural East	Rural North West	Regional NSW
Lowest	15%	36%	28%	27%	31%
Medium lowest	25%	37%	30%	37%	29%
Medium highest	30%	21%	21%	18%	24%
Highest	30%	6%	20%	18%	16%
Total Households	702	715	588	333	877,621

From Table 5 we observe that overall, the LGA and Regional have similar levels of equivalised income.

Socio-economic index

The Socio-Economic Indexes for Areas (SEIFA) is an economic tool developed by the Australian Bureau of Statistics (ABS) to rank areas in Australia according to their relative socio-economic advantage and disadvantage. It takes into consideration a broad range of variables such as income, education, employment, occupation, housing, etc and is standardised such that the average Australian represents a score of 1000.

⁸ Ibid.

In our research we explored two of the indexes published by the ABS:

Index of Relative Socio-Economic Disadvantage (IRSD)

This index ranks areas from most disadvantaged to least disadvantaged, i.e., a lower score will have a greater proportion of relatively disadvantaged people in the area.

From this score however you cannot conclude whether a high-ranking area will have a large portion of relatively advantaged people, just that it has a low proportion of disadvantage.

Index of Relative Socio-Economic Advantage and Disadvantage (IRSAD)

This index considers variables of both advantage and disadvantage and, as such, scores and ranks areas from most disadvantaged to most advantaged.

The ABS has also published the variables which have the most impact on both indices, these include:

IRSD variables of disadvantage:

- low equivalised household incomes
- households with children and unemployed parents
- percentage of occupied dwellings with no internet connection
- percentage of employed people classified as labourers.

IRSAD variables of advantage only (disadvantage similar to IRSD):

- high equivalised household incomes
- percentage of households making high mortgage repayments
- percentage of employed people classified as professionals
- percentage of employed people classified as managers.

Further analysis of these factors is provided in the discussion section. A regional summary, including national percentiles (2016) is provided in the table below.

Table 6 Regional SEIFA scores and percentiles (2016) ⁹

Area	SEIFA IRSD	IRSD Percentile*	SEIFA IRSAD	IRSAD Percentile*
Armidale Regional Council LGA	980.0	34	976.0	41
RDA Northern Inland NSW	950.0	20	not available	not available
Regional NSW	971.0	29	959.0	32
New South Wales	1,001.0	45	1,011.0	62
Australia	1,001.9	46	1,003.1	57

* *Percentile is a measure used to show the value on a scale of 100 that the score falls within.*

In reviewing the IRSD index (2016), we observe that the LGA has a lower level of disadvantage compared with both the RDA's Northern Inland Region and Regional NSW, but a higher level of disadvantage compared with NSW and the nation's averages. Armidale Regional Council's IRSD score of 980.0 is above Regional NSW (971.0), but below NSW (1,001.0) and the nation (1,001.9) and places the LGA into the 34th percentile. This means that 34% of Australia's suburbs have a SEIFA index lower than this area (more disadvantaged), while 66% are higher.

⁹ Ibid.

IRSAD includes levels of both advantage and disadvantage. Armidale Regional Council's score of 976.0 is again above that of Regional NSW (959.0), but below NSW (1,011.0) and the nation (1,003.1) and places the LGA into the 41st percentile. This lower score means that there are proportionately lower incidences of advantage throughout the LGA relative to NSW and to Australia. A lower IRSAD score compared to IRSD score is indicative of less opportunities within the LGA, e.g., lower equivalised incomes, lower education levels, fewer employment opportunities within the area, or more unskilled jobs, and housing. It is noted that this data is from 2016, with the latest 2021 SEIFA rankings not expected to be released until 2023.

Table 7 Area level SEIFA scores and percentiles¹⁰

Area	SEIFA IRSD	IRSD Percentile	SEIFA IRSD	IRSAD Percentile
Rural Armidale	1,100.0	97	1,089.9	94
Soudan Heights - St Patricks - Bona Vista	1,049.0	75	1,036.7	75
Duval	1,042.4	72	1,031.7	73
Rural East	1,039.9	70	1,034.1	74
Rural North West	1,025.3	61	1,023.2	69
South Hill	988.8	39	1,003.1	57
Ben Venue	1,018.4	56	1,007.0	59
North Hill	975.5	32	970.9	38
Guyra - South Guyra	933.9	17	909.9	13
Armidale Central	903.6	10	905.8	13
Madgwick	899.0	9	930.7	20
Newling - Acacia Park	873.3	7	882.6	8
West Armidale	834.0	4	851.5	5
Australia	1,001.9	46	1,003.1	57
New South Wales	1,001.0	45	1,011.0	62
Regional NSW	971.0	29	959.0	32
Armidale Regional Council area	980.0	34	976.0	41

* Percentile is a measure used to show the value on a scale of 100 that the score falls within.

In reviewing both the IRSD and IRSAD indexes we observe that Armidale Regional Council has lower disadvantage and greater advantage than that of regional NSW, however it is well below the NSW averages. It is interesting to note that when considering advantage there is a greater percentile shift for Armidale Regional Council than that of Regional NSW indicating that there are significant levels of wealth inequality within the LGA.

By reviewing the SEIFA rankings at an area level, we see that there is significant inequality within the LGA itself. The top four areas when considering advantage and disadvantage are Rural Armidale, Soudan Heights - St Patricks - Bona Vista, Duval and Rural East. Whereas the bottom four are West Armidale, Newling - Acacia Park, Madgwick and Armidale Central. It is interesting to observe that only for the area of South Hill is there a significant shift between the IRSD and IRSAD national percentiles indicating that there is a high level of wealth inequality within the region.

¹⁰ Australian Bureau of Statistics, Census of Population and Housing 2016. Compiled and presented in profile.id by .id.

Vulnerable groups or individuals

This section of the report considers whether there are any spatial patterns of individuals or groups who either need additional community services or are more sensitive to a change in rates.

Workforce status

The levels of full or part-time employment and unemployment are indicative of the strength of the local economy and social characteristics of the population.

Armidale Regional Council’s overall unemployment rate as at the 2021 Census date was 5.3% (equating to 715 people), above the Regional NSW average of 4.6% and NSW average of 4.9%. From the Table 8 below we can see that there is significant unemployment in the areas of Madgwick (14.6%), West Armidale (10.5%) and Newling - Acacia Park (9.1%). Whereas the lowest levels of unemployment can be found in the areas of Rural North West (1.6%), Duval (2.3%), Rural East (2.7%) and Rural Armidale (2.8%).

Figure 6 Community workforce status – 2021 Census

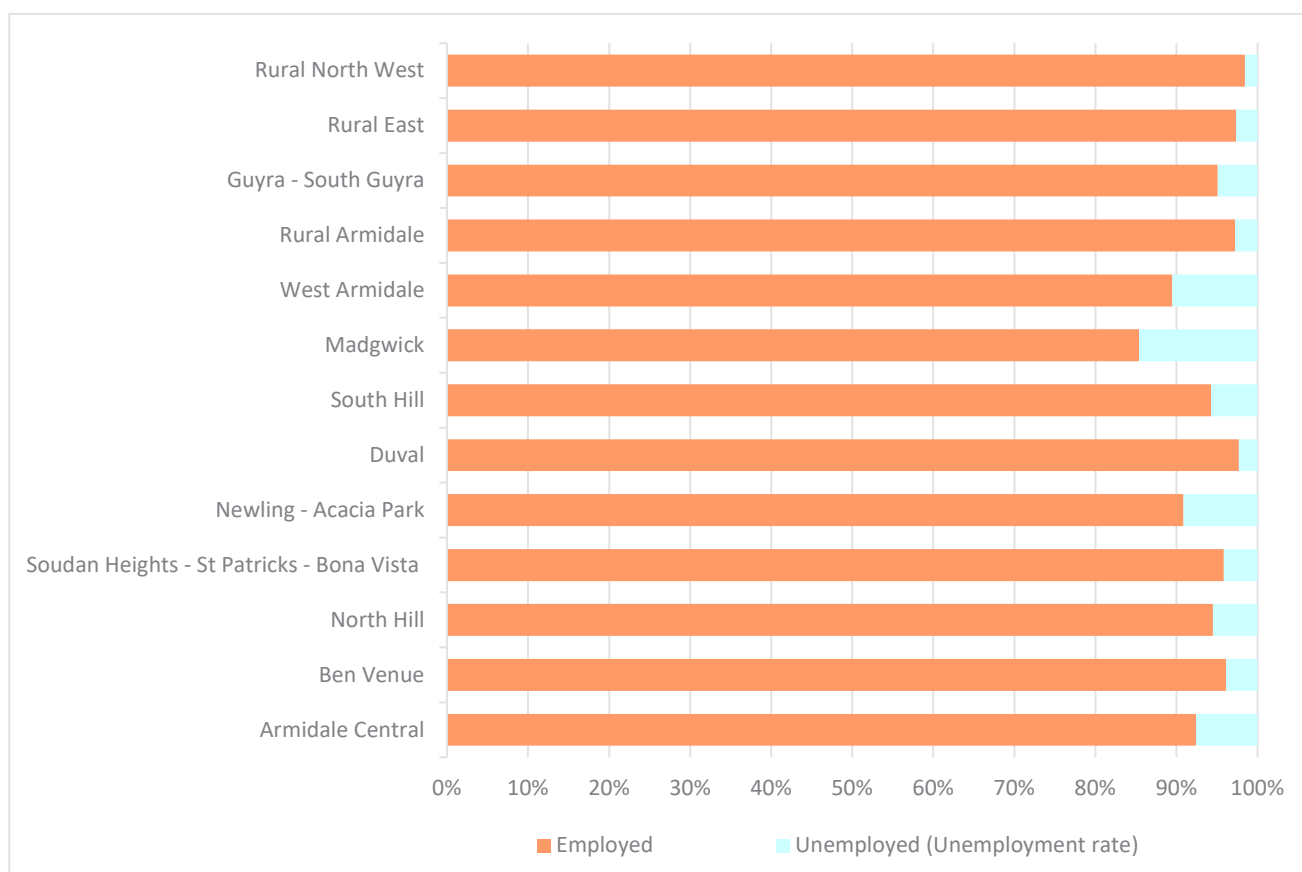


Table 8 Community workforce status 2021 Census ¹¹

	LGA	Armidale Central	Ben Venue	North Hill	Soudan Heights - St Patricks - Bona Vista
Employed	94.7%	92.4%	96.1%	94.5%	95.8%
Employed full-time	54.7%	51.0%	57.9%	56.5%	54.8%
Employed part-time	33.9%	35.6%	32.2%	31.9%	36.0%
Hours worked not stated	6.1%	5.8%	6.0%	6.1%	5.0%
Unemployed	5.3%	7.6%	3.9%	5.5%	4.2%
Looking for full-time work	2.7%	4.7%	2.4%	2.8%	2.2%
Looking for part-time work	2.6%	2.9%	1.5%	2.7%	1.9%
Total labour force	13,478	1,263	1,521	1,584	1,590

	Newling - Acacia Park	Duval	South Hill	Madgwick	West Armidale
Employed	90.9%	97.7%	94.3%	85.4%	89.5%
Employed full-time	48.8%	60.0%	55.5%	27.2%	47.6%
Employed part-time	36.8%	31.8%	34.3%	48.9%	32.4%
Hours worked not stated	5.3%	6.0%	4.5%	9.3%	9.4%
Unemployed	9.1%	2.3%	5.7%	14.6%	10.5%
Looking for full-time work	5.9%	1.2%	2.9%	2.1%	6.4%
Looking for part-time work	3.2%	1.1%	2.9%	12.5%	4.1%
Total labour force	777	1,042	908	615	466

	Rural Armidale	Guyra - South Guyra	Rural East	Rural North West	Regional NSW
Employed	97.2%	95.1%	97.3%	98.4%	95.4%
Employed full-time	57.4%	56.6%	61.8%	61.7%	54.5%
Employed part-time	33.5%	32.1%	28.8%	32.0%	33.7%
Hours worked not stated	6.3%	6.4%	6.7%	4.8%	7.3%
Unemployed	2.8%	4.9%	2.7%	1.6%	4.6%
Looking for full-time work	1.3%	3.2%	1.7%	0.7%	2.5%
Looking for part-time work	1.5%	1.7%	0.9%	0.9%	2.0%
Total labour force	1,260	998	865	554	1,310,605

It is interesting to note the rural and non-urban areas had significantly lower levels of unemployment than that of Urban Armidale. Of particular concern is the significant levels of unemployment in Madgwick creating concerns regarding youth unemployment in the LGA.

Note, pensioners and other non-participants are not included in the total labour force.

¹¹ Ibid.

Workforce industries and regions

Table 9 Industry workforce analysis (employed FTE 2021)¹²

	LGA	Armidale Central	Ben Venue	North Hill	Soudan Heights - St Patricks - Bona Vista
Agriculture, Forestry and Fishing	11%	6%	3%	4%	3%
Construction	7%	7%	7%	5%	7%
Wholesale and retail trade	10%	11%	11%	11%	12%
Accommodation and Food Services	7%	10%	9%	8%	6%
Professional, Scientific and Technical Services	5%	4%	5%	6%	7%
Public Administration and Safety	6%	5%	7%	6%	6%
Education and Training	20%	18%	23%	21%	25%
Health Care and Social Assistance	15%	18%	15%	18%	14%
Other sectors	20%	23%	21%	20%	21%
Total employed persons aged 15+	12,761	1,161	1,470	1,498	1,543

	Newling - Acacia Park	Duval	South Hill	Madgwick	West Armidale
Agriculture, Forestry and Fishing	4%	4%	9%	6%	5%
Construction	10%	8%	3%	3%	8%
Wholesale and retail trade	12%	11%	8%	14%	13%
Accommodation and Food Services	8%	7%	9%	17%	10%
Professional, Scientific and Technical Services	5%	5%	8%	6%	3%
Public Administration and Safety	5%	6%	7%	2%	5%
Education and Training	16%	24%	22%	21%	16%
Health Care and Social Assistance	17%	17%	20%	15%	19%
Other sectors	24%	19%	14%	17%	20%
Total employed persons aged 15+	704	1,016	864	520	401

	Rural Armidale	Guyra - South Guyra	Rural East	Rural North West	Regional NSW
Agriculture, Forestry and Fishing	8%	29%	43%	40%	5%
Construction	8%	8%	6%	5%	9%
Wholesale and retail trade	7%	10%	6%	7%	11%
Accommodation and Food Services	4%	3%	2%	4%	8%
Professional, Scientific and Technical Services	7%	1%	5%	3%	5%
Public Administration and Safety	7%	6%	3%	3%	7%
Education and Training	23%	7%	14%	12%	9%
Health Care and Social Assistance	12%	12%	8%	8%	16%
Other sectors	24%	23%	14%	17%	29%
Total employed persons aged 15+	1,232	949	837	543	1,250,953

¹² Ibid.

The largest employer within the LGA is the Education and Training, at 20%. This varies when compared with the Regional NSW, where the proportion of population employed in this industry is 9%. For the rural areas, the largest employer is as expected Agriculture, Forestry and Fishing, with ranges between 8% and 43%.

Core assistance

Table 10 highlights the areas within the LGA that have higher concentrations of people who need assistance in their day-to-day lives with self-care, body movements or communication, often because of a disability, long-term health condition or old age.

Table 10 Number of people requiring core assistance¹³

Residents requiring assistance (2021)	Number	Percentage
Armidale Central	195	6.9%
Ben Venue	187	6.1%
North Hill	187	5.5%
Soudan Heights - St Patricks - Bona Vista	183	5.5%
Newling - Acacia Park	138	6.5%
Duval	81	4.1%
South Hill	124	6.6%
Madgwick	41	2.3%
West Armidale	70	5.8%
Rural Armidale	99	4.2%
Guyra - South Guyra	122	5.1%
Rural East	72	4.4%
Rural North West	27	2.7%
LGA	1,528	5.2%
Regional NSW	193,513	6.8%
NSW	464,712	5.8%

At the LGA level 5.2% of people require assistance with core activities, compared to the Regional NSW average of 6.8%. Madgwick and Rural North West have the lowest levels of core assistance required (2.3% and 2.7% respectively).

Pensioners

A distinction is made between retirees and eligible pensioners. To be classified as a pensioner for the purposes of receiving rate rebates, ratepayers must be receiving Centrelink payments such as the age pension or have partial capacity to work, such as having a disability, being a carer or being a low-income parent. These individuals have reduced income streams and can be vulnerable to financial shocks and price rises.

¹³ Australian Bureau of Statistics, Census of Population and Housing 2021. Compiled and presented in profile.id by .id.

Table 11 Number of eligible pensioner assessments

Number of pensioner properties	Total assessments	Pensioner assessments	Pensioner assessments %
Armidale Central	1,446	183	13%
Ben Venue	1,232	166	13%
North Hill	1,471	206	14%
Soudan Heights - St Patricks - Bona Vista	1,508	261	17%
Newling - Acacia Park	753	106	14%
Duval	763	83	11%
South Hill	788	100	13%
Madgwick	313	35	11%
West Armidale	621	46	7%
Rural Armidale	1,058	98	9%
Guyra - South Guyra	1,224	237	19%
Rural East	1,152	63	5%
Rural North West	710	37	5%
LGA	13,039	1,621	12%

The proportion of pensioners are generally higher in the urban areas than in the rural areas. Within rural areas the exception is Guyra-South Guyra (19% eligible pensioners), and in the urban areas the exception is West Armidale (7% eligible pensioners).

Generally, areas with higher numbers of eligible pensioners will indicate an increased vulnerability to increases in rates. It is noted that eligible pensioners (those receiving Centrelink payments) within the LGA have access to mandatory rebates (up to a maximum of \$250 per year) on their rates. Council also has hardship policies in place.

Household mortgages

The National Centre for Social and Economic Modelling (NATSEM) defines households experiencing ‘housing stress’ as those that satisfy both of the following criteria:

- Equivalised household income is within the lowest 40% of the state’s income distribution
- Housing costs (i.e., mortgage and/or rent repayments) are greater than 30% of household income.

Research funded by the ACT Government on housing and homelessness issues in the ACT found that, due to financial pressures¹⁴:

- 19% of households facing housing stress compromised a lot on their grocery spend over a 12-month period
- 24% of households facing housing stress found rent/mortgage repayments quite/very difficult in the last three months.

¹⁴ Housing and Homelessness Policy Consortium (ACT Shelter, ACTCOSS, Women’s Centre for Health Matters, Youth Coalition of Act), 2016. *Snapshot: Housing stress and its effects*.

Households facing housing stress are highly likely to be under significant financial stress and vulnerable to sudden increases in council rates.

As a substitute for housing stress data with respect to the Armidale Regional Council LGA we have reviewed the levels of household loan repayments. An analysis of housing loan repayment quartiles in conjunction with equivalised income quartiles can indicate potential stress.

The data has been presented in ranges for the following monthly mortgage repayment levels:

- Lowest: \$0 - \$1,381 – this range is representative of the bottom 25% of all monthly mortgage repayments in NSW.
- Medium lowest: \$1,382 - \$2,123 – this range is representative of the bottom 25% - 50% of all monthly mortgage repayments in NSW.
- Medium highest: \$2,124 - \$3,203 – this range is representative of the top 50% - 75% of all monthly mortgage repayments in NSW.
- Highest: \$3,204 and over – this range is representative of the top 25% of all monthly mortgage repayments in NSW.

Table 12 Housing loan repayment quartiles¹⁵

Loan repayment quartile group (2021)	LGA	Armidale Central	Ben Venue	North Hill	Soudan Heights - St Patricks - Bona Vista
Lowest	46%	55%	41%	52%	41%
Medium lowest	33%	32%	42%	38%	35%
Medium highest	13%	6%	11%	7%	14%
Highest	8%	7%	5%	3%	9%
Total households with stated mortgage repayments	2,711	219	351	333	369

	Newling - Acacia Park	Duval	South Hill	Madgwick	West Armidale
Lowest	60%	30%	50%	65%	60%
Medium lowest	32%	44%	30%	35%	36%
Medium highest	8%	15%	14%	0%	4%
Highest	0%	11%	6%	0%	0%
Total households with stated mortgage repayments	153	299	139	23	74

	Rural Armidale	Guyra - South Guyra	Rural East	Rural North West	Regional NSW
Lowest	29%	68%	52%	50%	36%
Medium lowest	26%	22%	15%	21%	32%
Medium highest	27%	8%	21%	25%	21%
Highest	18%	3%	12%	4%	11%
Total households with stated mortgage repayments	298	209	134	72	317,629

¹⁵ Australian Bureau of Statistics, Census of Population and Housing 2021. Compiled and presented in profile.id by .id.

Overall, 79% of housing loan repayments within the LGA are within the lowest two monthly loan repayment quartiles, well above Regional NSW (68%). Armidale Regional LGA has 59% of its residents in the bottom two quartiles of equivalised income, which is below the Regional NSW (60%) levels from the 2021 Census data.

Drilling down, we observe that Rural Armidale area had the highest proportion at 45% of housing loan repayments in the highest two monthly loan repayment quartiles – this equated to 317 households. Comparing to equivalised income, this area had the highest proportion of households in the highest two quartiles (59%).

Figure 7 Loan repayment quartile groupings – 2021 Census

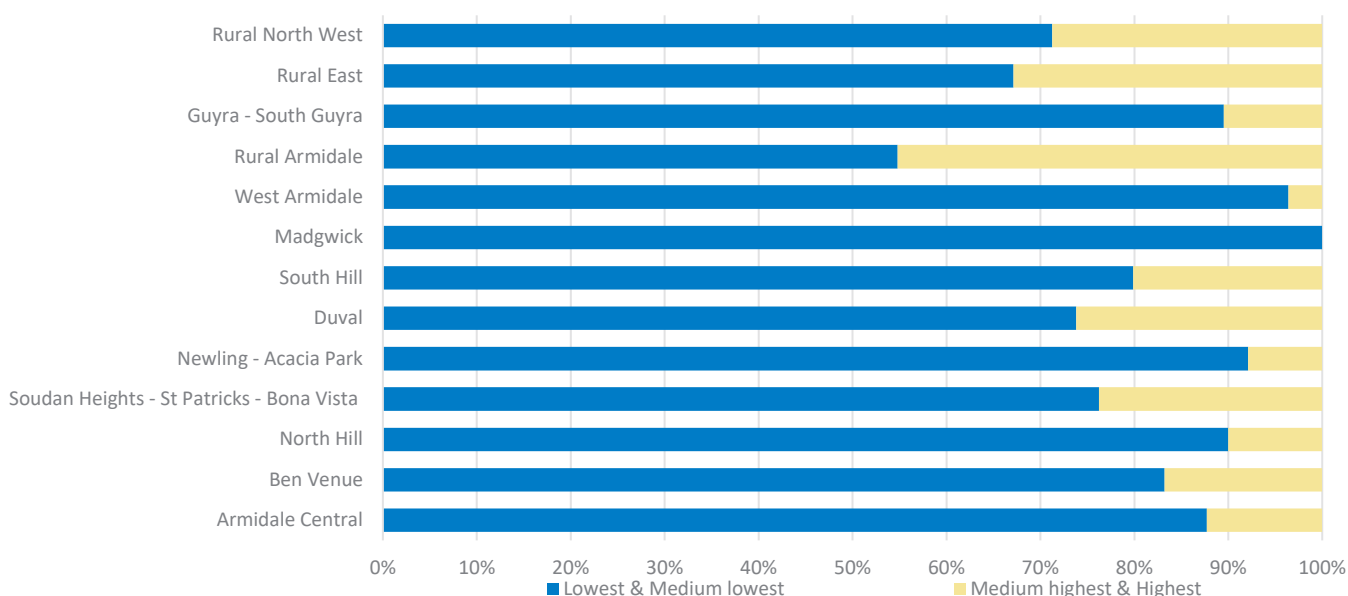


Figure 8 Equivalised income quartiles – 2021 Census

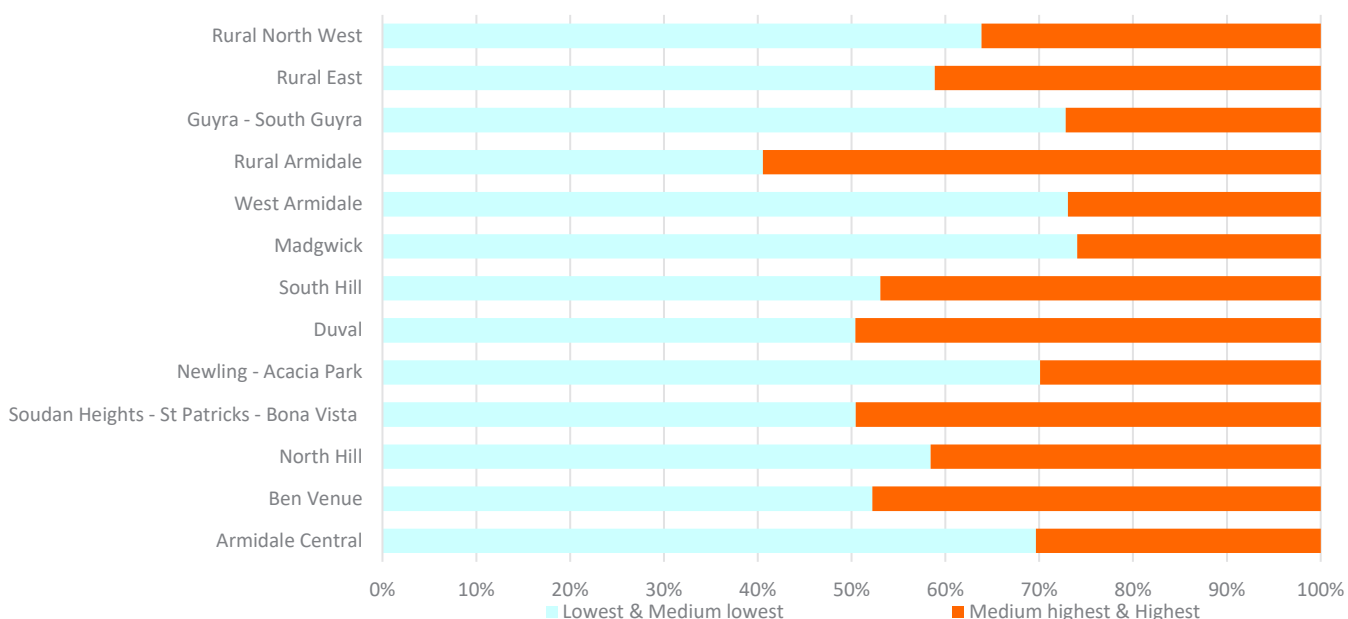


Table 13 Housing stress (2016 Census)

Household stress (2016)	Stressed Households	Total Households	Percent
Armidale Central	238	1,237	19%
Ben Venue	147	1,056	14%
North Hill	225	1,420	16%
Soudan Heights - St Patricks - Bona Vista	125	1,357	9%
Newling - Acacia Park	134	719	19%
Duval	73	545	13%
South Hill	136	748	18%
Madgwick	74	290	26%
West Armidale	130	483	27%
Rural Armidale	46	853	5%
Guyra - South Guyra	118	944	13%
Rural East	30	677	4%
Rural North West	41	804	5%
Regional NSW	120,464	1,055,202	11%

We can make the following observations from the data:

- Most rural areas have levels of housing stress at 4% to 5%, which is well below the Regional NSW average of 11%. The exception is Guyra-South Guyra (13%).
- Most urban areas have housing stress levels greater than the NSW Regional average. The areas with the highest levels of stress are:
 - West Armidale 27%
 - Madgwick 26%
 - Armidale Central 19%
 - Newling – Acacia Park 19%
 - South Hill 18%
 - North Hill 16%
- The only urban area with a housing stress level below that of the NSW regional average is Soudan Heights – St Patricks – Bona Vista at 9%.

Trends in cost of living

Table 14 Five-year comparison of cost of living in Armidale Regional Council ¹⁶

Armidale Regional Council	2020/21		2015/16	
Household expenditure (totals)	\$ per household	% of expenditure	\$ per household	% of expenditure
Food	9,899	10%	9,752	9%
Alcoholic beverages and tobacco	4,441	5%	5,055	5%
Clothing and footwear	4,287	4%	3,722	4%
Furnishings and equipment	5,064	5%	4,626	4%
Health	6,619	7%	5,926	6%
Transport	7,650	8%	11,558	11%
Communications	2,087	2%	1,706	2%
Recreation and culture	11,313	12%	12,320	12%
Education	5,319	6%	5,138	5%
Hotels, cafes and restaurants	6,166	6%	8,860	9%
Miscellaneous goods and services	14,034	15%	15,288	15%
Housing	16,331	17%	16,770	16%
Utilities	3,303	3%	3,653	4%
Total Expenditure	96,511	100%	104,375	100%
Net Savings	25,913	21%	13,272	11%
Total Disposable Income	122,423	0%	117,646	0%
Non-discretionary	50,176	52%	53,087	51%
Discretionary	46,337	48%	51,287	49%

*Non-discretionary spending includes the following categories: food, clothing and footwear, health, transport, communications, housing and utilities.

The cost of living can best be described as the cost of maintaining a certain standard of living. Identifying trends in future costs, particularly with regards to discretionary and non-discretionary income.

The cost of living trends for this period is presented in Table 14. This shows that over this five-year period net savings have relatively increased, now representing 21% of total disposable income (in line with net savings for Regional NSW, also at 21%). Also, over this period total expenditure has fallen, primarily in transport, and in hotels, cafes and restaurants.

Analysis of data from other LGAs within the Northern Inland area support these trends, with Net Savings increasing to represent 21% of total disposable income. Likewise, the Northern Rivers region saw an increase in net savings (to 23% of disposable income) over the same five-year period. These areas all saw similar trends in non-discretionary / discretionary expenditure, particularly housing and hotels, cafes and restaurants. The increases in net savings indicate an improved capacity to pay within the community.

¹⁶ National Institute of Economic and Industry Research (NIEIR), 2021. Compiled and presented in economy.id by. Data based on 2016-17 price base for all years. NIEIR-ID data are inflation adjusted each year to allow direct comparison, and annual data releases adjust previous years' figures to a new base year.

Property prices and other indicators

The Median house property prices within the Armidale Regional Council LGA has increased by 23% over the 12 months ending 31 October 2022. This period saw 523 houses sold for a median price of \$490,000. The five-year median price trend is significant, with the median price in November 2017 being \$347,250 (based on 390 sales). This growth represents a significant increase in household wealth.

Discussion

There are several distinct differences that emerge between the Urban and Rural regions. This is most evident in the SEIFA rankings which show that apart from a few pockets of wealth there are areas of disadvantage across the LGA.

The four areas that have the highest SEIFA rankings have several similar demographic and socio-economic characteristics. The areas of Rural Armidale, Soudan Heights - St Patricks - Bona Vista, Rural East and North Hill - Duval had scores placing them in the 94th, 75th, 74th and 73rd National percentiles respectively, significantly higher than the LGA average (41st percentile). These areas typically had relatively low proportions of young adults (18 – 35), very high home ownership rates (60% - 80.6%) and very low proportion of households within the bottom two quartiles of equivalised household income.

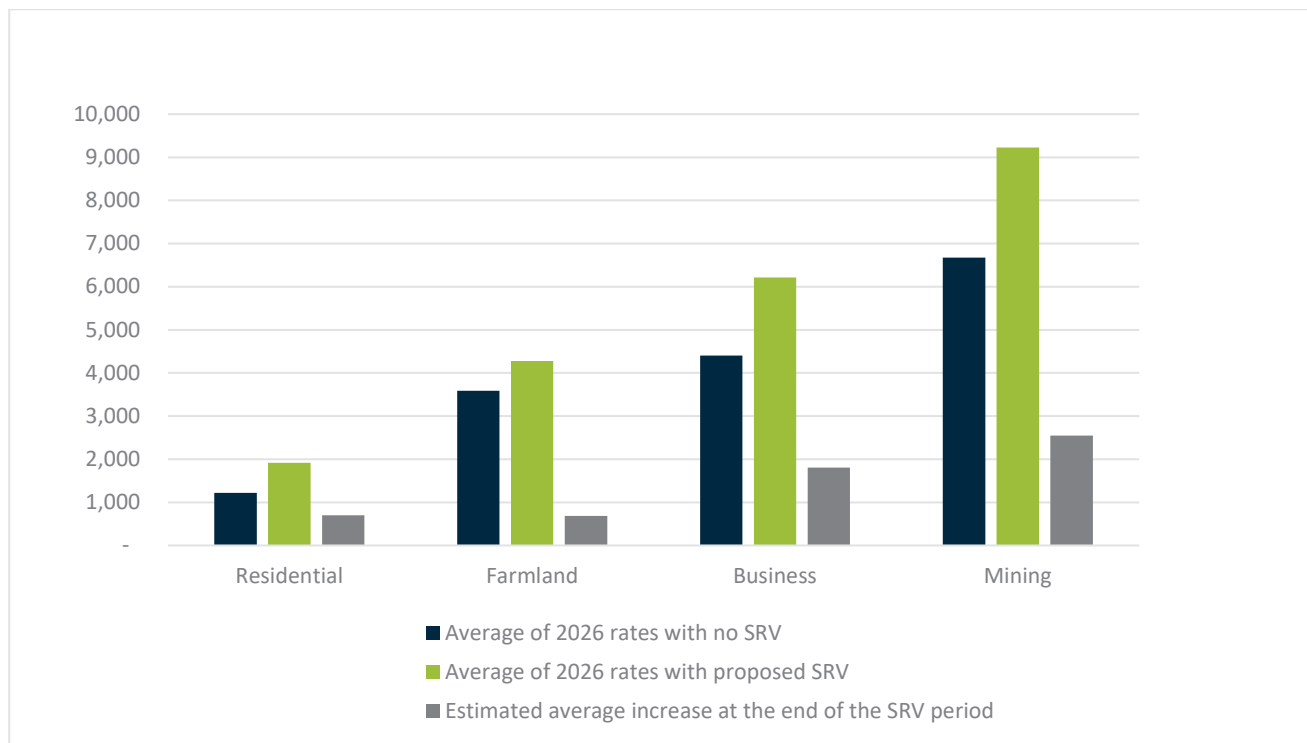
Although there were pockets of advantage within the LGA, there was also significant widespread disadvantage. The four areas with the lowest IRSD index percentile (West Armidale, South Hill - Newling – Acacia Park, Madgwick and Armidale Central) were within the bottom ten percentiles of disadvantage nationally.

These regions were characterised by large proportions of households within the lowest equivalised income quartiles (Madgwick, West Armidale, Newling-Acacia Park, Guyra-South Guyra and Armidale Central all had had over 30% of households in the bottom quartile) as well as high numbers of vulnerable individuals and households. This included high proportions of individuals living alone (43%, 34% for Madgwick and West Armidale and respectively), high unemployment (particularly high urban unemployment with Madgwick, Armidale Central and Newling – Acacia Park all having high unemployment levels). That there were high levels of housing stress in most of the urban areas, although those areas with greatest stress also had generally lower levels of home ownership. Also, although rural regions were overall better off than the urban areas, Guyra-South Guyra areas are more significantly disadvantaged.

Proposed special rate variation impacts

Analysis of the special rate variation impacts has been prepared based upon a combination of Council rates book data, which uses 2022 land valuations by the NSW Valuer General. The proposed Special Rate Variation (SRV) is 50% over three years which would result in a cumulative 58.81% additional rates income including the 7.69% allowable rate peg increase.

Figure 9 High level rates impact of SRV after three years (2025/26)



As shown in Figure 9 above, by the end of the proposed SRV period in the 2025/26 financial year, when compared to what be under normal rate increases over this same period it is estimated that:

- average residential rates will increase by \$702, or \$13 per week
- average farmland rates will increase by \$688, or \$13 per week
- average business rates will increase by \$1,809, or \$35 per week
- average mining rates will increase by \$2,550, or \$49 per week.

The impact at suburb levels, subcategory levels and individual property levels will be impacted by the land values (as determined by the Valuer General). Properties with higher land values will have proportionately higher increases compared to those with lower land values.

Table 15 Armidale Central – Impact of SRV compared to normal rates path (estimated average rates by category)

Armidale Central	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Residential - Armidale	1,265	1,636	1,907	1,156	1,183	1,212	696	13
Business - Armidale	5,783	6,792	7,906	5,259	5,391	5,527	2,379	46
Residential - Armidale (Non-urban)	334	363	390	320	327	331	60	1

Armidale Central will see cumulative increases (compared to the normal approved rate increases) over the three-year period of an estimated \$696 for residential ratepayers. This means that by the end of the SRV period in 2026, residential ratepayers will be paying an average of \$13 per week more than they would have had there been no SRV. The impact on the non-urban subcategory is negligible with an average increase of only \$60 (\$1 per week). Business ratepayers will see an estimated average increase of \$2,379 at the end of the SRV period (\$46 per week).

This area has disadvantage, with high unemployment (7.6%) and low SEIFA rankings. It also has relatively higher levels in the LGA of vulnerable households, particularly lone person households (38% compared to LGA average of 30%). This area also has relatively high level of young workforce age group (25-34) at 17% (LGA 13%), which is the highest in LGA. There is relatively low levels of equivalised household income (70% in bottom two quartiles and 9% in the top two quartiles). However, given the relatively low levels of home ownership, with 53% renting (11% in social housing), the impact of the SRV is limited. Those with mortgages are mostly in the bottom two monthly mortgage repayment quartiles (88%), with only 7% in highest.

Table 16 Ben Venue – Impact of SRV compared to normal rates path (estimated average rates by category)

Ben Venue	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Residential - Armidale	1,399	1,832	2,149	1,219	1,271	1,303	846	16
Business - Armidale	3,314	3,815	4,368	2,824	3,054	3,120	1,248	24

Armidale Central will see cumulative increases (compared to the normal approved rate increases) over the three-year period of an estimated \$846 for residential ratepayers (\$16 per week) compared to what rates would be under ordinary rate increases. The area has relatively lower disadvantage, as evidenced by SEIFA rankings within 56th percentile (IRSD) and 59th percentile (IRSAD) and a low unemployment low at 3.9%. Home ownership is at 61% and 34% are renting (6% social housing). Of those owning homes, 31% are mortgagees, with 83% of these in the bottom two mortgage repayment quartiles. Fortunately, just 50% in bottom two equivalised income quartiles (NSW is 50%, regional NSW 60%).

Table 17 North Hill – Impact of SRV compared to normal rates path (estimated average rates by category)

North Hill	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Residential - Armidale	1,313	1,706	1,995	1,159	1,197	1,226	768	15
Business - Armidale	5,251	6,151	7,144	4,418	4,785	4,902	2,242	43

North Hill will see cumulative increases (compared to the normal approved rate increases) over the three-year period of an estimated \$768 for residential ratepayers, compared to what rates would be under ordinary rate increases. There are some levels of disadvantage, with unemployment close to LGA average at 5.5%, and SEIFA rankings in the 32nd percentile (IRSD) and 38th percentile (IRSAD). Home ownership levels are at 51%, with 25% being mortgagees. 90% of households are in the bottom two monthly loan repayment quartiles, however only 58% are within the bottom two equivalised income quartiles.

Table 18 Soudan Heights-St Patricks-Bona Vista – Impact of SRV compared to normal rates path (estimated average rates by category)

Soudan Heights - St Patricks - Bona Vista	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Residential - Armidale	1,592	2,115	2,499	1,322	1,438	1,477	1,022	20
Business - Armidale	5,714	6,710	7,808	4,339	5,199	5,329	2,480	48
Farmland - Armidale	3,273	2,629	3,001	3,311	2,549	2,529	472	9
Residential - Armidale (Non-urban)	1,636	1,891	2,225	1,306	1,464	1,442	783	15
Business - Non-urban (Armidale)	1,634	2,168	851	1,404	1,477	1,521	-670	-13

Soudan Heights-St Patricks-Bona Vista will see cumulative average increases (compared to the normal approved rate increases) over the three-year period of an estimated \$1,022 for residential ratepayers compared to what rates would be under ordinary rate increases. This equates to \$20 per week. Ratepayers in non-urban subcategory will only increase average \$783 over this same period (equating to \$15 per week). Farmland will increase an average of \$472 over the three-year SRV period (equating to \$9 per week). Business ratepayers will increase by an average of \$2,480 over the three-year SRV period (\$48 per week) and non-urban business subcategory will decrease by an average of \$670 over this period.

This area has high levels of advantage (and lower disadvantage), with relatively low unemployment (4.2%) and high SEIFA rankings, with the area ranking in the 75th percentile (IRSD and IRSAD). There is 73% home ownership, with 45% being fully owned. 28% of residents have mortgages, with 76% of these in the bottom two monthly mortgage repayment quartiles. With regards to equivalised income, the area is right on NSW averages, with 50% in the top two quartiles and 50% in the bottom two quartiles.

Table 19 Newling-Acacia Park – Impact of SRV compared to normal rates path (estimated average rates by category)

Newling - Acacia Park	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Residential - Armidale	1,184	1,516	1,760	991	1,085	1,110	650	12
Business - Armidale	3,612	4,175	4,796	2,861	3,321	3,394	1,401	27
Residential - Armidale (Non-urban)	1,542	1,781	2,093	1,259	1,382	1,362	731	14
Business - Non-urban (Armidale)	243	218	200	375	241	209	-10	0

Newling - Acacia Park will see cumulative average increases (compared to the normal approved rate increases) over the three-year period of an estimated \$650 for residential ratepayers. This equates to \$12 per week compared to what rates would be under ordinary rate increases. Ratepayers in non-urban subcategory will only increase average \$731 over this same period (equating to \$14 per week). Business ratepayers will increase by an average of \$1,401 over the three-year SRV period (\$27 per week) and non-urban business subcategory will decrease by an average of \$10 over this period.

This area has high levels of disadvantage, with high unemployment levels at 9.1%, and low SEIFA rankings at the 7th percentile (IRSD) and 8th percentile (IRSAD). This area has lower levels of home ownership at 46%, with 20% being mortgagees and 26% being fully owned. 92% of mortgage repayments are in the bottom two quartiles, 60% being in the bottom quartile. Given the disadvantage levels, 70% of households are in the lowest two equivalised income quartiles. This area does have significant disadvantage relative to the LGA, however due to lower land values the impact of the SRV is also lower.

Table 20 Duval – Impact of SRV compared to normal rates path (estimated average rates by category)

Duval	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Residential - Armidale	1,400	1,833	2,151	1,214	1,272	1,304	847	16
Business - Armidale	7,380	8,717	10,195	5,072	6,686	6,861	3,334	64

Duval will see cumulative average increases (compared to the normal approved rate increases) over the three-year period of an estimated \$847 for residential ratepayers. This equates to \$16 per week compared to what rates would be under ordinary rate increases. Business ratepayers will increase by an average of \$3,334 over the three-year SRV period (\$64 per week).

This area has extremely low unemployment (2.3%) and high SEIFA rankings, with the area ranking in the 72nd percentile (IRSD) and 73rd percentile (IRSAD). There is 68% home ownership, with 27% being fully owned and 40% of residents being mortgagees, with 74% of these in the bottom two monthly mortgage repayment quartiles and 50% of households in the lowest two equivalised income quartiles

Table 21 South Hill – Impact of SRV compared to normal rates path (estimated average rates by category)

South Hill	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Residential - Armidale	1,512	1,998	2,354	1,277	1,369	1,405	949	18
Business - Armidale	6,532	7,695	8,979	5,170	5,929	6,081	2,899	56

South Hill will see cumulative average increases (compared to the normal approved rate increases) over the three-year period of an estimated \$949 for residential ratepayers. This equates to \$18 per week. Business ratepayers will increase by an average of \$2,899 over the three-year SRV period (\$56 per week).

Unemployment (5.7%) is in line with averages and SEIFA scores placing the area within the 39th percentile (IRSD) and 57th percentile (IRSAD) indicating a mix of advantage and disadvantage within the area. There relatively lower levels of home ownership (53%), with 32% being fully owned and 21% of residents being mortgagees, with 80% of these in the bottom two monthly mortgage repayment quartiles and 53% of households in the lowest two equivalised income quartiles.

Table 22 Madgwick – Impact of SRV compared to normal rates path (estimated average rates by category)

Madgwick	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Residential - Armidale	1,090	1,379	1,591	955	1,005	1,026	565	11
Business - Armidale	5,446	6,386	7,424	3,853	4,959	5,082	2,342	45
Farmland - Armidale	2,072	1,768	1,943	2,108	1,730	1,721	223	4
Residential - Armidale (Non-urban)	1,999	2,316	2,736	1,573	1,783	1,753	983	19
Business - Non-urban (Armidale)	1,936	2,591	992	1,596	1,745	1,806	-813	-16

Madgwick will see cumulative average increases (compared to the normal approved rate increases) over the three-year period of an estimated \$565 for residential ratepayers. This equates to \$11 per week. Ratepayers in non-urban subcategory will only increase average \$983 over this same period (equating to \$19 per week). Farmland will increase an average of \$223 over the three-year SRV period (equating to \$4 per week). Business ratepayers will increase by an average of \$2,342 over the three-year SRV period (\$45 per week) and non-urban business subcategory will decrease by an average of \$813 over this period.

This area has very high unemployment at 14.6% (with 12.5% looking for part time work), and low SEIFA rankings at the 9th percentile (IRSD) and 20th percentile (IRSAD). This gap indicates inequality within the suburb. This area has very low levels of home ownership at 22% (9% being mortgagees and 14% being fully owned), and 61% of households renting - explaining the huge proportion of 18-24 year olds residing here (56% of the population). 100% of mortgage repayments are in the bottom two quartiles, 65% being in the bottom quartile. Given the disadvantage levels, 100% of households are also in the lowest two equivalised income quartiles. This area does have significant disadvantage relative to the LGA, however due to lower land values and low levels of home ownership (including mortgagees) the impact of the SRV is also lower.

Table 23 West Armidale – Impact of SRV compared to normal rates path (estimated average rates by category)

West Armidale	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Residential - Armidale	1,119	1,422	1,644	967	1,030	1,052	591	11
Business - Armidale	6,057	7,123	8,300	5,272	5,505	5,644	2,656	51
Residential - Armidale (Non-urban)	1,092	1,253	1,458	908	986	976	482	9

West Armidale will see cumulative average increases (compared to the normal approved rate increases) over the three-year period of an estimated \$591 for residential ratepayers. This equates to \$11 per week. Ratepayers in non-urban subcategory will only increase average \$482 over this same period (equating to \$9 per week). Business ratepayers will increase by an average of \$2,656 over the three-year SRV period (\$51 per week).

This area has high unemployment at 10.5% (with 4.1% looking for part time work), and the lowest SEIFA rankings within the LGA, scoring within the 4th percentile (IRSD) and 5th percentile (IRSAD). This area has very low levels of home ownership at 34% (22% being mortgagees and 22% being fully owned), and 49% of households renting (minimising the impact of the SRV). This area has the highest level of social housing in the LGA (13%) - therefore not impacted by the SRV. 96% of mortgage repayments are in the bottom two quartiles, 60% being in the bottom quartile. 73% of households are in the lowest two equivalised income quartiles

This area does have significant disadvantage relative to the LGA, however due to lower land values and low levels of home ownership (including mortgagees) the impact of the SRV is also lower.

Table 24 Rural Armidale – Impact of SRV compared to normal rates path (estimated average rates by category)

Rural Armidale	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Residential - Armidale	1,688	2,256	2,672	1,503	1,521	1,563	1,109	21
Business - Armidale	2,312	2,607	2,932	1,974	2,159	2,198	734	14
Farmland - Armidale	2,257	1,901	2,106	2,224	1,856	1,845	261	5
Residential - Armidale (Non-Urban)	1,499	1,731	2,032	1,265	1,344	1,325	707	14
Business - Non-Urban (Armidale)	1,304	1,706	696	1,118	1,184	1,210	-514	-10

Rural Armidale will see cumulative average increases (compared to the normal approved rate increases) over the three-year period of an estimated \$1,109 for residential ratepayers, equating to \$21 per week.

Ratepayers in non-urban subcategory will only increase average \$707 over this same period (equating to \$14 per week). Farmland will increase an average of \$261 over the three-year SRV period (equating to \$5 per week). Business ratepayers will increase by an average of \$734 over the three-year SRV period (\$14 per week) and non-urban business subcategory will decrease by an average of \$514 over this period.

This area has the highest levels of advantage in the LGA, with extremely low unemployment at 2.8%, and very high SEIFA rankings (97th percentile for IRSD, and 94th percentile for IRSAD). This area has very high levels of home ownership at 82%, with 47% being fully owned and 35% being mortgagees. 55% of mortgage repayments are in the bottom two quartiles, and 59% of households are also in the highest two equivalised income quartiles.

Table 25 Guyra-South Guyra – Impact of SRV compared to normal rates path (estimated average rates by category)

Guyra - South Guyra	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Farmland - Guyra	3,942	4,150	4,870	3,321	3,634	3,956	914	18
Residential - Non-Urban (Guyra)	921	1,222	1,422	761	809	954	468	9
Residential - Guyra	666	775	916	568	606	621	295	6

Guyra - South Guyra	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Business - Guyra	1,139	1,333	1,619	958	1,036	1,062	557	11
Farmland - Guyra Intensive	5,129	5,612	6,807	4,600	4,710	4,815	1,991	38

Farmland ratepayers in Guyra - South Guyra will see cumulative average increases (compared to the normal approved rate increases) over the three-year period of an estimated \$914 (\$18 per week). Ratepayers in the residential non-urban subcategory will only increase average \$468 over this same period (equating to \$9 per week). Residential ratepayers will see cumulative average increases of \$295 (equating to \$6 per week). Business ratepayers will increase by an average of \$557 (equating to \$11 per week). Intensive Farmland ratepayers in this area will increase an average of \$1,991 (equating to \$38 per week).

This area has average unemployment (4.9%) and relatively low SEIFA scores, with the area ranking in the 17th percentile (IRSD) and 13th percentile for IRSAD. There is 60% home ownership, with 37% being fully owned. 22% of residents have mortgages, with 76% of these in the bottom two monthly mortgage repayment quartiles (68% in the lowest quartile). There are 73% of households in the bottom two equalised income quartiles.

Table 26 Rural East – Impact of SRV compared to normal rates path (estimated average rates by category)

Rural East	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Farmland - Guyra	4,594	4,835	5,712	4,093	4,218	4,599	1,113	21
Residential - Non-Urban (Guyra)	600	762	869	470	541	618	251	5
Residential - Village (Guyra)	424	472	521	373	416	407	114	2
Business - Village (Guyra)	321	443	275	307	304	360	-86	-2
Farmland - Armidale	4,871	3,773	4,407	3,926	3,637	3,603	804	15
Residential - Armidale (Non-Urban)	1,072	1,230	1,431	938	969	960	471	9
Business - Non-Urban (Armidale)	707	868	417	656	653	646	-230	-4
Residential - Wollomombi	443	384	415	496	529	342	73	1
Mining - Armidale	6,984	7,952	9,225	5,672	6,354	6,512	2,713	52
Residential - Ebor	443	474	523	434	463	408	115	2
Residential - Hillgrove	495	474	523	587	627	408	115	2

Farmland ratepayers in Rural East will see cumulative average increases (compared to the normal approved rate increases) over the three-year period of an estimated \$1,113. This equates to \$21 per week. Ratepayers in the Guyra residential non-urban subcategory will only increase average \$251 over this same period (equating to \$5 per week). Those in the Armidale non-urban subcategory will increase by \$471 (\$9 per week). Residential Village subcategory ratepayers will see cumulative average increases of \$114 (equating to \$2 per week). Farmland ratepayers will increase by an average of \$804 (\$15 per week) over the SRV period. Mining ratepayers are expected to increase by an average of \$2,713 (\$52 per week). The remaining categories and suburb categories experiencing increases in this area will very minor movements (up to and average of \$115 by the end of the SRV period, or \$2 per week) over the three years, compared to the normal rate increases.

This area has high levels of advantage. Unemployment is extremely low (2.7%) and high SEIFA rankings, with the area ranking in the 70th percentile for IRSD and 74th percentile for IRSAD. There is 69% home ownership, with high levels being fully owned (46%). 21% of residents have mortgages, with 67% of these in the bottom two monthly mortgage repayment quartiles (52% in the lowest quartile) compared to only 59% of households in the bottom two equivalised income quartiles.

Table 27 Rural North West – Impact of SRV compared to normal rates path (estimated average rates by category)

Rural North West	2024 with SRV	2025 with SRV	2026 with SRV	2024 no SRV	2025 no SRV	2026 no SRV	2026 variance vs normal increases	2026 Weekly variance vs normal increases
Farmland - Guyra	3,628	3,819	4,463	3,052	3,352	3,646	818	16
Residential - Non-urban (Guyra)	789	1,032	1,194	613	698	816	378	7
Residential - Village (Guyra)	438	487	539	412	429	417	121	2
Residential - Guyra	700	818	970	584	635	651	319	6
Business - Village (Guyra)	349	487	289	323	329	390	-100	-2
Farmland - Guyra Intensive	11,168	12,386	15,393	9,286	10,113	10,379	5,013	96
Farmland - Armidale	4,007	3,155	3,647	3,584	3,049	3,022	625	12
Residential - Armidale (Non-urban)	1,095	1,256	1,463	916	989	979	484	9
Business - Non-urban (Armidale)	250	228	203	274	247	215	-13	0

Farmland ratepayers in Rural North West will see cumulative average increases (compared to the normal approved rate increases) over the three-year period of an estimated \$818 (equating to \$16 per week). Ratepayers in the Guyra residential non-urban subcategory will only increase average \$378 over this same period (equating to \$7 per week). Those in the Armidale non-urban subcategory will increase by \$484 (\$9 per week). Residential Guyra ratepayers will see cumulative average increases of \$319 per week (\$6 per week). Intensive Farmland ratepayers in this area will increase an average of \$5,013 (equating to \$96 per week). Farmland ratepayers will increase by an average of \$625 (\$12 per week) over the SRV period. Residential Village subcategory ratepayers will see cumulative average increases of \$121 (equating to \$2 per week).

This area has high levels of advantage. With almost no unemployment (1.6%) and relatively high SEIFA rankings with scores in the 61st percentile for IRSD and 69th percentile for IRSAD. There is 66% home ownership, with high levels being fully owned (48%). 23% of residents have mortgages, with 71% of these in the bottom two monthly mortgage repayment quartiles. There are 64% of households in the bottom two equivalised income quartiles.

Table 28 Rates as a percentage of operating expenses ¹⁷

Rates vs Operating expenses 2020-21 Actual	Total Operating Expenses Actual 2020-21 (\$)	Total Rates Revenue 2020-21 Actual (\$)	Rates as % of operating expenses	Rank
Armidale Regional	78,889,000	18,735,000	24%	8.0
Glen Innes Severn	36,406,000	7,160,000	20%	10.0
Gunnedah	46,583,000	13,555,000	29%	3.0
Gwydir	33,283,000	8,235,000	25%	7.0
Inverell	43,601,000	13,986,000	32%	2.0
Liverpool Plains	35,117,000	7,416,000	21%	9.0
Moree Plains	60,606,000	23,812,000	39%	1.0
Narrabri	47,305,000	13,407,000	28%	4.0
Tamworth Regional	145,936,000	37,521,000	26%	6.0
Tenterfield	29,475,000	4,718,000	16%	13.0
Uralla	23,357,000	4,015,000	17%	12.0
Walcha	20,047,000	3,598,000	18%	11.0
Average Northern Inland	50,050,417	13,013,167	26%	5.0

Table 27 above shows actual rates revenue as a percentage of total council operating expenditure for the 2020-21 financial year, for selected comparable LGAs. It is observed that within this grouping, Armidale Regional Council's ratio of 24% is in line with the average when compared to other northern inland councils

Table 29 Outstanding rates (2021) ¹⁸

LGA - Northern Inland Councils	NSW ranking	Northern Inland LGA's rank	2021 Outstanding rates
Armidale Regional	43	4	5%
Glen Innes Severn	49	6	5%
Gunnedah	53	7	5%
Gwydir	38	2	5%
Inverell	46	5	5%
Liverpool Plains	110	11	10%
Moree Plains	85	9	7%
Narrabri	119	12	12%
Tamworth Regional	82	8	7%
Tenterfield	29	1	4%
Uralla	101	10	9%
Walcha	41	3	5%
Northern Inland Average			7%

¹⁷ OLG Time Series Data 2020-21

¹⁸ Ibid.

Table 29 shows that Armidale Regional has relatively low outstanding rates. This is a strong indicator of willingness and capacity to pay, especially given that the benchmark for outstanding rates is less than 10% for regional and rural areas.

Conclusion

Although there are pockets of significant wealth and advantage, there is also significant disadvantage. There is a noticeable disparity between the urban and non-urban /rural areas as well as between the former council areas.

By the end of the proposed SRV period in the 2025/26 financial year, when compared to what be under normal rate increases over this same period it is estimated that:

- average residential rates will increase by \$702, or \$13 per week
- average farmland rates will increase by \$688, or \$13 per week
- average business rates will increase by \$1,809, or \$35 per week
- average mining rates will increase by \$2,550, or \$49 per week.

The impact of these rises will vary throughout the LGA depending upon the relative value of the land for each property. With respect to residential rates, this is demonstrated in the area of Soudan Heights – St Patricks – Bona Vista, which will see the largest increases in rates at an estimated average of \$1,022 in 2025/26, or \$20 per week (when compared to the normal rates increases should there be no SRV). Urban areas with more disadvantage and lower land values will see much smaller increases, Madgwick and West Armidale both increasing by an average of only \$11 per week by the end of the SRV period (2025/26 average increases compared to normal rates increases estimated at \$558 and \$566 respectively). It is generally observed that these areas with greater disadvantage have lower levels of home ownership, limiting the direct impact of the proposed SRV.

With respect to farmland rates, again the increases are dependent upon relative land values, with Guyra-South Guyra (\$18 per week) along with Rural East (\$18 per week) seeing the largest increases in rates in 2025/26 of \$822 and \$800 respectively (when compared to the normal rates increases should there be no SRV).

Reviewing indicators such as household expenditure shows that household net savings have increased to \$25,913 per household in 2020/21 (in line with Regional NSW averages), these increases in net savings indicate a capacity to pay within the community.

Additionally, we also noted that Armidale Regional has a relatively low proportion of outstanding rates at 5.0% (2021), a strong indicator of both capacity and willingness to pay rates especially given that the benchmark for outstanding rates is less than 10% for regional and rural areas.

Council should ensure that it acknowledges disadvantage within the community when bringing rates revenue up to the level required to service the community. This would include ensuring that the SRV increases are supported by Council's rates hardship policy.