



Capacity to Pay Report

Bega Valley Shire Council

January 2023

Document status

Job #	Version	Written	Reviewed	Approved	Report Date
7683	1 - Draft	[REDACTED] [REDACTED]	[REDACTED]	[REDACTED]	January 2023
7683	2 - Final	[REDACTED] [REDACTED]	[REDACTED]	[REDACTED]	January 2023

Contents

Executive summary	1
Introduction	3
Background	3
Methodology	5
Areas of social disadvantage	5
Service age groups	5
Household types	7
Housing tenure	8
Unoccupied dwellings	9
Equivalised household income	9
Socio-economic index	11
Vulnerable groups or individuals	14
Workforce status	14
Pensioners	14
Core assistance	15
Housing stress	15
Trends in cost of living	17
Industry	18
Discussion	20
Proposed rating changes	22
Residential rates – impact analysis by scenario	22
Farmland rates – impact analysis by scenario	24
Business rates – impact analysis by scenario	25
Other rating considerations	27
Conclusion	30

Figures

Figure 1 Bega Valley Shire Council area map	4
Figure 2 Service age groups	6
Figure 3 Household composition	7
Figure 4 Equivalised household income	10
Figure 5 Actual (2021) rates as a percentage of operating expenses for OLG Group regional town/city councils	28

Tables

Table 1 Area summary	1
Table 2 Bega Valley Shire Council area summary	3
Table 3 Service age rankings	6
Table 4 Bega Valley Shire Council housing tenure	8
Table 5 Bega Valley Shire Council housing unoccupied dwellings	9
Table 6 Regional comparison of equivalised household income	11
Table 7 Regional SEIFA scores and percentiles	12
Table 8 Area-level SEIFA scores and percentiles	12
Table 9 Suburb SEIFA rankings	13
Table 10 Community workforce status – 2021	14
Table 11 Number of pensioner assessments	15
Table 12 Number of people requiring core assistance	15
Table 13 Households where mortgage costs exceed 30% of income	16
Table 14 Five-year comparison of cost of living in Bega Valley Shire Council LGA	17
Table 15 Value added by industry sector	19
Table 16 SRV options	22
Table 17 Option A residential average rates impact analysis	22
Table 18 Option B residential average rates impact analysis	23
Table 19 Option C residential average rates impact analysis	23
Table 20 Option A farmland average rates impact analysis	24
Table 21 Option B farmland average rates impact analysis	24
Table 22 Option C farmland average rates impact analysis	25
Table 23 Option A business average rates impact analysis	25
Table 24 Option B business average rates impact analysis	26
Table 25 Option C business average rates impact analysis	26
Table 26 Estimated average actual rates for OLG Group 4 councils	27
Table 27 Actual outstanding rates and charges for OLG Group 4 regional town/city councils	29

Executive summary

Bega Valley Shire Council ('Council') is currently considering a special rate variation (SRV) to ensure it has the financial capacity to maintain service levels into the future. Therefore, Council is currently reviewing the potential impact on the community of an SRV. 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 local government area (LGA). The key findings are summarised in table 1.

Table 1 Area summary

Area	Findings
Bega District-Bega Rural	<ul style="list-style-type: none"> • Highest proportion of one person families (12%), and couples with children (23%) • Highest proportion of mortgagees (31%) • Highest proportion with mortgage costs >30% of income (17%) • Second highest proportion in highest two equivalised income quartiles (35%)
Merimbula-Pambula	<ul style="list-style-type: none"> • Highest proportion of lone person households (32%) • Lowest proportion with mortgage costs >30% of income (13%) • Lowest proportion of eligible pensioners
Tura-Tathra	<ul style="list-style-type: none"> • Highest proportion of couples without children (38%) • Second highest proportion of fully owned homes (52%) • Highest proportion in highest two equivalised income quartiles (38%) • Highest SEIFA rankings
Bermagui-Rural North	<ul style="list-style-type: none"> • Highest proportion of retirees (45%), driven by 60-69 year age group (25%) • Lowest proportion of couples with children (16%), second highest proportion of couples without children (37%) • Highest proportion of fully owned homes (57%) • Second highest proportion in lowest two equivalised income quartiles (74%)
Eden-Rural West	<ul style="list-style-type: none"> • Highest proportion in lowest two equivalised income quartiles (75%) • Lowest SEIFA rankings (18th percentile) • Highest proportion of pensioner assessments (24%)

From our analysis it is apparent that there is inequity within the LGA, with some areas experiencing relatively high levels of advantage compared to other areas experiencing relatively low levels of disadvantage. It is important that Council acknowledges these levels of disadvantage within the community, and that it does not significantly marginalise particularly vulnerable individuals and households.

Eden-Rural West has the lowest SEIFA rankings, ranking in the 18th percentile for both IRSD and IRSAD, (compared to Regional NSW's 29th and 32nd percentile rankings, and NSW's 45th and 62nd percentile rankings) and lowest income levels. Residential ratepayers within this area would have some of the lowest average weekly increases across all options when compared to option D (being the normal increases under rate peg). For option A (a cumulative increase of 94.75% by 2024/25) the average increase would be \$19.79 per week, for option B (a cumulative increase of 98.94% by 2024/25) it would be \$20.35 and option C (a cumulative increase of 46.58% by 2024/25) it would be \$8.96. It is noted that this area has relatively high levels of fully owned homes (45% - reducing impact of significant mortgage stress and hence increasing capacity to pay) and relatively high levels of unoccupied dwellings (15% - an indication of use as holiday homes and hence increased capacity pay).

The impact of rate rises in areas with moderate levels of disadvantage also has significantly high levels of unoccupied dwellings. Both Bermagui-Rural North and Merimbula-Pambula have 20% of dwellings unoccupied, again attributable to potential use as holiday homes or for short term holiday accommodation (as discussed earlier, an indication of increased capacity to absorb the likely additional weekly rates payable under the proposed options A, B and C).

Bega District-Bega Rural, with moderate levels of disadvantage (ranking in the 35th and 28th percentiles for IRSD and IRSAD) will experience the lowest impact on residential ratepayers, with an additional \$18.05 per week by 2024/25 under option A, \$18.58 under option B and \$8.17 under option C, when compared to normal increases under the rate peg. This area demonstrates inequity in that it includes Bega District which has higher levels of disadvantage relative to Bega-Rural. The relatively high proportion of renters in Bega District does mitigate the immediate impact somewhat, however the increase in rates is often passed onto renters by the property owner over the longer-term. It is therefore important that Council does not marginalise particularly vulnerable individuals and households. Given this, as well as the relatively lower land values and hence lower impact of an SRV, it is considered that there is some capacity to absorb the additional rates payable under the proposed options, mainly option C, particularly if this is supported by an appropriate hardship policy.

Tura Tathra, which has the highest SEIFA rankings (ranking in the 68th and 57th percentiles for IRSD and IRSAD), highest income levels and very high numbers of fully owned homes, will see the second greatest average weekly increase (\$21.77 under option A, \$22.40 under option B and \$9.86 per week under option C). Given the relative advantage in this area (as well as the significant proportion of vacant dwellings at 15%), it is considered there is a level of capacity to absorb potential rises.

At an overall level, Bega Valley's average residential and farmland rates currently sit around the average and median levels (using 2021 OLG time series data) when compared against comparable group 4 councils, and business rates are at the lower end when compared to these councils. Under the proposed scenarios, both residential and farmland will likely move towards the upper end of this grouping of comparable councils, and business rates towards either the average and median or the higher end, depending on the option.

Further, compared to these councils, Bega Valley has very low levels of rates income as a percentage of operating expenses when compared to similar councils, indicating capacity of ratepayers to absorb rises, further, Council has low levels of outstanding rates (in 2021, despite the impact of COVID-19, only climbing as high as 7.2%, and in 2022 it was 5%), and has been consistently below regional benchmarks (10%), again indicating strong capacity and willingness to pay.

Overall, it is considered that there is capacity to absorb the additional rates payable under the proposed option C, particularly if this is supported by an appropriate hardship policy.

Introduction

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 changes in rates 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 – Bega Valley Shire Council Community/Social/Economic Profiles.
- February 2016 – Housing and Homelessness Policy Consortium (ACT Shelter, ACTCOSS, Women's Centre for Health Matters, Youth Coalition of Act) – Snapshot: Housing stress and its effects.

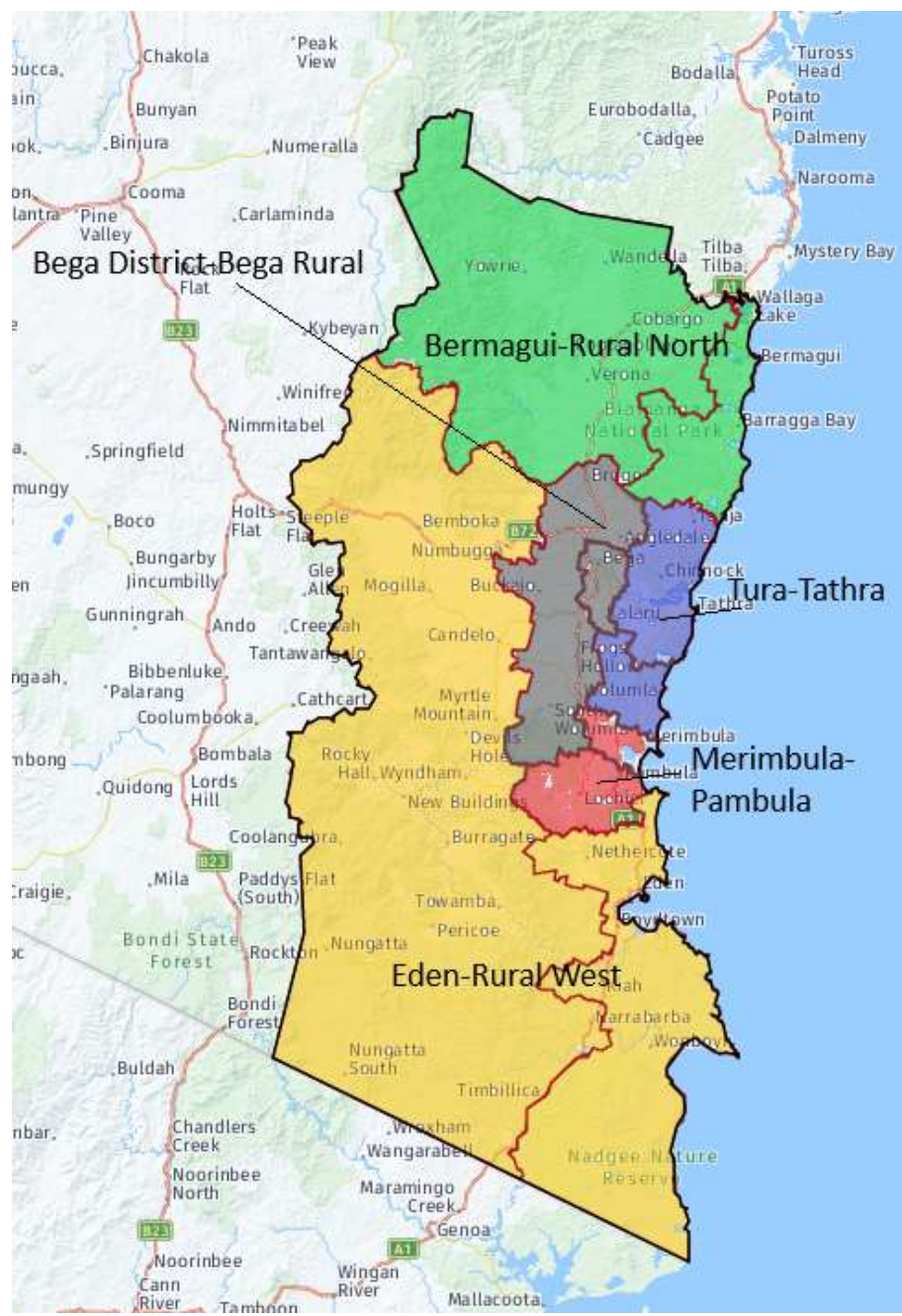
Background

For the purposes of this report, Bega Valley Shire Council is divided into five areas. Council is looking to ensure that equity is maintained between areas, as each area has differing economic and socio-economic profiles. A summary of the areas and the suburbs they encompass has been provided in the following table 2 and figure 1.

Table 2 Bega Valley Shire Council area summary

Area	Population	Precinct
Bega District-Bega Rural	7,957	Bega District
		Bega Rural
Bermagui-Rural North	5,236	Rural North
		Bermagui Coast - Wapengo and District
Eden-Rural West	7,001	Rural West
		Eden Coast
Merimbula-Pambula	8,084	Pambula District
		Merimbula - Millingandi and District
Tura-Tathra	7,480	Tathra - Kalaru and District
		Tura Beach - Mirador and District
Bega Valley LGA	35,759	

Figure 1 Bega Valley Shire Council area map



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:

- persons who have or need core assistance
- individuals who are currently unemployed
- households currently under housing stress
- 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 changes to determine whether there are any particular groups or individuals that would be significantly impacted.

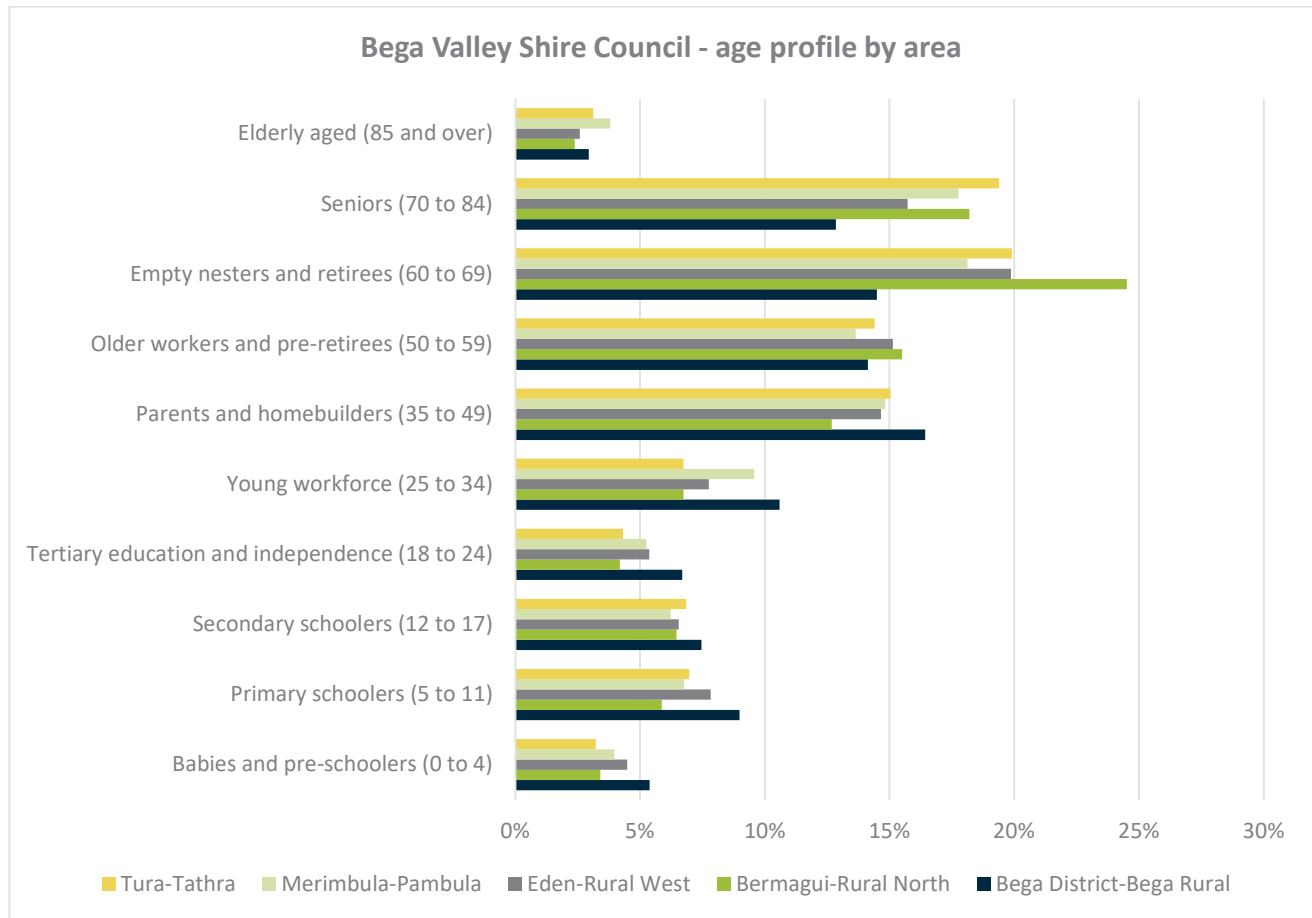
Areas of social disadvantage

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'.

Service age groups

Age profiles are used to understand the demand for aged-based services as well as the income-earning status of the population. Data has been broken into groups that 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 Service age groups



Grouping these results in terms of the following categories (dependants, workforce, and retirees) and ranking them in terms of proportion of population (with one representing the largest proportion) generates the following results.

Table 3 Service age rankings

Rank	Bega District-Bega Rural	Bermagui-Rural North	Eden-Rural West	Merimbula-Pambula	Tura-Tathra
Dependents	1	5	2	4	3
Working age	1	5	3	2	4
Retirees	5	1	4	3	2

At an LGA level, there is a high proportion in both the 60-69 age group (19%, compared with the Regional NSW average at 13%) and also in the 70-84 age group (17%, compared to Regional NSW average of 13%). Conversely, the proportion of those in the working age group is low at 43%, compared to the NSW average of 55% and Regional NSW average of 49%.

Looking into specific areas, we observe the following:

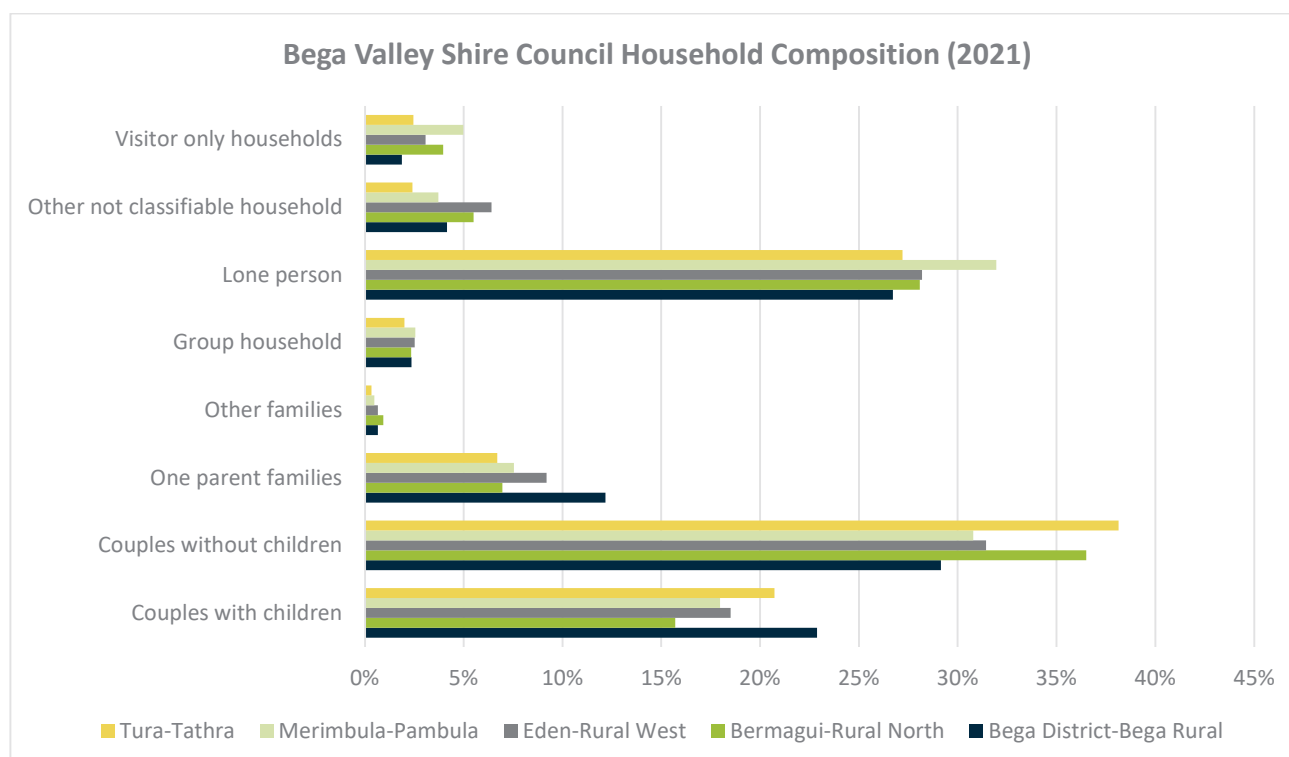
- Bega District-Bega Rural has the lowest proportion of over 50s (44%) and retirees (30%) and the highest proportion of dependants (22%) and working age (48%). This is similar to the averages for the Canberra Region and Regional NSW, as both have dependants at 21% and working age at 49% for the former and 50% the latter.

- Bermagui-Rural North has the highest retirees at 45% and the highest over 50s at 61%. It has the lowest of both dependents (16%) and working age (39%).
- Merimbula-Pambula and Tura-Tathra both also have low proportions of dependents, both at 17%. However, Tura-Tathra also has higher levels of retirees at 42% compared to Merimbula-Pambula's 40%. Both of these are much higher than the Canberra Region average of 31% and Regional NSW of 29%.
- Eden-Rural West also has a higher proportion of the population over 50, at 53%. Bega District-Bega Rural is the only area to have a higher proportion under 50.

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 complete picture of the people, families and communities in each area. A summary of household type is provided in the following figure.

Figure 3 Household composition



Overall, the proportion of lone person households in the LGA (28%) is slightly higher than the Regional NSW and Canberra Regions averages, both at 26%. This is mainly due to Merimbula-Pambula, which has a large proportion at 32%, however all groupings have 27% or higher.

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 across the LGA as a whole, the at-risk group makes up 37% of the population, this is in line with the Regional NSW average, also 37%, however higher than the Canberra Region (35%) and NSW (34%).

39% of the households in both Bega District-Bega Rural and Merimbula-Pambula are considered to be 'at risk'. However, Tura-Tathra and Bermagui-Rural North are lower, at 34% and 35% respectively.

Tura-Tathra and Bermagui-Rural North also have a high proportion of couples without children, at 38% and 37% respectively. These are higher than Canberra Region (30%) and Regional NSW (28%) averages.

Housing tenure

Analysis of housing tenure levels within the LGA allows us to identify which areas are most impacted by changes in council rates. For example, the direct impact of a change in rates will be felt by homeowners, whereas renters are not expected to experience such a direct increase due to the nature of lease agreements, however there is a likelihood of rate increases being passed onto tenants by property owners over the longer term. Furthermore, individuals in social housing will not be immediately impacted by a change in rates, however there is potential for the social housing provider to pass some of these costs on over time.

Table 4 Bega Valley Shire Council housing tenure

Housing tenure - % of households	Bega District-Bega Rural	Bermagui-Rural North	Eden-Rural West	Merimbula-Pambula	Tura-Tathra	Bega Valley Shire
Fully owned	39%	57%	45%	43%	52%	47%
Mortgage	31%	15%	24%	24%	26%	25%
Renting - Total	26%	12%	19%	24%	17%	20%
Renting - Social housing	5%	1%	3%	2%	0%	2%
Renting - Private	20%	11%	16%	22%	16%	18%
Renting - Not stated	0%	0%	0%	0%	0%	0%
Other tenure type	2%	2%	3%	3%	2%	2%
Not stated	7%	5%	9%	6%	4%	6%
Total households	3,295	2,447	3,075	3,732	3,303	15,850

Referring to table 4 above, the Bega Valley LGA resident ratepayer (fully owned plus mortgaged) average of 71% is higher than the Regional NSW (66%) and NSW (61%) averages. When reviewing at an area level, the proportion of resident ratepayers ranges from Merimbula-Pambula (67%) which is slightly above regional NSW averages up to Tura-Tathra (78%).

The LGA has very high rates of fully owned home ownership (47%) relative to Regional NSW (36%) and NSW (30%). Bermagui-Rural North has a very high number of fully-owned households (57%), whilst Bega District-Bega Rural area is still high at 39% (when comparing to Regional NSW and NSW averages). These high levels are generally indicative of higher household wealth and therefore increased capacity to pay, however it is worth noting that property ownership is not always indicative of higher income or excess disposable income.

Across the LGA, 25% of households have mortgages, which is low when compared with regional NSW (29%) and NSW (31%). The proportion of mortgaged homes also contrasts across the LGA, with a low 15% in Bermagui-Rural North and 31% in Bega District-Bega Rural, which is in line with the Regional NSW average. Lower levels of mortgages is indicative of increased capacity to absorb rates increases.

The majority of the LGA has low levels of renters (20% overall), with Bermagui-Rural North at 12% and Tura-Tathra at 17%. The overall LGA renter average is similar to that of the Canberra Region (22%) but below Regional NSW (26%). It is important to note that generally, the impact of these rates rises will not be immediately passed onto renters due to the longer term nature of rental agreements, however the likelihood of longer term rental increases, due to the increase in rates, does become more likely.

Bega District-Bega Rural contains the majority of the LGA's social housing (43%) as 5% of its households fall into this category; this is driven by Bega District. Residents in social housing do not pay rates and will not be immediately impacted by the proposed SRV, however it is important to acknowledge that accommodation costs may be increased by the social housing provider over the longer term.

Unoccupied dwellings

Table 5 Bega Valley Shire Council housing unoccupied dwellings

Vacant dwellings	No. vacant	Total No. dwellings	Percentage vacant (%)
Tura-Tathra	585	3,897	15%
Bega District-Bega Rural	257	3,552	7%
Bermagui-Rural North	602	3,052	20%
Eden-Rural West	543	3,595	15%
Merimbula-Pambula	937	4,647	20%
Bega Valley Shire	2,914	18,743	16%
Regional NSW	134,891	1,281,486	11%
NSW	299,524	3,357,788	9%
Australia	1,043,784	10,852,217	10%

Across the LGA there is generally a very high proportion of unoccupied dwellings (16%) when compared to Regional NSW (11%), NSW (9%) and Australia (10%). This is evident in most areas (particularly coastal areas where it ranges from 15%-25% in some suburbs) except for Bega District-Bega Rural (7%). This can be attributed to the use of dwellings as weekenders/holiday homes and/or for short term holiday accommodation, and is a strong indicator of wealth and capacity to absorb rate rises under a special rate variation.

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.

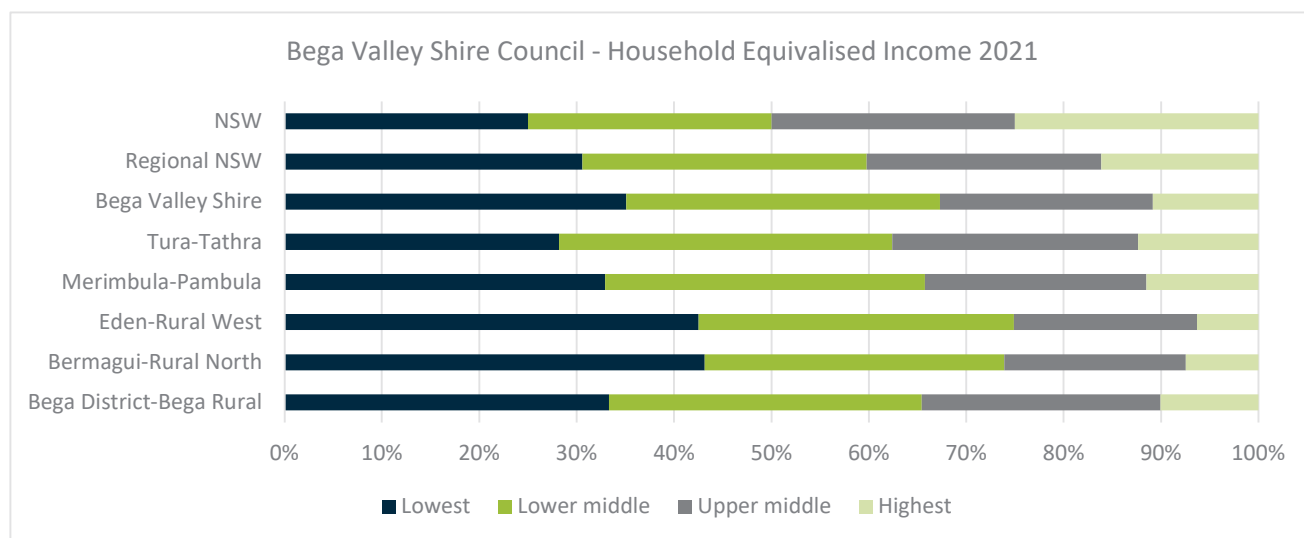
As this is a relative comparison, data has been presented in quartiles; regions of disadvantage will have a higher proportion of households in the bottom two quartiles than those of greater wealth and advantage. These quartiles were determined by reviewing the distribution of household incomes within 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 for 2021:

- 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 25% - 50% 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 4 summarises the equivalised household income ranges for each area.

Figure 4 Equivalised household income



The LGA as a whole has higher proportions in the lower two income quartiles, at 67% compared to 60% for Regional NSW (Canberra Region is 56%). All profile areas within the LGA also have higher proportions in the lowest two quartiles compared to the highest two quartiles. The LGA has slightly higher amounts in the middle two quartiles, at 54% compared to 53% for both the Canberra Region and Regional NSW.

The income disparity across the LGA is shown in the following observations from the data:

- Eden-Rural West has the highest proportion in the lowest two quartiles, at 75%, and lowest in the highest two income quartiles, at 25%.

- Tura-Tathra has the highest proportion in the highest two income quartiles (38%) and middle two quartiles (59%), as well as the lowest in the lowest two quartiles (62%).

Table 6 Regional comparison of equivalised household income

Equivalised income quartiles (2021)	Bega District-Bega Rural	Bermagui-Rural North	Eden-Rural West	Merimbula-Pambula	Tura-Tathra	Bega Valley Shire	Regional NSW	NSW
Lowest	33%	43%	42%	33%	28%	35%	31%	25%
Lower middle	32%	31%	32%	33%	34%	32%	29%	25%
Upper middle	24%	19%	19%	23%	25%	22%	24%	25%
Highest	10%	7%	6%	11%	12%	11%	16%	25%
Total Households	2,468	1,774	2,138	2,740	2,450	11,798		

Socio-economic index

The Socio-Economic Indexes for Areas (SEIFA) is an economic tool developed by the 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.

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, is provided in the table below.

Table 7 Regional SEIFA scores and percentiles

Area	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Canberra Region	1,002.5	47	989.7	49
Australia	1,001.9	46	1,003.1	57
NSW	1,001.0	45	1,011.0	62
Bega Valley Shire	976.00	32	951.0	28
Regional NSW	971.0	29	959.0	32

Bega Valley Shire Council's IRSD score of 976.0 is below the NSW, Australia and Canberra Region rankings, however slightly above the average for Regional NSW. The ranking places the LGA in the 32nd percentile, meaning approximately 68% of Australian suburbs have a SEIFA IRSD ranking higher than this area (less disadvantaged), while 32% are lower.

IRSAD includes levels of both advantage and disadvantage. Bega Valley Shire Council's score of 951.0 places the LGA into the 28th percentile. A lower IRSAD score compared to IRSD score is indicative of less opportunities within the LGA, e.g. lower equivalised incomes, lower education levels, less employment opportunities within the area or less skilled jobs.

Offsetting this is the relatively high levels of unoccupied dwellings as discussed above, with 16% (2,914 dwellings) of dwellings in the LGA being unoccupied (when compared with Regional NSW at 11%), this can be attributed to a high proportion of dwellings being used as holiday homes and also for short term holiday rental accommodation.

An area-level summary is provided in the following table.

Table 8 Area-level SEIFA scores and percentiles

Area	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Tura-Tathra	1,036.10	68	1,002.7	57
Merimbula-Pambula	984.10	37	958.8	33
Bega District-Bega Rural	972.70	35	944.80	28
Bermagui-Rural North	969.45	29	945.9	26
Eden-Rural West	937.30	18	919.8	18

Analysis at the area level demonstrates inequity between different areas of the LGA. Tura-Tathra (IRSD in the 68th percentile and IRSAD in the 57th percentile) has levels of disadvantage well below the average levels in NSW, Canberra Regions and Regional NSW. Although it's worth noting that the IRSAD score is lower than NSW, meaning there is less opportunity in the area but also less disparity.

Eden-Rural West is in a substantially lower percentile, for both IRSD and IRSAD, than the rest of the LGA and is considered to be one of the more disadvantaged areas in the country, with 82% of the country ranking higher in both categories. This low score is driven by the low score in the Eden Coast (ranking in the 13th percentile for IRSD and 11th for IRSAD). Offsetting this is the relatively high proportion of unoccupied dwellings here (543 dwellings, or 15%), attributable to potential use as holiday homes or for short term holiday accommodation (as discussed earlier, an indication of increased capacity to pay).

Other areas with moderate levels of disadvantage also have significantly high levels of unoccupied dwellings. Both Bermagui-Rural North and Merimbula-Pambula have 20% of dwellings unoccupied, again attributable to potential use as holiday homes or for short term holiday accommodation (as discussed earlier, an indication of increased capacity to pay).

However, despite these mitigating factors, it is important that inequality indicated in the SEIFA rankings is considered by Council across the LGA.

Table 9 Suburb SEIFA rankings

Precinct	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Tathra - Kalaru and District	1036.4	68	1008.2	61
Tura Beach - Mirador and District	1035.8	67	997.1	53
Bega Rural	1013.4	53	979.8	43
Pambula District	996.8	43	971.4	39
Bermagui Coast - Wapengo and District	971.6	30	943.7	25
Merimbula - Millingandi and District	971.4	30	946.1	26
Rural North	967.3	28	948	27
Rural West	955.7	23	943.6	25
Bega District	932	16	909.8	13
Eden Coast	918.9	13	896	11

When reviewing SEIFA rankings at a suburb level we see the distribution of advantage and disadvantage through the LGA varies, with Eden Coast sitting in the 11th percentile and Bega District in the 13th, whereas Tathra - Kalaru and District and Tura Beach - Mirador and District sit in the 68th and 67th percentile respectively. Eden Coast sits lower in the percentile for its IRSD score, meaning 87% of suburbs within Australia have lower levels of disadvantage. This is widely different to Tathra - Kalaru and District in the 61st percentile, meaning 39% of suburbs have less disadvantage.

Both precincts within the Eden-Rural West grouping have low scores in both IRSD and IRSAD. Bermagui-Rural North also has low rankings for both of its precincts as well, whereas the scores for Bega District and Bega Rural vary quite substantially. When these lower ranking groupings, including Bega District, are combined, it reflects 50% of the population within the LGA and therefore it is important that this inequality is considered by Council.

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.

Table 10 Community workforce status – 2021

Workforce status	Bega District-Bega Rural	Bermagui-Rural North	Eden-Rural West	Merimbula-Pambula	Tura-Tathra	Bega Valley Shire
Employed	97%	96%	95%	97%	97%	96%
Employed full-time	51%	43%	48%	51%	50%	49%
Employed part-time	38%	44%	39%	40%	41%	40%
Employed, away from work	7%	9%	8%	6%	6%	7%
Unemployed (Unemployment rate)	3%	4%	5%	3%	3%	4%
Looking for full-time work	1%	2%	3%	1%	1%	2%
Looking for part-time work	2%	2%	2%	2%	2%	2%
Total labour force	3,664	2,125	2,866	3,639	3,244	15,525

Note: Pensioners and other non-participants are not included in the total labour force.

In 2021, unemployment within the LGA (4%) was below the averages for Regional NSW and NSW (both 5%), but slightly higher than the Canberra Region average (3%). It is noted that Eden-Rural West has a slightly higher level of unemployment at 5% (143 people).

Pensioners

A distinction is made between retirees, and eligible pensioners. To be classified as a pensioner for the purposes of receiving rates 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. The following table shows the number of assessments receiving pensioner rebates compared to the total number of assessments for that area.

Table 11 Number of pensioner assessments

Number of pensioner properties	Total assessments	Pensioner assessments	Pensioner assessments
Bega District-Bega Rural	6,647	1,193	18%
Bermagui-Rural North	4,961	803	16%
Eden-Rural West	3,578	791	22%
Merimbula-Pambula	2,646	479	18%
Tura-Tathra	2,852	684	24%
Bega Valley Shire	20,684	3,950	19%

It is observed that the largest proportion of pensioners resides within Tura-Tathra (24%), closely followed by Eden-Rural West (22%). The largest number of pensioner assessments are within Bega District-Bega Rural areas (1,193), with the proportion here at 18% being in line with the average for the LGA at 19%). These eligible pensioners have access to mandatory rebates (up to a maximum of \$250 per year) on their rates.

Core assistance

Table 12 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 – because of a disability, long-term health condition or old age.

Table 12 Number of people requiring core assistance

Assistance required (2021)	Number	Percentage
Bega District-Bega Rural	528	6%
Bermagui-Rural North	330	6%
Eden-Rural West	483	7%
Merimbula-Pambula	542	7%
Tura-Tathra	392	5%
Bega Valley Shire	2,273	6%

We observe that Eden-Rural West and Merimbula-Pambula have very slightly higher proportions of the population requiring assistance compared with the NSW, Canberra Region and Australian averages (all 6%). This compares with Tura-Tathra where the proportion is slightly below.

Housing stress

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 pressures:

- 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.

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

Table 13 Households where mortgage costs exceed 30% of income

Households with mortgage costs >30% of income (2021)	Number	Number of households with a mortgage	Percent %
Bega District-Bega Rural	128	937	14%
Bermagui-Rural North	77	462	17%
Eden-Rural West	107	713	15%
Merimbula-Pambula	112	889	13%
Tura-Tathra	137	841	16%
Bega Valley Shire	578	3,846	15%
Regional NSW	42,576	334,073	13%
New South Wales	163,060	942,804	17%

Overall, 578 (15%) households have mortgage costs exceeding 30% of their household income, just above the Regional NSW (13%) average, but below the average for NSW (17%). Bermagui-Rural North have a higher proportion at 17% (77 households). This area also has the second highest proportion of households in the lowest two equivalised income quartiles, therefore there is a greater likelihood of mortgage stress. This is closely followed by Tura-Tathra at 16% (137 households). This area has the lowest proportion of households in the bottom two equivalised income quartiles (62%), meaning that there are likely lower instances of significant mortgage stress.

Eden-Rural West is in line with the average for the LGA at 15% (107 households), however given that this area has the highest proportion of households with equivalised income in the lowest two quartiles (75%), it is likely that many of these households will be experiencing mortgage stress.

Therefore it is recommended that Council considers mortgage stress and uses its hardship policy to mitigate these factors.

Trends in cost of living

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 following table presents the changes in typical household expenditure throughout the Bega Valley Shire LGA over a five-year period.

Table 14 Five-year comparison of cost of living in Bega Valley Shire Council LGA¹

Household expenditure (totals)	2020/21		2015/16		Change		
	\$ per household	% of expenditure	\$ per household	% of expenditure	\$ per household	% of expenditure	%
Food	\$7,681	10%	\$8,465	9%	-\$784	1%	-9%
Alcoholic beverages & tobacco	\$3,339	4%	\$4,401	5%	-\$1,062	-1%	-24%
Clothing & footwear	\$3,191	4%	\$3,241	4%	-\$50	0%	-2%
Furnishings & equipment	\$3,880	5%	\$3,994	4%	-\$114	1%	-3%
Health	\$5,032	6%	\$5,178	6%	-\$145	0%	-3%
Transport	\$6,863	9%	\$9,973	11%	-\$3,110	-2%	-31%
Communications	\$1,563	2%	\$1,485	2%	\$78	0%	5%
Recreation & culture	\$8,776	11%	\$10,619	12%	-\$1,843	-1%	-17%
Education	\$4,067	5%	\$4,394	5%	-\$327	0%	-7%
Hotels, cafes & restaurants	\$4,877	6%	\$7,714	8%	-\$2,837	-2%	-37%
Miscellaneous goods & services	\$10,656	13%	\$13,184	14%	-\$2,528	-1%	-19%
Housing	\$17,388	22%	\$16,618	18%	\$770	4%	5%
Utilities	\$2,652	3%	\$3,220	4%	-\$567	0%	-18%
Total expenditure	\$79,966	100%	\$92,486	100%	-\$12,520	0%	-14%
Net savings	\$33,821	30%	\$22,887	20%	\$10,933	10%	48%
Total disposable income	\$113,787	0%	\$115,374	0%	-\$1,586	0%	-1%
Non discretionary	44370	55%	48180	52%	-\$3,810	3%	-8%
Discretionary	35595	45%	44306	48%	-\$8,711	-3%	-20%

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

¹ 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.

Table 14 shows over the five-year period, total disposable income across the LGA has reduced by an average of \$1,586 (-1%) and net annual savings have increased by \$10,993 (48%). Total expenditure has reduced by 14% with a 20% decrease in discretionary spending. This is mirrored across the Canberra Region and Regional NSW, where discretionary spending has also reduced by 7% and 14% respectively. However total disposable income has increased slightly in both of these regions, with Regional NSW increasing by 2% and Canberra Region by 1%.

Industry

In 2021, the main industries in order of employment remain health care and social assistance (13.4%), agriculture, forestry and fishing (10.8%), retail (10.1%) and manufacturing (9.8%); with construction (10.7%) now also making the top five. Accommodation and food services (7.5%) has however dropped out of the top five since 2010/11. The most recent data indicates the following trends, over the ten years from 2011 to 2021, in these core sectors:

- health care and social assistance jobs have increased by 235
- agriculture, forestry and fishing jobs have decreased by 261
- accommodation and food services have dropped out of the top industries for employment within the LGA, with 272 fewer jobs
- retail trade jobs have decreased by 186
- construction roles have increased by 61
- manufacturing has decreased by 309
- overall there are 675 fewer jobs within the LGA.

It is noted that 86.4% of Bega Valley Shire Council's resident workers work within the LGA, with 6.3% travelling outside the LGA to work (mainly to Eurobodalla Shire Council and Snowy Monaro Regional Council areas).

Health care and social assistance have become the most productive industry for the Bega Valley LGA, generating 12.5% of the region's value (as value added) which is similar to Regional NSW's 11.7%. This is an increase of \$36.2 million since 2010/11, when it contributed 9.1% for the Bega Valley LGA. Agriculture, forestry and fishing is now the second most valuable industry for the area, at 12.2% compared to 11.9% in 2010/11, however it has seen a drop of \$1.7 million in value added to the economy. Construction (-\$22.9 million) and manufacturing (-\$41.9million) have both dropped from the top spots in 2010/11 to third and fourth, respectively in 2020/21.

The overall value added by industries for the Bega Valley LGA has decreased by \$42.4 million since 2010/11, which, when combined with the total decrease in full-time equivalent jobs of 675, highlights the potential reduction in opportunities within the area.

Table 15 Value added by industry sector²

Industry	2020/21			2010/11			2010/11 - 2020/21
	Bega Valley \$m	Bega Valley %	Regional NSW %	Bega Valley \$m	Bega Valley %	Regional NSW %	Bega Valley change \$m
Agriculture, Forestry and Fishing	145.9	12.2%	7.5%	147.6	11.9%	9.6%	-1.7
Mining	0	0%	8.8%	1.6	0.1%	8.5%	-1.6
Manufacturing	117.5	9.8%	7%	159.4	12.8%	8.4%	-41.9
Electricity, Gas, Water and Waste Services	31.5	2.6%	3.8%	50.4	4.1%	4.8%	-18.9
Construction	142.7	11.9%	11%	165.6	13.3%	10.6%	-22.9
Wholesale Trade	33.3	2.8%	3%	30.3	2.4%	2.7%	2.9
Retail Trade	85.7	7.1%	6%	88.1	7.1%	5.7%	-2.4
Accommodation and Food Services	60.1	5%	3.3%	78.7	6.3%	3.7%	-18.6
Transport, Postal and Warehousing	50	4.2%	4.2%	59.2	4.8%	5%	-9.1
Information Media and Telecommunications	18.2	1.5%	0.9%	9.7	0.8%	1.1%	8.5
Financial and Insurance Services	42.2	3.5%	3.9%	44.9	3.6%	4.5%	-2.8
Rental, Hiring and Real Estate Services	39.7	3.3%	3.1%	35.7	2.9%	2.8%	4
Professional, Scientific and Technical Services	50.4	4.2%	5.1%	50.7	4.1%	4.3%	-0.4
Administrative and Support Services	43.4	3.6%	3.2%	40.1	3.2%	3.5%	3.3
Public Administration and Safety	63	5.2%	6.9%	48.2	3.9%	6%	14.8
Education and Training	77.8	6.5%	7.3%	78.7	6.3%	7.3%	-0.9
Health Care and Social Assistance	149.6	12.5%	11.7%	113.4	9.1%	8.5%	36.2
Arts and Recreation Services	12.9	1.1%	0.6%	10.8	0.9%	0.6%	2.2
Other Services	36.1	3.0%	2.5%	29.3	2.4%	2.3%	6.8
Total industries	1,199.9	100%	100%	1,242.3	100%	100%	-42.4

Council's Gross Regional Product was \$1.57 billion in the year ending June 2021, growing 1.1% since the previous year but reducing 0.8% since 2010/11. The local industry to residents ratio has dropped slightly from 0.95 in 2010/11 to 0.91 in 2021, this is the lowest it's been since 2001. This indicates that generally most residents are still contributing their economic productivity within the LGA, however some may now be commuting out to work in other areas more than in previous years.

² NIEIR, 2021. Compiled and presented in economy.id by.

Discussion

Our analysis shows that there is inequity within the LGA, with some areas experiencing relatively high levels of advantage compared to other areas experiencing relatively low levels of disadvantage. There are a variety of differences emerging between the different areas, and this is also evident when reviewing SEIFA rankings. Overall, we observe greater levels of advantage in Tura-Tathra when compared with Eden-Rural West.

Key aspects of the Bega District-Bega Rural area, which has an IRSD ranking in the 35th percentile, and an IRSAD ranking (including factors of advantage) in the 28th percentile, included:

- highest proportion of dependents and working age, but lowest proportion of retirees (age 60 and over) and over 50s
- joint highest percentage of vulnerable households (39%) which were either 'lone person' or 'single parent' households
- joint lowest unemployment rate (3%)
- majority of the LGA's social housing and second highest proportion of private renters
- second highest proportion in the highest two (35%) and middle two (57%) income quartiles.

Key aspects of the Bermagui-Rural North, with an IRSD ranking in the 29th percentile, and IRSAD ranking in the 26th percentile, are:

- highest proportion of retirees and over 50s, lowest percentage of dependents and working age
- second lowest vulnerable households, but second highest unemployment rate (4%)
- second highest proportion of resident ratepayers with highest percentage of fully owned homes (57%)
- second highest proportion of households in the lowest two mortgage repayment quartiles and second lowest in the top two repayment quartiles; this also matches up with its rankings in relation to household income.

Key aspects of the Eden-Rural West, contributing IRSD and IRSAD rankings in the 18th percentile, are:

- second highest proportion of dependents and second lowest proportion of retirees
- second highest percentage of one parent households (9%)
- highest unemployment rate (5%)
- second lowest proportion of resident ratepayers (69%)
- highest proportion in the lowest two mortgage repayment quartiles (83%) and lowest in the top two quartiles; this is mirrored with the equivalised household income rankings
- joint highest proportion of households requiring assistance.

Key aspects of the Merimbula-Pambula area, which has an IRSD ranking in the 37th percentile, and IRSAD ranking in the 33rd percentile, are:

- second highest percentage of working age (43%) and second lowest proportion of retirees
- joint highest proportion of vulnerable households, with highest proportion of lone person households (32%)

- joint lowest unemployment rate
- lowest proportion of resident ratepayers (67%) and highest proportion of private renters
- second highest in the top two mortgage repayment quartiles and second lowest in the lowest two quartiles
- middle ranking for all household income quartiles
- joint highest proportion of households requiring assistance.

Key aspects of the Tura-Tathra, with an IRSD ranking in the 68th percentile, and IRSAD ranking in the 57th percentile, are:

- second highest proportion of retirees (42%) and second lowest proportion of working age (41%)
- lowest proportion of vulnerable households (34%)
- joint lowest unemployment rate
- highest proportion of resident ratepayers (78%)
- highest proportion of households in the top two mortgage repayment quartiles (29%) and lowest in the lowest two quartiles
- this also matches with the household income rankings, with 38% in the highest two income quartiles
- lowest proportion of households requiring assistance.

It is important to note that although there is a disparity between the more advantaged and disadvantaged areas within Council's LGA, the most disadvantaged suburbs were in the lowest 13% (Eden Coast) and 16% (Bega District) in the country.

The ABS has identified the following factors as having the greatest impact on an area's SEIFA score:

- level of income
- type of employment
- vulnerable households.

These factors align closely with our common characteristics of disadvantaged/advantaged households:

- equivalised household income
- proportion of disadvantaged (lone individual/one parent) households
- proportion of vulnerable households (housing stress/unemployment/require core assistance).

Proposed rating changes

Bega Valley Shire has four options with respect to rates. These options are all permanent, and all assume a rate peg for 2023/24 of 4.1%, and a rate peg of 2.5% in 2024/25:

- Option A proposes a 90% increase in 2023/24, and results in a cumulative increase of 94.75% by 2024/25.
- Option B proposes a 45% increase in 2023/24 and a further increase of 37.2% in 2024/25, resulting in a cumulative increase of 98.94% by 2024/25.
- Option C proposes a 43% increase in 2023/24, resulting in a cumulative increase of 46.58% by 2024/25.
- Option D consists of rate peg increases only, resulting in a cumulative increase of 6.6% by 2024/25.

We have reviewed average rates by area, proposed category and subcategory. We compare the average rates for each scenario against the “do nothing” scenario (Option D – rates to increase as normal, with no change in the rating structure, and no SRV). The table below summarises the four scenarios and our analysis of each scenario follows.

Table 16 SRV options

Option	2023/24	2024/25
Option A is a cumulative increase of 94.75% at the end of 2024/25	90%	rate peg
Option B is a cumulative increase of 98.94% at the end of 2024/25	45%	37%
Option C is a cumulative increase of 46.58% at the end of 2024/25	43%	rate peg
Option D is a cumulative increase of 6.60% at the end of 2024/25.	rate peg	rate peg

Residential rates – impact analysis by scenario

Table 17 Option A residential average rates impact analysis

RESIDENTIAL - AVERAGE RATES	2023/24 Option D Do Nothing (\$)	2024/25 Option D Do Nothing (\$)	2023/24 Option A average (\$)	2024/25 Option A average (\$)	Annual increase by end of 2024/25 (\$)	Weekly increase (\$)
Bega District-Bega Rural	1,113	1,141	2,031	2,082	941	18.05
Merimbula-Pambula	1,227	1,258	2,239	2,295	1,038	19.90
Tura-Tathra	1,342	1,376	2,450	2,511	1,135	21.77
Bermagui-Rural North	1,354	1,387	2,471	2,532	1,145	21.96
Eden-Rural West	1,220	1,250	2,227	2,282	1,032	19.79

The impact of increases in rates will be unequal across the LGA due to the wide variance in land value from area to area, with those in the higher land value areas of Bermagui-Rural North (average to increase to \$2,532, an increase of \$21.96 per week by the end of 2024/25) as well as Tura-Tathra (average to increase to \$2,511, an increase of \$21.77 per week by the end of 2024/25) expected to see larger increases in average rates compared to the lower land value area of Bega District-Bega Rural (average to increase to \$2,082, an increase of \$18.05 per week by the end of 2024/25).

Table 18 Option B residential average rates impact analysis

RESIDENTIAL - AVERAGE RATES	2023/24 Option D Do Nothing (\$)	2024/25 Option D Do Nothing (\$)	2023/24 Option B average (\$)	2024/25 Option B average (\$)	Annual increase by end of 2024/25 (\$)	Weekly increase
Bega District-Bega Rural	1,113	1,158	1,550	2,127	969	18.58
Merimbula-Pambula	1,227	1,277	1,709	2,345	1,068	20.48
Tura-Tathra	1,342	1,397	1,870	2,565	1,168	22.40
Bermagui-Rural North	1,354	1,409	1,885	2,587	1,178	22.59
Eden-Rural West	1,220	1,270	1,699	2,331	1,061	20.35

As with Option A, residential ratepayers in the higher land value areas of Bermagui-Rural North (average to increase to \$2,587, an increase of \$22.59 per week by the end of 2024/25) as well as Tura-Tathra (average to increase to \$2,565, an increase of \$22.59 per week by the end of 2024/25) expected to see larger increases in average rates compared to the lower land value area of Bega District-Bega Rural (average to increase to \$2,127, an increase of \$18.58 per week by the end of 2024/25).

Table 19 Option C residential average rates impact analysis

RESIDENTIAL - AVERAGE RATES	2023/24 Option D Do Nothing (\$)	2024/25 Option D Do Nothing (\$)	2023/24 Option C average (\$)	2024/25 Option C average (\$)	Annual increase by end of 2024/25 (\$)	Weekly increase (\$)
Bega District-Bega Rural	1,113	1,141	1,529	1,567	426	8.17
Merimbula-Pambula	1,227	1,258	1,685	1,728	470	9.01
Tura-Tathra	1,342	1,376	1,844	1,890	514	9.86
Bermagui-Rural North	1,354	1,387	1,859	1,906	518	9.94
Eden-Rural West	1,220	1,250	1,676	1,718	467	8.96

Under option C, as with both options above, residential ratepayers, with those in the higher land value areas of Bermagui-Rural North (average to increase to \$1,906, an increase of \$9.94 per week by the end of 2024/25) as well as Tura-Tathra (average to increase to \$1,890, an increase of \$9.86 per week by the end of 2024/25) expected to see larger increases in average rates compared to the lower land value area of Bega District-Bega Rural (average to increase to \$1,567, an increase of \$8.17 per week by the end of 2024/25).

Farmland rates – impact analysis by scenario

Table 20 Option A farmland average rates impact analysis

FARMLAND - AVERAGE RATES	2023/24 Option D Do Nothing (\$)	2024/25 Option D Do Nothing (\$)	2023/24 Option A average (\$)	2024/25 Option A average (\$)	Annual increase by end of 2024/25	Weekly increase (\$)
Bega District-Bega Rural	2,513	2,576	4,587	4,701	2,125	40.76
Merimbula-Pambula	2,558	2,622	4,668	4,785	2,163	41.49
Tura-Tathra	2,726	2,794	4,975	5,100	2,306	44.22
Bermagui-Rural North	2,765	2,834	5,046	5,172	2,338	44.85
Eden-Rural West	1,980	2,030	3,614	3,704	1,675	32.12

The area with the highest number of ratepayers (Bega District-Bega Rural, 583 farmland ratepayers) will see average rates increase to \$4,701 in 2024/25 (an increase of \$40.76 per week).

The impact of increases in rates will be unequal across the LGA due to the wide variance in land value from area to area, with those in the higher land value areas of Bermagui-Rural North (average to increase to \$5,172, an increase of \$44.85 per week by the end of 2024/25) as well as Tura-Tathra (average to increase to \$5,100, an increase of \$44.22 per week by the end of 2024/25) expected to see larger increases in average rates compared to the lower land value area of Eden-Rural West (average to increase to \$3,704, an increase of \$32.12 per week by the end of 2024/25). It is noted that there are only 27 farmland ratepayers in the Bermagui-Rural North area, and 18 in the Tura-Tathra area.

Table 21 Option B farmland average rates impact analysis

FARMLAND - AVERAGE RATES	2023/24 Option D Do Nothing (\$)	2024/25 Option D Do Nothing (\$)	2023/24 Option B average (\$)	2024/25 Option B average (\$)	Annual increase by end of 2024/25	Weekly increase
Bega District-Bega Rural	2,513	2,616	3,500	4,802	2,186	41.93
Merimbula-Pambula	2,558	2,662	3,562	4,888	2,225	42.68
Tura-Tathra	2,726	2,838	3,797	5,209	2,372	45.49
Bermagui-Rural North	2,765	2,878	3,851	5,284	2,406	46.13
Eden-Rural West	1,980	2,061	2,758	3,784	1,723	33.04

The area with the highest number of ratepayers (Bega District-Bega Rural, 583 farmland ratepayers) will see average rates increase to \$4,802 in 2024/25 (an increase of \$41.93 per week).

As with Option A, farmland ratepayers in the higher land value areas of Bermagui-Rural North (average to increase to \$5,284, an increase of \$46.13 per week by the end of 2024/25) as well as Tura-Tathra (average to increase to \$5,209, an increase of \$45.49 per week by the end of 2024/25) expected to see larger increases in average rates compared to the lower land value area of Eden-Rural West (average to increase to \$3,784, an increase of \$33.04 per week by the end of 2024/25). It is noted that there are only 27 farmland ratepayers in the Bermagui-Rural North area, and 18 in the Tura-Tathra area.

Table 22 Option C farmland average rates impact analysis

FARMLAND - AVERAGE RATES	2023/24 Option D Do Nothing (\$)	2024/25 Option D Do Nothing (\$)	2023/24 Option C average (\$)	2024/25 Option C average (\$)	Annual increase by end of 2024/25	Weekly increase (\$)
Bega District-Bega Rural	2,512	2,575	3,452	3,538	964	18.48
Merimbula-Pambula	2,558	2,622	3,513	3,601	979	18.78
Tura-Tathra	2,726	2,794	3,745	3,838	1,044	20.02
Bermagui-Rural North	2,765	2,834	3,798	3,893	1,059	20.31
Eden-Rural West	1,980	2,030	2,720	2,788	758	14.55

The area with the highest number of ratepayers (Bega District-Bega Rural, 583 farmland ratepayers) will see average rates increase to \$3,538 in 2024/25 (an increase of \$18.48 per week).

Under option C, as with both options above, farmland ratepayers in the higher land value areas of Bermagui-Rural North (average to increase to \$3,893, an increase of \$20.31 per week by the end of 2024/25) as well as Tura-Tathra (average to increase to \$3,838, an increase of \$20.02 per week by the end of 2024/25) expected to see larger increases in average rates compared to the lower land value area of Eden-Rural West (average to increase to \$2,788, an increase of \$14.55 per week by the end of 2024/25). It is noted that there are only 27 farmland ratepayers in the Bermagui-Rural North area, and 18 in the Tura-Tathra area.

Business rates – impact analysis by scenario

Table 23 Option A business average rates impact analysis

BUSINESS - AVERAGE RATES	2023/24 Option D Do Nothing (\$)	2024/25 Option D Do Nothing (\$)	2023/24 Option A average (\$)	2024/25 Option A average (\$)	Annual increase by end of 2024/25	Weekly increase (\$)
Bega District-Bega Rural	2,610	2,675	4,764	4,883	2,208	42.34
Merimbula-Pambula	3,489	3,576	6,367	6,526	2,951	56.59
Tura-Tathra	3,231	3,312	5,897	6,045	2,733	52.41
Bermagui-Rural North	2,817	2,887	5,141	5,270	2,383	45.69
Eden-Rural West	2,992	3,067	5,462	5,598	2,531	48.54

The impact of increases in rates will be unequal across the LGA due to the wide variance in land value from area to area, with those in the higher land value areas of Merimbula-Pambula (average to increase to \$6,526, an increase of \$56.59 per week by the end of 2024/25) as well as Tura-Tathra (average to increase to \$6,045, an increase of \$52.49 per week by the end of 2024/25) expected to see larger increases in average rates compared to the lower land value area of Bega District-Bega Rural (average to increase to \$4,883, an increase of \$42.34 per week by the end of 2024/25). It is observed that Merimbula-Pambula has the highest number of business ratepayers (269), followed by Bega District-Rural (263). Tura-Tathra, which will have the second highest average business rates has the lowest number of business ratepayers (68).

Table 24 Option B business average rates impact analysis

BUSINESS - AVERAGE RATES	2023/24 Option D Do Nothing (\$)	2024/25 Option D Do Nothing (\$)	2023/24 Option B average (\$)	2024/25 Option B average (\$)	Annual increase by end of 2024/25	Weekly increase
Bega District-Bega Rural	2,610	2,717	3,635	4,988	2,271	43.55
Merimbula-Pambula	3,489	3,632	4,589	6,667	3,035	58.21
Tura-Tathra	3,231	3,364	4,501	6,175	2,811	53.91
Bermagui-Rural North	2,817	2,932	3,924	5,383	2,451	47.00
Eden-Rural West	2,992	3,115	4,168	5,719	2,604	49.93

As with Option A above, business ratepayers in the higher land value areas of Merimbula-Pambula (average to increase to \$6,667, an increase of \$58.21 per week by the end of 2024/25) as well as Tura-Tathra (average to increase to \$6,175, an increase of \$53.91 per week by the end of 2024/25) expected to see larger increases in average rates compared to the lower land value area of Bega District-Bega Rural (average to increase to \$4,988, an increase of \$42.55 per week by the end of 2024/25). It is observed that Merimbula-Pambula has the highest number of business ratepayers (269), followed by Bega District-Rural (263). Tura-Tathra, which will have the second highest average business rates has the lowest number of business ratepayers (68).

Table 25 Option C business average rates impact analysis

BUSINESS - AVERAGE RATES	2023/24 Option D Do Nothing (\$)	2024/25 Option D Do Nothing (\$)	2023/24 Option C average (\$)	2024/25 Option C average (\$)	Annual increase by end of 2024/25	Weekly increase (\$)
Bega District-Bega Rural	2,610	2,675	3,585	3,675	1,000	19.17
Merimbula-Pambula	3,489	3,576	4,792	4,912	1,336	25.63
Tura-Tathra	3,231	3,312	4,439	4,550	1,238	23.74
Bermagui-Rural North	2,817	2,887	3,870	3,966	1,079	20.69
Eden-Rural West	2,992	3,067	4,111	4,213	1,146	21.98

Under option C, as with both options above, business ratepayers in the higher land value areas of Merimbula-Pambula (average to increase to \$4,912, an increase of \$25.63 per week by the end of 2024/25) as well as Tura-Tathra (average to increase to \$4,550, an increase of \$23.74 per week by the end of 2024/25) expected to see larger increases in average rates compared to the lower land value area of Bega District-Bega Rural (average to increase to \$3,675, an increase of \$19.17 per week by the end of 2024/25).

It is observed that Merimbula-Pambula has the highest number of business ratepayers (269), followed by Bega District-Rural (263). Tura-Tathra, which will have the second highest average business rates has the lowest number of business ratepayers (68).

Other rating considerations

Table 26 Estimated average actual rates for OLG Group 4 councils

Estimated average rates for 2024/25							
Region 4 LGA	Est. average residential (\$)	Residential rank	Est. average farmland (\$)	Farmland rank	Est. average business (\$)	Business rank	Notified IPART of SRV?
Albury	1,530	7	4,843	3	6,790	3	
Armidale Regional	1,160	22	3,649	8	4,200	15	Yes
Ballina	1,240	17	1,935	22	3,910	18	
Bathurst Regional	1,268	15	1,692	26	4,814	13	
Bega Valley - option A	2,309	2	5,693	2	5,566	7	Yes
Bega Valley - option B	2,360	1	5,815	1	5,686	6	Yes
Bega Valley - option C	1,738	4	4,285	6	4,819	12	Yes
Bega Valley - option D	1,266	16	3,119	11	3,049	22	Yes
Broken Hill	1,199	19	---	---	6,736	4	
Byron	1,552	6	2,823	12	3,854	19	
Cessnock	1,382	10	3,400	9	3,951	17	
Clarence Valley	1,371	11	1,861	24	3,415	20	
Dubbo Regional	1,176	21	4,009	7	5,437	8	
Eurobodalla	1,214	18	1,801	25	4,097	16	
Goulburn Mulwaree	1,138	24	2,043	21	5,793	5	
Griffith	1,134	25	4,289	5	3,043	23	
Kempsey	1,408	9	2,331	16	2,912	24	
Kiama (not provided)	---	---	---	---	---	---	
Lismore	1,450	8	2,728	15	5,195	10	
Lithgow	930	28	1,687	27	4,468	14	Yes
Mid-Western Regional	1,062	26	2,787	14	2,375	27	
Orange	1,626	5	2,105	19	6,889	1	
Queanbeyan-Palerang	1,346	12	2,814	13	5,248	9	Yes
Richmond Valley	1,159	23	1,907	23	3,133	21	
Singleton	1,298	13	2,307	17	2,731	25	
Snowy Monaro Regional	938	27	2,070	20	2,520	26	Yes
Tamworth Regional	1,199	20	2,169	18	358	28	
Wagga Wagga	1,268	14	3,154	10	6,814	2	
Wingecarribee	1,977	3	4,334	4	5,037	11	

Table 26 shows estimated average rates for the 2024/25 financial year (extrapolated using rate pegs from 2021 OLG published time series data) for group 4 regional town/city councils. These councils are similar to Bega Valley and are used for comparison. Within this group, Council's average residential rates under the proposed options will rank either highest or second highest depending on the option (and excluding Council's other options). Note, we have not included proposed SRVs for those councils identified above that have notified IPART of their intention to lodge an SRV application for 2023/24. Farmland rates will rank either highest or fourth, and business rates would rank sixth to tenth, depending on the option, among these comparable councils. Therefore, depending on the option, rates will still be comparable to similar councils.

Figure 5 Actual (2021) rates as a percentage of operating expenses for OLG Group regional town/city councils

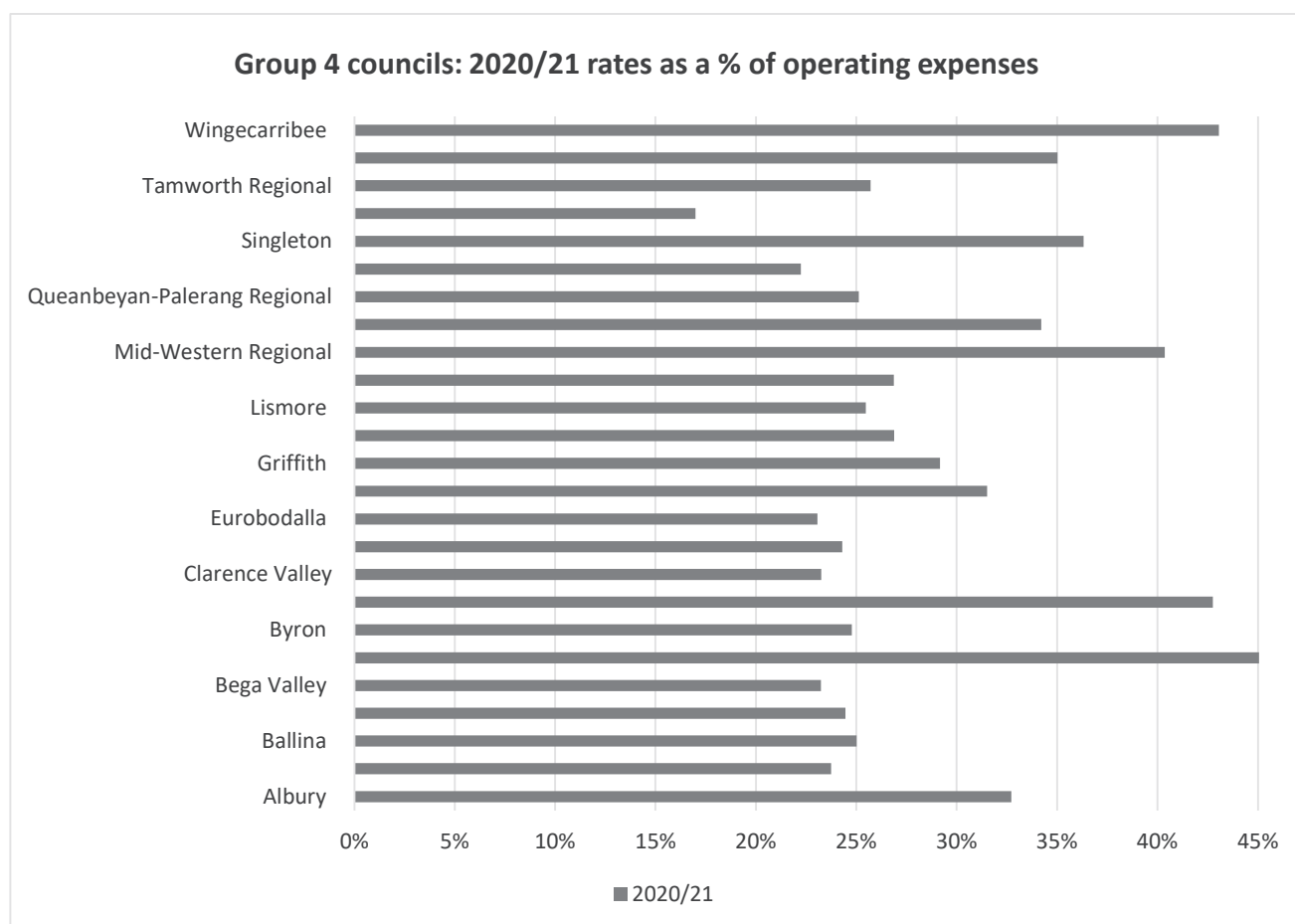


Figure 5 above shows total council rates as a percentage of operating expenditure for group 4 regional town/city councils. Bega Valley is well below most of these comparable group 4 councils, in 2021 having the third lowest (ranking 22nd) level of rates revenue as a percentage of operating expenditure. This is a very strong indication that Council's rates are below the level required to service the community.

Table 27 Actual outstanding rates and charges for OLG Group 4 regional town/city councils

Rates and Annual Charges Outstanding (%)	2020/21	2019/20	2018/19
Albury	12%	11%	11%
Armidale Regional	5%	6%	5%
Ballina	4%	5%	3%
Bathurst Regional	6%	6%	6%
Bega Valley	7%	6%	5%
Broken Hill	16%	15%	12%
Byron	8%	7%	5%
Cessnock	6%	5%	2%
Clarence Valley	7%	7%	7%
Dubbo Regional	5%	6%	5%
Eurobodalla	2%	2%	3%
Goulburn Mulwaree	4%	3%	3%
Griffith	11%	8%	6%
Kempsey	8%	10%	6%
Kiama	Not provided	2%	2%
Lismore	9%	9%	9%
Lithgow	7%	6%	5%
Mid-Western Regional	3%	4%	4%
Orange	8%	7%	6%
Queanbeyan-Palerang Regional	9%	10%	6%
Richmond Valley	11%	12%	12%
Singleton	3%	4%	3%
Snowy Monaro Regional	21%	18%	16%
Tamworth Regional	7%	7%	5%
Wagga Wagga	5%	5%	5%
Wingecarribee	6%	4%	2%

Table 27 above shows outstanding rates and charges over the past three reporting years for NSW regional town/city group 4 councils. The NSW benchmark for regional councils is 10%, and Bega Valley Shire has consistently been at or below this benchmark. This is an indicator of capacity and willingness to pay.

Conclusion

From our analysis it is apparent that there is inequity within the LGA, with some areas experiencing relatively high levels of advantage compared to other areas experiencing relatively low levels of disadvantage. It is important that Council acknowledges these levels of disadvantage within the community, and that it does not significantly marginalise particularly vulnerable individuals and households.

Eden-Rural West has the lowest SEIFA rankings, ranking in the 18th percentile for both IRSD and IRSAD, (compared to Regional NSW's 29th and 32nd percentile rankings, and NSW's 45th and 62nd percentile rankings) and lowest income levels. Residential ratepayers within this area would have some of the lowest average weekly increases across all options when compared to option D (being the normal increases under rate peg). For option A (a cumulative increase of 94.75% by 2024/25) the average increase would be \$19.79 per week, for option B (a cumulative increase of 98.94% by 2024/25) it would be \$20.35 and option C (a cumulative increase of 46.58% by 2024/25) it would be \$8.96. It is noted that this area has relatively high levels of fully owned homes (45% - reducing impact of significant mortgage stress and hence increasing capacity to pay) and relatively high levels of unoccupied dwellings (15% - an indication of use as holiday homes and hence increased capacity pay).

The impact of rate rises in areas with moderate levels of disadvantage also has significantly high levels of unoccupied dwellings. Both Bermagui-Rural North and Merimbula-Pambula have 20% of dwellings unoccupied, again attributable to potential use as holiday homes or for short term holiday accommodation (as discussed earlier, an indication of increased capacity to absorb the likely additional weekly rates payable under the proposed options A, B and C).

Bega District-Bega Rural, with moderate levels of disadvantage (ranking in the 35th and 28th percentiles for IRSD and IRSAD) will experience the lowest impact on residential ratepayers, with an additional \$18.05 per week by 2024/25 under option A, \$18.58 under option B and \$8.17 under option C, when compared to normal increases under the rate peg. This area demonstrates inequity in that it includes Bega District which has higher levels of disadvantage relative to Bega-Rural. The relatively high proportion of renters in Bega District does mitigate the immediate impact somewhat, however the increase in rates is often passed onto renters by the property owner over the longer-term. It is therefore important that Council does not marginalise particularly vulnerable individuals and households. Given this, as well as the relatively lower land values and hence lower impact of anSRV, it is considered that there is some capacity to absorb the additional rates payable under the proposed options, mainly option C, particularly if this is supported by an appropriate hardship policy.

Tura Tathra, which has the highest SEIFA rankings (ranking in the 68th and 57th percentiles for IRSD and IRSAD), highest income levels and very high numbers of fully owned homes, will see the second greatest average weekly increase (\$21.77 under option A, \$22.40 under option B and \$9.86 per week under option C). Given the relative advantage in this area (as well as the significant proportion of vacant dwellings at 15%), it is considered there is a level of capacity to absorb potential rises.

At an overall level, Bega Valley's average residential and farmland rates currently sit around the average and median levels (using 2021 OLG time series data) when compared against comparable group 4 councils, and business rates are at the lower end when compared to these councils. Under the proposed scenarios, both residential and farmland will likely move towards the upper end of this grouping of comparable councils, and business rates towards either the average and median or the higher end, depending on the option.

Further, compared to these councils, Bega Valley has very low levels of rates income as a percentage of operating expenses when compared to similar councils, indicating capacity of ratepayers to absorb rises, further, Council has low levels of outstanding rates (in 2021, despite the impact of COVID-19, only climbing as high as 7.2%, and in 2022 it was 5%), and has been consistently below regional benchmarks (10%), again indicating strong capacity and willingness to pay.

Overall, it is considered that there is capacity to absorb the additional rates payable under the proposed option C, particularly if this is supported by an appropriate hardship policy.