Assessment of Ability to Pay Final

City of Canada Bay Council

August 2022

Document status

Job #	Version	Written	Reviewed	Approved	Report Date
762401	1	B Barry	J McKenzie/G Smith	G Smith	August 2022

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Executive summary

City of Canada Bay 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 one.

Table 1 Geographical area summary

Area	Findings
Drummoyne - Chiswick	• Lowest proportion of dependents • Highest proportion of "at risk" households • Equal highest SEIFA scores • Highest levels of equivalised income • Lowest level of household stress
Abbotsford, Russell Lea, Five Dock	• Second highest proportion of 'at risk' households • Largest proportion renting in social housing • Highest proportion requiring core assistance • Equal highest proportion of pensioners
Breakfast Point - Cabarita	• Greatest proportion of retirees • Highest proportion of couples without children • Equal highest number of fully owned homes • Second highest level of equivalised household income • Equal highest SEIFA scores
Concord - Strathfield	• Second highest proportion renting in social housing • Equal highest number of fully owned homes • Second highest level of unemployment • Lowest levels of equivalised household income • Equal highest proportion of pensioners • Lowest SEIFA scores
Rhodes - Liberty Grove	• Largest proportion of working age population • Largest proportion renting • Highest level of unemployment • Lowest proportion requiring core assistance • Highest level of household stress

It is considered that residents within the City of Canada Bay have a high capacity to pay. This is demonstrated by high levels of equivalised income, relatively low levels of household stress and very high socio-economic rankings, with some areas in the 99th percentile, and the LGA as a whole sitting in the 96th percentile of socioeconomic advantage and disadvantage. However, it is important for Council to acknowledge that there are some areas of disadvantage within the community.

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
- impacts of COVID-19.

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 Census Data – Data by Regions.
- Profile ID - City of Canada Bay Council Community/Social/Economic Profiles.
- National Institute of Economic and Industry Research (NIEIR), 2021.
- Housing and Homelessness Policy Consortium (ACT Shelter, ACTCOSS, Women's Centre for Health Matters, Youth Coalition of Act) - Snapshot: Housing stress and its effects (February 2016).

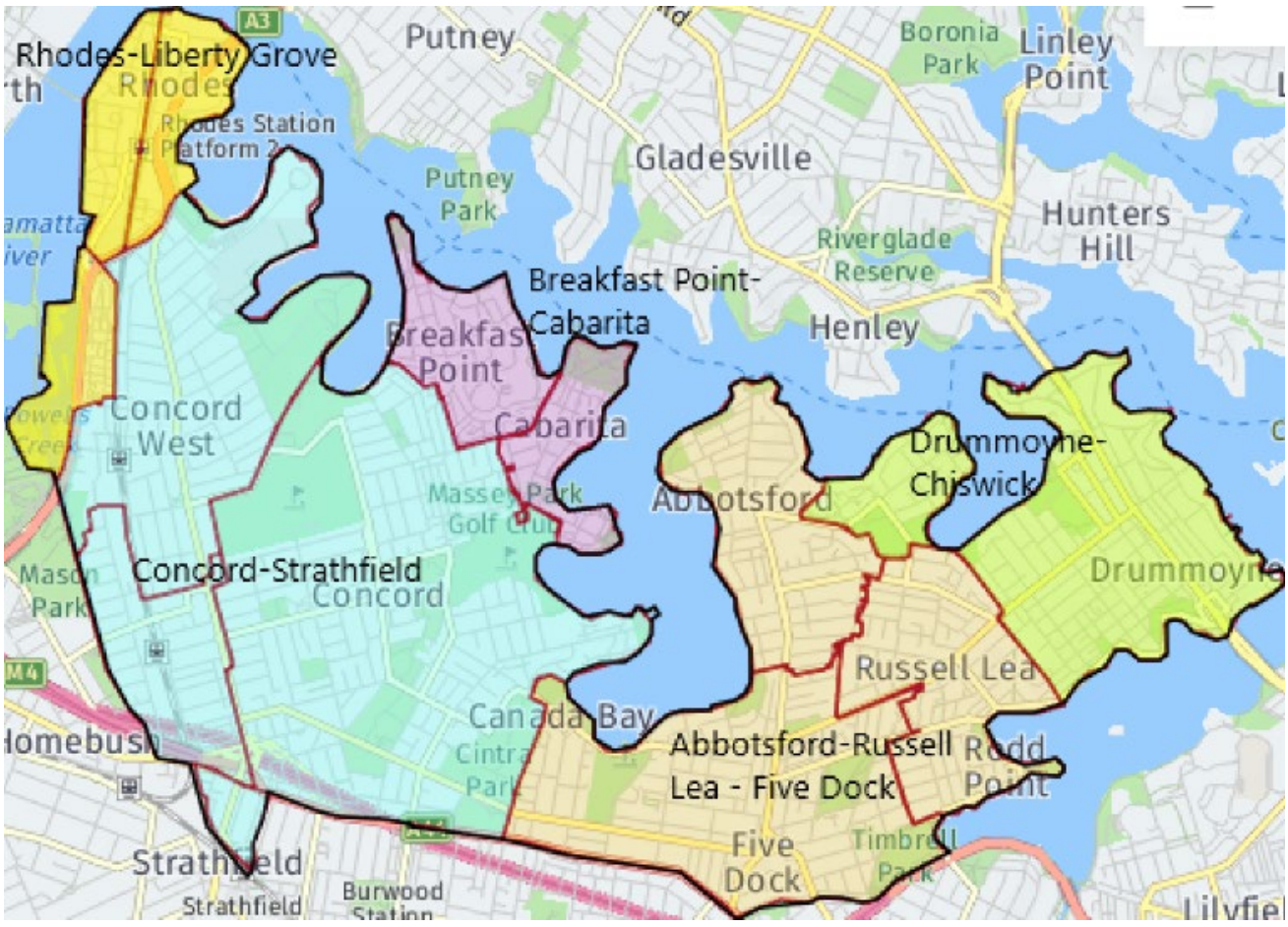
Background

We have grouped the suburbs into five geographical areas. Council is looking to ensure that equity is maintained across the LGA, as areas may have differing economic and socio-economic profiles. A summary of the areas and the suburbs that they encompass has been provided in the following table two and figure one.

Table 2 City of Canada Bay population summary

Estimated resident population	2021 est*	Suburbs included
Drummoyne - Chiswick	16,150	Drummoyne, Chiswick
Abbotsford, Russell Lea, Five Dock	25,947	Abbotsford, Wareemba, Russell Lea, Rodd Point, Five Dock, Canada Bay
Breakfast Point - Cabarita	8,307	Breakfast Point, Mortlake, Cabarita
Concord - Strathfield	28,333	Concord, Concord West, North Strathfield, Strathfield (Triangle)
Rhodes - Liberty Grove	15,586	Liberty Grove, Rhodes (East), Rhodes (West)
City of Canada Bay	**95,919**	

Figure 1 City of Canada Bay 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:

  - property owners
  - 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 at a regional level and consider 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.

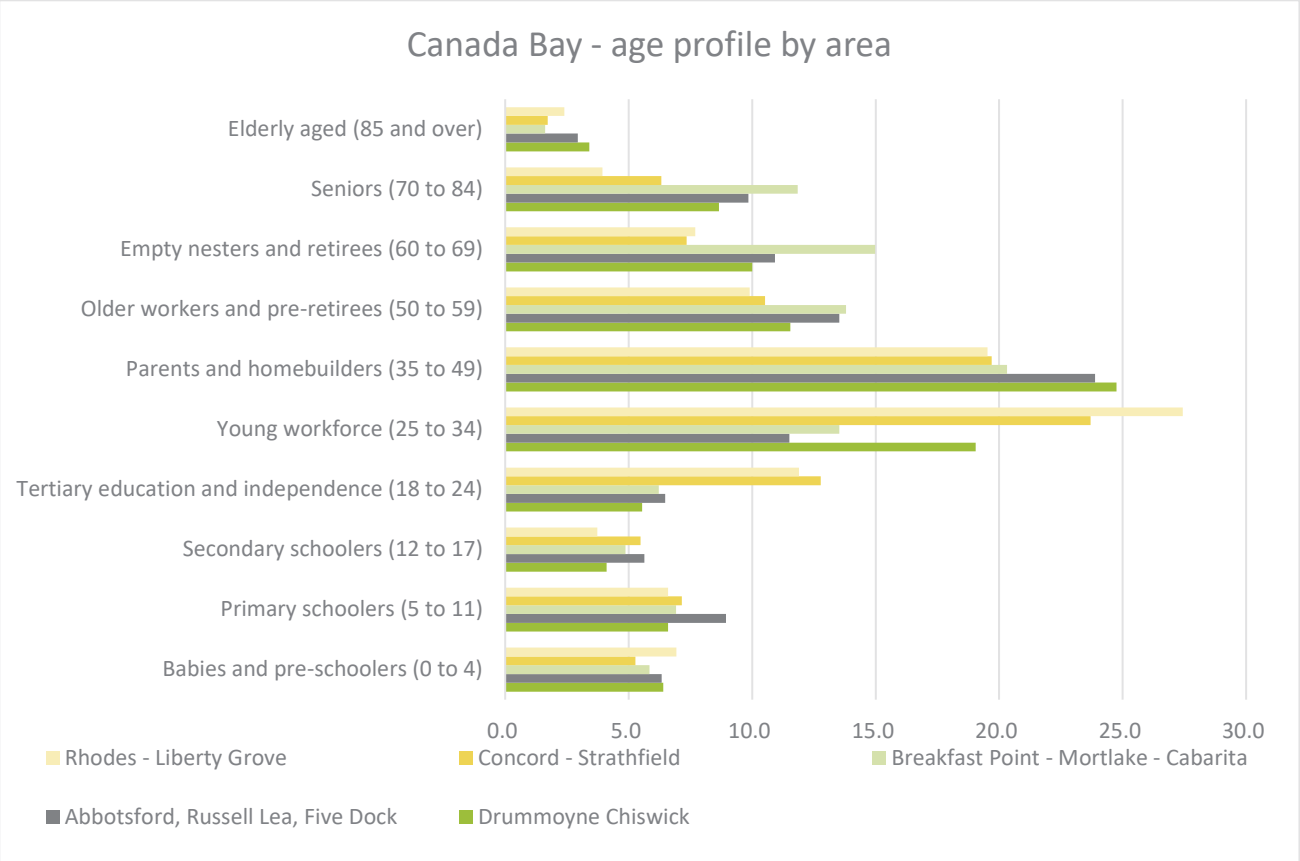
Areas of social disadvantage

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 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 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	Drummoyne Chiswick	Abbotsford, Russell Lea, Five Dock	Breakfast Point - Mortlake - Cabarita	Concord - Strathfield	Rhodes - Liberty Grove
Dependants	5	1	3	2	4
Working age	3	4	5	2	1
Retirees	3	2	1	4	5

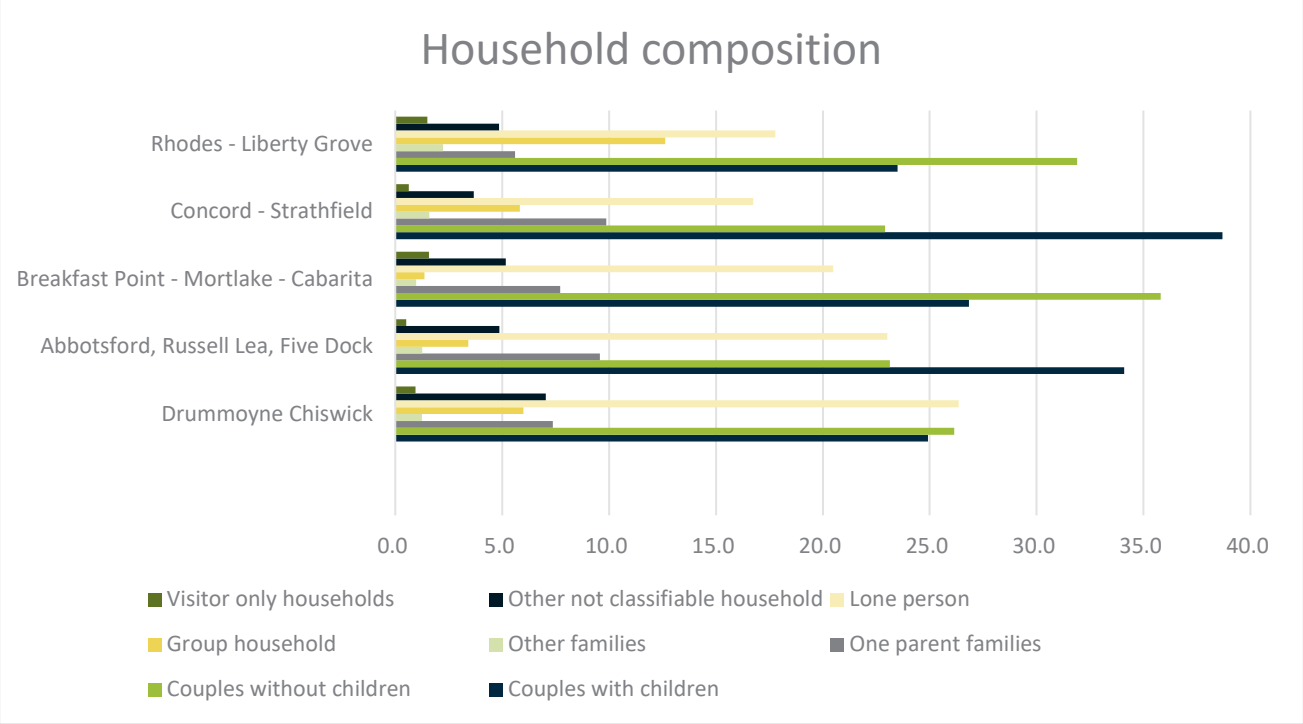
From these results we observe the following:

- Relative to the other areas, both Abbotsford-Russell Lea-Five Dock and Breakfast Point-Mortlake-Cabarita have smaller relative working age populations (55% and 54% compared to the rest of the LGA at 62%). In particular, these areas have significantly lower proportion of young workers aged 25-34 (at 12% and 14% compared to the LGA overall at 19%). These two areas also have the highest proportion of retirees (at 24% and 29% respectively).
- Rhodes-Liberty Grove and Concord-Strathfield areas have a significantly larger working age population (67% and 69% compared to the LGA at 62%). In particular, there is a relatively larger young workforce aged 25-34 in these two areas (24% and 27% respectively, compared to the LGA at 19%). These two areas also have the smallest proportion of retirees (at 14% and 15% respectively, compared to the LGA having overall 20% of the population being retiree age).

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 following figure.

Figure 3 Household composition



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 LGA average is 29%. There is a significantly greater proportion of at-risk households in Drummoyne-Chiswick (34% of total households). This has been primarily driven by the significant proportion of lone individual households within the suburbs of Drummoyne (26%) and Chiswick (29%). Similarly, the Abbotsford-Russell Lea-Five Dock area also has a relatively high proportion of ‘at risk’ households (33%).

We note that the Breakfast Point-Mortlake area has a significant proportion of households that are ‘couples without children’ (36%).

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 home owners 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 City of Canada Bay Council housing tenure

Housing tenure	Drummoyne Chiswick		Abbotsford, Russell Lea, Five Dock		Breakfast Point - Mortlake - Cabarita		Concord - Strathfield		Rhodes - Liberty Grove	
Tenure type	No.	%	No.	%	No.	%	No.	%	No.	%
Fully owned	1,813	28.6	3,146	33.7	1,060	34.6	3,303	34.6	631	10.9
Mortgage	1,617	25.5	2,647	28.3	912	29.7	2,691	28.2	1,604	27.7
Renting - Total	2,226	35.1	2,763	29.6	862	28.1	2,847	29.8	3,091	53.3
Renting - Social housing	102	1.6	506	5.4	9	0.3	265	2.8	14	0.2
Renting - Private	2,108	33.2	2,257	24.2	846	27.6	2,567	26.9	3,077	53.1
Renting - Not stated	16	0.3	0	0.0	7	0.2	14	0.1	0	0.0
Other tenure type	103	1.6	110	1.2	36	1.2	108	1.1	97	1.7
Not stated	589	9.3	666	7.1	197	6.4	591	6.2	377	6.5
Total households	**6,348**		**9,337**		**3,068**		**9,543**		**5,800**	

Table five shows that across the LGA, 29% of households own their own home (in line with greater Sydney average) and 28% of households have mortgages (which is lower than the greater Sydney average of 33%). Of note is that Cabarita has 52% fully owned homes, followed by Concord West at 43%. Conversely, Rhodes-Liberty Grove has only 11% of households owning their home. This is primarily driven by Rhodes West with 9% home ownership, and Liberty Grove with 18%. Also note that while Concord-Strathfield has ownership at 35%, included within this area is Strathfield (Triangle), with only 9% of households owning their own home.

Note also that Abbotsford-Russell-Lea-Five Dock has 5% of households in social housing, which is in line with the greater Sydney average.

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.

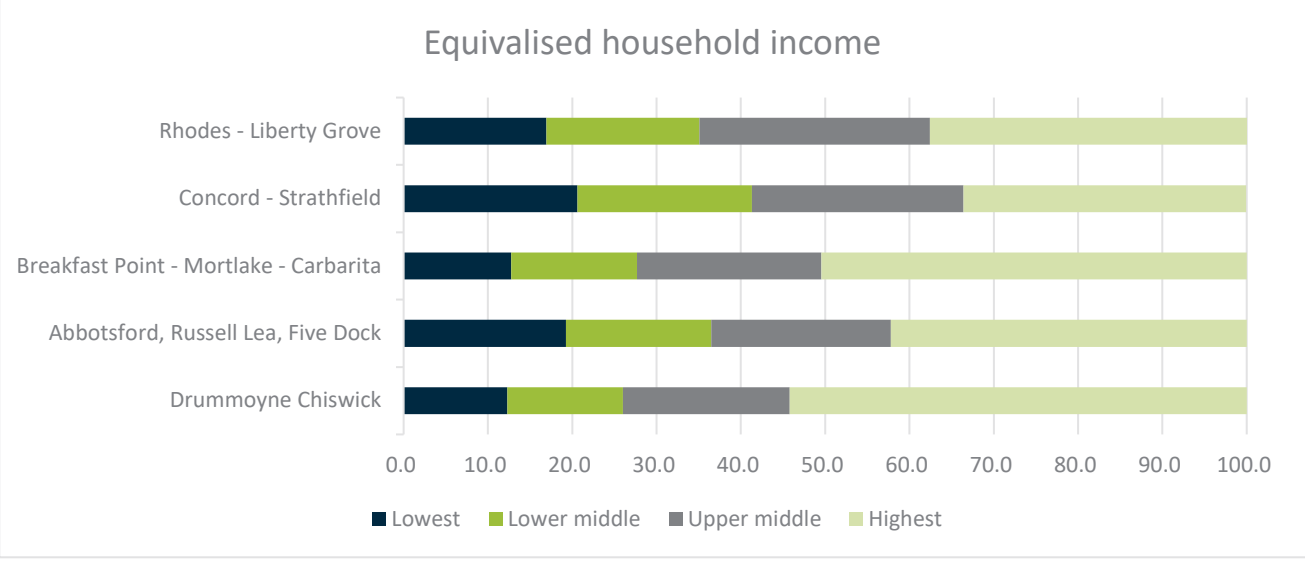
As this is a relative comparison, data has been presented in quartiles; regions of disadvantage will have a higher proportion of households in the bottom two quartiles than those of greater wealth and advantage. These quartiles were determined by reviewing the distribution of household incomes within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

- Lowest: $0 - $497 – this range is representative of the bottom 25% of all equivalised household incomes in NSW.
- Medium lowest: $498 - $891 – this range is representative of the bottom 25% - 50% of all equivalised household incomes in NSW.
- Medium highest: $892 - $1,464 – this range is representative of the top 25% - 50% of all equivalised household incomes in NSW.
- Highest: $1,465 and over – this range is representative of the top 25% of all equivalised household incomes in NSW.

Figure four summarises the equivalised household income ranges for each area.

Figure 4 Equivalised household income



We can make the following observations from the data:

- Drummoyne-Chiswick (at 74%) and Breakfast Point-Cabarita (72%) have the highest proportion of residents within the upper two quartiles. Both of these areas also have the lowest proportion of residents in the lowest quartile (at 12% and 13% respectively).
- All areas and suburbs within the LGA have a higher proportion of residents in the upper two quartiles. The exception is the Strathfield (within Concord-Strathfield area), which has 51% of the population in the upper two quartiles.
- Ranking of areas by greatest disadvantage (percentage of households in lower brackets):
  - 1 – Concord-Strathfield 2 – Abbotsford-Russell Lea-Five Dock 3 – Rhodes-Liberty Grove 4 – Breakfast Point-Mortlake 5 – Drummoyne-Chiswick.
- Ranking of areas by greatest middle class (percentage of households in middle brackets):
  - 1 – Concord-Strathfield 2 – Rhodes-Liberty Grove 3 – Abbotsford-Russell Lea-Five Dock 4 – Breakfast Point-Mortlake 5 – Drummoyne-Chiswick.
- Ranking areas by advantage (percentage of households in upper brackets):
  - 1 – Drummoyne-Chiswick 2 – Breakfast Point-Mortlake 3 – Rhodes-Liberty Grove 4 – Abbotsford-Russell Lea-Five Dock 5 – Concord-Strathfield.

Table 5 Regional comparison of equivalised household income

Area	Canada Bay	Sydney Inner West	Greater Sydney	NSW
Lowest	20.1%	20.5%	21.6%	25.0%
Lower middle	18.8%	19.4%	22.5%	25.0%
Upper middle	22.5%	23.5%	25.5%	25.0%
Highest	38.6%	36.5%	30.3%	25.0%

From table five we observe that the Canada Bay LGA is significantly better off than the NSW average, with 61% of households in the top 50% of household incomes.

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 advantage.

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 following table.

Table 6 Regional SEIFA scores and percentiles

Area	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
City of Canada Bay	1,068.00	86.0	1,107.00	96.0
Sydney - Inner West SA4	1,032.50	66.0	1,071.90	90.0
Greater Sydney	1,018.00	56.0	1,040.00	77.0
Australia	1,001.90	46.0	1,003.10	57.0
New South Wales	1,001.00	45.0	1,011.00	62.0

In reviewing both the IRSD and IRSAD indexes, we observe that the LGA has levels of disadvantage much lower than the Inner West, Greater Sydney and also the NSW average. We also note however that the LGA has greater opportunities for advantage when compared to especially Greater Sydney and NSW. An area-level summary including national percentiles is provided in the table below.

Table 7 Area level SEIFA scores and percentiles

Area	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Drummoyne Chiswick	1,094.00	95.5	1,139.00	99.0
Abbotsford, Russell Lea, Five Dock	1,062.77	82.7	1,096.53	94.7
Breakfast Point - Mortlake – Cabarita	1,107.95	98.0	1,142.15	99.0
Concord – Strathfield	1,039.95	69.5	1,077.25	90.3
Rhodes - Liberty Grove	1,072.20	87.7	1,117.17	97.3

Table 8 Suburb level SEIFA rankings

Area	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Abbotsford - Wareemba	1,058.50	81.0	1,092.10	94.0
Breakfast Point - Mortlake	1,099.80	97.0	1,141.80	99.0
Cabarita	1,116.10	99.0	1,142.50	99.0
Chiswick	1,092.00	95.0	1,141.00	99.0
Concord	1,064.00	84.0	1,087.00	93.0
Concord West	1,061.00	82.0	1,086.00	93.0
Drummoyne	1,096.00	96.0	1,137.00	99.0
Five Dock - Canada Bay	1,051.40	77.0	1,087.30	93.0
Liberty Grove	1,085.00	93.0	1,121.00	98.0
North Strathfield	1,052.00	77.0	1,085.00	93.0
Rhodes (East)	1,074.00	89.0	1,106.10	96.0
Rhodes (West)	1,057.60	81.0	1,124.40	98.0
Russell Lea - Rodd Point	1,078.40	90.0	1,110.20	97.0
Strathfield (Triangle)	982.80	35.0	1,051.00	82.0

By reviewing the SEIFA IRSD rankings (measuring levels of disadvantage) at a suburb level, we can see that broadly there are very low levels of disadvantage within the LGA. The exception is Strathfield, which sits in the 35th percentile. This means that only 35% of Australia's suburbs have a SEIFA index lower than this area (more disadvantaged), while 65% are higher.

IRSAD includes levels of both advantage and disadvantage. When adding factors of advantage, the rankings remain similar or better. This indicates that there are proportionately higher instances of advantage throughout these suburbs relative to Australia. A higher IRSAD score compared to IRSD score is indicative of greater 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 Strathfield jumps to the 82nd percentile when considering both disadvantage and advantage.

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 9 Community workforce status

Employment status %	Drummoyne Chiswick	Abbotsford, Russell Lea, Five Dock	Breakfast Point - Mortlake - Cabarita	Concord - Strathfield	Rhodes - Liberty Grove
Employed	96.4	96.2	96.3	94.8	91.3
Employed full-time	67.7	64.1	65.8	61.6	65.3
Employed part-time	27.3	30.8	28.8	31.5	24.5
Hours worked not stated	1.4	1.3	1.8	1.8	1.6
Unemployed (unemployment rate)	3.6	3.8	3.6	5.2	8.7
Looking for full-time work	2.1	2.1	1.8	2.7	4.4
Looking for part-time work	1.5	1.7	1.8	2.5	4.2
Total labour force	100.0	100.0	100.0	100.0	100.0

From table nine above, we observe that 2016 unemployment rates throughout the LGA were mostly below the NSW average of 6%, with only Rhodes-Liberty Grove being higher. This was primarily driven by Rhodes (West) with an unemployment rate of 9.5%. Also, it was observed that Strathfield had a relatively high unemployment rate at 9.1%, noting that this suburb has a small population base (<3,000).

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.

Table 10 Number of pensioner assessments

Area	Total assessments	Pensioner assessments	Percentage of pensioners
Drummoyne Chiswick	7,435	489	6.6
Abbotsford, Russell Lea, Five Dock	10,522	1,245	11.8
Breakfast Point - Mortlake - Cabarita	4,604	298	6.5
Concord - Strathfield	10,527	1,257	11.9
Rhodes - Liberty Grove	6,680	136	2.0
City of Canada Bay	**39,768**	**3,425**	**8.6**

It is observed that the largest proportion of pensioners are within Concord-Strathfield and Abbotsford-Russell Lea-Five Dock (12%). These two areas also have the highest number overall of pensioners.

Within these areas, the suburbs of Concord, (14%) and Concord West (15%) have the highest numbers of pensioners. The suburb of Strathfield (2%) has the lowest proportion of pensioners, it is also noted that this suburb has the highest levels of disadvantage, therefore very few residents would take advantage of any pensioner rebates.

Core assistance

Table 11 highlights the areas within the LGA that have higher concentrations of people (aged 15 and over) 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 11 Number of people requiring core assistance

Assistance required	Number	%
Drummoyne Chiswick	1,301	10.4
Abbotsford, Russell Lea, Five Dock	2,502	12.8
Breakfast Point - Mortlake - Cabarita	713	11.5
Concord - Strathfield	2,680	11.6
Rhodes - Liberty Grove	759	6.1
City of Canada Bay	**7,944**	**10.8**
Greater Sydney	435,994	11.1
Sydney - Inner West SA4	26,574	10.6
New South Wales	709,417	11.6

We observe that overall, the LGA average of 11% is in line with the Greater Sydney average and the Inner West average. It is noted that Abbotsford-Russell Lea-Five Dock (13%) is above this level, whilst Rhodes-Liberty Grove (6%) is significantly below the LGA average and regional/national averages.

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 in significant financial stress and vulnerable to sudden increases in council rates. A comparison of the levels of housing stress currently experienced at an LGA level compared with other regions in each area is provided in table 12. Analysis is also provided within the LGA at an area level in figure five, and at a suburb level in table 13.

Table 12 Breakdown of housing stress in regions

Stressed households	Percentage
City of Canada Bay	9.7
Greater Sydney	11.8
Sydney – Inner West	11.7
New South Wales	11.7
Australia	11.4

Figure 5 Housing stress area comparison

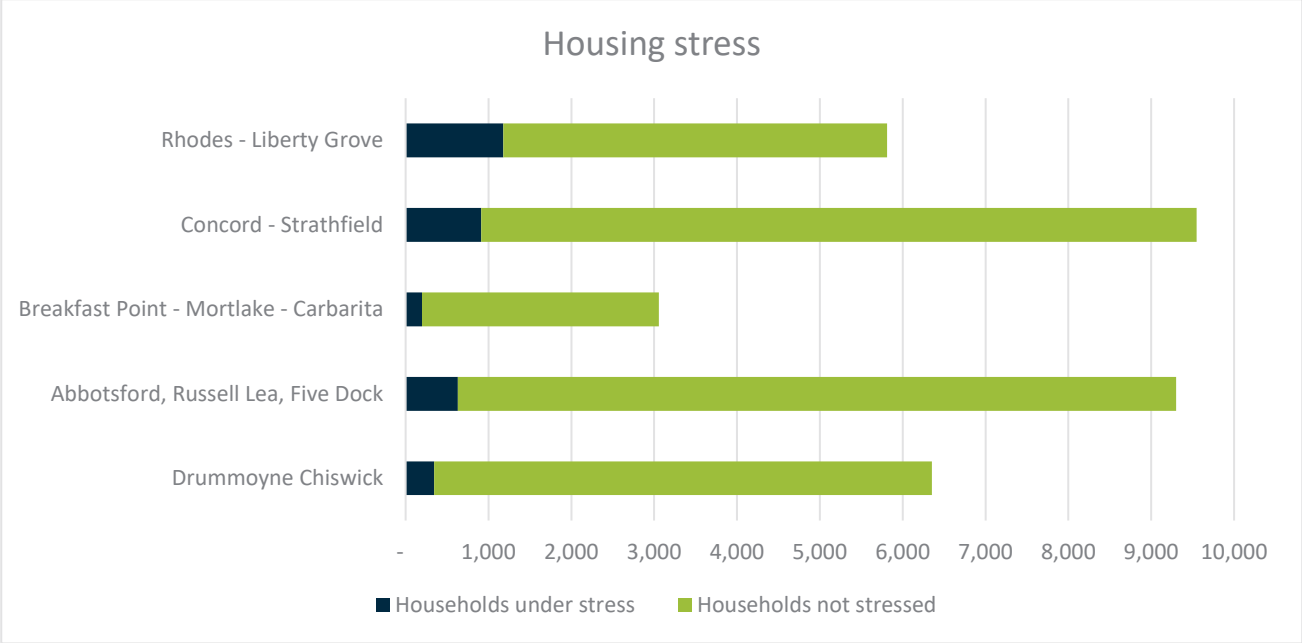


Table 13 Housing stress by suburb

Area	Stressed households	Total households	Percent %
Abbotsford - Wareemba	228	2,948	7.7
Breakfast Point - Mortlake	158	2,322	6.8
Cabarita	40	734	5.5
Chiswick	86	1,306	6.6
Concord	344	4,938	7.0
Concord West	131	1,958	6.7
Drummoyne	258	5,047	5.1
Five Dock - Canada Bay	282	4,062	6.9
Liberty Grove	79	788	10.0
North Strathfield	213	1,723	12.4
Rhodes (East)	21	269	7.8
Rhodes (West)	1,078	4,753	22.7
Russell Lea - Rodd Point	119	2,292	5.2
Strathfield (Triangle)	223	930	24.0

We observe that the City of Canada Bay's housing stress level, of 9.7%, is below regional and national averages. When looking at suburb levels, only three out of the 14 suburbs measured have stress levels greater than the Greater Sydney average of 11.8%. However, the suburbs of Rhodes (West) and Strathfield, where 23% and 24% of households respectively were experiencing housings stress.

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 Southern Sydney Regional Organisation of Councils (SSROC), of which Canada Bay is a member. This allows us to analyse at a regional level, cost of living trends.

Table 14 Five-year comparison of cost of living in SSROC councils compared to Greater Sydney

Expenditure item	2020/21		2015/16		2020/21		2015/16	
	SSROC $	SSROC % of exp	SSROC $	SSROC % of exp	Greater Sydney $	Greater Sydney % of exp	Greater Sydney $	Greater Sydney % of exp
Food	12,383	9%	11,000	8%	12,306	9%	11,344	8%
Alcoholic Beverages & Tobacco	5,577	4%	5,939	4%	5,516	4%	6,101	5%
Clothing & Footwear	5,470	4%	4,469	3%	5,399	4%	4,584	3%
Furnishings & equipment	6,260	5%	5,254	4%	6,214	5%	5,411	4%
Health	8,356	6%	6,897	5%	8,278	6%	7,092	5%
Transport	9,223	7%	14,660	11%	9,949	8%	15,228	11%
Communications	2,636	2%	2,016	2%	2,606	2%	2,070	2%
Recreation & Culture	13,671	10%	12,881	10%	13,675	11%	13,383	10%
Education	6,359	5%	5,954	4%	6,798	5%	6,624	5%
Hotels, Cafes & Restaurants	8,095	6%	10,176	8%	7,884	6%	10,315	8%
Miscellaneous Goods & Services	17,993	14%	18,177	14%	17,868	14%	18,740	14%
Housing	33,188	25%	32,791	25%	30,309	23%	30,207	22%
Utilities	3,939	3%	3,782	3%	3,967	3%	3,949	3%
Total Expenditure	133,148	100%	133,996	100%	130,769	100%	135,048	100%
Net Savings	35,552	21%	21,830	14%	34,193	21%	21,118	14%
Total Disposable Income	**168,700**	**0%**	**155,826**	**0%**	**164,963**	**0%**	**156,166**	**0%**
Non Discretionary	75,195	56%	75,615	56%	72,814	56%	74,474	55%
Discretionary	57,955	44%	58,381	44%	57,955	44%	60,574	45%

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

Table 14 shows that, over the five-year period, total disposable income across the region has increased by an average of $12,900 and net annual savings have increased by $13,700. Discretionary spending remains high (56% of total household expenditure).

Discussion

Overall, across the LGA there is a consistent pattern of high levels of equivalised income, very low levels of disadvantage, low unemployment levels and relatively low levels of mortgage stress. This is most evident in the SEIFA rankings which show that there are significantly low levels of disadvantage throughout the LGA. Overall, the LGA as a whole sits in the 86th percentile when looking at only disadvantage (IRSD). When considering both disadvantage and advantage (IRSAD), the LGA sits in the 96th percentile – this means that 96% of all suburbs in Australia experience higher levels of disadvantage (and lower levels of advantage).

There are however some exceptions, with some inequity, particularly within the suburbs of Strathfield, which has an IRSD ranking placing it in the 35th percentile – meaning only 35% of all suburbs in Australia have a lower degree of disadvantage. This should be considered in line with Council's hardship policies. It is noted that the population of Strathfield (within the LGA) is approximately 2,900.

Considering ISRAD at an area level shows that there are very low levels of disadvantage and very high levels of advantage. At the higher end, there are two areas ranking within the 99th percentile (Drummoyne-Chiswick and Breakfast Point-Mortlake-Cabarita). At the lower end, Concord-Strathfield's ranking places this area within the 91st percentile.

Key aspects of both the Drummoyne-Chiswick area and Breakfast Point-Mortlake-Cabarita are that they have extremely high proportions of the population in the upper two equivalised income quartiles (74% and 72% respectively), combined with very low levels of housing stress (5.9% and 6.2%), contributing to its level of advantage.

At the lower end, slightly lower ranking in Concord-Strathfield is driven by a lower level of households in the top two equivalised income quartiles at 58% (slightly above the Greater Sydney average of 56%). This area ranks first in the LGA for households in the lowest two income quartiles and also in the middle two income quartiles. It should also be noted that this area had the second highest unemployment rate (at 5% in 2016) in the LGA.

As was observed from the review of SEIFA rankings within Council, the ABS 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

Table 15 below outlines the average current rate and the average proposed change to each area, compared to the SEIFA index of socioeconomic advantage and disadvantage.

From this we observe that ratepayers in areas with higher land values will experience larger increases in their ad valorem rates.

Table 15 Rates analysis with SRV (Growth Assets and Services Scenario with SRV)

Preferred scenario 2023/24 - impact on ad valorem residential ratepayers	IRSD percentile	IRSAD percentile	No. residential assessments	No. residential assessments ad valorem	Average current residential rate	SRV Scenario residential rate	Average change
Abbotsford - Wareemba	81	94	3,099	1,309	$ 1,470.15	$ 1,697.88	$ 227.73
Breakfast Point - Mortlake	97	99	3,560	331	$ 1,553.59	$ 1,794.25	$ 240.66
Cabarita	99	99	831	481	$ 1,618.79	$ 1,869.54	$ 250.75
Chiswick	95	99	1461	280	$ 2,018.61	$ 2,331.30	$ 312.69
Concord	84	93	5187	3,758	$ 1,279.88	$ 1,478.13	$ 198.25
Concord West	82	93	2,142	1,650	$ 1,183.47	$ 1,366.79	$ 183.32
Drummoyne	96	99	5,601	2,326	$ 1,486.08	$ 1,716.27	$ 230.19
Five Dock - Canada Bay	77	93	4,435	2,333	$ 1,200.11	$ 1,386.00	$ 185.89
Liberty Grove	93	98	801	256	$ 913.43	$ 1,054.91	$ 141.48
North Strathfield	77	93	1,709	580	$ 1,187.16	$ 1,371.05	$ 183.89
Rhodes	81	98	5643	214	$ 2,253.01	$ 2,602.01	$ 349.00
Russell Lea - Rodd Point	90	97	2432	1,897	$ 1,384.62	$ 1,599.09	$ 214.47
Strathfield	35	82	991	132	$ 1,508.03	$ 1,741.63	$ 233.60

Conclusion

From our analysis we have observed that there is a high degree of wealth across the LGA in general. This is especially the case in the areas of Drummoyne-Chiswick, Abbotsford-Russell Lea-Five Dock (both ranked in the 99th IRSAD SEIFA percentile) and Rhodes Liberty Grove (ranking in the 98th percentile).

Even when considering the lower ranked areas, the lowest – Concord-Strathfield – ranks in the 91st percentile (IRSAD), indicating very high levels of advantage within this area.

There are a small number of suburbs which do experience relatively high levels of disadvantage, in particular Strathfield. Council could consider hardship policies that may be put in place to address these concerns. Additionally, some areas have relatively high proportion of pensioners, this could also be addressed through targeted hardship policies.

Our conclusion is that, overall, there is adequate capacity for higher levels of rates within the City of Canada Bay.