Capacity to Pay

Federation Council

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Executive summary

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

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

Table 1 Area summary

Area	Findings
Corowa	• Largest population centre. • Relatively high proportion of mortgagees. • Highest level of renters in the LGA at 24%, including 2% in social housing. • Highest unemployment rate in the LGA. • Equal largest proportion of 'at risk' households.
Howlong	• Second largest population centre. • Highest proportion of resident ratepayers – with the lowest level of fully owned homes (39%), and highest levels of mortgagees (32%).
Mulwala	• Third largest population centre, with proportionately high levels of retirees. • Highest residential land values in LGA. • Highest proportion of retirees in the LGA.
Corowa Rural Districts	• Relatively high proportion of working age residents and family households, and lowest proportion of retirees. • Second highest level of home ownership at 45%, and lowest level of renters. • Highest level of equivalised household income within the LGA, with 19% in the top quartile.
Urana and surrounds	• Relatively high proportion of working age residents and family households • Highest proportion of residents requiring assistance • Equal largest proportion of 'at risk' households • Lowest overall level of equivalised household income, with 75% of the population in the bottom two quartiles • Second highest level of unemployment in the LGA

Analysis of the preferred impact shows that there will be varying increases throughout the LGA due to the relativity of land values. The Mulwala average residential land values are $168,248, resulting in rates of $1,728 in the final SRV year 2026/27, an increase of $638. This compared to average land values of $8,749 in Urana and surrounds, which lead to rates of $667 in the final SRV year 2026/27, an increase of $251. The most impacted farmland ratepayers will be in the Corowa rural districts, where average land values are $1,892,000, resulting in rates of $7,950 in the final SRV year 2026/27, approximately $2,900 higher than under a normal rate pegged path. For business ratepayers, Mulwala has the highest average land values of $274,000, resulting in average rates of $3,704, an increase of $1,363 compared to a normal rate pegged path.

Introduction

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

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

Key considerations include:

- regions of social disadvantage
- particularly vulnerable groups of individuals
- patterns of household expenditure
- impacts on industry (including COVID-19).

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

Data for this review was obtained from the following sources:

- Australian Bureau of Statistics, *2016 Census Data*, 'Data by Regions'.
- Profile ID – Federation Council community/economic profiles.
- National Institute of Economic and Industry Research (NEIR) 2021.
- Housing and Homelessness Policy Consortium (ACT Shelter, ACTCOSS, Women's Centre for Health Matters, Youth Coalition of Act), February 2016, *Snapshot: Housing stress and its effects*.

Background

Federation Council is divided into five regional areas. Council is looking to ensure that through the special rates variation process, community groups are not significantly disadvantaged, and that relative equity is promoted as each region has differing economic and socio-economic profiles. A summary of the areas using 2021 Estimated Resident Population[1] (ERP) has been provided in the following table two and figure one.

Table 2 Federation Council area summary

Areas	Population (2021)
Federation Council ERP 2021	**12,735**
Corowa	5,397
Howlong	3,021
Mulwala	2,285
Corowa Rural Districts	882
Urana and Surrounds	1,154

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

Figure 1 Federation Council areas
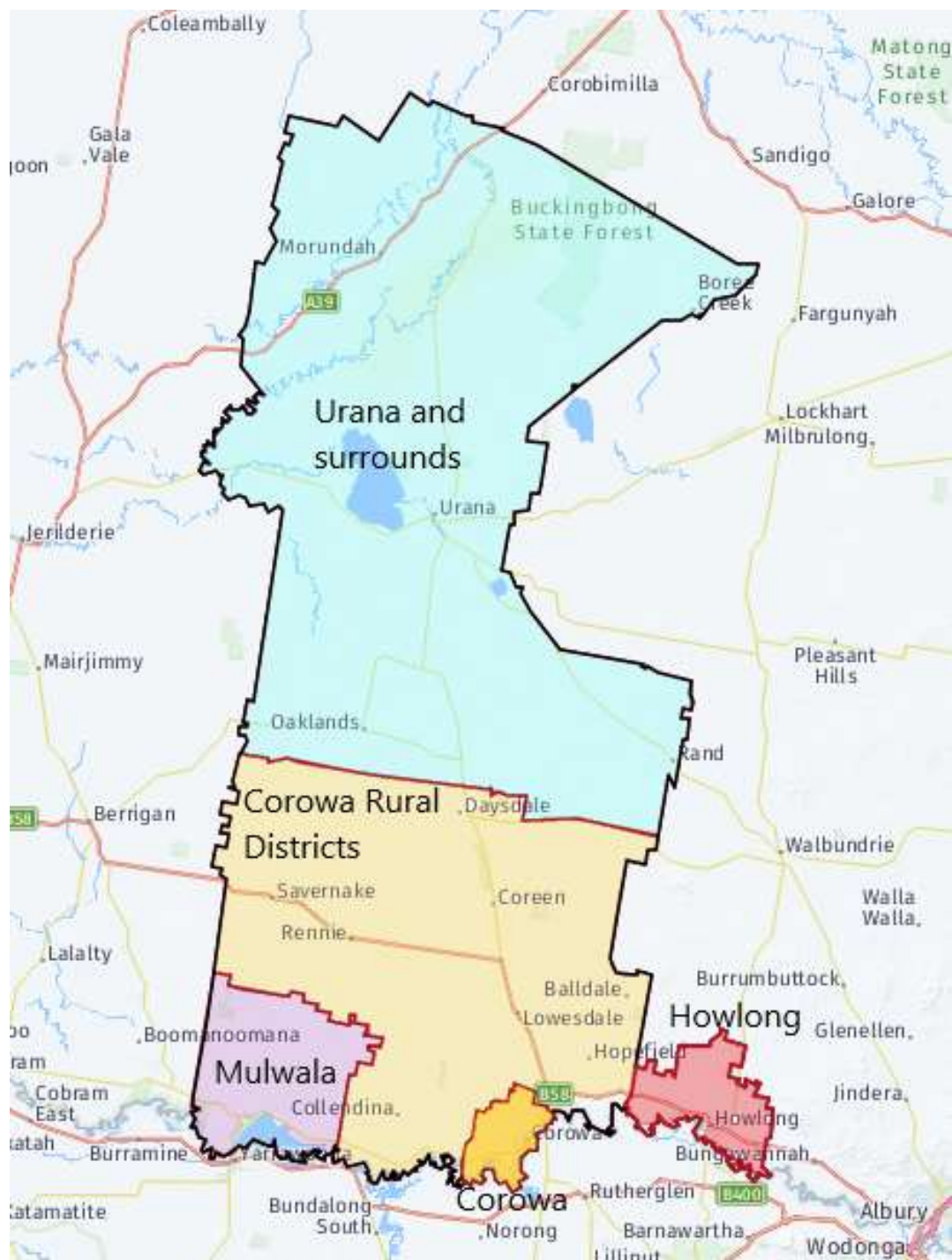
Methodology

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

- **Areas of social disadvantage**

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

    - the age structure of each region

    - the typical make up of each household

    - household income, including the effect of dependants

    - SEIFA rankings.

- **Particularly vulnerable groups of individuals**

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

    - property owners

    - persons who have or need core assistance

    - individuals who are currently unemployed

    - analysis of household mortgage repayments

    - pensioners.

- **Patterns in household expenditure**

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

- **Impacts of COVID-19**

  Next, we will look into the impact that the global pandemic COVID-19 has had on industries and residents within the Federation LGA.

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

Areas of social disadvantage

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

Age profiles by region

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

Figure 2 Age profiles by region[2]
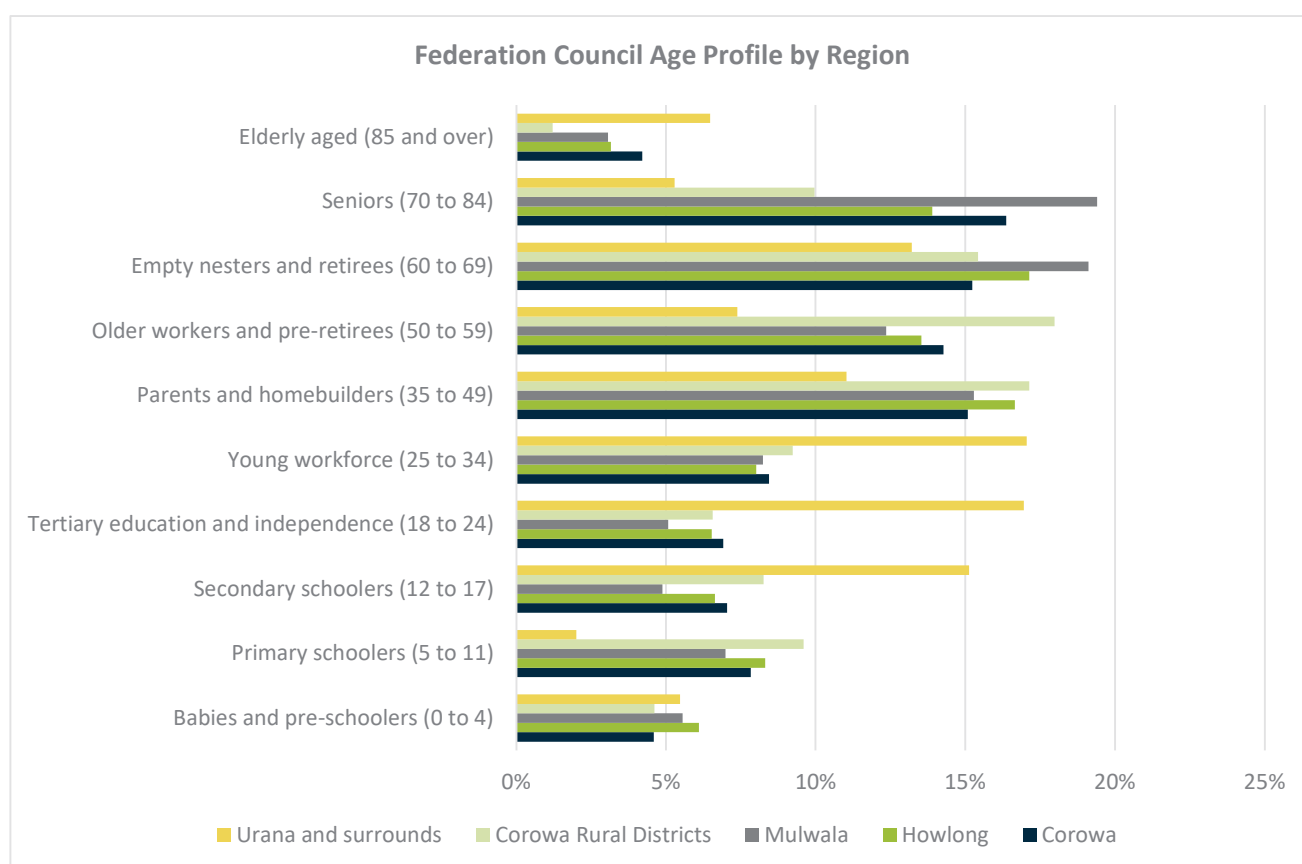
Grouping these results in terms of the following categories (dependants, workforce, and retirees) and ranking them in terms of proportion of population (with one representing the largest proportion) generates the following results.

Table 3 Age profile rankings

Rank	Corowa	Howlong	Mulwala	Corowa Rural Districts	Urana and surrounds
Dependants	1	2	3	5	4
Working age	1	2	3	5	4
Retirees	1	2	3	5	4

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

From these results we observe the following:

- We observe that the population centre of Corowa has the largest proportion of residents within the working age demographic group, at 20% of the total population, which is double that for the next largest region of Howlong, which has 10%.

- Mulwala has a relatively high proportion of retirees in its population at 42% (Federation LGA average is 32%).

- Urana and Surrounds area has a significantly higher proportion of persons aged 12 to 34 (16% of region's population) compared to the rest of the LGA (9%). This region also has a lower proportion of the population who are parents and homebuilders at 11% (Federation LGA average is 15%).

Household types

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

Figure 3 Household composition[3]
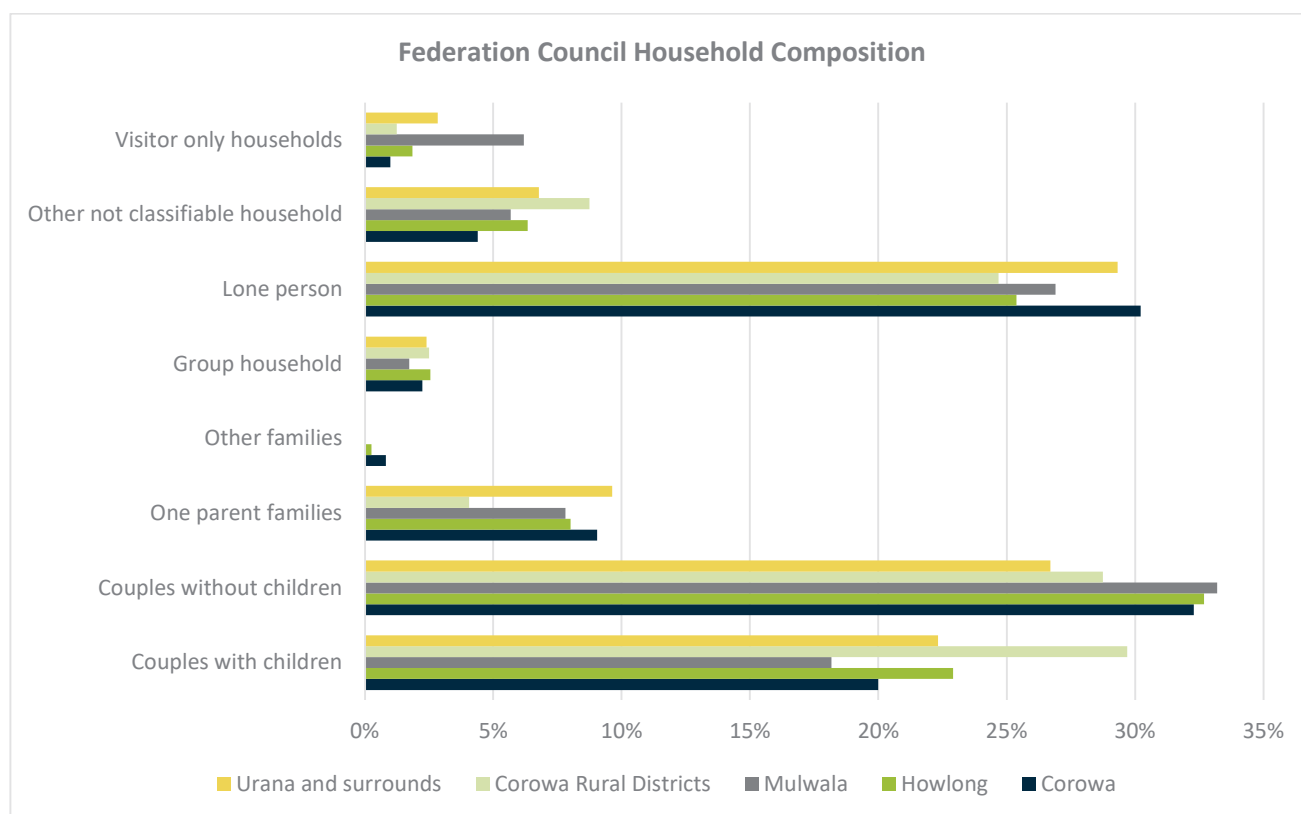
The 'lone person' and 'one parent family' households are considered to be more vulnerable to the impacts of rate increases due to a reduced/singular income stream. Combining these categories together into an 'at risk' group shows that there is a higher proportion of at-risk households in Corowa and Urana and surrounds (both 39%) compared to the LGA level of 37% (which is in line with Regional NSW and Regional Victorian levels also at 37%).

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[3] Ibid.

Housing tenure

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

Table 4 Federation Council housing tenure[4]

Age groups number	Corowa	Howlong	Mulwala	Corowa Rural Districts	Urana and surrounds
Fully owned	40%	39%	43%	45%	48%
Mortgage	27%	32%	25%	27%	22%
Renting - Total	**24%**	**16%**	**19%**	**8%**	**11%**
Renting - social housing	2%	0%	0%	0%	0%
Renting - private	21%	16%	19%	8%	11%
Other tenure type	1%	2%	3%	9%	8%
Not stated	8%	10%	10%	10%	11%
Total households	**100%**	**100%**	**100%**	**100%**	**100%**

Table four highlights that homeownership levels are higher outside of the urban centres, with total ownership in Corowa Rural Districts and Urana and surrounds at 45% and 48% compared to the rest of the LGA average of 41%. Naturally we then observe the largest proportion of renters in the urban centres, particularly Corowa. Corowa also has 2% social housing.

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.

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[4] Ibid.

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[5]
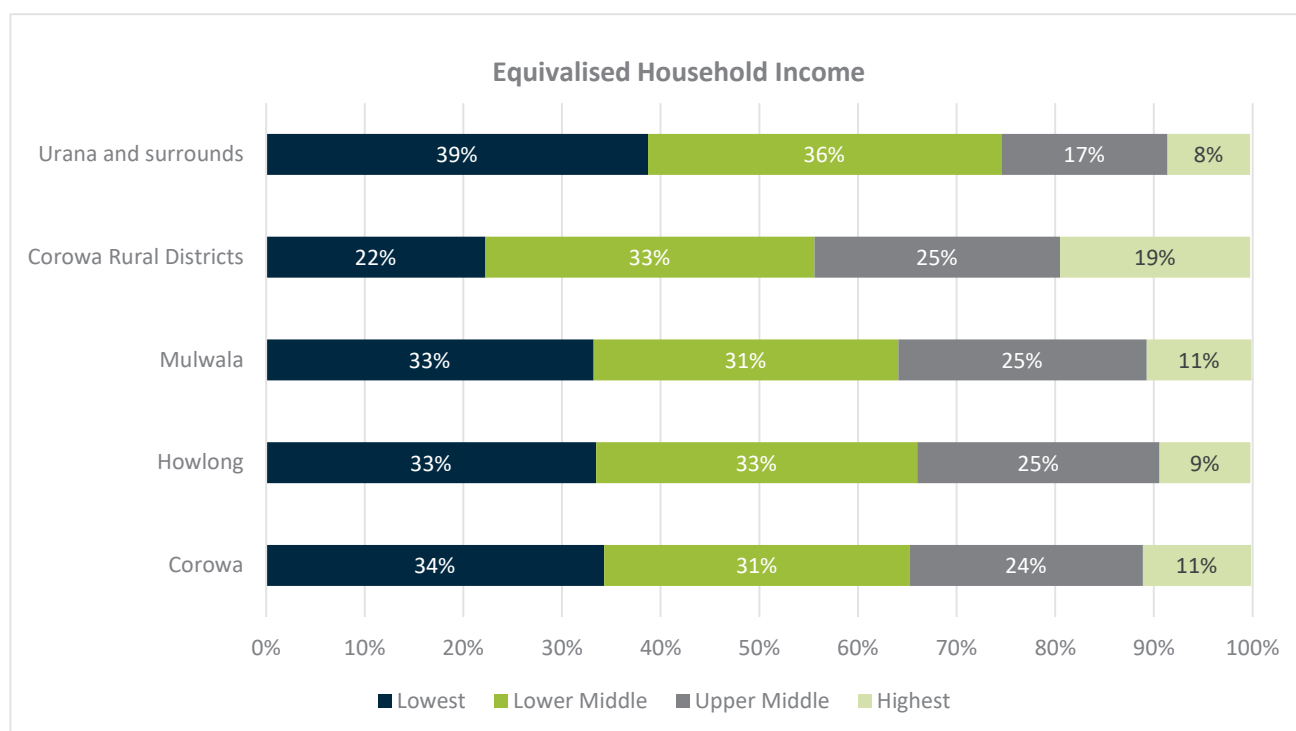
We can make the following observations from the data:

- Corowa Rural Districts had the highest proportion of households in the highest two quartiles (44%), while Urana and surrounds had the lowest (25%).

- Urana and surrounds had the highest proportion of households in the bottom two quartiles (75%), while Corowa Rural Districts had the smallest proportion (56%).

- Corowa Rural Districts has the most even distribution of household incomes and income profiles, albeit with slightly above in the lower middle (33%) and slightly below in the highest quartile (19%).

- Ranking of areas by greatest disadvantage (percentage of households in lower brackets):

  - 1 – Urana and urrounds   2 – Howlong   3 – Corowa   4 – Mulwala   5 – Corowa Rural Districts.

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[5] Ibid.

- Ranking of areas by greatest middle class (percentage of households in middle brackets):
  - 1 – Corowa Rural Districts 2 – Howlong 3 – Mulwala 4 – Corowa 5 – Urana and surrounds.
- Ranking of areas by advantage (percentage of households in upper brackets):
  - 1 – Corowa Rural Districts 2 – Mulwala 3 – Corowa 4 – Howlong 5 – Urana and surrounds.

Table 5 Regional comparison of equivalised household income[6]

Area	Federation Council	Regional Victoria	Regional NSW	NSW
Lowest	33.45%	30.70%	30.40%	25.00%
Lower middle	31.73%	29.20%	29.20%	25.00%
Upper middle	23.63%	23.90%	23.90%	25.00%
Highest	11.14%	16.20%	16.40%	25.00%

From table five we observe that Federation Council has a slightly higher proportion in the lowest two quartiles compared with Regional NSW, offset by a lower proportion in the highest income quartile.

Socio-economic index

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

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.

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[6] Ibid.

- 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 6 Regional SEIFA scores and percentiles [7]

Region	SEIFA - IRSD	Percentile	SEIFA - IRSAD	Percentile
Federation Council	963.0	26	936.0	21
Regional Victoria	977.0	32	959.0	32
Regional New South Wales	971.0	29	959.0	32
New South Wales	1,001.0	45	1,011.0	62
Australia	1,001.9	46	1,003.1	57

In reviewing the IRSD index, we observe that Council has a greater level of disadvantage compared with both the Regional NSW and Regional Victorian averages. Federation Council's IRSD score of 963.0 is below both Regional NSW (971.0) and Regional Victoria (977.0) and places the LGA into the 26th percentile. Meaning approximately 26% of Australia's suburbs have a SEIFA index lower than this area (more disadvantaged), while 74% are higher.

IRSAD includes levels of both advantage and disadvantage. Federation's score of 936.0 is again below that of Regional NSW and Regional Victoria (both 959.0) and places the LGA into the 21st percentile. This lower score means that there are proportionately lower incidences of advantage throughout the LGA relative to Australia. A lower IRSAD score compared to IRSD score is indicative of less opportunities within the LGA, e.g. lower equivalised incomes, lower education levels, fewer employment opportunities within the area, or more unskilled jobs, and housing.

Table 7 Area level SEIFA scores and percentiles [8]

Region	SEIFA - IRSD	Percentile	SEIFA - IRSAD	Percentile
Corowa	947.6	21	920.2	17
Howlong	976.0	32	939.9	23
Mulwala	977.6	33	944.5	25
Corowa Rural Districts	1,020.8	57	1,013.3	63
Urana and surrounds	935.6	17	930.0	19

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[7] Ibid.
[8] Ibid.

At an area level, we see the distribution of advantage and disadvantage through the LGA, e.g.:

- Corowa scores in the 17th percentile (IRSAD), meaning that 83% of Australia has lower levels of disadvantage (and more advantage).

- Corowa Rural Districts ranks in the 63rd percentile (IRSAD), meaning that 63% of Australia a higher level of disadvantage (and lower 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 8 Community workforce status 2016 Census [9]

Employment status	Corowa	Howlong	Mulwala	Corowa Rural Districts	Urana and surrounds
Employed	94.5%	95.4%	96.8%	98.1%	95.2%
Employed full-time	54.5%	56.5%	55.5%	65.1%	59.4%
Employed part-time	37.6%	36.8%	38.7%	32.0%	34.7%
Hours worked not stated	2.3%	2.1%	2.5%	0.7%	1.1%
Unemployed (Unemployment rate)	5.5%	4.6%	3.2%	1.9%	4.8%
Looking for full-time work	3.2%	2.7%	1.6%	0.7%	3.2%
Looking for part-time work	2.4%	1.9%	1.6%	1.2%	1.6%
Total labour force	100.0%	100.0%	100.0%	100.0%	100.0%

Federation's overall unemployment rate as at the 2016 Census date was 4.9%, below the Regional NSW average of 6.6% and Regional Victorian average of 6.0%, and in table eight above we observe that unemployment rates throughout the LGA are below these averages. Only Corowa, is close at 5.5%. Corowa Rural District had very low unemployment at 1.9%, followed by Mulwala at 3.2%.

The most recent data (December 2021 - National Institute of Economic and Industry Research 202, compiled by economy.id) shows Federation's unemployment rate to be 5.3% higher than Regional NSW (4.5%).

The main industries in order of employment remain agriculture, manufacturing (chemicals, foods) and construction. The most recent data indicates the following trends over the ten years 2011 to 2021 in these core sectors:

- agriculture long-term decline with 476 fewer jobs

- manufacturing also declining, with 194 fewer jobs - this was mainly in food product manufacturing

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[9] Ibid.

- construction jobs increased by 200.

Workforce industries and regions

Table 9 Industry workforce analysis[10]

Industry sector	Corowa	Howlong	Mulwala	Corowa Rural Districts	Urana and surrounds
Agriculture, Forestry and Fishing	12%	10%	8%	58%	42%
Other	12%	17%	11%	7%	7%
Manufacturing	15%	14%	11%	4%	1%
Construction	7%	10%	14%	3%	3%
Retail	11%	11%	10%	3%	5%
Accommodation and Food Services	10%	7%	12%	1%	2%
Transport, Postal and Warehousing	5%	5%	5%	3%	12%
Professional, Administrative and Support Services	10%	11%	12%	5%	13%
Education and Training	6%	5%	6%	7%	6%
Health Care and Social Assistance	12%	10%	11%	10%	9%

Federation's largest employer is the agriculture industry, in particular sheep/beef cattle/livestock and grain farming. The proportion of people employed by this industry in the LGA (17%) is well above both the Regional NSW (6%) and Regional Victorian averages (8%).

Federation also has significant employment in the manufacturing industry, particularly in Corowa (15%, Howlong (14%) and Mulwala (11%). This is also above the Regional NSW (6%) and Regional Victoria (8%) averages).

It is noted that 61% of Federation's resident workers work within the LGA, with 35% travelling outside the LGA to work (mainly to Albury City, Moira Shire and Indigo Shire).

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[10] Ibid.

Core assistance

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

Table 10 Number of people requiring core assistance[11]

Assistance required	Number	Percentage
Corowa	294	5.3%
Howlong	159	5.8%
Mulwala	126	6.0%
Corowa Rural Districts	25	3.0%
Urana and surrounds	73	6.6%

At the LGA level 5.4% of people require assistance with core activities, compared to the Regional NSW average of 6.3% and Regional Victorian average of 6.0%. Urana and surrounds are well above the rest of the LGA at 6.6%, whilst Corowa Rural Districts has only 3.0% requiring assistance – due to having the lowest proportion of population aged 85 and over (at 1%).

Household mortgages

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

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

Research funded by the ACT Government on housing and homelessness issues in the ACT found that, due to financial pressures[12]:

- 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.

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

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

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

- Lowest: $0 - $1,263 – this range is representative of the bottom 25% of all monthly mortgage repayments in NSW.

- Medium lowest: $1,264 - $1,989 – this range is representative of the bottom 25% - 50% of all monthly mortgage repayments in NSW.

- Medium highest: $1,990 - $2,865 – this range is representative of the top 25% - 50% of all monthly mortgage repayments in NSW.

- Highest: $2,866 and over – this range is representative of the top 25% of all monthly mortgage repayments in NSW.

Table 11 Housing loan repayment quartiles[13]

Loan repayment quartile group	Corowa	Howlong	Mulwala	Corowa Rural Districts	Urana and surrounds
Lowest group	54%	50%	37%	69%	89%
Medium lowest	37%	42%	39%	23%	11%
Medium highest	7%	7%	21%	2%	--
Highest group	2%	2%	3%	6%	--

Overall, 85% of housing loan repayments within the LGA are in the lowest two monthly loan repayment quartiles, comparing favourably to Regional NSW (67%) and Regional Victoria (68%). Federation LGA has 65% of its residents in the bottom two quartiles of equivalised income, which is above the levels for Regional NSW (63%) and Regional Victoria (60%). Therefore there is a likelihood that there is some household mortgage stress within the LGA.

Drilling down, we observe that Mulwala has the highest proportion at 24% of housing loan repayments in the highest two monthly loan repayment quartiles. Comparing to equivalised income, whist having the second lowest proportion in the bottom two quartiles at 64%, this is still above the proportions in the bottom two quartiles of equivalised income for Regional NSW (63%) and Regional Victoria (63%), so there is potential for household mortgage stress.

The next highest level is Corowa, with 9% of housing loan repayments in the highest two monthly loan repayment quartiles. This is the largest population centre (thereby impacting an overall larger number of residents). Equivalised income here compares unfavourably again, with 65% in the bottom two quartiles, again indicating a potential for household mortgage stress.

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[13] Australian Bureau of Statistics, Census of Population and Housing 2016.

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 Federation LGA over a five-year period.

Table 12 Five-year comparison of cost of living in Federation Council LGA[14]

Federation Council	2020/21		2015/2016		Change		
Expenditure item	$ per household	% of expenditure	$ per household	% of expenditure	$ per household	% of expenditure	%
Food	9,705	11%	9,336	10%	369	1%	4%
Alcoholic beverages and tobacco	4,338	5%	4,789	5%	(451)	0%	-9%
Clothing and footwear	4,195	5%	3,518	4%	677	1%	19%
Furnishings and equipment	4,940	5%	4,393	5%	547	1%	12%
Health	6,480	7%	5,637	6%	843	1%	15%
Transport	7,383	8%	11,022	12%	(3,639)	-4%	-33%
Communications	2,039	2%	1,616	2%	423	1%	26%
Recreation & culture	10,556	12%	10,600	11%	(43)	1%	0%
Education	5,029	6%	4,690	5%	339	1%	7%
Hotels, cafes and restaurants	6,423	7%	8,825	9%	(2,401)	-2%	-27%
Miscellaneous goods and services	13,696	15%	14,346	15%	(650)	0%	-5%
Housing	13,931	15%	13,617	14%	315	1%	2%
Utilities	3,237	4%	3,538	4%	(301)	0%	-9%
Total expenditure	91,952	100%	95,925	100%	(3,972)		-4%
Net savings	28,988	24%	13,022	12%	15,966	12%	123%
Total disposable income	120,940	0%	108,947	0%	11,993		11%
Non Discretionary	46,970	51%	48,284	50%	(1,314)	1%	-3%
Discretionary	44,982	49%	47,643	50%	(2,661)	-1%	-6%

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

Table 11 shows over the five-year period, total disposable income across the LGA has increased by an average of $11,993 and net annual savings have increased by $15,966. Total expenditure has reduced slightly. These trends indicate potential concerns held by the community over the economic outlook and recent concerns with the COVID-19 pandemic.

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[14] 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.

COVID-19

The COVID-19 global pandemic has had significant impacts on the global economy. ID Consulting has analysed modelling data prepared by the National Institute of Economic and Industry Research (NIEIR) and has highlighted the impact on Federation Council's local economy in terms of regional output (September quarter 2019/20 compared with the same quarter in 2018/19) and the impact on resident's employment.

Economic impact on industry

The table below shows the change in total sales of each industry in the within the Federation Council LGA.

Table 13 COVID-19 economic output[15]

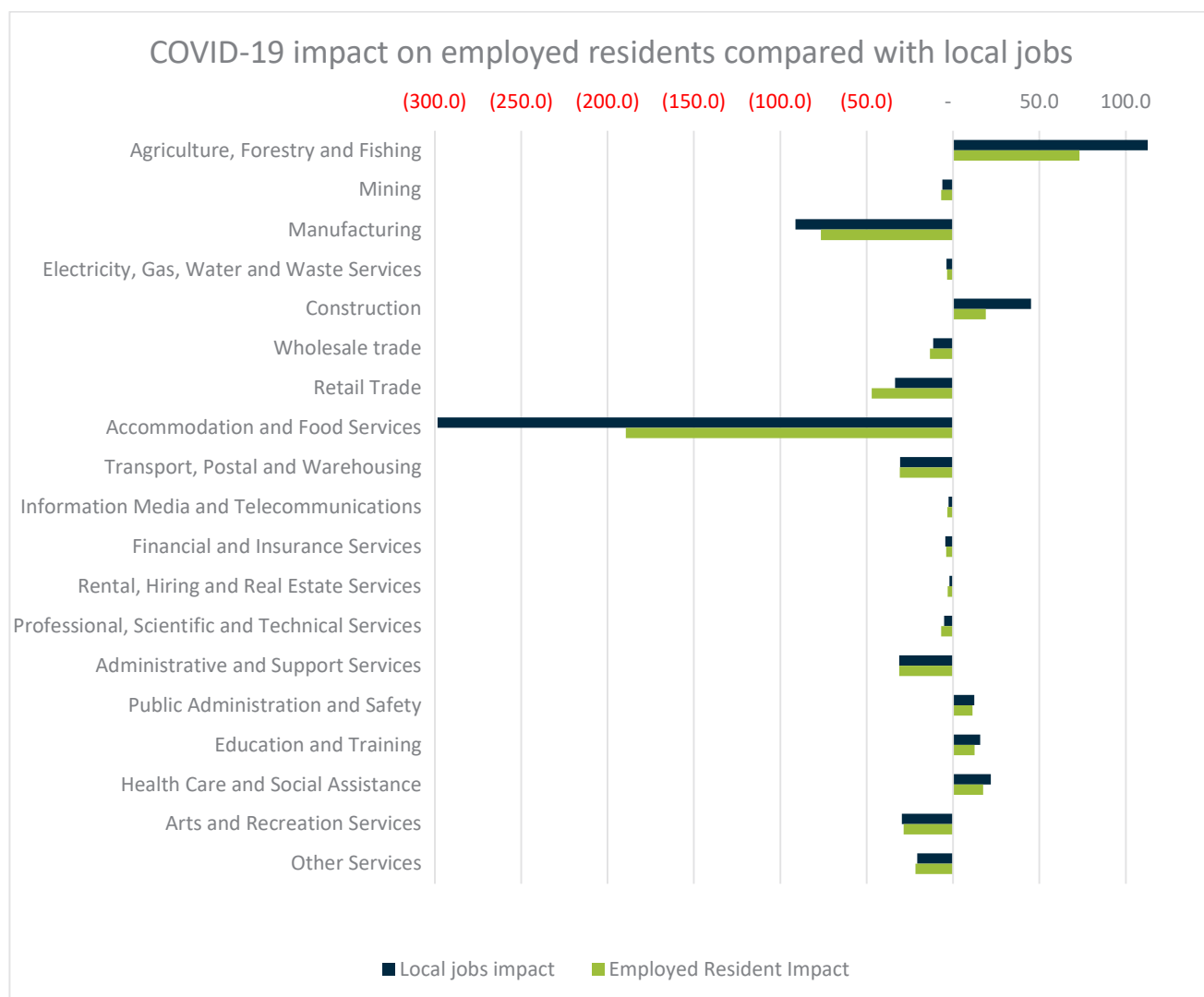| Industry sector	Change $m	Change %
Agriculture, Forestry and Fishing	8.5	16%
Mining	(0.6)	-10%
Manufacturing	(8.8)	-29%
Electricity, Gas, Water and Waste Services	(0.4)	-8%
Construction	4.9	11%
Wholesale trade	(0.4)	-8%
Retail Trade	(0.4)	-4%
Accommodation and Food Services	(9.4)	-48%
Transport, Postal and Warehousing	(1.3)	-23%
Information Media and Telecommunications	(0.3)	-4%
Financial and Insurance Services	(0.4)	-5%
Rental, Hiring and Real Estate Services	(0.7)	-11%
Professional, Scientific and Technical Services	(0.1)	-1%
Administrative and Support Services	(1.3)	-19%
Public Administration and Safety	0.5	8%
Education and Training	0.6	8%
Health Care and Social Assistance	1.0	11%
Arts and Recreation Services	(1.1)	-16%
Other Services	(0.5)	-9%
Total	**(10.1)**	**-4%**

Overall, we observe a $10.1 million dollar drop in sales, with the manufacturing dropping $8.8 million (29%) and, as expected, a decline in accommodation and food services of $9.4 million (48%). These falls were offset by a large increase in agriculture of $8.5 million (16%).

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[15] NIEIR, 2020. Version 2.1. Compiled and presented in economy.id by .id.

Impact on residents

We observe a similar impact on the residents of Federation Council. Figure 6 below shows the change in the number of jobs per industry, relative to the same quarter in the past financial year, of residents in the LGA. The modelling shows there has been a reduction in local jobs of 5.9% (363 jobs within the LGA). The actual impact on local residents of the LGA was lower with 5.0% fewer residents employed.

Figure 5 COVID-19 impact on resident employment[16]

COVID-19 impact on employed residents compared with local jobs

Legend: Local jobs impact — Employed Resident Impact

Discussion

The LGA overall is in the 26th percentile in terms of socio-economic disadvantage (IRSD) and 21st percentile when considering both disadvantage and advantage (IRSAD). This compares unfavourably to Regional NSW and Regional Victoria (29th and 32nd percentiles).

The SEIFA rankings show that there is a degree of inequality throughout the LGA. Overall, we observe the lowest level of disadvantage is in the Corowa Rural Districts (57th percentile IRSD), compared with the highest level of disadvantage in Urana and Surrounds (17th percentile IRSD) and the large population centre of Corowa (21st percentile).

The inclusion of factors indicating advantage as well as disadvantage (IRSAD), also indicates that Corowa Rural Districts has a similar ranking (63rd percentile). This also applies at the lower ranked Urana and Surrounds (19th percentile) and Corowa (17th percentile).

Key aspects of the Corowa area, which had a SEIFA IRSAD ranking of 17th percentile:

- the area had the lowest employment level (95%), lowest full time employment level (55%), and highest unemployment rate at 5.5%
- the area had equal highest proportion of one-parent households and lone person households (combined 39%)
- the area had the equal lowest proportion of residents who completed year 12 or equivalent
- the area has the lowest proportion of residents with an occupation described as 'managers' (11%), and highest number of 'labourers' (21%)
- the area has the highest number of renters at 24%
- the area had the second highest proportion of mortgagees at 27%.

Key aspects of the Howlong area, which had a SEIFA IRSAD ranking of 23rd percentile:

- the area had the second lowest proportion of households in the top band of equivalised household income and second highest proportion in the middle bands
- the area had the equal second lowest proportion of residents who completed year 12 or equivalent (30%)
- the area has the second lowest proportion of residents with an occupation described as 'managers' (14%) and second highest number of 'labourers' (16%)
- the area has the highest proportion of mortgagees (32%).

Key aspects of the Mulwala area, which had a SEIFA IRSAD ranking of 25th percentile:

- the area had the second highest proportion of households in the top band of equivalised household income
- the area had the second highest employment level (97%) and second lowest unemployment rate at 3.2%
- the area has the second highest number of renters at 19%
- the area has the highest proportion of mortgagees with loan repayments in the upper two quartiles.

Key aspects of the Corowa Rural Districts that contribute to its higher overall ranking (IRSAD 62nd percentile):

- the area had the highest proportion of households (at 44%) in the top two bands of equivalised household income

- the area had the lowest proportion of households (at 56%) in the bottom two band of equivalised household income

- the area had the highest employment level (98%), highest full time employment level (65%) and lowest unemployment rate at 1.9%

- the area has the highest proportion of residents with an occupation described as 'managers' (47%)

- the area has the highest number of residents who completed year 12 (33%) and who have a Bachelor or Higher degree (12%).

Key aspects of the Urana and Surrounds area, which had a SEIFA IRSAD ranking of 19th percentile:

- the area had the highest proportion of households (at 75%) in the bottom two bands of equivalised household income

- the area had the lowest proportion of households (at 25%) in the highest two bands of equivalised household income

- the area had the highest proportion of dependents (23%)

- the area had equal highest proportion of one-parent households and lone person households (combined 39%)

- the area had the lowest proportion of residents who completed year 12 (29%) and highest proportion of residents with no qualification 51%).

It is important to note, that there is a disparity between the most advantaged and disadvantaged areas within Council's LGA. With respect to IRSAD rankings (i.e. both disadvantage and advantage), the regions of Corowa, Howlong, Mulwala and Urana and surrounds sit within the 25% most disadvantaged areas of Australia. With respect to IRSD (i.e. only disadvantage), Corowa and Urana and surrounds sit within this 25% level of disadvantage. This means that these areas do not have pockets of advantage to offset the levels of disadvantage.

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).

Finally, consideration should be given to the impact that the global COVID-19 pandemic has had on the residents of the LGA. Overall, when comparing the September 2020 quarter to the September 2019 quarter, local jobs were estimated to fall by 5.9%, with the biggest impact being in accommodation and food services and manufacturing. Both of these sectors also experienced the biggest falls in sales.

Proposed special rate variation impacts

We have analysed the impacts by region and category of the planned SRV scenario that Council is proposing. The results are presented in the analysis below.

Table 14 Planned SRV scenario

Planned Scenario	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
SRV rates %			19%	17%	14%	10%
Planned SRV average annual rates $	$701	$719	$856	$1,001	$1,141	$1,255

Figure 6 SRV impact on average residential rates by region (planned scenario)
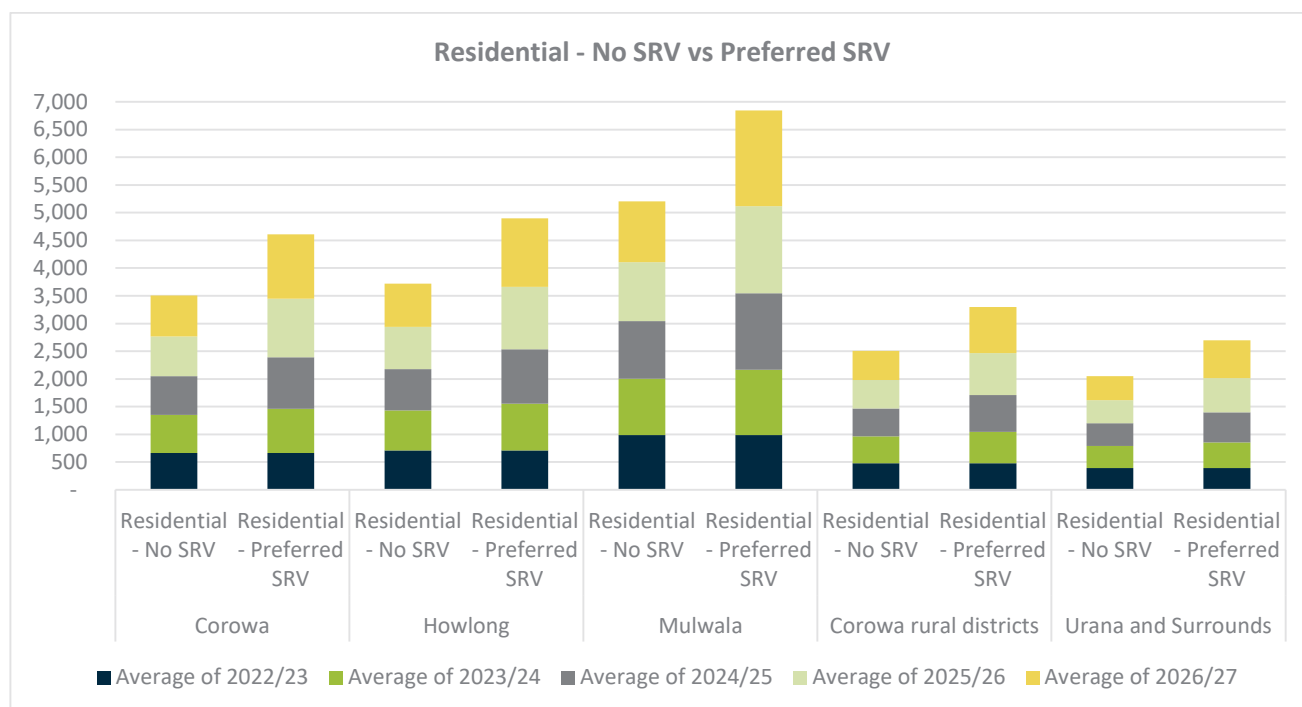
Observations – SRV impact on average residential rates (planned scenario)

In the final SRV year (2026/27), we can see that the largest residential impact is on Mulwala ratepayers, where average rates under an SRV will be $1,728, this is an increase of approximately $600 over the normal rate pegged path. Mulwala sits in the 33rd percentile on IRSD (measuring social disadvantage) and on the 25th percentile on IRSAD (which includes measures of advantage and disadvantage). These rank Mulwala as the second least disadvantaged region within the Federation LGA. Further, Mulwala has the second highest proportion of residents in the top two quartiles of equivalised income.

The impact in Corowa and Howlong is smaller, with average rates being $1,200, compared with $750 under the no SRV option. Both areas have a degree of social disadvantage, with Corowa showing high levels of disadvantage on SEIFA indexes, and Howlong having the second largest proportion of residents in the bottom two equivalised income quartiles.

The smallest impacts on residential ratepayers are in Corowa Rural Districts (which has the highest SEIFA ranking, and highest proportion of ratepayers in the top two equivalised income quartiles) and Urana and surrounds (with the lowest SEIFA ranking, and largest proportion of residents in the bottom two equivalised income quartiles). Their 2026/27 rates will be an average of $400 higher.

These variances are driven by the differences in land values across the LGA, with average residential land values in Mulwala being $168,248 (rates $1,728), compared with $8,749 (rates $667) in Urana and surrounds.

Figure 7 SRV impact on average farmland rates by region (planned scenario)

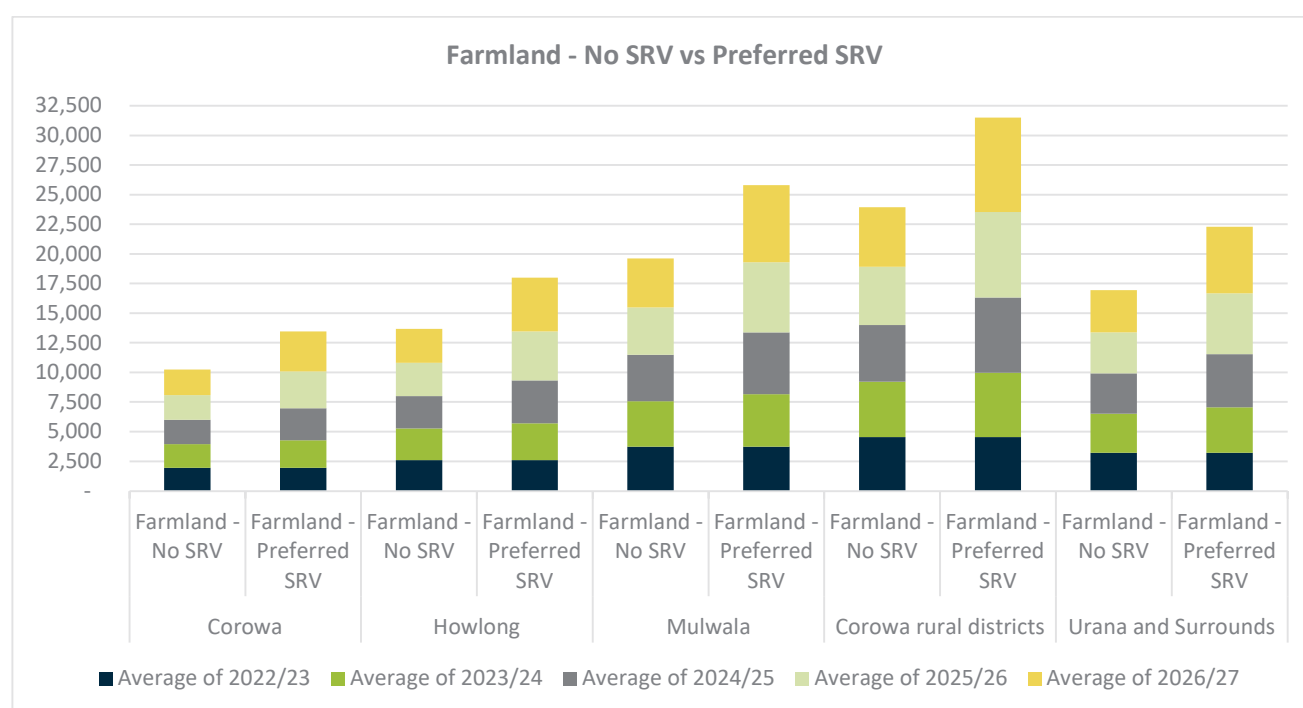**Observations – SRV impact on average farmland rates (planned scenario)**

In the final SRV year (2026/27), we can see that the largest impact is on Corowa Rural Districts farmland ratepayers, where average rates under an SRV will be $7,950, approximately $2,900 higher than under a normal rate pegged path. Mulwala is similarly impacted, with an average rate of $6,516, approximately $2,400 higher. Urana and surrounds average farmland rates will be $5,628, which is approximately $2,100 higher.
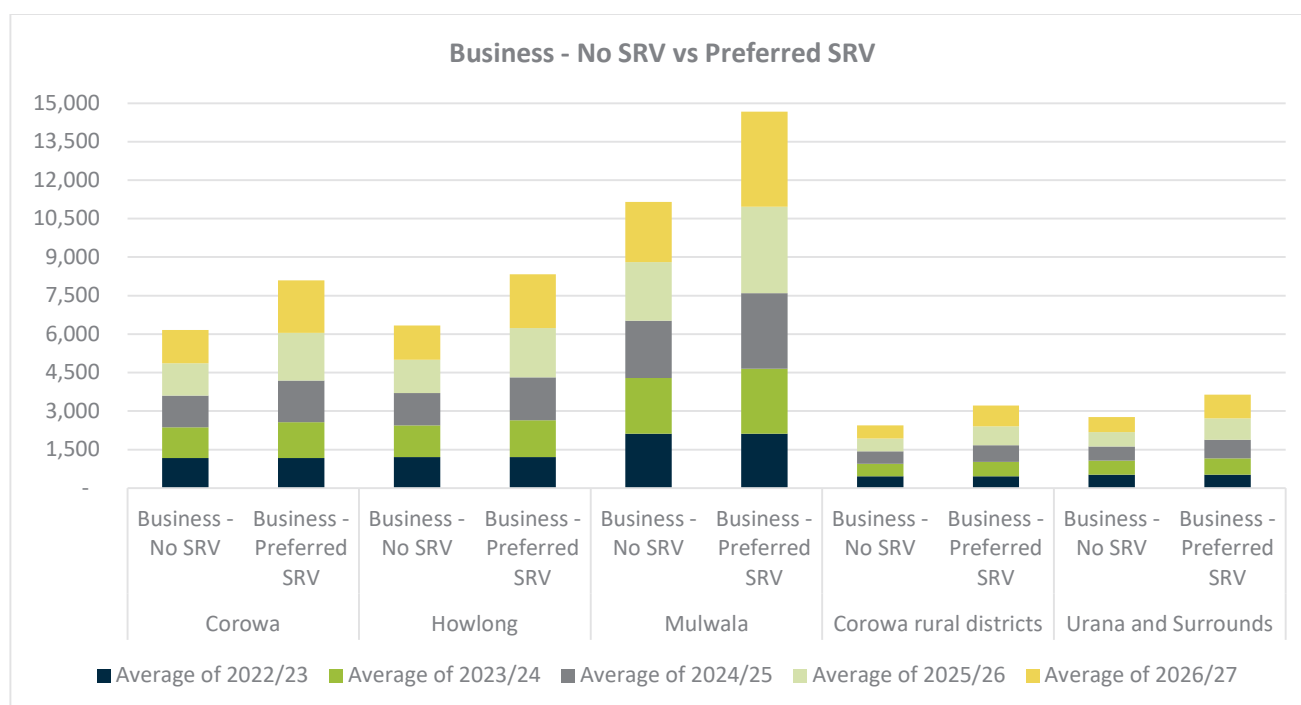
The impacts in Corowa and Howlong are smaller, with average rates in 2026/27 being around $1,300 higher and $1,600 higher than they would be under the no SRV option. These impacts are a function of the land values within these regions. It is noted that the farmland average land area in these regions is significantly smaller (125ha and 185ha respectively).

These variances are driven by the differences in land values across the LGA, with average farmland land values in Corowa Rural Districts being $1,892,000 (rates $7,950), compared with $717,000 in Corowa (rates $3,400).

It is noted that Corowa Rural Districts has the largest proportion of residents in the highest two equivalised income quartiles.

Farming is the most important industry in terms of employment within both the Corowa Rural Districts and Urana and surrounds regions. At the 2016 census, 48% of workers in agriculture/farming industries were employed in these two regions. Further, per National Institute of Economic and Industry Research (NIEIR - complied by profile.ID) 2021 research, 67% of Federation's agricultural industry sales were exports (domestic and international), implying a reliance upon infrastructure (e.g. roads, transport, saleyards).

Figure 8 SRV impact on average business rates by region (planned scenario)

Observations – SRV impact on average business rates (planned scenario)

In the final SRV year (2026/27) we can see that the largest impact is on Mulwala business ratepayers, where average rates under an SRV will be $3,704, approximately $1,400 higher than under a normal rate pegged path.

Corowa and Howlong are expected to see increases of around $1,300 (to an averages around $2,100).

The impacts in Corowa Rural Districts and Urana and surrounds are much smaller, with rates being $300 higher than they would be under the no SRV option.

These variances are driven by the differences in land values across the LGA, with average business land values in Mulwala being $274,000 (rates $3,704), compared with $16,800 in Corowa Rural Districts (rates $813).

It is observed that manufacturing and retail industries have proportionately higher employment levels for Corowa, Howlong and Mulwala compared with NSW Regional and Regional Victoria averages. Further, per NIEIR research, 85% of Federation's manufacturing industry sales in 2021 were exports (domestic and international), implying a reliance upon infrastructure (e.g. roads, transport).

Conclusion

The largest impacts of the preferred SRV on residential ratepayers will be in Mulwala, which has the second highest SEIFA rankings within the LGA, the largest proportion of residents in the highest two mortgage repayment quartiles, and the second highest number of residents in the top two equivalised income quartiles. The smallest residential increase will occur in Urana and surrounds, which is also at the bottom of the SEIFA rankings of social advantage and disadvantage, with all mortgage repaying residents in the bottom two quartiles, and also has the highest proportion of residents within the bottom two equivalised income quartiles.

Farmland ratepayers will experience the largest rises, due to the relatively higher land values. The largest rises will be in Corowa Rural Districts, followed by Mulwala. Business ratepayers in Mulwala will experience significantly larger rises in rates, again due to the higher land values. It is observed that both the farmland and manufacturing industries have a proportionally high (compared to Regional NSW and Regional Victoria) percentage of sales outside of the LGA (domestic and international exports).

Appendix A   Economic output – agriculture and manufacturing exports/local sales

Federation Council - selected industries	Exports (Int'l)	Exports (domestic)	Local sales
Agriculture	10%	57%	33%
Manufacturing	17%	68%	15%
Federation Council area	8%	40%	51%
Regional NSW	13%	21%	66%
Regional VIC	8%	25%	67%

Source: National Institute of Economic and Industry Research (NIEIR), 2021. Compiled and presented in economy.id by .id. Data based on a 2018-19 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.

Appendix B   Resident worker industries (2016 Census)

Industry	Sub-category	Number	%
Agriculture, Forestry and Fishing	Sheep, Beef Cattle and Grain Farming	443	9.0
Agriculture, Forestry and Fishing	Other Livestock Farming	301	6.1
Accommodation and Food Services	Clubs (Hospitality)	271	5.5
Manufacturing	Other Basic Chemical Product Manufacturing	246	5.0
Manufacturing	Meat and Meat Product Manufacturing	195	4.0
Education and Training	School Education	185	3.8
Transport, Postal and Warehousing	Road Freight Transport	168	3.4
Retail Trade	Supermarket and Grocery Stores	159	3.2
Accommodation and Food Services	Accommodation	156	3.2
Manufacturing	Other Food Product Manufacturing	150	3.0
Public Administration and Safety	Local Government Administration	119	2.4
Accommodation and Food Services	Cafes, Restaurants and Takeaway Food Services	107	2.2
Health Care and Social Assistance	Residential Care Services	97	2.0
Agriculture, Forestry and Fishing	Agriculture, nfd	93	1.9
Health Care and Social Assistance	Hospitals	91	1.9
Administrative and Support Services	Building Cleaning, Pest Control and Gardening Services	84	1.7
Construction	Building Installation Services	79	1.6
Manufacturing	Other Fabricated Metal Product Manufacturing	60	1.2
Professional, Scientific and Technical Services	Legal and Accounting Services	56	1.1
Other Services	Automotive Repair and Maintenance	54	1.1
Construction	Residential Building Construction	50	1.0
Retail Trade	Pharmaceutical and Other Store-Based Retailing	49	1.0
Manufacturing	Bakery Product Manufacturing	47	1.0
Accommodation and Food Services	Pubs, Taverns and Bars	47	1.0
Agriculture, Forestry and Fishing	Dairy Cattle Farming	45	0.9
Retail Trade	Specialised Food Retailing	40	0.8
Health Care and Social Assistance	Medical Services	39	0.8
Arts and Recreation Services	Sports and Physical Recreation Activities	39	0.8
Public Administration and Safety	Public Order and Safety Services	33	0.7
Education and Training	Preschool Education	32	0.7
Transport, Postal and Warehousing	Road Passenger Transport	31	0.6
Other Services	Personal Care Services	31	0.6
Other Services	Other Personal Services	30	0.6
Transport, Postal and Warehousing	Postal and Courier Pick-up and Delivery Services	29	0.6

Industry	Sub-category	Number	%
Health Care and Social Assistance	Other Social Assistance Services	28	0.6
Health Care and Social Assistance	Allied Health Services	26	0.5
Retail Trade	Recreational Goods Retailing	25	0.5
Construction	Building Structure Services	24	0.5
Health Care and Social Assistance	Child Care Services	23	0.5
Manufacturing	Manufacturing, nfd	22	0.4
Construction	Building Construction, nfd	22	0.4
Construction	Other Construction Services	21	0.4
Wholesale Trade	Agricultural Product Wholesaling	21	0.4
Retail Trade	Fuel Retailing	21	0.4
Retail Trade	Department Stores	20	0.4
Rental, Hiring and Real Estate Services	Real Estate Services	20	0.4
Agriculture, Forestry and Fishing	Agriculture and Fishing Support Services	19	0.4
Construction	Building Completion Services	19	0.4
Retail Trade	Hardware, Building and Garden Supplies Retailing	19	0.4
Retail Trade	Clothing, Footwear and Personal Accessory Retailing	19	0.4
Transport, Postal and Warehousing	Transport, Postal and Warehousing, nfd	19	0.4
Transport, Postal and Warehousing	Warehousing and Storage Services	18	0.4
Professional, Scientific and Technical Services	Architectural, Engineering and Technical Services	18	0.4
Construction	Construction, nfd	17	0.3
Financial and Insurance Services	Depository Financial Intermediation	17	0.3
Public Administration and Safety	Defence	17	0.3
Other Services	Machinery and Equipment Repair and Maintenance	17	0.3
Wholesale Trade	Furniture, Floor Covering and Other Goods Wholesaling	15	0.3
Construction	Heavy and Civil Engineering Construction	14	0.3
Professional, Scientific and Technical Services	Computer System Design and Related Services	14	0.3
Wholesale Trade	Specialised Industrial Machinery and Equipment Wholesaling	13	0.3
Retail Trade	Retail Trade, nfd	13	0.3
Accommodation and Food Services	Food and Beverage Services, nfd	13	0.3
Construction	Land Development and Site Preparation Services	12	0.2
Administrative and Support Services	Employment Services	12	0.2
Agriculture, Forestry and Fishing	Nursery and Floriculture Production	11	0.2
Agriculture, Forestry and Fishing	Agriculture, Forestry and Fishing, nfd	11	0.2
Manufacturing	Furniture Manufacturing	11	0.2
Retail Trade	Motor Vehicle Parts and Tyre Retailing	11	0.2

Industry	Sub-category	Number	%
Education and Training	Adult, Community and Other Education	11	0.2
Other Services	Religious Services	11	0.2
Electricity, Gas, Water and Waste Services	Water Supply, Sewerage and Drainage Services	10	0.2
Wholesale Trade	Mineral, Metal and Chemical Wholesaling	10	0.2
Health Care and Social Assistance	Medical and Other Health Care Services, nfd	10	0.2
Health Care and Social Assistance	Health Care and Social Assistance, nfd	10	0.2
Manufacturing	Food Product Manufacturing, nfd	9	0.2
Manufacturing	Specialised Machinery and Equipment Manufacturing	9	0.2
Construction	Non-Residential Building Construction	9	0.2
Wholesale Trade	Timber and Hardware Goods Wholesaling	9	0.2
Professional, Scientific and Technical Services	Management and Related Consulting Services	9	0.2
Administrative and Support Services	Travel Agency and Tour Arrangement Services	9	0.2
Arts and Recreation Services	Gambling Activities	9	0.2
Manufacturing	Basic Chemical and Chemical Product Manufacturing, nfd	8	0.2
Manufacturing	Basic Non-Ferrous Metal Manufacturing	8	0.2
Wholesale Trade	Grocery, Liquor and Tobacco Product Wholesaling	8	0.2
Retail Trade	Motor Vehicle Retailing	8	0.2
Retail Trade	Electrical and Electronic Goods Retailing	8	0.2
Professional, Scientific and Technical Services	Veterinary Services	8	0.2
Public Administration and Safety	State Government Administration	8	0.2
Retail Trade	Furniture, Floor Coverings, Houseware and Textile Goods Retailing	7	0.1
Financial and Insurance Services	Auxiliary Finance and Investment Services	7	0.1
Professional, Scientific and Technical Services	Market Research and Statistical Services	7	0.1
Agriculture, Forestry and Fishing	Mushroom and Vegetable Growing	6	0.1
Mining	Mining	6	0.1
Manufacturing	Sugar and Confectionery Manufacturing	6	0.1
Manufacturing	Basic Ferrous Metal Manufacturing	6	0.1
Manufacturing	Beverage Manufacturing	5	0.1
Electricity, Gas, Water and Waste Services	Electricity Distribution	5	0.1
Professional, Scientific and Technical Services	Scientific Research Services	5	0.1
Health Care and Social Assistance	Social Assistance Services, nfd	5	0.1
Arts and Recreation Services	Parks and Gardens Operations	5	0.1
Arts and Recreation Services	Horse and Dog Racing Activities	5	0.1

Industry	Sub-category	Number	%
Other Services	Funeral, Crematorium and Cemetery Services	5	0.1
Manufacturing	Grain Mill and Cereal Product Manufacturing	4	0.1
Manufacturing	Basic Chemical Manufacturing	4	0.1
Manufacturing	Other Machinery and Equipment Manufacturing	4	0.1
Wholesale Trade	Wholesale Trade, nfd	4	0.1
Information Media and Telecommunications	Telecommunications Services	4	0.1
Administrative and Support Services	Administrative and Support Services, nfd	4	0.1
Education and Training	Tertiary Education	4	0.1
Health Care and Social Assistance	Pathology and Diagnostic Imaging Services	4	0.1
Health Care and Social Assistance	Other Health Care Services	4	0.1
Arts and Recreation Services	Creative and Performing Arts Activities	4	0.1
Arts and Recreation Services	Arts and Recreation Services, nfd	4	0.1
Other Services	Civic, Professional and Other Interest Group Services	4	0.1
Agriculture, Forestry and Fishing	Fruit and Tree Nut Growing	3	0.1
Agriculture, Forestry and Fishing	Poultry Farming	3	0.1
Manufacturing	Other Wood Product Manufacturing	3	0.1
Manufacturing	Polymer Product Manufacturing	3	0.1
Manufacturing	Cement, Lime, Plaster and Concrete Product Manufacturing	3	0.1
Manufacturing	Other Transport Equipment Manufacturing	3	0.1
Manufacturing	Professional and Scientific Equipment Manufacturing	3	0.1
Electricity, Gas, Water and Waste Services	Electricity Supply, nfd	3	0.1
Electricity, Gas, Water and Waste Services	Waste Collection, Treatment and Disposal Services, nfd	3	0.1
Wholesale Trade	Other Machinery and Equipment Wholesaling	3	0.1
Wholesale Trade	Commission-Based Wholesaling	3	0.1
Accommodation and Food Services	Accommodation and Food Services, nfd	3	0.1
Information Media and Telecommunications	Libraries and Archives	3	0.1
Rental, Hiring and Real Estate Services	Other Goods and Equipment Rental and Hiring	3	0.1
Administrative and Support Services	Packaging Services	3	0.1
Public Administration and Safety	Public Administration, nfd	3	0.1
Public Administration and Safety	Central Government Administration	3	0.1
Education and Training	Education and Training, nfd	3	0.1
Industry not classified	Industry not classified	230	4.7
Total persons	**Total persons**	**4,919**	

Source: Australian Bureau of Statistics, Census of Population and Housing, 2016. Compiled and presented in economy.id by .id (informed decisions).