



REPORT ON PROPOSED SPECIAL RATES VARIATION

For Junee Shire Council

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EXECUTIVE SUMMARY

Junee Shire Council seeks to establish Junee as a prosperous place where existing services and businesses are preserved and grown and where social, recreational, cultural and environmental amenities have the best quality possible. Recognising the issue of financial sustainability and the need to ensure an adequate level of maintenance and renewals of road infrastructure and at the same time maintaining existing levels of service, the Council is considering securing its funds by increasing the council rates through a special rates variation (SRV).

This report examines increases in net terms in residential, farmland and business rates under the SRV as follows:¹

- By 2.6% in 2014/15;
- By 9.5% in 2015/16; and
- By 9% in 2016/17.

The Western Research Institute (WRI) was engaged to assess the impact of the implementation of the proposed rates increases. WRI asked the following questions:

- Is the proposed rates increase comparable to other price and cost increases in Junee Shire LGA?
- What is the impact of the proposed rates increase on household expenditure and business viability?
- What is the impact of the proposed rates increase on Junee Shire LGA's ranking relative to its peers in terms of personal income and socio-economic indicators?

The summary results of the assessment are:

Special rate variation

Under the SRV, the proposed rates increases are not expected to impose a significant burden on households, as they will change household expenditure on rates by less than one percentage point (for all households), despite relatively high residential rates/household expenditure ratios for some household groups. This suggests that **overall household expenditure will not be unduly compromised**.

For businesses, the proposed rates increases will leave rates as a proportion of business value added below 1%, indicating an **insignificant impact on business viability**. The proposed increases will see rates as a proportion of value added in the business rating category increase from 0.19% to 0.22% (less than one percentage point).

For farms, the proposed rates increases will see rates as a proportion of farm value added continue above 1%, indicating a **significant impact on farm business viability**. However, the existing rates as a proportion of farm value added stands at 4.52% and following SRV implementation will increase to 5.37% (less than one percentage point).

¹ Under the proposed SRV, in 2014/15 the rates increase of 11.9% is the gross increase after the value of the expiring SRV from 2009 is removed. In net terms (i.e. assuming that expiring SRV is reinstated) the rates increase will be 2.6% in 2014/15.

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Under the SRV:

- residential rates in Junee Shire LGA will be above average residential rates in Group 10 LGAs and neighbouring LGAs (Coolamon, Cootamundra, Gundagai, Temora, Wagga Wagga);
- farmland rates will be below average farmland rates in Group 10 LGAs and in line with rates in neighbouring LGAs; and
- business rates will be above average business rates in Group 10 and below business rates in neighbouring LGAs.

Under the SRV the proposed rates increase:

- will be below anticipated electricity and gas price increases for households, price increases in utilities as a broad category and price increases in child care services, however will be above other cost categories used in the modelling; and
- will be above anticipated price changes in most input cost, output price and wage cost categories for farms and businesses.

The proposed rates increases will achieve considerable “catch up” with electricity price increases for households, and will be going some way to “catch up” with electricity production input costs for businesses. It will exceed experienced and forecast changes in other price/cost categories.

Summary

Junee Shire LGA is ranked favourably in terms of average personal income and farmland rates. However, it is ranked poorly in terms of most socio-economic indicators and the level of outstanding, residential and business rates (2010-12).

In terms of costs for Junee Shire households, the proposed rates increase under the SRV will be below assumed changes in electricity and gas prices, prices of utilities as a broad category and prices of child care services, and above the assumed price changes for other utilities, goods and services.

In terms of input costs and wages for farms and businesses, the proposed rates increase under the SRV will be above changes in most input categories and wages (except for input prices for electricity production).

Under the SRV, the proposed rate increases will achieve some form of catch up with residential electricity prices or with input prices for electricity production, but not with other price/cost increases.

The rates increase proposed under the SRV will have insignificant impacts on the Junee Shire community and businesses in terms of ability to pay rates and financial bottom line. However, the farmland rates / value added ratios for Junee Shire farms will remain substantial.²

At the end of the SRV implementation period, Junee Shire residential rates will be above peer LGA levels. Junee Shire farmland rates will be below Group 10 LGA levels and in line with neighbouring LGA levels. Junee Shire business rates will be above Group 10 levels and below neighbouring LGA levels.

² As advised by Junee Shire Council, the proposed farmland rates represent a minute fraction of the operational costs that typical Junee Shire farm has each year.

Overall, the analysis of the reasonableness of the proposed rates increases delivered the following results:

- The rate increases proposed under the SRV pass reasonableness test in terms of its impact on households and the financial bottom line of businesses.
- The reasonableness test is passed, when comparing Junee Shire farmland rates with respective peer LGAs' rates.
- Given Junee Shire's average personal income ranking, assistance provided to certain population groups, and socio-economic position of the LGA, the reasonableness test is passed when considering the ability of the Junee Shire community to pay higher rates
- The reasonableness test is partially passed in terms of the impact of the proposed rate increases on the financial bottom line of farms.
- The reasonableness test is partially passed, when comparing Junee Shire business rates with respective peer LGAs' rates.
- The reasonableness tests are not passed in terms of comparison of proposed rates increases with other cost and price changes for households, farms and businesses.
- The reasonableness test is not passed, when comparing Junee Shire residential rates with respective peer LGAs' rates.

1. INTRODUCTION

Junee Shire Council, through its management plans, seeks to establish Junee as a prosperous place where existing services and businesses are preserved and grown and where social, recreational, cultural and environmental amenities have the best quality possible.³ Council recognises, however, that financial sustainability is a key challenge facing Junee Shire LGA that may require Council to increase its revenue, cut expenditure, or sell assets and that may preclude Council from achieving its strategic objectives.

Council has identified as a specific challenge the need to maintain road infrastructure and ensure acceptable intervals between resealing maintenance. For a number of years, Council's operational budget has not generated the surpluses needed to appropriately fund work on the road network.⁴

As a result, Junee Shire Council seeks to secure its rates revenue and increase the ordinary rates by means of Special Rates Variation (SRV). The SRV funding will enable current levels of services to be maintained whilst additional funds support road maintenance and renewal activity.

The existing special rate variation (SRV) that was approved in June 2009 by the Division of Local Government (DLG) is due to expire in 2013/14 and this is likely to reduce Council's operational budget and the ability to fund road maintenance works.

Junee Shire Council engaged in consultation with the Junee Shire community regarding the ways to ensure renewal and upgrade of roads and support of the community infrastructure. An overwhelming majority of Junee Shire residents (85%) supported the proposed SRV to cover the gaps in infrastructure funding.⁵

Under the proposed SRV, Junee Shire Council considers increasing ordinary rates by:

- 11.9% in 2014/15
- 9.5% in 2015/16, and
- 9% in 2016/17

It should be noted that the increase of 11.9% in 2014/15 is the gross increase after the value of the expiring SRV from 2009 is removed and added back to the rate base. In net terms the average increase for Junee ratepayers in 2014/15 is 2.6%. In this report, the analysis of the proposed SRV is conducted in net terms, i.e. ordinary rates are increased by 2.6% in 2014/15, 9.5% in 2015/16 and 9% in 2016/17.⁶ Also, in order to ensure comparisons of Junee Shire SRV with rates increases in peer LGAs, three rating categories are considered – residential, farmland and business.

3 Junee Shire Council. Combined Delivery Program and Operational Plan, 2013-2017, p. 9.

4 Junee Shire Council. Combined Delivery Program and Operational Plan, 2013-2017, pp. 5-6.

5 IRIS Research. Junee Shire Council Special Rating Options Survey, December 2013.

6 By the end of the SRV implementation period, the compounded rates' increase in each of the three rating categories in Junee Shire will be 22.46%.

Under the SRV, the proposed rates increases include the 2.3% rate peg set by the Independent Pricing and Regulatory Tribunal (IPART) for 2014/15, defining the maximum allowable increase in local government general income for NSW councils.⁷

IPART guidelines specify that the relevant evidence supporting the application for the rate increase should include the discussion of the community's capacity to bear the effects of the rate increase (e.g. the SEIFA rankings, disposable income levels, land values), and the comparison of rate levels and socioeconomic indicators with peer group councils.

The following report gives due consideration to IPART guidelines and examines three issues pertaining to the proposed rates increase and Junee Shire Council's application to IPART. The 3 issues are:

- The comparison of the proposed rates increase with the increase of costs and prices, recently experienced by Junee Shire residents, farms and businesses.
- The impact of the proposed rates increase on Junee Shire residents' household expenditure, and viability (financial bottom line) of Junee Shire farms and businesses.
- A comparison of the socioeconomic indicators in Junee Shire and peer local government areas (LGAs), following the implementation of the rates increase.

⁷ Junee Shire Council also assumed 3% rate peg for 2015/16 and 2016/17 financial years. See IPART. Rate Peg for NSW Councils for 2014/15, 2 December 2013.

2. METHODOLOGY

The report analyses the proposed rates increases for reasonableness. Three aspects of reasonableness are considered. These are price comparison, impact and peer comparison.

Price comparisons

To determine the reasonableness of the rate increase for households, this report first considers cost increases of major items of goods, services and utilities borne by households over the last 3 years. It is assumed for the purposes of this exercise that similar increases will occur over the next 3 years during the rates increase implementation.

To determine the reasonableness of the rate increase for businesses, input price increases over the last 3 years for each of the major industries in Junee Shire LGA are considered. Again it is assumed that similar increases will occur over the next 3 years.

The rate increase is considered reasonable, if it will be in line with the majority of other price and costs increases over the next 3 years, or if the proposed rates increase will be catching up with the majority of other price and costs increases over the 3 year period.⁸

Impact

The impact of the rate increase for households will depend upon the relative size of the rate increase in the household budget. Estimates of household expenditure and individual expenditure items in Junee Shire LGA are not available, but can be reconstructed from Australia-wide household expenditure survey and Junee Shire's average household income. The proposed residential rates are then compared to the average expenditure of the Junee Shire household. The relevant calculations are performed for all households, as well as for households that have various income levels (income quintiles), sources of income (wages and salaries, superannuation and annuities etc), and households that receive various forms of government payments (age pension, unemployment benefits etc).

The impact of the rate increase on households is considered insignificant if it changes rates as a percentage of household expenditure by less than one percentage point, and the level of rates as a percentage of household expenditure remains under 1%.

The impact of the rate increase for Junee Shire farms and businesses will depend upon how the increase affects the farm or business bottom line or gross operating surplus (GOS). Figures for GOS across farms and businesses in Junee Shire are not available but GOS is part of the value-added of Junee Shire industry and the two concepts are related. Therefore, the ratio of rates to industry value added is a good proxy for the impact of rates on industry viability and is used in the analysis of Junee Shire industries over the 2013/14 – 2016/17 period. (It should be noted that rates are tax deductible so for the comparison the company tax rate should be deducted from the rate increase.)

⁸ Catching up takes place if the rate increase equals or exceeds the actual price/cost increase of related items over the last 3 years plus the assumed increase of related items over the next 3 years minus the actual rate increases over the last 3 years.

The impact of the rate increase on the viability of Junee Shire farm or business is considered insignificant if 70 per cent (i.e. deducting company tax) of the rate increase changes rates as a percentage of industry value added by less than 1 percentage point, and the level of rates as a percentage of industry value added remains under 1%.

Peer Comparison

Junee Shire Council is compared to three peers: New South Wales as a whole, 'Group 10 LGAs' to which Junee Shire belongs, as well as to a combined 'Group 10 & neighbouring LGAs'. Group 10 LGAs include Berrigan, Bland, Blayney, Cobar, Cootamundra, Dungog, Forbes, Glenn Inness Severn, Gloucester, Gwydir, Junee, Kyogle, Lachlan, Liverpool Plains, Murray Shire, Narrandera, Narromine, Oberon, Snowy River, Temora, Tenterfield, Upper Lachlan, Uralla, Walgett, Wellington and Wentworth Shire. Neighbouring LGAs include Coolamon, Cootamundra, Gundagai, Temora and Wagga Wagga.

Specifically, WRI has examined whether the level of rates in Junee Shire LGA has been in line with its peers, and at how Junee Shire Council was ranked relative to its peers in areas such as socio-economic disadvantage of its population and average personal incomes. In addition WRI makes a projection of the future ranking of the Junee Shire LGA in terms of rates.

The rate increases are considered consistent with Junee Shire rankings in terms of personal income and socio-economic (dis-)advantage, if:

- Following the implementation of the rates increases, the rates ranking of Junee Shire LGA is brought in line with its average personal income ranking;
- Some form of assistance accompanying the rates increase is provided in order to compensate for the rate increases in Junee Shire LGA over the 3 year period.⁹

Appendix 1 outlines the methodological procedures employed, assumptions made, intermediate results and data sources.

⁹ Junee Shire Council provides multiple forms of assistance. It has the rates hardship policy, providing assistance to ratepayers experiencing financial difficulties, as well as pensioner concession policy. In addition, in order to soften the overall burden of the proposed rates increased under the SRV Junee on the community, farms and businesses, Junee Shire Council intends to freeze increases of 3% per annum until 2016/17 for sewerage and waste charges. Specifically, for waste charges applied to residential and business rates the accumulated savings over the 4 year period will stand at \$83.30 (based on \$269.20 charge per assessment). For waste charges applied to farmland rates, the accumulated savings over the same period will stand at \$33.00 (based on \$108.20 charge per assessment). For sewerage charges applied to residential and business rates, the accumulated savings will stand at \$113.10 (based on \$365.40 charge per assessment).

3. RESULTS

3.1 Price comparisons

a. Households

When comparing proposed rates increases in Junee Shire LGA, WRI assumed that for all cost items, the past growth trend is likely to continue in the near term with compounded price increases between 2014/15-2016/17 being commensurate with CPI gains between 2010-13. This view is based on the forecasts by the Reserve Bank of Australia and the Commonwealth Government of no major acceleration or deceleration of inflation.

As shown in Table 1.1, over the past three years inflation was uneven across industries and sectors. The compounded percentage change in the aggregate CPI was 8.31%. Utilities prices rose by 32.89%, the cost of several services rose as well (child care costs by 25.67%, education costs by 17.81%, health care costs by 16.05%) while the CPI for household equipment, clothing and footwear, and recreation and culture declined (by 7.97%, 1.09% and 0.69% respectively). The cost of goods rose by 5.45% over the past three years.

The data in Table 1.1 (Column 2) suggests that under the proposed SRV (22.46% cumulative increase in residential rates over 2014/15 – 2016/17 period), the proposed rate increase will be:

- below assumed price changes for electricity and gas, utilities as a broad cost category, as well as price changes for child care services; and
- above assumed price changes for the other cost categories.

As shown in Table 1.1 (Column 3), under the SRV, the proposed rate increase will achieve considerable “catch up” with changes in electricity prices, but will exceed experienced and forecast price changes in all other cost categories.

Table 1.1: Actual and projected costs for Junee Shire Council households based on the Sydney CPI (compounded % change)

Period	Past change (Sept 2010 - Sept 2013)	Assumed change (2013/14 - 2016/17)	Past change + Assumed change - past rate change
All groups CPI	8.31	8.31	-38.34
1. Services	11.87	11.87	-31.22
Healthcare	16.05	16.05	-22.85
Education	17.81	17.81	-19.34
Insurance and financial services	13.41	13.41	-28.13
Travel and accommodation	5.91	5.91	-43.14
Recreation and culture	-0.69	-0.69	-56.34
Communications	3.75	3.75	-47.46
Child care	25.67	25.67	-3.62
2. Goods	5.45	5.45	-44.06
Food and beverages	4.37	4.37	-46.22
Alcohol and tobacco	11.44	11.44	-32.08
Clothing and footwear	-1.09	-1.09	-57.14
Household equipment	-7.97	-7.97	-70.90
3. Utilities	32.89	32.89	10.82
Electricity	42.12	42.12	29.28
Electricity (AEMO forecast)		4.00	-8.84
Gas	33.83	33.83	12.70
Water and sewerage	9.61	9.61	-35.74
4. Junee Shire rates			
Special rate variation		22.46	

WRI has sought to verify likely electricity price projections from a number of sources. The information available is highly variable. One of the regulatory bodies (Australian Energy Market Operator) suggests that NSW residential electricity prices will grow by 4% over 2014/15 – 2016/17 period.¹⁰ Factors that may have a downward effect on electricity prices include energy efficiency, changes in manufacturing output, the state of international energy markets, consumer response to rising prices etc.

¹⁰ Australian Energy Market Operator. Economic Outlook Information Paper: An Input to the National Electricity Forecasting Report, 2013, p. 5-16.

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b. Farms and businesses

In comparing proposed rates increases in Junee Shire LGA and input costs, wages and output prices, WRI assumed that cost and price changes that Junee Shire farms and businesses will experience over the next 3 years are identical in terms of magnitude to the cost and price changes in the past 3 years.¹¹

As shown in Table 2.1, over the 2010-13 period input prices increased substantially in electricity production (43.80%) and less so in road construction and maintenance (8.85%), manufacturing (5.37%) and house construction (4.42%). Output prices increased in road and rail freight (10.92% and 8.98% respectively) and accommodation and food services (9.94%). Wages increased in all industries in question, with electricity experiencing the highest growth (12.79%).

With the exception of input prices for electricity production, the proposed farmland and business rates increases under the SRV (22.46% cumulative increase over 2014/15 – 2016/17 period) will be above the changes in both the input and output prices that Junee Shire businesses are likely to experience. The proposed business rates increases will be above the wage increases in all industries in question.

Table 2.1: Actual and projected costs for farms and businesses (2010-13)¹²

Industry	Input prices	Output prices	Wages
Electricity	43.80		12.79
Manufacturing	5.37		11.13
House construction	4.42		11.77
Road construction & maintenance	8.85		
Non-residential construction		3.51	
Accommodation & food services		9.94	9.13
Rail freight		8.98	
Road freight		10.92	
Agriculture	7.22		
Public administration & safety			10.78
Education & training			10.22
Health care & social assistance			10.24
Imported materials	17.88		
Domestic materials	6.01		
Intermediate inputs	8.62		
Junee Shire rates variation			
-Rate variation (farmland)	22.46		
-Rate variation (business)	22.46		

¹¹ The fluctuations of Australian dollar affect the prices of imported inputs, implying that for agriculture and manufacturing the future price changes will not necessarily mirror past price changes.

¹² In Tables 2.1 and 2.2, input prices data is used for comparisons. If no input prices data is available, output prices of the respective industries are used as proxies for input prices.

WRI has also examined the possibility of the proposed farmland and business rates catching up with price and costs changes (Table 2.2).

Under the SRV, the proposed farmland and business rates increases are going some way to catch up with experienced and forecast electricity production input price changes, but will exceed experienced and forecast changes in all other input price, output price and wage categories.

Table 2.2: The catching up of proposed rate increases with price and costs changes

Industry	Input prices (past change + assumed change - past rate change)	Output prices (past change + assumed change - past rate change)	Wages (past change + assumed change - past rate change)
a). Price and cost changes for manufacturing industries			
Electricity	40.94		-21.09
Electricity (AEMO forecast)	4.64		-21.09
Manufacturing	-35.92		-24.40
House construction	-37.81		-23.12
Road construction & maintenance	-28.97		
Non-residential construction		-39.64	
Accommodation & food services		-26.78	-28.41
Rail freight		-28.69	
Road freight		-24.82	
Public administration & safety			-25.11
Education & training			-26.23
Health care & social assistance			-26.18
<i>Past business rate change (2010-2013)</i>	46.66		
b). Price and cost changes for agriculture			
Agriculture	-6.47		
<i>Past farmland rate change (2010-2013)</i>	20.90		
c). Price and cost changes for manufacturing industries and agriculture			
Imported materials	-10.91		
Domestic materials	-34.64		
Intermediate inputs	-29.42		
d). Junee Shire rates variation			
-Rate variation (farmland)	22.46		
-Rate variation (business)	22.46		

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Note. The “catching up” is measured as changes in input prices over the past 3 years plus assumed changes in input prices over the next 3 years minus past business / farmland rates changes. It was also assumed that changes in prices of imported and domestic materials and intermediate inputs affect both agriculture and manufacturing industries. The catching up of the proposed rates increases with price changes in these inputs was calculated using past business rate changes in Junee Shire.

For Junee Shire households:

- The proposed rates increases under the SRV are below assumed changes in electricity prices, prices of utilities as a broad cost category, and prices of child care, but above the assumed price changes for other utilities, goods and services.
- Under the SRV, the proposed rates increases will achieve considerable “catch up” with changes in electricity prices, but will exceed experienced and forecast price changes in other cost categories.

Overall, the reasonableness criterion is not satisfied.

For Junee Shire farms and businesses:

- The rates increase under the SRV is above the changes in most input costs, all output prices and all wages.
- Under the SRV, the proposed rate increases are going some way to catch up with changes in input prices for electricity production, but will exceed experienced and forecast price changes in other cost categories.

Overall, the reasonableness criterion is not satisfied.

3.2 Impact

a. Household expenditure

Table 3.1 presents the proportion of residential rates under the proposed SRV in the overall expenditure of Junee Shire households.

Table 3.1 Junee Shire Council rates as a proportion of total expenditure (% in 2016/17)

a). Level of income

	Lowest	Second	Third	Fourth	Highest	All households	Second and third deciles
Initial (2013/14)	1.93	1.34	1.01	0.82	0.66	1.02	1.62
After 3 years (2016/17)	1.83	1.28	0.97	0.78	0.63	0.97	1.54
Change (2013/14-2016/17)	-0.10	-0.06	-0.04	-0.04	-0.03	-0.05	-0.08

b). Sources of income

	Wages and salaries	Own unincorporated business income	Other income	All households
Initial (2013-14)	0.85	0.84	0.91	1.02
After 3 years (2016/17)	0.82	0.79	0.87	0.97
Change (2013/14-2016/17)	-0.03	-0.05	-0.04	-0.05

c). Sources of government transfers

	Receives age Pensions	Receives disability and carer payments	Receives unemployment and study payments	Receives family support payments	Receives other payments
Initial (2013-14)	2.36	1.90	1.87	1.67	2.33
After 3 years (2016/17)	2.25	1.81	1.76	1.58	2.21
Change (2013/14-2016/17)	-0.11	-0.09	-0.11	-0.09	-0.12

Note. Changes are calculated as rates/household expenditure ratio in 2016/17 minus rates/household expenditure ratio in 2013/14.

WRI notes that Junee Shire Council has a rates hardship policy in place that provides assistance to ratepayers who are experiencing genuine difficulties with the payment of their rates and charges. Council also provides up to \$250 in annual rebate to assist the payment of ordinary rates and up to \$87.5 in annual rebate to assist the payment of sewer charges to eligible pensioners in accordance with the Local Government Act. As a result, rates as a proportion of total expenditure are likely to be smaller for these ratepayer categories than the numbers in Table 3.1 above indicate.

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It is shown that:

- Under the proposed SRV, the total cost of residential rates incurred by the households in the lowest quintiles will not exceed 1.83% of the total expenditure by 2016/17.
- For those households receiving the age pension, the costs will stand at 2.25% of total expenditure under the proposed SRV.
- For all categories of government support recipients, under the proposed SRV the rates/household expenditure ratio will range from 1.58% to 2.25% in 2016/17 and on average will be 1.92%.
- For all households, the cost of residential rates will be 0.97% of total expenditure under the proposed SRV in 2016/17 financial year.

Despite the fact that residential rates as a proportion of the household expenditure are above 1% for some household categories, the proposed increase of residential rates in Junee Shire LGA is likely to only have a moderate impact, because:

- Under the proposed SRV, rates as a percentage of total household expenditure will decline by 0.05 percentage points between 2013/14 and 2016/17 in the 'All households' category, by 0.10 percentage points in the low-income category and by 0.11 percentage points in the pensioner category.
- Therefore, under the proposed SRV the reasonableness criterion will be satisfied.

The ranking of Junee Shire LGA against its peers in terms of rates/household expenditure ratio is modelled, assuming that Junee Shire LGA increases its rates under the proposed SRV, while rates in Group 10 and neighbouring LGAs increase under two alternative scenarios.

Scenario 1. Rates in Group 10 and neighbouring LGAs increase in line with 7 year past trend (4.23% and 4.85% per annum respectively) over 2014-17 period.

Scenario 2. Rates in Group 10 and neighbouring LGAs increase by 8.31% per annum over 2014-17 period (the average rates increase permitted by IPART in 2011-13 for NSW LGAs).

As shown in Table 3.2, the rates/household expenditure ranking of Junee Shire LGA against its peers will worsen if the SRV is implemented, with Junee Shire LGA moving from 9th highest to 6th highest rates / household expenditure ratio (out of 29 LGAs), assuming peer LGAs grow at Scenario 1 growth rate. If peer LGAs grow at Scenario 2 growth rates, the ranking of Junee Shire LGA will improve moderately.

WRI notes that under the proposed SRV, between 2013/14 and 2016/17 the change in rates/household expenditure ratio in Junee Shire LGA will not exceed one percentage point. In absolute terms the rates/household expenditure ratio will be below 1%. Therefore the reasonableness criterion is satisfied.

Overall, it appears that, despite relatively high rates/household expenditure ratios in some of the income categories, in 2016/17 (i.e. by the end of SRV implementation period) households across all classification categories will be able to pay the rates without unduly compromising their overall expenditure.

Table 3.2 Rates as a proportion of total household expenditure in Junee Shire and peer LGAs

LGA	Current (2013-14)	Scenario 1 (*)	Scenario 2 (**)
Berrigan Shire Council	1.15	1.06	1.14
Bland Shire Council	0.65	0.56	0.64
Blayney Shire Council	0.67	0.60	0.67
Cobar Shire Council	0.48	0.43	0.48
Coolamon Shire Council	0.45	0.39	0.44
Cootamundra Shire Council	0.85	0.73	0.84
Dungog Shire Council	1.05	0.98	1.04
Forbes Shire Council	1.03	0.86	1.02
Glen Innes Severn Council	1.09	0.93	1.07
Gloucester Shire Council	1.05	0.88	1.03
Gundagai Shire Council	0.43	0.39	0.43
Gwydir Shire Council	1.34	2.43	1.33
Junee Shire Council	1.02	0.97	0.97
Kyogle Council	1.34	1.17	1.32
Lachlan Shire Council	0.67	0.63	0.66
Liverpool Plains Shire Council	0.90	0.84	0.89
Murray Shire Council	0.96	0.88	0.95
Narrandera Shire Council	0.86	0.78	0.86
Narromine Shire Council	0.96	0.93	0.95
Oberon Council	0.63	0.54	0.63
Snowy River Shire Council	0.89	0.70	0.88
Temora Shire Council	0.77	0.67	0.76
Tenterfield Shire Council	0.67	0.57	0.66
Upper Lachlan Shire Council	0.69	0.64	0.69
Uralla Shire Council	0.85	0.71	0.84
Wagga Wagga City Council	1.30	1.24	1.28
Walgett Shire Council	0.47	0.39	0.46
Wellington Council	1.01	0.91	1.00
Wentworth Shire Council	0.92	0.80	0.91
Ranking of Junee Shire Council	9th highest	6th highest	10th highest

(*) Assuming Group 10 and neighbouring LGAs increase their rates in line with 7-year trend. Junee Shire LGA increases rates by 2.6%, 9.5% and 9% over 2014/15 – 2016/17 period.

(**) Assuming Group 10 and neighbouring LGAs increase their rates at 8.31% per annum, while Junee Shire LGA increases rates by 2.6%, 9.5% and 9% per annum over 2014/15 – 2016/17 period.

Rate increase of 8.31% per annum is an average increase permitted by IPART over the 2011-13 period for NSW LGAs. WRI notes that Group 10 and neighbouring LGAs may submit application for SRV with different percentage increases (e.g. Glen Innes Severn Council applied for 11.21%, 6.55% and 6.78% increases over 2014/15 – 2016/17 period). See IPART. Council Notifications Received by IPART for 2014/15 Special Variations, 20 December 2013.

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b. Farm and business viability

The impact of farmland rates on the viability of farm enterprises will vary depending on projections of agricultural value added in Junee Shire and the forecast of the number of farms.

WRI examined the factors that affect agricultural production in rural NSW and Junee Shire and considered that a growth scenario where farm value added fluctuates around a 4 year mean is the most plausible, taking into account the likelihood of drought as well as certain adverse economic conditions (e.g. strong Australian dollar, rising input costs, slow growth in export markets) that may affect agricultural producers in Junee Shire LGA during 2014/15-2016/17.

WRI has also examined the number of rateable farmland assessments over the last 12 years and assumed that their number in 2014/15-2016/17 will follow a long term deterministic trend.

Table 4.1 shows that during the SRV implementation period, the number of rateable farmland assessments in Junee Shire will grow slightly, while agricultural value added will stagnate. The implementation of the proposed SRV will result in:

- The farmland rate/value added ratio standing at 5.37% in 2016/17;¹³ and
- The farmland rate/value added ratio increasing by 0.85 percentage point between 2014/15 and 2016/17

Table 4.1 Farmland rates and farm business viability

Year	Farmland rates (\$)	No. of farmland assessments	Value added (\$'000)	Rates/value added (%)
2013-14	2,092	755	24,464	4.52
2014-15	2,146	757	25,646	4.44
2015-16	2,350	759	22,680	5.51
2016-17	2,562	761	25,438	5.37
Change (2013/14-2016/17)				0.85

Note. The results presented in the table have been generated assuming the random fluctuation of aggregate farm value added in Junee Shire LGA. The magnitude of fluctuation and the aggregate farm value added levels were specified based on a Junee Shire Input-Output table (constructed by WRI).

Note. Rates have been deflated by the 30% company tax rate before calculating the rates / value added ratio.

Regarding the viability of businesses, since their number has been increasing at a slower rate than the non-farm value added for Junee Shire LGA, the average revenues of businesses have been increasing and business rates/value added ratios have been falling (Table 4.2). WRI assumes that this structural pattern will be preserved during the course of the SRV implementation.

Table 4.2 shows that the implementation of the proposed SRV is expected to result in:

¹⁴ WRI notes that despite a large number of farmland assessments (as per Division of Local Government document), Junee Shire is characterised by the presence of large family owned acreages devoted to highly mechanised and labour extensive broad acre farming. Corporate farming activity has also been increasing. For these large farm enterprises the rates/farm value added ratio is likely to be smaller than for the majority of farm assessments and hence proposed rates increase under the SRV are likely to have a smaller impact on their financial bottom line. Junee Shire Council. Management Plan, 2011-15, p. 2.

- The business rates/value added ratio being as low as 0.22% by 2016/17; and
- The business rates/value added ratio increasing by 0.03 percentage points between 2014/15 and 2016/17.

Table 4.2 Business rates and business viability

Year	Business rates (\$)	No. of businesses	Value added (\$'000)	Rates/value added (%)
2013-14	1,935	195	136,273	0.19
2014-15	1,985	199	142,853	0.19
2015-16	2,174	202	149,751	0.21
2016-17	2,370	205	156,983	0.22
Change (2013/14-2016/17)				0.03

Note. The results presented in the tables 4.1 and 4.2 have been generated assuming the growth of non-farm value added in Junee Shire LGA by 2.07% per annum over the next 3 years and the growth in the number of businesses at 1.66% per annum. This assumption was based on past growth in NSW gross state product.

The rates increases proposed under the SRV are considered serviceable for businesses and will not have a significant impact on their financial bottom line.

This however will not be the case for Junee Shire farms whose rates / value added ratios are expected to remain high. Despite this, farmland rates as a percentage of farm value added are only expected to increase by less than one percentage point following SRV implementation. Also, as advised by Junee Shire Council, the proposed farmland rates represent a small fraction of the operational costs that typical Junee Shire farm has each year.

Overall the reasonableness criterion is satisfied in the case of business rates and is partially satisfied in the case of farmland rates.

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3.3 Junee Shire Council and its peers

WRI has examined past and projected council rates in Junee Shire, Group 10 peer LGAs and neighbouring LGAs (Coolamon, Cootamundra, Gundagai, Temora and Wagga Wagga) in the context of the proposed SRV.

In addition, WRI considered the likelihood of rates' change in peer LGAs over 2014/15-2016/17 period. As stated in NSW Treasury Corporation report, in 2009-12 the financial position of 78% of NSW local governments was either moderate or unsustainable, meaning that raising funds via rates increase to address operational deficits and infrastructure backlogs would be needed.¹⁴

As to the magnitude of the likely rates' increase, the IPART determinations can provide guidance. Over the last 3 years, the average annual rate increase permitted by IPART stood at 8.31%. For the purpose of this analysis, WRI assumed that rates in peer LGAs will grow at 8.31% over 2014/15 – 2016/17 period.

Growth scenario for peer LGAs – Growth at 8.31% per annum

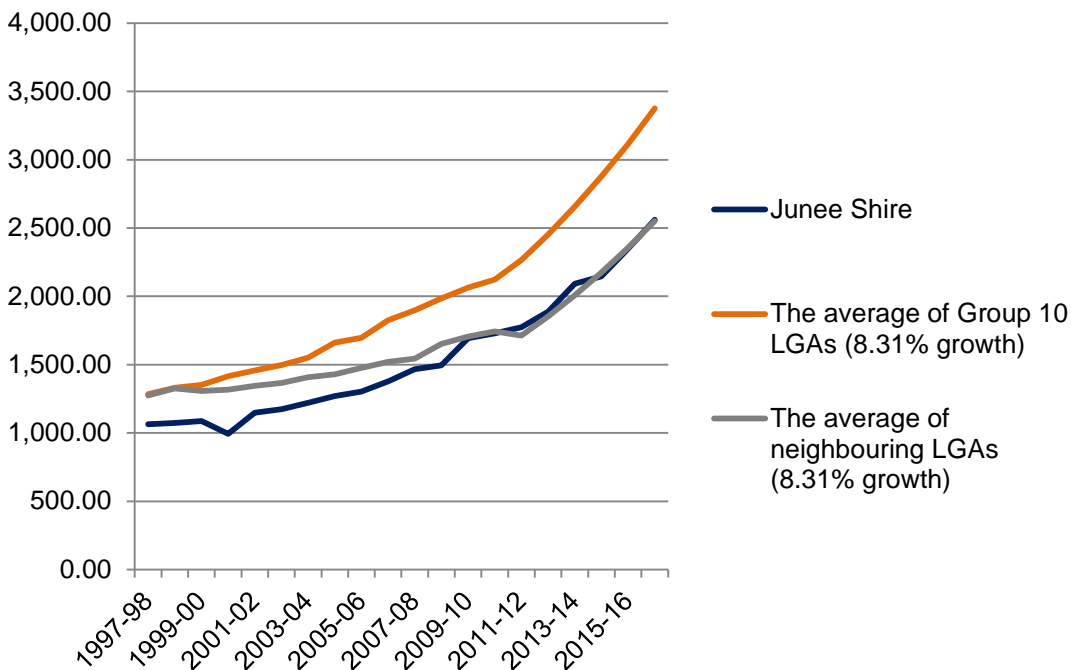


Residential rates in Junee Shire LGA were largely in line with peer LGAs' levels during 1994/95 – 2010/11 period, and have been rising steadily. In the past two years residential rates in Junee Shire LGA have been exceeding peer LGA's level.

¹⁴ New South Wales Treasury Corporation. Financial Sustainability of the New South Wales Local Government Sector: Findings, Recommendations and Analysis, April 2013, p. 10.

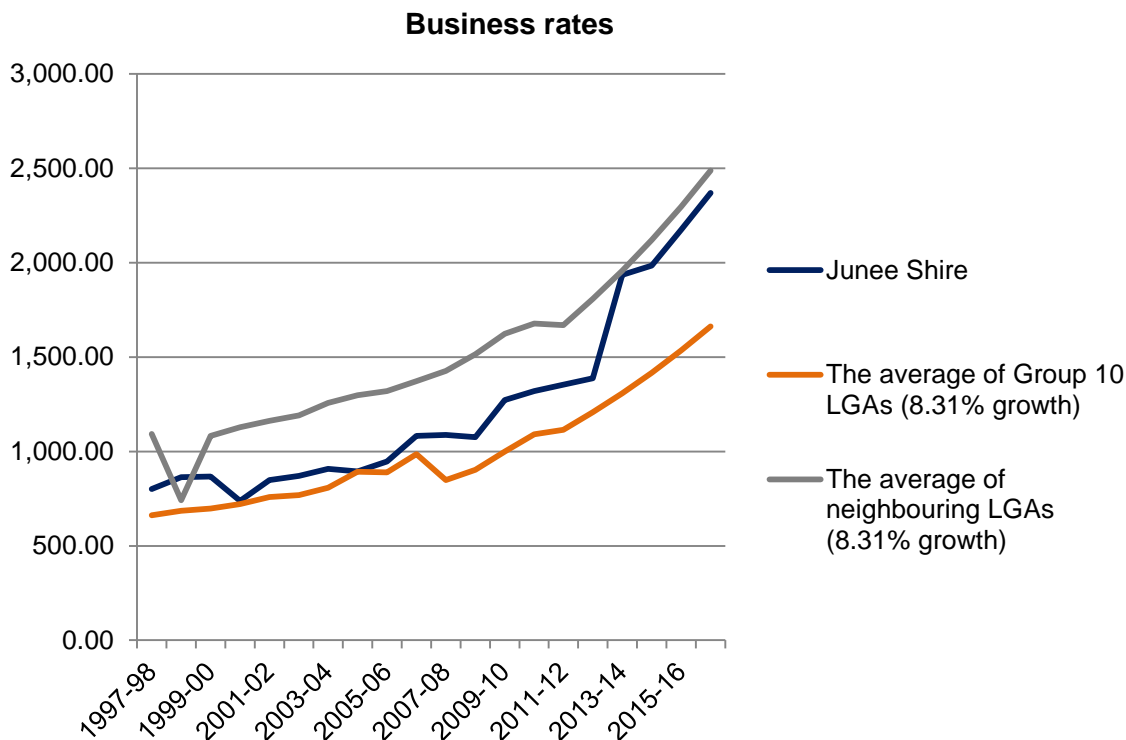
Under the 8.31% growth rates scenario in peer LGAs and SRV implementation, Junee Shire residential rates will be above the average of Group 10 LGA and the average of neighbouring LGA levels by 16.55% and 21.08% respectively in 2016/17. WRI notes, the several measures taken by Junee Shire Council to reduce the overall burden on Junee Shire residents (the freeze in waste and sewerage charges over 2012/13 – 2016/17 period for residential rates that represents an additional average annual softening in charges of \$67.35), as well as hardship and pensioner concession policies are likely to bring down the overall rate burden on residents in line with peer LGAs' levels.

Farmland rates



Under the 8.31% growth rates scenario in peer LGAs and SRV implementation, Junee Shire farmland rates will be below the average of Group 10 LGA levels by 24.13% in 2016/17, and will be in line with the average of neighbouring LGA levels. As advised by Junee Shire Council, the freeze in waste charges over 2012/13 – 2016/17 period for farmland rates represents an additional average annual softening in charges of \$8.25).

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WRI notes that over the past 15 years business rates in Junee Shire LGA were above Group 10 levels, and below neighbouring LGA levels. Assuming business rates in peer LGAs grow at 8.31% per annum and the SRV is implemented, business rates in Junee Shire LGA will exceed rates in the average of Group 10 LGAs by 42.58% in 2016/17, but will be below the average of neighbouring LGAs levels by 4.74%. As advised by Junee Shire Council, the freeze in waste and sewerage charges over 2012/13 – 2016/17 period for business rates represents an additional average annual softening in charges of \$67.35).

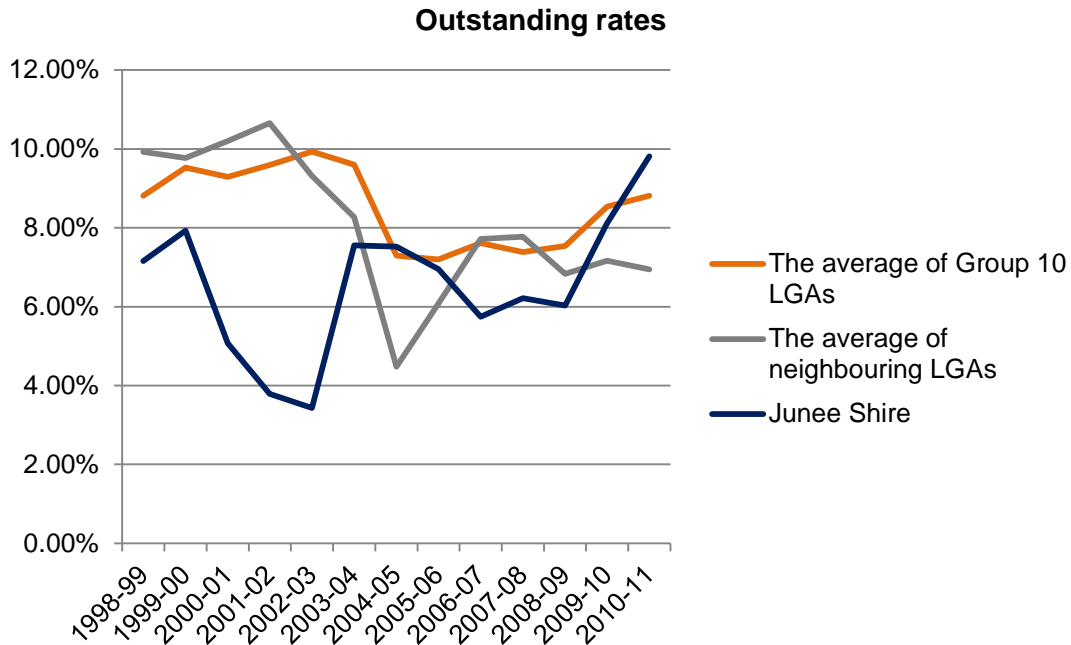
As shown overleaf, the ratio of outstanding rates to the total rates collected in Junee Shire has been below or in line with Group 10 averages during 1998/99 – 2009/10 period. It has been below neighbouring LGA averages during 1998/99 – 2003/04 and 2005/06 – 2008/09 periods.

The ratio has been steadily increasing in Junee Shire in recent years, reaching 9.81% in the financial year 2010-11, and at present the level of outstanding rates in Junee Shire is above both Group 10 LGA (8.81%) and neighbouring LGA levels (6.95%). As advised by Junee Shire Council, the ratio of outstanding rates to the total rates stood at 9.03% in 2011/12 and at 10.61% in 2012/13.

The assessment of the level of outstanding rates / total rates ratio suggests the following:

- The ratio may increase once the rates increases are implemented. The magnitude of the increase cannot be known in advance. This implies that Council should monitor the trend in the ratio, as it has been rising in recent years.
- The recent rise in the ratio may indicate a softer approach to debt collection by Junee Shire Council than by its local government counterparts. By itself a rise in outstanding rates / total rates ratio does not necessarily indicate a genuine difficulty in paying rates by Junee Shire ratepayers.

- The relatively high level of income in Junee Shire, policies providing assistance to ratepayers, and measures taken by the Council to reduce the overall rate burden on LGA population indicate that Council may be able to collect outstanding rates, despite current high outstanding rates / total rates ratio. As advised by Junee Shire Council, it has commitment to be more proactive in debt collection.



As shown in Table 5.1, Junee Shire Council was ranked unfavourably relative to its peers in terms of outstanding rates, with their level being above the median of NSW LGAs and also above the median of Group 10 LGAs and ‘Group 10 & neighbouring LGAs’.

Table 5.1 Council rates (2010-12)

LGA	Sample	Residential	Farmland	Business	Outstanding
NSW	n=152	44 th lowest	50 th lowest	56 th lowest	23 rd highest
G-10	n=26	13 th highest	9 th lowest	6 th highest	5 th highest
G-10 & neighbouring LGAs	n=29	14 th highest	11 th lowest	7 th highest	5 th highest

Note. Rates ranking pertains to 2011-12, whilst outstanding rates ranking pertains to 2010-11

Junee Shire Council was ranked poorly relative to Group 10 LGAs and ‘Group 10 & neighbouring LGAs’ (but not NSW LGAs) in terms of residential rates, having its residential rates above the peer groups’ median. Among 152 NSW LGAs, however, Junee Shire Council had the 44th lowest residential rates.

It was also ranked favourably in terms of farmland rates, with their level being below the median of NSW LGAs, Group 10 LGAs and ‘Group 10 & neighbouring LGAs’.

It was, however, ranked poorly in terms of business rates, with their level being well above the median of Group 10 LGAs and ‘Group 10 & neighbouring LGA’.

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Regarding the affordability of the proposed rates' increase and associated socio-economic standing, Junee Shire was ranked poorly in terms of socio-economic indicators against its peers, as well as NSW LGAs.

Table 5.2 SEIFA (2011)

LGA	Sample	Index of relative socio-economic advantage & disadvantage	Index of relative socio-economic disadvantage	Index of economic resources	Index of education & occupation
NSW	n=152	34 th lowest	40 th lowest	77 th lowest	25 th lowest
G-10	n=26	10 th lowest	12 th lowest	18 th lowest	4 th lowest
G-10 & neighbouring LGAs	n=29	10 th lowest	12 th lowest	18 th lowest	4 th lowest

Note. The LGAs are ranked by the level of SEIFA indexes, with more disadvantaged areas (low level of SEIFA) having a lower rank.

As shown in Table 5.2, Junee Shire is ranked below Group 10 LGAs, 'Group 10 & neighbouring LGAs' and NSW median in three components of SEIFA (index of relative socio-economic advantage and disadvantage, index of relative socio-economic disadvantage, and index of education and occupation). It was, however, ranked favourably against its peers in terms of the index of economic resources.

Overall, SEIFA rankings suggest that the socio-economic situation in Junee Shire relative to its peers is not sound. WRI notes, however, that in 2006 the SEIFA rankings of Junee Shire were substantially lower than in 2011, indicating an improvement of socio-economic indicators.¹⁵

As shown in Table 5.3, the average personal income of Junee Shire wage and salary earners, own unincorporated businesses, investment income earners, as well as total income were above the median of Group 10 LGAs and 'Group 10 & neighbouring LGAs'. The average personal income of wage and salary earners and total income were below the median of NSW LGAs. Also, the average personal income of superannuation and annuity earners was below the median of Junee Shire peer LGAs.

Table 5.3 Average personal income (2010-11)

LGA	Sample	Wage and salary earners	Own unincorporated businesses	Investment income earners	Superannuation & annuity earners	Total
NSW	n=152	81 st highest	41 st highest	71 st highest	122 nd highest	84 th highest
G-10	n=26	6 th highest	7 th highest	11 th highest	17 th highest	7 th highest
G-10 & neighbouring LGAs	n=29	7 th highest	8 th highest	14 th highest	20 th highest	9 th highest

Overall, Junee Shire residents are likely to be able to accommodate rate increases better than many of its peers, particularly in Group 10 and neighbouring LGAs.

16 In 2006, among 152 NSW LGAs, Junee Shire had 17th lowest index of relative socio-economic advantage and disadvantage, 23rd lowest index of relative socio-economic disadvantage, 24th lowest index of economic resources, and 12th lowest index of education and occupation. Among Group 10 LGAs and 'Group 10 & neighbouring LGAs', Junee Shire was ranked 7th lowest, 9th lowest, 7th lowest and 2nd lowest respectively.

WRI has modelled the ranking of Junee Shire among its respective peer groups in terms of all three rating categories, assuming that rates in 'Group 10 & neighbouring LGAs' peer group grow at 8.31% (the average rate increase permitted by IPART in 2011-13 for NSW LGAs), while Junee Shire LGA implements SRV.

As shown in Table 5.4, Junee Shire residential rates ranking will worsen moderately, with the rates remaining above the median of its respective peers by 2016/17. Junee Shire farmland rates ranking will improve moderately, with rates remaining below the median of its respective peers. Junee Shire business rates ranking will remain unchanged, with business rates staying above the peers' median in 2016/17.

Table 5.4 Dynamics of Junee Shire Council rankings of rates

Year	Sample	Residential	Farmland	Business
2013/14	n=29	3 rd highest	13 th lowest	5 th highest
2014/15	n=29	5 th highest	11 th lowest	5 th highest
2015/16	n=29	4 th highest	11 th lowest	5 th highest
2016/17	n=29	4 th highest	11 th lowest	5 th highest

WRI notes that the ranking of Junee Shire does not necessarily indicate an inability of Junee Shire residents or businesses to bear the costs of proposed rates increases.

Overall, the proposed rates increase under the SRV will place:

- Junee Shire residential rates above the average of Group 10 and neighbouring LGAs' levels;
- Junee Shire farmland rates below the average of Group 10 LGAs' levels and in line with neighbouring LGAs' levels; and
- Junee Shire business rates above the average rates in Group 10 LGAs and below the average rates in neighbouring LGAs.

Furthermore, under the proposed SRV Junee Shire is ranked favourably against Group 10 and neighbouring LGAs in terms of average personal income and farmland rates. It is however, ranked poorly in terms of most socio-economic indicators, as well as the level of outstanding, residential and business rates.

CONCLUSION

WRI has analysed the rates increases proposed by Junee Shire Council in terms of comparison with other costs and prices, impact on households, farms and businesses, and the ranking of Junee Shire Council against peer LGAs.

As of 2010-12, Junee Shire LGA is ranked favourably in terms of average personal income and farmland rates. However, it is ranked poorly in terms of most socio-economic indicators and the level of outstanding, residential and business rates.

In terms of costs for Junee Shire households, the proposed rates increase under the SRV will be below assumed changes in electricity and gas prices, prices of utilities as a broad category and prices of child care services, and above the assumed price changes for other utilities, goods and services.

In terms of input costs and wages for farms and businesses, the proposed rates increase under the SRV will be above changes in most input categories and wages (except for input prices for electricity production).

Under the SRV, the proposed rate increases will achieve some form of catch up with residential electricity prices or with input prices for electricity production, but not with other price/cost increases.

The rates increase proposed under the SRV will have insignificant impacts on the Junee Shire community and businesses in terms of ability to pay rates and financial bottom line. However, the farmland rates/value added ratio for Junee Shire farms will remain substantial.¹⁶

At the end of the SRV implementation period, Junee Shire residential rates will be above peer LGA levels. Junee Shire farmland rates will be below Group 10 LGA levels and in line with neighbouring LGA levels. Junee Shire business rates will be above Group 10 levels and below neighbouring LGA levels.

Overall, the analysis of the reasonableness of the proposed rates increases delivered the following results:

- The rate increases proposed under the SRV pass reasonableness test in terms of its impact on households and the financial bottom line of businesses.
- The reasonableness test is passed, when comparing Junee Shire farmland rates with respective peer LGAs' rates.
- Given Junee Shire's average personal income ranking, assistance provided to certain population groups, and socio-economic position of the LGA, the reasonableness test is passed when considering the ability of the Junee Shire community to pay higher rates
- The reasonableness test is partially passed in terms of the impact of the proposed rate increases on the financial bottom line of farms.
- The reasonableness test is partially passed, when comparing Junee Shire business rates with respective peer LGAs' rates.

¹⁶ As advised by Junee Shire Council, the proposed farmland rates represent a small fraction of the operational costs that typical Junee Shire farm has each year.

- The reasonableness tests are not passed in terms of comparison of proposed rates increases with other cost and price changes for households, farms and businesses.
- The reasonableness test is not passed, when comparing Junee Shire residential rates with respective peer LGAs' rates.

APPENDIX 1: TECHNICAL NOTES

1. Costs of residents

The costs incurred by Junee Shire residents over 2010-2013 period (Table 1.1) are based on compounded percentage changes of the consumer price index (CPI) for relevant sub-groups and expenditure classes over September 2010 – September 2013 period in Sydney.¹⁷

2. Costs of farms and businesses

WRI first examined the Junee Shire industrial profile and identified the major industries. It then compared proposed business rates' increases with compounded percentage changes in either input or output prices for the respective industries in Junee Shire LGA. For some industries (accommodation and food services, rail and road freight), no input price indices were available and therefore output prices are used for comparison. For the house construction industry, the Sydney input price index was used as a proxy. As in the case of residents' cost, it is assumed that growth in production costs and output over the implementation periods (2014/15 – 2016/17) will not deviate from the growth in 2010-13.¹⁸ Also, wage price indices for the industries in question were used as a proxy for labour costs to complement producer price data. The wage price index data is available at a national level.¹⁹

3. Household expenditure

The procedure for extracting the Junee Shire LGA expenditure data is as follows.

Firstly, the average weekly expenditure data for NSW households is obtained from the ABS Household Expenditure Survey, 2009-10.²⁰ The numbers are inflated by the compounded growth in disposable income factor for the relevant period (September 2010 – June 2013) in order to obtain 2013 data. The disposable income series are contained in the Reserve Bank of Australia statistical database.²¹ The 2009-10 numbers are also inflated by the CPI growth for each individual expenditure item during 2010-13. Due to the double speed nature of the Australian economy, the CPI growth rates (and growth in individual expenditure items) are not uniform.

Secondly, the average weekly expenditure data for Junee Shire household is obtained. The assumption is made that Junee Shire's household expenditure is larger than NSW household expenditure in the same proportion as Junee Shire's personal income is larger than NSW personal income, i.e. the savings patterns in Junee Shire and NSW as a whole are similar. The average household size in Junee Shire and NSW in general is similar.

17 The raw data is obtained from Australian Bureau of Statistics. Table 11. CPI: Group, Sub-group and Expenditure Class, Index Numbers by Capital City. ABS Cat. No. 6401.0.

18 The raw data is obtained from Australian Bureau of Statistics. Tables 12-13, 17, 18-20. Producer Price Indexes. ABS Cat. No. 6427.0.

19 The raw data is obtained from Australian Bureau of Statistics. Table 5b. Total Hourly Rates of Pay Excluding Bonuses: Sector by Industry, Original. ABS Cat. No. 6345.0.

20 Australian Bureau of Statistics (2011) Household Expenditure Survey, Australia: Summary of Results, 2009-10. ABS Cat. No. 6530.0 (NSW Data Tables, Tables 5, 9 and 11).

21 Reserve Bank of Australia. Statistical Tables: Gross Domestic Product, Income Components – G12. Available at <http://www.rba.gov.au/statistics/tables/index.html>.

Thirdly, the average weekly expenditure (total, as well as individual items) for Junee Shire is calculated in each of the years between 2014/15 and 2016/17 (corresponding to the Junee Shire Council rates increase implementation timeframe). The 2013 figures are inflated by the expected growth in the disposable income (commensurate with the long term growth of Australian economy) and CPI growth rates, unique for each expenditure item. Residential rates are allowed to grow according to SRV proposed by Junee Shire Council.

As a final step, the new levels of residential rates in 2016/17 are compared to the new levels of household expenditure, and an assessment is made as to the ability of Junee Shire residents to bear the new rates.

4. Farm and businesses viability

For the Junee Shire agricultural sector, the relationship between proposed farmland rates and future farm value added is estimated as follows. The value of agricultural value added in Junee Shire LGA is extracted from Junee Shire LGA 2013 input-output table, constructed by WRI. This table is derived by regionalising ABS national input-output table. The most recent figure for Junee Shire farm value added is thereby available for 2012/13, equal to \$23.76 million. The number of rateable farmland assessments is obtained from the NSW Division of Local Government publications (751 rateable farmland assessments in 2011/12).²² The average value added per farm is then calculated for 2012/13 (\$31.6 thousand). The number of farms in 2014/15 – 2016/17 is assumed to follow a long term trend, with an annual increase of 0.28%.²³ The future value of Junee Shire agricultural value added (inflated by CPI growth factor of 2.7-2.8% per annum) is assumed to fluctuate around the 4-year mean. WRI considers it is reasonable, due to constraints on agricultural production in Junee Shire LGA.

The procedure is essentially the same for the businesses. The number of businesses in 2014/15 – 2016/17 is assumed to follow a long term trend, with 1.66% increase in the number of businesses per annum. The non-farm value added is assumed to be growing moderately in light of socio-economic challenges that Junee Shire and Australian economy face.

5. Junee Shire Council and its peers

In terms of average personal income, socio-economic standing and the level of rates, Junee Shire LGA is compared to 'Group-10' peers, as well as neighbouring LGAs (Coolamon, Cootamundra, Gundagai, Temora and Wagga Wagga). The average personal income data is sourced from the ABS.²⁴ The socio-economic data is taken from the Socio-Economic Indexes for Areas (SEIFA) 2011 survey conducted by the ABS, and includes four indexes – Index of Relative Socio-Economic Disadvantage, Index of Relative Socio-Economic Advantage and Disadvantage, Index of Economic Resources and Index of Education and Occupation.²⁵ The historical council rates are obtained from the NSW Division of Local Government.²⁶

²² Division of Local Government, Department of Premier and Cabinet. Comparative Information on NSW Local Government Councils, 1994/95 – 2010/11; Division of Local Government, Department of Premier and Cabinet. Comparative Information on NSW Local Government Councils: Measuring Local Government Performance, 2011-12, October 2013.

²³ The long term trend is linear and is estimated by ordinary least squares, with natural logarithm of the respective variable (number of non-farm businesses, or value added) regressed against time.

²⁴ Australian Bureau of Statistics (2011) Estimates of Personal Income for Small Areas, Time Series, 2009-10. ABS Cat. No. 6524.0.55.002 (NSW, Table 1).

²⁵ Australian Bureau of Statistics (2011) Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA). ABS Cat. No. 2033.0.55.001 (Local Government Areas, Tables 2-5).

26 Division of Local Government, Department of Premier and Cabinet. Comparative Information on NSW Local Government Councils, 1994/95 – 2010/11; Division of Local Government, Department of Premier and Cabinet. Comparative Information on NSW Local Government Councils: Measuring Local Government Performance, 2011-12, October 2013.

WESTERN RESEARCH INSTITUTE

WRI is a regional development research organisation located in Bathurst, New South Wales. WRI holds a wealth of knowledge on employment, business development and investment issues affecting regional Australia. It has worked with Commonwealth, State and Local Governments and industry groups on numerous investment and development programs in regional areas. WRI has strong credentials in business and commercial market consulting and applied economic modelling including input-output analysis, shift-share, agribusiness and regional socio-economic surveys and analysis.

Ms Danielle Ranshaw – Chief Executive Officer BEc&Fin NSW

Danielle's experience in project management in the information technology sector combined with qualifications in economics and finance provides a solid background for WRI projects. With skills in systems design and development, Danielle has been able to extend WRI's capability in developing robust and increasingly complex systems to support research fieldwork. Additionally, Danielle has extensive experience in business process analysis, performance planning and review, report writing and project planning.

Dr. Ivan Trofimov - Research Officer PHD (Macquarie) MEcSt (UNE) MA (Auckland)

Ivan is an economic and public policy analyst and brings experience in macroeconomics, corporate governance and international trade to WRI projects. Prior to joining WRI, he worked in corporate advisory firms, focusing on economic research and evaluation of corporate governance practices, and in a peak industry body, responsible for pharmaceutical policy formulation in Australia. He was also involved in consulting projects for the Commonwealth Secretariat, APEC Research Centre (New Zealand) and Pacific Islands Trade and Investment Commission. Ivan holds a PhD in Applied Economics from Macquarie University, and master degrees in agricultural and development economics from the University of New England and University of Auckland. He has published several papers in international economic journals.

Ms Rebecca Hood - Research Officer BBus (Fin/Acc) With Distinction CSU

After working in the Financial Services Industry for several years coupled with a degree in Finance and Accounting from Charles Sturt University, Rebecca brings strong skills in finance, economics, business and accounting to WRI projects. Rebecca's extensive experience in the finance field and her high level understanding of current market knowledge gives Rebecca a solid understanding of the financial needs of regional and rural Australia. Having prior experience with local councils and retail, Rebecca also brings a robust understanding of the needs of regional businesses in our local economy to her role at WRI

Ms Katherine Bell – Research Officer

Katherine is a freelance writer whose strengths lie in research, literature review and synthesis writing. She has over 20 years' experience in corporate communications, human resources and executive support across private, government, charitable and multi-national organisations. Katherine has a particular interest in psychology and social science. Katherine has assisted WRI in contract research work periodically over the last two years.

Ms Dale Curran – Executive Officer BA ANU

Dale is responsible for all administrative processes at WRI including executive support, finance, management of the Board of Directors and maintenance of policies. She has worked in a variety of roles at WRI, including Fieldwork Supervisor and Research Assistant, and has worked on several community and business surveys. Dale brings a high level of organisational skill to her role as Executive Officer.

