



# Capacity to Pay Report

Blayney Shire Council

October 2023



#### Document status

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## Executive summary

Blayney Shire Council ('Council') is currently considering a special variation (SV) to ensure it has the financial capacity to maintain service levels into the future. Therefore, Council is currently reviewing the potential impact on the community of an SV. This report puts due emphasis on the capacity to pay principle; given that some ratepayers have more ability to pay rates than others.

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

**Table 1 Grouping summary**

Grouping	Findings
<b>'Blayney and Carcoar'</b>	<ul style="list-style-type: none"> <li>● 42% of the LGA's population and 55% of Council's rates pensioners</li> <li>● the most disadvantaged area in the LGA with the lowest SEIFA indices</li> <li>● ranks second for proportion of each age profile type (dependents, working age and retirees)</li> <li>● the lowest percentage of resident ratepayers (64%) and the highest proportion of renters (27% or 344 households) and social housing (5% or 65 households)</li> <li>● the highest proportion of vulnerable households, at 44%, at 574 households</li> <li>● highest percentage of one-parent families (14%)</li> <li>● the highest percentage of the low income households and the lowest median income of \$1,299</li> <li>● highest percentage of unemployment (7%) and lowest proportion employed full-time (93%)</li> <li>● the lowest median weekly household income of \$1,299</li> <li>● highest proportion of residential ratepayers assessed as pensioners (18%)</li> <li>● highest proportion of persons requiring assistance at 8%.</li> </ul>
<b>'Milthorpe and Surrounds'</b>	<ul style="list-style-type: none"> <li>● the highest proportion of dependents (28%) and the lowest proportion of working age</li> <li>● the second lowest proportion of vulnerable households (26%)</li> <li>● equally lowest with 'Rural North-East and North-West' area for required assistance (4%)</li> <li>● the second highest weekly median income of \$1,959</li> <li>● the lowest unemployment rate of 2% and highest employment rate of 98%</li> </ul>

Grouping	Findings
<b>‘Rural North-East and North-West’</b>	<ul style="list-style-type: none"> <li>• the highest proportion of working age (50%) and the lowest proportion of retirees (25%)</li> <li>• the lowest percentage of vulnerable households (21%)</li> <li>• the lowest percentage of ratepayers receiving statutory rebate (13% - residential and farmland)</li> <li>• equally lowest with ‘Milthorpe and Surrounds’ area of required assistance (4%)</li> <li>• the highest percentage of ownership (79%) with the highest mortgage of 37% and highest mortgage costs more than 30% of income (about 15% of mortgages)</li> <li>• the highest median weekly income of \$2,220.</li> </ul>
<b>‘Rural South’</b>	<ul style="list-style-type: none"> <li>• the highest proportion of retirees (32%) and the second lowest proportion of working age (47%)</li> <li>• the second highest percentage of vulnerable households (33%)</li> <li>• the highest percentage of ratepayers receiving statutory rebate (19% - residential and farmland)</li> <li>• the second lowest median weekly household income of \$1,406</li> <li>• the highest fully ownership of 45%</li> <li>• the second lowest SEIFA indices.</li> </ul>

It is apparent, from our analysis, that the LGA has reasonably significant levels of disadvantage, mixed with some pockets of significant advantage. This inequity is highlighted by the grouping and locality level Socio-Economic Indexes for Areas (SIEFA) rankings, which vary quite substantially. Overall, the LGA is in the 36th percentile for Index of Relative Socio-economic Disadvantage (IRSD) and 37th for Index of Relative Socio-economic Advantage and Disadvantage (IRSAD). This is notably comparable with the Regional NSW averages of 36th and 32nd, and Central West Region averages of 38th and 35th. It is important that Council acknowledges the levels of disadvantage within the community, and that it does not significantly marginalise particularly vulnerable individuals and households, especially in the ‘Blayney and Carcoar’ and ‘Rural South’ groupings.

The ‘Rural North-East and North-West’ area has the highest weekly increase. This area has a significant level of advantage, as demonstrated by high levels of equivalised income, high socioeconomic scores and high levels of home ownership. At the end of the three-year period, residential ratepayers in this area will be paying in average \$190 per year more than they would have under the normal rate increases; therefore, it is considered that there is capacity to pay.

‘Blayney and Carcoar’ area has 49% of the LGA’s residential ratepayers. The ratepayers will receive a lower increase in average rates. It is therefore important for Council to consider the impact on individual ratepayers, such as through hardship policies. Therefore, given an appropriate hardship policy, it is considered there is capacity to pay.

For farmland ratepayers, due to higher average land values in ‘Rural South’, this grouping is likely to see a larger increase in rates. Overall, for residential and farmland, this grouping has an IRSAD ranking in the 37th percentile and, due to slightly lower household income levels within this grouping as a whole, farmland ratepayers in this area may have a reduced capacity to pay. However, it is important to note that this area has 288 farmland ratepayers, and only 5 farmland ratepayers have been assessed as pensioners. Although, Council should still ensure that it considers any other vulnerable ratepayers within this grouping.

'Rural North-East and North-West', which has the largest number of farmland ratepayers at 371, will see the next highest increase in average rates, due to slightly lower land values. As mentioned previously, this can be considered a more advantaged grouping, with a higher potential capacity to pay.

In 'Milthorpe and Surrounds', which has a lower number of farmland ratepayers (54), the impact is lower, and it will therefore see the smallest increase to average rates.

Business ratepayers of 'Rural North-East and North-West' will see the highest average increase in rates across all SV options, followed by 'Blayney and Carcoar', these groupings contain 71% of the LGA's business ratepayers. Due to the proposed increases, it is considered that for business ratepayers there is capacity to pay.

## Introduction

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

Key considerations include:

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

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

Data for this review was obtained from the following sources:

- Australian Bureau of Statistics 2016 and 2021 Census Data – Data by Regions.
- Housing and Homelessness Policy Consortium (ACT Shelter, ACTCOSS, Women’s Centre for Health Matters, Youth Coalition of Act) – Snapshot: Housing stress and its effects, February 2016.
- Informed Decisions (.id) - community and social atlas - Central West Regional Libraries profile.

## Background

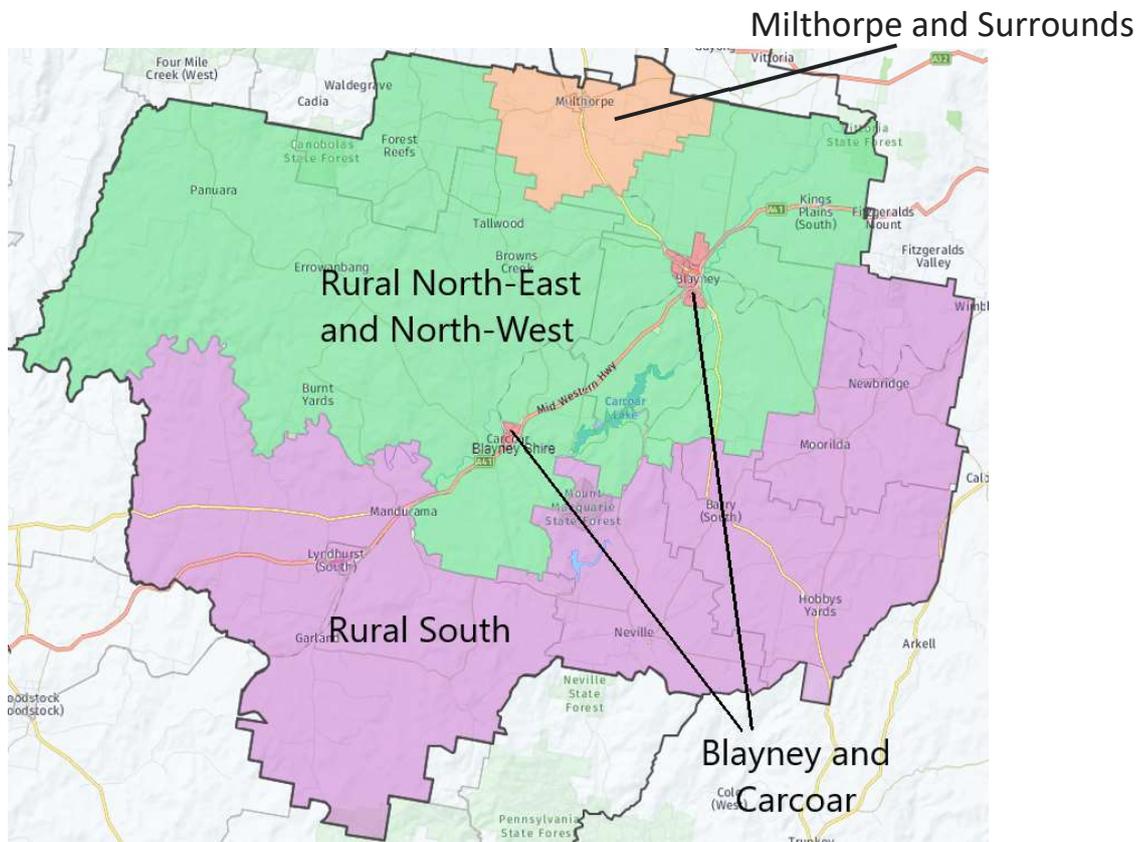
Blayney Shire Council has been divided into four area groupings for this analysis. Council is looking to ensure that equity is maintained between areas, as each grouping has differing economic and socio-economic profiles. A summary of the groupings and the areas/localities that they encompass has been provided in the following table and figure.

**Table 2 Blayney Shire Council grouping breakdown**

Grouping	Population (2021)	Areas included <sup>1</sup>
Blayney and Carcoar	3,151	Blayney (8 collection areas), Carcoar
Millthorpe and Surrounds	1,270	Millthorpe - West, Millthorpe - East, Millthorpe surrounds
Rural North-East and North-West	1,560	Forest Reefs and surrounds, Errowanbang, Panuara, Tallwood, Burnt Yards and surrounds, South Blayney surrounds, Kings Plains and surrounds
Rural South	1,485	Lyndhurst, Mandurama, Garland and southwest, Neville and surrounds, Barry, Hobbys Yard and surrounds, Newbridge, Moorilda and surrounds
<b>Blayney Shire Council</b>	<b>7,508</b>	

<sup>1</sup> Please note that the area names have been defined from the Australian Bureau of Statistics (ABS) ‘Significant Area 1’ (SA1) breakdowns, therefore the SA1 identifiers have also been included alongside for reference.

Figure 1 Blayney Shire Council area grouping map



## Methodology

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

- **Areas of social advantage and disadvantage**

We will first look into the different characteristics and make up of each grouping 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
- housing tenure type
- weekly household income
- SEIFA rankings, which allow for effects of dependents on household income.

- **Particularly vulnerable groups of individuals**

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

These include:

- persons who have or need core assistance
- individuals who are currently unemployed
- households currently under mortgage stress
- pensioners.

- **Household expenditure**

We will examine household expenditure and the impact this may have on an individual's ability to pay.

- **Industry**

We will then compare employment by industry type, as well as value added by industry sector and the key propulsive sectors.

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

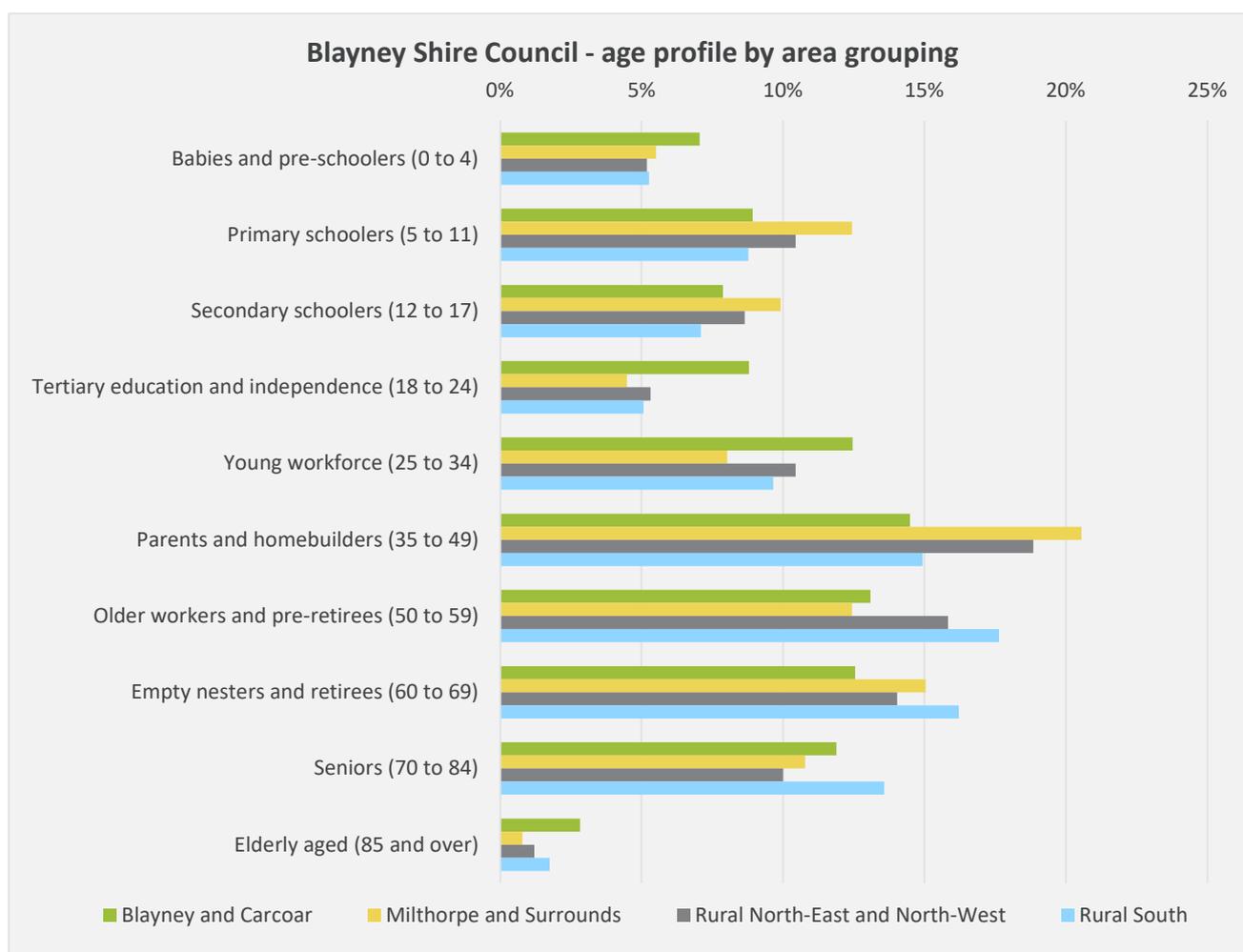
## Areas of social advantage and disadvantage

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

### Service age groups

Age profiles are used to understand the demand for aged-based services as well as the income earning status of the population. Data has been broken into groups that are reflective of typical life stages. This provides insight into the number of dependants, size of the workforce and number of retirees in each grouping.

**Figure 2 Service age groups**



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

**Table 3 Service age rankings**

Rank	Blayney and Carcoar	Milthorpe and Surrounds	Rural North-East and North-West	Rural South
Dependents	3	1	2	4
Working age	2	4	1	3
Retirees	2	3	4	1

At an LGA level, the age profiles are relatively consistent with Central West Region and Regional NSW averages:

- 24% of the population are dependents, in line with Central West (24%) and Regional NSW (21%).
- Working age population represents 48% of the population, in line with Central West (49%) and Regional NSW (49%).
- The proportion of population that are retirees (28%) is also in line with Central West (27%) and Regional NSW (29%).

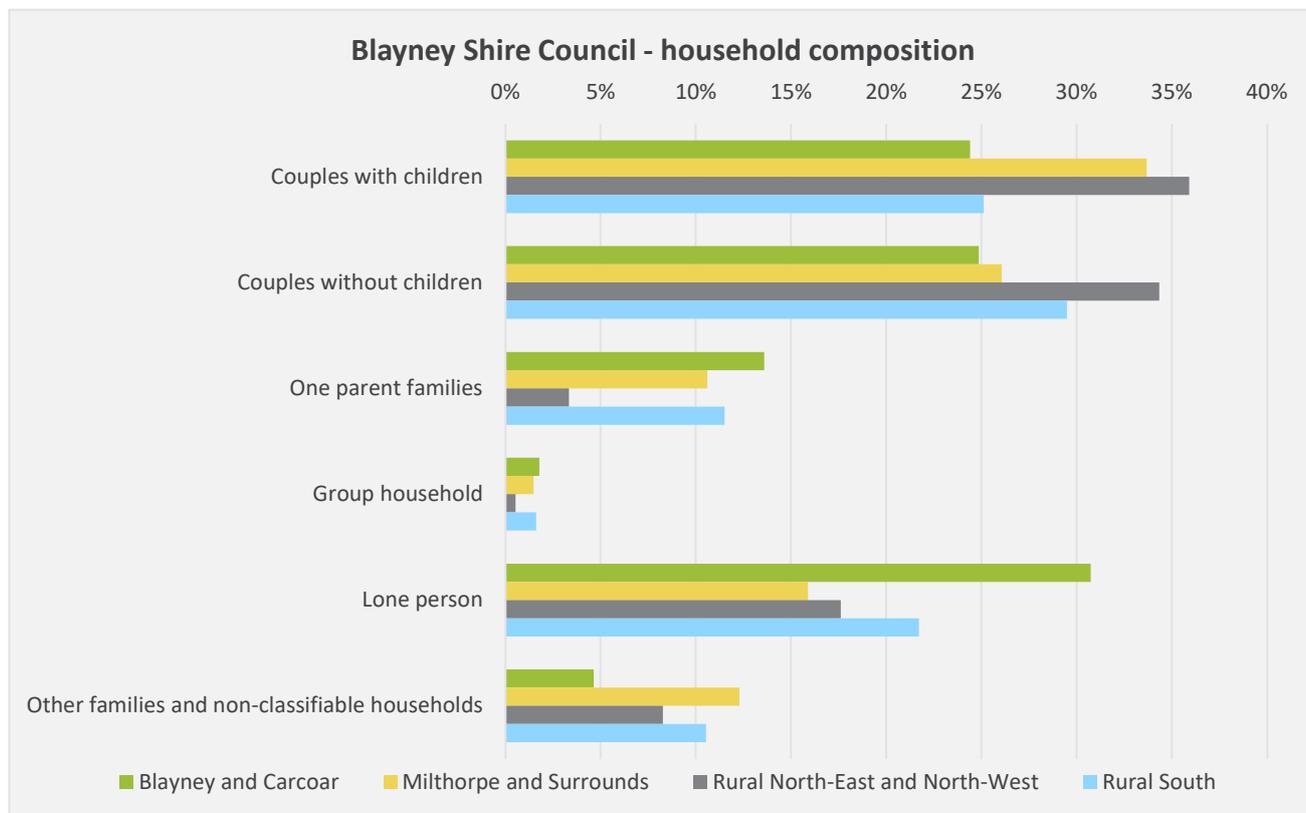
Looking into specific groupings, we observe the following:

- ‘Milthorpe and Surrounds’ has the highest proportion of dependents (28%) but the lowest proportion of working age (46%).
- ‘Rural North-East and North-West’ has the highest percentage of working age (50%) and the lowest proportion of retirees (25%).
- ‘Rural South’ has the lowest proportion of dependents (21%) and the highest percentage of retirees (32%).
- ‘Blayney and Carcoar’ has the second lowest proportion of dependents (24%) and the second highest proportion of working age (49%).

## Household types

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

**Figure 3 Household composition**



The proportion of one parent families in the LGA (10%) is in line with the averages for the Central West Region (11%), Cowra Council (10%) and Regional NSW (11%). Blayney Shire Council’s percentages of couples with children and couples without children (both at 28%), are in line with Central West Region and Regional NSW region averages (27% and 28% respectively).

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 the ‘at risk’ group shows that across the LGA as a whole, the at-risk group makes up 34% of the population, which is below the Regional NSW and Central West averages, both at 37%. ‘Blayney and Carcoar’ however has a much higher proportion, with 44% of households considered to be ‘at risk’ due to 31% lone person households and 14% one-parent families. It is important to note that of the 1,017 vulnerable households identified, 574 are within ‘Blayney and Carcoar’, making up 56% of the LGA’s proportion of vulnerable households.

## Housing tenure

Analysis of housing tenure levels within the LGA allows us to identify which areas would be most impacted by changes 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 depending 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 Housing tenure**

Housing Tenure - % of households	Blayney and Carcoar	Milthorpe and Surrounds	Rural North-East and North-West	Rural South	Blayney Shire Council
Fully owned	34%	40%	42%	45%	38%
Mortgage	30%	35%	37%	32%	32%
Renting - Total	32%	11%	11%	13%	21%
Renting - Social housing	5%	1%	0%	0%	2%
Renting - Private	27%	10%	11%	13%	18%
Other tenure type/not stated	4%	14%	10%	10%	9%

The Blayney Shire LGA home ownership average of 70% is just below Regional NSW (73%) and slightly above Central West Region (69%) averages. Home ownership levels vary throughout the LGA, with 'Rural North-East and North-West' (79%) having the highest proportion of resident ratepayers, followed by 'Rural South' (77%) and 'Milthorpe and Surrounds' (75%). 'Blayney and Carcoar' is lower with a proportion of 64% (or 824 households), however noting this grouping does contain a substantial majority of the population of the LGA. The lower proportion is reflective of a high percentage of people renting (32%) possible to high number of lone person households, one-parent families, which make up just over 574 households in the 'Blayney and Carcoar' grouping.

38% of households fully own their homes within the LGA, higher than the average for Central West Region (34%), Regional NSW (36%) and the whole of NSW average (30%). 'Rural South' (45%), 'Rural North-East and North-West' (42%) and 'Milthorpe and Surrounds' (40%) have very high levels of fully owned homes, in contrast with 'Blayney and Carcoar' at 34%. The proportion of owners with mortgages is highest in 'Rural North-East and North-West' (37%), compared with 30% in 'Blayney and Carcoar'.

The LGA has low levels of renters (21% overall) compared to the Regional NSW average of 26%, with both 'Milthorpe and Surrounds' and 'Rural North-East and North-West' at 11% and 'Rural South' at 13%. 'Blayney and Carcoar', however, contains 66% of the LGA's renters. It is important to note that whilst renters are not directly impacted by an increase in rates, these increases can be passed on by landlords or accommodation providers.

'Blayney and Carcoar' also contains the majority of the LGA's social housing (89% of the LGA's social housing is in this grouping) as 5% of its households fall into this category. Residents in social housing do not pay rates, and therefore are not impacted by the proposed SV.

## Household income

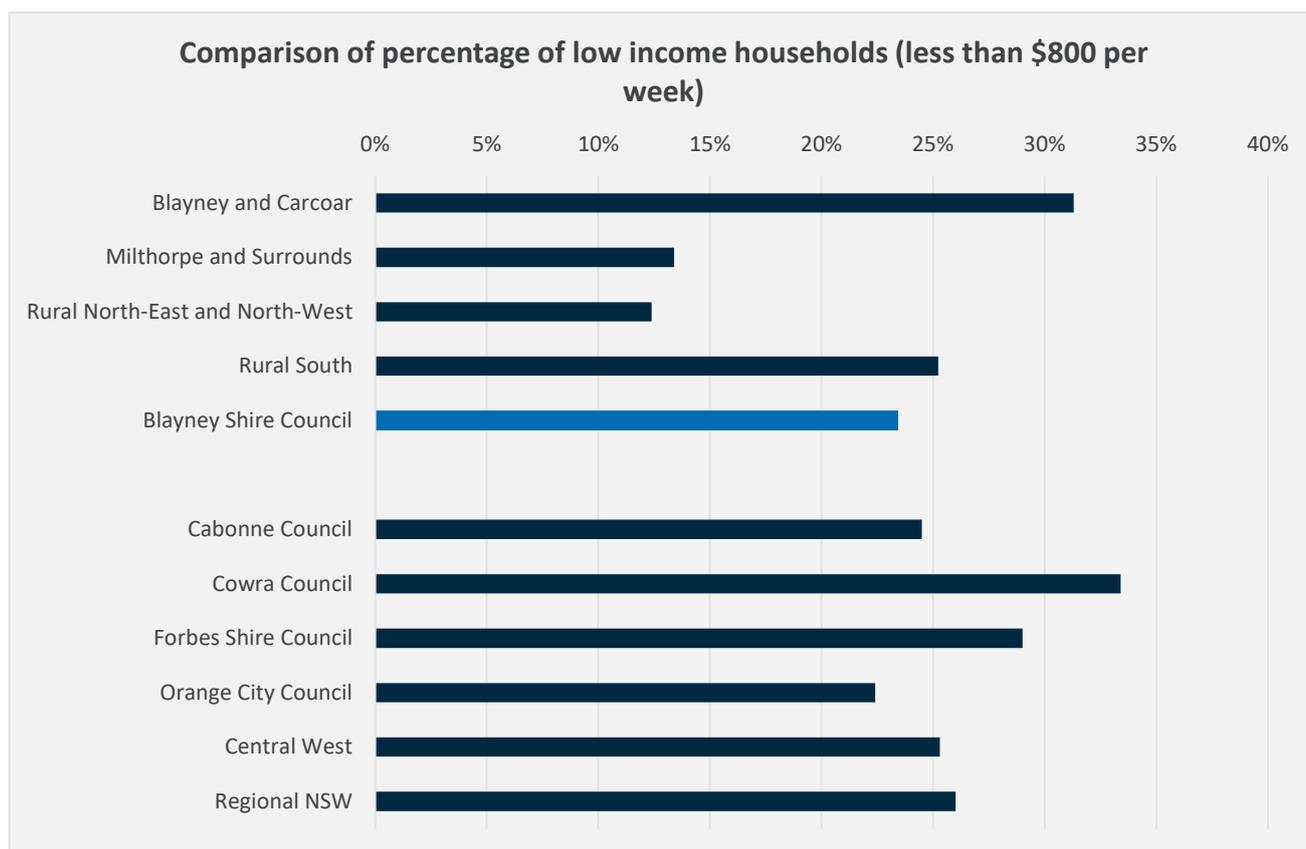
Analysing household income allows us to develop a picture of the levels of advantage and disadvantage within each area and where there may potentially be higher levels of risk for financial stress. Please note that this data has not been equivalised and therefore does not take into account the number of working adults and dependents in each home. For equivalised household income, please see the section ‘Socio-economic index’, which includes equivalised household income as part of the ranking.

Household income is calculated by summing the personal incomes reported by all household members aged 15 years and over. For combined household weekly income, please note the following:

- low-income households refer to those receiving less than \$800 per week.
- high-income households refer to those receiving more than \$3,000 per week.

Figure 4 compares the percentages of households with a low weekly household income (less than \$800 per week).

**Figure 4 Comparison of percentages of households with a low weekly household income**



When looking at combined weekly household income, the picture of the LGA overall does improve, with a lower proportion sitting in the lowest grouping (23%), however this is still slightly lower than the Regional NSW (26%) and Central West Region (25%) averages. This is mainly due to ‘Blayney and Carcoar’ (31%) and ‘Rural South’ (25%) high averages.

Overall, the LGA has 17% sitting in the highest category (same as the Regional NSW average) which is just below the Central West Region average (18%). ‘Blayney and Carcoar’ and ‘Rural South’ are sitting at 10% in the highest income category, significantly lower than both the Regional NSW and Central West Region averages of 17%, while ‘Milthorpe and Surrounds’ (23%) and ‘Rural North-East and North-West’ (29%) significant higher.

LGA and all the individual groupings have middle income average between 59% and 65% of households, higher than the Central West Region and Regional NSW average of 57%.

**Table 5 Comparison of weekly household income**

Household income	Blayney and Carcoar	Milthorpe and Surrounds	Rural North-East and North-West	Rural South	Blayney Shire Council
Low-income households	31%	13%	12%	25%	23%
High-income households	10%	23%	29%	10%	17%
Median income	\$1,299	\$1,959	\$2,220	\$1,406	\$1,613

It is also worth noting the median weekly income for the Blayney and Carcoar of \$1,299 is 11.4% lower than the Regional NSW average of \$1,466. This is possible due to the higher number of social housing households which represents 5% of the total households in the area.

## Socio-economic index

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

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

- Index of Relative Socio-Economic Disadvantage (IRSD)**  
 This index ranks areas from most disadvantaged to least disadvantaged, i.e., a lower score will have a greater proportion of relatively disadvantaged people in the area.  
 From this score however you cannot conclude whether a high-ranking area will have a large portion of relatively advantaged people, just that it has a low proportion of disadvantage.
- Index of Relative Socio-Economic Advantage and Disadvantage (IRSAD)**  
 This index considers variables of both advantage and disadvantage and, as such, scores and ranks areas from most disadvantaged to most advantage.

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

- IRSD variables of disadvantage:
  - low equivalised household incomes (see below for definition)
  - households with children and unemployed parents
  - percentage of occupied dwellings with no internet connection
  - percentage of employed people classified as labourers.

- IRSAD variables of advantage only (disadvantage similar to IRSD):
  - high equivalised household incomes
  - percentage of households making high mortgage repayments
  - percentage of employed people classified as professionals
  - percentage of employed people classified as managers.

### **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.

A regional summary of SIEFA scores, including national percentiles, is provided in the following table.

**Table 6 Regional SEIFA scores and percentiles**

Region	SEIFA IRSD index 2021	Percentile	SEIFA IRSAD index 2021	Percentile
New South Wales	1,016.0	67	1,000.0	42
Australia	1,002.6	60	1,001.2	42
Cabonne Council	994.6	55	1,022.9	55
Orange City	979.2	46	997.2	41
Central West Region	965.7	38	988.1	35
<b>Blayney Shire</b>	<b>962.5</b>	<b>36</b>	<b>991.2</b>	<b>37</b>
Regional NSW	962.0	36	982.0	32
Forbes Shire	941.4	26	968.5	26
Cowra Shire	908.1	14	931.8	15

Blayney Shire Council's IRSD score of 962.5 is just above the Regional NSW, but well below NSW, and Australia rankings. The ranking places the LGA in the 36th percentile, meaning approximately 64% of Australian suburbs have a SEIFA IRSD ranking higher than this area (less disadvantaged), while 36% are lower.

IRSAD includes levels of both advantage and disadvantage. Blayney Shire Council's score of 991.2 places the LGA into the 37th percentile. A higher IRSAD score compared to IRSD score may be indicative of more opportunities within the LGA, higher equivalised incomes, higher education levels, more employment opportunities within the area or more skilled jobs.

A grouping-level summary is provided in the table below.

**Table 7 Grouping-level SEIFA scores and percentiles**

Grouping	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Blayney and Carcoar	894.7	14	922.7	20
Milthorpe and Surrounds	1,030.3	59	1,058.0	68
Rural North-East and North-West	1,038.8	63	1,063.0	72
Rural South	966.4	37	1,004.4	46

Analysis at the grouping level demonstrates significant inequity between different parts of the LGA. On the one hand, ‘Rural North-East and North-West’ and ‘Milthorpe and Surrounds’ (IRSD in the 63rd and 59th percentile respectively and IRSAD in the 72nd and 68th percentile respectively) have levels of disadvantage below the average levels in the Central West Region, NSW, and Regional NSW. On the other hand, ‘Blayney and Carcoar’ shows significant disadvantage, with the grouping scoring significantly lower.

**Table 8 Suburb/area level SEIFA scores and percentiles**

Locality	ABS SA1 identifier	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Millthorpe surrounds	10304107614	1099	84	1120	97
Forest Reefs and surrounds	10304107615	1075	77	1089	85
Errowanbang, Panuara, Tallwood, Burnt Yards and surrounds	10304107616	1059	71	1076	79
South Blayney surrounds	10304107601	1020	56	1060	70
Barry, Hobbys Yard and surrounds	10304107619	1012	53	1040	60
Millthorpe (West)	10304107602	1009	52	1037	58
Newbridge, Moorilda and surrounds	10304107620	1003	49	1049	64
Kings Plains and surrounds	10304107621	1001	48	1027	53
Millthorpe (East)	10304107603	983	42	1017	48
Neville and surrounds	10304107618	972	37	1021	50
Mandurama, Garland and south west	10304107617	960	33	977	33
Carcoar	10304107611	943	28	940	22
Blayney	10304107605	924	22	948	24
Blayney	10304107609	924	22	968	30
Blayney	10304107610	920	21	963	28
Blayney	10304107613	915	20	960	27
Lyndhurst	10304107612	885	13	935	21
Blayney	10304107604	872	11	915	17
Blayney	10304107607	865	10	867	10
Blayney	10304107606	856	8	870	10
Blayney	10304107608	833	6	873	11

At a suburb profile level, Blayney, Lyndhurst and Carcoar can be considered very disadvantaged, with IRSAD rankings between the tenth and 30th percentile. This is most likely due to lower levels of household income and higher levels of unemployment, which can be seen through our analysis. There are higher levels of lone-parent households within both Blayney and Carcoar, which can be considered to be more vulnerable to rating increases, and therefore this potential inequity should be considered by Council, for example through reviewing its hardship policy or other forms of subsidy/relief. In addition to these factors, both suburbs have similar proportions of households utilising social housing, which although a marker of disadvantage does mean that this proportion of the community will not be directly affected by any potential rise in rates.

Millthorpe surrounds and Forest Reefs and surrounds can be considered particularly advantaged, all with IRSAD scores in either the 97th or 85th percentile. However, they do only account for a small percentage of the total population, with 42% residing in the significantly more disadvantaged suburbs of Blayney, Lyndhurst and Carcoar. It is therefore extremely important that this inequality is considered by Council, for example, through appropriate hardship policies.

## Vulnerable groups or individuals

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

### Workforce status

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

**Table 9 Community workforce status – 2021**

Workforce status	Blayney and Carcoar	Milthorpe and Surrounds	Rural North-East and North-West	Rural South	Blayney Shire Council
Employed	93%	98%	97%	96%	96%
Employed full-time	58%	59%	62%	59%	59%
Employed part-time	28%	36%	28%	30%	30%
Employed, away from work	4%	4%	6%	5%	6%
Unemployed (Unemployment rate)	7%	2%	3%	4%	4%
Looking for full-time work	5%	0%	1%	3%	3%
Looking for part-time work	2%	1%	2%	1%	2%
<b>Total labour force</b>	<b>1,471</b>	<b>614</b>	<b>856</b>	<b>740</b>	<b>3,657</b>

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

In 2021, unemployment within the LGA (4%) was below the averages for Regional NSW and NSW (both 5%) but equivalent to Central West Region (4%). It is noted that 'Blayney and Carcoar' (7%, representing 109 people) has the highest levels. 'Blayney and Carcoar' also has the lowest levels of the workforce in full-time employment (58%); however, this is slightly higher than the NSW average of 55%.

## Pensioners

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

**Table 10 Number of residential pensioner assessments**

Grouping	Total number of residential assessments	Number of pensioner assessments	Percentage of pensioner assessments
Blayney and Carcoar	1,466	260	18%
Milthorpe and Surrounds	494	67	14%
Rural North-East and North-West	411	37	9%
Rural South	625	109	17%
<b>Blayney Shire Council</b>	<b>2,996</b>	<b>473</b>	<b>16%</b>

It is observed that both 'Blayney and Carcoar' and 'Rural South' have the highest proportion of residential pensioners (18% and 17% respectively), with 'Rural North-East and North-West' substantially lower at 9%. The largest number of residential pensioner assessments are within 'Blayney and Carcoar' (260).

**Table 11 Number of farmland pensioner assessments**

Grouping	Total number of farmland assessments	Number of pensioner assessments	Percentage of pensioner assessments
Blayney and Carcoar	0	0	0%
Milthorpe and Surrounds	54	0	0%
Rural North-East and North-West	371	13	4%
Rural South	288	5	2%
<b>Blayney Shire Council</b>	<b>713</b>	<b>18</b>	<b>3%</b>

'Rural North-East and North-West' has the largest proportion of farmland pensioner assessments (4%). 'Rural North-East and North-West' grouping and 'Rural South' grouping are the only groupings with farmland pensioners (13 and respectively 5), totalling 18 for the whole LGA.

These eligible pensioners (residential and farmland) have access to mandatory rebates (up to a maximum of \$250 per year) on their rates.

## Core assistance

Table 12 highlights the areas within the LGA that have higher concentrations of people who need assistance in their day-to-day lives with self-care, body movements or communication – because of a disability, long-term health condition or old age.

**Table 12 Number of people requiring core assistance**

Assistance required (2021)	Number	Percentage
Blayney and Carcoar	240	8%
Milthorpe and Surrounds	47	4%
Rural North-East and North-West	59	4%
Rural South	78	5%
<b>Blayney Shire</b>	<b>421</b>	<b>6%</b>

We observe that those needing assistance are concentrated in the ‘Blayney and Carcoar’ area. All the other groupings have a low proportion (between 4% to 5%) of the population requiring assistance. Overall, the LGA is sitting at the same level as Central West Region (6%) and slightly lower than the Regional NSW (7%) and NSW (6%) averages.

## Housing stress

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

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

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

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

Households facing housing stress are highly likely to be under significant financial stress and vulnerable to sudden increases in council rates. A comparison of the percentage of households where mortgage costs are greater than 30% of household income, is provided on the following page.

**Table 13 Comparison of households with mortgage payments greater than 30% of income**

Mortgage costs >30% of income, 2021	Number of households with mortgage	Number of households where mortgage costs >30% income	Percentage where mortgage costs >30% income
Blayney and Carcoar	380	36	9%
Milthorpe and Surrounds	169	18	11%
Rural North-East and North-West	201	30	15%
Rural South	213	29	14%
<b>Blayney Shire Council</b>	<b>959</b>	<b>104</b>	<b>11%</b>

The table above, while not specifically identifying mortgage stress, does give an indication of areas where mortgage stress may be more likely. At an LGA level, 104 households with mortgages (11%) have mortgage costs exceeding 30% of income. This is in line with Central West Region (10%), but lower than Regional NSW (13%) and NSW (17%) levels.

The 'Rural North-East and North-West' has the highest levels at 15%, however, it must also be considered that this area also has the highest levels of household income, therefore reducing the likelihood of mortgage stress.

Rural South also has a relatively high proportion at 14%, represented by 29 households. This area has 25% of households in the lowest income quartile, therefore indicating that some of these households are likely to experience mortgage stress.

## Trends in cost of living

As data is not available for Blayney, the following table presents the average changes in typical household expenditure across three neighbouring councils (Bathurst Regional, Cowra Shire and Upper Lachlan Shire - similar SIEFA IRSD and IRSAD rankings), over a five-year period. From our analysis, we can see consistent trends in the analysis of the neighbouring LGAs. This analysis will be an indication of the trends and cost of living impact on Blayney Shire Council.

**Table 14 Five-year comparison of average cost of living in three neighbouring LGAs to Blayney Shire Council<sup>2</sup>**

Household expenditure (totals)	2021/22		2016/17		Change		
	\$ per household	% of expenditure	\$ per household	% of expenditure	\$ per household	% of expenditure	%
Food	\$13,040	11%	\$11,269	10%	\$1,771	1%	16%
Alcoholic beverages and tobacco	\$5,976	5%	\$6,214	5%	-\$238	0%	-4%
Clothing and footwear	\$5,354	5%	\$4,464	4%	\$890	1%	20%
Furnishings and equipment	\$6,561	6%	\$5,637	5%	\$924	1%	16%
Health	\$8,146	7%	\$7,081	6%	\$1,065	1%	15%
Transport	\$9,895	8%	\$12,006	11%	-\$2,111	-2%	-18%
Communications	\$2,758	2%	\$2,138	2%	\$621	0%	29%
Recreation and culture	\$14,489	12%	\$13,020	11%	\$1,469	1%	11%
Education	\$4,569	4%	\$4,042	4%	\$528	0%	13%
Hotels, cafes and restaurants	\$8,624	7%	\$9,991	9%	-\$1,367	-1%	-14%
Miscellaneous goods and services	\$19,997	17%	\$18,927	17%	\$1,071	1%	6%
Housing	\$12,912	11%	\$15,269	14%	-\$2,357	-2%	-15%
Utilities	\$4,019	3%	\$3,870	3%	\$149	0%	4%
<b>Total expenditure</b>	<b>\$116,341</b>	<b>100%</b>	<b>\$113,926</b>	<b>100%</b>	<b>\$2,416</b>	<b>0%</b>	<b>2%</b>
Net savings	\$28,367	20%	\$12,890	10%	\$15,477	10%	120%
<b>Total disposable income</b>	<b>\$144,709</b>		<b>\$126,817</b>		<b>\$17,892</b>		<b>14%</b>
Non-discretionary	\$56,125	48%	\$56,096	49%	\$28	-1%	0%
Discretionary	\$60,217	52%	\$57,830	51%	\$2,387	1%	4%

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

Table 14 shows that, over the five-year period, average total disposable income has increased by an average of \$17,892 (14%) with a net annual savings increase of \$15,477, which generally indicates potential capacity to absorb increased rates. Discretionary spending has increased by 4%, with non-discretionary spending unchanged. Total expenditure has increased by 2%, which contrasts with the average for Regional NSW, which has decreased by 1%.

<sup>2</sup> National Institute of Economic and Industry Research (NIEIR), 2023. Average of data compiled and presented in economy.id for three neighbouring councils (Bathurst Regional, Cowra Shire and Upper Lachlan Shire). Data based on 2020–21 price base for all years. NIEIR ID data is inflation adjusted each year to allow direct comparison and annual data releases adjust previous years' figures to a new base year.

## Industry

In 2021, the main industries in order of employment (as number of persons employed) were Health Care and Social Assistance (13.9%), Agriculture, Forestry and Fishing (11.7%), Retail trade (8.3%) and Education and Training (8.0%). This is generally in line with the Central West region averages, however with a higher dependence on Agriculture, Forestry and Fishing and a lower dependence on Health Care and Social Assistance.

The industries which have seen the largest percentage increase in persons employed since 2016, are Arts and Recreation Services (52% increase or 13 persons) Public Administration and Safety (23.7% increase or 46 persons) and Health Care and Social Assistance (20.7% increase or 84 persons). Agriculture, Forestry and Fishing has seen a small increase in number of persons employed (3 people), however it's percentage share of the employed workforce of the LGA has slightly dropped, from 12.6% to 11.7%.

**Table 15** Number of persons employed by industry

Blayney Shire - employed persons (usual residence)	2021			2016			Blayney Shire Council change	
	Number	%	Central West Region %	Number	%	Central West Region %	Number	%
Health Care and Social Assistance	489	13.9%	17.2%	405	12.5%	15.6%	84	20.7%
Agriculture, Forestry and Fishing	411	11.7%	8.9%	408	12.6%	9.6%	3	0.7%
Retail Trade	290	8.3%	8.9%	279	8.6%	10.0%	11	3.9%
Education and Training	281	8.0%	9.2%	248	7.7%	9.1%	33	13.3%
Construction	263	7.5%	7.8%	222	6.9%	7.3%	41	18.5%
Mining	253	7.2%	4.8%	210	6.5%	4.0%	43	20.5%
Public Administration and Safety	240	6.8%	7.0%	194	6.0%	6.7%	46	23.7%
Manufacturing	232	6.6%	5.3%	212	6.6%	6.1%	20	9.4%
Accommodation and Food Services	155	4.4%	6.3%	180	5.6%	6.3%	-25	-13.9%
Professional, Scientific and Technical Services	152	4.3%	3.9%	129	4.0%	3.8%	23	17.8%
Inadequately described or not stated	134	3.8%	3.6%	135	4.2%	3.6%	-1	-0.7%
Other Services	130	3.7%	4.0%	139	4.3%	4.0%	-9	-6.5%
Transport, Postal and Warehousing	127	3.6%	3.5%	132	4.1%	3.7%	-5	-3.8%
Wholesale trade	108	3.1%	2.3%	92	2.8%	2.3%	16	17.4%
Administrative and Support Services	86	2.4%	2.5%	89	2.8%	2.7%	-3	-3.4%
Electricity, Gas, Water and Waste Services	40	1.1%	1.0%	49	1.5%	1.0%	-9	-18.4%
Arts and Recreation Services	38	1.1%	0.8%	25	0.8%	0.8%	13	52.0%

Blayney Shire - employed persons (usual residence)	2021			2016			Blayney Shire Council change	
	Number	%	Central West Region %	Number	%	Central West Region %	Number	%
Rental, Hiring and Real Estate Services	37	1.1%	1.0%	33	1.0%	1.1%	4	12.1%
Financial and Insurance Services	29	0.8%	1.3%	29	0.9%	1.5%	0	0.0%
Information Media and Telecommunications	19	0.5%	0.6%	19	0.6%	0.7%	0	0.0%
<b>Total employed persons aged 15+</b>	<b>3,514</b>	<b>100%</b>	<b>100%</b>	<b>3,229</b>	<b>100%</b>	<b>100%</b>	<b>285</b>	<b>8.8%</b>

The LGA contains 356 businesses within the Agriculture, Forestry and Fishing industry, with a total gross value of agricultural production at \$64 million.

## Discussion

The Blayney Shire LGA, as a whole, can be considered to be a relatively disadvantaged socio-economic area; however, there are significant differences emerging between the different groupings, and this is also evident when reviewing SEIFA rankings. Overall, we observe greater levels of advantage in ‘Milthorpe and Surrounds’ and ‘Rural North-East and North-West’ when compared to ‘Blayney and Carcoar’ and ‘Rural South’.

It is important to note that this is likely due to higher levels of social housing, unemployment and lower income values in both ‘Blayney and Carcoar’ and ‘Rural South’, as well as a greater proportion of residents requiring core assistance. Whilst those living in social housing are unlikely to be affected by increasing rates, it is important for Council to ensure it considers other vulnerable resident ratepayers, such as through appropriate hardship policies.

A summary for all the areas is shown in the table below.

**Table 16 Summary of key areas**

	Blayney and Carcoar	Milthorpe and Surrounds	Rural North-East and North-West	Rural South
Population	3,151	1,270	1,560	1,485
Dependents	24%	28%	24%	21%
Working age	49%	46%	50%	47%
Retirees	27%	27%	25%	32%
Vulnerable households %	44%	26%	21%	33%
Percentage of residential ratepayers receiving statutory pensioner rebate	18%	14%	9%	17%
Percentage of farmland ratepayers receiving statutory pensioner rebate	0%	0%	4%	2%
Assistance required (2021)	8%	4%	4%	5%
Fully Owned + mortgage	64%	75%	79%	77%
Mortgage	30%	35%	37%	32%
Percentage where mortgage costs >30% income	9%	11%	15%	14%
Renting - Social housing	5%	1%	0%	0%
Renting - Private	27%	10%	11%	13%
Low income households	31%	13%	12%	25%
High income households	10%	23%	29%	10%
Median income	\$1,299	\$1,959	\$2,220	\$1,406
SEIFA IRSD index 2021 (percentiles)	14	59	63	37
SEIFA IRSAD index 2021 (percentiles)	20	68	72	46
Total labour force	1,471	614	856	740
Unemployed (Unemployment rate)	7%	2%	3%	4%

Key aspects of the 'Blayney and Carcoar' grouping, which has an IRSD ranking in the 14th percentile and an IRSAD ranking (including factors of advantage) also in the 20th percentile (the most disadvantaged area in the LGA), include:

- 42% of the LGA's population and 55% of Council's rates pensioners
- ranks second for proportion of each age profile type (dependents, working age and retirees)
- the lowest percentage of resident ratepayers (64%) and the highest proportion of renters (27% or 344 households) and social housing (5% or 65 households)
- the highest proportion of vulnerable households, at 44%, at 574 households
- highest percentage of one-parent families (14%)
- the highest percentage of the low-income households and the lowest median income of \$1,299
- highest percentage of unemployment (7%) and lowest proportion employed full-time (93%)
- the lowest median weekly household income of \$1,299
- highest proportion of residential ratepayers assessed as pensioners (18%)
- highest proportion of persons requiring assistance at 8%.

Attributes of the 'Milthorpe and Surrounds' area, which has IRSD and IRSAD rankings in the 59th percentile and 68th respectively, include:

- the highest proportion of dependents (28%) and lowest proportion of working age
- the second lowest proportion of vulnerable households (26%)
- equally lowest with 'Rural North-East and North-West' area for required assistance (4%)
- the second highest weekly median income of \$1,959
- the lowest unemployment rate of 2% and highest employment rate of 98%

Attributes of the 'Rural North-East and North-West' area, which has IRSD and IRSAD rankings in the 63rd percentile and 72nd respectively, include:

- the highest proportion of working age (50%) and the lowest proportion of retirees (25%)
- the lowest percentage of vulnerable households (21%)
- the lowest percentage of ratepayers receiving statutory rebate (13% - residential and farmland)
- equally lowest with 'Milthorpe and Surrounds' area of required assistance (4%)
- the highest percentage of ownership (79%) with the highest mortgage of 37% and highest mortgage costs more than 30% of income (about 15% of mortgages)
- the highest median weekly income of \$2,220.

Attributes of the 'Rural South' area, which has IRSD and IRSAD rankings in the 37th percentile and 46th respectively, include:

- the highest proportion of retirees (32%) and the second lowest proportion of working age (47%)
- the second highest percentage of vulnerable households (33%)
- the highest percentage of ratepayers receiving statutory rebate (19% - residential and farmland)
- the second lowest median weekly household income of \$1,406
- the highest fully ownership of 45%
- the second lowest SEIFA indices.

## Proposed rating changes

Blayney Shire Council is considering three options in relation to a special variation, in addition to not applying for an SV. These options are all permanent, and all assume a rate peg for 2024/25 of 3.5%, and a rate peg of 2.5% in all following years:

- Option 1 – apply a one-year special variation to all categories of 26.5% including the normal annual rate peg increase of 3.5% (cumulative increase over the one-year SV period is 26.5%).
- Option 2 – apply a two-year special variation to all categories of 14% in the first year and 14% in the second year, including the normal annual rate peg increases of 3.5% and 2.5% per year (cumulative increase over the two-year SV period is 30%).
- Option 3 – apply a three-year special variation to all categories of 10% for each year of the three-year SV including the normal annual rate peg increases of 3.5% and 2.5% per year afterwards (cumulative increase over the two-year SV period is 33.1%).
- Base case – apply only the normal annual rate peg increases, of 3.5% in the first year and 2.5% in the following years, to all rate categories. The rate peg has been estimated by using IPART approach and guidelines.

We have reviewed Council’s average rates by area grouping, across each of the rating categories. We have compared the averages for each option against the base case option (applying only the rate peg and no SV). The following table summarises the options and our analysis of each scenario follows.

**Table 17 Proposed special variation options**

SV Option	2024/25	2025/26	2026/27	Cumulative increase over SV period	Comparison rate - over 3 years
Base case – rate peg only	3.5%	2.5%	2.5%		8.7%
Option 1 – one-year SV	26.5%	2.5%	2.5%	26.5%	32.9%
Option 2 – two-year SV	14.0%	14.0%	2.5%	30.0%	33.2%
Option 3 – three-year SV	10.0%	10.0%	10.0%	33.1%	33.1%

**Note:** Cumulative amounts are expressed as required by IPART and only go the end year of the SV – therefore, they are not comparable. A three-year comparison cumulative rate is also provided for reference.

In the following analysis, we have compared the average rate at the end of the proposed SV period (either one, two or three years – as outlined above) for the relevant scenario and the base case over the same period. We then outline the average annual and weekly increases during the proposed SV period. The rates increase calculations are the difference between the 2023/24 average rates to each year of the SV options. Finally, we have included columns to show each of the scenarios after two years (the longest proposed SV option) to allow for further comparison of the proposed options.

## Residential rates – impact analysis by scenario

### Option 1

Table 18 Estimated 2024/25 average residential rates – option 1 and base case

Residential ratepayers - comparison of average rates	Average 2024/25 rate (\$) - Base case	Average 2024/25 rate (\$) - Option 1 – one-year SV	Average annual increase (\$) by end of 2024/25	Average weekly increase (\$)	Comparative rate after 3 years - Option 1 – one-year SV	Comparative rate after 3 years - Base case
Blayney and Carcoar	\$785	\$960	\$201	\$3.87	\$1,008	\$825
Milthorpe and Surrounds	\$807	\$987	\$207	\$3.97	\$1,036	\$848
Rural North-East and North-West	\$864	\$1,056	\$221	\$4.25	\$1,109	\$908
Rural South	\$710	\$868	\$182	\$3.49	\$911	\$746
<b>Blayney Shire Council</b>	<b>\$784</b>	<b>\$958</b>	<b>\$201</b>	<b>\$3.86</b>	<b>\$1,007</b>	<b>\$824</b>

The impact of increases in rates will be unequal across the LGA due to the variance in residential land value from area to area and within each area, with those in the higher land value area of ‘Rural North-East and North-West’ (average rate to increase to \$1,056, an increase of \$4.25 per week, by the end of 2024/25 the proposed SV period) expected to see a larger increase in average rates compared to the lower land value area of ‘Rural South’ (average to increase to \$868, an increase of \$3.49 per week). It is noted that the majority of ratepayers, 1,466 or 49% of the LGA’s ratepayers, live within the ‘Blayney and Carcoar’ grouping (average to increase to \$960, an increase of \$3.87 per week).

For comparison with option 2 and 3, the three-year estimated average rate for option 1, which includes rate peg in addition to the proposed SV option, has been included.

### Option 2

Table 19 Estimated 2025/26 average residential rates – option 2 and base case

Residential ratepayers - comparison of average rates	Average 2025/26 rate (\$) - Base case	Average 2025/26 rate (\$) - Option 2 – two-year SV	Average annual increase (\$) by end of 2025/26	Average weekly increase (\$)	Comparative rate after 3 years - Option 2 – two-year SV	Comparative rate after 3 years - Base case
Blayney and Carcoar	\$805	\$986	\$114	\$2.19	\$1,011	\$825
Milthorpe and Surrounds	\$827	\$1,014	\$117	\$2.25	\$1,039	\$848
Rural North-East and North-West	\$885	\$1,085	\$125	\$2.40	\$1,112	\$908
Rural South	\$728	\$891	\$103	\$1.98	\$914	\$746
<b>Blayney Shire Council</b>	<b>\$803</b>	<b>\$984</b>	<b>\$113</b>	<b>\$2.18</b>	<b>\$1,009</b>	<b>\$824</b>

As with option 1, residential ratepayers in the higher land value area of ‘Rural North-East and North-West’ (average to increase to \$1,085, an increase of \$2.40 per week, by the end of 2025/26 the proposed SV period) are expected to see a larger increase in average rates compared to the lower land value areas of ‘Rural South’ (average to increase to \$891, an increase of \$1.98 per week) and ‘Blayney and Carcoar’ (average to increase to \$986, an increase of \$2.19 per week).

For comparison with option 1 and 3, the three-year estimated average rate for option 2, which includes rate peg in addition to the proposed SV option, has been included.

### Option 3

**Table 20 Estimated 2026/27 average residential rates – option 3 and base case**

Residential ratepayers - comparison of average rates	Average 2026/27 rate (\$) - Base case	Average 2026/27 rate (\$) - Option 3 – three-year SV	Average annual increase (\$) by end of 2026/27	Average weekly increase (\$)	Comparative rate after 3 years - Option 3 – three-year SV	Comparative rate after 3 years - Base case
Blayney and Carcoar	\$825	\$1,010	\$84	\$1.61	\$1,010	\$825
Milthorpe and Surrounds	\$848	\$1,038	\$86	\$1.65	\$1,038	\$848
Rural North-East and North-West	\$908	\$1,111	\$92	\$1.77	\$1,111	\$908
Rural South	\$746	\$913	\$76	\$1.46	\$913	\$746
<b>Blayney Shire Council</b>	<b>\$824</b>	<b>\$1,008</b>	<b>\$84</b>	<b>\$1.61</b>	<b>\$1,008</b>	<b>\$824</b>

As with option 1 and 2, residential ratepayers in the higher land value area of ‘Rural North-East and North-West’ (average to increase to \$1,111 an increase of \$1.77 per week, by the end of 2026/27 the proposed SV period) are expected to see a larger increase in average rates compared to the lower land value areas of ‘Rural South’ (average to increase to \$913, an increase of \$1.46 per week) and ‘Blayney and Carcoar’ (average to increase to \$1,010 an increase of \$1.61 per week).

For comparison with option 2 and 3, the three-year estimated average rate for option 1, which includes rate peg in addition to the proposed SV option, has been included.

### Summary

As a result of higher average land values in ‘Rural North-East and North-West’, residential ratepayers in this grouping are likely to see a larger increase in rates. This area has the highest levels of individual and household income within the LGA and some of the highest levels of advantage. For ‘Milthorpe and Surrounds’, residential ratepayers in this grouping are seeing the second largest increase in rates. This area has the second highest levels of individual and household income within the LGA and some of the highest levels of advantage. These groupings can therefore be considered to have a potential capacity to pay increased rates.

‘Blayney and Carcoar’ contains the 49% of the LGA’s residential ratepayers. The ratepayers will receive a lower increase in average rates. It is therefore important for Council to consider the impact on individual ratepayers, such as through hardship policies. Therefore, given an appropriate hardship policy, it is considered there is capacity to pay.

This compares to ‘Rural South’, where ratepayers will see the lowest increase in average rates, due to lower residential land values, however this is considered to be a slightly more advantaged grouping than ‘Blayney and Carcoar’, with much lower levels of disadvantage and slightly higher levels of resident ratepayers. This grouping can therefore be considered to have a potential capacity to pay increased rates.

## Farmland rates – impact analysis by scenario

‘Blayney and Carcoar’ area has no farmland rate payers and therefore it was excluded from this section’s tables.

### Option 1

Table 21 Estimated 2024/25 average farmland rates – option 1 and base case

Farmland ratepayers - comparison of average rates	Average 2024/25 rate (\$) - Base case	Average 2024/25 rate (\$) - Option 1 – one-year SV	Average annual increase (\$) by end of 2024/25	Average weekly increase (\$)	Comparative rate after 3 years - Option 1 – one-year SV	Comparative rate after 3 years - Base case
Milthorpe and Surrounds	\$2,984	\$3,647	\$764	\$14.69	\$3,831	\$3,135
Rural North-East and North-West	\$3,402	\$4,158	\$871	\$16.75	\$4,368	\$3,574
Rural South	\$3,573	\$4,367	\$915	\$17.59	\$4,588	\$3,754
<b>Blayney Shire Council</b>	<b>\$3,439</b>	<b>\$4,204</b>	<b>\$881</b>	<b>\$16.93</b>	<b>\$4,416</b>	<b>\$3,613</b>

As with the residential category, the impact will vary from area to area, due to the variance in farming land values (as determined by the NSW Valuer General). ‘Rural North-East and North-West’, which has the highest number of farmland ratepayers at 371, will see average rates increase to \$4,158 in 2024/25 (an increase of \$16.75 per week for the duration of the SV period). Those in the higher land value area of ‘Rural South’ (average to increase to \$4,367 an increase of \$17.59 per week) are expected to see larger increases in average rates compared to the lower land value area of ‘Milthorpe and Surrounds’ (average to increase to \$3,647, an increase of \$14.69 per week).

For comparison with option 2 and 3, the three-year estimated average rate for option 1, which includes rate peg in addition to the proposed SV option, has been included.

## Option 2

Table 22 Estimated 2025/26 average farmland rates – option 2 and base case

Farmland ratepayers - comparison of average rates	Average 2025/26 rate (\$) - Base case	Average 2025/26 rate (\$) - Option 2 – two-year SV	Average annual increase (\$) by end of 2025/26	Average weekly increase (\$)	Comparative rate after 3 years - Option 2 – two-year SV	Comparative rate after 3 years - Base case
Milthorpe and Surrounds	\$3,058	\$3,746	\$432	\$8.30	\$3,840	\$3,135
Rural North-East and North-West	\$3,487	\$4,272	\$492	\$9.47	\$4,378	\$3,574
Rural South	\$3,662	\$4,487	\$517	\$9.95	\$4,599	\$3,754
<b>Blayney Shire Council</b>	<b>\$3,525</b>	<b>\$4,319</b>	<b>\$498</b>	<b>\$9.57</b>	<b>\$4,427</b>	<b>\$3,613</b>

As with option 1, farmland ratepayers in the higher land value area of ‘Rural South’, (average to increase to \$4,487, an increase of \$9.95 per week for the duration of the SV period) are expected to see larger increases in average rates compared to the lower land value areas of ‘Milthorpe and Surrounds’ (average to increase to \$3,745, an increase of \$8.30 per week) and ‘Rural North-East and North-West’ (average to increase to \$4,272 an increase of \$9.47 per week).

For comparison with option 1 and 3, the three-year estimated average rate for option 2, which includes rate peg in addition to the proposed SV option, has been included.

## Option 3

Table 23 Estimated 2026/27 average farmland rates – option 3 and base case

Farmland ratepayers - comparison of average rates	Average 2026/27 rate (\$) - Base case	Average 2026/27 rate (\$) - Option 3 – three-year SV	Average annual increase (\$) by end of 2026/27	Average weekly increase (\$)	Comparative rate after 3 years - Option 3 – three-year SV	Comparative rate after 3 years - Base case
Milthorpe and Surrounds	\$3,135	\$3,837	\$318	\$6.12	\$3,837	\$3,135
Rural North-East and North-West	\$3,574	\$4,375	\$363	\$6.97	\$4,375	\$3,574
Rural South	\$3,754	\$4,595	\$381	\$7.33	\$4,595	\$3,754
<b>Blayney Shire Council</b>	<b>\$3,613</b>	<b>\$4,423</b>	<b>\$367</b>	<b>\$7.05</b>	<b>\$4,423</b>	<b>\$3,613</b>

As with option 1, farmland ratepayers in the higher land value area of ‘Rural South’, (average to increase to \$4,595, an increase of \$7.33 per week for the duration of the SV period) are expected to see larger increases in average rates compared to the lower land value areas of ‘Milthorpe and Surrounds’ (average to increase to \$3,837 an increase of \$6.12 per week) and ‘Rural North-East and North-West’ (average to increase to \$4,375, an increase of \$6.97 per week).

For comparison with option 1 and 2, the three-year estimated average rate for option 3, which includes rate peg in addition to the proposed SV option, has been included.

## Summary

Due to higher average land values in ‘Rural South’, farmland ratepayers in this grouping are likely to see a larger increase in rates. Overall, for residential and farmland, this grouping has an IRSAD ranking in the 37th percentile and, due to slightly lower household income levels within this grouping as a whole, farmland ratepayers in this area may have a reduced capacity to pay. However, it is important to note that this area has 288 farmland ratepayers, and only 5 farmland ratepayers have been assessed as pensioners. Although, Council should still ensure that it considers any other vulnerable ratepayers within this grouping.

‘Rural North-East and North-West’, which has the largest number of farmland ratepayers at 371, will see the next highest increase in average rates, due to slightly lower land values. As mentioned previously, this can be considered a more advantaged grouping, with a higher potential capacity to pay.

In ‘Milthorpe and Surrounds’, which has a lower number of farmland ratepayers (54), the impact is lower, and it will therefore see the smallest increase to average rates.

## Business – impact analysis by scenario

### Option 1

Table 24 Estimated 2024/25 average business rates – option 1 and base case

Business ratepayers - comparison of average rates	Average 2024/25 rate (\$) - Base case	Average 2024/25 rate (\$) - Option 1 – one-year SV	Average annual increase (\$) by end of 2024/25	Average weekly increase (\$)	Comparative rate after 3 years - Option 1 – one-year SV	Comparative rate after 3 years - Base case
Blayney and Carcoar	\$1,369	\$1,673	\$350	\$6.74	\$1,758	\$1,438
Milthorpe and Surrounds	\$1,347	\$1,647	\$345	\$6.63	\$1,730	\$1,416
Rural North-East and North-West	\$1,707	\$2,087	\$437	\$8.41	\$2,192	\$1,794
Rural South	\$628	\$767	\$161	\$3.09	\$806	\$660
<b>Blayney Shire Council</b>	<b>\$1,330</b>	<b>\$1,626</b>	<b>\$341</b>	<b>\$6.55</b>	<b>\$1,708</b>	<b>\$1,398</b>

Table 24 sets out the average impact of applying SV option 1 compared with increasing rates by the normal annual rate peg increase (base case) for business ratepayers.

Across the Blayney Shire Council LGA, business ratepayers would pay, on average, an additional \$6.55 per week, for the duration of the proposed SV period (to end of 2024/25), under option 1. The impact of increases in rates, however, will be unequal across the LGA due to the large variance in land values (as determined by the NSW Valuer General).

‘Rural North-East and North-West’ (average to increase to \$2,087, an increase of \$8.41 per week for duration of SV period) will see the largest increase for the business category. This compares to ‘Rural South’ (average to increase to \$767, an increase of \$3.09 per week) and ‘Milthorpe and Surrounds’ (average to increase to \$1,647, an increase of \$6.63 per week) which will see lower increases.

It is important to note that the majority of business ratepayers are within either the ‘Blayney and Carcoar’ grouping (189 ratepayers) and the ‘Rural North-East and North-West’ grouping (80 ratepayers).

For comparison with option 2 and 3, the three-year estimated average rate for option 1, which includes rate peg in addition to the proposed SV option, has been included.

### Option 2

**Table 25 Estimated 2025/26 average business rates – option 2 and base case**

Business ratepayers - comparison of average rates	Average 2025/26 rate (\$) - Base case	Average 2025/26 rate (\$) - Option 2 – two-year SV	Average annual increase (\$) by end of 2025/26	Average weekly increase (\$)	Comparative rate after 3 years - Option 2 – two-year SV	Comparative rate after 3 years - Base case
Blayney and Carcoar	\$1,403	\$1,719	\$198	\$3.81	\$1,762	\$1,438
Milthorpe and Surrounds	\$1,381	\$1,692	\$195	\$3.75	\$1,734	\$1,416
Rural North-East and North-West	\$1,750	\$2,144	\$247	\$4.75	\$2,197	\$1,794
Rural South	\$644	\$788	\$91	\$1.75	\$808	\$660
<b>Blayney Shire Council</b>	<b>\$1,364</b>	<b>\$1,671</b>	<b>\$193</b>	<b>\$3.70</b>	<b>\$1,712</b>	<b>\$1,398</b>

For SV option 2, across the Blayney Shire Council LGA, business ratepayers would pay, on average, \$3.66 per week for the duration of the SV period (to end of 2025/26).

As with option 1, business ratepayers in the middle of the range land value area of ‘Blayney and Carcoar’ (average to increase to \$1,719, an increase of \$3.81 per week) are expected to see lower increases in average rates compared to the higher land value area of ‘Rural North-East and North-West’ (average to increase to \$2,144, an increase of \$4.75 per week for duration of SV period).

For comparison with option 1 and 3, the three-year estimated average rate for option 2, which includes rate peg in addition to the proposed SV option, has been included.

### Option 3

**Table 26 Estimated 2026/27 average business rates – option 3 and base case**

Business ratepayers - comparison of average rates	Average 2026/27 rate (\$) - Base case	Average 2026/27 rate (\$) - Option 3 – three-year SV	Average annual increase (\$) by end of 2026/27	Average weekly increase (\$)	Comparative rate after 3 years - Option 3 – three-year SV	Comparative rate after 3 years - Base case
Blayney and Carcoar	\$1,438	\$1,760	\$146	\$2.81	\$1,760	\$1,438
Milthorpe and Surrounds	\$1,416	\$1,733	\$144	\$2.76	\$1,733	\$1,416
Rural North-East and North-West	\$1,794	\$2,196	\$182	\$3.50	\$2,196	\$1,794
Rural South	\$660	\$807	\$67	\$1.29	\$807	\$660
<b>Blayney Shire Council</b>	<b>\$1,398</b>	<b>\$1,711</b>	<b>\$142</b>	<b>\$2.73</b>	<b>\$1,711</b>	<b>\$1,398</b>

For SV option 3, across the Blayney Shire Council LGA, business ratepayers would pay, on average, \$2.70 per week for the duration of the SV period (to end of 2026/27).

As with option 1, business ratepayers in the middle of the range land value area of 'Blayney and Carcoar' (average to increase to \$1,760, an increase of \$2.81 per week) are expected to see lower increases in average rates compared to the higher land value area of 'Rural North-East and North-West' (average to increase to \$2,196 an increase of \$3.50 per week for duration of SV period).

For comparison with option 1 and 2, the three-year estimated average rate for option 3, which includes rate peg in addition to the proposed SV option, has been included.

### ***Summary***

'Rural North-East and North-West' will see the highest average increase in rates across all SV options, followed by 'Blayney and Carcoar', these groupings contain 71% of the LGA's business ratepayers.

## Other rating considerations

Table 27 Estimated 2026/27 rates for OLG Group 10 large rural councils

Estimated average rates for 20+Y2:AE3326/27						
Group 10 LGA	Est. average residential (\$)	Residential rank	Est. average farmland (\$)	Farmland rank	Est. average business (\$)	Business rank
Berrigan	886	12	2,705	15	1,642	13
Bland	Not provided	--	Not provided	--	Not provided	--
Blayney (base case)	824	16	3,613	13	1,398	17
Blayney Shire - SV option 1 yr	1,007	10	4,416	7	1,708	11
Blayney Shire - SV option 2 yr	1,009	10	4,427	7	1,712	11
Blayney Shire - SV option 3 yr	1,008	10	4,423	7	1,711	11
Cobar	1,763	1	1,912	22	1,323	18
Dungog	1,455	2	3,720	10	1,508	15
Edward River	1,217	4	3,843	9	2,419	4
Forbes	1,030	8	3,040	14	3,265	2
Glen Innes Severn	1,014	9	3,667	12	1,836	10
Gwydir	876	14	6,579	2	1,940	9
Junee	1,180	5	4,702	5	2,997	3
Kyogle	1,293	3	2,250	19	1,621	14
Lachlan	654	20	3,959	8	844	21
Liverpool Plains	1,136	6	6,621	1	1,988	7
Narrandera	791	17	4,220	7	1,418	16
Narromine	883	13	4,809	4	2,212	5
Oberon	1,104	7	2,324	18	1,260	19
Temora	760	18	2,563	16	1,703	a
Tenterfield	997	10	2,550	17	2,173	6
Upper Lachlan	653	21	2,169	20	1,647	12
Uralla	826	15	4,655	6	786	22
Walgett	458	22	5,567	3	881	20
Warrumbungle	722	19	3,683	11	1,984	8
Wentworth	901	11	2,018	21	7,083	1
Average Group 10	974		3,689		1,997	
Median Group 10	894		3,675		1,675	
<i>Cabonne</i>	877		3,132		711	
<i>Cowra</i>	586		2,314		3,929	

Table 27 shows estimated average rates for the 2026/27 financial year (calculated by forecasting OLG time series reported year for group 10 regional town/city councils starting with 2021/22 actual average rates). These councils are similar in size to Blayney and are used for comparison. **Cabonne and Cowra** (both group 11) are also included for comparison as neighbouring councils.

Within group 10, Blayney’s average rates for residential, farmland and business sit well below the average and median levels and towards the middle of the range for comparable councils. When allowing for the proposed SV options, Blayney’s average residential rates will be slightly above the average for group 10 large rural councils (estimated to rank 10th, for each of the SV scenarios, when the other scenarios are excluded). Average farmland rates will move towards the top end of the range (estimated 7th for each SV option) and business will sit below average (estimated 12th for each SV option).

**Figure 5 Actual (2022) rates as a percentage of operating expenses for OLG Group 10 large rural councils**

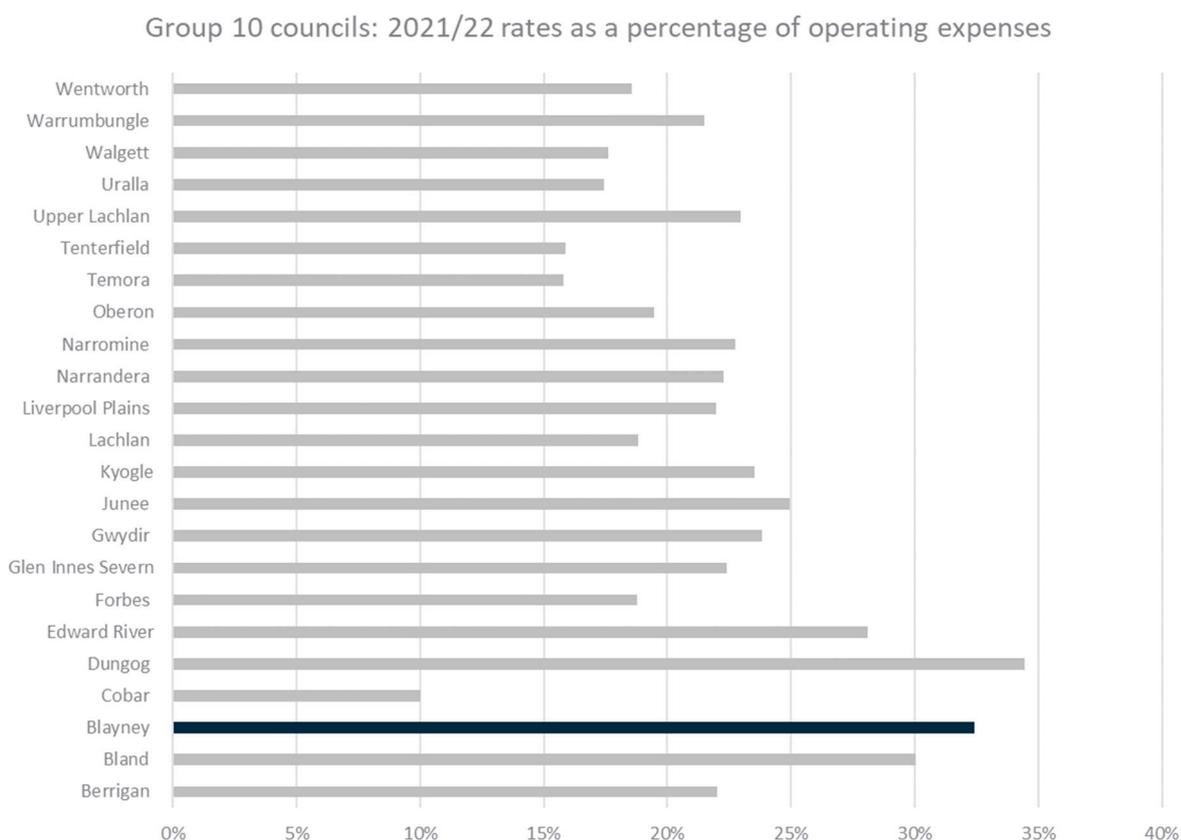


Figure 5 shows total council rates as a percentage of operating expenditure for group 10 large rural councils. For the 2021/22 financial year Dungog had the highest level of rates as a percentage of operating expenses (at 34%), and at the lower end was Cobar at 10%. The average for group 10 large rural councils was 22%. Blayney ranked second out of 23 councils, with rates income representing 32% of total operating expenditure in 2021/22. This has increased from 24% in 2019/20. A higher percentage is an indication that Council’s rates are at about the level required to service the community.

## Willingness to pay

Table 28 Actual outstanding rates and charges for OLG Group 10 large rural councils

Rates and annual charges outstanding (%)	2021/22	2020/21	2019/20
Berrigan	4.1%	4.1%	5.1%
Bland	4.6%	5.8%	9.9%
<b>Blayney</b>	<b>1.6%</b>	<b>1.5%</b>	<b>2.8%</b>
Cobar	12.8%	9.8%	10.1%
Dungog	6.9%	6.2%	6.2%
Edward River	6.2%	7.0%	10.6%
Forbes	7.2%	7.2%	7.9%
Glen Innes Severn	5.2%	5.2%	8.4%
Gwydir	5.5%	4.7%	4.0%
Junee	7.4%	9.8%	8.1%
Kyogle	6.2%	6.7%	5.7%
Lachlan	9.3%	8.9%	10.4%
Liverpool Plains	7.8%	10.0%	10.4%
Narrandera	7.7%	9.3%	8.3%
Narromine	6.4%	7.9%	8.7%
Oberon	6.4%	7.6%	10.1%
Temora	3.0%	3.3%	3.9%
Tenterfield	4.0%	4.4%	7.6%
Upper Lachlan	3.2%	2.4%	2.7%
Uralla	10.5%	9.0%	11.8%
Walgett	14.2%	11.4%	10.8%
Warrumbungle	10.0%	14.9%	10.9%
Wentworth	12.2%	9.7%	12.1%
<i>Cabonne</i>	<i>4.3%</i>		
<i>Cowra</i>	<i>14.7%</i>		

Table 28 shows outstanding rates and charges ratios over the past three reporting years for NSW large rural (group 10) councils. Blayney's percentage for 2022/23 is 1.24%. The NSW benchmark for rural councils is 10%, and Blayney has consistently been significantly below this percentage for the past four financial years – this is therefore an indicator of capacity and willingness to pay.

## Conclusion

It is apparent, from our analysis, that the LGA has reasonably significant levels of disadvantage, mixed with some pockets of significant advantage. This inequity is highlighted by the grouping and locality level SIEFA rankings, which vary quite substantially. Overall, the LGA is in the 36th percentile for IRSD and 37th for IRSAD. This is notably comparable with the Regional NSW averages of 36th and 32nd, and Central West Region averages of 38th and 35th. It is important that Council acknowledges the levels of disadvantage within the community, and that it does not significantly marginalise particularly vulnerable individuals and households, especially in the 'Blayney and Carcoar' and 'Rural South' groupings.

The 'Rural North-East and North-West' area has the highest weekly increase. This area has a significant level of advantage, as demonstrated by high levels of equivalised income, high socioeconomic scores and high levels of home ownership. At the end of the three-year period, residential ratepayers in this area will be paying in average \$190 per year more than they would have under the normal rate increases; therefore, it is considered that there is capacity to pay.

'Blayney and Carcoar' contains the 49% of the LGA's residential ratepayers. The ratepayers will receive a lower increase in average rates. It is therefore important for Council to consider the impact on individual ratepayers, such as through hardship policies. Therefore, given an appropriate hardship policy, it is considered there is capacity to pay.

For farmland ratepayers, due to higher average land values in 'Rural South', this grouping is likely to see a larger increase in rates. Overall, for residential and farmland, this grouping has an IRSAD ranking in the 37th percentile and, due to slightly lower household income levels within this grouping as a whole, farmland ratepayers in this area may have a reduced capacity to pay. However, it is important to note that this area has 288 farmland ratepayers, and only 5 farmland ratepayers have been assessed as pensioners. Although, Council should still ensure that it considers any other vulnerable ratepayers within this grouping.

'Rural North-East and North-West', which has the largest number of farmland ratepayers at 371, will see the next highest increase in average rates, due to slightly lower land values. As mentioned previously, this can be considered a more advantaged grouping, with a higher potential capacity to pay.

In 'Milthorpe and Surrounds', which has a lower number of farmland ratepayers (54), the impact is lower, and it will therefore see the smallest increase to average rates.

Business ratepayers of 'Rural North-East and North-West' will see the highest average increase in rates across all SV options, followed by 'Blayney and Carcoar', these groupings contain 71% of the LGA's business ratepayers. Due to the proposed increases, it is considered that for business ratepayers there is capacity to pay.