



Gunnedah Shire Council

Capacity To Pay November 2024



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Executive Summary

Gunnedah Shire Council (GSC) presently faces financial unsustainability, despite proactive efforts to enhance its fiscal position over recent years. These initiatives, though ongoing, are deemed insufficient to effectively address the fundamental challenges over the long term.

Therefore, Council is evaluating the feasibility of a Special Rate Variation (SRV) and assessing its potential impact on the community. This report places importance on the principle of capacity to pay, recognising that certain ratepayers may possess greater financial capacity to meet rate obligations than others.

By the end of the proposed SRV period in the 2026/27 financial year it is estimated that:

- average Residential Gunnedah rates will increase by \$383.93, or \$7.38 per week
- average Residential Village rates will increase by \$188.60, or \$3.63 per week
- average Farmland rates will increase by \$1,721.04, or \$33.10 per week
- average Business Gunnedah rates will increase by \$2,241.92, or \$43.11 per week
- average Mining rates will increase by \$269,530.14, or \$5,183.27 per week

The above increases also include the rate peg that would ordinarily apply.

The impact of these rises will vary throughout the Local Government Area (LGA) depending upon the relative value of the land for each property. With respect to residential rates, this is demonstrated in the area of Gunnedah (South), which would see Residential Rural assessments with the largest increases in rates resulting in an estimated average general rate of \$1,749 by 2026/27, or an overall increase of \$6.11 per week (when compared to the rate increase that would apply from the rate peg only). Urban areas with more disadvantage and lower land values would see much smaller increases. Rural Remainder (Residential Villages) would see an estimated average general rate of \$746 by 2026/27, or an overall increase of only \$2.61 per week (when compared to the rate increase that would apply from the rate peg only). It is generally observed that these areas with greater disadvantage have lower levels of home ownership, limiting the direct impact of the proposed SRV.

With respect to farmland rates, again the increases are dependent upon relative land values, with Rural Remainder seeing the largest increases in rates resulting in an estimated average general rate of \$8,233 by 2026/27, or an overall increase of \$28.78 per week (when compared to the rate increase that would apply from the rate peg only).

Reviewing indicators such as household expenditure shows that household net savings have increased to \$24,218 per household in 2022/23 (which is slightly lower with Regional NSW averages), these increases in net savings indicate a capacity to pay within the community.

Additionally, we also noted that Gunnedah Shire Council has a relatively low proportion of outstanding rates at 3.86% (2024), a strong indicator of both capacity and willingness to pay rates especially given that the benchmark for outstanding rates is less than 10% for regional and rural areas.

Introduction

Council’s financial position is unsustainable with the current levels of income and expenditure. Whilst Council has implemented significant changes to enhance its sustainability, these measures alone will not suffice in the long term.

Consequently, GSC is actively exploring strategies to address its ongoing financial challenges, one of which is considering a permanent Special Rate Variation (SRV). Several factors, including equity and capacity to pay, have been taken into account in determining the size and necessity of an SRV. This report particularly underscores the capacity to pay principle, recognising the varying ability of ratepayers to meet their financial obligations.

This report conducts an assessment of relative wealth and financial capacity within the Gunnedah Shire Local Government Area (LGA), examining the financial vulnerability and exposure of different community groups including:

- Regions of social disadvantage
- Vulnerable groups of individuals
- Patterns of household expenditure.

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

Data from this review was obtained from the following sources:

- Australian Bureau of Statistics, 2016 and 2021 Census Data, ‘Data by Regions’.
- Profile ID – Gunnedah Shire Council community/economic profiles.
- National Institute of Economic and Industry Research (NEIR) 2021.
- Housing and Homeless Policy Consortium (ACT Shelter, ATCOSS, Women’s Centre for Health Matters, Youth Coalition of ACT) – *Snapshot: Housing stress and its effects, February 2016.*
- Office of Local Government Time – Series 2022/2023.

Background

GSC is divided into three regional areas. As part of the SRV process, Council is aiming to prevent substantial disadvantages to community groups and promote fair equity, considering the diverse economic and socio-economic profiles existing in each region.

Table 1 Gunnedah Shire Council LGA population

Area	Population
GSC	13,088
Gunnedah (North)	2,089
Gunnedah (South)	8,405
Rural Remainder	2,594

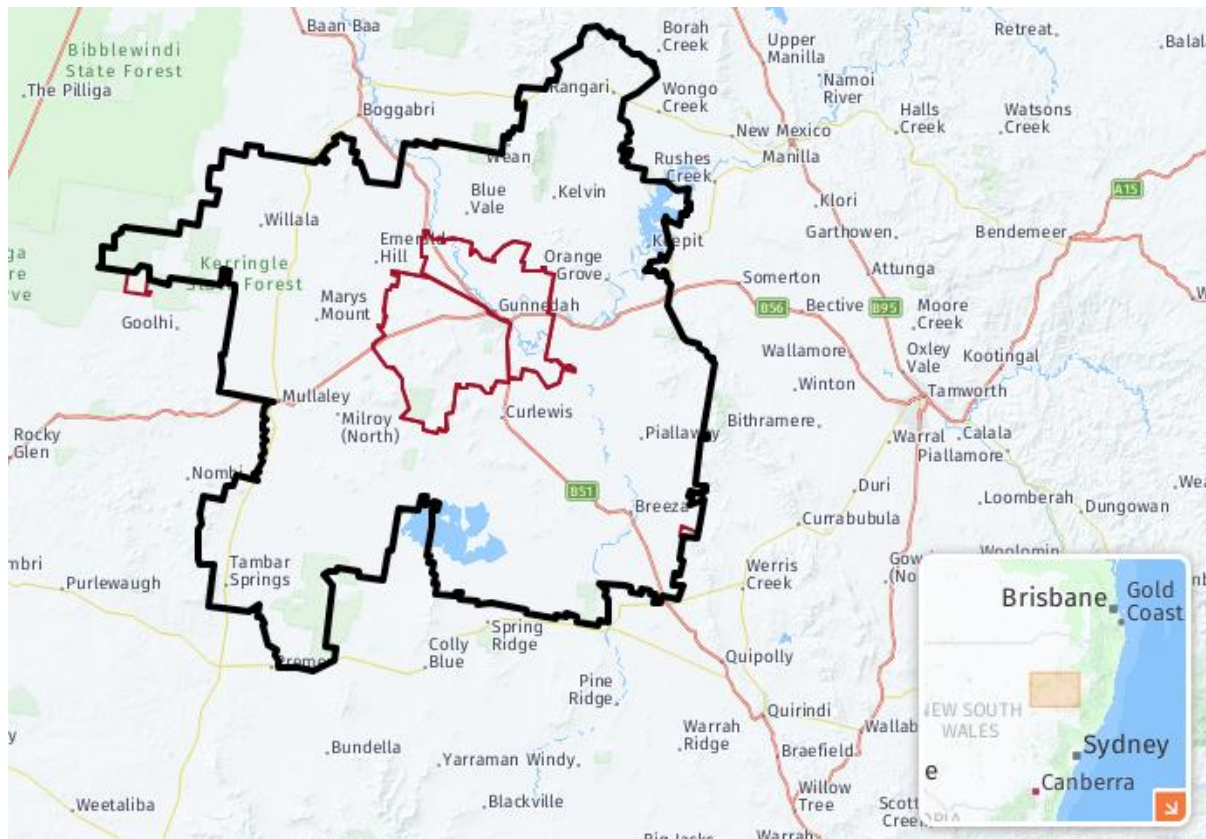
Source: Census Data 2021

Economic Region

Gunnedah Shire is located in the North West Slopes Region of north-west New South Wales, about 450 kilometres north of the Sydney CBD, and about 650 kilometres south of the Brisbane CBD. Gunnedah Shire is bounded by Narrabri Shire in the north, the Tamworth Regional Council area in the east, Liverpool Plains Shire in the south, and Warrumbungle Shire in the west.

The LGA is divided into three regional areas, covering a total land area of 4,992 square kilometres, resulting in a population density of 2.62 persons per square kilometre.

Figure 1 Gunnedah Shire Council areas



Gunnedah (North) is bounded by the Namoi River, the locality of Blue Vale and Kelvin Road in the north, the localities of Kelvin and Orange Grove, the Namoi River, the Oxley Highway, the locality of Carroll and the Mooki River in the east, the locality of Curlewis and the Oxley Highway in the south-east, the Kamilaroi Highway and the railway line in the south-west, and the locality of Emerald Hill in the north-west.

Gunnedah (South) is bounded by the locality of Emerald Hill and the railway line in the north, the Oxley Highway and the Kamilaroi Highway in the east, the locality of Curlewis, Wandobah Road and Goscombes Road in the south, and the locality of Milroy, Beissons Road, the Oxley Highway and the locality of Marys Mount in the west.

Rural Remainder is bounded by Narrabri Shire in the north, the Tamworth Regional Council area in the east, Liverpool Plains Shire in the south, Warrumbungle Shire in the west, and the locality of Gunnedah in the centre.

As of 30 June 2024, a total of 16,294.16 hectares, or 3.27%, of the Gunnedah Shire Council land area is considered *protected land* and includes:

- 2 National Parks protecting 781.24 hectares, making up 0.16% of the GSC LGA.
- 1 Nature reserves protecting 4,574.07 hectares or 0.92% of the GSC LGA.
- Other protected land areas total 10,941.85 hectares, or 2.19% of the GSC LGA.

Land Use

Gunnedah Shire is a largely rural area, with most of the population living in the township of Gunnedah and the villages of Breeza, Carroll, Curlewis, Mullaley and Tambar Springs.

Rural land is used largely for agriculture, particularly wheat and crop growing, cattle and sheep grazing and pig raising, with some coal mining. Tourism is also an important industry.

Methodology

The methodology in examining the relative wealth between sections of the community focuses on the following:

- Areas of social disadvantage
 - Identifying different characteristics and the structure of each area to determine whether there are any particular areas of social disadvantage. This will include an investigation into:
 - ✓ The age structure of each region.
 - ✓ The typical make up of each household
 - ✓ Household income
 - ✓ SEIFA rankings
- Particularly Vulnerable Groups of Individuals
 - Further investigation to ascertain if there are any particular groups within each area that, despite the overall wealth of the area, would be particularly vulnerable and affected by a change in rates; including:
 - ✓ Property owners
 - ✓ Persons who have or need core assistance
 - ✓ Individuals who are currently unemployed
 - ✓ Households currently under housing stress
 - ✓ Pensioners.
- Patterns in household expenditure
 - An examination of trends in household expenditure and discuss what impacts they may have on an individual's ability to pay.

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

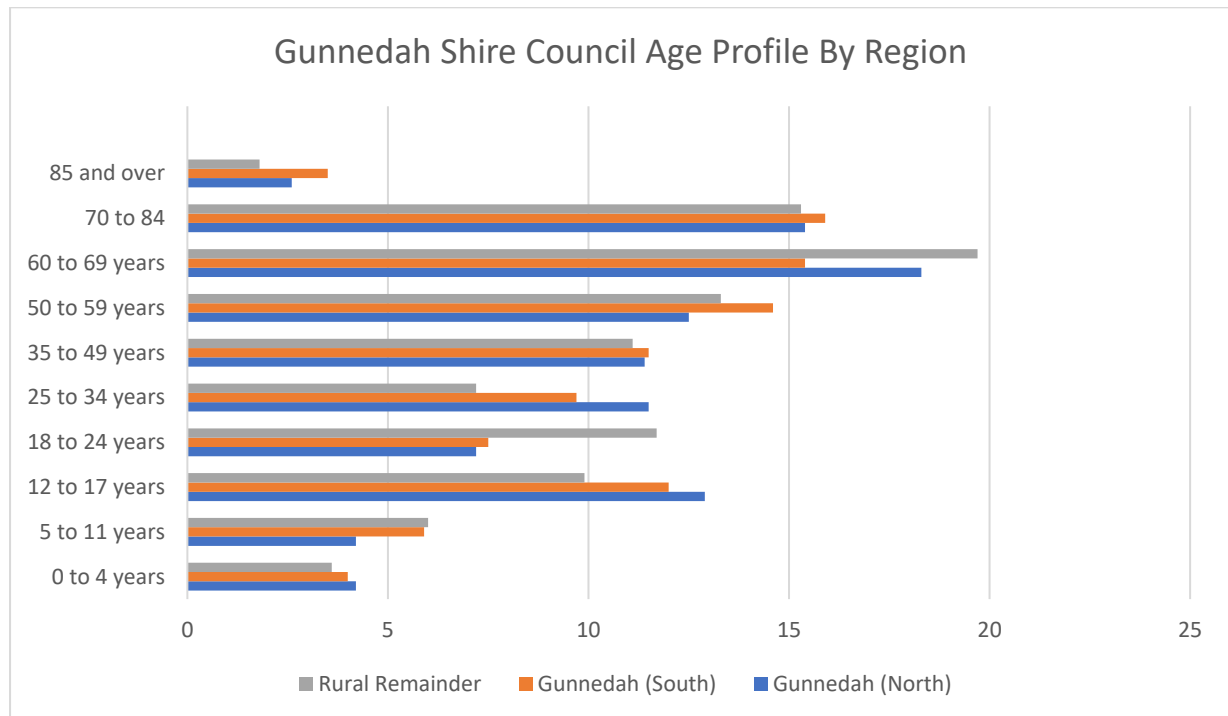
Areas of Social Disadvantage

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

Age Profile by Region

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

Figure 2 Age profiles percentage by region



Source: Census Data 2021

From 2016 to 2021, the population increased by 706 people – 5.8%. This represents an average annual population change of 1.16% per year over the period.

The largest changes in age structure in the LGA between 2016 and 2021 were in the following age groups:

- 10 to 14 (increase 199 persons)
- 30 to 34 (increase 148 persons)
- 5 to 9 (increase 141 persons)
- 35 to 39 (increase 102 persons)
- 55 to 59 (decrease 82 persons)

In 2021, Gunnedah Shire had a higher proportion of children (under 18) and a lower proportion of persons aged 60 or older than Regional NSW.

Within the region itself, it has been identified that Gunnedah (South) had the highest proportion of residents over the age of 70 than other areas.

Gunnedah (North) and Rural Remainder had lower proportion of children (under 18) and a higher proportion of persons aged 60 or older than Gunnedah (South).

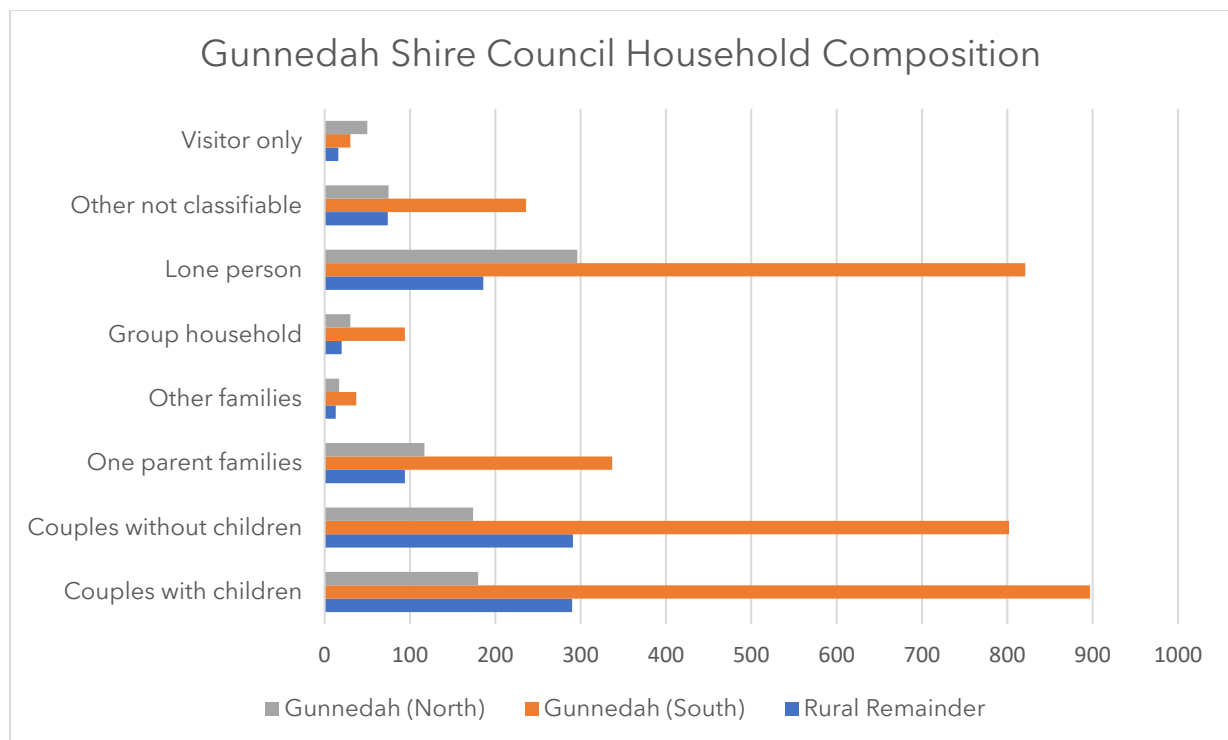
Household Types

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

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.

The table below identifies the typical make-up of the region's households providing a snapshot of the people, families and communities in each area.

Figure 3 Gunnedah Shire Council Household Composition



Source: Census Data 2021

It has been identified that those households that will be impacted at a higher level, due to an increase in rates are 'lone person' and 'one parent' households. These households, it is assumed, function with a reduced or single income stream, with the highest proportion of these households being located in Gunnedah (South).

It is also clear that Gunnedah (South) has, by far, the highest proportion of households with children.

Housing Tenure

By identifying housing tenure levels within the community, we have the ability to establish which areas would be most impacted by a change in council rates. The direct impact of such a change in rates would be felt by homeowners, with renters perhaps experiencing an increase/decrease depending on their lease arrangements and decisions of their landlord.

Those that reside in social housing are unlikely to be impacted by a change in rates.

Table 2 Housing Tenure

Tenure	Number in Gunnedah Shire	GSC %	Regional NSW %
Fully Owned	1,609	30.95	36.26
Mortgage	1,541	29.74	29.38
Renting – Private	1,190	23.06	21.69
Renting – Social Housing	177	3.45	3.81
Renting – Not Stated	7	0.17	0.18
Other Tenure Type	162	3.15	2.31
Not Stated	490	9.48	6.37
Total Households	5,176	100.0	100.0

Source: Census Data 2021

Table 3 Housing Tenue by area

	Gunnedah (North) %	Gunnedah (South) %	Rural Remainder %
Fully Owned	27.99	29.68	38.62
Mortgage	23.04	32.75	26.29
Renting Private	31.65	22.10	17.80
Renting Social Housing	3.01	4.57	0.00
Renting – Not Stated	0.00	0.22	0.00
Other Tenure Type	2.69	1.78	7.99
Not Stated	11.62	8.90	9.30

Source: Census Data 2021

A review of the housing tenure of households within the area in 2021, compared to Regional NSW, shows that there was a lower proportion of households who own their dwelling; an equal proportion purchasing their dwelling; and a higher proportion who were renters.

Overall, 30.95% of households owned their dwelling; 29.74% were purchasing (currently mortgaged) and 26.68% were renting, compared with 36.26%, 29.38% and 25.68%, respectively, within Regional NSW.

The largest change in the housing tenure for households within the area were households with mortgage increased by 181 between 2016 and 2021 with fully owned increased by 32 and private rentals increased by 11 households.

A high concentration of private renters may indicate a transient area attractive to young singles and couples whilst an increase in home ownership indicates a more settled area with mature families and empty-nesters.

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. The table below provides a regional comparison of equivalised household income.

As this is a relative comparison, data has been presented in quartiles. A quartile describes a way of dividing up values into four quarters or intervals; regions of disadvantage will have a higher proportion of households in the bottom two quartiles than those of greater wealth and advantage. These quartiles were determined by reviewing the distribution of household incomes within NSW and then dividing them into four equal groups or quartiles.

With the assumption that all households were the 'same size', then the lowest quartile is the largest income group within the LGA.

Table 4 Equivalised Household Income

Area	GSC %	New England & North West %	Regional NSW %	NSW %
Lowest	28.40	33.51	30.49	25.00
Medium Lowest	27.14	29.21	28.81	25.00
Medium Highest	25.00	23.09	24.16	25.00
Highest	19.46	14.19	16.54	25.00

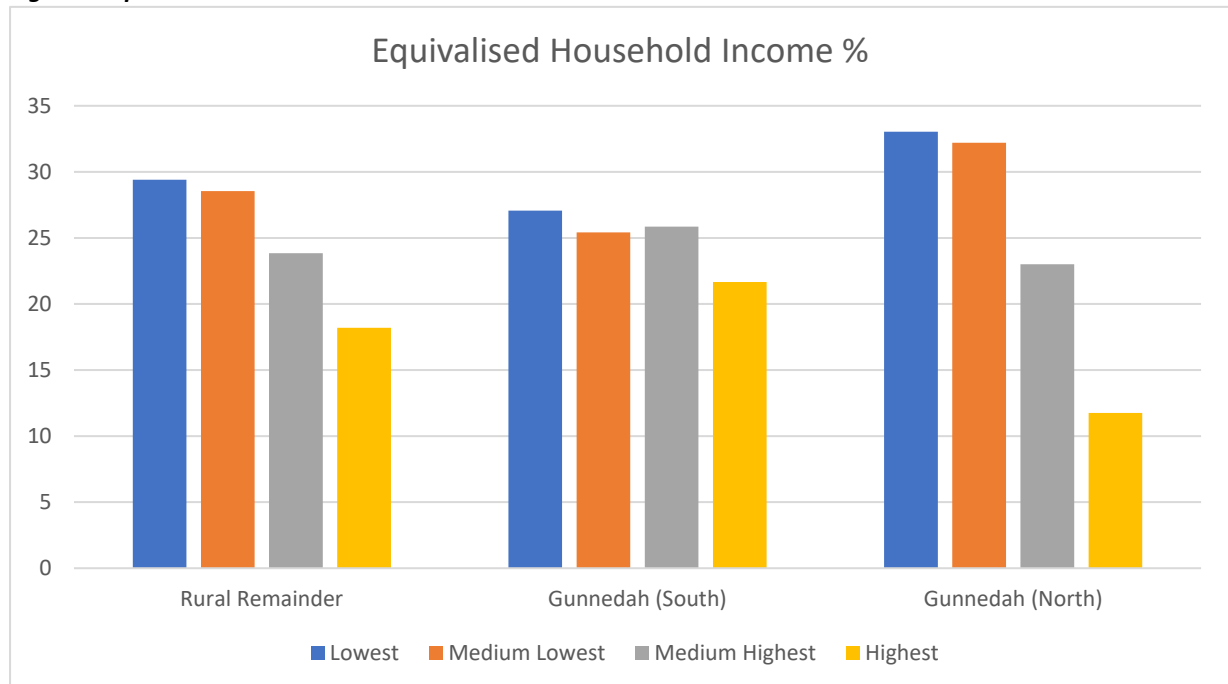
Source: Census Data 2021

The data has been presented in ranges for the following equivalised weekly income levels:

- Lowest: \$0 - \$603 – this range representative of the bottom 25% of all equivalised household incomes in NSW.
- Medium lowest: \$604 - \$1,096 – this range is representative of the bottom 25% - 50% of all equivalised household incomes in NSW.
- Medium highest: \$1,097 - \$1,770 – this range is representative of the top 50% - 75% of all equivalised household incomes in NSW.
- Highest: \$1,771 and over – this range is representative of the top 25% of all equivalised household incomes in NSW.

Figure 4 summarises the equivalised household income ranges (2021) for each area.

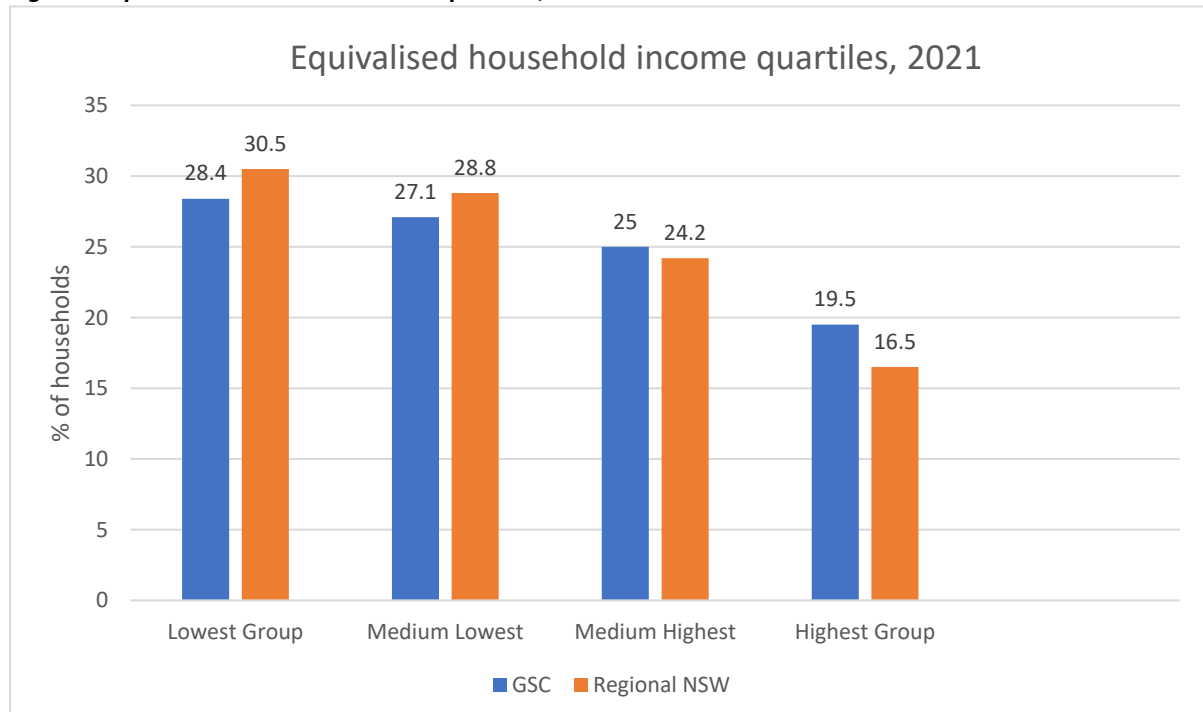
Figure 4 Equalised Household Income %



Source: Census Data 2021

Household Income Quartiles

Figure 5 Equalised household income quartiles, 2021



Source: Census Data 2021

Income quartiles allow us to compare relative income-earning capabilities across time. Analysis of the distribution of households by income quartile in Gunnedah Shire compared to Regional NSW shows that there was greater proportion of households in the highest income quartile and a lesser proportion in the lowest income quartile.

The most significant change in Gunnedah Shire between 2016 and 2021 was in the medium highest quartile which showed an increase of 91 households.

Socio-Economic Indexes

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

Index of Relative Socio-Economic Disadvantage (IRSD) summarises information about the economic and social conditions of people and households within GSC.

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) considers variables of both advantage and disadvantage and, as such, scores and ranks areas from most disadvantaged to most advantaged.

Socio-economic advantage and disadvantage is defined as people's access to material and social resources, and their ability to participate in society. This is based on data collected in the Census including income, education, employment, occupation, housing and family structure.

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

IRSD variables of disadvantage:

- low equivalised household incomes
- households with children and unemployed parents
- percentage of occupied dwellings with no internet connection
- percentage of employed people classified as labourers.

IRSAD variables of advantage only (disadvantage similar to IRSD):

- high equivalised household incomes
- percentage of households making high mortgage repayments
- percentage of employed people classified as professionals
- percentage of employed people classified as managers.

Lower scores indicate areas of relative disadvantage compared to areas with higher scores.

A regional summary, including national percentiles (2021) is provided in the table below.

Table 5 Regional SEIFA Scores and percentiles

Region	SEIFA – IRSD	Percentile	SEIFA-IRSAD	Percentile
GSC	966.7	25	940.3	25
New England and North West SA4	955.0	21	936.0	24
Regional NSW	982.0	32	962.0	36
New South Wales	1,000.0	42	1,016.0	67
Australia	1,001.2	42	1,002.6	60

Source: GSC Profile id 2021

In reviewing the IRSD (2021), we observe that the LGA has a lower level of disadvantage compared to New England and North West Region, but a higher level of disadvantage compared with Regional NSW, NSW and the nation’s averages. Gunnedah Shire Council’s IRSD score of 966.7 is above New England and North West Region score of 955.0, but below Regional NSW (982.0), NSW (1,000.0) and the nation (1,001.2) and places the LGA into the 25th percentile. This means that 25% of Australia’s suburbs have a SEIFA index lower than the LGA (more disadvantaged), while 75% are higher.

IRSAD includes levels of both advantage and disadvantage. Gunnedah Shire Council’s score of 940.3 is again above the New England and North West score but below that of Regional NSW (962.0), NSW (1,016.0) and the nation (1,002.6) and places the LGA into the 25th percentile. This lower score means that there are proportionately lower incidences of advantage throughout the LGA relative to NSW and to Australia. A lower IRSAD score compared to IRSD score is indicative of less opportunities within the LGA, e.g., lower equivalised incomes, lower education levels, fewer employment opportunities within the area, or more unskilled jobs, and housing.

Table 6 Area Level SEIFA Scores and percentiles

Region	SEIFA – IRSD	Percentile	SEIFA-IRSAD	Percentile
Gunnedah (North)	910.7	11	890.6	11
Gunnedah (South)	971.9	28	942.0	26
Rural Remainder	994.6	39	974.6	43

Source: GSC Profile id 2021

In reviewing the SEIFA rankings, it is clear that there is a broad distribution of advantage and disadvantage throughout the LGA highlighting significant levels of inequality.

Vulnerable Groups or Individuals

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.

Gunnedah Shire Council’s overall unemployment rate as at the 2021 Census date was 4.3% (equating to 261 people), below the Regional NSW average of 4.6% and NSW average of 4.9%.

Table 7 Vulnerable Groups or Individuals

Status	GSC	GSC %	Regional NSW %
Employed	5,873	95.75	95.45
Employed Full Time	3,815	62.23	54.49
Employed Part Time	1,682	27.37	33.69
Employed away from work	376	6.15	7.27
Unemployed	263	4.25	4.55
Looking for full time work	171	2.80	2.50
Looking for part time work	92	1.45	2.05
Total	6,136	100.00	100.00

Source: Census Data 2021

The size of the labour force in 2021 was 6,136 of which 1,682 were employed part time and 3,815 were full time workers.

The employment status (%) in the area in 2021 compared to Regional NSW shows that there was a similar proportion in employment, as well as a similar proportion unemployed.

Overall, 95.75% of the labour force was employed and 4.25% unemployed, compared with 95.45% and 4.55% respectively for Regional NSW.

Between 2016 and 2021, the number of people employed showed an increase of 494, and the number unemployed showed a decrease of 61. In the same period, the number of people in the labour force showed an increase of 433 or 7.59%.

Table 8 Community workforce status 2021 Census

Status	GSC LGA	Gunnedah (North)	Gunnedah (South)	Rural Remainder
Employed	95.75%	93.43%	96.07%	96.39%
Employed Full Time	62.23%	59.59%	61.79%	65.21%
Employed Part Time	27.37%	27.17%	28.36%	24.85%
Employed away from work	6.15%	6.67%	5.92%	6.33%
Unemployed	4.25%	6.57%	3.93%	3.61%
Looking for full time work	2.80%	3.54%	2.75%	2.33%
Looking for part time work	1.45%	3.03%	1.80%	1.28%
Total labour force	6,135	990	3,818	1,327

Source: Census Data 2021

It is interesting to note that the rural area of the LGA has significant lower levels of unemployment than the residential areas.

It should be noted that pensioners and other non-participants are not included in the total labour force.

Workforce industries and regions

Table 9 Industry workforce analysis (employed FTE 2021)

Status	GSC LGA	Gunnedah (North)	Gunnedah (South)	Rural Remainder
Agriculture, Forestry and Fishing	12.88%	9.39%	5.41%	36.86%
Mining	14.12%	11.11%	17.26%	7.31%
Manufacturing	4.59%	4.75%	5.13%	2.95%
Electricity, Gas, Water and Waste Services	1.10%	1.40%	1.23%	0.47%
Construction	5.86%	8.09%	6.12%	3.34%
Wholesale trade	2.85%	1.94%	3.33%	2.57%
Retail Trade	7.75%	10.03%	8.41%	4.28%
Accommodation and Food Services	5.76%	8.41%	5.71%	4.12%
Transport, Postal and Warehousing	3.08%	2.16%	3.36%	2.80%
Information Media and Telecommunications	0.39%	0.32%	0.38%	0.62%
Financial and Insurance Services	1.05%	0.86%	1.12%	0.93%
Rental, Hiring and Real Estate Services	1.31%	1.51%	1.37%	0.62%
Professional, Scientific and Technical Services	2.97%	3.34%	3.11%	2.18%
Administrative and Support Services	3.62%	4.10%	3.77%	2.88%
Public Administration and Safety	4.27%	5.39%	4.48%	3.34%
Education and Training	9.06%	6.80%	9.75%	8.40%
Health Care and Social Assistance	10.81%	10.68%	11.36%	9.18%
Arts and Recreation Services	0.53%	0.86%	0.52%	0.39%
Other Services	4.60%	5.07%	5.11%	2.33%
Inadequately described or not stated	3.40%	3.78%	3.09%	4.43%
Total labour force	5,875	927	3,662	1,286

Source: Census Data 2021

An analysis of the jobs held by the resident population in Gunnedah Shire in 2021 shows the three most popular industry sectors were:

- Mining (831 people or 14.12%)
- Agriculture, Forestry and Fishing (758 people or 12.88%)
- Health Care and Social Assistance (636 people or 10.81%)

In combination, these three industries employed 2,225 people in total or 37.8% of the total employed resident population.

In comparison, Regional NSW employed 2.4% in Mining; 5.1% in Agriculture, Forestry and Fishing; and 16.3% in Health Care and Social Assistance.

The major differences between the jobs held by the population of Gunnedah Shire and Regional NSW were:

- A *larger* percentage of persons employed in mining (14.1% compared to 2.4%)
- A *larger* percentage of persons employed in agriculture, forestry and fishing (12.9% compared to 5.1%)
- A *smaller* percentage of persons employed in health care and social assistance (10.8% compared to 16.3%)
- A *smaller* percentage of persons employed in construction (5.9% compared to 9.4%)

The number of employed people in Gunnedah Shire increased by 508 between 2016 and 2021.

The largest changes in the jobs held by the resident population between 2016 and 2021 in Gunnedah Shire were for those employed in:

- Education and Training (+109 persons)
- Mining (+92 persons)
- Health Care and Social Assistance (+87 persons)
- Construction (+77 persons)

Core Assistance

Table 10 highlights the areas within the LGA that have a higher concentration of people which need assistance in their day-to-day lives with self-care, body movements or communications, often because of disability, long-term health condition or old age.

Table 10 Core Activity Need for Assistance

Region	Core Activity Need For Assistance	% of population	Regional NSW
Gunnedah (North)	143	6.9%	
Gunnedah (South)	531	6.4%	
Rural Remainder	121	4.7%	
Total	795	6.1%	6.8%

Source: Census Data 2021

The need for assistance of people in the area compared to Regional NSW shows that there was a lower proportion of people who reported needing assistance with core activities.

Overall 6.1% of the population reported requiring assistance with core activities, compared with 6.8% for Regional NSW.

The major differences in the age groups reporting a need for assistance in Gunnedah Shire and Regional NSW were:

- A *larger* percentage of persons aged 85 and over (47.9% compared to 46.2%)
- A *smaller* percentage of persons aged 5 to 9 (3.6% compared to 5.0%)
- A *smaller* percentage of persons aged 80 to 84 (23.7% compared to 24.8%)

Pensioners

A distinction is made between retirees and eligible pensioners. To be classified as a pensioner for the purposes of receiving rate 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 11 Number of eligible pensioner assessments

Number of pensioner properties	Total Assessments	Pensioner Assessments	Pensioner Assessments %
Gunnedah (North)	1,270	163	12.8%
Gunnedah (South)	3,664	522	14.2%
Rural Remainder	1,584	146	9.2%
Total LGA	6,518	831	12.7%

Source: Gunnedah Shire Council

The proportion of pensioners are generally higher in the urban areas than in the rural areas. The Rural remainder includes 118 pensioners who resided in the villages of the LGA which accounts for 21.7% of the villages assessments which are mostly subject to the minimum rate.

Generally, areas with higher numbers of eligible pensioners will indicate an increased vulnerability to increases in rates. It is noted that eligible pensioners (those receiving Centrelink payments) within the LGA have access to mandatory rebates (up to a maximum of \$250 per year) on their rates. Council also has a hardship policy in place.

Household Mortgages

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

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

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

- 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.

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

- The data has been presented in ranges for the following monthly mortgage repayment levels: Lowest: \$0 - \$1,381 – this range is representative of the bottom 25% of all monthly mortgage repayments in NSW.
- Medium lowest: \$1,382 - \$2,123 – this range is representative of the bottom 25% - 50% of all monthly mortgage repayments in NSW.
- Medium highest: \$2,124 - \$3,203 – this range is representative of the top 50% - 75% of all monthly mortgage repayments in NSW.
- Highest: \$3,204 and over – this range is representative of the top 25% of all monthly mortgage repayments in NSW.

Table 12 Housing loan repayment quartiles

Loan repayment quartile group (2021)	GSC LGA	Gunnedah (North)	Gunnedah (South)	Rural Remainder
Lowest	46.06%	63.76%	40.67%	59.68%
Medium lowest	31.43%	23.82%	37.56%	13.90%
Medium highest	14.66%	5.48%	16.10%	11.48%
Highest	7.85%	6.94%	5.67%	14.94%
Total households with started mortgage repayments	1,441	193	997	235

Source: Census Data 2021

Overall, 77.49% of housing loan repayments within the LGA are within the lowest two monthly loan repayment quartiles, well above Regional NSW (68%). Gunnedah Shire LGA has 55.54% of its residents in the bottom two quartiles of equivalised income, which is below the Regional NSW (60%) levels from the 2021 Census data.

The Rural remainder area had the highest proportion at 26.42% of housing loan repayments in the highest two monthly loan repayment quartiles which equates to 235 households. Comparing to equivalised income, this area had the highest proportion of households in the highest two quartiles (42%).

Housing Stress by Region

Table 13 Housing Stress by Region

Stressed Households	Percentage
GSC – average	7.2
Regional NSW	12.7
NSW	17.3
Australia	14.5

Source: Census Data 2021

A household is considered in housing stress if housing costs such as mortgage repayments or rent are more than 30% of the household disposable income and the household is in the bottom 40% of the equivalised income distribution. (Source: Australian Government | Australian Institute of Health and Welfare)

It is identified that the number of households experiencing housing stress within the LGA is, on average 7.2% (375 households), which is well below the Regional NSW, State and Nation percentage. Of the 375 stress households 275 are rental households with a further 100 households with a mortgage.

It is important to note that at the time of data collection, interest rates at the 2021 Census were at a record low within Australia, with the first interest rate rises by the Reserve Bank beginning an upward trend from May 2022.

Trends in Cost of Living

Table 14 Five-year comparison of cost of living in Gunnedah Shire

Gunnedah Shire	2022/23		2017/18	
	\$ per household	% of expenditure	\$ per household	% of expenditure
Food	14,927	10.5%	13,478	9.9%
Alcoholic Beverages & Tobacco	6,371	4.5%	7,081	5.2%
Clothing & Footwear	6,609	4.7%	5,084	3.7%
Furnishings & equipment	7,492	5.3%	6,635	4.9%
Health	9,792	6.9%	7,905	5.8%
Transport	13,357	9.4%	15,385	11.3%
Communications	3,062	2.2%	2,460	1.8%
Recreation & Culture	16,666	11.8%	15,122	11.1%
Education	5,906	4.2%	4,978	3.7%
Hotels, Cafes & Restaurants	12,115	8.6%	11,612	8.5%
Miscellaneous Goods & Services	21,614	15.3%	21,484	15.8%
Housing	19,290	13.6%	20,508	15.1%
Utilities	4,356	3.1%	4,280	3.1%
Total Expenditure	141,558	100.0%	136,011	100.0%
Net Savings	24,218	14.6%	15,131	10.0%
Total Disposable Income	165,776	0.0%	151,142	0.0%
Non-discretionary*	71,393	50.4%	69,100	50.8%
Discretionary	70,165	49.6%	66,911	49.2%

Source: National Institute of Economic and Industry Research (NIEIR) ©2024. ©2023.

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

The cost of living can best be described as the cost of maintaining a certain standard of living. Identifying trends in future costs, particularly with regards to discretionary and non-discretionary income.

The cost of living trends for this period is presented in Table 14. This shows that over this five-year period net savings have relatively increased, now representing 14.6% of total disposable income (which is slightly lower than net savings for Regional NSW, at 15.2%). Also, over this period total expenditure has fallen, primarily in transport, alcoholic beverages & tobacco and hotels, cafes & restaurants. The increases in net savings indicate an improved capacity to pay within the community.

In light of concerns raised by the community following recent consultation on the proposed SRV, Council has resolved to strive to achieve \$930,000 of savings and efficiency gains over the 3 year period 2025 to 2028.

Property Prices and Other Indicators

The Median house property prices within the Gunnedah Shire Council LGA has decreased by 1.60% over the 12 months ending 30 November 2024. This period saw 230 houses sold for a median price of \$462,500. The five-year median price trend is significant, with the median price in December 2018 being \$320,000 (based on 161 sales). This growth represents a significant increase in household wealth.

Proposed Special Rate Variation Impacts

Following the community engagement, the results of the engagement were presented to Council at its ordinary meeting on 30 October 2024 along with a revised SRV proposal considering the community's feedback through the engagement process.

Council deferred the report and requested an extraordinary meeting to allow further time to review the information and alternative options.

Council held an extraordinary meeting on 6 November 2024, where six alternative SRV options were presented and discussed. The Council subsequently resolved to give notice to IPART of the intention to apply for a 37.67% cumulative SRV over two years and be retained permanently.

To address concerns raised in the community engagement feedback, Council also resolved that the proposed SRV caps the increase on Residential, Business and Farmland rating categories at 15% per year (32.25% cumulative) with the balance of the revised SRV of 37.67% cumulative to be sourced from the Mining rating category (resulting in an 85.13% cumulative increase for this category).

Analysis of the SRV impacts has been prepared based upon a combination of Council rates book data, which currently uses 2022 land valuations for 2024/25 and will use 2024 land valuations from 2025/26 and 2026/27 provided by the NSW Valuer General.

Table 15 Impact of the increase based on averages for rate categories

		2024/25	Year One Increase (2025/26)			Cumulative Year Two Increase (2026/27)				
Rating Category	Sub-Category	Average Rate by Category	Average Rate by Category	Increase in Average rate per annum	Additional Cost per week	Average Rate by Category	Increase in Average rate per annum	Year two weekly increase	Cumulative increase in Average rate per annum	Cumulative Additional Cost per week
Residential	Ordinary	\$947.34	\$1,089.47	\$142.13	\$2.73	\$1,252.95	\$163.48	\$3.14	\$305.61	\$5.88
	Rural	\$1,234.73	\$1,419.96	\$185.23	\$3.56	\$1,632.99	\$213.03	\$4.10	\$398.26	\$7.66
	Gunnedah	\$1,190.36	\$1,368.93	\$178.57	\$3.43	\$1,574.29	\$205.36	\$3.95	\$383.93	\$7.38
	Village	\$586.03	\$673.76	\$87.73	\$1.69	\$774.63	\$100.87	\$1.94	\$188.60	\$3.63
Business	Ordinary	\$979.84	\$1,126.74	\$146.90	\$2.83	\$1,295.57	\$168.83	\$3.25	\$315.73	\$6.07
	Gunnedah	\$6,951.51	\$7,994.26	\$1,042.75	\$20.05	\$9,193.43	\$1,199.17	\$23.06	\$2,241.92	\$43.11
	Business Power Generation	\$11,588.83	\$13,327.19	\$1,738.36	\$33.43	\$15,326.35	\$1,999.16	\$38.45	\$3,737.52	\$71.88
Farmland										
		\$5,336.54	\$6,137.03	\$800.49	\$15.39	\$7,057.58	\$920.55	\$17.70	\$1,721.04	\$33.10
Mining		\$316,615.92	\$454,848.74	\$138,232.82	\$2,658.32	\$586,146.06	\$131,297.32	\$2,524.95	\$269,530.14	\$5,183.27
	Additional Yield			\$2,857,561.19			\$3,147,820.10			

As shown in Table 15 above, by the end of the proposed SRV period in the 2026/27 financial year, it is estimated that:

- average Residential Gunnedah rates will increase by \$383.93, or \$7.38 per week
- average Residential Village rates will increase by \$188.60, or \$3.63 per week
- average Farmland rates will increase by \$1,721.04, or \$33.10 per week
- average Business Gunnedah rates will increase by \$2,241.92, or \$43.11 per week
- average Mining rates will increase by \$269,530.14, or \$5,183.27 per week

The above increases also include the rate peg that would ordinarily apply.

The impact at sub-category and individual property levels will be impacted by the land values (as determined by the Valuer General). Properties with higher land values will have proportionately higher increases compared to those with lower land values.

Gunnedah Shire Council applies an ad valorem amount that is subject to a minimum amount for properties classified as Residential, Business and Farmland and a base amount and an ad valorem amount for properties classified as Mining.

With base amounts, every assessment starts off with the same level of rate, to which an ad valorem component is added.

Under a structure with minimum rates, the ad valorem amount is calculated and then compared with the minimum amount, and the ratepayer is charged the greater amount.

Where a council adopts a minimum rate for a particular category or sub-category, all ratepayers within that category or sub-category will pay at least that minimum amount regardless of their land value. Therefore, in most cases the use of minimum rates will impact ratepayers with relatively lower land values.

Table 16 Gunnedah (North) – Impact of SRV compared to rate peg only (estimated average rates by category)

Gunnedah (North)	Average LV	2025/26 with SRV	2026/27 with SRV	2025/26 no SRV	2026/27 no SRV	2026/27 variance vs normal increase	2026/27 variance vs normal increase
Residential Ordinary	112,993	\$ 659	\$ 758	\$ 599	\$ 620	\$ 138	\$ 2.65
Residential Rural	270,772	\$ 1,652	\$ 1,900	\$ 1,502	\$ 1,555	\$ 345	\$ 6.64
Residential Gunnedah	80,961	\$ 1,092	\$ 1,256	\$ 993	\$ 1,027	\$ 228	\$ 4.39
Business Ordinary	152,393	\$ 1,700	\$ 1,955	\$ 1,546	\$ 1,600	\$ 355	\$ 6.83
Business Gunnedah	231,353	\$ 7,375	\$ 8,481	\$ 6,705	\$ 6,940	\$ 1,542	\$ 29.65
Farmland	1,378,712	\$ 3,404	\$ 3,915	\$ 3,095	\$ 3,203	\$ 712	\$ 13.69

Gunnedah (North) would see cumulative increases (compared to the increase associated with the rate peg only) over the proposed two-year SRV period of an estimated \$228 for the 728 Residential Gunnedah ratepayers (\$4.39 per week). The 71 Residential Rural ratepayers would have a larger weekly impact at \$6.64 per week more than they would have had there been no SRV. The 296 Business Gunnedah ratepayers would see an estimated average increase of \$1,542 at the end of the SRV period (\$29.65 per week). The 130 Farmland ratepayers would have an average increase of \$712 at the end of the SRV period (\$13.69 per week).

Gunnedah (North) has the lowest SIEFA ranking, the highest unemployment rate and the highest level of rental properties, there may be a reduced ability to pay increase rates within this group. The majority of ratepayers in this grouping are Residential Gunnedah, which on average has a lower average land value which will result in a lower increase in dollar terms for those that are owner occupiers.

Table 17 Gunnedah (South) – Impact of SRV compared to rate peg only (estimated average rates by category)

Gunnedah (South)	Average LV	2025/26 with SRV	2026/27 with SRV	2025/26 no SRV	2026/27 no SRV	2026/27 variance vs normal increase	2026/27 variance vs normal increase
Residential Ordinary	188,790	\$ 1,101	\$ 1,266	\$ 1,001	\$ 1,036	\$ 230	\$ 4.43
Residential Rural	249,134	\$ 1,520	\$ 1,749	\$ 1,382	\$ 1,431	\$ 318	\$ 6.11
Residential Gunnedah	102,867	\$ 1,387	\$ 1,595	\$ 1,261	\$ 1,305	\$ 290	\$ 5.58
Business Ordinary	121,896	\$ 1,360	\$ 1,564	\$ 1,236	\$ 1,280	\$ 284	\$ 5.47
Business Gunnedah	311,399	\$ 9,927	\$ 11,416	\$ 9,025	\$ 9,341	\$ 2,075	\$ 39.90
Farmland	840,186	\$ 2,075	\$ 2,386	\$ 1,886	\$ 1,952	\$ 434	\$ 8.34
Mining	829,000	\$ 55,964	\$ 68,542	\$ 45,405	\$ 46,994	\$ 21,548	\$ 414.39

Gunnedah (South) would see cumulative increases (compared to the increase associated with the rate peg only) over the two-year period of an estimated \$290 for the 2,841 Residential Gunnedah ratepayers (\$5.58 per week). The 198 Residential Rural ratepayers would have a slightly larger weekly impact at \$6.11 per week more than they would have had there been no SRV. The 109 Business Gunnedah ratepayers would see an estimated average increase of \$2,075 at the end of the SRV period (\$39.90 per week). The 140 Farmland ratepayers would have an average increase of \$434 at the end of the SRV period (\$8.34 per week). The 2 Mining ratepayers as a result of the proposed redistribution under the SRV would see an average increase of \$21,548 at the end of the SRV period (\$414.39 per week).

Gunnedah (South) with a higher SIEFA ranking and a higher proportion of employed workforce and about average of equalisation income indicates that there is some capacity to pay increasing rates within this group. It is also noted that this group has the highest percentage of pensioners who may have reduced ability to pay increase rates.

Table 18 Rural Remainder – Impact of SRV compared to rate peg only (estimated average rates by category)

Rural remainder	Average LV	2025/26 with SRV	2026/27 with SRV	2025/26 no SRV	2026/27 no SRV	2026/27 variance vs normal increase	2026/27 variance vs normal increase
Residential Ordinary	101,531	\$ 592	\$ 681	\$ 538	\$ 557	\$ 124	\$ 2.38
Residential Rural	141,550	\$ 864	\$ 993	\$ 785	\$ 813	\$ 181	\$ 3.47
Residential Village	39,353	\$ 649	\$ 746	\$ 590	\$ 610	\$ 136	\$ 2.61
Business Ordinary	68,809	\$ 768	\$ 883	\$ 698	\$ 722	\$ 160	\$ 3.09
Business Power Generation	1,194,500	\$ 13,327	\$ 15,326	\$ 12,116	\$ 12,541	\$ 2,786	\$ 53.57
Farmland	2,899,499	\$ 7,159	\$ 8,233	\$ 6,509	\$ 6,737	\$ 1,497	\$ 28.78
Mining	23,031,667	\$ 720,772	\$ 931,215	\$ 521,438	\$ 539,689	\$ 391,527	\$ 7,529.36

Rural Remainder would see cumulative increases (compared to the increase associated with the rate peg only) over the two-year period of an estimated \$136 for the 545 Residential Village ratepayers (\$2.61 per week). The 86 Residential Rural ratepayers would have a larger weekly impact at \$3.47 per week more than they would have had there been no SRV. The 64 Business Ordinary ratepayers would see an estimated average increase of \$124 at the end of the SRV period (\$2.38 per week). The 875 Farmland ratepayers would have an average increase of \$1,497 at the end of the SRV period (\$28.78 per week). The 3 Mining ratepayers as a result of the proposed redistribution under the SRV would see an average increase of \$391,527 at the end of the SRV period (\$7,529.36 per week).

Rural Remainder has the highest SIEFA ranking, the lowest unemployment rate and the highest level of home ownership across the LGA. This is mainly due to the large scale farming assessments. However, this group also contains the villages within the LGA which would have a reduced capacity to pay compared to other ratepayers in this group.

At the Council Meeting on 11 December 2024, Councillors looked at charges that could remain at the same level as 2024/25 in order to limit the impact on ratepayers should the SRV be approved. Councillors endorsed a motion to *freeze increases to Waste Management and Sewerage annual charges during the SRV implementation period*, subject to the SRV being approved by the Independent Pricing and Regulatory Tribunal and those service areas maintaining a financially sustainable outlook.

Rates as a Percentage of Operating Expenses

Table 19 Rates vs Operational Expenses 2022-23 Actual

Rates vs Operating Expenses 2022-23 Actual	Total Operating Expenses Actual (\$)	Total Rates Revenue (\$)	Rates as % of operating expenses	Rank
Armidale Regional	112,331,000	39,371,000	35.05%	10
Glen Innes Severn	36,276,000	13,138,000	36.22%	7
Gunnedah	55,797,000	20,630,000	36.97%	6
Gwydir	43,696,000	11,474,000	26.26%	12
Inverell	53,125,000	23,770,000	44.74%	1
Liverpool Plains	39,936,000	14,034,000	35.14%	9
Moree Plains	79,839,000	31,049,000	38.89%	4
Narrabri	58,038,000	22,587,000	38.92%	3
Tamworth Regional	187,193,000	80,458,000	42.98%	2
Tenterfield	33,127,000	11,871,000	35.83%	8
Uralla	27,329,000	7,523,000	27.53%	11
Walcha	22,641,000	5,571,000	24.61%	13
Average Northern Inland	62,444,000	23,456,333	37.56%	5

Source: OLG Time Series Data 2022-23

Table 19 above shows actual rates revenue as a percentage of total council operating expenditure for the 2020-21 financial year, for selected comparable LGAs. It is observed that within this grouping, Gunnedah Shire Council's ratio of 36.97% is in line with the average when compared to other northern inland councils.

Outstanding Rates (2023)

Table 20 Outstanding rates (2023)

LGA - Northern Inland Councils	NSW Ranking	Northern Inland LGA's rank	2022/23 Outstanding rates
Armidale Regional	39	4	4.69%
Glen Innes Severn	n/a	n/a	n/a
Gunnedah	17	1	3.52%
Gwydir	67	5	6.50%
Inverell	34	3	4.43%
Liverpool Plains	83	7	7.44%
Moree Plains	99	9	9.13%
Narrabri	122	11	13.80%
Tamworth Regional	74	8	9.00%
Tenterfield	23	2	3.86%
Uralla	119	10	12.49%
Walcha	70	6	6.82%
Average Northern Inland			7.23%
State Average			5.93%

Source: OLG Time Series Data 2022-23

Table 20 shows that Gunnedah Shire has relatively low outstanding rates with the lowest ranking LGA in its region. This is a strong indicator of willingness and capacity to pay, especially given that the benchmark for outstanding rates is less than 10% for regional and rural areas.

As part of its community satisfaction survey, undertaken by Micromex research in August 2024, Council included several questions in relation to the proposed special rate variation.

The key feedback regarding the potential SRV of 38.88% implemented over two years was;

- The community does not want to pay more rates (noting current difficult times and costs).
- The community does not want to see a reduction in service levels and wants to see an increase in some areas (especially in the condition of Council's roads).
- If an SRV is required, then it should be phased in over a longer period to reduce the single year impact on residents and ratepayers (especially those on fixed incomes).
- The split of how an SRV is applied should be reviewed so the balance is right between farmland and residential rates to be more of a user pays model
- The mining sector should be paying a larger portion of Council's rate base.
- Council needs to ensure it is transparent in its decision making, engaging with the community and operating as efficiently as possible, with the right balance of indoor and outdoor staff along with ensuring that current funds and resources are being maximised for the shire.
- Only 26% of the 38.88% is above the rate peg that will occur regardless of the SRV.

- Council needs to look at non-rate revenue that can help address the asset renewal gap without large rate rises being required and find a solution so large SRVs are not needed in the future.

The highest support for the SRV came through the phone survey, which is also the most independent and community wide aspect of the engagement, with 39% of phone survey respondents “somewhat supportive” of the proposed SRV option. The phone survey included 300 participants and, based on Gunnedah LGA's population size, provides a 95% confidence level in broader community sentiment.

The online survey, which used the same format and questions as the independently run phone survey, was completed by 137 participants with 18% of respondents preferring the SRV option.

Council also include reference to questions regarding support for the community paying more, over and above the proposed SRV, to improve service levels. There was a level of support for this indicated from the phone survey results in the following areas:

- 43% are at least somewhat supportive of paying above the proposed SRV to see service levels improve for local roads.
- 41% are at least somewhat supportive of paying above the proposed SRV to see service levels improve for parks and gardens.
- 31% are at least somewhat supportive to paying above the proposed SRV to see service levels improve for the Cultural Precinct.

This suggests that, within the community, there is willingness to pay increased rates, particularly in relation to improving service level outcomes for the LGA.

Conclusion

Although there are pockets of significant wealth and advantage, there is also significant disadvantage. There is a noticeable disparity between the urban and non-urban /rural areas.

By the end of the proposed SRV period in the 2026/27 financial year, it is estimated that:

- average Residential Gunnedah rates will increase by \$383.93, or \$7.38 per week
- average Residential Village rates will increase by \$188.60, or \$3.63 per week
- average Farmland rates will increase by \$1,721.04, or \$33.10 per week
- average Business Gunnedah rates will increase by \$2,241.92, or \$43.11 per week
- average Mining rates will increase by \$269,530.14, or \$5,183.27 per week

The above increases also include the rate peg that would ordinarily apply.

The impact of these rises will vary throughout the Local Government Area (LGA) depending upon the relative value of the land for each property. With respect to residential rates, this is demonstrated in the area of Gunnedah (South), which would see Residential Rural assessments with the largest increases in rates resulting in an estimated average general rate of \$1,749 by 2026/27, or an overall increase of \$6.11 per week (when compared to the rate increase that would apply from the rate peg only). Urban areas with more disadvantage and lower land values would see much smaller increases. Rural Remainder (Residential Villages) would see an estimated average general rate of \$746 by 2026/27, or an overall increase of only \$2.61 per week (when compared to the rate increase that would apply from the rate peg only). It is generally observed that these areas with greater disadvantage have lower levels of home ownership, limiting the direct impact of the proposed SRV.

With respect to farmland rates, again the increases are dependent upon relative land values, with Rural Remainder seeing the largest increases in rates resulting in an estimated average general rate of \$8,233 by 2026/27, or an overall increase of \$28.78 per week (when compared to the rate increase that would apply from the rate peg only).

Reviewing indicators such as household expenditure shows that household net savings have increased to \$24,218 per household in 2022/23 (which is slightly lower with Regional NSW averages), these increases in net savings indicate a capacity to pay within the community.

Additionally, we also noted that Gunnedah Shire Council has a relatively low proportion of outstanding rates at 3.86% (2024), a strong indicator of both capacity and willingness to pay rates especially given that the benchmark for outstanding rates is less than 10% for regional and rural areas.

Council should ensure that it acknowledges disadvantage within the community when bringing rates revenue up to the level required to service the community. This should include ensuring that the SRV increases are supported by Council's Hardship Policy.