Capacity to Pay

Snowy Valleys Council

August 2021

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Executive summary

Snowy Valleys Council ('Council') is currently in a difficult position whereby the organisation is financially unsustainable at current levels of income and expenditure. While Council has been actively undertaking initiatives to improve this position, it is unlikely that these alone will be sufficient to address the core issues in the long term. As such Council is currently in the process of reviewing a potential special rate variation (SRV) and what the impact on the community may be. 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 1.

Table 1 Area summary

Area	Findings
Adelong and Surrounds	• Highest proportion of family households as well as the largest proportion of young residents under the age of 18 • High levels of home ownership • Largest middle class with respect to equivalised household income
Batlow and Surrounds	• Highest proportion of retirees amongst the LGA areas • Lowest level of equivalised household income within the LGA • Highest proportion of residents requiring assistance
Tumbarumba - Khancoban	• Largest proportion of residents in the workforce or of working age • Highest proportion of households with children • Second highest level of equivalised household income within the LGA
Tumut Surrounds - Talbingo	• Second highest proportion of family households • High levels of home ownership • Highest level of equivalised household income within the LGA • Lowest proportion of households under housing stress
Tumut	• Second highest proportion of working age residents • Largest proportion of 'at risk' households • Highest level of social housing within the LGA • Second lowest overall level of equivalised household income • Highest proportion of households under financial household stress

Further, in consideration of the impact of the SRV, Council should also factor in the recent bushfires as well as the current ongoing COVID-19 pandemic. The SRV impact analysis shows that, on average, there will be larger increases in the former Tumut LGA due to the relative higher value of land.

Introduction

Snowy Valleys Council's financial position is unsustainable at current levels of income and expenditure. Council has been making significant changes to become sustainable however it is unlikely that these initiatives alone will be sufficient in the long term. As such council is currently exploring avenues to address the current financial challenges, one of which is a permanent SRV. A number of factors are considered when determining the size and need for and SRV including, equity, efficiency and capacity to pay. This report puts due emphasis on the capacity to pay principle given that some ratepayers have more ability to pay rates than others.

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

Key considerations include:

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

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

Data for this review was obtained from the following sources:

- Australian Bureau of Agricultural and Resource Economics and Sciences, L. Whittle, *Analysis of Effects of bushfires and COVID-19 on the forestry and wood processing sectors*, Canberra, 2020.
- Australian Bureau of Statistics, *2016 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', Canberra, February 2016.
- NSW Department of Primary Industry, University of Canberra, Forest & Wood Products Australia, *Socio-economic impacts of the softwood plantation industry in the Southwest Slopes and Bombala region, NSW*, May 2017.
- Profile ID - Snowy Valleys Council community/social/economic profiles.
- Spendmapp - Snowy Valleys Council.

Background

Snowy Valleys Council is divided into five regional areas. Council is looking to ensure that through the special rates variation process, community groups are not significantly disadvantaged and that relative equity is promoted as each region has differing economic and socio-economic profiles. A summary of the areas has been provided in the following table 2 and figure 1 below.

Table 2 Snowy Valleys Council area summary

Areas	Population (20)
Snowy Valleys Council	**14,353**
Adelong and Surrounds	1,529
Batlow and Surrounds	1,576
Tumbarumba - Khancoban	3,360
Tumut Surrounds - Talbingo	1,604
Tumut	6,284

Figure 1 Snowy Valleys Council areas
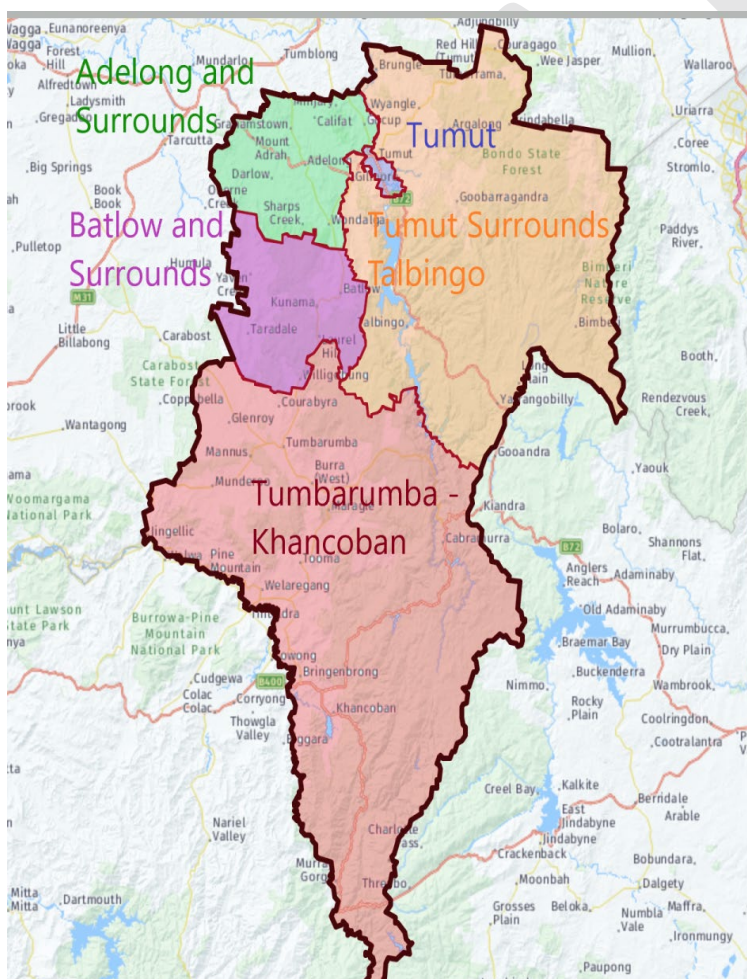
Methodology

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

- **Areas of social disadvantage**

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

  – the age structure of each region

  – the typical make up of each household

  – household income, including the effect of dependants

  – SEIFA rankings.

- **Particularly vulnerable groups of individuals**

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

  – property owners

  – persons who have or need core assistance

  – individuals who are currently unemployed

  – households currently under housing stress

  – pensioners.

- **Patterns in household expenditure**

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

- **Impacts of COVID-19**

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

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

Areas of social disadvantage

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

Service age groups

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

Figure 2 Service age groups
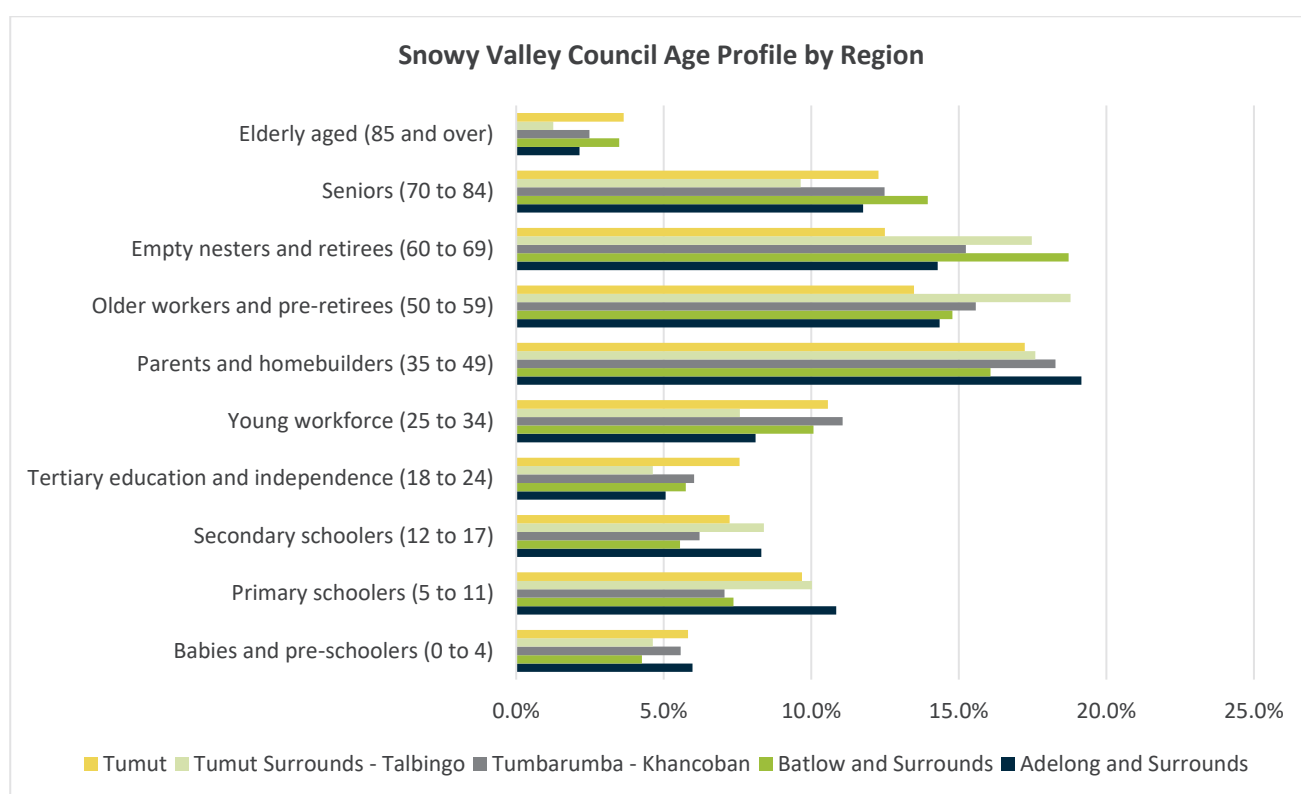
Grouping these results in terms of the following categories (dependants, workforce, and retirees) and ranking them in terms of proportion of population (with 1 representing the largest proportion) generates the following results.

Table 3 Service age rankings

Rank	Adelong and Surrounds	Batlow and Surrounds	Tumbarumba - Khancoban	Tumut Surrounds - Talbingo	Tumut
Dependants	1	5	4	2	3
Working age	4	5	1	3	2
Retirees	5	1	2	4	3

From these results we observe the following:

- We observe that the population centres of Tumbarumba/Khancoban and Tumut have the largest proportion of residents within the working age demographic group, in particular the highest proportion of residents in the young workforce.

- In contrast, we observe that Batlow and Surrounds had a significant portion of residents over the age of 60 relative to the other areas.

- Interestingly, we also observe that Adelong and Surrounds and the Tumut Surrounds areas have a significantly higher proportion of persons 18 and under, than all other areas within the LGA.

Household types

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

Figure 3 Household composition
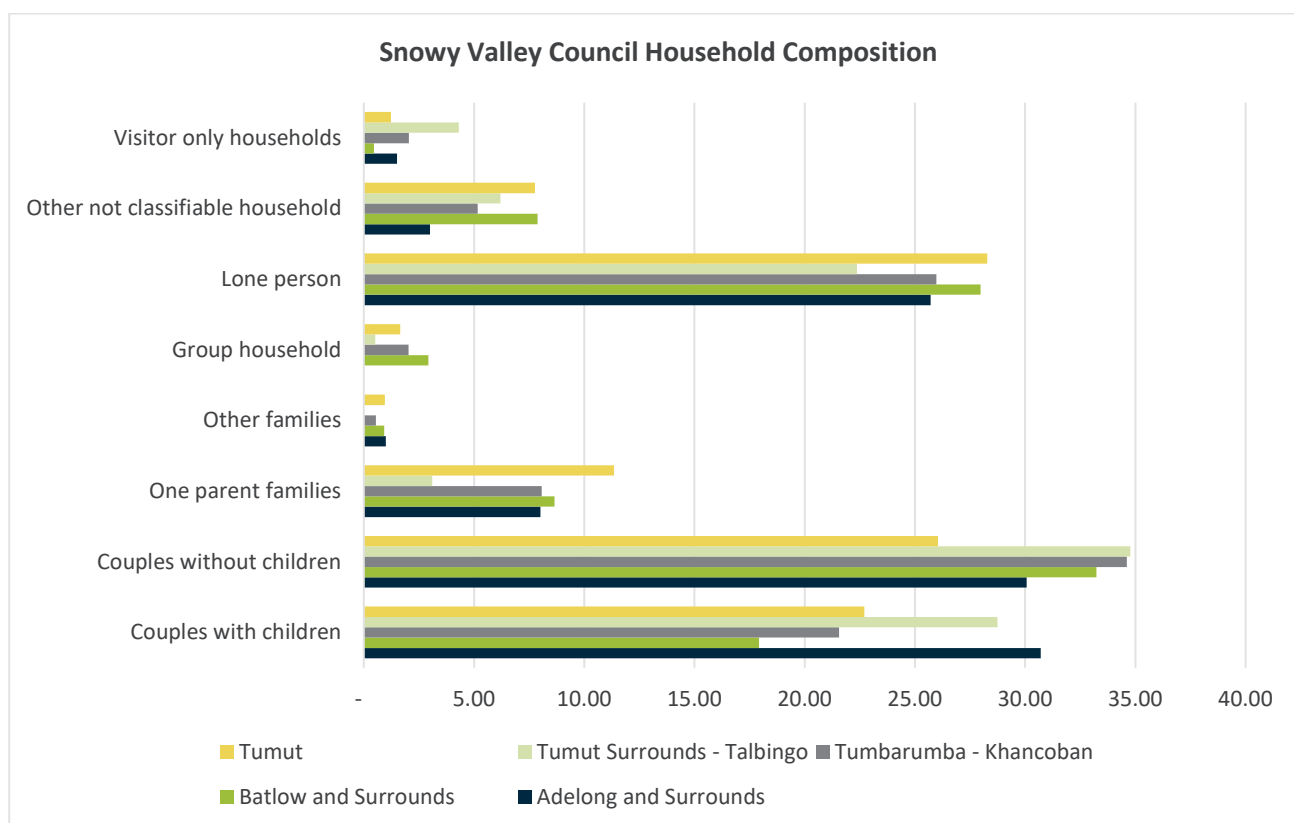
The 'lone person' and 'one parent family' households are considered to be more vulnerable to the impacts of rate increases due to a reduced/singular income stream. Combining these categories together into an 'at risk' group shows that there is a greater proportion of at-risk households in Tumut, with 39.6% of total households, which is just under 6% higher than LGA average of around 34%. This has been primarily driven by the significant proportion of lone individual households and single parent households within the region. Conversely, we observe that Tumut Surrounds - Talbingo and Adelong and Surrounds have a higher proportion of households with children, which aligns with the demographic age profile of the region's indicative of a large proportion of families with children in primary and secondary school.

Housing tenure

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

Table 4 Snowy Valleys Council housing tenure

Age groups number	Adelong and Surrounds	Batlow and Surrounds	Tumbarumba - Khancoban	Tumut Surrounds - Talbingo	Tumut
Fully owned	49%	44%	43%	44%	34%
Mortgage	32%	29%	24%	30%	27%
Renting - Total	**13%**	**18%**	**23%**	**15%**	**28%**
Renting - social housing	1%	2%	2%	1%	6%
Renting - private	12%	15%	20%	14%	22%
Renting - not stated	1%	1%	1%	0%	1%
Other tenure type	0%	1%	0%	1%	1%
Not stated	6%	10%	10%	10%	10%
Total households	**100%**	**100%**	**100%**	**100%**	**100%**

Table 4 highlights that homeownership levels are higher outside of the urban centres, with total ownership in Tumut and Tumbarumba at 61% and 67% respectively, below the LGA average of around 71%. Naturally we then observe the largest proportion of renters in the urban centres, however of note is that 6% of households in Tumut are attributed to social housing, this is well above the LGA average of around 2%.

Equivalised household income

Equivalised household income can be viewed as an indicator of the economic resources available to a standardised household. It is calculated by dividing total household income by an equivalence factor. The factor is calculated in the following way:

- first adult = 1
- each additional adult + child over 15 = + 0.5
- each child under 15 = + 0.3.

Dividing by the equivalence factor, household income becomes comparable to that of a lone individual, thereby making households with dependants and multiple occupants comparable to those without. By factoring in dependants into household incomes we are provided with a better indicator of the resources available to a household.

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

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

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

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

Figure 4 Equivalised household income

Equivalised Household Income

Area	Lowest	Lower Middle	Upper Middle	Highest
Snowy Valleys Council	32.68%	29.01%	24.74%	13.57%
Tumut	34.33%	28.37%	23.23%	14.07%
Tumut Surrounds - Talbingo	23.78%	30.01%	26.93%	19.29%
Tumbarumba - Khancoban	32.56%	28.09%	25.44%	13.91%
Batlow and Surrounds	35.88%	30.41%	24.29%	9.42%
Adelong and Surrounds	30.58%	31.00%	28.28%	10.14%
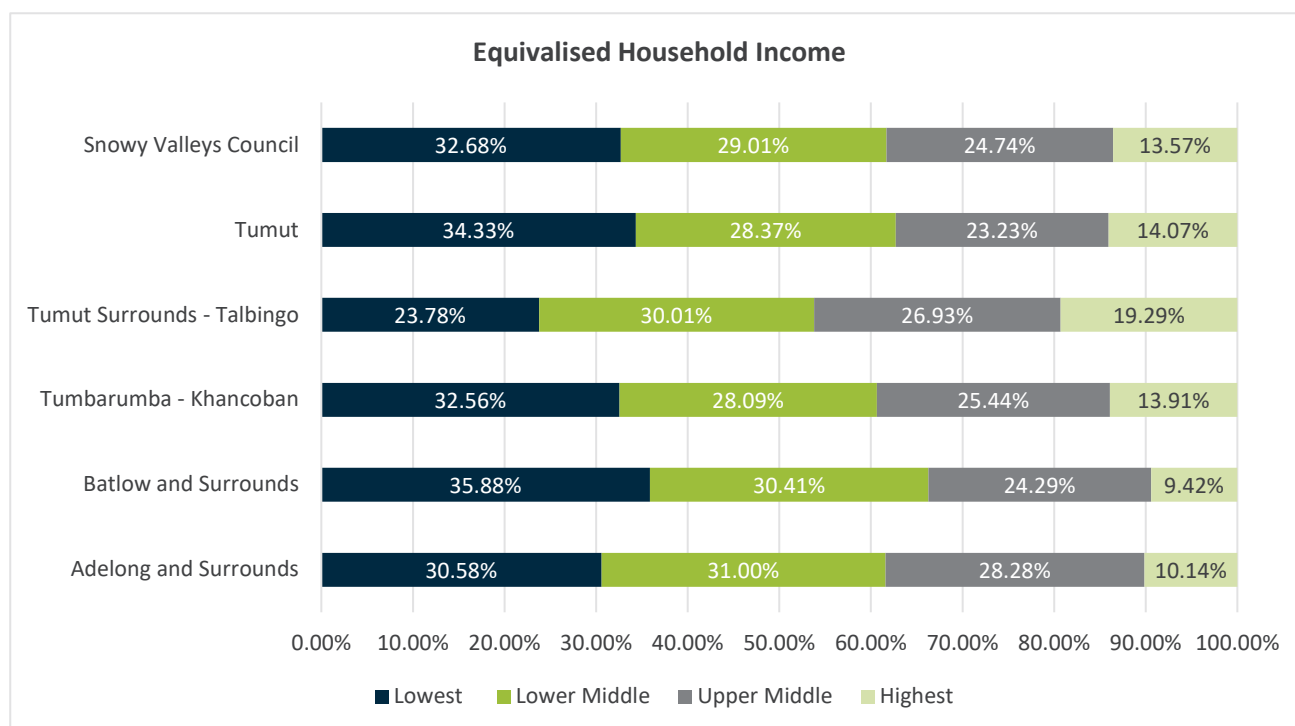
We can make the following observations from the data:

- Tumut Surrounds - Talbingo had the highest proportion of households in the highest income brackets (46.21%).

- Relative to the other areas, Batlow and Surrounds had a disproportionate percentage of households in the lowest income brackets (66.29%).

- The other three areas of Adelong and Surrounds, Tumbarumba – Khancoban and Tumut had relatively even distribution of household incomes and income profiles.

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

    - 1 – Batlow and Surrounds   2 – Tumut   3 – Adelong and Surrounds
        4 – Tumbarumba - Khancoban   5 – Tumut Surrounds – Talbingo.

- Ranking of areas by greatest middle class (percentage of households in middle brackets):

    - 1 – Adelong and Surrounds   2 – Tumbarumba - Khancoban   3 – Batlow and Surrounds
        4 – Tumbarumba - Khancoban   5 – Tumut.

- Ranking of areas by advantage (percentage of households in upper brackets):

    - 1 – Tumut Surrounds – Talbingo   2 – Tumbarumba - Khancoban   3 – Adelong and Surrounds 4 – Tumut   5 – Batlow and Surrounds.

Table 5 Regional comparison of equivalised household income

Area	Snowy Valley Council	Canberra Region	Regional NSW	NSW
Lowest	32.68%	27.60%	30.60%	25.00%
Lower middle	29.01%	28.00%	29.20%	25.00%
Upper middle	24.74%	24.70%	24.10%	25.00%
Highest	13.57%	19.70%	16.10%	25.00%

From table 5 we observe that Snowy Valleys Council is generally in line with Regional NSW, with a minor shift from the highest income bracket to the lowest observed.

Socio-economic index

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

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

- **Index of Relative Socio-Economic Disadvantage (IRSD)**

  This index ranks areas from most disadvantaged to least disadvantaged, i.e. a lower score will have a greater proportion of relatively disadvantaged people in the area.

  From this score however you cannot conclude whether a high-ranking area will have a large portion of relatively advantaged people, just that it has a low proportion of disadvantage.

- **Index of Relative Socio-Economic Advantage and Disadvantage (IRSAD)**

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

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

- IRSD variables of disadvantage:
    - low equivalised household incomes
    - households with children and unemployed parents
    - percentage of occupied dwellings with no internet connection
    - percentage of employed people classified as labourers.
- IRSAD variables of advantage only (disadvantage similar to IRSD):
    - high equivalised household incomes
    - percentage of households making high mortgage repayments
    - percentage of employed people classified as professionals
    - percentage of employed people classified as managers.

Further analysis of these factors is provided in the discussion section. A regional summary, including national percentiles is provided in the table below.

Table 6 Regional SEIFA scores and percentiles

Region	SEIFA - IRSD	Percentile	SEIFA - IRSAD	Percentile
Snowy Valleys Council	951.00	22	934.00	20
Canberra Region	1,002.50	47	989.70	49
Regional NSW	971.00	29	959.00	32
New South Wales	1001	45	1011	62
Australia	1,001.90	46	1,003.10	57

In reviewing both the IRSD and IRSAD indexes, we observe that Council has levels of disadvantage well below the Regional NSW average. Further, a fall in the percentile score between the IRSD and IRSAD indices is indicative of less opportunities within the LGA, e.g. fewer employment opportunities within the area. A region level summary including national percentiles is provided in the table below.

Table 7 Area level SEIFA scores and percentiles

Area	SEIFA - IRSD	Percentile	SEIFA - IRSAD	Percentile
Adelong and Surrounds	974.50	31	954.70	30
Batlow and Surrounds	918.00	13	908.60	13
Tumbarumba - Khancoban	951.70	22	937.70	22
Tumut Surrounds - Talbingo	1016.8	55	999.9	54
Tumut	935.30	17	915.30	15

By reviewing the SIEFA rankings at an area level, we see a broad distribution of advantage and disadvantage through the LGA. This ranges from Tumut Surrounds - Talbingo (54% IRSAD) to Batlow and Surrounds (13% IRSAD). This highlights a significant level of inequality with the LGA. Further, we note that on average there is no significant shift between the IRSD and IRSAD indices, an indicator of intra-regional inequality.

Vulnerable groups or individuals

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

Workforce status

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

Table 8 Community workforce status

Status	Adelong and Surrounds	Batlow and Surrounds	Tumbarumba - Khancoban	Tumut Surrounds - Talbingo	Tumut
Employment status	%	%	%	%	%
Employed	96.05	95.63	95.80	98.67	93.70
Employed full-time	60.39	58.60	59.73	63.70	56.75
Employed part-time	34.43	32.80	33.67	31.91	34.72
Hours worked not stated	1.23	4.23	2.40	3.06	2.23
Unemployed (Unemployment rate)	3.95	4.37	4.20	1.33	6.30
Looking for full-time work	3.00	3.21	3.03	0.53	3.77
Looking for part-time work	0.95	1.17	1.17	0.80	2.53
Total labour force	100.00	100.00	100.00	100.00	100.00

From table 8 above, we observe that unemployment rates throughout the LGA are typically below the NSW average of 6%, with the exception of Tumut being slightly above at 6.3%. Also of note is very low level of unemployment in the Tumut Surrounds - Talbingo region.

The timber and forestry industry is a key employer within the LGA, with a significant proportion of businesses and jobs either directly or indirectly impacted by events effecting the industry.

Table 9 Forestry and Logging ABS Direct Industries

Industry	Sub-category	Proportion of LGA workforce
Manufacturing	Log sawmilling and timber dressing	6.00%
Agriculture, Forestry and Fishing	Forestry and logging	3.60%
Manufacturing	Converted paper product manufacturing	2.90%
Manufacturing	Other wood product manufacturing	0.70%
Agriculture, Forestry and Fishing	Forestry support services	0.70%
Manufacturing	Pulp, paper and paperboard manufacturing	0.70%
Manufacturing	Pulp, paper and converted paper product manufacturing, nfd	0.40%
Manufacturing	Wood product manufacturing, nfd	0.40%
Wholesale Trade	Timber and hardware goods wholesaling	0.40%
Agriculture, Forestry and Fishing	Agriculture, forestry and fishing, nfd	0.30%
Total		16.10%

A summary of resident worker industries has been supplied in Appendix A.

In support of this, a 2017 study published by the NSW Department of Industry, Lands and Forestry, in conjunction with the University of Canberra, highlights the significance of the timber industry within the South West Slopes region of NSW. In particular the report highlights the number of direct and indirect jobs reliant upon the industry, with 1,677 direct jobs and 3,152 indirect created in the region. While the catchment area of this report extends beyond the Snowy Valleys LGA, it was highlighted that approximately 18% of the jobs within the LGA were directly associated with the Timber industry and over 50% were indirectly related.

Table 10 Summary - Socio-economic impacts of the softwood – NSW DPILFD

Industry		South West Slopes (excl Bombala	South West Slopes (with Bombala)
Direct employment	no. jobs	1,677	1,917
Total employment	no.jobs	4,829	5,375
Direct output	$ m	929.6	1,013.5
Total output	$ m	1,953.6	2,129.70
Direct GRP	$ m	396.1	433.9
Total GRP	**$ m**	**927.7**	**1,014.2**
Implied labour productivity			
Direct	$ output/job	554,323	528,691
Total	$ output/job	404,556	396,223

The recent 2019/2020 bushfires have had a substantial impact on the Snowy Valleys LGA, particularly with damage sustained by the soft and hardwood plantations. Forestry Corporation manages around 100,000 hectares of plantation centred around Tumut and its surrounds and 36% of this area has been impacted by fires.

Figure 5 ABARES - bushfire affected plantation regions
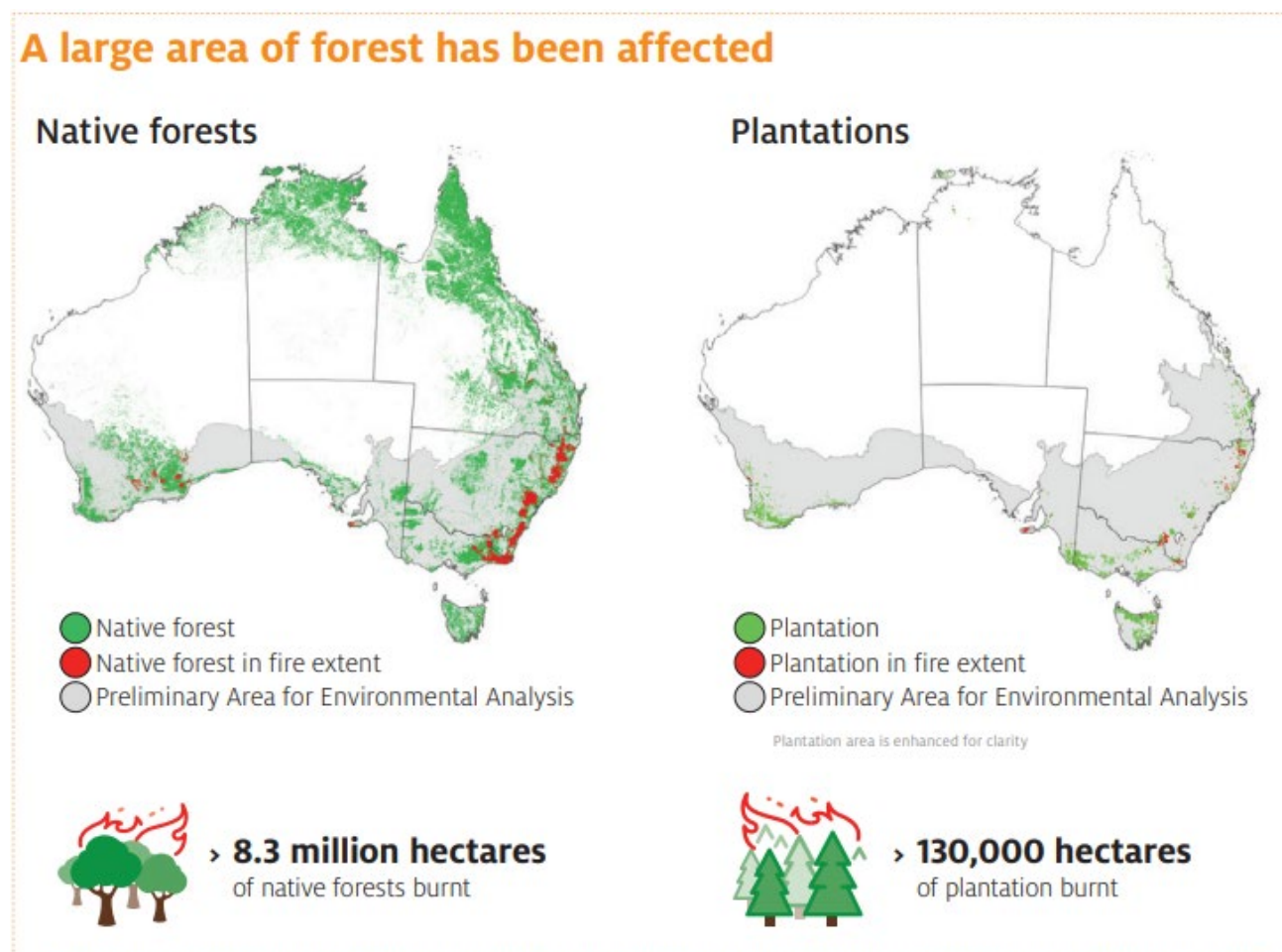
The Australian Bureau of Agricultural and Resource Economics and Sciences published their analysis[1] on the 2019/20 bushfires with the following findings:

- There remains a great deal of uncertainty regarding the damage caused by the fires and potential salvageable volumes. The extent to which fire-affected trees can be harvested depends on the severity of the fires and the types of logs harvested.

- Softwood harvest volumes are likely to increase in the short term, while hardwood volumes decrease.

- Softwood plantation harvesting operations will increase.

- Many fire-affected hardwood pulp logs may be lost.

- The impacts on native forest log supply are uncertain.

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[1] Whittle, L., Australian Bureau of Agricultural and Resource Economics and Sciences, *Analysis of Effects of bushfires and COVID-19 on the forestry and wood processing sectors*, Canberra, 2020.

- Uncertainty around the extent of damage to production forests from the bushfires, and the potential duration and severity of COVID-19 mean that many of these impacts are highly uncertain.

- Expected fall in demand due to a decline in residential construction, as such domestic market opportunities will be limited and will be reliant upon export markets. However, there are also concerns for global demand due to a downtown in major economy markets.

Core assistance

Table 11 highlights the areas within the LGA that have higher concentrations of people who need assistance in their day-to-day lives with self-care, body movements or communication, often because of a disability, long-term health condition or old age.

Table 11 Number of people requiring core assistance

Assistance required	Number	Percentage
Adelong and Surrounds	61	3.80%
Batlow and Surrounds	86	5.60%
Tumbarumba - Khancoban	177	5.30%
Tumut Surrounds - Talbingo	64	3.90%
Tumut	314	5.00%

We observe that all areas are below the Regional NSW average of 6.3%.

Housing stress

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

- equivalised household income is within the lowest 40% of the state's income distribution

- housing costs (i.e. mortgage and/or rent repayments) are greater than 30% of household income.

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

- 19% of households facing housing stress compromised a lot on their grocery spend over a 12-month period

- 24% of households facing housing stress found rent/mortgage repayments quite/very difficult in the last three months.

Households facing housing stress are highly likely to be in significant financial stress and vulnerable to sudden increases in council rates. A comparison of the levels of housing stress currently experienced in each ward is provided in table 12 and at a regional level in table 13.

Table 12 Breakdown of housing stress in regions

Stressed households	Percentage
Snowy Valleys Council	7.74%
Canberra Region	9.46%
Regional NSW	11.42%
NSW	11.68%
Australia	11.45%

Figure 6 Housing stress area comparison
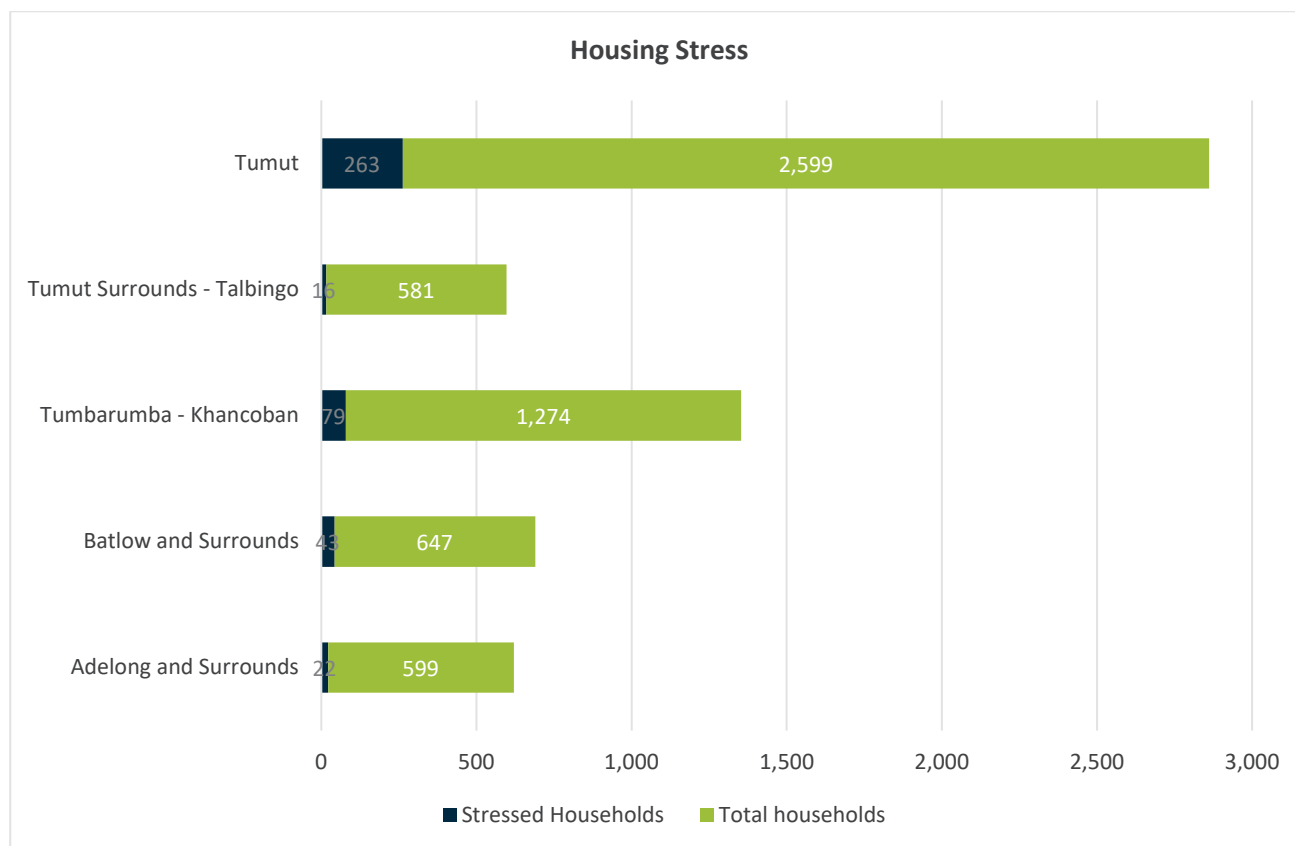
Table 13 Housing stress by region

Stressed households	Percent %
Adelong and Surrounds	3.67%
Batlow and Surrounds	6.65%
Tumbarumba - Khancoban	6.20%
Tumut Surrounds - Talbingo	2.75%
Tumut	10.12%
Snowy Valleys Council	7.74%
Canberra Region	9.46%
Regional NSW	11.42%
NSW	11.68%
Australia	11.45%

We observe that housing stress levels within Snowy Valleys Council are, on average, well below the Regional NSW average of 11.42%, with only Tumut coming within 1.3% of the Regional NSW average.

Trends in cost of living

The cost of living can best be described as the cost of maintaining a certain standard of living. Identifying trends in future costs, particularly with regards to discretionary and non-discretionary income. The following table presents the changes in typical household expenditure throughout the Snowy Valleys LGA over a five-year period.

Table 14 Five-year comparison of cost of living in Snowy Valleys LGA

Snowy Valleys Council	2019/20		2014/2015		Change		
Expenditure item	$ per household	% of expenditure	$ per household	% of expenditure	$ per household	% of expenditure	%
Food	$10,084	9%	$9,546	9%	$538	0%	5.64
Alcoholic beverages and tobacco	$4,539	3%	$5,308	4%	-$769	-1%	-14.49
Clothing and footwear	$3,984	3%	$3,875	3%	$109	1%	2.81
Furnishings and equipment	$4,819	4%	$4,608	3%	$211	0%	4.58
Health	$6,300	5%	$6,294	5%	$6	0%	0.10
Transport	$8,562	8%	$10,126	8%	-$1,564	0%	-15.45
Communications	$2,246	2%	$1,725	2%	$521	1%	30.20
Recreation & culture	$10,699	9%	$11,602	9%	-$903	0%	-7.78
Education	$5,344	4%	$5,153	4%	$191	0%	3.71
Hotels, cafes and restaurants	$7,080	8%	$8,799	7%	-$1,719	1%	-19.54
Miscellaneous goods and services	$16,652	15%	$17,409	15%	-$757	0%	-4.35
Housing	$12,795	27%	$12,728	29%	$67	-2%	0.53
Utilities	$3,383	3%	$3,585	3%	-$202	0%	-5.63
Total expenditure	$96,487	100%	$100,758	100%	-$4,271	0%	-4.24
Net savings	$22,629	16%	$16,559	19%	$6,070	-4%	36.66
Total disposable income	$119,116		$117,317		$1,799		1.53
Non-discretionary	$47,354	49.08%	$47,879	47.52%	-$525	1.56%	-1.10
Discretionary	$49,133	50.92%	$52,879	52.48%	-$3,746	-1.56%	-7.08

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

Table 14 shows over the five-year period, total disposable income across the LGA has increased by an average of $1,799 and net annual savings have increased by $6,070. There has been a minor shift towards non-discretionary spending (0.65%) which has been primarily driven by a significant reduction in discretionary spending including, hotel, café and restaurant spending (-19.54%) as well as alcoholic beverages and tobacco (-14.49%). Also of note, is that there has been a significant reduction in the cost of transport (-15.45%).

COVID-19

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

Economic impact on industry

The table below shows the change in total sales of each industry in the within the Snowy Valleys LGA.

Table 15 COVID-19 economic output

Industry sector	Change $m	Change %
Agriculture, Forestry and Fishing	17.99	34.69
Health Care and Social Assistance	2.66	12.34
Public Administration and Safety	1.94	10.27
Education and Training	1.41	10.20
Professional, Scientific and Technical Services	0.04	0.30
Financial and Insurance Services	-0.01	-0.50
Arts and Recreation Services	-0.02	-0.93
Wholesale Trade	-0.06	-1.42
Information Media and Telecommunications	-0.09	-5.38
Mining	-0.57	-6.07
Retail Trade	-0.61	-7.43
Other Services	-0.66	-9.17
Rental, Hiring and Real Estate Services	-0.73	-9.28
Administrative and Support Services	-0.75	-10.74
Transport, Postal and Warehousing	-2.59	-13.99
Construction	-2.94	-15.34
Electricity, Gas, Water and Waste Services	-5.68	-15.39
Accommodation and Food Services	-5.74	-45.93
Manufacturing	-14.52	-62.80
Total	**-10.96**	

Overall, we observe a $10.96 million dollar loss in sales of which $14.52 million can be attributed to downfall in manufacturing. Interestingly there has been a $17.99 million dollar increase in the value of agriculture, forestry and fishing over the past year, however this may be attributable to devastating bushfires that affected the region throughout the end of 2019 and early 2020.

Impact on residents

We observe a similar impact on the residents of Snowy Valleys Council. Figure 7 below shows the change in the number of jobs per industry, relative to the same quarter in the past financial year, of residents in the LGA. The modelling shows there has been a net loss of 189 jobs of residents living within the LGA and a net loss of 135 jobs within the LGA. Further, we observe that the greatest impacts have been in the accommodation and food services, and manufacturing industries.

Figure 7 COVID-19 impact on resident employment
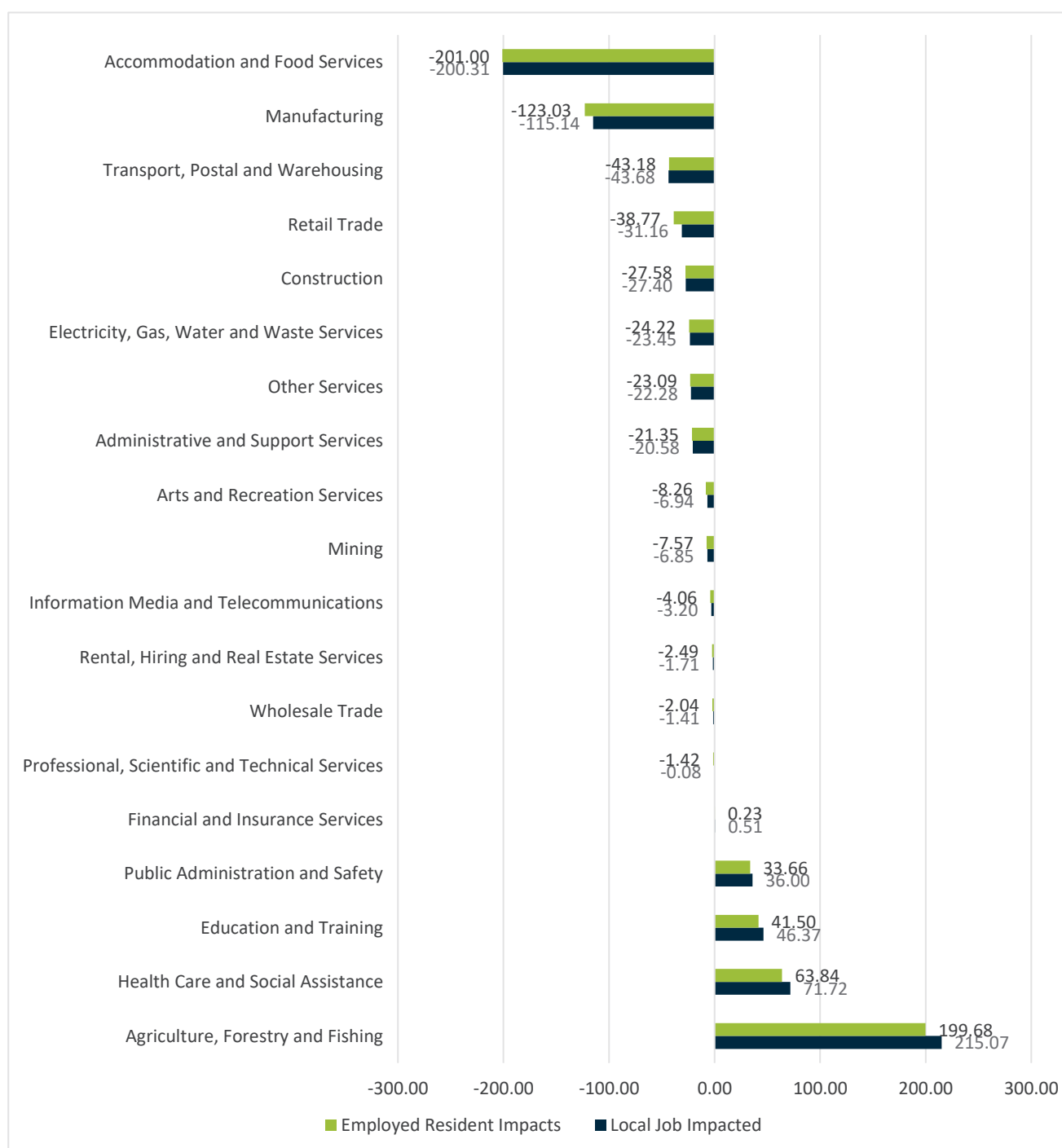
This is further highlighted by expenditure data tracked by SpendMapp in figure 8, which highlights the significant shortfall in visitor spending in reference to the previous year. In particular we observe a significant drop off in discretionary spend in the winter snow sports months between June and September.

Figure 8 Visitor expenditure - relative to past year
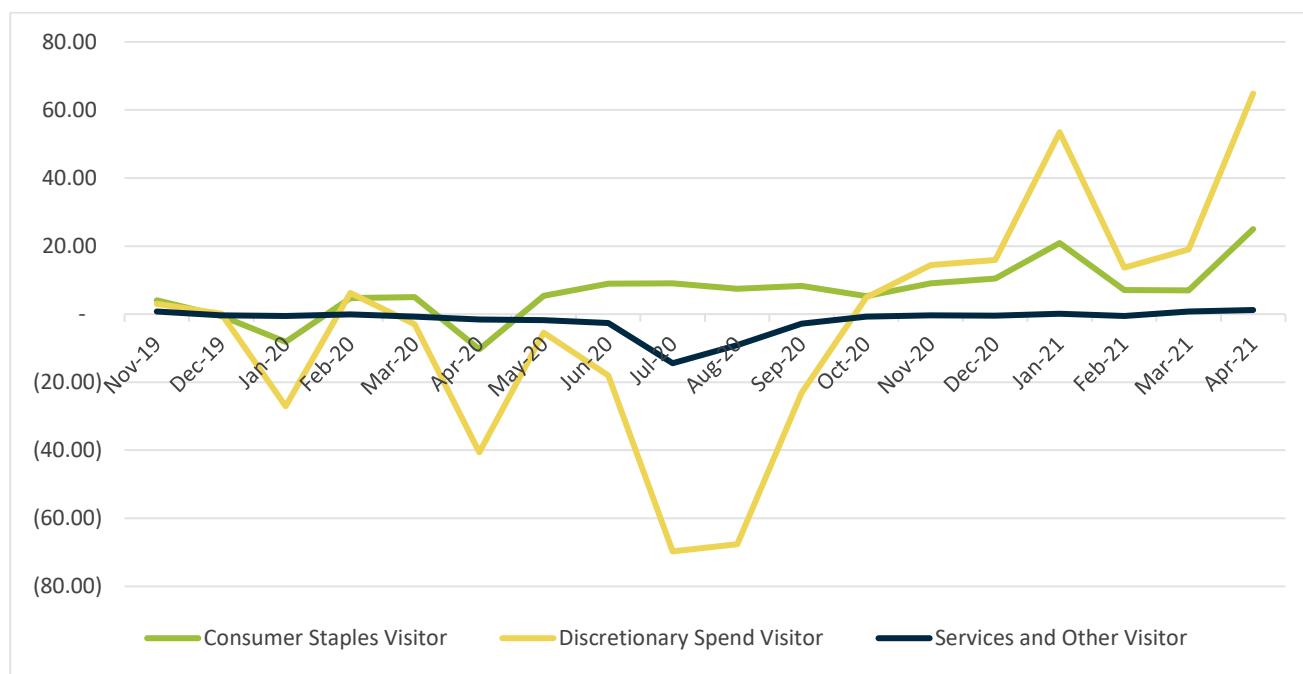
Discussion

In review of the socio-economic data, there were several differences emerging between the identified areas. This is most evident in the SEIFA rankings, which show that there is a degree of inequality throughout the LGA. Overall, we observe the greatest level of advantage in the Tumut Surrounds - Talbingo area, which has 20 percentile point lead over the next highest area Adelong and Surrounds. Between the areas, we observe a significant spread of advantage ranging from 54th percentile in the Tumut Surrounds - Talbingo area down to the 13th percentile In Batlow and Surrounds. The LGA overall is in the 20th percentile.

Key aspects of the Tumut Surrounds - Talbingo area, which contribute to its level of advantage, are that:

- the area has a relatively young population with a low proportion of retirees
- the area had the lowest proportion of lone individuals and single parents' households
- the area had the highest proportion of households in the top two bands of equivalised household income.

Contrasting observations can be made of the Batlow and Surrounds area, which had a SEIFA IRSAD ranking of 13th percentile. These include that:

- the area had the lowest proportion of residents in the working age group
- the area had the second highest proportion of 'at risk' households within the LGA
- the area had the highest proportion of households within the lower quartiles of equivalised household income within the LGA.

It is important to note, that there is a disparity between the most advantaged and disadvantaged areas within Council's LGA. With the Batlow and Surrounds, Tumbarumba - Khancoban and Tumut areas being within the 25% most disadvantaged within Australia, i.e. comparable levels of unemployment, housing stress, equivalised income and other relevant factors.

As was observed from the review of SEIFA rankings within Council, the ABS identified the following factors as having the greatest impact on an area's SEIFA score:

- level of income
- type of employment
- vulnerable households.

These factors align closely with our common characteristics of disadvantaged/advantaged households:

- equivalised household income
- proportion of disadvantaged (lone individual/one parent) households
- proportion of vulnerable households (housing stress/unemployment/require core assistance).

Further, another key consideration for Council on whether to adopt a special rate variation should be the impact that the 2019/20 bushfires and the global COVID-19 pandemic have had on the residents of the LGA. SpendMapp visitor expenditure data clearly highlighted the large reduction in spending in the region during the key winter visitor months, as well as a there being a high degree of uncertainty in the key driver industries in the region.

## Proposed special rate variation impacts

Council is currently engaging the community to determine the magnitude of the rates variation, with respect to number and level of services currently offered by Council. The current options being considered include:

Figure 9 SRV options

Special rate variation	An SRV of 30% spread over two years (32.25% compounded).	An SRV of 25% spread over two years (26.66% compounded).	An SRV of 15% spread over two years (15.56% compounded).

For the impact review, we have compared rate variations, based on the median land values, against those in the former councils' areas, i.e. the median residential land value for the former Tumbarumba LGA is $40,000 and $80,000 for the former Tumut LGA.

Figure 10 Snowy Valleys LGA rates harmonisation - land values by former LGA
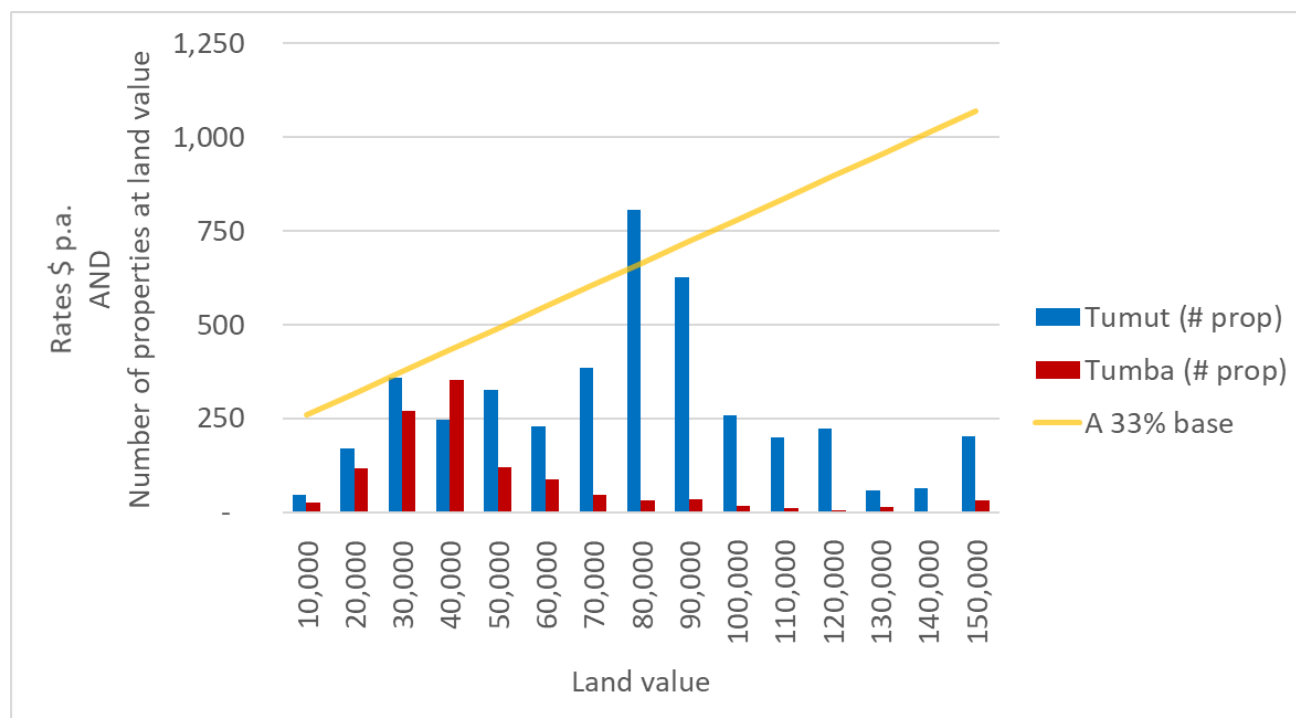
The above graph illustrates the number of properties across the land value range of the former councils, with substantially higher values within the former Tumut LGA.

The impact of the proposed SRVs will be as follows:

Table 16 SRV impacts on median land value

	Current year	Year 1	Year 2	Difference in year 1	Difference in year 2
Former Tumbarumba LGA					
Average rate (land value $40,000)	$500				
30% SRV		$575	$662	$75	$162
25% SRV		$562	$633	$62	$133
15% SRV		$537	$578	$37	$78
Former Tumut LGA					
Average rate (land value $80,000)	$669				
30% SRV		$769	$886	$100	$217
25% SRV		$753	$847	$84	$178
15% SRV		$719	$773	$50	$104

From table 16, we can see that year two increases for median property values are in the range of $162 – $78, for the former Tumbarumba LGA, and $217 – $104, for the former Tumut LGA; based on the three levels of proposed SRV increases.

Conclusion

As such, from the SRV impact analysis we can see that, on average, there will be larger increases in the former Tumut LGA due to the relative value of land. However, a review of the demographics has shown that some of these areas are the most disadvantaged in the LGA and may see sizeable increases in their current rates. While typically a relationship between land values and levels of advantage and disadvantage in an area can be observed, Council must consider any disproportionate impact on the vulnerable households by the proposed SRV.

Appendix A   Resident Worker Industries (2016 Census)

Industry	Sub-category	Number	%
Agriculture, Forestry and Fishing	Sheep, Beef Cattle and Grain Farming	471	7.9
Manufacturing	Log Sawmilling and Timber Dressing	358	6.0
Education and Training	School Education	315	5.3
Not Classified	Industry not classified	298	5.0
Agriculture, Forestry and Fishing	Forestry and Logging	213	3.6
Retail Trade	Supermarket and Grocery Stores	181	3.0
Accommodation and Food Services	Cafes, Restaurants and Takeaway Food Services	172	2.9
Manufacturing	Converted Paper Product Manufacturing	171	2.9
Public Administration and Safety	Local Government Administration	165	2.8
Agriculture, Forestry and Fishing	Fruit and Tree Nut Growing	159	2.7
Health Care and Social Assistance	Residential Care Services	142	2.4
Transport, Postal and Warehousing	Road Freight Transport	134	2.2
Administrative and Support Services	Building Cleaning, Pest Control and Gardening Services	124	2.1
Health Care and Social Assistance	Hospitals	120	2.0
Health Care and Social Assistance	Other Social Assistance Services	116	1.9
Accommodation and Food Services	Accommodation	108	1.8
Electricity, Gas, Water and Waste Services	Electricity Generation	90	1.5
Construction	Building Installation Services	83	1.4
Public Administration and Safety	Public Order and Safety Services	72	1.2
Agriculture, Forestry and Fishing	Agriculture, nfd	68	1.1
Retail Trade	Pharmaceutical and Other Store-Based Retailing	61	1.0
Accommodation and Food Services	Pubs, Taverns and Bars	60	1.0
Other Services	Automotive Repair and Maintenance	59	1.0
Health Care and Social Assistance	Child Care Services	57	1.0
Professional, Scientific and Technical Services	Legal and Accounting Services	56	0.9
Accommodation and Food Services	Clubs (Hospitality)	55	0.9
Construction	Land Development and Site Preparation Services	54	0.9
Public Administration and Safety	State Government Administration	52	0.9
Health Care and Social Assistance	Medical Services	48	0.8
Education and Training	Preschool Education	46	0.8
Construction	Other Construction Services	46	0.8

Industry	Sub-category	Number	%
Health Care and Social Assistance	Allied Health Services	45	0.8
Manufacturing	Other Wood Product Manufacturing	44	0.7
Retail Trade	Clothing, Footwear and Personal Accessory Retailing	44	0.7
Arts and Recreation Services	Parks and Gardens Operations	44	0.7
Agriculture, Forestry and Fishing	Forestry Support Services	43	0.7
Agriculture, Forestry and Fishing	Dairy Cattle Farming	43	0.7
Manufacturing	Meat and Meat Product Manufacturing	43	0.7
Construction	Building Completion Services	41	0.7
Financial and Insurance Services	Depository Financial Intermediation	41	0.7
Administrative and Support Services	Employment Services	40	0.7
Manufacturing	Pulp, Paper and Paperboard Manufacturing	39	0.7
Construction	Heavy and Civil Engineering Construction	39	0.7
Education and Training	Tertiary Education	38	0.6
Other Services	Personal Care Services	36	0.6
Construction	Residential Building Construction	35	0.6
Retail Trade	Specialised Food Retailing	34	0.6
Administrative and Support Services	Packaging Services	34	0.6
Transport, Postal and Warehousing	Road Passenger Transport	33	0.6
Retail Trade	Fuel Retailing	32	0.5
Other Services	Machinery and Equipment Repair and Maintenance	31	0.5
Agriculture, Forestry and Fishing	Agriculture and Fishing Support Services	30	0.5
Transport, Postal and Warehousing	Postal and Courier Pick-up and Delivery Services	30	0.5
Construction	Building Construction, nfd	28	0.5
Professional, Scientific and Technical Services	Architectural, Engineering and Technical Services	28	0.5
Manufacturing	Bakery Product Manufacturing	27	0.5
Electricity, Gas, Water and Waste Services	Electricity Distribution	27	0.5
Retail Trade	Recreational Goods Retailing	25	0.4
Retail Trade	Hardware, Building and Garden Supplies Retailing	25	0.4
Rental, Hiring and Real Estate Services	Real Estate Services	25	0.4
Retail Trade	Motor Vehicle Retailing	23	0.4
Manufacturing	Pulp, Paper and Converted Paper Product Manufacturing, nfd	22	0.4
Manufacturing	Wood Product Manufacturing, nfd	22	0.4

Industry	Sub-category	Number	%
Retail Trade	Retail Trade, nfd	22	0.4
Construction	Building Structure Services	22	0.4
Education and Training	Adult, Community and Other Education	21	0.4
Wholesale Trade	Timber and Hardware Goods Wholesaling	21	0.4
Transport, Postal and Warehousing	Transport, Postal and Warehousing, nfd	19	0.3
Administrative and Support Services	Other Administrative Services	19	0.3
Electricity, Gas, Water and Waste Services	Electricity Supply, nfd	19	0.3
Professional, Scientific and Technical Services	Veterinary Services	19	0.3
Manufacturing	Manufacturing, nfd	17	0.3
Health Care and Social Assistance	Other Health Care Services	17	0.3
Construction	Construction, nfd	17	0.3
Agriculture, Forestry and Fishing	Agriculture, Forestry and Fishing, nfd	15	0.3
Health Care and Social Assistance	Health Care and Social Assistance, nfd	15	0.3
Health Care and Social Assistance	Pathology and Diagnostic Imaging Services	15	0.3
Retail Trade	Motor Vehicle Parts and Tyre Retailing	15	0.3
Public Administration and Safety	Central Government Administration	15	0.3
Electricity, Gas, Water and Waste Services	Water Supply, Sewerage and Drainage Services	15	0.3
Professional, Scientific and Technical Services	Management and Related Consulting Services	15	0.3
Manufacturing	Other Non-Metallic Mineral Product Manufacturing	14	0.2
Health Care and Social Assistance	Medical and Other Health Care Services, nfd	14	0.2
Arts and Recreation Services	Sports and Physical Recreation Activities	14	0.2
Professional, Scientific and Technical Services	Market Research and Statistical Services	13	0.2
Retail Trade	Furniture, Floor Coverings, Houseware and Textile Goods Retailing	12	0.2
Public Administration and Safety	Regulatory Services	12	0.2
Other Services	Other Personal Services	12	0.2
Electricity, Gas, Water and Waste Services	Waste Collection Services	12	0.2
Agriculture, Forestry and Fishing	Other Livestock Farming	11	0.2
Construction	Non-Residential Building Construction	11	0.2
Other Services	Repair and Maintenance, nfd	11	0.2
Manufacturing	Beverage Manufacturing	10	0.2
Wholesale Trade	Grocery, Liquor and Tobacco Product Wholesaling	10	0.2

Industry	Sub-category	Number	%
Wholesale Trade	Agricultural Product Wholesaling	10	0.2
Agriculture, Forestry and Fishing	Nursery and Floriculture Production	9	0.2
Manufacturing	Basic Non-Ferrous Metal Manufacturing	9	0.2
Accommodation and Food Services	Food and Beverage Services, nfd	9	0.2
Transport, Postal and Warehousing	Other Transport Support Services	9	0.2
Other Services	Civic, Professional and Other Interest Group Services	9	0.2
Wholesale Trade	Commission-Based Wholesaling	9	0.2
Professional, Scientific and Technical Services	Computer System Design and Related Services	8	0.1
Financial and Insurance Services	Health and General Insurance	8	0.1
Information Media and Telecommunications	Telecommunications Services	8	0.1
Mining	Construction Material Mining	8	0.1
Other Services	Religious Services	7	0.1
Electricity, Gas, Water and Waste Services	Waste Treatment, Disposal and Remediation Services	7	0.1
Financial and Insurance Services	Auxiliary Finance and Investment Services	7	0.1
Financial and Insurance Services	Finance, nfd	7	0.1
Arts and Recreation Services	Creative and Performing Arts Activities	7	0.1
Rental, Hiring and Real Estate Services	Property Operators	7	0.1
Mining	Metal Ore Mining	7	0.1
Manufacturing	Other Transport Equipment Manufacturing	6	0.1
Retail Trade	Department Stores	6	0.1
Public Administration and Safety	Public Administration, nfd	6	0.1
Administrative and Support Services	Travel Agency and Tour Arrangement Services	6	0.1
Information Media and Telecommunications	Motion Picture and Video Activities	6	0.1
Manufacturing	Furniture Manufacturing	5	0.1
Manufacturing	Metal Container Manufacturing	5	0.1
Manufacturing	Polymer Product Manufacturing	5	0.1
Accommodation and Food Services	Accommodation and Food Services, nfd	5	0.1
Agriculture, Forestry and Fishing	Aquaculture	4	0.1
Manufacturing	Basic Ferrous Metal Manufacturing	4	0.1
Education and Training	Education and Training, nfd	4	0.1
Public Administration and Safety	Defence	4	0.1
Transport, Postal and Warehousing	Air and Space Transport	4	0.1

Industry	Sub-category	Number	%
Other Services	Other Repair and Maintenance	4	0.1
Professional, Scientific and Technical Services	Professional, Scientific and Technical Services, nfd	4	0.1
Wholesale Trade	Wholesale Trade, nfd	4	0.1
Wholesale Trade	Specialised Industrial Machinery and Equipment Wholesaling	4	0.1
Rental, Hiring and Real Estate Services	Property Operators and Real Estate Services, nfd	4	0.1
Information Media and Telecommunications	Libraries and Archives	4	0.1
Manufacturing	Other Manufacturing	3	0.1
Manufacturing	Professional and Scientific Equipment Manufacturing	3	0.1
Manufacturing	Other Fabricated Metal Product Manufacturing	3	0.1
Manufacturing	Other Food Product Manufacturing	3	0.1
Manufacturing	Fruit and Vegetable Processing	3	0.1
Health Care and Social Assistance	Social Assistance Services, nfd	3	0.1
Retail Trade	Non-Store Retailing	3	0.1
Retail Trade	Electrical and Electronic Goods Retailing	3	0.1
Financial and Insurance Services	Auxiliary Insurance Services	3	0.1
Wholesale Trade	Furniture, Floor Covering and Other Goods Wholesaling	3	0.1
Wholesale Trade	Mineral, Metal and Chemical Wholesaling	3	0.1
Arts and Recreation Services	Horse and Dog Racing Activities	3	0.1
Information Media and Telecommunications	Newspaper, Periodical, Book and Directory Publishing	3	0.1
Mining	Non-Metallic Mineral Mining and Quarrying, nfd	3	0.1