



# Capacity to Pay Report

## Tamworth Regional Council

August 2023



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## Executive summary

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

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

**Table 1 Grouping summary**

Grouping	Findings
Calala-Hillvue-Warral	<ul style="list-style-type: none"> <li>Contains 21% of the LGA's population, at 13,402 people.</li> <li>Joint lowest proportion of vulnerable households, at 31% (1,571 households), with lowest lone person households (20%).</li> <li>Joint highest percentage of resident ratepayers at 73% (totalling 3,642 households).</li> <li>Joint highest proportion of employed workforce (97%), with a 3% unemployment rate which accounts for 219 people.</li> <li>Joint lowest proportion of individuals requiring core assistance, at 5% or 692 people.</li> <li>A reduced risk of mortgage stress in this grouping.</li> </ul>
Manilla-Barraba-Rural North	<ul style="list-style-type: none"> <li>Contains 7% of the LGA's population, at 4,704 people.</li> <li>Highest proportion of retirees and lowest proportion of working age and dependents.</li> <li>Highest percentage of lone person households (33% or 691 households).</li> <li>Highest proportion of fully owned homes (44% or 938 households) but joint lowest percentage of mortgaged homes (22% or 468 households).</li> <li>Highest proportion of households in the lower two income quartiles (77%) and the lowest in both the middle two quartiles (48%) and upper two quartiles (23%).</li> <li>Highest percentage of residential pensioners at 33%.</li> <li>Highest proportion of individuals requiring core assistance, at 9% or 435 people.</li> <li>A higher risk of mortgage stress, due to slightly higher proportions with mortgages above 30% of income and higher proportions in the lower two equivalised income quartiles.</li> </ul>
Moonbi-Nundle and Rural Remainder	<ul style="list-style-type: none"> <li>Contains 15% of the LGA's population, at 9,341 people.</li> <li>Joint lowest proportion of one-parent families (9% or 345 households).</li> <li>Joint highest percentage of resident ratepayers at 73% (totalling 2,706 households).</li> <li>Joint highest proportion of employed workforce (97%), with a 3% unemployment rate which accounts for 149 people.</li> <li>Potential risk of mortgage stress, due to slightly higher proportions with mortgages above 30% of income and being around median in relation to equivalised income.</li> </ul>

Grouping	Findings
Tamworth (part) - Oxley Vale - Westdale	<ul style="list-style-type: none"> <li>• Contains 38% of the LGA's population, at 23,822 people.</li> <li>• Highest proportion of working age and lowest proportion of individuals under 50 years of age.</li> <li>• Highest percentage of vulnerable households (47% or 4,668 households), with highest proportion of one-parent households (15% or 1,481 households).</li> <li>• Lowest proportion of resident ratepayers (45% or 4,478 households), with highest proportion of private renters (35% or 3,503 households) and social housing (8% or 771 households).</li> <li>• Highest unemployment rate (7% or 699 people).</li> <li>• Potential risk of mortgage stress, due to 11% of households having mortgages above 30% of income and generally having lower equivalised income.</li> </ul>
Tamworth CBD - Hallsville - Hills Plain	<ul style="list-style-type: none"> <li>• Contains 19% of LGA's population, at 11,813 people.</li> <li>• Lowest proportion of retirees and highest proportion of dependents.</li> <li>• Joint lowest proportion of vulnerable households (31% or 1,398 households).</li> <li>• Highest proportion of households with a mortgage (38% or 1,700 households).</li> <li>• Highest percentage in the upper two income quartiles (56%) and lowest in the lowest two quartiles (44%).</li> <li>• Joint highest proportion of employed workforce (97%), with a 3% unemployment rate which accounts for 175 people.</li> <li>• Lowest proportion of residential pensioners (13%) but highest proportion of farmland pensioners (10%).</li> <li>• Joint lowest proportion of individuals requiring core assistance, at 5% or 572 people.</li> <li>• A reduced risk of mortgage stress, due to lower proportions with mortgages over 30% of income and higher proportions in the upper two equivalised income quartiles.</li> </ul>

Our analysis highlights that there are both levels of advantage and significant disadvantage within the Tamworth Regional Council LGA. Overall, it scores towards the lower end on SEIFA rankings, placing it the 24th percentile for IRSD and 23rd for IRSAD. This is lower than the Regional NSW averages of 36th and 32nd respectively, and fractionally above the New England and North West averages of 24th and 21st.

At both a grouping and a locality level, it is apparent that there is substantial inequity within the LGA, and it is important that Council acknowledges these levels of disadvantage within the community, ensuring it does not significantly marginalise particularly vulnerable individuals and households. However, as average residential land values generally align to the levels of advantage and disadvantage across the LGA, the increases proposed under the SV options are relatively proportionate.

When compared with similar regional town/city councils (OLG group 4 classification), Tamworth has current average residential rates that sit well below the average of comparison councils. If one of the SV options is implemented, by the end of 2025/26, residential rates across the LGA are estimated to move more towards the upper end of this grouping of comparative councils (sixth or seventh out of 25 reporting councils).

The Tamworth CBD-Hallsville-Hills Plain grouping has the highest average residential land values and therefore has the highest proposed average rate increase, at between \$447 and \$496 above the base case by the end of 2025/26. This grouping contains the highest proportion of households with a mortgage, as well as containing 17% of the LGA's ratepayers. It also contains the joint lowest proportion of vulnerable households and has the highest overall SIEFA rankings within the LGA. There appears, therefore, to be capacity to absorb the proposed rate rises within this grouping.

North, West and South Tamworth-Oxley Vale-Westdale contains 38% of the population but the lowest proportion of resident ratepayers, although it does still make up 41% of the LGA's residential ratepayers overall. This grouping has the highest levels of disadvantage and the lowest levels of advantage within the LGA and contains the highest percentage of vulnerable households. This grouping would see average rate increases that are at the middle of all groupings, between \$310 and \$344 above the rate peg by the end of 2024/25, and therefore there may be a restricted capacity to pay the proposed increase in rates. It is particularly important that Council considers vulnerable ratepayers within this grouping.

Manilla-Barraba-Rural North is the smallest grouping (by number of properties and resident ratepayers) and can be considered to be one of the more disadvantaged groupings, due to having the highest proportion in the lowest two equivalised income levels and an IRSAD ranking in the ninth percentile. It also contains the highest proportion of residential pensioner assessments (33%) and individuals requiring core assistance (435 people). It contains the lowest average residential land values; therefore, it would see a lower average increase under each of the SV options and be the least impacted grouping. The proposed increases are between \$171 and \$190 above the base case after two years. Due to the relatively low increases, it can be considered that this grouping would have some capacity to pay, particularly with Council providing appropriate support for vulnerable ratepayers.

The Calala-Hillvue-Warral grouping has the second highest average land values and the second highest average rate increases across all SV options, between \$391 and \$435 above the rate peg after two years. It also contains the second highest number of properties (5,235). Due to the grouping's IRSAD ranking in the 62nd percentile and joint lowest proportion of vulnerable households, it is considered that generally this grouping would have capacity to pay the proposed rate rises.

Moonbi-Nundle and Rural Remainder would see the second lowest average residential increases, at between \$183 and \$203 above the base case by the end of 2025/26. This grouping is considered to be neither particularly advantaged nor disadvantaged in relation to SIEFA rankings. It does, however, have a potentially higher risk of mortgage stress and is the middle of all groupings for vulnerable households. There is generally considered to be capacity to pay increased rates within this grouping, however vulnerable ratepayers should be supported through appropriate policies.

It is important to note that renters may experience an indirect increase/decrease depending on their lease agreement/decisions and the current market conditions. Whilst those living in social housing will not be directly affected by increasing rates.

At an overall level, when compared against comparable group 4 councils, Tamworth Regional Council's average farmland rates currently sit well below average levels (using 2022 OLG time series data), and business rates are just below average when compared to these councils. Under the proposed SV options, average farmland and business rates may move into the top ten amongst those comparable councils. Therefore, when compared to peers, it is likely that there is capacity to absorb these increases, particularly as the majority of farmland ratepayers live within the more advantaged grouping within the LGA.

When compared to similar councils, Tamworth has relatively average levels of rates income as a percentage of operating expenses, indicating potential capacity for ratepayers to absorb rises. Council also has low levels of outstanding rates (it has been at 7% for 2021/22 and the two previous financial years) and has been consistently below regional benchmarks (10%), indicating capacity and potential willingness to pay. This is also backed up by Council's community satisfaction survey which indicates that there is some willingness to pay increased rates, particularly in relation to improved economic outcomes within the LGA.



## Introduction

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

Key considerations include:

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

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

Data for this review was obtained from the following sources:

- Australian Bureau of Statistics 2016 and 2021 Census Data – Data by Regions.
- .id – Tamworth Regional Council Community/Social/Economic Profiles.
- Housing and Homelessness Policy Consortium (ACT Shelter, ACTCOSS, Women’s Centre for Health Matters, Youth Coalition of Act) – *Snapshot: Housing stress and its effects*, February 2016.

## Background

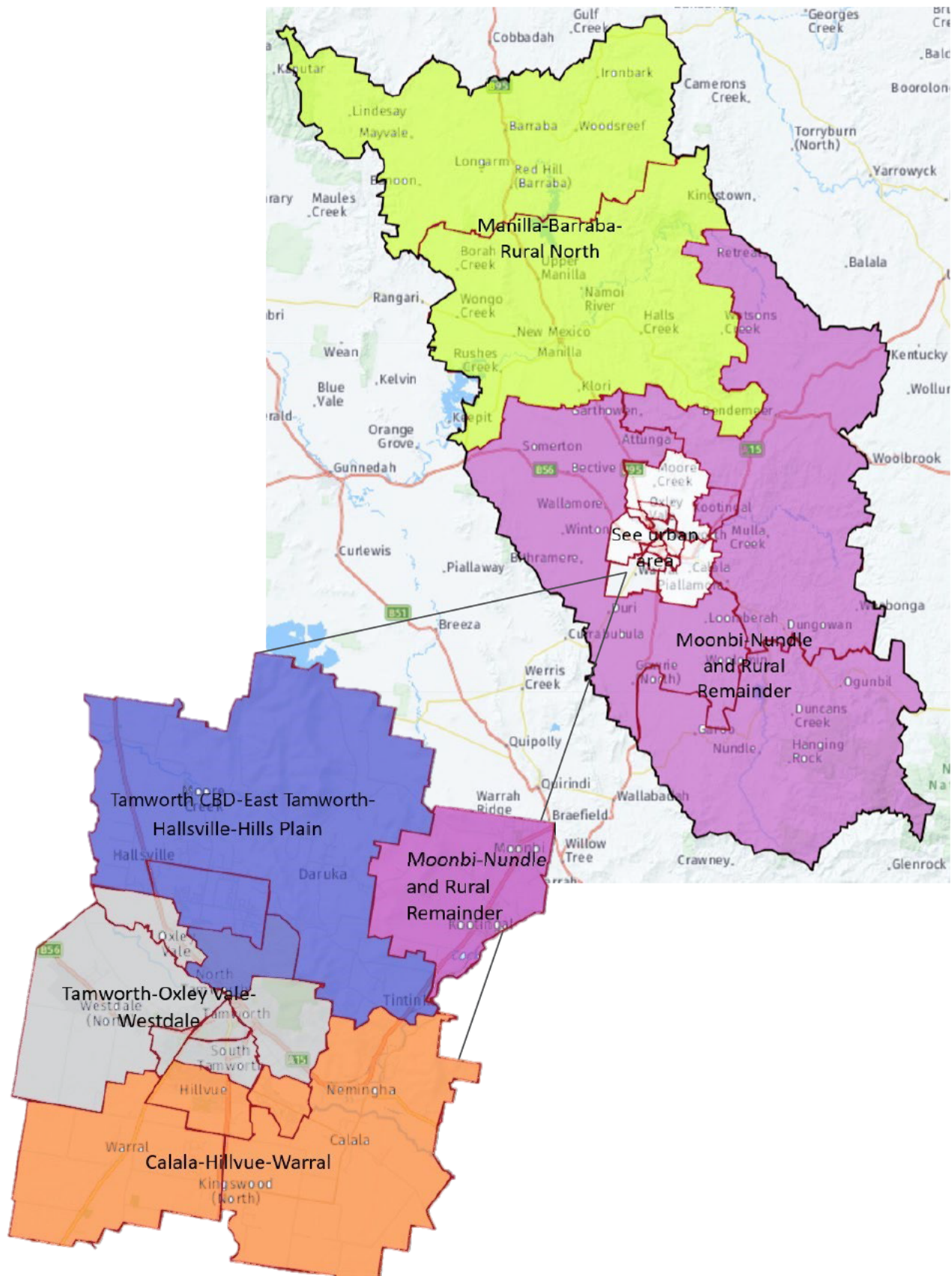
Tamworth Regional Council has been divided into five groupings. Council is looking to ensure that equity is maintained between areas, as each grouping has differing economic and socio-economic profiles. A summary of the groupings and the areas they encompass has been provided in the following table and figures.

**Table 2 Tamworth Regional Council area grouping summary**

Grouping	Population (2021)	Localities (as per profile.id) include
Calala - Hillvue - Warral	13,402	Warral - Kingswood, Calala (rural) - Nemingha, Calala (urban), Hillvue
Manilla - Barraba - Rural North	4,704	Manilla and District, Barraba - Rural North
Moonbi - Nundle - Rural Remainder	9,341	Western Rural, Eastern Highlands, Nundle - Rural South, Moonbi - Kootingal
Tamworth (part) - Oxley Vale - Westdale	23,822	North Tamworth, Westdale - Taminda, West Tamworth (Central), Oxley Vale, South Tamworth, West Tamworth (Coledale)
Tamworth CBD - Hallsville - Hills Plain	11,813	Hills Plain, Hallsville - Daruka - Moore Creek, Tamworth CBD - East Tamworth
<b>Tamworth Regional LGA</b>	<b>63,082</b>	



Figure 1 Tamworth Regional Council area map



## Methodology

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

- **Areas of social advantage and 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 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 examine trends in household expenditure and discuss what impacts they may have on an individual's ability to pay.

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

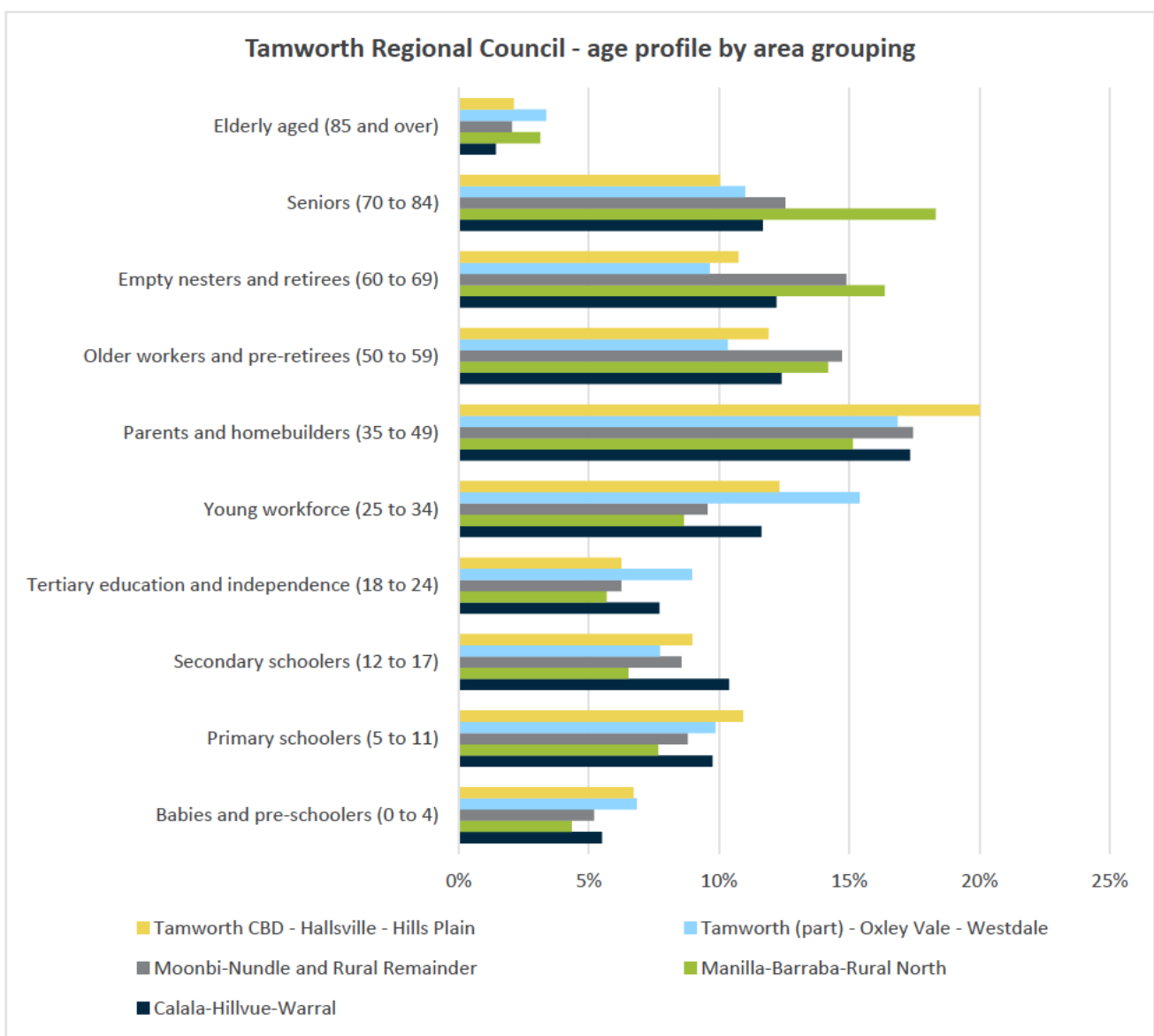
## Areas of social advantage and disadvantage

Each 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 that are reflective of typical life stages. This provides insight into the number of dependants, size of the workforce and number of retirees in each 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 one representing the largest proportion) generates the following results.

**Table 3 Service age rankings**

Rank	Calala-Hillvue-Warral	Manilla-Barraba-Rural North	Moonbi-Nundle and Rural Remainder	Tamworth (part) - Oxley Vale - Westdale	Tamworth CBD - Hallsville - Hills Plain
Dependents	2	5	4	3	1
Working age	3	5	4	1	2
Retirees	3	1	2	4	5

At an LGA level, the age profiles are relatively consistent with New England and North West and Regional NSW averages:

- 24% of the population are dependants, higher when compared to Regional NSW (21%) and slightly higher than New England and North West
- Working age population represents 50% of the population, slightly higher than both New England and North West and Regional NSW (both 49%).
- The proportion of population that are retirees (26%) is slightly lower than both New England and North West (28%) and Regional NSW (29%).

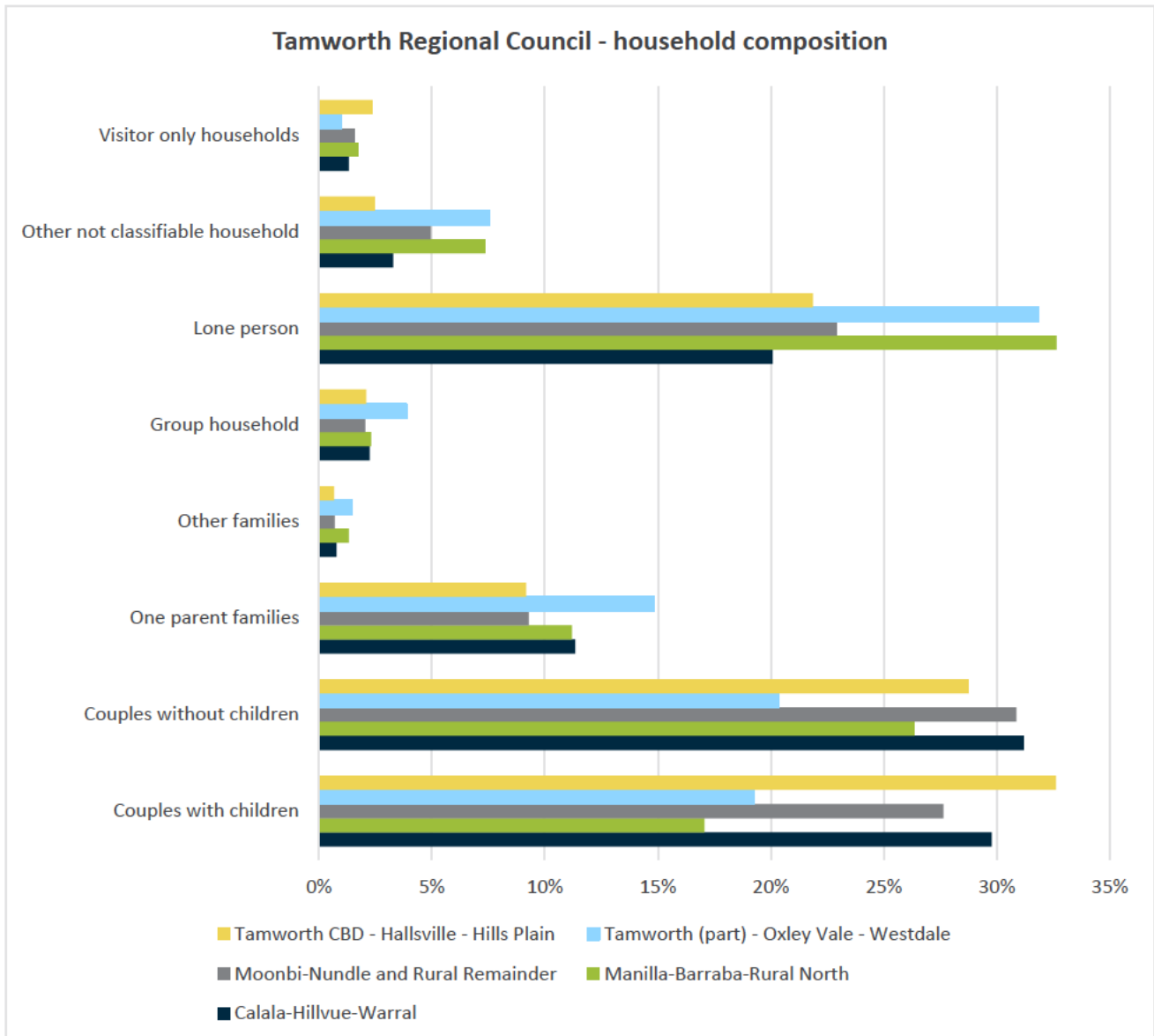
Looking into specific areas, we observe the following:

- Tamworth (part)-Oxley Vale-Westdale has the largest proportion of working age (52%) and second lowest proportion of retirees (24%).
- Manilla-Barraba-Rural North has the highest proportion of retirees (38%) and lowest proportions of working age (44%) and dependants (19%). It also has the highest proportion of residents over 50 years of age (52%).
- Tamworth CBD-Hallsville-Hills Plain has the highest proportion of dependants (27%), second highest working age (50%) and lowest percentage of retirees (23%).
- Calala-Hillvue-Warral is generally in line with LGA averages.

## Household types

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

Figure 3 Household composition



Overall, for the Tamworth LGA, proportions are generally in line with those of New England and North West and Regional NSW, aside from the couples with children category, where the Tamworth LGA has a slightly higher proportion (25%) than New England and North West (22%).

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 across the LGA as a whole, the at-risk group makes up 39% of the population. This is generally in line with the New England and North West (38%), Regional NSW (37%) and Dubbo Regional Council (37%) averages.

Manilla-Barraba-Rural North and Tamworth (part)-Oxley Vale-Westdale have notably higher proportions of 'at risk' households, at 44% and 47% respectively. For Tamworth (part)-Oxley Vale-Westdale, this is made up of a 15% proportion of one-parent households and a 32% proportion of lone person households. For Manilla-Barraba-Rural North, this is 11% one-parent families and 33% lone-person households. All other groupings have either a 32% or 31% proportion of vulnerable households.



It is important to note that of the 9,780 vulnerable households identified, 4,668 are within the Tamworth (part)-Oxley Vale-Westdale grouping.

## Housing tenure

Analysis of housing tenure levels within the LGA allows us to identify which areas most impacted by changes in council rates, i.e. the direct impact of a change in rates will be felt by home owners, whereas renters may experience an indirect increase/decrease depending on their lease agreement/decisions of their landlord. Furthermore, individuals in social housing are unlikely to be impacted by a change in rates.

Table 4 Housing tenure

Housing tenure - % of households	Calala-Hillvue-Warral	Manilla-Barraba-Rural North	Moonbi-Nundle and Rural Remainder	Tamworth (part) - Oxley Vale - Westdale	Tamworth CBD - Hallsville - Hills Plain	Tamworth Regional Council
Fully owned	36%	44%	39%	23%	34%	32%
Mortgage	37%	22%	34%	22%	38%	29%
Renting - Total	21%	20%	16%	43%	23%	29%
Renting - Social housing	1%	1%	0%	8%	1%	4%
Renting - Private	20%	19%	16%	35%	22%	26%
Renting - Not stated	0%	0%	0%	1%	0%	0%
Other tenure type	1%	4%	4%	2%	1%	2%
Not stated	5%	10%	7%	10%	4%	7%
<b>Total households</b>	<b>5,004</b>	<b>2,128</b>	<b>3,710</b>	<b>10,020</b>	<b>4,511</b>	<b>25,352</b>

The Tamworth LGA home ownership (fully owned and mortgaged) average of 61% is lower than Regional NSW (66%), but in line with the averages for NSW (61%) and New England and North West (60%). Home ownership levels vary substantially throughout the LGA, with Calala-Hillvue-Warral and Moonbi-Nundle-Rural Remainder having the highest proportion of resident ratepayers, both at 73%. Conversely, Tamworth (part)-Oxley Vale-Westdale has the lowest proportion at 45%. This lower proportion of resident ratepayers is due to a much higher level of private renters and social housing, which could possibly be reflective of the higher percentage of lone person households and one-parent families.

32% of households fully own their homes within the LGA, below the Regional NSW and New England and North West averages of 36% and 34% respectively. Manilla-Barraba-Rural North has very high levels of fully owned homes (44%), whilst Tamworth (part)-Oxley Vale-Westdale is low at 23%.

The LGA's proportion of owners with mortgages (29%) is in line with Regional NSW and slightly higher than New England and North West (26%). This proportion contrasts across the LGA, with a low 22% in both Manilla-Barraba-Rural North and Tamworth (part)-Oxley Vale-Westdale, compared to 38% in Tamworth CBD-Hallsville-Hills Plain.

The LGA overall has a higher level of private renters (29%) compared to New England and North West (27%) and Regional NSW (26%), with Tamworth (part)-Oxley Vale-Westdale making up 54% of the LGA's private renters, due to 35% of its households falling into this category (3,503 households). This is substantially different to Moonbi-Nundle and Rural Remainder, which has 16% of its households renting privately. It is important to note that whilst renters are not directly impacted by an increase in rates, these increases can be passed on by landlords or accommodation providers.

Tamworth (part)-Oxley Vale-Westdale contains the majority of the LGA's social housing, as 8% of households live in social housing, making up 87% of the LGA's total. 889 households across the LGA live in social housing, with 771 in Tamworth (part)-Oxley Vale-Westdale. It is important to note that residents in social housing do not pay rates, and therefore are not impacted by the proposed SRV.

## 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.

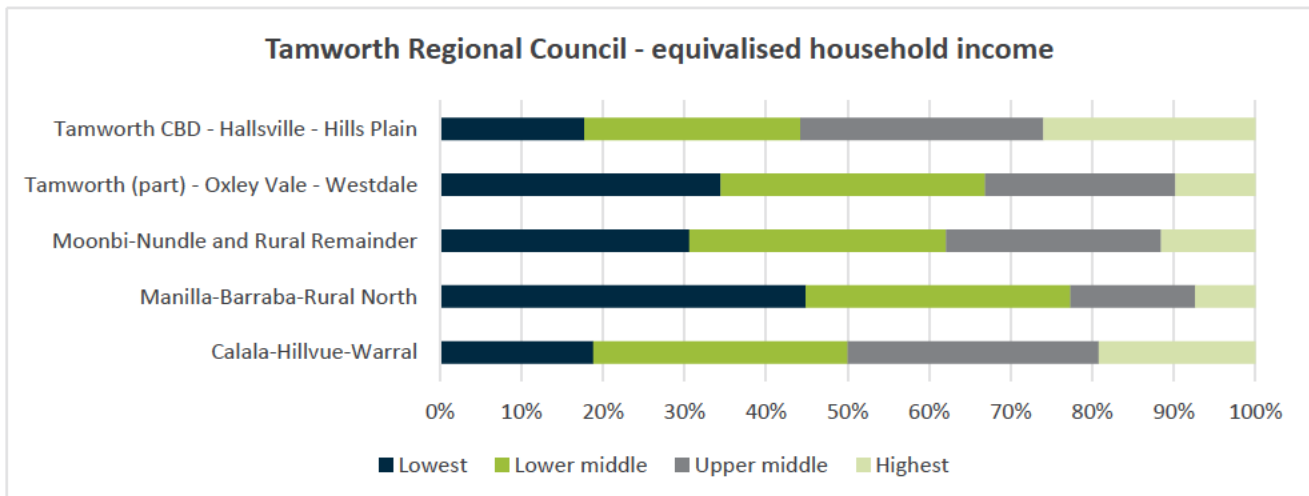
The data has been presented in ranges for the following equivalised weekly income levels for 2021:

- Lowest: \$0 – \$603 – this range is 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 25% – 50% 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 for each area.



Figure 4 Equivalised household income



The LGA as a whole has higher proportions in the lower two income quartiles, at 59%, compared to the upper two quartiles, at 41%. The percentage in the lower two income quartiles is similar to Regional NSW (60%) and slightly below New England and North West (62%). Most profile areas within the LGA also have higher proportions in the lowest two quartiles compared to the highest two quartiles, except for Tamworth CBD-Hallsville-Hills Plain (44% in lower two quartiles) and Calala-Hillvue-Warral (50%). Manilla-Barraba-Rural North has significantly higher proportions in the lower two quartiles, at 77%.

The LGA has slightly higher amounts in the middle two quartiles, at 56%, compared to 53% for both Regional NSW and New England and North West. Calala-Hillvue-Warral has higher proportions in the middle two quartiles when compared to the rest of the LGA (62%); this contrast with Manilla-Barraba-Rural North which has 48%.

Tamworth CBD-Hallsville-Hills Plain has the highest equivalised income levels at 56% in the upper two income quartiles, compared to the LGA average of 41%. The overall LGA average is slightly above the New England and North West (38%) and Regional NSW (40%) averages. Manilla-Barraba-Rural North and Tamworth (part)-Oxley Vale-Westdale have notably lower levels in the upper two equivalised income quartiles, at 23% and 33% respectively.

Table 5 Regional comparison of equivalised household income

Equivalised income quartiles (2021)	Calala-Hillvue-Warral	Manilla-Barraba-Rural North	Moonbi-Nundle and Rural Remainder	Tamworth (part) - Oxley Vale - Westdale	Tamworth CBD - Hallsville - Hills Plain	Tamworth Regional Council
Lowest	19%	45%	31%	34%	18%	29%
Lower middle	31%	32%	31%	32%	26%	31%
Upper middle	31%	15%	26%	23%	30%	26%
Highest	19%	7%	12%	10%	26%	15%

## Socio-economic index

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

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

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

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

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

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

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

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

- IRSD variables of disadvantage:
  - low equivalised household incomes
  - 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.

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

**Table 6 Regional SEIFA scores and percentiles**

Area	SEIFA IRSD index 2021	Percentile	SEIFA IRSAD index 2021	Percentile
New South Wales	1,016.0	67.0	1,000.0	42.0
Australia	1,002.6	60.0	1,001.2	42.0
Regional NSW	962.0	36.0	982.0	32.0
Dubbo Regional Council area	958.2	34.0	985.5	34.0
<b>Tamworth Regional Council</b>	<b>936.6</b>	<b>24.0</b>	<b>961.1</b>	<b>23.0</b>
New England and North West SA4	936.0	24.0	955.0	21.0

Tamworth Regional Council's IRSD score of 936.6 is marginally above the New England and North West score (936.0) but below the Regional NSW (962.0) and Dubbo Regional Council (958.2) scores. This places the LGA in the 24th percentile, meaning approximately 76% of Australian localities have a SEIFA IRSD ranking higher than this area (i.e. are less disadvantaged), while 24% are lower.

IRSAD includes levels of both advantage and disadvantage. Tamworth Regional Council's score of 961.1 places the LGA into the 23rd percentile. A higher IRSAD score compared to IRSD score is indicative of greater opportunities within the LGA, e.g. higher equivalised incomes, higher education levels, greater employment opportunities within the area or more skilled jobs. However notably this does mean that 77% of Australian localities are more advantaged than the Tamworth LGA as a whole.

A grouping summary is provided in the table below.

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

Grouping	SEIFA IRSD index 2021	Percentile	SEIFA IRSAD index 2021	Percentile
Tamworth CBD - Hallsville - Hills Plain	1,036.7	76	1,063.1	79
Calala-Hillvue-Warral	994.5	55	1,032.5	62
Moonbi-Nundle and Rural Remainder	961.4	39	998.0	43
Manilla-Barraba-Rural North	880.6	9	896.0	9
Tamworth (part)- Oxley Vale - Westdale	863.1	6	875.6	7

Analysis at the grouping level demonstrates significant inequity between different parts of the LGA. On the one hand, Tamworth (part)-Oxley Vale-Westdale (IRSD score in the sixth percentile) and Manilla-Barraba-Rural North (IRSD score in the ninth percentile) have levels of disadvantage well above the average levels in NSW, New England and North West and Regional NSW. Tamworth CBD-Hallsville-Hills Plain however shows significant advantage, with this grouping scoring very high (IRSD in 76th percentile and IRSAD in 79th percentile).

**Table 8 Locality SEIFA rankings**

Locality	SEIFA IRSD index 2021	Percentile	SEIFA IRSAD index 2021	Percentile
Hills Plain	1068.7	90	1094.4	95
Hallsville - Daruka - Moore Creek	1033	76	1073.5	87
Warral - Kingswood	1019.8	69	1051.1	73
Western Rural	1013.8	66	1054	75
Tamworth CBD - East Tamworth	1008.3	63	1021.4	55
Calala (rural) - Nemingha	997	56	1043	68
Calala (urban)	987.7	51	1024	56
Eastern Highlands	980.4	47	1014.5	50
Hillvue	973.5	43	1012	49
North Tamworth	947.6	29	967.1	26
Nundle - Rural South	943.2	27	968.6	26
Moonbi - Kootingal	908.3	14	955	21
Westdale - Taminda	902.6	13	945	18
West Tamworth (Central)	899.7	13	917.5	12
Oxley Vale	888.7	10	911.1	11
Manilla and District	885.9	10	911.2	11
Barraba - Rural North	875.2	8	880.8	7
South Tamworth	822.6	3	834	4
West Tamworth (Coledale)	717.1	1	679.1	2

At a locality profile level, West Tamworth (Coledale) is one of the most disadvantaged areas in the country, with IRSD and IRSAD rankings in the first and second percentile respectively. South Tamworth is also extremely disadvantaged, with an IRSD percentile of 3 and IRSAD percentile of 4, as are Oxley Vale, Manilla and District and Barraba - Rural North (all sitting between the seventh and 11th percentiles). These low scores are most likely due to higher levels of unemployment (West Tamworth (Coledale) has a 19% unemployment rate) and lower levels of household income. Generally, there are also higher levels of ‘at risk’ households within these suburbs, which can be considered to be more vulnerable to rating increases. In addition to these factors, some of these areas have higher proportions of households utilising social housing (particularly West Tamworth (Coledale) at 16%), which although a marker of disadvantage does mean that this proportion of the community will not be directly affected by any potential rise in rates. The combined population of these areas represents 29% of the LGA (18,239 people); therefore, it is important that this inequality is considered by Council, for example, through appropriate hardship policies.

Hills Plain and Hallsville - Daruka - Moore Creek can be considered particularly advantaged, with IRSAD scores in the ninth and 87th percentiles respectively – these areas account for 10% of the LGA’s population.

## Vulnerable groups or individuals

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

### Workforce status

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

Table 9 Community workforce status

Workforce status	Calala-Hillvue-Warral	Manilla-Barraba-Rural North	Moonbi-Nundle and Rural Remainder	Tamworth (part) - Oxley Vale - Westdale	Tamworth CBD - Hallsville - Hills Plain	Tamworth Regional Council
Employed	97%	95%	97%	93%	97%	96%
Employed full-time	62%	57%	61%	58%	62%	60%
Employed part-time	30%	32%	29%	29%	30%	30%
Employed, away from work	5%	6%	7%	6%	5%	6%
Unemployed (Unemployment rate)	3%	5%	3%	7%	3%	4%
Looking for full-time work	2%	3%	2%	4%	1%	2%
Looking for part-time work	1%	1%	2%	3%	1%	2%
<b>Total labour force</b>	<b>6,942</b>	<b>1,873</b>	<b>4,677</b>	<b>10,210</b>	<b>6,238</b>	<b>29,980</b>

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

In 2021, unemployment within the LGA (4%) was marginally lower than the New England and North West, NSW and Regional NSW averages (all 5%). It is noted that Tamworth (part)-Oxley Vale-Westdale (7%, representing 699 people) and Manilla-Barraba-Rural North (5%, representing 90 people) had higher proportions.

### Pensioners

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

**Table 10 Number of residential pensioner assessments**

Number of residential pensioner properties	Total residential assessments	Residential pensioner assessments	Percentage of residential pensioner assessments
Calala-Hillvue-Warral	5,235	925	18%
Manilla-Barraba-Rural North	1,832	602	33%
Moonbi-Nundle and Rural Remainder	2,813	622	22%
Tamworth (part)-Oxley Vale-Westdale	10,082	1,556	15%
Tamworth CBD-Hallsville-Hills Plain	4,111	520	13%
<b>Tamworth Regional Council</b>	<b>24,073</b>	<b>4,225</b>	<b>18%</b>

Manilla-Barraba-Rural North has a substantially higher proportion of residential pensioners (at 33%) compared to the rest of the LGA, with Moonbi-Nundle and Rural Remainder also high at 22%. Tamworth (part)-Oxley Vale-Westdale contains the highest number of pensioners, at 1,556. In contrast, Tamworth CBD-Hallsville-Hills Plain has the lowest proportion and number, at 13% or 520 properties.

**Table 11 Number of farmland pensioner assessments**

Number of farmland pensioner properties	Total farmland assessments	Farmland pensioner assessments	Percentage of farmland pensioner assessments
Calala-Hillvue-Warral	222	11	5%
Manilla-Barraba-Rural North	625	35	6%
Moonbi-Nundle and Rural Remainder	1,964	138	7%
Tamworth (part)-Oxley Vale-Westdale	75	1	1%
Tamworth CBD-Hallsville-Hills Plain	146	14	10%
<b>Tamworth Regional Council</b>	<b>3,032</b>	<b>199</b>	<b>7%</b>

Tamworth CBD-Hallsville-Hills Plain has the highest percentage of farmland pensioners (10%), however the total number of farmland pensioner assessments is highest in Moonbi-Nundle and Rural Remainder (138).

There are also seven business pensioner assessments in the LGA, with the majority in Manilla-Barraba-Rural North (4 business pensioner ratepayers) and the remainder in Moonbi-Nundle and Rural Remainder (2 ratepayers) and North, West and South Tamworth-Oxley Vale-Westdale (1 ratepayer).

All of these eligible pensioners have access to mandatory rebates (up to a maximum of \$250 per year) on their rates.



## 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 – because of a disability, long-term health condition or old age.

Table 12 Number of people requiring core assistance

Assistance required (2021)	Number	Percentage
Calala-Hillvue-Warral	692	5%
Manilla-Barraba-Rural North	435	9%
Moonbi-Nundle and Rural Remainder	566	6%
Tamworth (part) - Oxley Vale - Westdale	1,926	8%
Tamworth CBD - Hallsville - Hills Plain	572	5%
<b>Tamworth Regional Council</b>	<b>4,204</b>	<b>7%</b>

We observe that Manilla-Barraba-Rural North has the highest proportion of people requiring assistance (9%), with Tamworth (part)-Oxley Vale-Westdale also higher than the rest of the LGA, at 8% or 1,926 people. Tamworth LGA as a whole is in line with the Regional NSW average (both 7%) and slightly above the New England and North West average of 6%.

## Housing stress

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

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

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

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

Households facing housing stress are highly likely to be under significant financial stress and vulnerable to sudden increases in council rates. A comparison of the percentage of monthly mortgage repayments higher than 30% of income, for each grouping, is provided in the following table.



**Table 13 Analysis of households where mortgage costs >30% of income**

Mortgage costs >30% of income, 2021	Number	Number of households with mortgage	% where mortgage costs >30% income
Calala-Hillvue-Warral	182	1,826	10%
Manilla-Barraba-Rural North	61	460	13%
Moonbi-Nundle and Rural Remainder	162	1,226	13%
Tamworth (part) - Oxley Vale - Westdale	238	2,161	11%
Tamworth CBD - Hallsville - Hills Plain	152	1,690	9%
<b>Tamworth Regional Council</b>	<b>791</b>	<b>7,382</b>	<b>11%</b>
Regional NSW	42,576	334,073	13%
NSW	163,060	942,804	17%
New England and North West	2,115	19,553	11%
Australia	468,822	3,242,448	14%

The table above, while not specifically identifying mortgage stress, does give an indication of areas where mortgage stress may be likely. At an LGA level, 791 (11%) of households with mortgages have mortgage costs exceeding 30% of income. This is in line with New England and North West (11%) but lower than Regional NSW (13%) levels.

Manilla-Barraba-Rural North, with the lowest levels of equivalised income also has the joint highest proportion of households with mortgages greater than 30% of income, indicating an increased likelihood of mortgage stress within this grouping. Moonbi-Nundle and Rural Remainder also has the joint highest proportion, with Nundle-Rural South as an individual locality having the highest proportion of all areas, at 19%.

This contrasts with Tamworth CBD-Hallsville-Hills Plain which has much higher levels of equivalised income but a lower proportion of mortgages exceeding 30% of income, therefore suggesting a potentially reduced risk of mortgage stress within this grouping.

## 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 costs, particularly with regards to discretionary and non-discretionary income, can help to provide insight into an area's capacity to pay. The following table presents the changes in typical household expenditure throughout the Tamworth LGA over a five-year period.

Table 14 Five-year comparison of cost of living in Tamworth Regional Council LGA<sup>1</sup>

Household expenditure (totals)	2021/22		2016/17		Change		
	\$ per household	% of expenditure	\$ per household	% of expenditure	\$ per household	% of expenditure	%
Food	\$11,794	11%	\$10,790	10%	\$1,004	1%	9%
Alcoholic Beverages & Tobacco	\$5,415	5%	\$5,954	5%	-\$539	0%	-9%
Clothing & Footwear	\$4,868	4%	\$4,281	4%	\$587	1%	14%
Furnishings & equipment	\$5,940	5%	\$5,399	5%	\$542	1%	10%
Health	\$7,380	7%	\$6,783	6%	\$597	1%	9%
Transport	\$8,761	8%	\$10,884	10%	-\$2,123	-2%	-20%
Communications	\$2,462	2%	\$2,038	2%	\$424	0%	21%
Recreation & Culture	\$12,989	12%	\$12,418	11%	\$572	1%	5%
Education	\$4,398	4%	\$3,989	4%	\$409	0%	10%
Hotels, Cafes & Restaurants	\$8,873	8%	\$9,317	8%	-\$444	0%	-5%
Miscellaneous Goods & Services	\$17,264	16%	\$17,827	16%	-\$563	0%	-3%
Housing	\$17,943	16%	\$18,812	17%	-\$870	-1%	-5%
Utilities	\$3,544	3%	\$3,679	3%	-\$135	0%	-4%
<b>Total expenditure</b>	<b>\$111,631</b>	<b>100%</b>	<b>\$112,171</b>	<b>100%</b>	<b>-\$540</b>	<b>0%</b>	<b>0%</b>
Net savings	\$24,938	18%	\$12,160	10%	\$12,777	9%	105%
<b>Total disposable income</b>	<b>\$136,569</b>	<b>0%</b>	<b>\$124,331</b>	<b>0%</b>	<b>\$12,238</b>		<b>10%</b>
Non discretionary	\$56,752	51%	\$57,267	51%	-\$515	0%	-1%
Discretionary	\$54,879	49%	\$54,904	49%	-\$25	0%	0%

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

<sup>1</sup> National Institute of Economic and Industry Research (NIEIR), 2021. Compiled and presented in economy.id by. Data based on 2020/21 price base for all years. NIEIR-ID data are inflation adjusted each year to allow direct comparison, and annual data releases adjust previous years' figures to a new base year.

Table 13 shows, over the five-year period, total disposable income across the LGA has increased by an average of \$12,238, with net annual savings making up most of this, having increased by \$12,777 (105%). This indicates potential capacity to absorb increases in rates as proposed. However, it is important to note that this increase in net savings is slightly lower in the Tamworth LGA than the Regional NSW average, which has seen an average net savings increase, over the same time period, of \$13,603.

For the Tamworth LGA, total expenditure has slightly decreased by \$540, with a significant decrease in transport (20% decrease) and a decrease in alcoholic beverages and tobacco expenditure (9% decrease). There have, however, been significant increases in spending on communications (21%) and clothing and footwear (14%), and increases in spending on furnishings and equipment and education (both 10%). This has meant that overall, there has been a 1% decrease (\$515) in non-discretionary spending and a minor reduction in discretionary spending (\$25 decrease).

## Industry

In 2022, the main industries in order of employment were health care and social assistance (15.7%), construction (10.8%), agriculture, forestry and fishing (10.2%), manufacturing (9.1%) and education and training (8.7%). The retail trade was previously the third highest industry of employment in 2011/12 (10.1%), however, is no longer considered one of the top five key industries within the LGA and has fallen to sixth place (7.7%). The most recent data indicates the following trends over the ten years from 2012 to 2022, in these sectors:

- the retail trade is in long-term decline with 283 less jobs (a decrease of 12%)
- health care and social assistance jobs increased by 1,137 (39%)
- construction jobs increased by 614 (28%)
- manufacturing jobs decreased by 121 (5%)
- education and training jobs increased by 613 (37%)
- information media and telecommunications and wholesale trade employment numbers have decreased by 24% (77 FTE) and 18% (150 FTE) respectively
- electricity, gas, water and waste services has seen an 83% increase in the number of jobs, from 287 in 2012 to 524 in 2022
- within the LGA, the number of FTE across all industries has increased by 14% or 3,268 since 2011/12.

It is noted that 90.1% of Tamworth Regional Council's resident workers work within the LGA, with 6% travelling outside the LGA to work (mainly to the Gunnedah, Narrabri and Liverpool Plains LGAs) and 3.9% with no fixed place of work.

Health care and social assistance has remained the most productive industry for the Tamworth LGA, generating 14% of the region's value (as value added) compared to 12% for Regional NSW. This is an increase of \$150 million since 2011/12 for the Tamworth LGA. Agriculture, forestry and fishing and manufacturing both remain within the top three most valuable industries for the area. Agriculture, forestry and fishing has increased its value add by \$53.5 million and manufacturing has slightly increased by \$1.4 million (although its percentage share has reduced from 10.5% to 9%).

'Other services' has seen the largest decrease in value added, with 2021/22 at \$12 million less than in 2011/12, this is followed by the retail trade which has dropped by \$9.8 million over the same period.

Table 15 Value added by industry sector

Industry	2021/22			2011/12			Change 2011/12 - 2021/22 Tamworth Regional \$m
	Tamworth Regional \$m	Tamworth Regional %	Regional NSW %	Tamworth Regional \$m	Tamworth Regional %	Regional NSW %	
Health Care and Social Assistance	423.20	14.0	12.3	273.20	10.5	8.6	150.00
Agriculture, Forestry and Fishing	289.10	9.5	8.3	235.60	9.0	8.8	53.50
Manufacturing	273.60	9.0	6.7	272.30	10.5	8.8	1.40
Education and Training	244.00	8.1	7.5	207.90	8.0	7.5	36.20
Construction	235.60	7.8	10.3	222.20	8.5	10.5	13.40
Public Administration and Safety	210.60	7.0	7.0	167.80	6.4	6.4	42.80
Retail Trade	175.50	5.8	5.6	185.30	7.1	6.2	-9.80
Transport, Postal and Warehousing	168.70	5.6	4.9	160.20	6.2	5.5	8.40
Wholesale Trade	156.80	5.2	4.1	125.10	4.8	3.4	31.70
Financial and Insurance Services	140.50	4.6	3.8	143.70	5.5	4.2	-3.30
Administrative and Support Services	140.50	4.6	4.4	109.80	4.2	3.3	30.70
Electricity, Gas, Water and Waste Services	122.20	4.0	3.4	93.80	3.6	4.7	28.40
Rental, Hiring and Real Estate Services	113.50	3.7	3.4	86.20	3.3	3.0	27.30
Professional, Scientific and Technical Services	111.10	3.7	5.3	97.30	3.7	4.5	13.80
Accommodation and Food Services	89.40	3.0	3.5	90.20	3.5	3.7	-0.80
Other Services	64.70	2.1	2.1	76.70	2.9	2.5	-12.00
Information Media and Telecommunications	47.80	1.6	1.2	41.10	1.6	1.0	6.70
Arts and Recreation Services	13.50	0.4	0.6	13.10	0.5	0.6	0.40
Mining	7.70	0.3	5.7	3.00	0.1	6.9	4.60
<b>Total industries</b>	<b>3,028.00</b>	<b>100.0</b>	<b>100.0</b>	<b>2,604.70</b>	<b>100.0</b>	<b>100.0</b>	<b>423.30</b>

Tamworth Regional Council's Gross Regional Product was \$3.69 billion in the year ending June 2022, growing 0.8% since the previous year and 16% since 2011/12. The local industry to residents ratio has increased slightly from 0.96 in 2011/12 to 0.99 in 2021/22. This indicates that generally, most residents are contributing to economic productivity within the LGA and that slightly less residents may be commuting out of the LGA to work than ten years ago.

## Discussion

The Tamworth LGA is split between being an advantaged and a very disadvantaged socio-economic area; with significant differences emerging between the different groupings, something which is also evident when reviewing SEIFA rankings.

Overall, we observe greater levels of advantage in Tamworth CBD-Hallsville-Hills Plain and Calala-Hillvue-Warral, when compared to Manilla-Barraba-Rural North and Tamworth (part)-Oxley Vale-Westdale. These areas are most likely more disadvantaged due to higher proportions of social housing, unemployment and lower equivalised income levels, as outlined in the grouping summaries below. It is particularly important to note that West Tamworth (Coledale) and South Tamworth are some of the most disadvantaged localities in the country in relation to IRSD and IRSAD rankings and also contain higher proportions of vulnerable households. Renters may experience an indirect increase/decrease depending on their lease agreement/decisions and the current market conditions. Whilst those living in social housing will not be directly affected by increasing rates, it is important for Council to ensure it considers other vulnerable resident ratepayers, such as through appropriate hardship policies.

Key features of the Calala-Hillvue-Warral grouping, which has an IRSD ranking in the 55th percentile and an IRSAD ranking (including factors of advantage) in the 62nd percentile, include:

- containing 21% of the LGA's population, at 13,402 people
- ranking second highest for proportion of dependents and median for both working age and retirees
- joint lowest proportion of vulnerable households, at 31% (1,571 households), with lowest lone person households (20%)
- joint highest percentage of resident ratepayers at 73% (totalling 3,642 households)
- the second highest proportion of households in the upper two income quartiles (50%) and the second lowest in the lowest two quartiles (50%)
- the joint highest proportion of employed workforce (97%), with a 3% unemployment rate which accounts for 219 people
- the joint lowest proportion of individuals requiring core assistance, at 5% or 692 people
- a reduced risk of mortgage stress in this grouping, although noting this may be slightly higher in the Calala (rural) - Nemingha locality (which has 15% of mortgages above 30% of income).

For the Manilla-Barraba-Rural North grouping, which has both an IRSD and IRSAD ranking in the ninth percentile, key factors include:

- 7% of the LGA's population, at 4,704 people
- highest proportion of retirees and lowest proportion of working age and dependents
- second highest proportion of vulnerable households (44% or 928 households), with highest percentage of lone person households (33% or 691 households)
- highest proportion of fully owned homes (44% or 938 households) but joint lowest percentage of mortgaged homes (22% or 468 households)
- highest proportion of households in the lower two income quartiles (77%) and the lowest in both the middle two quartiles (48%) and upper two quartiles (23%)

- second highest unemployment rate, at 5% or 90 people
- highest proportion of residential pensioner assessments (33%)
- highest proportion of individuals requiring core assistance, at 9% or 435 people
- a higher risk of mortgage stress, due to slightly higher proportions with mortgages above 30% of income and higher proportions in the lower two equivalised income quartiles.

The Moonbi-Nundle and Rural Remainder grouping has an IRSD ranking in the 39th percentile and IRSAD in the 43rd percentile. Key attributes of this grouping include:

- containing 15% of the LGA's population, at 9,341 people
- second highest proportion of retirees and second lowest percentage of dependents and working age
- joint lowest proportion of one-parent families (9% or 345 households) and median for vulnerable households overall (32% or 1,197 households)
- joint highest percentage of resident ratepayers at 73% (totalling 2,706 households) with lowest proportion of private renters (16%)
- generally about median in terms of equivalised household income, with second highest proportion in the middle two income quartiles (58%)
- joint highest proportion of employed workforce (97%), with a 3% unemployment rate which accounts for 149 people
- 6% of individuals requiring core assistance, at 566 people
- potential risk of mortgage stress, due to slightly higher proportions with mortgages above 30% of income and being around median in relation to equivalised income.

For the Tamworth (part)-Oxley Vale-Westdale grouping, with an IRSD ranking in the sixth percentile and IRSAD in the seventh percentile, key features include:

- 38% of the LGA's population live in this grouping, at 23,822 people
- highest proportion of working age and second lowest proportion of retirees, also lowest proportion of individuals under 50 years of age
- highest percentage of vulnerable households (47% or 4,668 households), with highest proportion of one-parent households (15% or 1,481 households)
- lowest proportion of resident ratepayers (45% or 4,478 households), with highest proportion of private renters (35% or 3,503 households) and social housing (8% or 771 households)
- second highest proportion of households in the lowest two equivalised income quartiles (67%) and second lowest in the highest two quartiles (33%)
- highest unemployment rate (7% or 699 people)
- second highest proportion of people requiring assistance at 8% or 1,926 people
- potential risk of mortgage stress, due to 11% of households having mortgages above 30% of income and generally having lower equivalised income.

Key aspects of the Tamworth CBD-Hallsville-Hills Plain grouping, with an IRSD ranking in the 76th percentile and IRSAD in the 79th percentile, include:

- 19% of LGA's population, at 11,813 people

- lowest proportion of retirees, highest proportion of dependents and second highest percentage of working age
- joint lowest proportion of vulnerable households (31% or 1,398 households)
- highest proportion of households with a mortgage (38% or 1,700 households)
- highest percentage in the upper two income quartiles (56%) and lowest in the lowest two quartiles (44%)
- joint highest proportion of employed workforce (97%), with a 3% unemployment rate which accounts for 175 people
- lowest proportion of residential pensioners (13%) but highest proportion of farmland pensioner assessments (10%)
- the joint lowest proportion of individuals requiring core assistance, at 5% or 572 people
- a reduced risk of mortgage stress in this grouping, due to lower proportions with mortgages over 30% of income and higher proportions in the upper two equivalised income quartiles.



## Proposed rating changes

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

- Option 1 – apply a one-year special variation to all categories of 26.5% in addition to the normal annual rate peg increase of 3.5% (cumulative increase over the SV period is 30.0%).
- Option 2 – apply a two-year special variation to all categories of 15.0% in the first year and 12.5% in the second year, in addition to the normal annual rate peg increases of 3.5% and 2.5% per year (cumulative increase over the SV period is 36.3%).
- Base case – apply only the normal annual rate peg increases, of 3.5% in the first year and 2.5% in the following years, to all rate categories.

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

**Table 16 Proposed special variation options**

SV option	2024/25	2025/26	Cumulative increase over SV period	Comparison rate – all options over four years
Base case – rate peg only	3.5%	2.5%	-	6.1%
Option 1 – one-year SV	30.0%	Rate peg	30.0%	33.3%
Option 2 – two-year SV	18.5%	15.0%	36.3%	36.3%

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

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

## Residential rates – impact analysis by scenario

### Option 1

Table 17 Estimated 2024/25 average residential rates – option 1 and base case

Residential ratepayers – comparison of average rates	Average 2024/25 rate – option 1 SV (\$)	Average 2024/25 rate – base case no SV (\$)	Average annual increase by end of 2024/25 (\$)	Average weekly increase (\$)	Comparative rate after two years – option 1 (\$)	Comparative rate after two years – base case (\$)
Calala-Hillvue-Warral	1,871	1,490	381	7.33	1,918	1,527
Manilla-Barraba-Rural North	816	650	166	3.20	837	666
Moonbi-Nundle and Rural Remainder	873	695	178	3.42	896	713
North, West and South Tamworth-Oxley Vale-Westdale	1,482	1,180	302	5.81	1,520	1,210
Tamworth CBD-Hallsville-Hills Plain	2,136	1,700	435	8.37	2,190	1,743

Due to the variance in residential land value from area to area and within each area, the impact of increases in rates will be unequal across the LGA. Those in the higher residential land value areas of Tamworth CBD-Hallsville-Hills Plain (average rate to increase to \$2,136, an increase of \$8.37 per week, by the end of 2024/25 the proposed SV period) and Calala-Hillvue-Warral (average rate to increase to \$1,871, an increase of \$7.33 per week) are likely to see much greater average increases than the lower residential land value area of Manilla-Barraba-Rural North (average rate to increase to \$816, an increase of \$3.20 per week).

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

### Option 2

Table 18 Estimated 2025/26 average residential rates – option 2 and base case

Residential ratepayers – comparison of average rates	Average 2025/26 rate – option 2 SV (\$)	Average 2025/26 rate – base case no SV (\$)	Average annual increase by end of 2025/26 (\$)	Average weekly increase (\$)	Comparative rate after two years – option 2 (\$)	Comparative rate after two years – base case (\$)
Calala-Hillvue-Warral	1,962	1,527	217	4.18	1,962	1,527
Manilla-Barraba-Rural North	856	666	95	1.82	856	666
Moonbi-Nundle and Rural Remainder	916	713	101	1.95	916	713
North, West and South Tamworth-Oxley Vale-Westdale	1,554	1,210	172	3.31	1,554	1,210
Tamworth CBD-Hallsville-Hills Plain	2,239	1,743	248	4.77	2,239	1,743

As with option 1, residential ratepayers in the higher land value area of Tamworth CBD-Hallsville-Hills Plain (average to increase to \$2,239, an increase of \$4.77 per week, by the end of 2025/26 the proposed SV period) are expected to see a larger increase in average rates compared to the lower land value areas of Manilla-Barraba-Rural North (average to increase to \$856, an increase of \$1.82 per week) and Moonbi-Nundle and Rural Remainder (average to increase to \$916, an increase of \$1.95 per week).

North, West and South Tamworth-Oxley Vale-Westdale, which contains 41% of the LGA's residential ratepayers, would see an estimated average increase that sits at the middle of all the groupings – with an average rate to increase to \$1,554, an increase of \$3.31 per week.

### **Summary**

Due to higher average land values in Tamworth CBD-Hallsville-Hills Plain and Calala-Hillvue-Warral, ratepayers in this grouping are likely to see a larger increase in residential rates. These groupings have the highest levels of advantage within the LGA, with IRSAD rankings in the 79th and 62nd percentile respectively. They also contain the lowest proportions of vulnerable households and highest proportions in the upper two income quartiles. It is therefore considered that these groupings have capacity to pay increased rates.

North, West and South Tamworth-Oxley Vale-Westdale has some of the lowest levels of advantage and highest levels of disadvantage and would see average increases that sit in the middle of all five groupings. It is therefore important for Council to ensure appropriate policies and support are in place, particularly to assist vulnerable ratepayers, as residents within this grouping may have a reduced or limited capacity to pay.

Manilla-Barraba-Rural North also has high levels of disadvantage, as can be seen in its IRSAD ranking in the ninth percentile and that it has the highest proportion of households in the lowest two income quartiles. It also contains the second highest proportion of vulnerable households and the highest proportion of individuals requiring core assistance and pensioner assessments. This grouping would, however, see the lowest average increases of all groupings and, as long as Council provides appropriate support for vulnerable ratepayers, due to the relatively low increases, it can be considered that this grouping would have some capacity to pay.

Moonbi-Nundle and Rural Remainder has an IRSAD ranking in the 43rd percentile, the joint highest proportion of employed workforce and sits about average in terms of equivalised household income. Due to average land values, this grouping would see the second lowest average rate increase and therefore can be considered to have capacity to pay the proposed rate rises.

## Farmland rates – impact analysis by scenario

### Option 1

Table 19 Estimated 2024/25 average farmland rates – option 1 and base case

Farmland ratepayers – comparison of average rates	Average 2024/25 rate – option 1 SV (\$)	Average 2024/25 rate – base case no SV (\$)	Average annual increase by end of 2024/25 (\$)	Average weekly increase (\$)	Comparative rate after two years – option 1 (\$)	Comparative rate after two years – base case (\$)
Calala-Hillvue-Warral	2,052	1,633	418	8.04	2,104	1,674
Manilla-Barraba-Rural North	2,956	2,354	603	11.59	3,031	2,413
Moonbi-Nundle and Rural Remainder	2,935	2,337	598	11.51	3,010	2,396
North, West and South Tamworth-Oxley Vale-Westdale	1,862	1,483	380	7.30	1,909	1,520
Tamworth CBD-Hallsville-Hills Plain	1,773	1,412	362	6.95	1,818	1,447

As with the residential category, the impact will vary from area to area, due to the variance in farming land values (as determined by the NSW Valuer General). Manilla-Barraba-Rural North and Moonbi-Nundle and Rural Remainder contain 85% of all farmland ratepayers and these areas would see the highest average increases. Manilla-Barraba-Rural North is expected to see the largest average increase to \$2,956, an average weekly increase of \$11.59 for the duration of the SV period.

Tamworth CBD-Hallsville-Hills Plain would see the lowest average increase to \$1,773, a weekly increase of \$6.95.

### Option 2

Table 20 Estimated 2025/26 average farmland rates – option 2 and base case

Farmland ratepayers – comparison of average rates	Average 2025/26 rate – option 2 SV (\$)	Average 2025/26 rate – base case no SV (\$)	Average annual increase by end of 2025/26 (\$)	Average weekly increase (\$)	Comparative rate after two years – option 2 (\$)	Comparative rate after two years – base case (\$)
Calala-Hillvue-Warral	2,151	1,674	238	4.58	2,151	1,674
Manilla-Barraba-Rural North	3,099	2,413	343	6.60	3,099	2,413
Moonbi-Nundle and Rural Remainder	3,077	2,396	341	6.56	3,077	2,396
North, West and South Tamworth-Oxley Vale-Westdale	1,952	1,520	216	4.16	1,952	1,520
Tamworth CBD-Hallsville-Hills Plain	1,859	1,447	206	3.96	1,859	1,447

As with option 1, farmland ratepayers in the higher land value area of Manilla-Barraba-Rural North (average to increase to \$3,099, an increase of \$6.60 per week, by the end of 2025/26 the proposed SV period) would see higher average increases than North, West and South Tamworth-Oxley Vale-Westdale (average to increase to \$1,952, an increase of \$4.16 per week) and Tamworth CBD-Hallsville-Hills Plain (average to increase to \$1,859, an increase of \$3.96 per week).

### **Summary**

As a result of higher average land values in Manilla-Barraba-Rural North and Moonbi-Nundle and Rural Remainder, farmland ratepayers in these groupings are likely to see a larger increase in average rates. The Moonbi-Nundle and Rural Remainder grouping contains 65% of the LGA's farmland ratepayers (1,964) and has an IRSAD ranking in the 43rd percentile, as well as the joint highest proportion of employed workforce and about average levels of equivalised income, this indicates that there is some capacity to pay increasing rates within this grouping.

Manilla-Barraba-Rural North contains the second highest proportion of farmland ratepayers (625) but has a much lower SIEFA ranking and the second highest proportion of vulnerable households. Therefore, there may be a reduced ability to pay increased rates within this grouping and Council should ensure that it considers vulnerable ratepayers within this grouping especially.

North, West and South Tamworth-Oxley Vale-Westdale would see the second lowest average increase of all farmland groupings and is the most disadvantaged grouping in relation to SIEFA rankings and equivalised income. There may therefore be a reduced capacity to pay the proposed increase in rates. However, it is important to note that it is the smallest farmland grouping, containing 75 ratepayers.

Tamworth CBD-Hallsville-Hills Plain is likely to see the lowest average farmland increase and has the highest IRSAD score of all groupings, as well as the highest equivalised income levels. It is also the second smallest farmland grouping, at 146 ratepayers, and it is considered that this grouping would have capacity to pay.

Calala-Hillvue-Warral would see average farmland rate increases that sit at about the median level of all groupings. This grouping also has high levels of advantage and the joint lowest proportion of vulnerable households, there is therefore considered to be capacity to pay the proposed rate rises within this grouping.

## Business – impact analysis by scenario

### Option 1

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

Business ratepayers – comparison of average rates	Average 2024/25 rate – option 1 SV (\$)	Average 2024/25 rate – base case no SV (\$)	Average annual increase by end of 2024/25 (\$)	Average weekly increase (\$)	Comparative rate after two years – option 1 (\$)	Comparative rate after two years – base case (\$)
Calala-Hillvue-Warral	7,360	5,860	1,500	28.85	7,547	6,007
Manilla-Barraba-Rural North	1,650	1,313	336	6.47	1,692	1,346
Moonbi-Nundle and Rural Remainder	1,020	812	208	4.00	1,046	833
North, West and South Tamworth-Oxley Vale-Westdale	5,481	4,363	1,117	21.48	5,620	4,473
Tamworth CBD-Hallsville-Hills Plain	7,040	5,605	1,435	27.60	7,218	5,745

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

Calala-Hillvue-Warral (average to increase to \$7,360, an increase of \$28.85 per week for the duration of SV period) and Tamworth CBD-Hallsville-Hills Plain (average to increase to \$7,040, an increase of \$27.60 per week) would see the largest increases for the business category. This compares to Moonbi-Nundle and Rural Remainder (average to increase to \$1,020, an increase of \$4.00 per week), which would see much lower average increases.

The majority of business ratepayers fall within either the North, West and South Tamworth-Oxley Vale-Westdale (883 business ratepayers) or Tamworth CBD-Hallsville-Hills Plain groupings (523 ratepayers).

### Option 2

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

Business ratepayers – comparison of average rates	Average 2025/26 rate – option 2 SV (\$)	Average 2025/26 rate – base case no SV (\$)	Average annual increase by end of 2025/26 (\$)	Average weekly increase (\$)	Comparative rate after two years – option 2 (\$)	Comparative rate after two years – base case (\$)
Calala-Hillvue-Warral	7,717	6,007	855	16.44	7,717	6,007
Manilla-Barraba-Rural North	1,730	1,346	192	3.68	1,730	1,346
Moonbi-Nundle and Rural Remainder	1,070	833	118	2.28	1,070	833
North, West and South Tamworth-Oxley Vale-Westdale	5,746	4,473	637	12.24	5,746	4,473
Tamworth CBD-Hallsville-Hills Plain	7,381	5,745	818	15.72	7,381	5,745



For SV option 2, as with option 1, Calala-Hillvue-Warral would see the largest average increase (to \$7,717, an average increase of \$16.44 per week for the SV period) and Moonbi-Nundle and Rural Remainder the lowest (average to increase to \$1,070 or \$2.28 per week). Calala-Hillvue-Warral is the smallest grouping in this category (93 ratepayers), followed by Moonbi-Nundle and Rural Remainder (102 business ratepayers).

## Mining – impact analysis

Moonbi-Nundle and Rural Remainder is the only grouping to contain any mining ratepayers, therefore averages rates for all options are outlined in the table below.

Table 23 Estimated mining rates for all options and base case

Mining ratepayers – comparison of average rates	Moonbi-Nundle and Rural Remainder
<b>Option 1 – average 2024/25 rate</b>	
Average – option 1 SV (\$)	13,095
Average – base case no SV (\$)	10,426
Average annual increase by end of 2024/25 (\$)	2,669
Average weekly increase (\$)	51.34
<b>Option 2 – average 2025/26 rate</b>	
Average – option 2 SV (\$)	13,730
Average – base case no SV (\$)	10,688
Average annual increase by end of 2025/26 (\$)	1,521
Average weekly increase (\$)	29.25
<b>Comparison rates after two years (2025/26)</b>	
Option 1 (\$)	13,428
Option 2 (\$)	13,730
Base case (\$)	10,688



## Other rating considerations

Table 24 Estimated 2025/26 rates for OLG group 4 regional town/city councils – using actual 2021/22 average rates

Estimated average rates for 2025/26						
Group 4 LGA	Est. average residential (\$)	Residential rank	Est. average farmland (\$)	Farmland rank	Est. average business (\$)	Business rank
Albury	1,589	7	5,024	2	7,046	4
Armidale Regional	1,733	4	5,509	1	6,308	7
Ballina	1,278	16	2,006	21	4,010	17
Bathurst Regional	1,323	15	1,733	24	4,957	12
Bega Valley	1,806	3	3,638	7	4,151	16
Broken Hill	1,241	20	1,228	25	7,223	3
Byron	1,606	6	2,891	10	4,007	18
Cessnock	1,427	10	3,298	8	4,354	14
Clarence Valley	1,415	11	1,913	22	3,487	19
Dubbo Regional	1,228	22	4,187	6	5,473	9
Eurobodalla	1,256	19	1,886	23	4,215	15
Goulburn Mulwaree	1,192	24	2,064	19	5,969	8
Griffith	1,209	23	4,281	5	3,215	21
Kempsey	1,430	9	2,351	16	2,938	22
Kiama (not provided)	--	--	--	--	--	--
Lismore	1,507	8	2,836	12	5,065	11
Lithgow	1,331	13	2,634	15	7,683	2
Mid-Western Regional	1,098	25	2,858	11	2,441	24
Orange	1,683	5	2,202	18	6,913	5
Queanbeyan-Palerang Regional	2,041	2	4,321	4	8,388	1
Richmond Valley	1,236	21	2,019	20	3,325	20
Singleton	1,328	14	2,725	14	2,740	23
Snowy Monaro Regional	1,336	12	2,799	13	2,127	25
<b>Tamworth Regional (base case - no SV)</b>	<b>1,270</b>	<b>17</b>	<b>2,279</b>	<b>17</b>	<b>4,407</b>	<b>13</b>
<b>Tamworth Regional (SV option 1)</b>	<b>1,595</b>	<b>7</b>	<b>2,862</b>	<b>11</b>	<b>5,535</b>	<b>9</b>
<b>Tamworth Regional (SV option 2)</b>	<b>1,632</b>	<b>6</b>	<b>2,927</b>	<b>10</b>	<b>5,661</b>	<b>9</b>
Wagga Wagga	1,266	18	3,195	9	6,738	6
Wingecarribee	2,109	1	4,486	3	5,152	10
<i>Average</i>	<i>1,438</i>		<i>2,975</i>		<i>4,893</i>	
<i>Median</i>	<i>1,331</i>		<i>2,799</i>		<i>4,407</i>	

Table 24 shows estimated average rates for the 2025/26 financial year (calculated by forecasting OLG time series reported year for group 4 regional town/city councils). These councils are similar in size to Tamworth and are used for comparison.

Within group 4, Tamworth’s average rates for residential and farmland sit well below the average and median levels and towards the bottom end of the range for comparable councils. For business it sits below the average level for comparable councils. When allowing for the proposed SV options, Tamworth’s average residential rates will move towards the top end for group 4 comparable councils (estimated to rank sixth and seventh, dependent on SV scenario, when the other scenarios are excluded). Average farmland rates will be slightly below the average across all comparable councils (estimated tenth or 11th depending on SV option) and business will sit just above the average (at ninth).

**Figure 5 Actual (2022) rates as a percentage of operating expenses for OLG group 4 regional town/city councils**

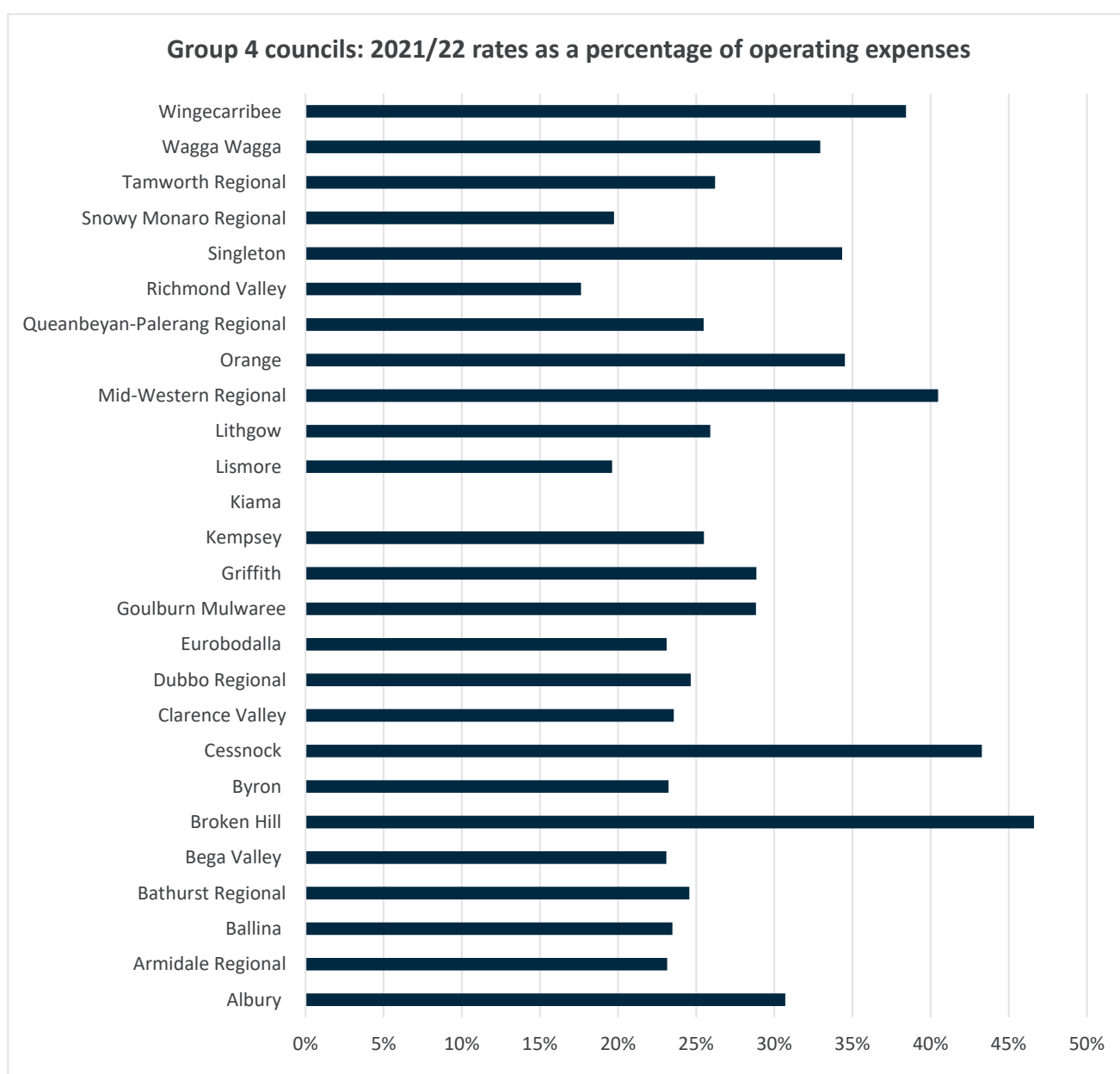


Figure 5 shows total council rates as a percentage of operating expenditure for group 4 regional town/city councils. For the 2021/22 financial year Broken Hill had the highest level of rates as a percentage of operating expenses (at 47%), and at the lowest end were Lismore and Snowy Monaro at 20%. The average for group 4 councils was 27%. Tamworth ranked 11th out of 24 reporting councils, with rates income representing 26% of total operating expenditure in 2021/22 - this has reduced from 27% in 2019/20. A lower to average percentage is an indication that Council's rates are at or below the level required to service the community.

## Willingness to pay

Table 25 shows outstanding rates and charges ratios over the past three reporting years for NSW regional town/city (group 4) councils. The NSW benchmark for rural councils is 10%, and Tamworth has consistently been below this percentage, at 7%, this is therefore an indicator of capacity and willingness to pay.

Table 25 Actual outstanding rates and charges for OLG group 4 regional town/city councils

Council	2021/22	2020/21	2019/20
Albury	9%	12%	11%
Armidale Regional	5%	5%	6%
Ballina	4%	4%	5%
Bathurst Regional	6%	6%	6%
Bega Valley	5%	7%	6%
Broken Hill	15%	16%	15%
Byron	10%	8%	7%
Cessnock	7%	6%	5%
Clarence Valley	7%	7%	7%
Dubbo Regional	5%	5%	6%
Eurobodalla	2%	2%	2%
Goulburn Mulwaree	3%	4%	3%
Griffith	9%	11%	8%
Kempsey	10%	8%	10%
Kiama	Not provided	Not provided	2%
Lismore	11%	9%	9%
Lithgow	4.6%	6.7%	6.1%
Mid-Western Regional	3%	3%	4%
Orange	11%	8%	7%
Queanbeyan-Palerang Regional	8%	9%	10%
Richmond Valley	11%	11%	12%
Singleton	3%	3%	4%
Snowy Monaro Regional	20%	21%	18%
Tamworth Regional	7%	7%	7%
Wagga Wagga	6%	5%	5%
Wingecarribee	5%	6%	4%

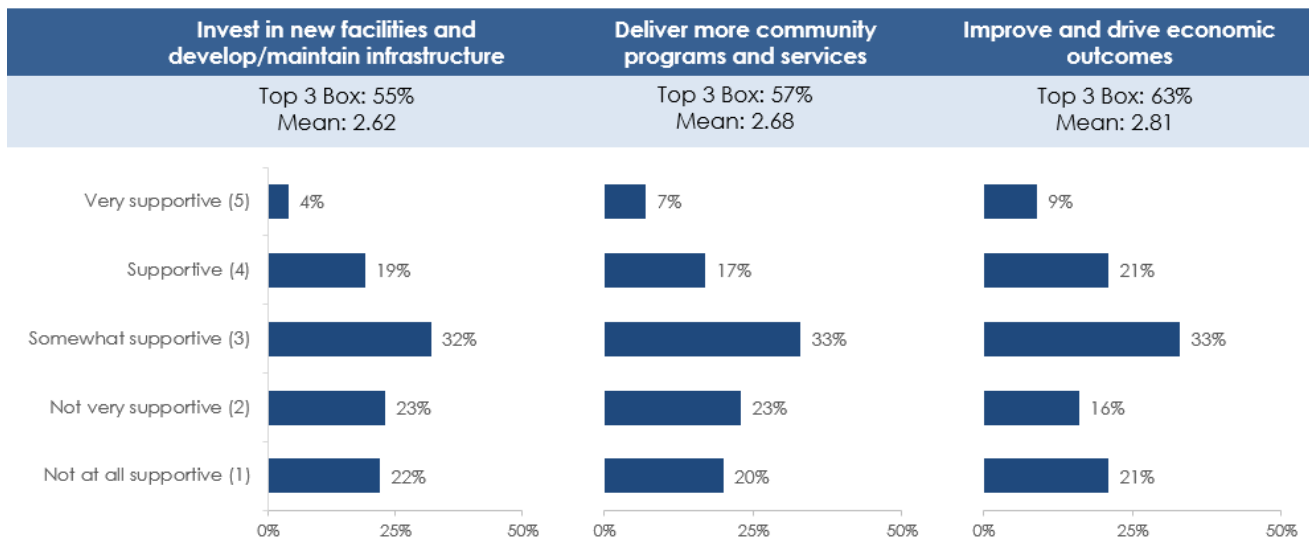
As part of its community satisfaction survey, undertaken by Micromex research in March 2022, Tamworth included three sub-questions in relation to increasing rates:

- How supportive are you of an increase to your rates in order to develop and invest in new facilities and to develop and maintain infrastructure?
- How supportive are you of an increase to your rates in order to deliver more community programs and community services?
- How supportive are you of an increase to your rates in order to improve and drive economic outcomes? (e.g. jobs, new businesses)

Analysis of the feedback received from the community showed that 63% of residents polled were at least somewhat supportive of increasing rates to improve and drive economic outcomes, with just over half supportive of using this to deliver more community programs and services (57%) or invest in new facilities/develop infrastructure (55%).

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

**Figure 6 Community satisfaction survey question on potential increase to rates – March 2022**



## Conclusion

Our analysis highlights that there are both levels of advantage and significant disadvantage within the Tamworth Regional Council LGA. Overall, it scores towards the lower end on SEIFA rankings, placing it the 24th percentile for IRSD and 23rd for IRSAD. This is lower than the Regional NSW averages of 36th and 32nd respectively, and fractionally above the New England and North West averages of 24th and 21st.

At both a grouping and a locality level, it is apparent that there is substantial inequity within the LGA, and it is important that Council acknowledges these levels of disadvantage within the community, ensuring it does not significantly marginalise particularly vulnerable individuals and households. However, as average residential land values generally align to the levels of advantage and disadvantage across the LGA, the increases proposed under the SV options are relatively proportionate.

When compared with similar regional town/city councils (OLG group 4 classification), Tamworth has current average residential rates that sit well below the average of comparison councils. If one of the SV options is implemented, by the end of 2025/26, residential rates across the LGA are estimated to move more towards the upper end of this grouping of comparative councils (sixth or seventh out of 25 reporting councils).

The Tamworth CBD-Hallsville-Hills Plain grouping has the highest average residential land values and therefore has the highest proposed average rate increase, at between \$447 and \$496 above the base case by the end of 2025/26. This grouping contains the highest proportion of households with a mortgage, as well as containing 17% of the LGA's ratepayers. It also contains the joint lowest proportion of vulnerable households and has the highest overall SIEFA rankings within the LGA. There appears, therefore, to be capacity to absorb the proposed rate rises within this grouping.

North, West and South Tamworth-Oxley Vale-Westdale contains 38% of the population but the lowest proportion of resident ratepayers, although it does still make up 41% of the LGA's residential ratepayers overall. This grouping has the highest levels of disadvantage and the lowest levels of advantage within the LGA and contains the highest percentage of vulnerable households. This grouping would see average rate increases that are at the middle of all groupings, between \$310 and \$344 above the rate peg by the end of 2024/25, and therefore there may be a restricted capacity to pay the proposed increase in rates. It is particularly important that Council considers vulnerable ratepayers within this grouping.

Manilla-Barraba-Rural North is the smallest grouping (by number of properties and resident ratepayers) and can be considered to be one of the more disadvantaged groupings, due to having the highest proportion in the lowest two equivalised income levels and an IRSAD ranking in the ninth percentile. It also contains the highest proportion of residential pensioner assessments (33%) and individuals requiring core assistance (435 people). It contains the lowest average residential land values; therefore, it would see a lower average increase under each of the SV options and be the least impacted grouping. The proposed increases are between \$171 and \$190 above the base case after two years. Due to the relatively low increases, it can be considered that this grouping would have some capacity to pay, particularly with Council providing appropriate support for vulnerable ratepayers.

The Calala-Hillvue-Warral grouping has the second highest average land values and the second highest average rate increases across all SV options, between \$391 and \$435 above the rate peg after two years. It also contains the second highest number of properties (5,235). Due to the grouping's IRSAD ranking in the 62nd percentile and joint lowest proportion of vulnerable households, it is considered that generally this grouping would have capacity to pay the proposed rate rises.

Moonbi-Nundle and Rural Remainder would see the second lowest average residential increases, at between \$183 and \$203 above the base case by the end of 2025/26. This grouping is considered to be neither particularly advantaged nor disadvantaged in relation to SIEFA rankings. It does, however, have a potentially higher risk of mortgage stress and is the middle of all groupings for vulnerable households. There is generally considered to be capacity to pay increased rates within this grouping, however vulnerable ratepayers should be supported through appropriate policies.

It is important to note that renters may experience an indirect increase/decrease depending on their lease agreement/decisions and the current market conditions. Whilst those living in social housing will not be directly affected by increasing rates.

At an overall level, when compared against comparable group 4 councils, Tamworth Regional Council's average farmland rates currently sit well below average levels (using 2022 OLG time series data), and business rates are just below average when compared to these councils. Under the proposed SV options, average farmland and business rates may move into the top ten amongst those comparable councils. Therefore, when compared to peers, it is likely that there is capacity to absorb these increases, particularly as the majority of farmland ratepayers live within the more advantaged grouping within the LGA.

When compared to similar councils, Tamworth has relatively average levels of rates income as a percentage of operating expenses, indicating potential capacity for ratepayers to absorb rises. Council also has low levels of outstanding rates (it has been at 7% for 2021/22 and the two previous financial years) and has been consistently below regional benchmarks (10%), indicating capacity and potential willingness to pay. This is also backed up by Council's community satisfaction survey which indicates that there is some willingness to pay increased rates, particularly in relation to improved economic outcomes within the LGA.