



# **Assessment of Ability to Pay**

Cumberland Council

April 2019

**Document status**

Ref	Approving Director	Date
7375	Greg Smith	April 2019

## Contents

<b>Executive Summary</b>	<b>1</b>
<b>Introduction</b>	<b>2</b>
<b>Background</b>	<b>3</b>
<b>Methodology</b>	<b>4</b>
<b>Regions of Social Disadvantage</b>	<b>5</b>
Service Age Groups	5
Household Types	6
Median Property Value	6
Housing Tenure	7
Equivalised Household Income	7
Socio Economic Index for Areas	9
<b>Vulnerable Groups or Individuals</b>	<b>11</b>
Workforce Status	11
Pensioners	11
Core Assistance	12
Housing Stress	13
<b>Future Trends in Cost of Living</b>	<b>15</b>
<b>Discussion</b>	<b>16</b>
<b>Rates Comparison</b>	<b>17</b>
<b>Conclusion</b>	<b>18</b>

## Tables

Table 1 Ward demographics	1
Table 2 Cumberland Council Ward Summary	3
Table 3 Median Weighted Property Values	6
Table 4 Cumberland Housing Tenure	7
Table 5 Ward Level SEIFA Scores and Percentiles	9
Table 6 Suburb SEIFA Rankings	9
Table 7 Community Workforce Status	11
Table 8 Pensioner Ward Summary	11
Table 9 Number of People Requiring Core Assistance per Ward	13
Table 10 Percentage Breakdown of Housing Stress in Wards	14
Table 11 Five Year Comparison of Cost of Living in Cumberland LGA	15
Table 12 Proposed Rate Changes by Ward	17
Table 13 Proposed Rate Changes by Suburb	17

## Figures

Figure 1 Cumberland Council Overview Map – Source Cumberland Council	3
Figure 2 Cumberland Council Age Profile	5
Figure 3 Cumberland Household Types	6
Figure 4 Equivalised Household Income	8
Figure 5 Core Assistance Density Map	12
Figure 6 Housing Stress Ward Comparison	13

## Executive Summary

Cumberland Council is required to harmonise three rating structures that it currently has in place in accordance with the Local Government Amendment (Rates-Merged Council Areas) Bill 2017, on 30th of June 2020. The new rating system chosen by Council will take into account a number of factors 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 Local Government Area (LGA). The key findings are summarised in Table 1.

**Table 1 Ward demographics**

Ward	Demographics
<b>Areas of Advantage</b>	
Greystanes	<ul style="list-style-type: none"> <li>– Characterised by Established Families and Empty Nesters</li> <li>– Highest levels of household income</li> <li>– High levels of homeownership</li> <li>– Significant intra-suburb inequality</li> </ul>
<b>Neutral</b>	
Wentworthville	<ul style="list-style-type: none"> <li>– Characterised by Established Families</li> <li>– Moderate levels of household income</li> <li>– Large middle class</li> </ul>
<b>Areas of Disadvantage</b>	
Regents Park	<ul style="list-style-type: none"> <li>– Large young workforce</li> <li>– High property values</li> <li>– High levels of vulnerable individuals (unemployment, housing stress, etc.)</li> </ul>
Granville	<ul style="list-style-type: none"> <li>– Low levels of households Income</li> <li>– High levels of vulnerable individuals (unemployment, housing stress, etc.)</li> </ul>
South Granville	<ul style="list-style-type: none"> <li>– Very low levels of households income</li> <li>– High Social Housing</li> <li>– High levels of vulnerable individuals (unemployment, housing stress, etc.)</li> </ul>

## Introduction

The Council Amalgamations Proclamation prescribed the responsibility of the first elected council to review its rating structure within the first council term, with one new rating structure to be applied across all ratepayers on 1 July 2020.

During the first four years of amalgamation, from 1 July 2016 to 30 June 2020, the Government amended the Local Government Act to achieve its policy that “there will be no change to the existing rate paths for newly merged councils for four years”. This decision has meant that disparity in the current rating structures was retained, and transition to a new rating structure will occur on 1 July 2020, when all ratepayers will be impacted by the change.

Council must harmonise the five rating structures that are currently in place, establishing a new, equitable rating structure across the LGA. This is balanced with the priority to minimise the number of assessments that experience large and sudden changes as a result of harmonising the five current rating structures.

The new rating system chosen by Council will take into account a number of factors 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 Local Government Area (LGA).

Key considerations include:

- regions of social disadvantage
- particularly vulnerable groups of individuals
- future trends in 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 Census Data - Data by Regions.
- Profile ID – Cumberland Council Community/Social/Economic Profiles.
- Realestate.com.au – median property prices based upon 18/19 Sales Data (last updated 01 Feb).
- February 2016 - Housing and Homelessness Policy Consortium. (ACT Shelter, ACTCOSS, Women’s Centre for Health Matters, Youth Coalition of Act) – Snapshot: Housing stress and its effects.

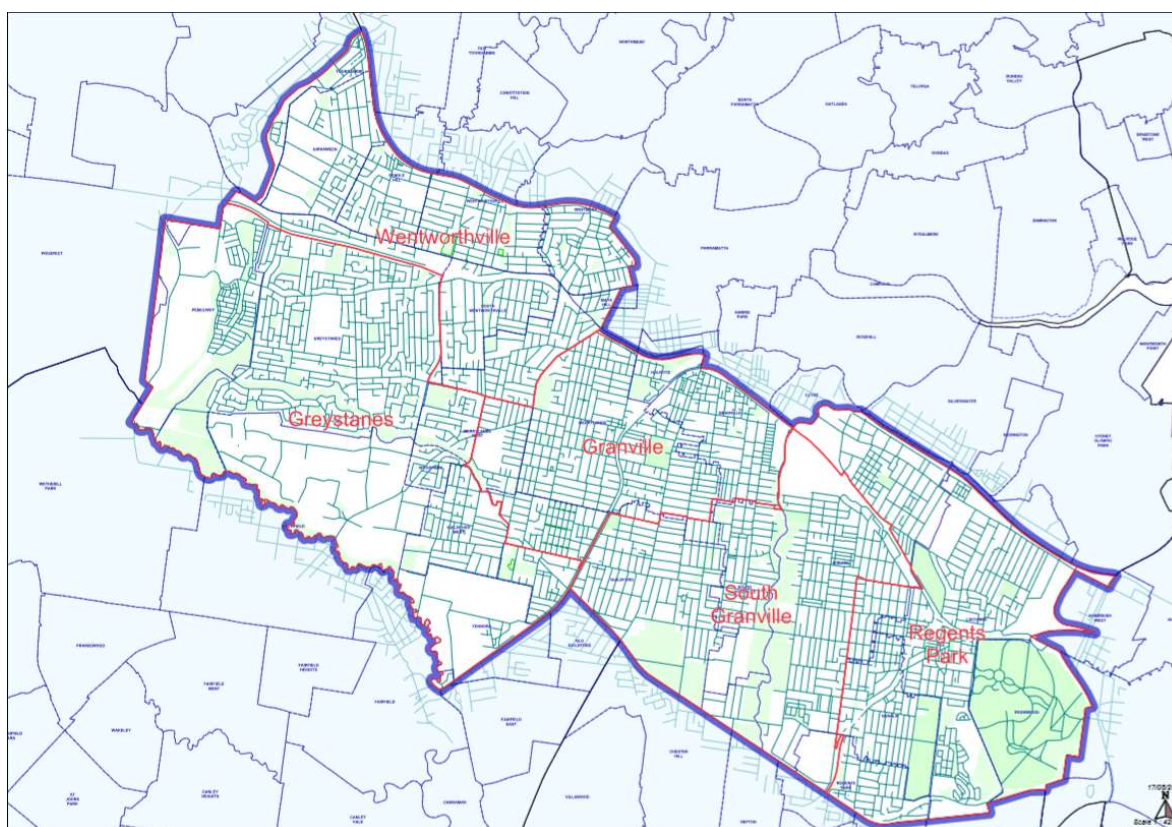
## Background

Cumberland Council is divided into five primary electoral Wards. Council is looking to ensure that equity is maintained between Wards during the rates harmonisation process as each Ward has differing economic and socio-economic profiles. A basic summary of the Wards is provided in Table 2 and Figure 1 below.

**Table 2 Cumberland Council Ward Summary**

Wards	Population	Population Density (Persons/Ha)
<b>Cumberland Council</b>	<b>236,893</b>	<b>33.05</b>
Granville	49,208	49.62
Greystanes	40,245	18.51
Regents Park	53,730	35.09
South Granville	48,706	38.11
Wentworthville	45,430	38.03

**Figure 1 Cumberland Council Overview Map – Source Cumberland Council**



## Methodology

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

- **Areas of social disadvantage**

We will first look into the different characteristics and make up of each Ward 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
- median property values
- SEIFA rankings.

- **Particularly vulnerable groups of individuals**

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

- property owners
- persons who have need for core assistance
- individuals who are currently unemployed
- households currently under housing stress
- pensioners .

- **Future trends in household expenditure**

We will look into trends in household expenditure and what future 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.



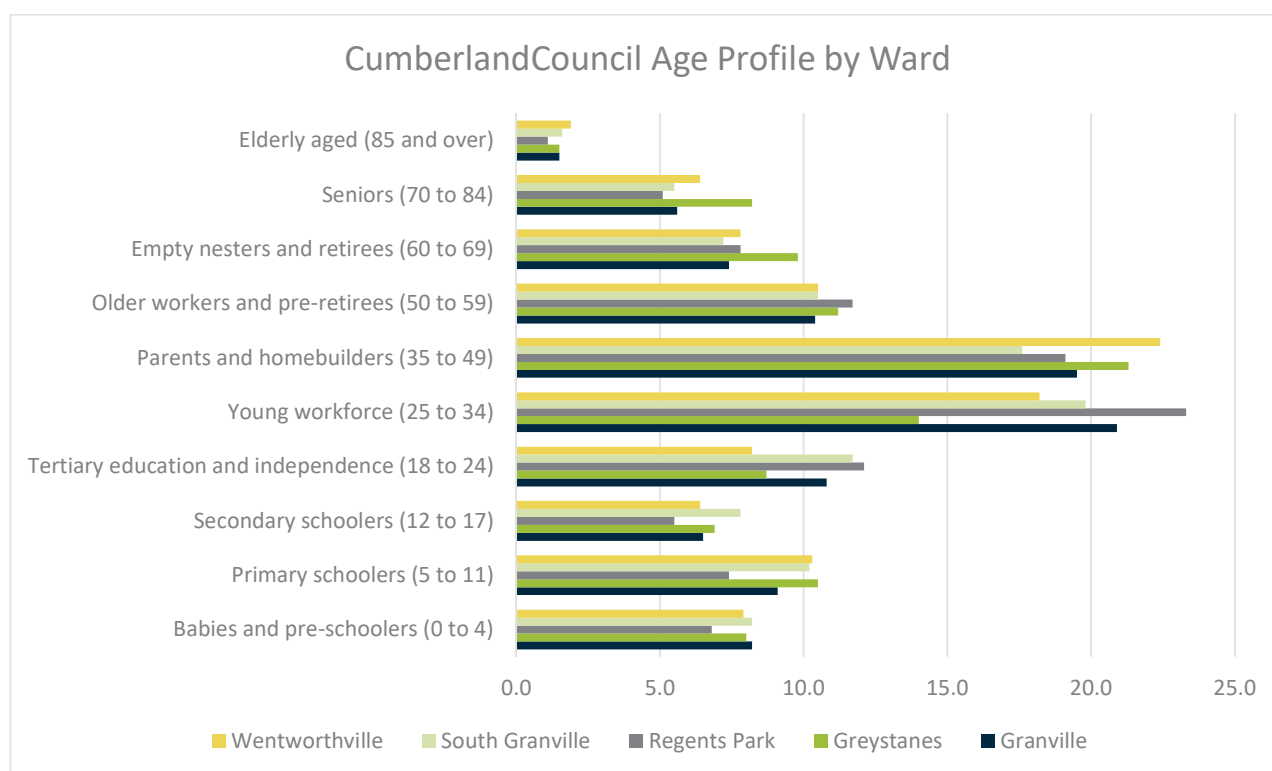
## Social Disadvantage

Areas and/or suburbs within the LGA have differing demographic characteristics, and we first want to identify 'who are the people' that make up each Ward, '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 region.

**Figure 2 Cumberland Council Age Profile**



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.

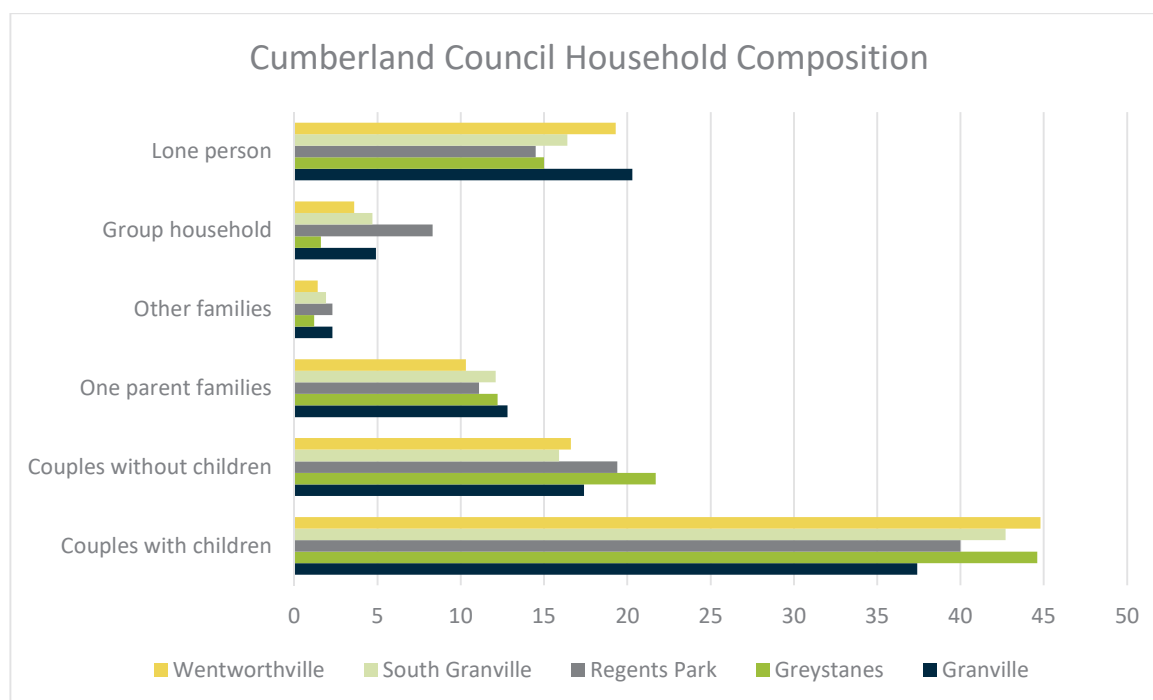
Category	Granville	Greystanes	Regents Park	South Granville	Wentworthville
<b>Dependants</b>	4	2	5	1	3
<b>Working Age</b>	2	5	1	3	4
<b>Retirees</b>	3	1	5	4	2

It is interesting to observe that Regents Park has a significantly larger Young workforce than the other Wards whereas Greystanes and Wentworthville have larger proportions of Home Builders and Retiree's than the other Wards.

## Household Types

Alongside the age structure of each Ward, 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 Ward. A summary of household type is provided in the figure below.

**Figure 3 Cumberland Household Types**



A key observation from this data is that the Granville Ward has the highest level of vulnerable households, i.e. lone individuals and one parent families. Furthermore it is interesting to note that the Ward of Granville has the highest proportion of lone individuals and lowest proportion of couples with children attributable to the overall young demographic of the region.

## Median Property Value

By reviewing property values within each Ward we are provided with contextual insight into the socio economic status of each area. Property values are intrinsically linked with affordability and wealth. Median property values were calculated by taking the weighted average of the 2018/19 median sales values for each suburb.

**Table 3 Median Weighted Property Values**

	Weighted Median House Value	Weighted Median Apartment Value
<b>Granville</b>	\$783,000	\$481,000
<b>Greystanes</b>	\$807,000	\$550,000
<b>Regents Park</b>	\$900,000	\$590,000
<b>South Granville</b>	\$817,000	\$469,000
<b>Wentworthville</b>	\$883,000	\$587,000

Table 3 shows that the property values in Regents Park and Wentworthville are higher than the other Wards. On the other hand we observe that both house and apartment values in Granville are far lower than the other Wards.

## 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 home owners 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 Cumberland Housing Tenure**

	Granville		Greystanes		Regents Park		South Granville		Wentworthville	
Tenure type	#	%	#	%	#	%	#	%	#	%
Ownership - Fully owned	3,215	21.8	4,112	34.4	3,471	23.6	2,844	22.9	2,937	21.9
Ownership - Mortgage	3,697	25.1	4,625	38.7	3,665	24.9	3,358	27.0	4,026	30.0
<b>Ownership - Total</b>	<b>6,912</b>	<b>47.0</b>	<b>8,737</b>	<b>73.1</b>	<b>7,136</b>	<b>48.5</b>	<b>6,202</b>	<b>49.9</b>	<b>6,963</b>	<b>51.9</b>
Renting - Social housing	1,093	7.4	309	2.6	602	4.1	1,427	11.5	1,196	8.9
Renting - Private	5,389	36.6	2,134	17.8	5,662	38.5	3,386	27.3	4,249	31.7
<b>Renting - Total</b>	<b>6,482</b>	<b>44.0</b>	<b>2,443</b>	<b>20.4</b>	<b>6,264</b>	<b>42.6</b>	<b>4,813</b>	<b>38.8</b>	<b>5,445</b>	<b>40.6</b>
<b>Total households</b>	<b>13,394</b>		<b>11,180</b>		<b>13,400</b>		<b>11,015</b>		<b>12,408</b>	

Table 4 above shows that ownership rates are significantly higher in the Greystanes Ward at 73.1%. All other Wards had relatively similar levels of homeownership centred on 49% (plus/minus 2%). It is important to note that there are high levels of public housing in the South Granville (11.5%), Wentworthville (8.9%) and Granville (7.4%) Wards.

## Equivalent Household Income

Equivalent 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

By 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 income, 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 high 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

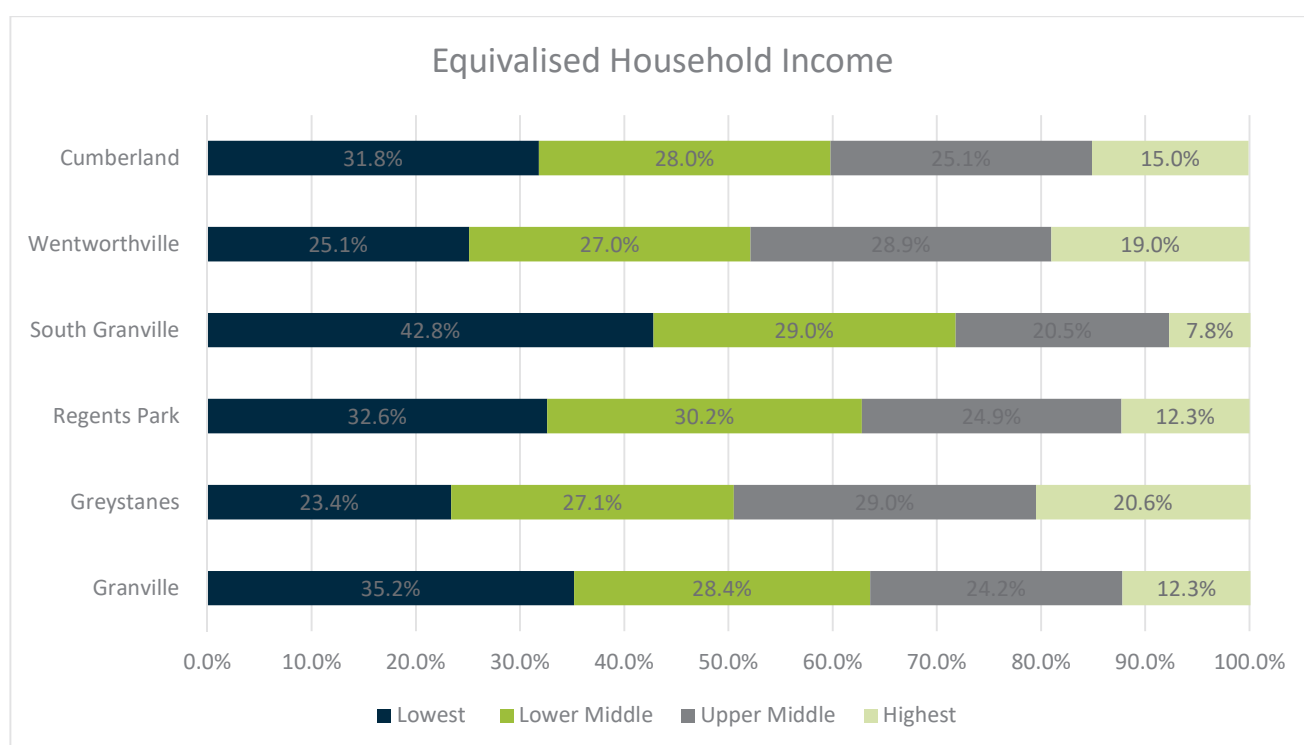
dividing them into four equal groups or quartiles.

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

- Lowest: \$0 - \$497
- Medium Lowest: \$498 - \$891
- Medium Highest: \$892 - \$1,464
- Highest: \$1,465 and over

The following figure summarises the Equivalised Household Income ranges for the five Wards.

**Figure 4 Equivalised Household Income**



We can make the following observations from the data:

- The South Granville Ward had both the highest percentage of households in the lowest bracket as well as the lowest percentage of households in the highest bracket.
- The Greystanes and Wentworthville Wards had significantly higher proportions of households in the highest income bracket than the other Wards.
- Ranking of Wards by greatest disadvantage (percentage of households in lower brackets)
  - 1 – South Granville 2 – Granville 3 – Regents Park 4 – Wentworthville 5 – Greystanes
- Ranking of Wards by greatest middle class (percentage of households in middle brackets)
  - 1 – Greystanes 2 – Wentworthville 3 – Regents Park 4 – Granville 5 – South Granville
- Ranking Wards by advantage (percentage of households in upper brackets)
  - 1 – Greystanes 2 – Wentworthville 3 – Regents Park 4 – Granville 5 – South Granville

## Socio Economic Index for Areas

The Socio-Economic Index 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.

A Ward level summary including national percentiles is provided in the table below.

**Table 5 Ward Level SEIFA Scores and Percentiles**

	SEIFA - IRSD	%	SEIFA - IRSAD	%
<b>Granville</b>	899.8	10	931.9	20
<b>Greystanes</b>	1008.1	50	1014.1	64
<b>Regents Park</b>	911.5	12	955	30
<b>South Granville</b>	860.4	6	904.8	12
<b>Wentworthville</b>	984.4	36	1000.9	55
<b>Cumberland</b>	929	15	959	32

By comparing both the IRSD and IRSAD indexes we can see that there is notable inequality within the individual Wards. This is particularly evident in the Wentworthville and Regents Park Wards which see a percentile change of 19% and 18% between the two indexes respectively. We can observe that there are moderate levels of affluence in the Greystanes Ward with the Ward being within the Top 35% of advantage within Australia. It is interesting to note that the relative rankings between the Wards are the same for both the IRSD and IRSAD indexes.

**Table 6 Suburb SEIFA Rankings**

SEIFA - IRSD	2016 index	Percentile	SEIFA - IRSAD	2016 index	Percentile
Pemulwuy	1107.1	98	Pemulwuy	1141.4	99
Greystanes	1024.1	60	Girraween - Toongabbie	1022.2	68
Girraween - Toongabbie	1011.3	52	Westmead - Mays Hill	1021.7	68
Wentworthville	996.6	43	Lidcombe (South) - Rookwood	1018.8	66
Westmead - Mays Hill	990.0	40	Greystanes	1018.4	66
South Wentworthville	978.2	33	Wentworthville	1009.5	61
Lidcombe (South) - Rookwood	973.8	31	Lidcombe (North)	1002.7	56

SEIFA - IRSD	2016 index	Percentile
Lidcombe (North)	963.6	26
Pendle Hill	962.2	26
Guildford West - Woodpark - Smithfield	946.2	20
Merrylands (Central)	914.9	12
Regents Park	906.9	11
Merrylands (East)	906.5	11
Berala	905.8	11
Merrylands West	904.4	10
Granville	893.0	9
Guildford (West) - Yennora	875.3	7
Auburn (South)	868.6	6
Guildford (East)	864.4	6
Auburn (North)	836.7	4
South Granville - Chester Hill	831.1	4

SEIFA - IRSAD	2016 index	Percentile
South Wentworthville	989.6	49
Pendle Hill	977.4	42
Guildford West - Woodpark - Smithfield	957.1	31
Merrylands (Central)	944.4	25
Berala	941.7	24
Regents Park	938.0	22
Merrylands (East)	937.5	22
Merrylands West	929.5	19
Granville	928.7	19
Auburn (South)	917.4	16
Guildford (West) - Yennora	907.9	13
Guildford (East)	902.3	12
Auburn (North)	889.3	9
South Granville - Chester Hill	876.8	8

By reviewing SEIFA scores on a suburb basis, we observe large discrepancies within the Greystanes Ward whereby the suburb of Pemulwuy is within the top 2% nationally for disadvantage whereas the suburb of Guildford (west) – Yennora is within the bottom 7% nationally.

## 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 7 Community Workforce Status**

	Granville		Greystanes		Regents Park		South Granville		Wentworthville	
Employment status	#	%	#	%	#	%	#	%	#	%
<b>Employed</b>	<b>17,597</b>	<b>89.6</b>	<b>16,383</b>	<b>93.5</b>	<b>20,635</b>	<b>89.8</b>	<b>14,625</b>	<b>88.5</b>	<b>17,521</b>	<b>91.7</b>
Employed full-time	11,000	56.0	10,944	62.5	12,348	53.7	8,466	51.2	11,929	62.5
Employed part-time	6,020	30.6	5,075	29.0	7,562	32.9	5,434	32.9	5,112	26.8
Hours worked not stated	576	2.9	364	2.1	724	3.2	724	4.4	480	2.5
<b>Unemployed (Unemployment rate)</b>	<b>2,047</b>	<b>10.4</b>	<b>1,133</b>	<b>6.5</b>	<b>2,349</b>	<b>10.2</b>	<b>1,904</b>	<b>11.5</b>	<b>1,580</b>	<b>8.3</b>
Looking for full-time work	1,221	6.2	662	3.8	1,283	5.6	1,080	6.5	932	4.9
Looking for part-time work	826	4.2	471	2.7	1,066	4.6	823	5.0	647	3.4
<b>Total labour force</b>	<b>19,644</b>		<b>17,517</b>		<b>22,984</b>		<b>16,530</b>		<b>19,101</b>	

From Table 7, we can see that the Greystanes and Wentworthville Wards have the highest levels of fulltime employment both at 62.5%. Unemployment is a significant problem across the LGA with all Wards having unemployment levels higher than that of the Greater Sydney Area (6%).

### Pensioners

To be classified as a pensioner an individual needs to be on 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 8 Pensioner Ward Summary**

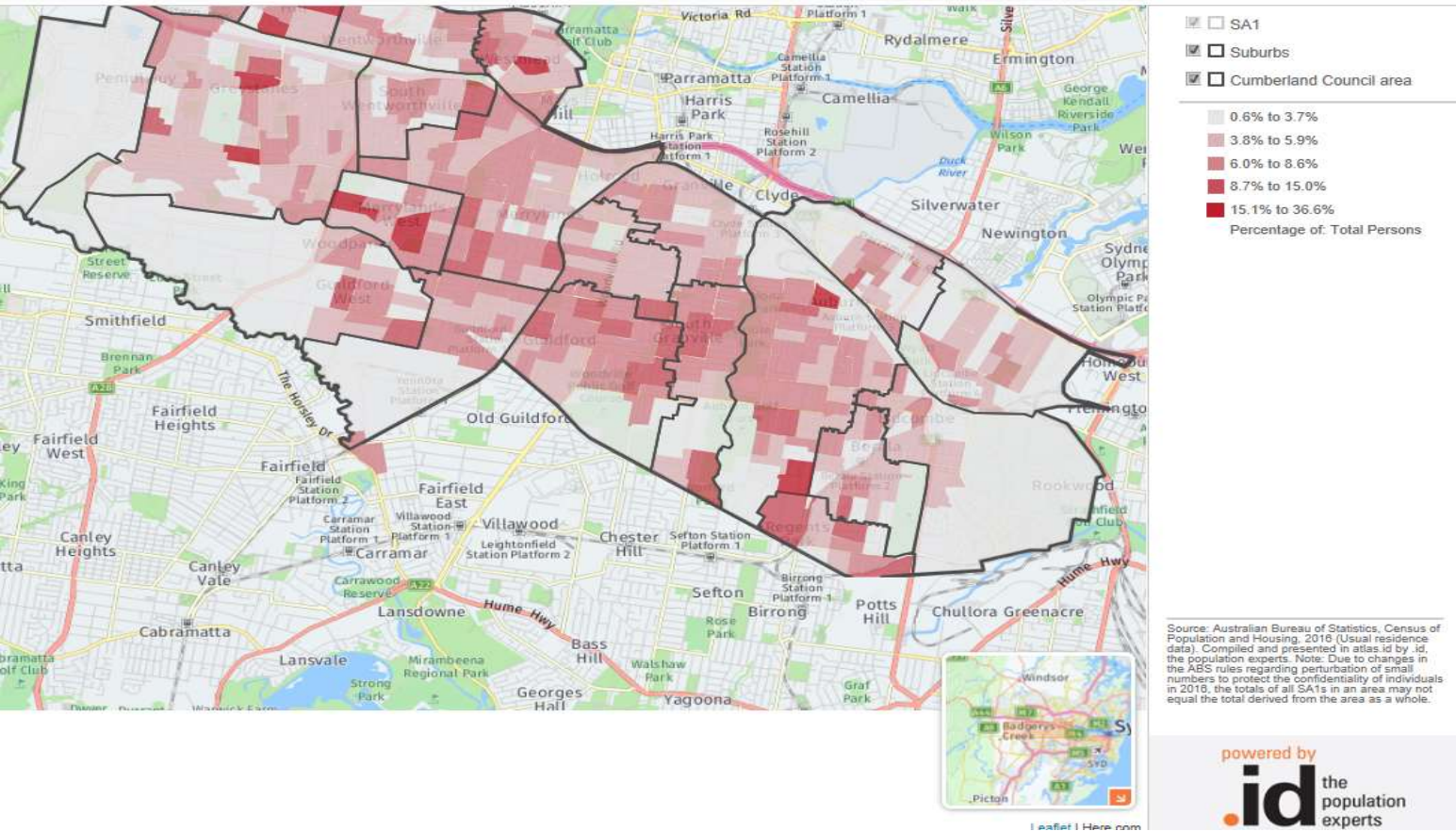
Ward	Number of Assessments	Count of pensioners	Percent %
Granville	12,246	2,502	20.4%
Greystanes	14,679	2,103	14.3%
Regents Park	11,496	2,017	17.5%
South Granville	14,325	2,152	15.0%
Wentworthville	14,614	1677	11.48%



# Core Assistance

The following map 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.

Figure 5 Core Assistance Density Map





**Table 9 Number of People Requiring Core Assistance per Ward**

Ward	Number	Total population	Percent %
Granville	2,720	45,233	6.0%
Greystanes	2,105	37,608	5.6%
Regents Park	2,293	48,392	4.7%
South Granville	3,088	44,069	7.0%
Wentworthville	2,334	41,186	5.7%

We observe that the South Granville Ward has the number and proportion of individuals requiring Core Assistance.

## 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:

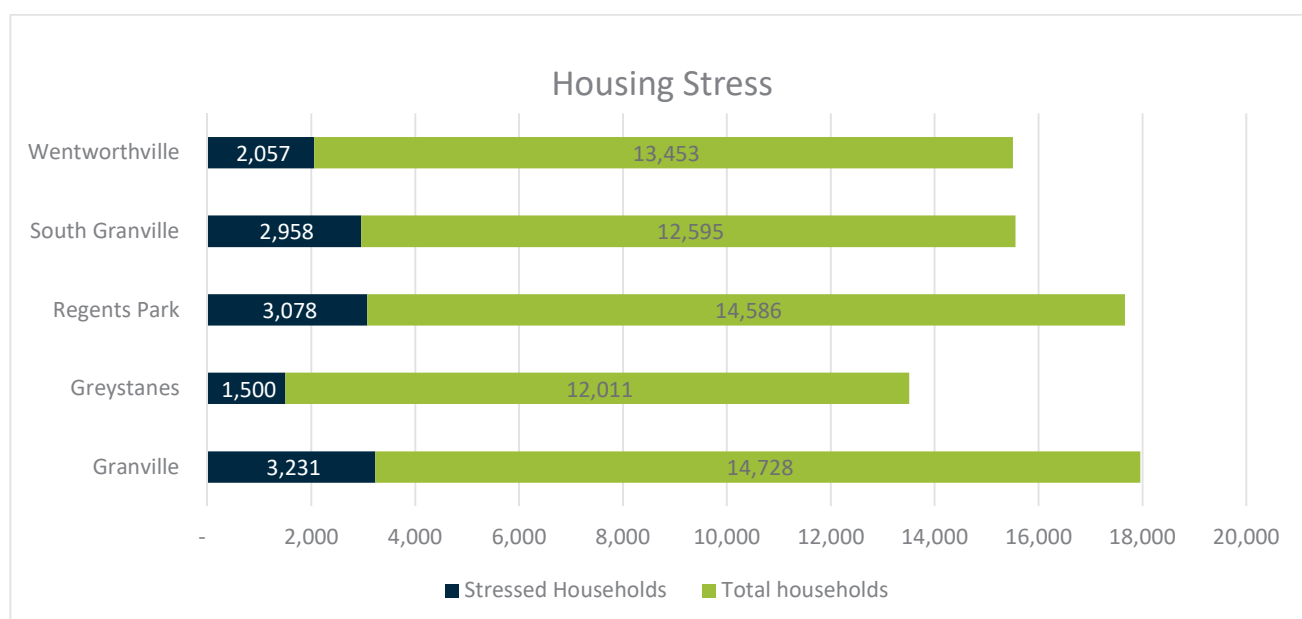
- Equalised household income is within the lowest 40% of the State’s income distribution
- Housing costs (i.e. mortgage and/or rent repayments) are greater than 30% of household income.

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.

As such, households facing housing stress are highly likely to also 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 suburb is provided in the table below, summarised at the Ward level.

**Figure 6 Housing Stress Ward Comparison**



**Table 10 Percentage Breakdown of Housing Stress in Wards**

Granville	Greystanes	Regents Park	South Granville	Wentworthville	Sydney Average
21.9%	12.5%	21.1%	23.5%	15.3%	11.8%

We can make the following observations from the data:

- All Wards have housing stress levels above the Sydney average particularly in the Granville, Regents Park and South Granville Wards which are 10.1%, 9.3% and 11.7% higher than the average respectively
- The Greystanes Ward has significantly lower levels of housing stress than the other Wards in the LGA yet housing stress levels are still higher than that of the Sydney average
- The 5 suburbs with the highest levels of housing stress are:
  - Auburn North – 26.5%
  - Guildford West – Yennora – 25.8%
  - Guildford East – 24.8%
  - South Granville – Chester Hill – 24.0%
  - Regents Park – 22.3%

We observe that three of the top five suburbs are currently in the South Granville Ward. Of the 21 suburbs, only Pemulwuy (8.9%) and Greystanes (10.6%) having housing stress levels lower than that of the Sydney average.

## Future 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 Cumberland LGA over a five year period.

**Table 11 Five Year Comparison of Cost of Living in Cumberland LGA**

Cumberland Council	2017/18		2012/2013		Δ Change	
Expenditure Item	\$ per Household	% of expenditure	\$ per Household	% of expenditure	\$ per Household	% of expenditure
Food	\$8,351.00	9.90	\$8,921.00	9.60	-\$570.00	0.30
Alcoholic Beverages and Tobacco	\$2,940.00	3.50	\$3,808.00	4.10	-\$868.00	-0.60
Clothing and Footwear	\$1,945.00	2.30	\$2,599.00	2.80	-\$654.00	-0.50
Furnishings and Equipment	\$3,054.00	3.60	\$3,143.00	3.40	-\$89.00	0.20
Health	\$3,682.00	4.40	\$4,573.00	4.90	-\$891.00	-0.50
Transport	\$8,087.00	9.60	\$11,219.00	12.10	-\$3,132.00	-2.50
Communications	\$1,765.00	2.10	\$1,492.00	1.60	\$273.00	0.50
Recreation and Culture	\$7,948.00	9.40	\$8,783.00	9.50	-\$835.00	-0.10
Education	\$4,726.00	5.60	\$4,829.00	5.20	-\$103.00	0.40
Hotels, Cafes and Restaurants	\$4,788.00	5.70	\$5,558.00	6.00	-\$770.00	-0.30
Miscellaneous Goods and Services	\$10,736.00	12.70	\$12,966.00	14.00	-\$2,230.00	-1.30
Housing	\$24,351.00	28.90	\$22,061.00	23.80	\$2,290.00	5.10
Utilities	\$2,005.00	2.40	\$2,550.00	2.80	-\$545.00	-0.40
<b>Total Expenditure</b>	<b>\$84,378.00</b>	<b>100.00%</b>	<b>\$92,502.00</b>	<b>100.00%</b>	<b>-\$8,124.00</b>	<b>0.00%</b>
Non-Discretionary*	\$50,186.00	59.48%	\$53,415.00	57.74%	-\$3,229.00	1.73%
Discretionary	\$34,192.00	40.52%	\$39,087.00	42.26%	-\$4,895.00	-1.73%
<b>Net Savings</b>	<b>\$17,983.00</b>	<b>17.57%</b>	<b>\$20,731.00</b>	<b>18.31%</b>	<b>-\$2,748.00</b>	<b>-0.74%</b>
Expenditure	\$84,378.00	100.00%	\$92,502.00	100.00%	-\$8,124.00	0.00%
<b>Total Disposable Income</b>	<b>\$102,361.0</b>		<b>\$113,233.0</b>		<b>-\$10,872.0</b>	

\*Non-Discretionary spending includes the following categories: (Food, Clothing & Footwear, Health, Transport, Communications, Housing and Utilities)

Table 11 shows that over the five year period, total disposable income in the LGA has increased by an average of \$10,872 per household, per annum, or 9.6%. There has been a 1.73% shift towards non - discretionary spending which has been primarily driven by the cost of Housing as well as significant reduction in spending in Miscellaneous Goods and Services. The largest savings have come from decreases in the cost of transport and the largest increase in expenses have come from housing related costs.

## Discussion

There are several differences that emerge between the various Wards. This is most evident in the SEIFA rankings which show that there is significant disadvantage across the LGA, however, there are pockets of advantage particularly in the Greystanes and Wentworthville areas. This is evident through high home ownership levels in the Greystanes Ward (73.1%) as well as the large middle class and high income earners in the Greystanes and Wentworthville Wards. These Wards also had notably lower levels of vulnerable individuals including single parent households and households experiencing housing stress. It is important to note that within the Greystanes Ward there is also significant inequality with the Guildford (West) – Yennora suburb having a SEIFA IRSAD percentile of 13% this is drastically different to the suburb of Pemulwuy which is in the 99<sup>th</sup> percentile for advantage and disadvantage. This needs to be a key consideration for any proposed ratings changes.

More prevalent throughout the LGA however is the levels of disadvantage particularly in the South Granville and Granville Wards. The SEIFA rankings show that all suburbs in these two Wards are within the bottom 12% of disadvantage nationally (as low as 4% for Auburn (North) and South Granville – Chester Hill). South Granville in particular has over 42% of its residents in the bottom quartile of household income. This correlates closely with the high unemployment in these Wards. Furthermore there are very high levels of household stress within Councils LGA with over a fifth of all households in the South Granville, Granville and Regents Park Wards having difficulty covering the cost of housing. While consolidating rating structures, Council needs to ensure that vulnerable individuals and households are not adversely impacted by these changes.

From Table 11, cost of living trends, we have observed that on average there has been a significant decrease in disposable income across the LGA. This can be attributed to the significant increase in number of households (From 2011 – 2016) in the bottom quartile of equivalised household in the LGA particularly in the Granville and South Granville Wards. There has been a 1.73% increase in non-discretionary spending, primarily driven by housing costs, which would have the greatest impact on those households that are most disadvantaged.

## Rates Comparison

For our commentary that follows we have utilised Option 1 from the ratepayer impact analysis<sup>1</sup>. This option keeps the proportion of business and residential rates the same and is suitable for our assessment as our review has been focused on residential households. Table 12 outlines the average land value, the average current rate and the average proposed change to each Ward.

**Table 12 Proposed Rate Changes by Ward**

Suburb	Total Assessments	Pensioner Assessments	Strata Units	Avg. land value (\$000s)	Avg. current year rate	Option 1 Avg. Change \$	Option 1 Avg. Change %
Business	4,288	7	822	1,065,804	7,157	194	16%
Residential							
Greystanes	12,246	2,501	1,183	454,586	1,050	(183)	-18%
Regents Park	14,679	2,102	6,891	444,611	775	207	22%
South Granville	11,496	2,017	3,151	466,666	781	203	24%
Granville	14,325	2,151	5,888	398,014	904	(21)	-3%
Wentworthville	14,614	1,677	5,959	407,494	1,012	(106)	-13%
<b>Grand Total</b>	<b>71,648</b>	<b>10,455</b>	<b>23,894</b>	<b>470,410</b>	<b>\$923</b>	<b>29</b>	<b>3%</b>

We observe that on average the South Granville and Regents Park Wards will have the largest increase in rates, increasing 24% and 22% respectively across the board. Meanwhile the Greystanes Ward and Wentworthville Wards will see average decreases of 18% and 13% respectively. These changes can be attributed to the disparity in current annual rates representing an inequity in terms of the contributing to or paying for the current levels of service provided in each Ward.

**Table 13 Proposed Rate Changes by Suburb**

Suburb	Total Assessments	Strata Units	Average current rate	Average land value	Average Rate	Average Change \$	Average Change %
Auburn	10,150	4,999	717	381,709	929	173	21%
Berala	2,629	860	777	484,406	1,060	234	28%
Chester Hill	225	28	838	506,578	1,085	215	25%
Girraween	1,809	611	1,083	443,698	967	(164)	-19%
Granville	3,168	1,215	808	407,255	940	90	9%
Greystanes	7,580	313	1,103	478,616	998	(190)	-18%
Guildford	3,893	971	863	486,628	1,082	176	19%
Guildford East	2,517	1,002	984	371,167	896	(138)	-15%
Guildford West	1,513	113	1,111	478,588	999	(186)	-18%
Holroyd	417	294	822	236,640	750	(97)	-12%
Lidcombe	6,334	2,636	878	503,958	1,157	247	23%
Mays Hill	416	221	914	296,741	882	(43)	-7%

<sup>1</sup> Morrison Low has undertaken ratepayer impact analysis of 4 rating structure options. This has been provided to Council separately.

Suburb	Total Assessments	Strata Units	Average current rate	Average land value	Average Rate	Average Change \$	Average Change %
Merrylands East	2,547	678	865	475,698	1,079	171	18%
Merrylands Central	6,902	2,734	1,040	414,018	986	(107)	-12%
Merrylands West	2,024	660	1,022	405,323	936	(147)	-16%
Pemulwuy	1,653	324	1,024	382,336	873	(168)	-16%
Pendle Hill	1,749	741	963	351,741	868	(138)	-15%
Regents Park	1,361	417	808	487,827	1,087	244	28%
South Granville	1,430	142	887	553,372	1,168	234	26%
South Wentworthville	2,140	669	1,109	466,209	1,036	(127)	-14%
Toongabbie	1,065	575	798	216,936	739	(80)	-10%
Wentworthville	3,098	1,689	983	357,512	932	(78)	-10%
Westmead	2,232	1,150	1,110	451,242	1,086	(50)	-9%
Woodpark	466	30	1,076	452,337	950	(199)	-19%
Yennora	8		936	356,625	735	(288)	-32%
<b>Grand Total</b>	<b>67,360</b>	<b>23,072</b>	<b>930</b>	<b>432,227</b>	<b>996</b>	<b>19</b>	<b>2%</b>

From Table 13, we observe several suburbs of particular concern when comparing the proposed changes to levels of disadvantage within the suburbs:

- Chester Hill – Although Chester Hill has a relatively low current average rate of \$838, the average rate change of \$234 (25%) may have adverse outcomes on the suburb which is one of the top 8% most disadvantaged suburbs in Australia.
- Auburn / South Auburn – Low current rate of \$717 with an expected average change of \$173 (21%). These suburbs are in top 9% of most disadvantaged suburbs in Australia.
- South Granville – Current rate of \$887 with an expected average change of \$234 (26%). The suburb is in the top 8% of most disadvantaged suburbs in Australia.

## Conclusion

From our analysis we have observed considerable disadvantage and inequality throughout Council's LGA.

The largest rate increases have been in the South Granville and Regents Park Wards. These Wards have had significantly lower rates than the rest of the LGA while benefiting from a similar range and level of services. We have observed that these Wards contain some of the most disadvantaged locations within Council's LGA and will likely be adversely affected by the rate increase.

Furthermore, we see a minor reduction in annual rates for the Granville Ward (Councils 2<sup>nd</sup> most disadvantaged Ward) which should provide slight relief.

We have identified areas of advantage particularly in the Greystanes and Wentworthville Wards, these areas were paying significantly higher annual rates, while receiving similar services to those in the remainder of the LGA. Not surprisingly this could see the greatest reduction in annual rates. These changes will also have a positive impact on inequality within these Wards, thus reducing pressure on disadvantaged households.

Current rating structures and service provision have result from a range of political and historical decisions coupled with the growth and change in community requirements and expectations. Council's proposed changes should increase the level of parity within the LGA particularly with regards to annual rates and services received.