Report for South Australia Coastal Councils Alliance

'FUNDING THE FUTURE'

ADVOCACY PAPER

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EDGE

SOUTH AUSTRALIA COASTAL COUNCILS ALLIANCE

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This Advocacy Paper has been developed based on the contents of the Discussion Paper prepared for SACCA by the project consulting team. The objectives of the Discussion Paper were to:

- Summarise the scale of the coastal inundation and erosion issues in South Australia to effectively demonstrate the broader impact on the regional and state economy.
- Review the current funding landscape, both domestically and internationally, to better understand the available funding mechanisms and their appropriate application to the South Australian context.
- Identify the most appropriate mechanism or funding model that would be suited to the current funding landscape and the associated actions to develop the business case for that funding.

Cover photo by City of Port Lincoln

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A GROWING COASTAL RISK

The character and culture of many parts of South Australia are shaped by our natural coastal landscapes and built assets. In this way the coast draws a cultural, social, environmental and economic connection with the past and future of our community.

Like most coastlines around the world, the South Australian coast is characterized by natural change driven by erosion and inundation, especially during periodic storm events. However, this is now being exacerbated by sea level rise, which is projected to significantly increase coastal hazards in the decades to come. While they may occur periodically, large scale damage on our coastline is clearly material and foreseeable and therefore requiring urgent action.

Despite the ever more rapidly changing nature of coastal management, the way that we fund coastal resilience – that is how we plan for, reduce the risk of and respond to coastal hazards – has not kept pace with on ground impacts.

South Australian coastal councils have conservatively estimated capital works and operating expenses required to manage the coast will cost in excess of $200 million+ over the next 10 years. Furthermore, in the absence of adequate protection measures, it is estimated that 60,000 or more built assets along the coast are likely to be at risk. This could cause damage to up to 30% of some council's housing stock. The total replacement cost of assets when the South Australian coast is exposed to a 1.1m sea level rise (by 2100) is estimated to be around $46 billion, which is many orders of magnitude higher than current investment in protection works. This does not include the long term social and economic impacts that will result from inadequate investment on the coast.

A NEW FUNDING MODEL IS REQUIRED

Not only is the quantum of funding insufficient to build coastal resilience, the focus on funding projects over annual timeframes is limiting long term, strategic investment required to underpin region wide economic outcomes.

A review of existing studies on the impact of coastal erosion and inundation demonstrates that the social, economic, and environmental impacts extend well beyond the geographical boundaries of the coastal councils. The physical damage to public and private assets is resulting in flow-on effects on property values, restricting access to beaches, jetties, boat ramps, caravan parks, tourist accommodation and other infrastructure on the coast. This is adversely affecting the tourism and recreation sector and people's health and well-being across the State.

A detailed review of the funding landscape across the various tiers of government highlights that while there is currently no dedicated consistent funding mechanism available for coastal management at the Federal level change is underway with Infrastructure Australia having recently included coastal zone management on the infrastructure priority list and the recently established National Recovery and Resilience Agency (NRRA) likely become the key coordinator for Federal funding of coastal management.

South Australian coastal councils need to prepare now for this potential future funding source, including how to shape the funding criteria.

KEY DESIGN PRINCIPLES FOR A FUTURE FUNDING MODEL

A new co-investment model for funding future coastal resilience should address the following objectives:

- Ensure funding priorities are aligned with emerging policy and funding drivers from a local through to national scale
- The development of longer term project funding models
- The contribution of different government stakeholders to funding
- Identify how best to apportion funding between private and public beneficiaries
- Encourage delivery of multiple outcomes at a regional scale

The key design principles for future funding should include

- Articulation of how a project contributes to coastal resilience instead of just coastal protection. This will help better align with emerging policy and funding drivers funding;
- Funding for projects over multiple years, preferably bundling multiple resilience measures for a given location. This is needed to move funding arrangements from one off ad hoc approaches toward a more strategic approach that addresses resilience at a regional scale
- Quantitative assessment of the balance of private versus public contributions for projects over a threshold level, such as $5 million. For projects of this size, distributional analysis is recommended to determine the balance of public versus private funding. The use of quantitative analysis for this purpose (including cost benefit analysis) is contested and hence the $5 million
- Federal funding should not be sought according to an externally communicated, strict ratio because some Federal programs will provide more than matching funds as grants. As such, adopting a strict ratio could limit the funds available, or require state and local government to provide more funds than is possible or needed. Where feasible, up to 100% funding should be sought.
- Clear delineation between projects focused on building resilience through reducing physical impacts and risks versus projects that seek to deliver multiple social and economic outcomes at a regional scale. These two different streams of funding are needed to enable targeting of resilience versus regional development funding opportunities.

  A diagrammatical version of a potential co-investment model is presented in Figure 1 on page 5.

Figure 1. Diagram illustrating the co-investment model.