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PROPERTY WORTH \$25B AT RISK FROM COASTAL EROSION

- A new report found \$25 billion of residential property faces coastal risk.
- Suburbs with the most property value at risk include Paradise Point, Cronulla and Port Melbourne.
- Homebuyers looking at waterfront neighbourhoods are already asking about the risk.

Twenty-five billion dollars worth of residential property is at risk due to increasing storm surges and coastal erosion, new research shows.

Coastal property is more at risk than ever, after significant development in popular beach towns over the past 30 years and a rise in beachside property values, CoreLogic's Coastal Risk Scores for Financial Risk Assessment report, released on Monday, found.

Increasing coastal risk is pushing up insurance premiums and could affect property values, the group said, highlighting the recent floods in NSW and Queensland as an example of the devastation that extreme weather events can wreak on people and property.

"In the next three decades, coastal risk will crystallise, with the tangible effects of climate change already being felt in most parts of Australia," CoreLogic head of consulting and risk management Pierre Wiart said.

"This is leading to direct physical and financial consequences. Coastal risk has far-reaching implications for the country's property market and its supporting financial sector, including property valuations, home loan viability and insurance premiums."

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

A million homes at risk of flooding by 2030, new modelling shows

He said understanding coastal risk was important to homeowners and potential buyers, who should inquire about the risk to a property and whether it might be sudden or gradual to decide whether to take out a long-term loan for that asset.

“Equally, for any financial institution, it is important to evaluate the potential downturn in property values or the concentration of a portfolio at risk,” he said.

The top 10 suburbs with the most value at risk are spread across the east coast, often in popular residential neighbourhoods or holiday towns with low elevation, high property values and a fast-receding coastline.

Paradise Point on the Gold Coast has \$1.467 billion of property at risk due to its canals, the most of any suburb in Australia. About 20 per cent of the suburb is at high risk, the report said.

Cronulla in Sydney’s south ranked second with \$486.4 million of property at risk, followed by Port Melbourne with \$483.8 million.

Suburbs with the most property value at risk from coastal erosion

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Suburb	State	Houses	Apartments	Value at risk
Paradise Point	QLD	406	43	\$1.467B
Cronulla	NSW	8	254	\$486.4M
Port Melbourne	VIC	29	202	\$483.8M
Manly	NSW	21	109	\$462.1M
Aspendale	VIC	112	136	\$455.3M
Runaway Bay	QLD	136	219	\$424.1M
Brighton	VIC	50	43	\$415.4M
Caloundra	QLD	20	523	\$380.5M

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Suburb	State	Houses	Apartments	Value at risk
Collaroy	NSW	34	74	\$375.9M
Golden Beach	QLD	100	294	\$340.6M

Source: CoreLogic

Other at-risk suburbs include Manly and Collaroy on Sydney's sought-after northern beaches, Melbourne bayside suburbs Brighton and Aspendale, Runaway Bay on the Gold Coast and Caloundra and Golden Beach on the Sunshine Coast.

The report also looked at coastal retreat rates, warning of gradual coastal erosion as well as the immediate risk of storm surges.

In East Mackay in Queensland, the coastline is retreating at an average rate of 7.72 metres a year, the report found.

Victoria's Queenscliff and Portland are retreating at more than 5 metres each per year, while on the NSW south coast North Batemans Bay is retreating at more than 3 metres a year.

Australia's sea levels have been rising faster than the global average, CoreLogic noted, citing the UN's Intergovernmental Panel on Climate Change's latest report.

It follows separate research this month warning one million homes are at risk of flooding across 30 priority local government areas and climate change-fuelled riverine flooding could cause \$170 billion in property value losses by 2050.

The risk is already on the minds of potential homebuyers in well-heeled waterfront neighbourhoods.

PK Property managing director and senior buyer's agent Peter Kelaher said coastal risk was the first question asked by potential buyers in affected areas of Sydney's northern beaches.

"[They ask] 'is that sea wall going to protect me when we have a storm? With my insurance for flood insurance and storm insurance am I covered in that particular area? If we do have to put a sea wall in, is the council going to pay for it or do we have to pitch in and pay for it?'" he said.

Homes close to the ocean in affected parts of Collaroy and Narrabeen are trading at a discount to nearby beaches with less risk, he said.

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“If you’re buying the property now, people on certain parts of those beaches would discount the property 10 to 20 per cent, and other parts of the beaches that don’t flood would hold their value,” he said.

He advises buyers in these areas to make sure they are paying a low price to cover themselves for resale, find out the costs of any potential new sea wall and check insurance coverage.

In Melbourne, Whitefox Advocacy managing director Nicole Jacobs said coastal risk did come up in conversations with buyers looking for bayside homes, or on the Mornington Peninsula, or for beach boxes that can sell for hundreds of thousands of dollars, although she is not regularly asked about it.

“It’s part of the due diligence,” she said. “More and more people are becoming aware of it. It’s something you do need to look into just to get a time frame of what it’s going to look like in years to come.”

COUNCIL OF WAR: HOW MUCH SHOULD LOCAL GOVERNMENT STRAY FROM ROADS, RATES AND RUBBISH?

Calls for Victorian councils to forego social issues and focus on their core business are misguided, say local government representatives

The mantra “roads, rates and rubbish” once defined the purpose of local governments. But in recent years, many of Victoria’s 79 councils have been advocating on issues that – on the surface, at least – are somewhat removed from the core business of councils.

Many ratepayers and residents have welcomed this advocacy with open arms, happy that their elected representatives are standing up for their communities and speaking up on issues, especially those that their state and federal counterparts may shy away from.

Others disagree, calling it a waste of money and resources that could be better spent on much-needed services, such as libraries, maternal and child health, and support for local small businesses.

Kathryn Arndt is chief executive officer of the Victorian Local Governance Association, and is accustomed to this cycle of support and outrage that the increasing politicisation of councils generate.

“Any issue that a council does get involved in should be done so only as it is consistent with their own municipal health and wellbeing plan, and consistent with any community sentiment or wish, and that issue is important to their community,” she says.

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“I think there’s a misunderstanding about what councils actually do.”

The Victorian Local Government Act 1989 stated that councils should advocate on issues that were important to their communities. The act was superseded by the 2020 version, which removed this section.

“The new act [says] more about the role of the council to provide good governance for the wellbeing and the benefit of the community,” Arndt explains. “This is something that is also not very well understood by a lot of people and that is, unlike any other level of government, a group of councillors are actually required to govern the business of the council.”

Local government collectively in Victoria is a \$9bn machine, with each council providing on average about 140 services, ranging from roads to aged care facilities. Many services have been delegated to them by the federal and state governments. At the same time, both levels of government have cut funding to councils for more than a decade, through cost-shifting and a drop in grants.

This has placed increasing financial pressure on local governments, which they have – in part – counteracted with hiking up rates, which are calculated based on property prices. And despite an Andrews government cap on rates to CPI – which this year will be 1.75% – some ratepayers continue to be faced with whopping increases of up to 18%.

Verity Webb, spokeswoman for the Victorian Ratepayers Association, says that given the financial pressures many councils face, they should focus on their core business and reining in costs, rather than speaking out on political issues that have little to do with their day-to-day activities.

“Most councils are broke. Wage bills are outrageous and while ratepayers were losing jobs and income, some councils were hiring staff and [providing] pay rises,” Webb says. “The reason councils get involved in politics is because we have councillors who have nothing better to do than waste time and money dabbling in pet projects.”

She added that too many councillors “waste time and money trying to catch the attention of state and federal power brokers by jumping on popular bandwagons”.

But Stephen Jolly, a five-term Socialist councillor with Yarra City Council, says there isn’t a “Berlin Wall” between what is a local, state or federal issue.

“One of the big issues I deal with is public housing; 13% of Yarra’s population live in public housing and they are overwhelmingly low-income and non-white,” he says.

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“Now, that’s a state issue, but they have burning life-and-death issues every day, so we openly campaign to improve and extend public housing and social housing.

“You could technically say, ‘well, that’s not a council issue’, and you’d be right. But we’d be writing off the poorest and most vulnerable people in our community. It’s just not as clean-cut as some people argue.”

Jolly points out that Yarra was the first Victorian council to cease acknowledging or celebrating Australia Day, in 2017, for which it received a significant backlash in the media. And while the cause remains controversial, it has unquestionably garnered further momentum in recent years.

The right likes to rail against what the Institute of Public Affairs director of policy Gideon Rozner called the “loopy rules” and “virtue signalling” of councils.

“From foreign policy, to climate, to dictating what food people are allowed to sell at food trucks, local councils are increasingly becoming fiefdoms where power-hungry local representatives are taking on responsibilities that should be reserved for state or federal governments,’ he said.

But Arndt says issues like LGBTIQ+, reconciliation and the climate crisis are important ones for councils to focus on.

“There are demographics within municipality communities that are at risk and that do require support to ensure their health and wellbeing,” she says.

“Those who are criticising don’t understand the responsibilities of councils and are looking at councils in a very narrow way.”

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