

Submission to Clarence Valley Council
Re
Wooli Village Draft Coastline Management Plan
Wooli Beach/Village Review of Coastal Hazards
Wooli Village Coastline Management Strategy Update and
Options Review

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The situation at Wooli is quite unique. We have a long strip of coastline with very few houses in the village. This, of course, has been the great attraction of Wooli for the many owners and tourists in the town. Due to the coastal erosion, this great attraction is now the cause of the problem for the village. If the 98 houses and the 4 businesses in the south end of the village are lost due to a breaching of the dune then the nature of the village will change forever. I believe that we all want an outcome that best retains the village in terms of its beauty, its attractiveness and its tourism attraction to both homeowners and tourists. It is in no-one's interest to create an outcome that will cause an exodus from the town.

The current proposal is an attempt to create a solution that maintains the number of houses in Wooli thereby retaining as much as possible the ambiance of the village. As I understand it, the proposal is that those properties at greatest risk will be offered a lease on blocks in exchange for the freehold on their current properties. From my calculations there are approximately 27 blocks available in the old or South Wooli township. These are the blocks where the Caravan Park is currently situated and the land near and including the Wooli Hall and the tennis courts. These would be the preferred blocks as they are in relatively better positions than the others in the proposal, although generally inferior to the blocks that are at greatest risk.

Left unsaid in the Worley proposal is the question of compensation for giving up a freehold ownership for a lease of an inferior block. Also left unsaid is who pays the cost of the demolition and removal of the existing house and who pays for the erection of the new house on the leasehold block.

As there are currently 43 blocks and 1 business that are considered to be at immediate risk (p37 Coastline Management Strategy Update and Options Review) there will be a significant number of owners who will be only given the option of a block in the northern and more suburban part of Wooli in exchange for their beachfront property.

If the land swap option is approved, then the NSW Government will have to agree to allow residential housing on Crown Land. In addition the Government

will have to agree to the costs of relocating the school from its current site to the new site in the North sector of the Woolli township. The Worley report states that the water tower would need to be moved, which would also be a significant cost to either the Council or the NSW Government. Finally, the Worley proposal recommends the relocation of the caravan park from the west side of Main Street to the east side of Main Street and the relocation of the Woolli Hall and the tennis courts to the vacant block of Crown Land adjacent to the bowling Club.

There is substantial cost to the proposal above. The report on page 51 sets out some of the costs. "Costs associated with this option would include those to subdivide and service the school site and Woolli Sportsground (estimated at around **\$3.3 million**) and relocation of dwellings and other assets (estimated at **\$2.9 million**, if all structures were relocatable). It is noted that some facilities may be readily moveable, for example some of the Woolli Public School buildings are demountable structures."

In addition, there is a cost of \$500,000 to build another water tower. What has not been costed by Worley is the purchase of a new site and the demolition and removal of the debris of the current structure. I suspect that these costs are significant and would be around \$300,000, being \$250,000 for the site of the new tower and \$50,000 for the removal of the old tower and the debris.

Other costs not included in the Worley report are those associated with the demolition and the removal of the houses currently on the blocks that are under threat. In addition, there would be a need to dig up and dispose of the septic tanks and other piping on each of the blocks. I would conservatively estimate that this would cost about \$50,000 per block. The total cost of cleansing the site for the 44 blocks under immediate threat would therefore be a further \$2,200,000 additional to the Worley costs.

Therefore, the relocation cost for the Council and the NSW Government would be approximately the \$6,200,000 quoted by Worley's plus \$800,000 for the relocation and site cleaning of the water tower plus a further \$2,200,000 for the removal of housing on the sites from which residents are being relocated. The total cost is \$9,200,000.

If it was decided to go down this route and expend this amount of money, would it solve the problems in Woolli? The residents of the 44 blocks would be asked to give up freehold in exchange for a lease on an inferior property. In addition, each owner would incur additional costs of building a new house on the leasehold property. The above costings assume that there will be no compensation to relocated residents. Any compensation would further add to the costs of this proposal. Any relocation without compensation would be very unattractive to residents causing a number to sell their properties for whatever they can and permanently leave the village.

Having spent all this money, the problem has not been solved. For those who choose to relocate, in 40 or so years they most probably will be forced to relocate again, and one would presume again at significant cost. The next move, however,

will mean that those who chose to stay will walk away with nothing, as their properties will be leasehold and not freehold. In addition in 2050, the Worley report expects there will be another 20 houses under immediate threat causing further turmoil in the village.

I am not a lawyer, but if the Council does nothing to defend the dune and houses are lost causing significant losses to residents, in these litigious times, the Council is at some risk of lawsuit taken against them in the form of a class action. As the losses would be so great, it would not be surprising if one of the “no win, no cost” lawyers would be prepared to take up the case for the residents. The offer of relocation would be a poor defence as it is very unattractive to the current owners. Any legal action by land owners would be very costly and time consuming for the Council and these potential costs have not been taken into account by Worleys.

As a resident of 26 Main Street, the relocation outcome is very unattractive. Rather than accept relocation, I would prefer to claim compensation and/or join a class action to recover my losses.

Under the present relocation proposal, not only will I lose my property for no compensation, but also I will be forced to incur further costs to remain in Wooli, knowing that expenditure will also be worthless in some 40 years. The relocation proposal can only leave the village with a significantly smaller population than that which is there currently and will significantly change the nature of the village. Therefore, relocation is a very expensive option that at best may partially push the problem back 40 years, but in reality will not achieve the objective maintaining the village ambience, population and tourism.

There is another issue which is poorly explained in the Worley report. If the houses on the east side of Main Street are uninhabitable due to the erosion of the dune, then you only have to stand on Main Street to realize that the houses on the west side will also be uninhabitable. The land is quite flat, with, if anything, the land on the West side of Main Street being slightly lower than the blocks on the east side. Worley implies that the erosion will be gradual, when in fact logic tells you that once the dune is breached then houses on both sides of Main Street will be flooded. In reality, once the dune is breached, the whole southern township will be under immediate threat (if not already flooded) including the Bowling Club and the oyster leases.

The concept of the surf stopping at the 50 year line is a statistical approximation, but not a reality. Once the water reaches the 50 year line, the southern village is gone. Therefore, relocation and accepting the breaching of the dune spells the end of Wooli as a viable village.

This means that Wooli cannot survive as a village unless some solution can be found to defend the dune. Defending the dune is the only outcome that can achieve the objective of maintaining Wooli as the vibrant and beautiful village that it is today.

The question then becomes, how can the dunes be defended? The Worley document sets out a number of costings for defending the beach all of which are substantial. As it is not feasible for the survival of the village to allow the dune to be breached, it is imperative to see if there are ways of raising the necessary funds required to defend the beach.

We are lucky that Wooli is unique in that there are a number of plots of Crown Land in the original village. There is the current school site, the tennis courts and Wooli hall area as well as the land adjacent to that and the land adjacent to the Bowling Club. If a credible plan can be put together to defend the beach, all of this land is worth a substantial amount of money. Under the relocation proposal, all these sites would be lost and be worthless once the dune is breached.

Therefore, whether the sites are sold or just lost to the ocean, the Crown will no longer own these sites in 50 or so years. As such, it is a rational use of this land to form the basis of building a 'war chest' to use to defend the beach.

On my calculations, there would be 10 blocks that could be subdivided from the current school site. There is a further 17 sites that could be subdivided from the land currently housing the Wooli Hall and tennis courts and adjacent to that. As these are beachfront sites, if the beach could be secured, each would be worth upwards of \$600,000 each. In addition, the land adjacent to the Bowling Club could be subdivided into 5 sites with the tennis courts and hall moving out to the Wooli oval. These blocks would be worth upwards of \$500,000 each. The sale of all these properties would generate a total of \$18,700,000. I am not a subdivision expert, and I am sure that someone with expertise in this area could generate even more dollars than what I am suggesting.

The cost of relocation estimated by Worleys, is \$6,700,000 as set out on page 51 of the Coastline Management Strategy Update and Options Review. The implication is that the Council and/or the NSW Government are prepared to outlay these funds to support relocation. If this amount is added to the Crown Land sale proceeds, then the funds available to defend the village rise to \$25,400,000.

There would be approximately \$4,300,000 in expenses to relocate the school, the tennis courts and the Wooli Hall as well as servicing the new sites. This would leave \$21,100,000 for the beach regeneration. These funds could be invested in an indexed linked Commonwealth Government Bond. This would generate income that could be spent annually to regenerate the beach, while the principal grows with inflation. This would result in the funds available to spend on the beach to be protected from being diluted due to inflation.

I have set out below the calculations if the funds were invested in the latest issue of Commonwealth Government Indexed Linked Bonds being the 2.5% coupon maturing on 20 September, 2030. In the following calculations, an allowance has been made to spend \$1,000,000 upfront on the beach regeneration.

	Number of Blocks	
Current School	10	
Tennis Courts and Wooli Hall	17	
Total Blocks for potential sale	<u>27</u>	
Approximate Value per Block	<u>\$600,000</u>	
	<u>\$16,200,000</u>	
Blocks adjacent to Bowling Club	5	
Approximate Value per Block	<u>\$500,000</u>	
	<u>\$2,500,000</u>	
Funds received through sale	\$18,700,000	
NSW Gov and Council Relocation Expenditure	\$6,700,000	
Spend on Beach up front	(\$1,000,000)	
Relocation of School, Wooli Hall and Tennis Courts and provision of services to new sites	(\$4,300,000)	
Total up front inflow	<u>\$1,400,000</u>	
Net funds available for Beach Regeneration	\$20,100,000	

Commonwealth Government
Inflation linked Bond
2.50%
September 20, 2030

Inflation Rate
2.50%

Return
2.50%

Year ended	Value of Principal	Interest Payments
September 20, 2011	\$20,602,500	\$505,640.63
September 20, 2012	\$21,117,563	\$518,281.64
September 20, 2013	\$21,645,502	\$531,238.68
September 20, 2014	\$22,186,639	\$544,519.65
September 20, 2015	\$22,741,305	\$558,132.64
September 20, 2016	\$23,309,838	\$572,085.96
September 20, 2017	\$23,892,584	\$586,388.10
September 20, 2018	\$24,489,898	\$601,047.81
September 20, 2019	\$25,102,146	\$616,074.00
September 20, 2020	\$25,729,699	\$631,475.85
September 20, 2021	\$26,372,942	\$647,262.75
September 20, 2022	\$27,032,265	\$663,444.32
September 20, 2023	\$27,708,072	\$680,030.43
September 20, 2024	\$28,400,774	\$697,031.19
September 20, 2025	\$29,110,793	\$714,456.97
September 20, 2026	\$29,838,563	\$732,318.39

September 20, 2027	\$30,584,527	\$750,626.35
September 20, 2028	\$31,349,140	\$769,392.01
September 20, 2029	\$32,132,869	\$788,626.81
September 20, 2030	\$32,936,190	\$808,342.48

The interest payments are the funds that should be used for the beach regeneration beginning with \$505,640 in the first year in addition to the \$1,000,000 budgeted in the above calculations. As can be seen from these calculations, in the year 2030, there will be \$808,342 available to spend on beach nourishment, while the value of the investment will have risen to \$32,936,190. This will ensure that even after 20 years, there will still be plenty of funds available for the ongoing maintenance of the Wooli beach.

I suspect that an even better outcome could be achieved by dealing directly with the NSW Treasury Corporation, the borrowing arm of the NSW Government. As the Crown Land proposed for sale is NSW Government owned I believe that they would have some interest in looking at this proposal. The involvement of the NSW Treasury Corporation might make the proposal more attractive to the NSW Government.

During my 30 years working in the Financial Markets, I have some contacts with the NSW Treasury Corporation senior management. I would be happy to present this option to the Council and if the Council is interested in pursuing this plan then I could arrange for a meeting with the NSW Treasury Corporation.

In conclusion, I have set out a table below that more realistically sets out the comparable costs of relocation versus defending the beach than that produced in the Worley report.

	Costs Associated with Relocation	Costs Associated with Dune Defence
Relocation of School, Wooli Hall and Tennis Courts and dwellings	\$2,900,000	\$1,000,000
Relocation of Water Tower	\$800,000	
Subdivide and service sites	\$3,300,000	\$3,300,000
Clean up of Abandoned Sites	\$2,200,000	
Opportunity Cost of Crown Land lost to Ocean	\$18,700,000	
Compensation and/or Class Action Costs (p48 of Report)	\$20,647,000	
Total Costs	\$48,547,000	\$4,300,000

If the real costs are added to relocation being the opportunity cost of the loss of the Crown Land and the significant risk of a class action against the Council, the cost of relocation is potentially almost \$50,000,000. And this “solution” only delays the problem for 30 or so years. After that the Council could be liable for a similar amount again as the remainder of the southern village comes under immediate threat.

Funds can be generated to defend the beach, and if used judiciously, will last 100 plus years. This will ensure the long term viability of the village for our generation and for future generations. It is in the Council’s interest to pursue this plan as it will produce the best outcome for Woolli village, its residents and the Council’s other ratepayers.

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