

# Chapter 6: The Challenge of Coastal Governance

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## **Introduction**

The challenge for reform of regional governance within the Australian federal system, facing all of Australia, is especially sharpened in coastal communities. In these communities, increasing social, economic and environmental pressures associated with unprecedented levels of population growth and increasing levels of international and domestic tourism, all make the policy and service demands on government and communities particularly pressing and complex (NSCT 2006). The movement of people to the coast is a national issue impacting on coastal communities in every Australian State and Territory, and it is gathering pace.

Based on Australian Bureau of Statistics data, it is estimated that Australian coastal areas outside the major metropolitan areas of Australia's capital cities support more than 5.5 million people (NSCT 2006). In other words, 75% of Australia's non-metropolitan population is living in coastal areas. Moreover, these areas also continue to experience the most prominent growth in population (ABS 2007). This rapid population growth coupled with growth in tourism is impacting significantly on existing coastal communities through a variety of complex social, economic and environmental issues (Salt 2004; Burnley and Murphy 2004; Gurran et al 2005, 2006; Smith and Doherty 2006). These include:

- increasing demand for infrastructure, community facilities, public transport and human services;
- impacts of coastal development on the environment;
- social and economic impacts on the identity and character of coastal communities;
- difficulty of establishing a sustainable economic base for local communities;
- housing affordability; and
- lack of, and difficulty in attracting, human and financial resources to deal with emerging issues.

These issues brought together the CEOs of 27 high-growth coastal councils in February 2004, to a 'Sea Change Summit' to talk about the common problems they faced in relation to rapid growth in coastal areas. As an outcome of this meeting, the National Sea Change Taskforce (NSCT) was formally constituted at a meeting in Canberra in November 2004, involving more than 60 participating councils. It is still a very young organisation. The issues that brought the Councils

together are all related to the impact of high growth rates on coastal communities, but it was evident that the dysfunctional system of governance that we currently have for coastal regions was central to the problem. More than a decade ago, the Resource Assessment Commission's (RAC) Coastal Zone Inquiry report identified major resource management problems in the coastal zone and the need for a national approach to improve management arrangements and meet these challenges (RAC 1993).

The NSCT believes there is an urgent need for a national response to rapid coastal development (NSCT 2006). It advocates a national policy framework and governance structure capable of delivering a triple bottom line outcome for coastal communities. Significantly, the local government sector is driving the NSCT agenda – not the State/Territory and Australian governments. The reason for this is twofold: first, in the face of the confused jurisdictional issues involved, there is a lack of political will, at both State/Territory and Australian Government levels, to deal effectively with coastal issues; and secondly, it is local governments, mostly small ones, that are confronted directly with the consequences of these issues on a daily basis.

This chapter examines these issues for coastal communities in the context of the disjointed nature of the current federal, state and local system of governance. It highlights the complex impacts of high growth rates on coastal communities, and the critical role of local government, and it explores some priorities for a more responsive federal-regional-local system of governance that embodies participatory democracy principles.

## **Growth pressures on coastal communities**

### **Rapid population growth rates: amenity migration**

Although not all coastal regions are growing and a few are even experiencing a decline in population (such as Port Pirie and Port Augusta in South Australia), overall population growth rates in coastal Local Government Authorities (LGAs) are consistently high in proportional and numerical terms (ABS 2004a, 2004b, 2007; Burnley and Murphy 2004). In fact, the rate of growth in many coastal LGAs is equivalent to or higher than that of metropolitan areas (ABS 2004a). In recent years, many LGAs have experienced growth rates in the range of 50% to 60% higher than the national average. For example, in the year to June 2004 the rate of growth in coastal LGAs was 2%, which is 60% higher than the national average growth rate of 1.2% (NSCT 2006).

Described in Australia as 'the big shift' (e.g. Salt 2004) or the 'sea change' phenomenon (e.g. Burnley and Murphy 2004; Smith and Doherty 2006), these rates are expected to continue for the next 10 to 15 years, driven in part due to the 'baby boomer' generation reaching retirement age and 'by factors such as the rapid increase in house prices in capital cities and a desire by many people

to seek a better lifestyle away from the congestion of the cities' (NSCT 2006). Significantly, in Australia, this phenomenon is underpinned by fundamental social and economic changes which create significant planning challenges (Gurran et al 2005, 2006).

Australia's coastal areas offer an attractive quality of life and an appealing environment for people to live. The movement to locations that offer leisure opportunities and an attractive environment is known internationally as 'amenity migration' (Gurran et al 2005). People are moving to these areas because of lifestyle considerations rather than to specifically improve their financial circumstances. Other factors influencing people's decision to migrate, identified in the literature, are personal circumstances (e.g. social networks) coupled with cultural factors (e.g. perceptions about a particular place and sense of connection to 'reference groups' within it) (Stimson and Minnery 1998; Gurran et al 2005).

Population growth in Australian coastal areas is expected to continue for the foreseeable future due to several factors, including (Gurran et al 2006):

- the imminent retirement of the 'baby boomer' generation, which will produce a sizeable new market for high amenity retirement destinations;
- the global shift away from manufacturing-based economies towards information, service and consumption-based industries which are less dependent on a metropolitan location; and
- the growing flexibility of work practices associated with new telecommunications technology, which enables some workers to relocate to small coastal centres or the rural hinterland.

The growing number of people making the move to coastal communities for lifestyle reasons is now challenging traditional theories that people relocate mainly for economic considerations – which has generated most previous migrations. Moreover, the migration is not to a single destination, but to a large number of smaller and scattered destinations making it difficult or impossible for government to meet the infrastructure and service expectations and demands of this expanding population.

## Tourism

Many of Australia's coastal areas are experiencing not only unprecedented population growth, but they are also attempting to deal with a rapid growth in tourism. Tourism is predicted to become our largest export earner in the next couple of years – and on many estimates will increase in revenue by 50% by the year 2020. It will be the coastal LGAs that bear the brunt of the impact of this growth. Beyond the pressures of amenity migration, tourism places additional demands on coastal communities through, for example:

- the use of infrastructure and services; and

- the impacts on the environment especially in vulnerable areas (e.g. arising from nature-based tourism and increased visitor numbers in coastal areas during summer months) (Ward and Butler 2006).

Obviously, tourism brings an economic benefit to local commercial operators and helps to generate employment opportunities in a region. But, while visitors generate revenue for local economies, they do not contribute to the cost of public infrastructure they use, such as roads, water, sewerage treatment, waste collection and recreation facilities. There is simply no mechanism for capturing tourism expenditure as a contribution to these services. Whenever anybody mentions something as radical as a bed tax, or a local tourism levy, or some other means of generating revenue to provide the infrastructure that is needed by visitors, there is an outcry from the tourism industry. So, the burden of expanding and maintaining infrastructure to meet the increasing demands of Australia's second biggest industry inevitably falls on local ratepayers. This is just one example of the issues affecting local government financing, which is the subject of the recent report by the House of Representatives Standing Committee on Economics, Finance and Public Administration on 'Rates and Taxes: A Fair Share for Responsible Local Government' (Commonwealth of Australia 2003). The report makes the case that local government is under-resourced and is not achieving a fair share of taxation revenue. In addition, the more recent NSCT 'Meeting the Sea Change Challenge' study (Gurran et al 2005, 2006) and the State of Environment paper on 'Local Government in environment and heritage management' (Wild River 2006) also identify infrastructure shortfalls and lack of capacity to fund them through existing funding sources as critical issues impacting on coastal councils.

In 2004, it is estimated that domestic and international visitors spent about \$20 billion purely on recreation and tourism activities directly involving coastal and ocean ecosystems (DEWR 2006). Tourism therefore is generating enormous revenue for State and Federal Governments (e.g. capital gains tax, GST and stamp duty) but this revenue is not flowing through to local government authorities, which are bearing most of the financial burden of tourism. For example, the national accounts for 2002- 2003 show that total tourism consumption from both domestic and international tourism in that year amounted to more than \$73 billion dollars (ABS 2004b). GST revenues to the States and Territories generated by that expenditure was around \$6.7 billion. But the local government share of that taxation revenue is virtually nothing. The money generated by tourism is not being spent on maintaining the assets, so that eventually, of course, this will be counterproductive. How many tourists will want to revisit an area where the environment is trashed, traffic is at a standstill, the local water or sewerage systems are failing, and the social indicators are declining?

## Sea change communities: a social transition

The motivating factors influencing this 'sea change' phenomenon have led to the emergence of considerable diversity in the types of communities developing in coastal regions around Australia, each with their own particular problems and needs. For example, five different profiles of coastal communities outside the Australian capital cities are (Gurran et al 2005; ABS 2004b):

1. coastal commuters: suburbanised satellite communities in peri-metropolitan locations within easy daily commuting of a capital city (for example, Wollongong, Gosford, Wyong and Port Stephens near Sydney, Pine Rivers and Caboolture near Brisbane, Casey and Lorne near Melbourne, Wanneroo, Mandurah, Rockingham and GinGin near Perth and Onkaparinga near Adelaide);
2. coastal getaways: small to medium coastal towns within approximately a three-hour drive of a capital city for day tripping and easy weekend access to a holiday home (for example, Bunbury and Busselton in south-west Western Australia, Bass Coast and Surf Coast in Victoria, and Victor Harbour in South Australia);
3. coastal cities: substantial and predominantly continuous regional urban conurbations beyond the State capitals (for example, Cairns, the Gold Coast, Sunshine Coast in Queensland, Greater Geelong in Victoria and Albany in Western Australia);
4. coastal lifestyle destinations: predominantly tourism and leisure communities generally more than three hours drive from capital cities (for example, Coffs Harbour, Byron Bay and Hasting shires in New South Wales, Whitsunday area in central Queensland, and Moyne in Victoria); and
5. coastal hamlets: small and remote coastal communities which may often be adjacent to protected natural areas (for example, Robe and Grant in the Limestone Coast area, S.A., Augusta-Margaret River area and Broome in WA, Douglas Shire and Agnes Waters in Queensland and Bellingen in New South Wales.).

Moreover, Curran et al (2005) argue that the sea change phenomenon impacting on these diverse community types does not necessarily lead to sustainable economic growth or improved socio-economic outcomes for local populations. The growth in coastal communities is associated predominantly with the creation of new jobs in lower paid occupational categories within the retail, restaurants, tourism and care-giving sectors. Such sectoral jobs are commonly part-time and many may be subject to seasonal fluctuations. Moreover, Australian coastal communities outside the capital cities have the highest proportion of low-income households, the highest proportion of families receiving income support benefits, the highest median age and highest 'elderly dependency' of Australia (Curran et al 2005). Thus, coastal communities are experiencing significant pressures not

only on their social identity and character but also on their economic and environmental sustainability.

Many coastal councils have not anticipated this substantive and rapid growth in their planning and now find they do not have the human or financial resources to deal with the continuous increase in demand for infrastructure (such as roads, mains water supply, sewerage and power) or for essential services (such as public transport, health care, emergency services and education facilities) (NSCT 2006). This is a national issue requiring the urgent support and cooperation of both State and Federal Governments in identifying solutions to the complex challenges associated with coastal growth.

### **Coastal governance: a dysfunctional system?**

The sea change phenomenon is symptomatic of a larger malaise. We have a particularly dysfunctional system of government in Australia – the ‘federal-state-local’ system with its complex and chaotic mix of institutional arrangements and related roles and responsibilities. As Gurran et al (2006, p.6) point out:

Due to the environmental and strategic significance of the coast, sea change localities are subject to complex, cross jurisdictional planning and management processes relating to coastal management and protection, heritage conservation, natural resource management and utilisation, defence, and land use planning and development. Like other amenity areas endowed by highly significant natural and cultural heritage values, coastal communities are often subject to additional planning or policy requirements at state, national, and even international levels.

The blockage to better planning and the sustainable use of coastal resources is primarily an institutional one – a multitude of State/Territory and Commonwealth Government agencies, advisory bodies, statutory bodies, NGOs, regional Natural Resource Management bodies, Catchment Management Authorities, Coastal Councils and so on, all supported by reports, plans, strategies, and scattered discordant policies and legislation. As Smith and Doherty (2006, pp.6-7) identify:

... it is possible for a range of statutory and non-statutory instruments relating to land use and environmental planning to be administered independently by any of the three tiers of government. Adding to this complexity is the nature of many planning instruments that are specific to an issue or sector, thus creating conflicting goals within and between institutions.

Similarly, with the emergence of regional governance in Australia, there has been the creation of more institutional complexity and disconnects in some coastal areas.

With the emergence of ‘new’ regional governance in the last couple of decades in Australia (see Brown this volume; Bellamy this volume), there has been increasing institutional complexity that lacks any semblance of coherence. For example, the new national regional governance arrangements for natural resource management are commonly developed independently of coastal planning, regional growth management frameworks, and local government regional collective arrangements such as Regional Organisations of Councils (e.g. Smith and Doherty 2006). In this complex system of coastal governance, roles and responsibilities vertically across levels of government and horizontally across actors at each level are not clearly defined and frequently conflicting. Significantly,

- There is no clear demarcation of responsibility on major issues – health, education, environment, transport, and so on. For example, aged care is supposedly a Commonwealth responsibility, but in the Douglas Shire it is being shed to the State through the development of a Multi Purpose Health Centre. Now that the Council has bought land for this initiative, an expenditure well outside its core business, it is being blamed for the initiative not happening;
- There is waste and duplication. Notably, with the exception of defence and foreign policy, for every state function there is a corresponding federal function, with no clear boundaries;
- There is a duplication of bureaucracies (e.g. between spheres of government and amongst individual states and territories);
- The co-ordination of policy is poor, and integration is minimal;
- Blame shifting and cost shifting is rife; and
- We do not have national policy on key issues instead there are seven state/territory policies on each one.

Notwithstanding, there are some good regional initiatives like the *SEQ Regional Plan* linking infrastructure to long term land use planning in south-east Queensland (OUM 2005), and the Victorian Government’s *Coastal Spaces Plan* fixing the urban footprint (DSE 2005). However, these initiatives are the exception rather than the rule, and highlight the lack of any national approach. Much of the migration is across state boundaries and therefore it cannot be dealt with in isolation by different states.

In 2006, the NSCT released the findings of a second research report it commissioned on the pressures facing Australian coastal regions, which highlights the need for a collaborative national response to the challenge of coastal growth. This report, *Meeting The Sea Change Challenge: Best Practice Models of Local and Regional Planning for Sea Change Communities* (Gurran et al 2005; 2006) documents the range of governance, environmental, community, economic, and infrastructure challenges affecting ‘sea change’ councils in Australia. The report identifies best practice planning models. These are reasonably obvious, and the

sorts of thing with which everyone would agree, but which cannot be implemented by local governments in isolation under current legislative and institutional arrangements. There is a community will across Australia to sustainably manage the coastline. There is sufficient knowledge about how to deal with these issues. But there is no pathway to the adoption or delivery of national policy. The problem is often the failure to adopt and apply existing knowledge rather than the lack of it. Of course, disjointed planning and governance is not unique to coastal settings.

The Sea Change Best Practice report refers to calls for more integrated approaches to environmental management across ecologically, rather than administratively defined territories. These approaches include forms of 'catchment' and 'ecosystem' management, or bioregional planning, all of which have emerged in Australia over the past two decades. It is happening to some extent with regional natural resource management bodies (e.g. see Bellamy this volume; Head this volume), which is a very interesting experiment in regional governance emerging across Australia – although perhaps a little threatening to the States and Territories in some instances. Notwithstanding, as Gurran et al (2006, p.7) identify:

At the national level in Australia, a 'Framework for a National Cooperative Approach to Integrated Coastal Zone Management' has been developed by the Natural Resource Management Ministerial Council. An important initiative, the framework identifies five issues for national collaboration: land and marine based sources of pollution, managing climate change, introduced pest plants and animals, allocation and use of coastal resources and capacity building. However, the framework does not extend to co-operative policy across agencies or jurisdictions making or strategic planning for the coast, despite the fact that this is frequently an area in which different state and Commonwealth jurisdictions collide.

So, if there is a lack coherence and consistency about jurisdictional arrangements for the coast, what is the answer? Gurran et al (2006) recommend a national level strategic framework, articulating overall objectives in line with the national and international values associated with the coastal zone. They also recommend that such a strategic framework should provide a basis for coordinating policy-making and land use planning on coastal areas with the other national interests and responsibilities that impact on coastal development (such as environmental protection and heritage, management of territorial waters, infrastructure provision and regional economic development).

## **A way forward?**

Is there a model that could be used to guide such a framework? Yes, there is. For example, the *New Zealand Resource Management Act 1991* potentially provides

a good model for the national coordination of coastal policy and planning with broader resource management and land use decisions at national, regional and local levels. However, the New Zealand system of government is not bedeviled by the same tripartite arrangement that we have here in Australia, with Commonwealth, state and local spheres of government.

In addition, research is showing that up to three-quarters of people surveyed in Queensland and New South Wales are not happy with the current three-tier system of government, and want the system changed (see Gray and Brown this volume). These surveys also suggest that the most popular option is to abolish state governments and create a two-tier structure of government. As Dr Brown has commented, such a system would see the Federal Government take over stronger policy responsibilities for key services, like health, with delivery of services at a community level necessarily occurring on a more local and regional basis. For many this resonates with suggestions made more than 30 years ago by the Whitlam government, which proposed growth in the federal government and started investing directly in regional bodies between the scale of the current state and local government tiers.

The States and Territories, however, would find some kind of federal/regional/local system difficult, because they would cease to exist. So, probably, would local governments, because they too would need fundamental and far-reaching reform. While there is growing support for this sort of framework, the pathway to adoption and the details are wide open. A few principles that could be signed off on, are:

- the federal/state/local government tripartite system is wasteful, ineffective and divisive;
- we are one country, so we need national policy on key issues – education, health, environment, infrastructure etc.;
- regardless of issue or sector, service and policy delivery has always ended up being regional in nature, but based on different boundaries and different institutional arrangements for different issues;
- there is a need for reform in practical ‘bite size chunks’, which allow for regional variation (one size never fits all), and which empowers and engages local communities; and
- finally, we need to move from representational to participatory democracy at the regional level.

Applying these principles, we might begin to see a proposed framework for addressing the dysfunctional state of regional governance in coastal Australia. Its first element would be that the Australian Government should raise the necessary taxes and set the necessary policies for managing this population growth, at a national level. Secondly, however, the regions should engage the community in the process of tailoring the national programs to suit local needs,

feeding policy advice back up to the Australian Government, and delivering the actual programs and services.

The third element of this framework would see state and territory government phased out of any direct responsibility for regional coastal governance, and possibly phased out altogether. The fourth element, however, is that the framework of regional and local government would need to be redesigned to foster more effective participatory democracy – that is, styles of governance which better empower people to have some influence over their lives and their own areas, within the national framework.

This broad framework immediately requires a huge amount of research, options and discussion. The details to be worked out include the broad national policies; the distribution of tax income to regions; clarity about roles and responsibilities; how to engage regional communities and foster this participatory democracy; whether to rely on slow evolution or sudden change; and how to align the existing regional boundaries – in health, education, environment, transport and so on.

How to get there? This is the real question. We live with the reality of a federal system in which the Constitution continues to be built on and to protect the position of state governments, to at least some extent. Removing them is difficult. For these reasons, we need to think creatively, and acknowledge that even when we see our problems as lying in part with our current constitutional structure, at least some of the answers may well lie within it. For example, the Australian Constitution allows for a lot more states to be created, with less constitutional barriers. So the path to an effective federal/ regional/ local framework may be to go from our present eight states and territories, to 50 or 60 states and territories, and call these 'regions'. When it comes to more effective regional governance for coastal Australia, the ideology and terminology we use to describe the result matters far less than the practical workability of the outcome.

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