

SYDNEY COASTAL COUNCILS GROUP Inc.
1 Belgrave Street, Manly NSW 2095
PO Box 82, Manly NSW 1655
Phone: (02) 9976 1502
Email: info@sydneycoastalcouncils.com.au
Web: www.sydneycoastalcouncils.com.au
ABN: 39 638 876 538



Reference: 011-20 SJ

9 March 2020

The Hon. Shelley Hancock MP
GPO Box 5341
Sydney NSW 2001

Re: Clarification of the requirements for cost benefit analyses for Coastal Management Programs

Dear Minister

I write to you to express concern on behalf of our member councils in relation to the preparation of cost benefit analyses (CBA) as part of their Coastal Management Programs (CMPs) for works of modest capital value.

SCCG made a submission on impediments to CMPs in December 2018. Issues included financial constraints such as the 50:50 funding model and requirements for complex and often expensive CBAs. The same issues were raised by SCCG and individual member councils in the independent review of the Coastal and Estuary Grant Program last year.

SCCG believes there are inconsistencies regarding the requirements for CBAs under the Coastal and Estuary Grants Program, NSW Treasury's guideline for CBAs and the NSW Coastal Management Manual.

Policy	When a CBA is triggered
Coastal & Estuary Grants Program Guidelines 2019-20 ¹	Infrastructure works (such as large-scale sand nourishment or coastal protection works) and all projects with a total project cost of \$1 million or more
NSW Treasury's Guide to Cost Benefit Analysis ²	A CBA should be completed and submitted to Treasury where capital expenditure has an estimated total cost of \$10 million or more . A CBA is recommended for initiatives that are considered high-risk but where costs fall below the thresholds.
The NSW Coastal Management Manual ³	Large-scale or long-lasting actions likely to affect a range of stakeholders are considered appropriate for detailed CBA, where risks and impacts and complexity are both rated ' high ' in a risk assessment .

The table summarises contradictory requirements: The Coastal and Estuary Grants Program threshold for a CBA is \$1 million, much less than the Treasury \$10 million guideline, and is not dependent on the assessment of risk nor indicative of the level of detail required in a CBA. We believe the Grants Program threshold is too low, does not include a practical

¹ <https://www.environment.nsw.gov.au/-/media/OEH/Corporate-Site/Documents/Water/Coast-estuary-and-flood-grants/coastal-estuary-grants-program-2019-20-applicant-guidelines-190471>

² <http://treasury.nsw.gov.au/finance-resource/guidelines-cost-benefit-analysis>

³ <https://www.environment.nsw.gov.au/topics/water/coasts/coastal-management/manual>

consideration of proportionality as a guide to the level of CBA required and represents a severe financial impediment to our member Councils.

We recommend that the Coastal and Estuary Grants Program revises the requirements for a CBA so that they are consistent with the NSW Treasury's Guideline and the NSW Coastal Management Manual.

If you have any queries, please contact me on 02 9976 1502 or by email at executiveofficer@sydneycoastalcouncils.com.au

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Joyce', written in a cursive style.

Sarah Penny Joyce
Executive Officer