

Employment Lands Study

Final Report

Cessnock City Council
May 2017



Independent insight.



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EXECUTIVE SUMMARY

Aim and objectives

The overall aim of the Cessnock City Planning Strategy Project is to:

provide a solid foundation of evidence to inform the future sustainable strategic land use development of the Cessnock Local Government Area (LGA) and to develop a comprehensive set of strategic recommendations based on that evidence which will guide the preparation of future major amendment(s) of Cessnock Local Environmental Plan (LEP) 2011 and Cessnock Development Control Plan (DCP) 2010.

This Employment Lands Study is one of the inputs – along with the Urban Housing, Rural Land and Living and Vineyard District studies - to the Cessnock City Planning Strategy. The document review paper outlined key issues, information and gaps to guide this Study.

The objectives of the Employment Lands Study, as outlined under the project brief, are shown below.

- Further develop relevant land use planning related strategies and actions of the ‘Cessnock Economic Strategy and Action Plan’ 2014
- Promote employment, economic growth and competition in the LGA, across all sectors of the economy;
- Identify the quantity and location of sufficient industrial and commercial land across the LGA for employment targets as identified from local and regional projections
- Facilitate the orderly and economic use and development of land within the LGA
- Ensure that land capability and suitability is considered appropriately in land use planning

Methodology

To address the aim and objectives SGS has:

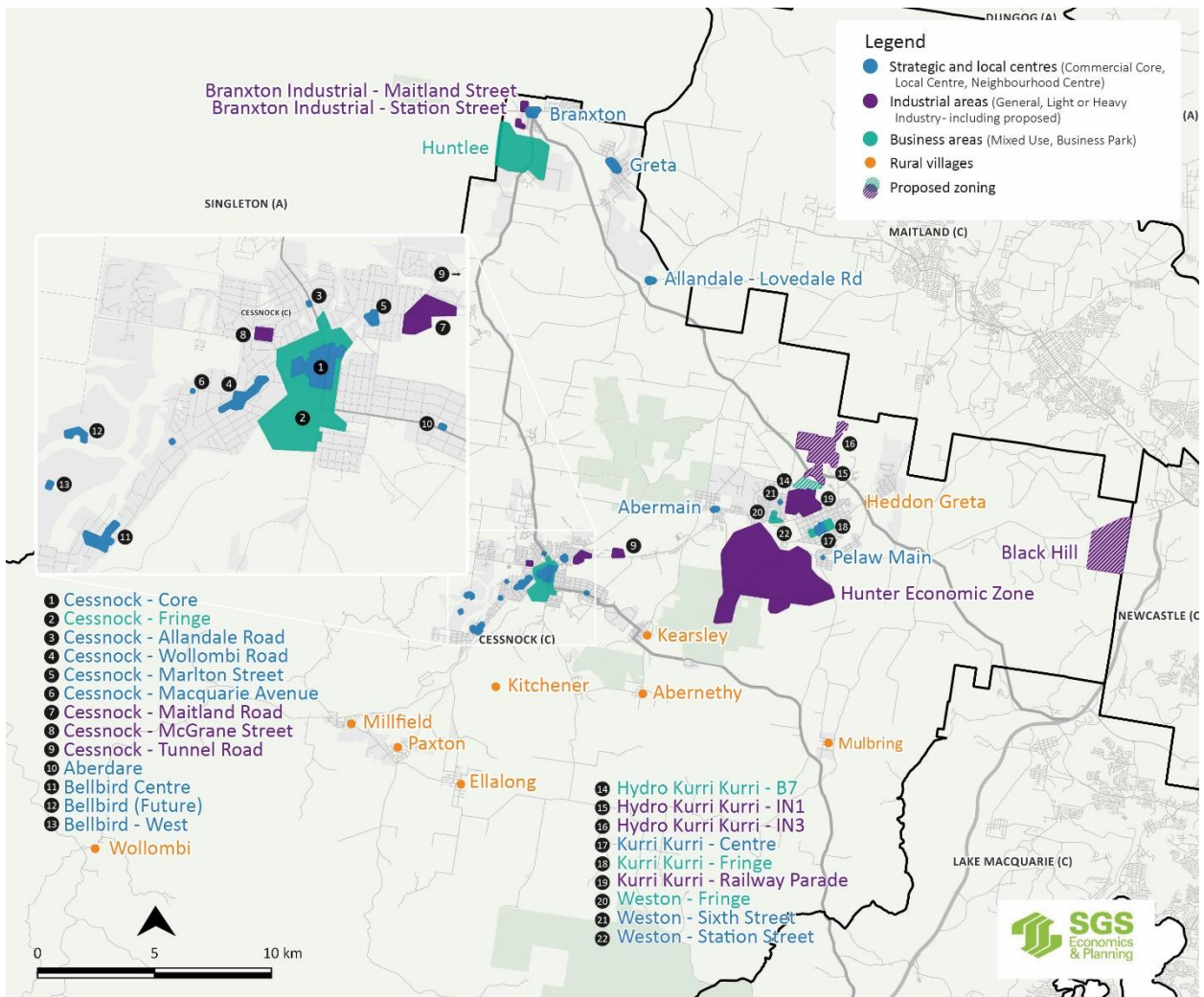
- examined the existing policy framework to account for regional and local strategies that are of direct relevance to Cessnock’s centres and employment lands
- reviewed the national, regional and local economic context to understand the broader forces which will shape the Cessnock economy over the coming decades.
- reviewed the regional development context including key nodes, assets and infrastructure
- undertaken a detailed supply assessment involving analysis of zoning, precincts, lots, building footprints, vacancies, a land audit and site visits (proposed industrial precincts at Hydro and Black Hill were also included in the analysis).
- analysed centres and industrial precincts to inform a demand assessment taking into account population growth, retail expenditure trends, and employment projections.

The demand and supply analysis ultimately informed the remainder of the strategic assessment. This included an alignment of demand and supply, a suitability analysis (only for existing industrial precincts) and conclusions for policy directions

No specific analysis of the impact of mine subsidence, flooding and other such issues was undertaken as part of this Report. The Study Team are aware that mine subsidence could be a significant issue in the Cessnock LGA, if only in causing delays while mine subsidence issues are resolved at the rezoning or development application stage of development.

Audited centres and industrial and business precincts are shown in Figure I.

FIGURE I DISTRIBUTION OF CENTRES AND INDUSTRIAL LANDS ACROSS CESSNOCK LGA



Centres

Cessnock's centres are mostly expected to accommodate incremental floorspace increases in line with population growth and there is sufficient zoned capacity to accommodate the projected increase to 2041.

The exception will be in Huntlee, where a significant residential development is anticipated. There, a new neighbourhood centre will be established to serve the needs of the future population. This report concludes that the new centre in Huntlee is unlikely to have significant impacts on the established centres in Cessnock LGA, provided it is not allowed to grow beyond what is required to serve the needs of the surrounding local population.

Developing local amenities and liveability as an economic driver relates to the housing component of the Study, but it also strongly relates to the quality of urban and commercial centres. Higher order retail expenditure 'leaks' to other centres, such as Charlestown, Kotara, Green Hills and perhaps even Tuggerah on the Central Coast, though Cessnock retains good second tier depth including the major supermarkets.

Prospects for deepening and diversifying the retail offer depend on capturing wider regional and visitor expenditure and this depends on the approach of businesses, assisted where possible by coordinated economic development initiatives – rather than changes to planning controls per se. It is acknowledged that without a shift in sentiment from customers in the core catchment of centres retail innovation can be difficult. Kurri Kurri is principally a local centre with a relatively conservative customer base. Over the medium to long term it may deepen and diversify on the basis of changes within its catchment and given the proximity of the Expressway and proposed developments at Heddon Greta and Hydro, which can generate new custom and expenditure patterns.

The amenity of Cessnock City Centre has improved because the new Expressway has significantly reduced heavy vehicles passing through the Centre. The improved amenity should be capitalised upon by continuing to implement the public domain improvement program initiated by Council and by providing merchandising support and advice to local retailers as a way to improve the attractiveness of their offering.

Because there is not likely to be significant increases in floorspace demand, the aim should be to otherwise consolidate retail and business development in or near existing centres, and promote public and other transport links between them, in particular in the corridor through Kurri Kurri, Weston, Cessnock and Heddon Greta (and perhaps beyond to Gillieston Heights in the Maitland LGA).

Industrial Lands

Cessnock LGA possesses a sufficient allocation of existing zoned employment land supply to meet projected demand to 2046 under a business as usual scenario.

In particular, the Kurri Kurri industrial precinct offers strong access to the Hunter Expressway for businesses with regional links and could be considered the most successful industrial precinct in the LGA, though significant further development may be constrained by flooding. Other scattered precincts around Cessnock and Branxton play local roles in serving the population.

The Hunter Economic Zone (HEZ) is a specialised industrial zone. While possessing a significant volume of industrial land, it has largely been found to be relatively unsuitable for most types of industrial uses. This is due to not only its distance from infrastructure and population centres, but also a range of environmental constraints on large portions of the precinct. These factors potentially increase the cost of establishing and operating a business in the HEZ.

Moving forward, and to provide alternative, high quality industrial area it is logical for Council to provide in principle support for employment lands in proximity to the Hunter Expressway and near the major interchange at Main Road, which links to the population axis defined by the Kurri Kurri to Cessnock corridor, as a means of attracting new investment, provided these meet other merit tests in terms of traffic impacts, environmental impacts, noise separation, visual impacts and buffers etc.

This location suggests that a general and heavy industry future can be supported for the Hydro precinct, with links to the Kurri Industrial Area. A business park adjacent to the Kurri Kurri TAFE, perhaps also linked to the Hydro site, and leveraging off the assets of the TAFE site (conference centre, café, accommodation, training) would provide the best prospect of attracting the office and service activities which locate in business park premises. TAFE may be interested in leasing/selling part of its site to commence this development. Council should consult with TAFE as part of the Hydro Planning Proposal.

The price and ability to accommodate large floorplate industrial buildings is likely to be a competitive advantage, with a major regional competitor for industrial development being the Thornton-Beresfield area on the M1 (bordering the Cessnock, Maitland and Newcastle LGAs). The higher land values in the Beresfield/Thornton areas may favour large floorplate uses locating in the Cessnock area, including in the proposed Hydro and Black Hill precincts. Twenty four hour access, implying good separation from residential areas, is likely to be critical.

While the industrial precincts are generally capable of accommodating forecasted demand, there is currently a lack of precincts that are highly suitable for heavy or general industry. The Black Hill precinct and parts of the Hydro site could potentially fill this role.

Directions

In broad terms Council's land use planning and policy work in support of local economic development should seek to:

- Build on strengths by developing the economic sectors which take advantage of the LGA's assets, and
- Develop local amenities and liveability to maintain and strengthen the local service economy (to reduce the leakage of expenditure outside the region) and to attract new footloose service activities (to align with economic growth sectors and attract income from outside the LGA).

The economy of the Cessnock LGA has been affected by the long term decline of manufacturing and a reduced role for agriculture which have been key sectors in the LGA. Mining has been strong in the past and while it faces an uncertain future it is likely to continue to provide base level employment for residents in the short to medium term, notwithstanding the cyclical nature of mining employment. These sectors are trade exposed with modest prospects for growth.

Without a major regional centre, university or teaching and/or clinical hospital the LGA will grow health and education jobs incrementally though they will become a larger share of the total as the population ages and spending on education increases.

Cessnock is unlikely to develop a 'higher order economy' to rival Newcastle's because it is not a regional centre but it can attract new service firms if it provides quality environments for 'start-ups' and high amenity centres within which professionals providing population related services are willing to locate.

The wine industry and related tourism and visitor activity are critical to the LGA as these attract investment and income from outside the LGA, though they face significant competitive pressures. It goes without saying that the conditions for these activities to grow and prosper need to be protected and further developed, including synergies with town and village centres.

A range of economic development ideas have been included in this Report but its principal focus is on land use recommendations and initiatives. The following summarises the directions identified and includes some specific ideas about modifications to planning controls.

Where recommendations for particular precincts are not provided, the conclusion is that the existing planning and development settings are largely satisfactory, and no change is suggested.

1. Generate new employment opportunities around the Kurri Kurri – Hunter Expressway node

Key planning recommendations for this area relate to leveraging off the Kurri Kurri TAFE, north of the Main Road interchange and options for the Hydro site with access to the Hart Road interchange, as follows.

- Support the proposal for B1, IN1 and IN3 zones in the Hydro precinct.
- Investigate the potential to develop a business park precinct in the area currently proposed for R2, north of Bowditch Avenue opposite the Kurri Kurri TAFE, building on its accommodation, restaurant and conference facility assets. This site has good access to the Expressway which could be improved further by linking it to the Hydro site (Hart Rd freeway ramp) to the west, and possibly Heddon Greta (Main Road) freeway ramp to the east). This would require the introduction of a new B7 zone in the Cessnock LEP (building on the B7 zone in the Standard Instrument).
- Apply a 'new' B5 Business Development zone to the Hydro site (currently proposed for B7) south of the Expressway and north of the existing Kurri Kurri industrial area (this would somewhat replicate but replace the current B7 zone in the Cessnock LEP). Further investigations are required to address

access arrangements which could be delivered via a Voluntary Planning Agreement. For example, with appropriate negotiation and cost sharing a road linking the existing Kurri Kurri industrial area to this precinct and another link to the business park area (suggested above) and TAFE via Hart Road could be developed.

This would create a strategic and mixed use employment precinct that offers a variety of settings for a diversity of industries and employers in a highly accessible location, and builds on the presence of nearby residential and services.

2. Review the zone boundary of the Hunter Economic Zone

Given the limits to future demand and the characteristics of the precinct, it is appropriate to reassess the zone boundary for the HEZ to reduce its size while still providing sufficient sites accommodate large land users and/or capital intensive industrial activities in the future. A new boundary would avoid the most sensitive environmental constraints while including areas with existing service provision. Significant sites or prospects for large footprint development should be retained. Areas excluded or excised would be rezoned to E2 Environmental Conservation, thereby highlighting their eligibility for bio-diversity banking and associated credits. More work is required to identify the appropriate new zone boundary.

3. Resist additional proposals for industrial land beyond current proposals

To avoid the risk of excessive oversupply and infrastructure and other cost risks it is recommended that no additional proposals beyond Hydro and Black Hill, should be contemplated until the next major employment lands review. We suggest this be conducted in 10 years to provide for a period of stability, allow the market to mature somewhat and consolidate development in existing precincts or those zoned for industrial within this time period. The timing of the development of Hydro and Black Hill should consider the overall availability of land, the benefits of sequential development and economies of servicing.

4. Ensure existing centres meet local retail and service needs

The direct planning and infrastructure implications from this direction are modest because there is sufficient zoned land and capacity to meet anticipated demand. However, the following planning related recommendations are relevant:

Adopt a centres typology to manage new and out of centre retail proposals

In a departure from the more fine grained approach in the previous Lower Hunter Regional Strategy (2006) the new Hunter Regional Plan only explicitly identifies 'strategic centres' (Cessnock and Kurri Kurri in this LGA) and 'centres' (Branxton). Clearly there are numerous other centres in the LGA which are of local significance. The traditional economic retail classification includes regional centres (not present in Cessnock LGA), sub-regional centres, town centres, neighbourhood centres, small neighbourhood centres and local centres with floorspace guidance at each level.

This has been adapted, as shown in the table below, to a centres typology for the Cessnock LGA. This report suggests there is no case for a new centre or major retail floorspace (including bulky goods floorspace) outside of the already zoned business centres (or proposed zones) identified in this table.

STRATEGIC AND ECONOMIC CLASSIFICATION CONCORDANCE AND CENTRES TYPOLOGY

Strategic classification	Traditional economic classification	Notional size and description (not including bulky goods)	LGA Centres
Hunter Regional Plan Strategic Centres	Sub Regional Centre	Over 25,000 sqm of retail floorspace and at least one discount department store	Cessnock including existing B7/proposed B5 zone on Vincent Street
	Large Neighbourhood Centre	Between 10,000 sqm to 25,000 sqm of retail floorspace with at least one full line supermarket anchor	Kurri Kurri
Hunter Regional Plan 'Centre'	Small Neighbourhood Centre	Between 2,000 sqm to 10,000 sqm of retail floorspace with at least one small supermarket anchor	Branxton
Local Centres	Other Neighbourhood Centres	Between 2,000 sqm to 10,000 sqm of retail floorspace with at least one small supermarket anchor	Huntlee (proposed) Weston
	Local Centres	Up to 2,000 sqm, e.g. with general store and other local shops	Greta, Bellbird Centre, Wollombi, Kearsley, Abernethy, Aberdare, Paxton, Kitchener, Heddon Greta, Ellalong, Abermain, Pelaw, Main, Millfield, Mulbring

Encourage high amenity, authentic and pedestrian friendly environments by:

- Establishing signage and design guidelines to encourage a high quality and coherent appearance
- Develop consistent public infrastructure and facilities (seating, paving, fixtures) and landscaping policy specific to Cessnock, to guide Council expenditure in its centres.

Ensure Huntlee develops to meet local demand only

- monitor development progress and ensure that only the immediate development's retail and service needs are provided for in its centre and immediate environs. Retail or other employment related floorspace that is proposed over and above 8,300 square metres (the estimated 2046 requirement) should be justified by reference to impact evaluations including a net community benefit test.
- encourage subdivision patterns which allow for future expansion of retailing and commercial activity beyond the boundaries of the initial 'big box' centre. Precinct planning via a Development Control Plan should provide sufficient scope for contiguous and pedestrian friendly expansion of centres.

5. Refine planning controls in and on the fringe of key centres

Cessnock Centre and Fringe

To allow for the activation of the edges of Cessnock as the market allows over time:

- extend the Mixed Use (B4) zone in Cessnock town centre effectively to the midblock either side of Vincent Street (rear of the lots fronting Vincent Street), thereby retaining Commercial Core (B3) along Vincent Street to protect its fine grain, historic retail character.
- identify which of the street frontages in the new Mixed Use (B4) zone area in Cessnock require active street frontages based on pedestrian desire lines and existing amenity, to encourage additional retail and small scale commercial floorspace, via an LEP amendment.

- introduce a ‘new’ B5 Business Development zone in the existing B7 area along Vincent Street immediately south of the Cessnock City Centre, which will be similar to the existing Cessnock LEP B7 zone in content but consistent by name with the B5 zone in the Standard Instrument for LEPs which is typically used for bulky goods precincts
- introduce a new B7 Business Park zone, again consistent with the Standard Instrument, to encourage office and high tech uses in the future, to replace the existing western part of the B7 zone in the fringe commercial area of Cessnock

Huntlee

To ensure consistency with other centres and typical planning approaches, a complex of appropriate zones should be established in the Cessnock LEP to replace the single mixed use zone for the Huntlee centre. The indicative use precincts identified in the Huntlee Development Control Plan might provide a basis for this with the following guidance in terms of zones and size::

- a B2 Local Centre zone of up to 3 hectares for local centre retailing,
- a B5 Business Development zone of up to 2 hectares for bulky goods and other commercial development
- RE1 for the open space areas
- R3 and possibly R1 for the surrounding residential and the balance as appropriate.

Weston Fringe

In the Weston context the B4 Mixed Use zone seems ‘out of place’. Typically this zone is used where there is a genuine prospect of relatively intense, integrated retail or commercial with residential development. This doesn’t seem to be the case in Weston in its fringe areas. Nevertheless there is no ‘harm’ in retaining the B4 zone and it allows for the mix of shops and dwellings to ‘conform’ in this location. It would seem reasonable however to amend the zone to allow secondary dwellings or semi-detached dwellings with consent (currently prohibited). This will obviously apply to all areas within Cessnock zoned Mixed Use. Any alternative residential development forms which can add to density should be welcomed in the mixed use context in the Cessnock LGA.

Kurri Kurri Fringe

To provide consistency in zoning and discourage the leakage of commercial and retail premises outside the core business area of Kurri Kurri:

- the B4 Mixed Use zone at the western edge, at Alexandra Street, should be rezoned to B2 Local Centre, given it contains a motel and service station, while the block to the north on the south west corner of Brunker and Alexandra should be rezoned to R3 consistent with the adjacent zone.
- the B4 Mixed Use zone east of Victoria Street and straddling Lang Street and Barton Street, should be rezoned to R3, consistent with the surrounding residential area.

6. Contain bulky goods retailing to existing precincts, Huntlee and the Hydro site

In the order of 4,300 sqm, 1,300 sqm and 2,000 sqm (7,600 sqm total) of net bulky goods floorspace has been identified for Cessnock town centre and fringe, Kurri Kurri and Huntlee town centre respectively. Bulky goods and highway service uses have also been proposed as part of the Hydro site development south of the Hunter Expressway near Kurri Kurri. These and existing precincts (including outside the LGA at Rutherford and Green Hills) appear to provide adequate capacity to accommodate anticipated bulky goods floorspace growth. No further bulky goods precincts should be allowed nor uses approved outside of these areas and centres in the Cessnock LGA without a clear understanding of the demand and supply fundamentals, and possible net community benefits or disbenefits of expansion proposals.

7. Ensure planning instruments are clear and meet contemporary standards

Council needs to ensure that its planning instruments have clear content that reflects contemporary planning standards, Council's Development Control Plan and Development Contribution Plan need to be reviewed to ensure that they meet this criteria. This is a high priority task.

8. Develop and integrate the local and village centres as regional visitor and tourism attractions

The land use initiatives outlined in this report for the Centres of the LGA should be accompanied by complementary actions which increase business competitiveness and synergies. For example, many regions with a significant wine tourism industry achieve greater local benefit by:

- ensuring the "town and village centre" experience is authentic, high amenity and of visual/historic interest to tourists
- providing expert merchandising and display presentation support to local businesses
- encouraging town and village centres offer goods and services that complement those available in the viticultural area
- encouraging town and village centres to offer goods and services of a standard commensurate with those offered in the viticultural area
- engaging in collective marketing of the viticultural area and town and village centres as a single coherent product package, for example as promoted by the "Taste of Orange" brand
- using the positive assets of town and village centres to increase the range and depth of tourism product in the area in order to increase visitor satisfaction and length of stay
- promoting local wine and food in restaurants and other food outlets in the town and village centre, as well as in the wider surrounding region- the "100 km paddock to plate concept", for example such as promoted in North eastern Victoria
- ensuring local character is evident in tourism product (which involves a careful balance between world class service and hospitality with local custom and character)
- promoting local employment (through supporting skills training) in the local wine and tourism industry.

1 INTRODUCTION

1.1 Project context

Cessnock LGA is located approximately 120km north of Sydney and 40km west of Newcastle. Cessnock covers approximately 1970 square kilometres within the Hunter Valley of New South Wales and is one of the five LGAs in the Lower Hunter Region. Other LGAs making up the Lower Hunter Region include Lake Macquarie, Newcastle, Port Stephens and Maitland.

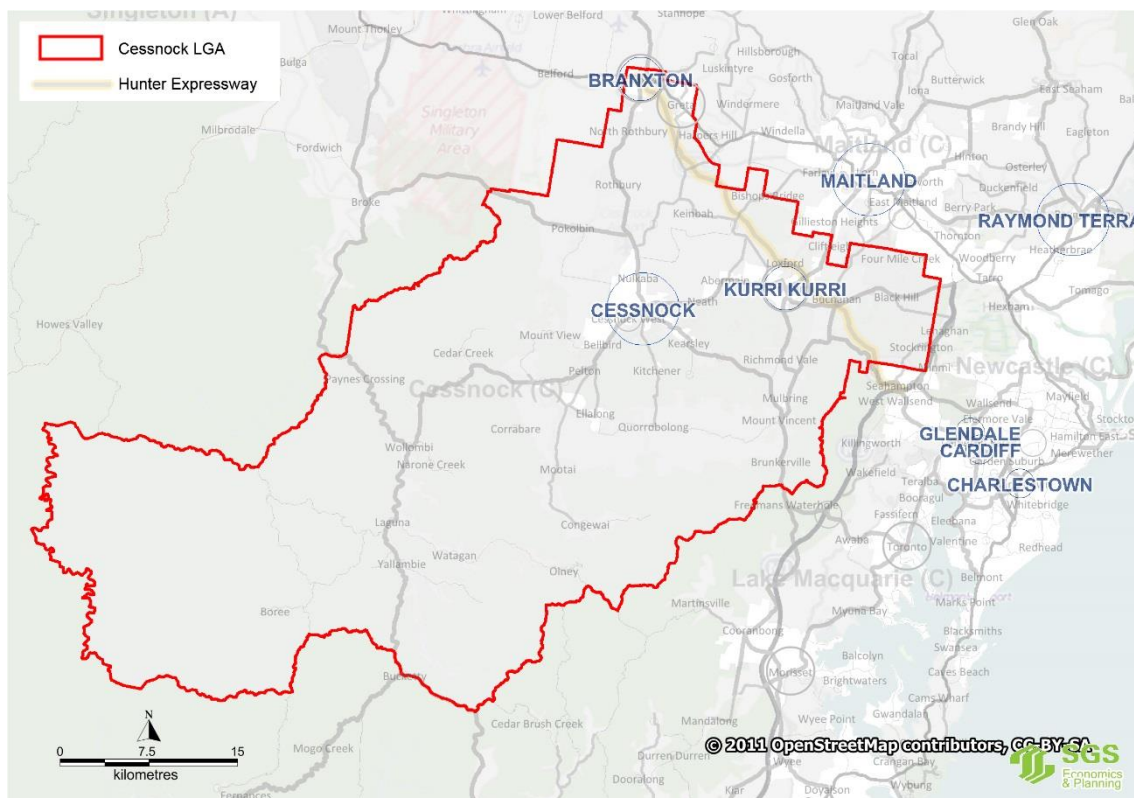
Mining experienced growth between 2006 and 2011. During this period, mining was core to the local economy. While mining was a major employer in the LGA during the first half of 20th century, structural changes in the mining industry led to the closure of all but a few of the mines in the LGA. Notwithstanding this, a significant number of residents work in the coalfields around Singleton and Muswellbrook.

Today Cessnock is most well-known for its vineyards of Pokolbin, Mount View and Lovedale and the associated tourism industry. The Hunter Valley wine growing area in the Cessnock LGA is Australia's oldest wine region and one of the most famous, with around 4500 acres under vine.

The Cessnock LGA is the least populated LGA in the Lower Hunter (52,500 of 541,950 in 2011). The majority of the population within the LGA is located within a thin urban belt between the Kurri Kurri and Cessnock urban centres. Cessnock LGA is highly accessible by road from Sydney, Newcastle, Maitland and the Upper Hunter. The east-west connection between Newcastle and most populated centres in Cessnock has been further improved via the recent opening of the Hunter Expressway (HEX), which links the M1 to the New England Highway just east of Branxton. With improved accessibility along its route, the HEX is also expected to affect the future settlement patterns across the Cessnock, mainly at Heddon Greta/Kurri Kurri and Branxton/Huntley.

The Cessnock Local Government Area (LGA) has experienced a long period of economic transition. Traditional industrial activities, including manufacturing, are becoming less important as employers (for example the decline of the textile, clothing and footwear industries and aluminium smelting) though there are pockets of advanced manufacturing strength, freight and distribution activities are increasingly important, and local service industries are still required to meet the needs of the increasing local population. Globalisation and improved transport links such as the Hunter Expressway mean that employment lands are confronting a changing and more competitive context. To some extent, a contradiction is in play- improved transport has brought markets closer, but it has also allowed competitors to serve the local market. At the same time, service sectors are employing more people but the higher value services are concentrated in larger cities and regional centres. For a regional area tourism linked to the wine industry provides critical export income, but is under constant competitive pressure and feeling the impact of economic cycles. Traditional agriculture is an important though modest contributor to the Cessnock economy. In terms of the retail economy the LGA's centres service mainly local convenience and regular service needs, and are important employment areas.

FIGURE 1 REGIONAL CONTEXT



The overall aim of the Cessnock City Planning Strategy Project is to:

provide a solid foundation of evidence to inform the future sustainable strategic land use development of the Cessnock Local Government Area (LGA) and to develop a comprehensive set of strategic recommendations based on that evidence which will guide the preparation of future major amendment(s) of Cessnock Local Environmental Plan (LEP) 2011 and Cessnock Development Control Plan (DCP) 2010.

This Employment Lands Study is one of the inputs – along with the Urban Housing, Rural Land and Living and Vineyard District studies - to the Cessnock City Planning Strategy. The document review paper outlined key issues, information and gaps to guide this Study.

1.2 Objectives of the Employment Lands Study

This Report documents the characteristics of the centres and employment lands in the Cessnock LGA, and considers the future demand for land in these locations. It provides directions for Cessnock City Council as to how retail, commercial and employment activities can continue to be accommodated in Cessnock LGA over the next 30 years.

The objectives of the Employment Lands Study, as outlined under the project brief, and the response in the Study are shown in the table below.

Employment Land Objectives	Response
Further develop relevant land use planning related strategies and actions of the 'Cessnock Economic Strategy and Action Plan' 2014;	Recommendations and policy directions informed by: – Precinct profiles – Demand and supply alignment – Suitability analysis
Promote employment, economic growth and competition in the LGA, across all sectors of the economy;	A review of zoning and planning settings and controls to maximise competitiveness, investment attraction and business growth opportunities across Cessnock LGA's employment lands
Identify the quantity and location of sufficient industrial and commercial land across the LGA for employment targets as identified from local and regional projections;	– Employment land and Town Centre audits – Employment by industry and retail demand forecasts – Conversion and alignment of audited supply and forecasted demand – Translation into zoned land needs, including specific zoning
Facilitate the orderly and economic use and development of land within the LGA;	Application of land use policy and zoning to optimise land use needs
Ensure that land capability and suitability is considered appropriately in land use planning;	Suitability analysis has been undertaken - particularly for employment lands

1.3 Structure of the report

This report is structured as follows:

Section 2 provides a summary of the key economic trends and drivers which will continue to influence Cessnock LGA's centres and employment lands.

Section 3 focuses on the spatial context, and contains a discussion of regional issues as well as the suitability of Cessnock LGA's employment lands within that context.

Section 4 discusses the town centres and retail in Cessnock LGA, accounting for expected population growth and settlement, and the volume of floorspace which Cessnock requires to service this expected growth.

Section 5 contains detailed analysis of industrial lands and precincts, including future demand and existing supply.

Section 6 presents a set of directions and planning policy recommendations.

2 ECONOMIC CONTEXT

Overview

This Section provides the macro and local employment and economic context for development in Cessnock LGA.

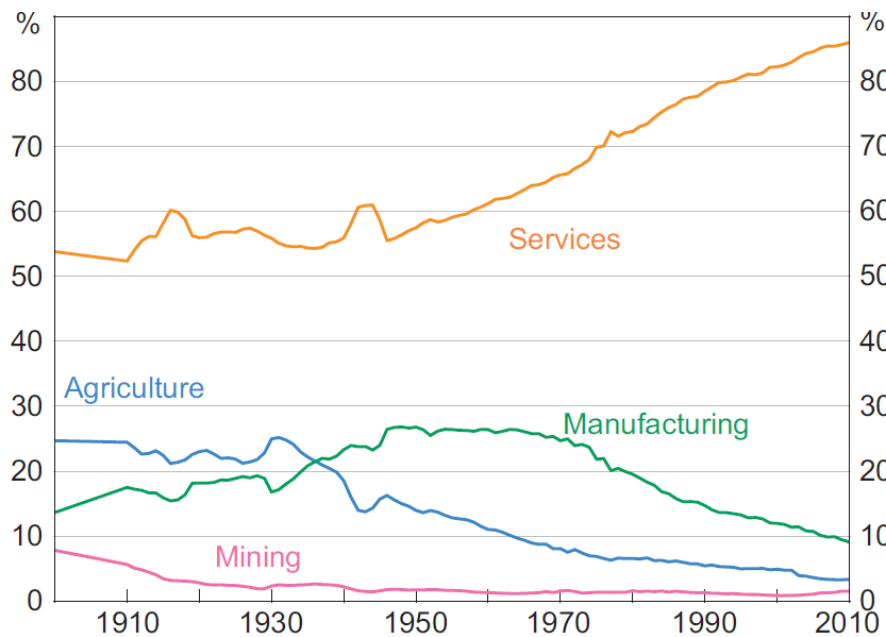
2.1 Structural economic changes in Australia

Until the early 1980s manufacturing was the dominant economic sector in Australia, notwithstanding specialisations in particular industries, for example, tourism, agriculture and mining in regional areas. Business services were concentrated in the central core of the major cities. Regional centres served agricultural and rural hinterlands.

The growth of outsourcing and subcontracting parts of the production process, and the movement of production activities across national borders, with the reduction of trade barriers, has had a profound impact on the structure of Australia's economy. Australia's economic and employment backbone has transitioned from one built on agriculture and manufacturing to one predominately supplying services, with competitive advantage generally achieved through specialising in activities higher up the value chain, such as in advanced business services in *finance and insurance*, as well as *professional, scientific and technical service* industries.

Figure 2 highlights long run trends in employment in the major economic sectors. Services now provide almost 90% of jobs while agriculture, manufacturing and mining (all traditional mainstays of the Cessnock economy) employs the rest.

FIGURE 2 AUSTRALIA'S CHANGING EMPLOYMENT PROFILE

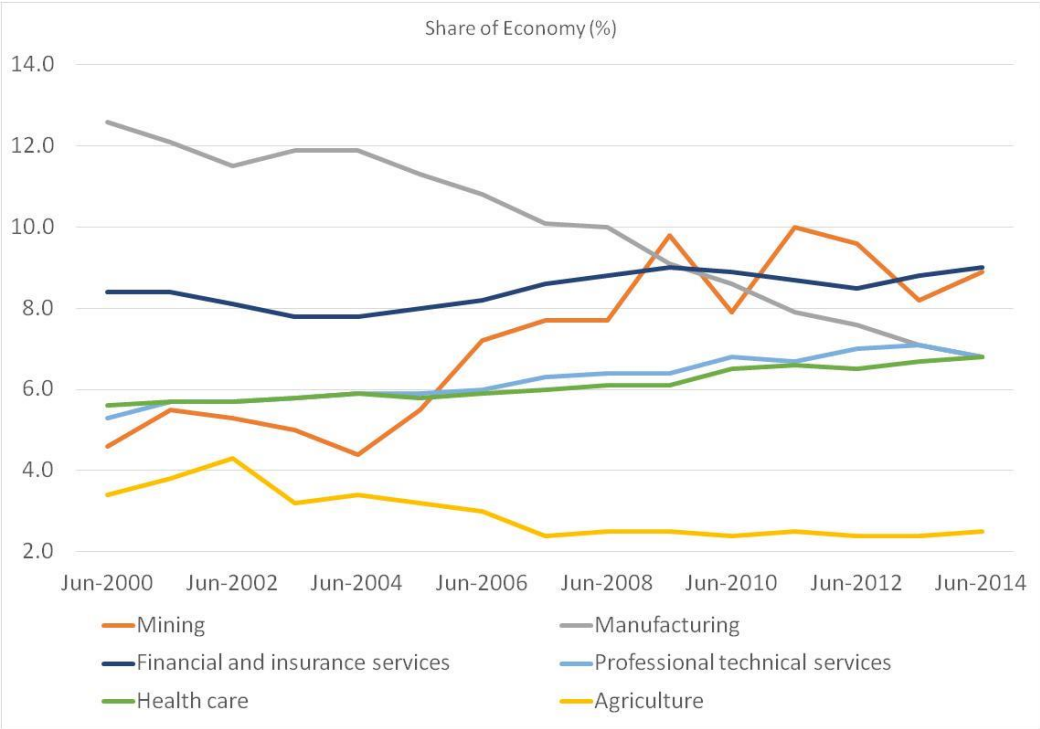


* Data are interpolated between 1900 and 1910

Sources: ABS; RBA; Withers, Endres and Perry (1985)

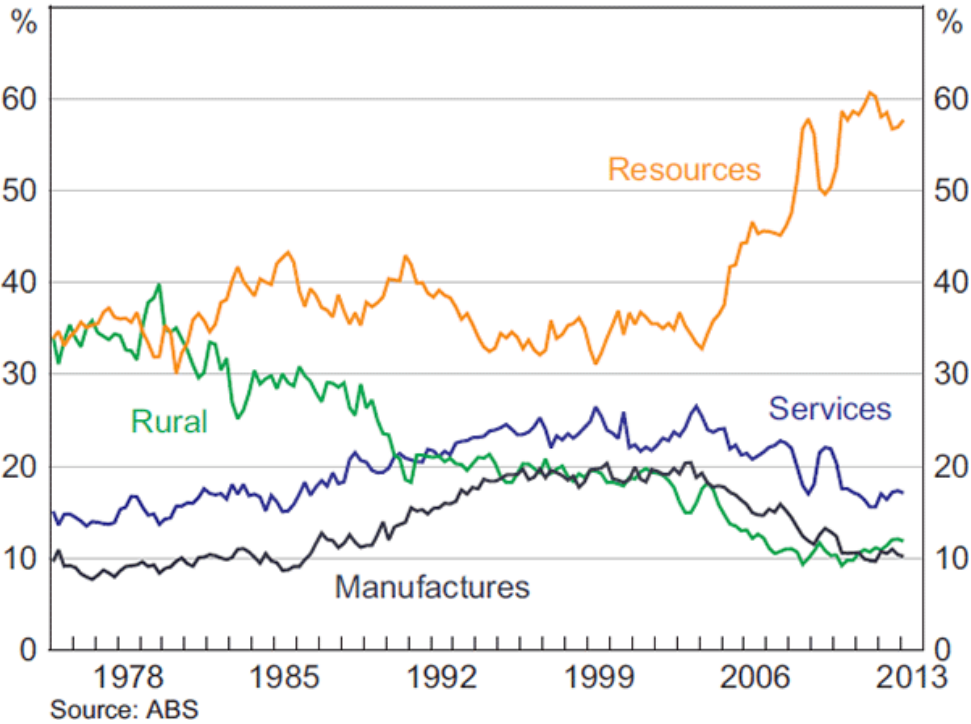
Nevertheless, a large but declining share of national income is still concentrated in the primary and resource sectors (see Figure 3), which also remain key export earners (see Figure 4).

FIGURE 3 SHARE OF GROSS VALUE ADDED BY SECTOR



Source: Reserve Bank of Australia, 2013.

FIGURE 4 AUSTRALIAN EXPORTS: SHARE OF TOTAL GOODS AND SERVICES EXPORTS



Source: ABS

The mining super cycle pushed the Australian dollar to all-time highs in 2011, which reduced the competitiveness of traditional industries, such as manufacturing, and disadvantaged Australian export industries, including wine and tourism. The Australian dollar has recently depreciated against most major currencies and in particular the US dollar. The decline in demand for Australian resources has seen a fall in Australia's terms of trade and has put downward pressure on the dollar which has provided some relief for trade exposed sectors such as tourism, agriculture and advanced manufacturing.

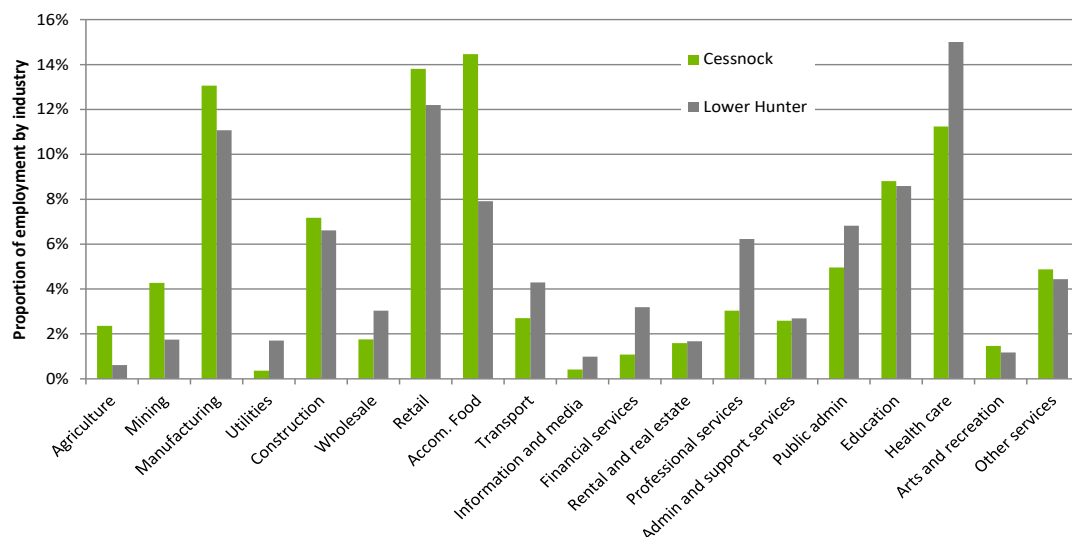
Evidence of this is the growth in tourism to Australia. After a relatively flat period of tourism based exports inbound tourism is growing strongly – assisted by the lower Australian dollar. Nationally there were 7.94 million visitor arrivals for year ending July 2016, an increase of 10.6 per cent relative to the previous year. NSW gets over half of Australia's inbound tourism, but this is dominated by Sydney.

2.2 Cessnock LGA's employment and economy

The 2011 Census found there were around 14,180 jobs in the Cessnock LGA, up from 12,915 in 2006. With 20,350 resident workers in 2011 and around 55% of these going to workplaces outside the LGA (mainly to Singleton and Maitland LGAs) there is a relatively high economic dependency on surrounding LGAs.

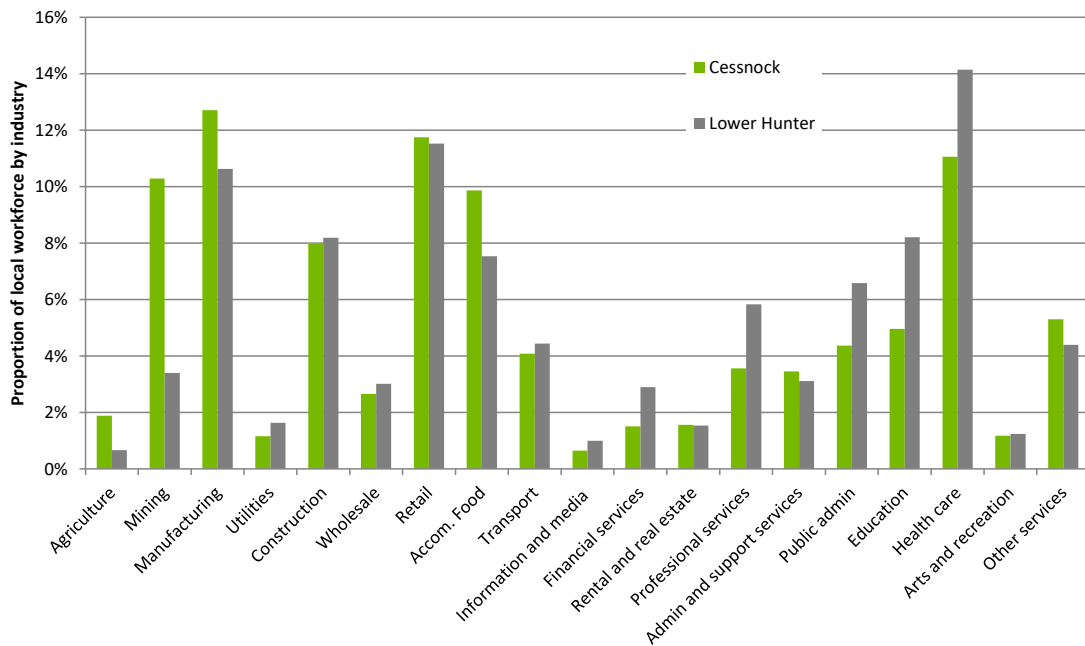
Cessnock's employment base, for both local residents and jobs within the LGA (see Figure 5 and Figure 6), is concentrated in population serving industries such as retail and health. There is evidence of specialisation in viticulture and rural industries, and tourism (given the relatively higher shares of employment in agriculture and accommodation compared to the Lower Hunter overall). The graphs with data from 2011 also show that Cessnock has strong employment in manufacturing, although the closure of the Kurri Smelter in 2014 (production ceased in 2012) will reduce this apparent strength. There is also some continuing employment of residents in mining industries, as evidenced by workers commuting to Singleton.

FIGURE 5 SHARE OF EMPLOYMENT BY INDUSTRY IN CESSNOCK LGA VS LOWER HUNTER, 2011



Source: ABS Census 2011

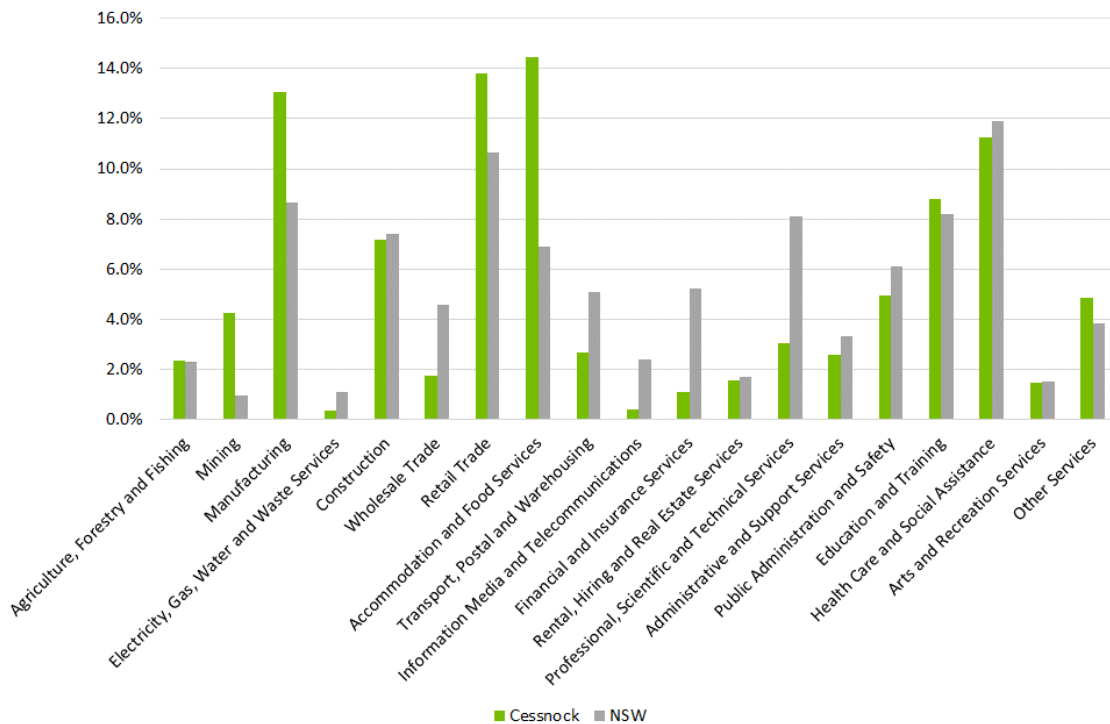
FIGURE 6 SHARE OF EMPLOYMENT BY INDUSTRY FOR CESSNOCK RESIDENTS VS LOWER HUNTER RESIDENTS



Source: ABS Census 2011

The relative strengths of Cessnock in the food, tourism, mining and manufacturing industries is confirmed by Figure 7 which shows the share of employment in different industry sectors in the LGA compared to the State as a whole.

FIGURE 7 SHARE OF EMPLOYMENT BY INDUSTRY IN CESSNOCK RESIDENTS VS NSW



Source: ABS Census 2011

Further insights on the strategic sectors in the Cessnock LGA can be gained by categorising the employment sectors in the LGA by their location quotient (LQ). The LQ is a ratio of the proportional representation of the sector in the LGA versus the proportional representation of the sector across the State. An LQ of greater than 1.0 signifies that the LGA has a specialisation and competitive advantage in the sector.

Table 1 again highlights the strengths already discussed with mining, tourism (accommodation and food) and manufacturing having a LQ significantly above 1. Retail and other services are also above 1 showing that in 2011 at least, the LGA was 'holding its own' as a location for population related activities. This role may have diminished somewhat with the increased accessibility to out of LGA centres as a result of the Hunter Expressway, and the growth of Green Hills and other out of LGA retail centres.

The obvious risk for the LGA with this industry profile is a reliance on sectors such as mining and manufacturing which are trade exposed. On the other hand tourism related sectors such as accommodation and food are also trade exposed and vulnerable to domestic economic cycles, and while national forecasts for tourism related sectors are generally positive as the share of spending on services and 'experiences' grows, there is a need for continual renewal of offerings to maintain competitiveness. Tourism in Cessnock for example has been facing high competition in terms of both leisure tourism and the conventions trade from Australian and international competitors.

There are a number of sectors with an LQ just above or below 1, indicating parity with NSW in terms of 'specialisation'. Of these education and health are major growth sectors though Cessnock's ability to capture a significant share of these future jobs (beyond those that will be local population related) may be constrained by the absence of an existing major health or educational asset, linked with tertiary level and professional education, notwithstanding the role of Kurri TAFE as an important deliverer of hospitality training. Nurturing the Cessnock District Hospital and Cessnock's LGA's TAFE's and growing niche specialisations is desirable, though mostly dependent on decisions outside the control of Council. With the ageing of the population and with pressure on the jobs of workers in traditional sectors such as manufacturing, aged care and mental health services are likely to be growth areas, while further development of existing training opportunities for local people to add value to visitor services and offerings should be part of growing the integrity and quality of the local wine and tourism sector. The recent announcement for a substantial expansion of Cessnock Gaol is likely to increase public safety and administration employment, as well as in the plethora of support industries for the gaol.

There is a very low representation of professional services, financial services and information, media and telecommunications. This is not surprising given these higher value jobs are typically concentrated in major regional centres and capital cities.

Figure 8 tracks the growth of all industries across Cessnock LGA in the previous intercensal period. Most industries grew significantly, with the upsurge in mining offsetting the stagnation in manufacturing. More recently the reduction in mining construction and a downturn in the growth in demand for coal will have reduced mining related employment. It is noted that many manufacturing related industries in the Lower Hunter are also dependent on the mining industry to some extent, and frequently highly so.

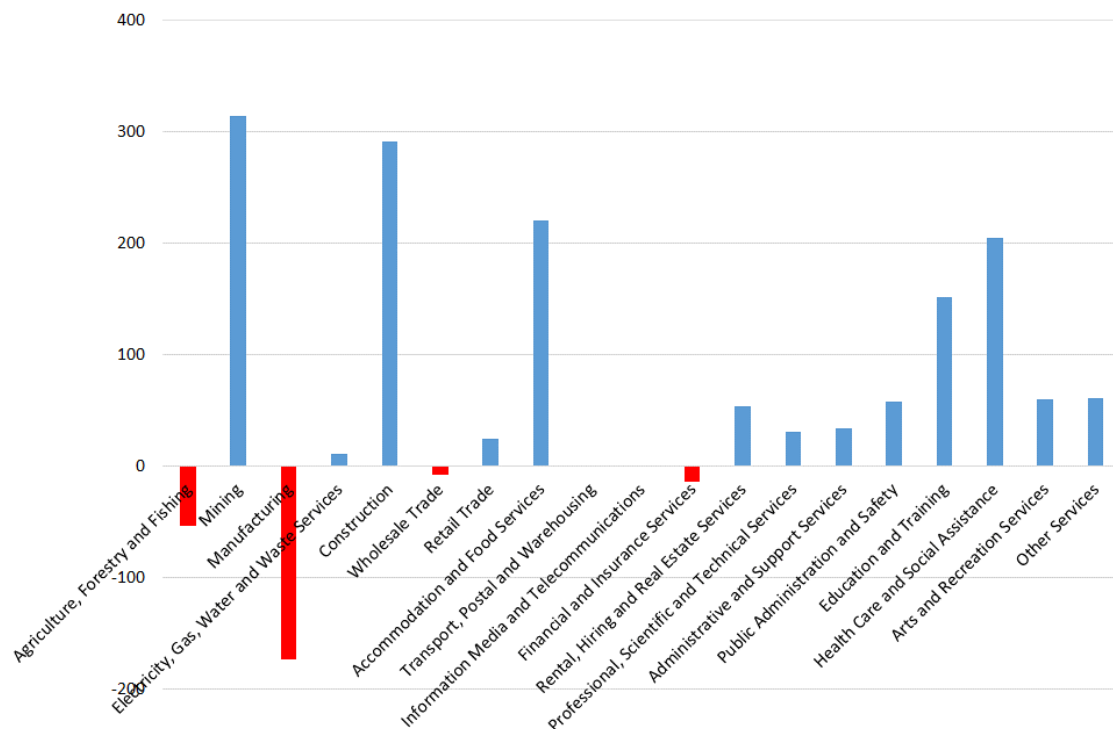
Some of the industries which are underrepresented in the LGA have increased their employment presence— indicating some diversification is emerging beyond the traditional resource and physical product based exports, though these are mostly in population related sectors rather than high value business services.

TABLE 1 CESSNOCK LGA LQ VS NSW BENCHMARK (2011)

Industry	Cessnock LGA Jobs	Cessnock Quotient	NSW Jobs	NSW Quotient	LQ
Mining	601	0.04	29,798	0.01	4.30
Accommodation & food services	2,031	0.14	206,261	0.07	2.10
Manufacturing	1,835	0.13	258,914	0.09	1.51
Retail trade	1,940	0.14	318,844	0.11	1.30
Other services	685	0.05	115,590	0.04	1.26
Education & training	1,237	0.09	245,242	0.08	1.08
Agriculture, forestry & fishing	331	0.02	68,882	0.02	1.03
Construction	1,006	0.07	221,682	0.07	0.97
Arts & recreation services	205	0.01	45,555	0.02	0.96
Health care & social assistance	1,578	0.11	356,522	0.12	0.94
Rental, hiring & real estate services	223	0.02	50,887	0.02	0.93
Public administration & safety	697	0.05	183,410	0.06	0.81
Administrative & support services	363	0.03	100,353	0.03	0.77
Transport, postal & warehousing	379	0.03	151,954	0.05	0.53
Wholesale trade	249	0.02	137,212	0.05	0.39
Professional, scientific & technical services	426	0.03	242,500	0.08	0.37
Electricity, gas, water & waste services	49	0.00	33,852	0.01	0.31
Financial & insurance services	153	0.01	156,936	0.05	0.21
Information media & telecommunications	57	0.00	71,630	0.02	0.17

Source: ABS Census 2011

FIGURE 8 EMPLOYMENT GROWTH CESSNOCK LGA 2006 TO 2011



Source: ABS Census 2011

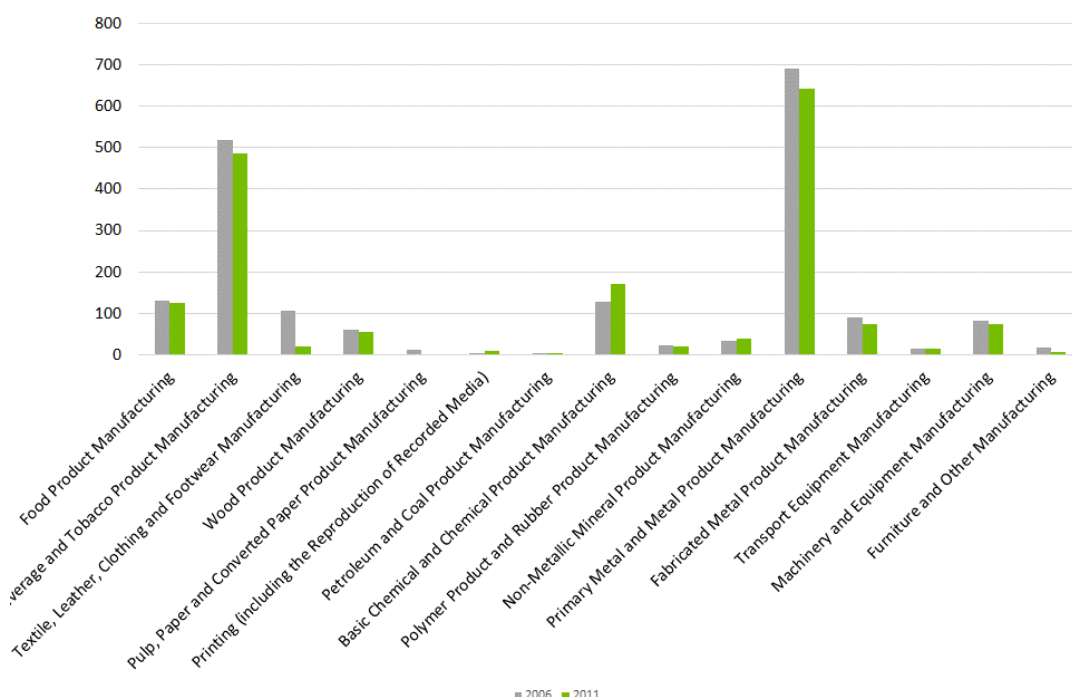
Figure 9 and Table 2 (manufacturing sub-sector employment change 2006-11 and Location Quotient 2011 respectively) provide more detail on manufacturing employment and show that in 2011 Cessnock LGA had industrial specialisations in beverage manufacturing, likely to be concentrated in the wine industry, and metal product manufacturing, which would have been concentrated in the Kurri aluminium smelter which has closed, as well as engineering companies which have some dependency on the now slowing mining industry.. There is another apparent spike in chemical manufacturing employment, though not in other manufacturing sub-sectors.

As a group, manufacturing employment generally declined across the LGA in the 2006 to 2011 period. This is a trend that is generally consistent across New South Wales. Stagnation in employment numbers does not necessarily suggest the industry is shrinking its output. As industrial activities have become increasingly capital intensive across developed economies (and labour intensive production outsourced to developing economies), industrial output can increase where employment numbers have either fallen or declined. This has two major implications for Cessnock LGA.

First, it means that planning for industrial lands is still necessary, as these lands accommodate businesses which provide export and wealth potential for the local economy, in addition to providing space for more population focussed service activities. The imperative is to ensure that the industrial land which is provided has the best chance of success – which will depend on its accessibility, amenity, development/operational costs, and capacity to meet contemporary business needs.

Second, the long term employment prospects of local residents are unlikely to rest solely with the manufacturing sector. As production becomes more capital intensive and mechanised, Cessnock's residents are more likely to find employment in service, professional and allied sectors, with implications for training and education.

FIGURE 9 2-DIGIT ANZSIC MANUFACTURING EMPLOYMENT 06-11 CESSNOCK LGA



Source: ABS Census 2011

TABLE 2 CESSNOCK LGA LQ VS NSW BENCHMARK (2 DIGIT ANZSIC MANUFACTURING)

Industry (2 digit manufacturing)	Cessnock LGA Jobs	Cessnock Quotient	NSW Jobs	NSW Quotient	LQ
Beverage and Tobacco Product	487	0.27	8,565	0.03	8.04
Primary Metal and Metal Product	641	0.35	21,350	0.08	4.25
Basic Chemical and Chemical Product	172	0.09	15,172	0.06	1.60
Fabricated Metal Product	74	0.04	16,036	0.06	0.65
Wood Product	55	0.03	13,094	0.05	0.59
Manufacturing, nfd	86	0.05	23,963	0.09	0.51
Non-Metallic Mineral Product	40	0.02	11,996	0.05	0.47
Food Product	126	0.07	46,328	0.18	0.38
Polymer Product and Rubber Product	21	0.01	9,979	0.04	0.30
Machinery and Equipment	75	0.04	36,136	0.14	0.29
Textile, Leather, Clothing and Footwear	19	0.01	10,530	0.04	0.26
Petroleum and Coal Product	3	0.00	2,216	0.01	0.19
Transport Equipment	14	0.01	14,541	0.06	0.14
Printing	10	0.01	12,091	0.05	0.12
Furniture and Other	8	0.00	11,132	0.04	0.10
Pulp, Paper and Converted Paper Product	-	0.00	5,782	0.02	0.00

Source: ABS Census 2011

2.3 Growth industries over the next decade

There will always be conjecture over which industries are likely to grow in the future. Nonetheless, it is generally agreed that growth industries in the Australian context are largely focused around commodities, perishable products and advanced/innovative sectors. This is because these industries are most likely to utilise the nation's greatest economic strengths in terms of natural resources, pastoral/arable land and a highly skilled workforce.

According to the Australian Bureau of Statistics (ABS), the five major industrial production growth sectors in Australia are:

- Advanced manufacturing,
- Mining equipment, technology and services,
- Oil, gas and energy resources,
- Medical technologies and pharmaceuticals, and
- Food and agribusiness

All of these industries potentially present opportunities for the Hunter Region's business community and four of the five have a presence in Cessnock (all except medical technologies and pharmaceuticals). However, it is likely to be advanced manufacturing, and food and agribusiness, which present opportunities, and requires a planning response from a land allocation perspective. Food and agribusiness are the subject of the Rural Lands and Living and Vineyard District Studies. Mining equipment, technology and services are often imported from major centres or from 'head offices' located elsewhere, though there may be some opportunities for businesses in Cessnock to participate in the broader supply chain (for instance, providing ongoing servicing of mining equipment, metal

fabrication and engineering of new equipment, and manufacturing tools which help operate mining equipment).

Non-production based growth sectors in Australia include:

- Education
- Aged care
- Tourism

While these are not necessarily industries which are accommodated on employment lands (which along with centres are the focus of this study), Cessnock City Council should nonetheless consider these opportunities within its economic development activities. Tourism has many dimensions, some of which will be supported by effective planning for town centres and specifically the wine/leisure tourism/convention related tourism industry (the latter is the subject of the Vineyard District study).

2.4 Cessnock LGA economic prospects

While governments (Local, State and Federal) may be limited in their ability or willingness to influence broader economic trends, policy making can play a significant role in determining how the economy ultimately impacts on communities. Local Governments have a responsibility to be aware of how these changes are likely to affect the employment and economic prospects of residents and businesses, and provide a platform to enable the local area to 'make the most' of its assets and characteristics. As much as possible the aim should be to ensure that businesses can maintain/develop or increase their competitiveness based on good infrastructure, services and development regulations, and that residents have reasonable access to suitable employment and services.

Cessnock is unlikely to develop a 'higher order economy' to rival Newcastle's or major new export industries, so it will be important to base a future economic vision on:

- Building sectors which take advantage of the assets of the LGA (existing strengths), and
- Developing local amenities, infrastructure and liveability to maintain and strengthen the local service economy (to reduce the leakage of expenditure outside the region).

Broad industry specific prospects for Cessnock LGA and implications are as follows.

Broad industry sectors	Cessnock LGA prospects
Agriculture including viticulture	Modest prospects in general for farm agriculture given fragmented holdings and encroachment, though wine and viticulture and related tourism are critical as they are one of the few sources of income from outside the LGA. It is noted that the production of wine itself is under severe competitive pressure. This sector and these industries need to be carefully managed to ensure they grow and attract visitors.
Mining	Employment is concentrated in coal mining (mostly outside the LGA) which is facing an uncertain medium to long term future, though demand for mining activity is likely to persist in the short to medium term given the industrialisation of other major industrial economies around the world. Prospects for a much greater role in the value chain are minimal and land use implications for this Study are modest, though there will be a continuing role in industrial areas to support servicing, storage and the service industry needs of workers and firms in the sector.
Manufacturing	Unrealistic to expect any major new investment or significant growth in this sector in the LGA; nevertheless any prospects for attracting advanced manufacturing activities will depend on the availability of employment lands with good transport access (for inputs and labour), connectivity to

	regional or metropolitan markets, separation from residential activities, and room to grow.
Retail Trade	Important to minimise leakage of expenditure outside the LGA for this important employment sector; town centres which host these services need to be accessible, have high physical amenity, have sufficient parking spaces, quality merchandising presentation and service, and a diversity of activity and offerings. Out of centre developments which detract from established centre prospects should be minimised; large format stores should be clustered to support existing activities and centres where possible.
Accommodation and Food Services	These are tourism related activities which underpin the 'export' income which the LGA receives. Concentrating these services within established centres and precincts, such as Pokolbin, will contribute to developing a critical mass and diversity of activity. Tourism is largely based in the Vineyards area, and Cessnock town centre and some village centres need to examine strategies to increase their attractiveness to tourists (noting their heritage streetscapes), in terms of physical attractions and interpretation, amenities and services.
Transport, Postal and Warehousing	These are land hungry activities under-represented and with modest prospects in the LGA (because of its distance from major population centres), though any future growth is most likely hosted in and attracted to the Hunter Expressway corridor where distribution networks are maximised. Some locally focussed activities in this sector will utilise light industry precincts nearer to local population centres.
Population related services including real estate, public administration, other administrative services	Will be an expanding share of the local economy as the population grows and spending on local services increases. The aim should be to host these in established town centres including in stand-alone office buildings, or ground and first floor retail. Zoning and development controls in town centres should facilitate these activities as much as possible. The exception would be the proposed jail, which may not be located close to centres, but should still provide for a source of local employment opportunities.
Business services including financial, professional, information media	These jobs tend to be concentrating in major regional centres and capital cities, with LGAs like Cessnock 'missing out'. Economic development would focus on growing these services as inputs to the wine industry value chain (e.g. services such as label design, marketing, business development, financial advice). Locational implications for this Study are modest except that towns and villages need to have sufficient 'character' and amenities to attract professionals in these sectors.
Education and Training	Grow with population and consolidate training services. The local TAFE provides training in hospitality and this, and continued development of visitor facilities, is important in keeping up with best practice and ensuring the tourism offer is continually refreshed. Few implications for this Study.
Health Care and Social Assistance	Grow with population aim to build specialisations in aged and mental health care services. Few implications for this study.
Arts and Recreation Services	Currently 'at par' with NSW in terms of the share of employment in the LGA. Could build a niche or stronger role to add to the diversity of visitor experiences including strengthening the appeal of existing town and village centres. Few implications for land use though worthy of economic development focus.

3 STRATEGY, POLICY AND DEVELOPMENT CONTEXT

Overview

The Cessnock LGA sits in quite a dynamic region, though the LGA itself is not necessarily a focus for significant state level strategic planning and investment. This Section reviews the regional and local strategy and policy context, identifies key relevant infrastructure and development projects in the region and draws on this understanding of context and local assets to generate spatial 'suitability analysis' to identify prospects for different employment related land uses.

3.1 Regional strategy and policy context

Hunter Regional Plan 2036 (2016)

The *Hunter Regional Plan* (2016) identifies the Hunter region as the largest regional economy in Australia. The includes an emphasis on resource industries and agriculture as well as growing employment in service industries, tourism and managing industrial lands to support manufacturing, construction, transport and supply chain industries. Unlike the earlier LHRP (2006), the Hunter Regional Plan incorporates consideration of the impacts of the Hunter Expressway.

The Plan identifies population, dwelling and employment projections for Cessnock LGA to 2036. By 2036, the population is forecast to reach 69,250 (+13,150) with an additional 6,350 dwellings. Employment is projected to reach 25,497 by 2036 which is an increase of 6,592 jobs.

The Cessnock LGA is mostly within the broadly defined Greater Newcastle in the new Lower Hunter Regional Plan (see Figure 10). This implies it is to be a focus for increased connectivity with other locations and centres within this identified area. The settlement axis from Cessnock to Kurri Kurri and beyond towards Maitland is highlighted as a corridor supporting a growth area.

Cessnock and Kurri Kurri centres are identified as strategic centres, with Branxton and Huntlee as 'locally significant centres'. The Pokolbin viticulture area is identified as a 'Critical Industry Cluster'.

Priorities for the strategic centres are as follows:

Cessnock

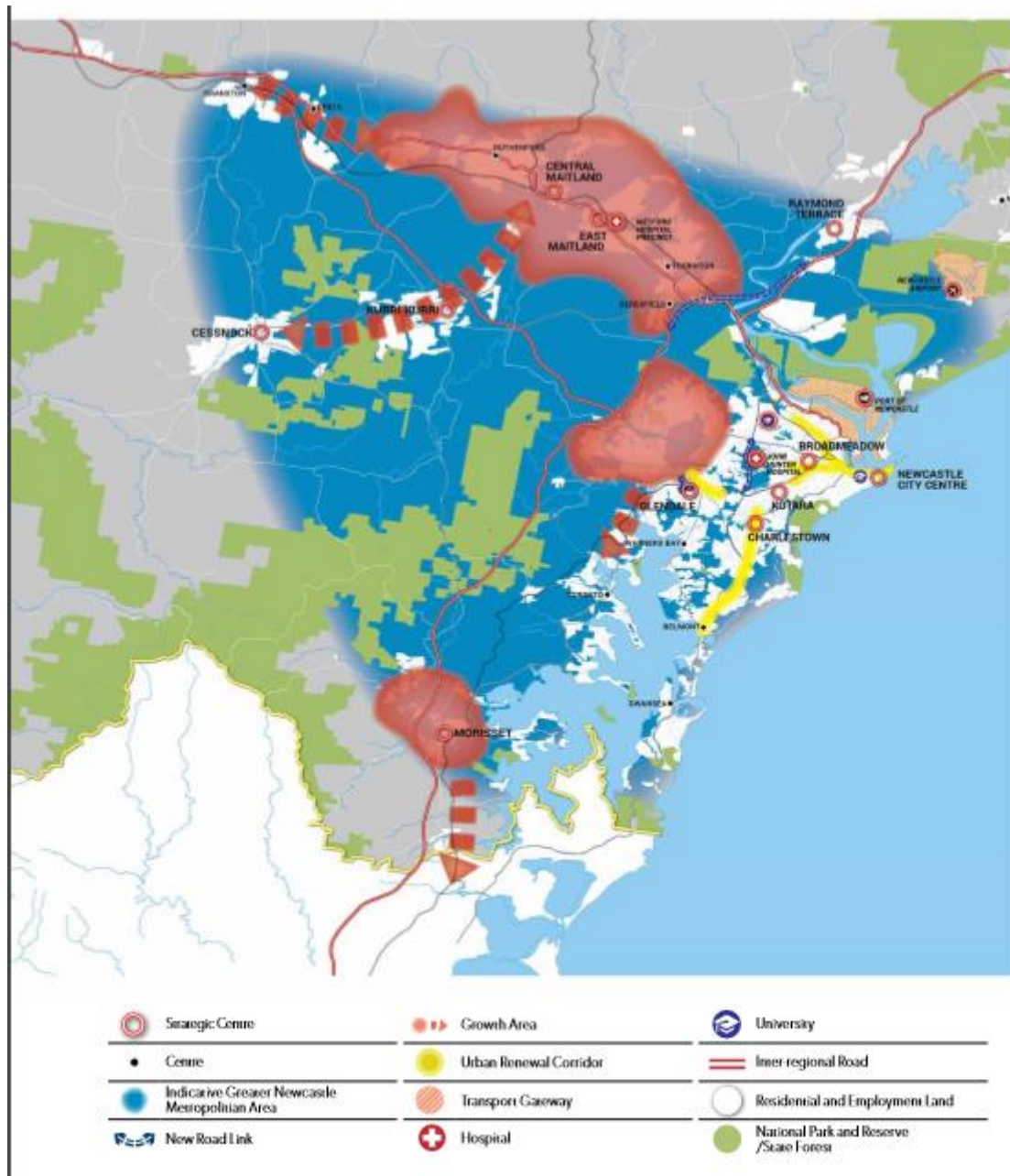
- Retain an administrative, retail and service function for the Local Government Area.
- Investigate opportunities to leverage the heritage character of the centre, and growth in wine tourism in Pokolbin.
- Provide additional housing in the adjoining town.
- Implement the Cessnock CBD masterplan.

Kurri Kurri

- Retain a retail and service function for surrounding communities.
- Leverage its proximity to the Hunter Expressway and existing significant industrial land.
- Investigate opportunities for urban renewal of the town centre and new housing opportunities.

- Develop and implement a masterplan for Kurri Kurri CBD.

FIGURE 10 GREATER NEWCASTLE 2036 FROM HUNTER REGIONAL PLAN



The strategic goals and directions for the region under the Hunter Regional Plan include:

- Goal 1: The leading regional economy in Australia
 - Grow Greater Newcastle as Australia's next metropolitan city
 - Enhance connections to the Asia-Pacific through global gateways
 - Revitalise Newcastle City Centre
 - Enhance inter-regional linkages to support economic growth
 - Transform the productivity of the Upper Hunter
 - Grow the economy of MidCoast and Port Stephens
 - Develop advanced manufacturing, defence and aerospace hubs
 - Promote innovative small business and growth in the service sectors

- Grow tourism in the region
- Protect and enhance agricultural productivity
- Manage the ongoing use of natural resources
- Diversify and grow the energy sector
- Plan for greater land use compatibility
- Goal 2: A biodiversity-rich natural environment
 - Protect and connect natural areas
 - Sustain water quality and security
 - Increase resilience to hazards and climate change
- Goal 3: Thriving communities
 - Create healthy built environments through good design
 - Enhance access to recreational facilities and connect open space
 - Identify and protect the region's heritage
 - Revitalise existing communities
- Goal 4: Greater housing choice and jobs
 - Create a compact settlement
 - Promote housing diversity
 - Grow centres and renewal corridors
 - Promote the economic functions of employment land
 - Monitor housing and employment supply and demand
 - Deliver infrastructure to support growth and communities
 - Strengthen the economic self-determination of Aboriginal communities

Though somewhat high level and open to interpretation the relevant directions from the Hunter Regional Plan 2036 for this study, and a brief consideration of how they might inform the analysis and findings, are included below.

Relevant Direction	Implications for Cessnock Employment Lands Study
Enhance inter-regional linkages to support economic growth	Key transport corridors such as the Hunter Expressway, particularly the major Cessnock interchange at Kurri Kurri for example, should be a focus for new business and employment development to build on access advantages which minimises the cost of travel and business transactions.
Develop advanced manufacturing, defence and aerospace hubs	Unlikely to be a big focus at Cessnock but niche opportunities should be preserved by and ensuring employment land has good services, access and amenity.
Promote innovative small business and growth in the service sectors	The 'uniqueness' of economic assets should be promoted to provide a base for innovation and the traditional centres and small villages play a role in this regard. New opportunities for service sector growth linked to comparative strengths such as the wine industry need to be preserved. Opportunities to promote health and related services near hospitals at Kurri Kurri and Cessnock are mentioned in the strategy.
Grow tourism in the region	The intrinsic character of the wine region (e.g. views, vineyards, rural character, small villages) needs to be protected, and a coordinated approach to branding, presentation and service offerings developed to nurture the vitally important tourism sector in Cessnock. An insensitive approach to development puts the sector at risk. This is recognised by the action in the strategy which is to 'Undertake a land use assessment across the Viticulture Critical Industry Cluster to balance scenic amenity and ongoing growth in tourism'
Plan for greater land use compatibility	Again, relevant to the wine, agricultural and tourism sectors in terms of ensuring that developments don't detract from the characteristics that underpin these sectors. Land use controls need to provide for certainty of land use outcomes.

Revitalise existing communities	Continued out of sequence development, including significant land releases or major retail development, is incompatible with this direction. Recommendations in this report will support building on existing clusters and communities.
Create a compact settlement	Similar to the above comment. Out of sequence and highly dispersed new settlement should be resisted. The focus should generally be on developing land for employment activities within existing planned development areas, except where genuine new economic opportunities (offering the prospect of inter-regional export income) arise.
Grow centres and renewal corridors	As above, retail development in particular should be concentrated in existing centres or new locations identified in this study.
Promote the economic functions of employment land	Employment land with the best assets and amenities, including access to the Hunter Expressway and proximate to residential settlements which provides a ready market, should be particularly protected and promoted.
Monitor housing and employment supply and demand	The analysis in this report addresses the demand and supply of employment land,

3.2 Local strategy and policy context

City Wide Settlement Strategy (CWSS) (2010)

Employment lands

The City Wide Settlement Strategy (CWSS) (2010) estimated the historic take-up rates of light industrial land in Cessnock at between 2-4 hectares per annum and 1-2 hectares per annum for general industrial land. According to the CWSS, the following trends were considered to have affected the take-up of industrial land:

- limited supply of both general and light industrial land;
- traditional sources of demand have been from industries which are now in decline such as heavy industries;
- available land is largely encumbered by environmental, access and land use conflicts;
- land ownership is fragmented and available parcels are small, and
- competing industrial areas across the Lower Hunter in Singleton, Maitland and Newcastle.

Since the CWSS was released additional employment lands have become available, or potentially available, to accommodate future industry demand including the former Hydro Aluminium site (potential) and the Black Hill (potential) employment lands.

The 2010 CWSS provided a number of directions with regards to employment lands and given the passage of time these will be a focus for review in the current study. For example:

Direction EL1: Retain the ‘uniqueness’ of HEZ through the use of a separate land use zone, zone objectives and local provisions where appropriate;

Direction EL2: Retain opportunities for dispersed employment opportunities in the new LEP in accordance with the actions contained in the Lower Hunter Regional Strategy;

The role and future of HEZ will be reviewed given the demand and supply analysis and the propositions for strategic employment land at Hydro and Black Hill.

The new Hunter Regional Plan with its focus on the Hunter Expressway and the Cessnock-Kurri Kurri- Maitland access provides a changed context. Service and locally focussed employment should be dispersed but in existing precincts or centres.

Direction EL3: Provide opportunities for additional sites to be developed for employment lands to meet local needs for general purpose industrial lands, and

Direction EL4: Recognise that industrial land supply is limited in the Cessnock LGA and restrict other uses that compete with industrial activities from these areas.

The demand-supply analysis evaluates the extent additional lands are needed to meet local needs.

The demand-supply analysis evaluates the extent that 'industrial land supply is limited'.

Cessnock Economic Strategy and Action Plan (2014)

The *Cessnock Economic Strategy and Action Plan* (2014) (EDS) provides the direction and framework to encourage and facilitate economic development within Cessnock LGA. The Strategy highlights a number of issues which will be relevant to the employment lands study including:

- decline of coal mining which is a significant employer of Cessnock residents and will impact on industries with strong links to the mining sector;
- evolution of manufacturing and associated skills requirements;
- structural change in the retail sector with the growth of online shopping and associated impacts on Cessnock, particularly the need to reposition the centre and improvements in amenity to attract trade, and
- impact of new town centres, such as Huntlee on Cessnock

In summary, the EDS describes Cessnock as a resource-driven economy, employing a large portion of the local population within mining and manufacturing industries, particularly resource extraction (coal).

There has been a major shift in employment from mining and manufacturing (which has been particularly important in the past for female employment in the textile, clothing and footwear industries) to service industries with the growth of residential population serving industries, tourism and viticulture.

The regional industrial economy has experienced a downturn, and this has resulted in the lower production and employment in a number of major mines and other industries within the Region. From this, the LGA has had a traditionally high unemployment rate, and the current downturn has had a negative impact on employment (unemployment is approximately 14% of the labour workforce). A supply of local employees and employment land is readily available, but it is a matter of attracting industries to the LGA to utilise this pool of labour and skills.

According to the EDS, key industries where there is a shortage of skilled employees in the LGA include medical practitioners, allied health professionals, early intervention services and childcare workers. Particularly with a growing population, there will be increased demand for these population-driven industries.

The EDS had a significant market positioning focus which is often applied to an LGA that wants to prioritise attraction of new investment and business activities. The positioning focus is supported by the following strategies:

1. Cessnock City Council to be, and to be recognised as, pro-active and supportive of economic development.
2. Assess the capacity and potential of local industry sectors and businesses.
3. Establish effective leadership, collaboration and communication between key stakeholders.
4. Build a strong, positive profile for Cessnock LGA.
5. Ensure that Cessnock LGA is an attractive place to live, work and invest.
6. Ensure that the workforce has the qualification and skills required by local and regional businesses.

7. Ensure that there is suitable industrial and commercial land and premises available in the LGA to facilitate growth.
8. Ensure that the infrastructure and utilities needed to support economic development are in place.

3.3 Regional projects and developments

In addition to the strategy and policy context for employment planning in Cessnock LGA, there are some significant regional projects and developments to consider. These include the emphasis on 'greater' Newcastle in transport investments and renewal projects, the opening of the Hunter Expressway, the redevelopment of Green Hills Shopping Centre in Maitland and significant industrial developments in neighbouring LGAs.

An emphasis on 'Greater' Newcastle

Significant State Government infrastructure investment is being undertaken to support urban development and economic growth in the Lower Hunter. Much of this investment is funded through the sale of the Port of Newcastle, and has focused on the Newcastle City Centre. In addition, the "Maitland corridor" from Thornton to Lochinvar is receiving considerable policy attention and urban infrastructure investment because it is the Lower Hunter's main urban expansion area.

Cessnock is within the hinterland of Newcastle and the Greater Newcastle designation in the Hunter Regional Plan but it is not as well positioned to derive significant benefit from the new investments and projects. Regional health, major education and higher value service sector employment is likely to expand in Newcastle with more limited prospects for growth in these sectors in Cessnock. Significant health investment is being undertaken in Maitland with the development of the new hospital.

New Hunter Expressway

The new Hunter Expressway opened in March 2014 and includes several interchanges within the Cessnock LGA, at Buchanan (John Renshaw Drive), Heddon Greta/Kurri Kurri (Main Road), Weston (Hart Road - one way only), Alandale/Lochinvar (Lovedale Road – one way only) and Branxton/Huntee (Wine Country Drive).

The project was funded by the Australian Government and NSW Government, and involved the construction of a four lane freeway link between the M1 Pacific Motorway near Seahampton and the New England Highway, west of Branxton. The Hunter Expressway removes considerable heavy vehicle traffic from the internal road network in Cessnock LGA with significant positive impacts on local amenity, including the main street of the Cessnock town centre.

FIGURE 11 THE HUNTER EXPRESSWAY ROUTE (GREEN)



Source: NSW Government, 2013

The Expressway connects Cessnock to the broader regional economy by increasing accessibility to the northern boundary with new points of entry into the LGA. In particular, it improves access between the LGA and Newcastle, particularly for commuters and freight. This is a potential threat for Cessnock as other regional centres such as in Lake Macquarie will have become more accessible, e.g. Glendale. On the other hand, it improves accessibility to Newcastle based institutions, such as the University of Newcastle.

The improved accessibility potentially makes Cessnock a more desirable location for residential development particularly because it is often more affordable than competing locations such as Newcastle and the Maitland Corridor, and has benefited from the improved links to the higher order services and employment nodes in Newcastle, and Lake Macquarie LGAs.

Green Hills Shopping Centre

The Green Hills Shopping Centre in Maitland LGA is currently undergoing an upgrade. Stockland will more than double the size of the centre, and will include a David Jones department store as an anchor retail tenant. In total, the Green Hills Shopping Centre will provide approximately 70,000 square metres of retail floorspace, of a similar scale to Westfield Kotara and Charlestown Square. Once complete, it is likely that the centre will attract a regional clientele, impacting the economic performance of existing retail centres in the Cessnock LGA.

Given that Cessnock LGA does not contain a Department Store anchor, there is unlikely to be a direct competitive impact on any particular store or even category of store (hence no case for opposing the development based on economic principles). Instead, the impact on centres in Cessnock LGA will be more about the extent to which Green Hills becomes more attractive in general, allowing it to absorb trade across all retail store types as a greater proportion of shopping trips across the region are diverted to that centre.

The overall long term impact is that it significantly reduces the likelihood that any centre in Cessnock could 'climb' to the upper reaches of the retail hierarchy (i.e. to a regional centre status, where they are anchored by a Department Store).

Other industrial areas across the region

Figure 12 shows the distribution of industrial lands across the Hunter Region. With the exception of a major industrial precinct at Muswellbrook, the majority of the region's industrial related activities are concentrated in the Lower Hunter. With the exception of smaller population serving precincts, the most significantly sized precincts in the Lower Hunter can be found in Cessnock (HEZ), Newcastle (Steel River), Lake Macquarie, Port Stephens (Tomago) and Muswellbrook. Care needs to be taken in interpreting this map because at first glance it underplays the important industrial areas around Newcastle Port, Thornton/Beresfield and Cardiff/Glendale, while showing the two Upper Hunter power stations as a large industrial area.

FIGURE 12 HUNTER REGION INDUSTRIAL LANDS MAP



Source: Hunter Development Corporation (NSW Land & Property Management Authority)

The total supply of industrial-zoned land across the Lower Hunter Region plus Singleton LGA is detailed in Table 3. Cessnock LGA contains the largest area of employment lands in the Lower Hunter Region, comprising almost a third of supply in the Region. While this map shows the area zoned industrial it does not provide an accurate indication of the level of activity on these lands or of their attractiveness for employment/industrial uses. The most vibrant industrial areas are Thornton/Beresfield, Tomago/Heatherbrae, Glendale/Cardiff and Mayfield/Carrington.

The Beresfield/Thornton employment lands (Newcastle and Maitland LGA) at the junction of the New England Highway and M1/ Pacific Highway, is particularly well placed for industrial activities. The major precinct shown on the map in Cessnock LGA is the HEZ which is some distance from the Hunter Expressway and less integrated into the distribution network in the Hunter region, unlike the proposed Hydro industrial area (former aluminium smelter).

TABLE 3 LOWER HUNTER REGION INDUSTRIAL ZONED LANDS

LGA	Total industrial zoned land (Ha)	Proportion of total in region
Cessnock	1,447	30%
Maitland	168	4%
Port Stephens	990	21%
Newcastle	1,162	24%
Lake Macquarie	603	13%
Singleton	420	9%
Total Hunter region	4,790	100%

Source: SGS Economics and Planning, 2016

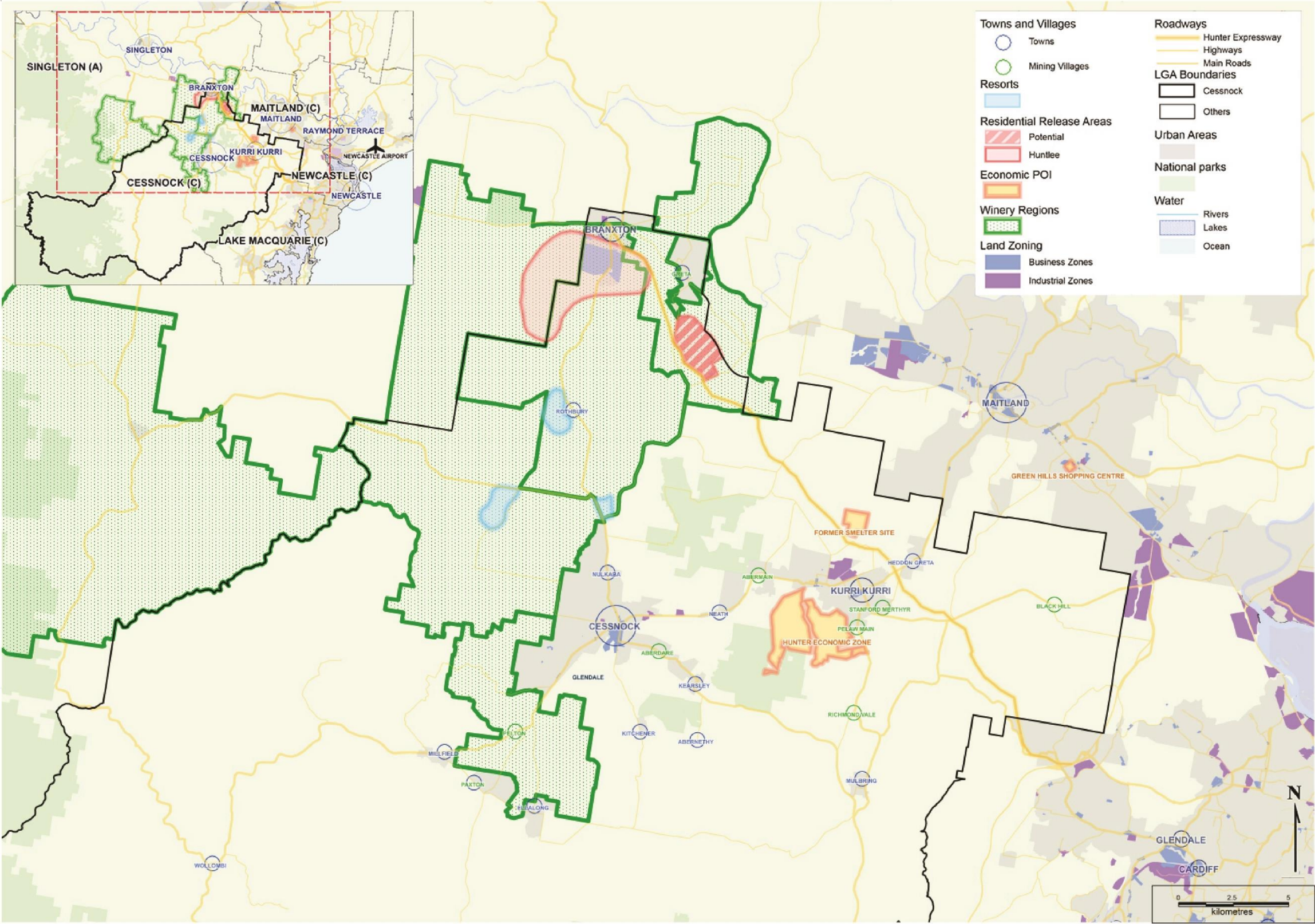
3.4 Spatial development context

The following map (Figure 13) provides an overview of Cessnock Local Government Area (LGA) in its broader context, highlighting the key centres, employment areas, residential growth areas and tourism areas (vineyards and resorts) which impact the growth of the LGA.

Key aspects of the spatial economic context to be drawn from the map (and reflecting some of the findings from the strategy and policy analysis) include:

- The focus for growth and development is within the north and north east of the LGA, because the majority of the south of the LGA is national park and more remote from existing settlement as well as high capacity transport networks. The residential settlements and related employment areas are in a south-west to north-east band from Millfield to Cessnock on the Wollombi Road and then from Cessnock to Kurri Kurri on the Cessnock and Maitland Roads, and beyond Kurri Kurri into the Maitland LGA. There is also a new settlement and development front in the north of the LGA at Huntlee near Branxton.
- The presence of the Hunter Expressway which increases access to Cessnock LGA for inter-regional and inter-state road freight while also improving road connections to Newcastle, the Central Coast and Sydney, increases the attractiveness of the LGA to industrial activity. There is already evidence of Cessnock LGA businesses accessing a wider labour market as a result of the Expressway. Employment lands in Kurri Kurri (and potentially at Hydro and Black Hill) are proximate to the Expressway and therefore in a position to gain advantage. The economic assets in the Expressway corridor should receive significant attention and are more likely to provide preferred locations to meet identified future industrial or commercial demand.
- Wine tourism has been identified as a growth sector in Cessnock LGA, predominantly in the western portion of the LGA which overlaps with the Hunter Valley wine region. The main consideration is how associated businesses may utilise key employment lands for hospitality industry support as well as wine production and distribution. It is important to ensure that Cessnock LGA's employment lands do not unjustifiably encroach upon productive lands – or impact on their amenity, given that primary industries and related tourism have been and will continue to be an important driver of economic prosperity in Cessnock. Maintaining a balance between tourism and viticultural use of land is also very important, as is avoiding residential encroachment.

FIGURE 13 CESSNOCK CONTEXT MAP



Source: SGS Economics and Planning, 2016

4 CENTRES

Overview

The purpose of this Chapter is to summarise the structure and role of Cessnock LGA's centres and commercial precincts. It applies retail forecasting methods, and the centre hierarchy classification. It then concludes with key findings and recommendations for Cessnock LGA's retail and commercial centres.

4.1 Overview of approach

Understanding the existing composition of centres

The analysis of centres and other commercial precincts covers all lands which have been (or are potentially to be) zoned from B1 to B7. This included:

- Definition of centres and commercial precinct boundaries across the LGA. For the purposes of consistency, all centres and commercial precincts have been defined by the extent of their business land zones. This means that all lands which are not zoned B1 to B7 are therefore not included as part of a centre or commercial precinct for the purposes of this employment lands study. Even though the RU5 Village zone permits a number of commercial and retail uses this has not been included in the analysis because the size of the centres in this zone tend to be very small, typically containing 1-2 businesses.
- Naming of centres and precincts according to conventional names for those centres (i.e. Cessnock, Kurri Kurri, Branxton etc.). Where a commercial precinct does not have an official name, the naming convention used is the main street followed by the suburb in which the commercial precinct is located.
- Analysis of existing land uses in the centres and commercial precincts underpinned by a land use audit (see below), which is summarised by floorspace and land area data as well as maps of land use.

Land use audit

An LGA-wide audit of land uses was undertaken across all business and industrial zoned lands to inform the strategic assessment of these employment precincts. This audit was undertaken with the use of:

- GIS cadastre layers in Mapinfo for lot size and building footprints;
- Site by site audit (in person) of all industrial and business zoned lands across the LGA for land use analysis, and
- Separate qualitative assessment of sites and precincts in person by key members of the team.

Note that the analysis in this chapter is strictly focused on centres and commercial precincts, and does not include industrial precincts. The industrial precincts are addressed in Section 5.

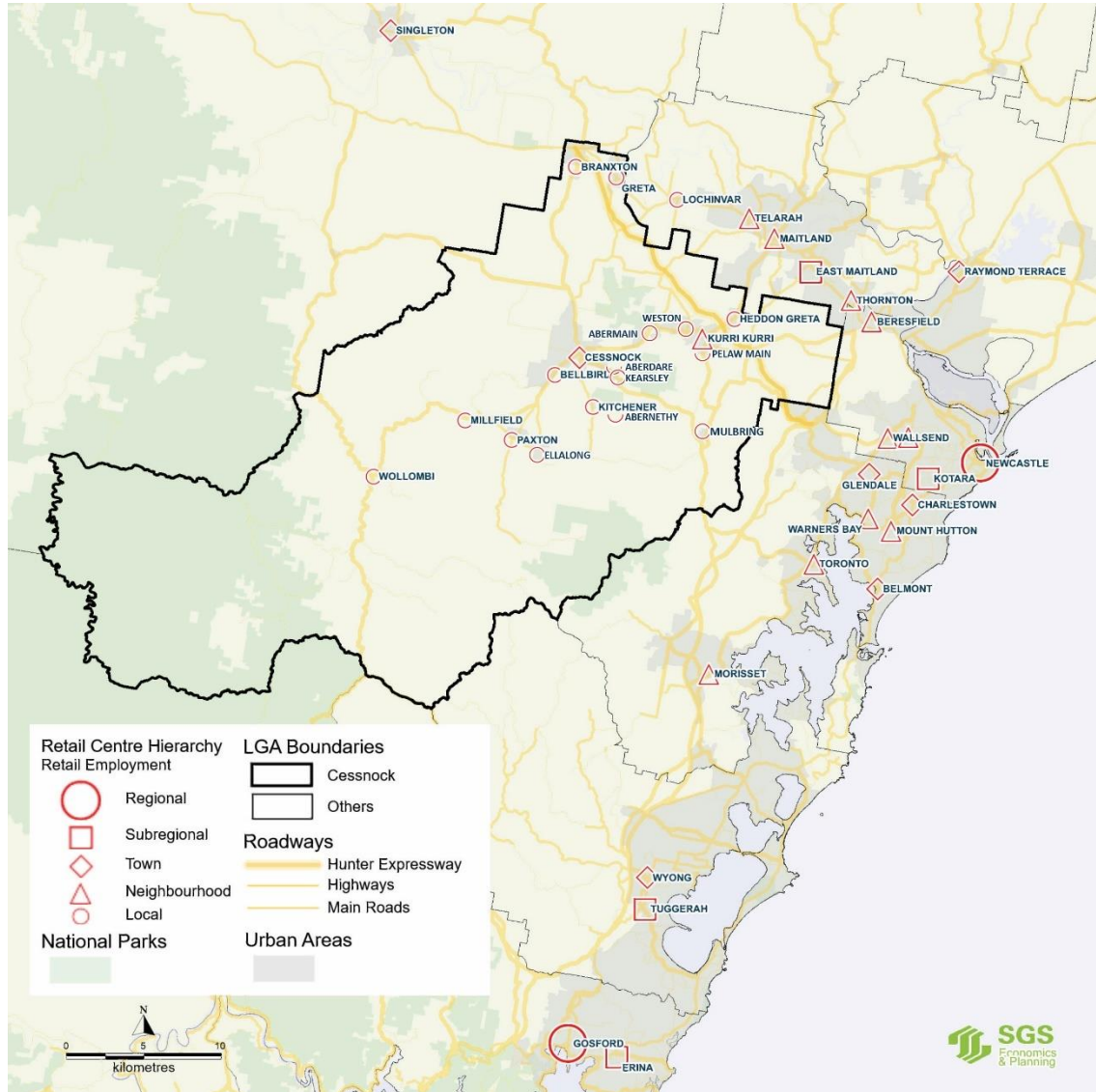
Forecasting future demand

- The forecasting of future retail demand employed a conventional catchment based demand and supply analysis.
- For each centre, a catchment has been defined (and mapped). The catchment boundaries are based on:
 - The probable “draw” of the centre (mainly based on size of centre in order to remove the subjectivity of attractiveness as a variable);
 - The use of BTS travel zones, as population forecasts are produced at these small area statistical geographies, and
 - The geography of places and the existing (and where appropriate, proposed) transport infrastructure which combine to determine travel times between a residential Travel Zone and its surrounding centres, with the closest (in terms of real travel time by car, not distance as the crows fly) and largest centre generally attracting the greatest proportion of retail expenditure from those catchments.
- This catchment then forms the basis for a future demand calculation which accounts for:
 - Existing size of the centre in question;
 - Projected population forecast;
 - Per capita retail expenditure, employing the industry standard Marketinfo microsimulation dataset, and
 - Standard expenditure to floorspace ratios (derived from standard Urbis RTD averages) to arrive at supportable floorspace calculations given certain levels of population and expenditure growth.
- For non-retail commercial precincts and uses, the demand calculations are based on employment forecasts as opposed to population based expenditure forecasts.

4.2 LGA wide assessment

Figure 14 shows Cessnock LGA's centres relative to competing centres elsewhere in the region.

FIGURE 14 DISTRIBUTION OF CENTRES ACROSS CESSNOCK LGA AND THE SURROUNDING REGION



Source: SGS Economics and Planning, 2016

Precinct in discussion

Table 4 below summarises the Town Centres and Commercial/Business precincts which have been audited and analysed in this chapter. All industrial precincts are discussed separately in Section 5. Both the centres and industrial precincts considered in this study are shown in Figure 15.

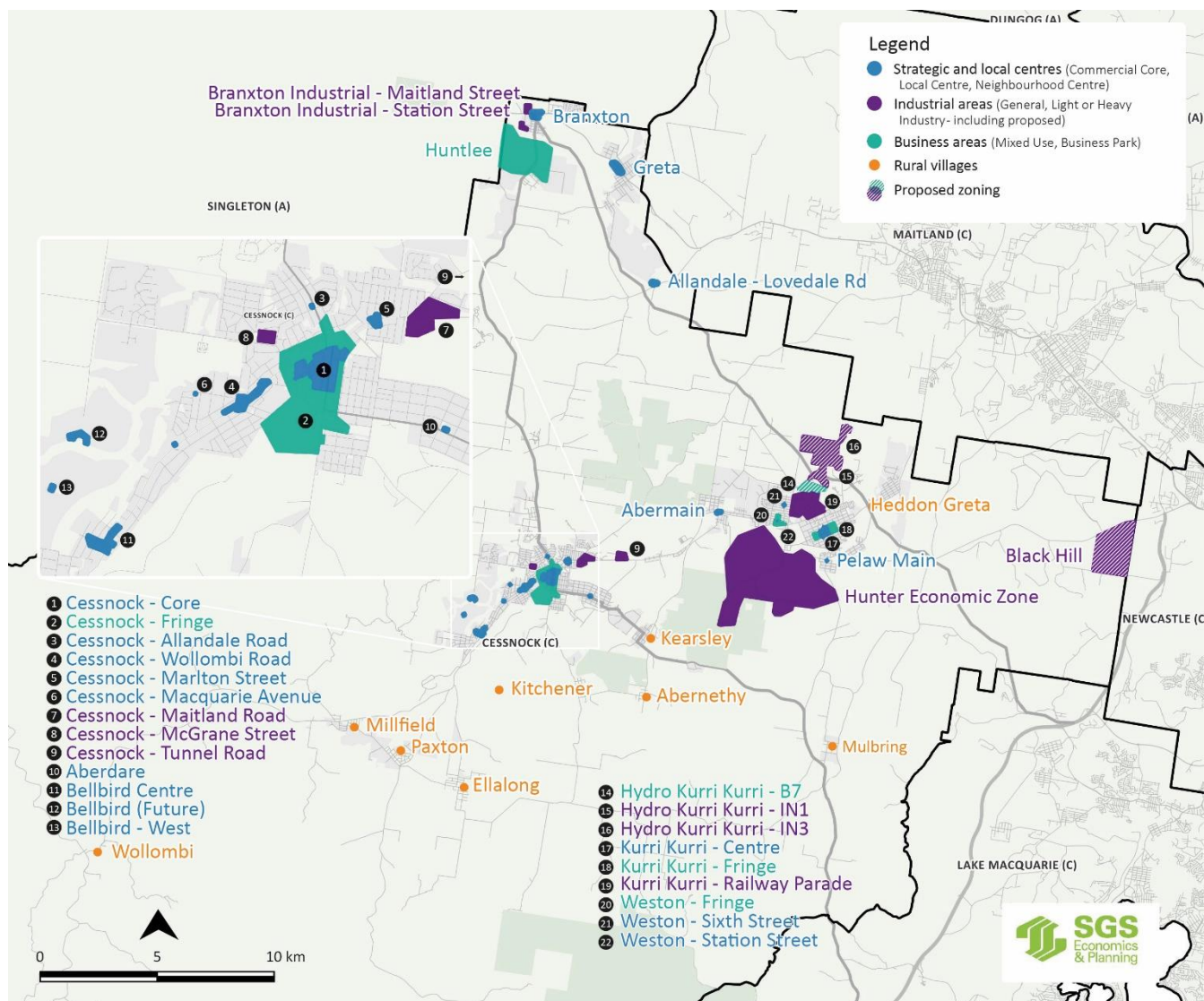
Currently most of the LGA's commercial zoned precincts are in and around Cessnock, Kurri Kurri and Huntlee.

TABLE 4 TOWN CENTRE AND COMMERCIAL PRECINCT SUMMARY – LAND AREA BY CURRENT LEP ZONE (HA)

Precinct	B1	B2	B3	B4	B7	Total BZ Land
Huntlee	-	-	-	221.1	-	221.1
<i>Cessnock - Commercial Fringe</i>	0.2	-	-	43.1	24.0	67.3
<i>Cessnock - Commercial Core</i>	-	-	21.1	0.2	-	21.4
<i>Cessnock - Wollombi Road</i>	1.0	-	-	-	-	1.0
<i>Cessnock - Marlton Street</i>	0.4	-	-	-	-	0.4
<i>Cessnock - Allandale Road</i>	0.2	-	-	-	-	0.2
<i>Cessnock - Macquarie Avenue</i>	0.1	-	-	-	-	0.1
Cessnock Total	1.9	-	21.1	43.3	24.0	90.4
<i>Kurri Kurri Commercial Centre</i>	-	13.4	-	-	-	13.4
<i>Kurri Kurri Fringe</i>	-	-	-	5.3	-	5.3
Kurri Kurri Total	-	13.4	-	5.3	-	18.7
Branxton	-	7.1	-	-	-	7.1
<i>Weston Station Street</i>	-	1.0	-	-	-	1.0
<i>Weston Fringe</i>	-	-	-	4.8	-	4.8
Weston Total	-	1.0	-	4.8	-	5.8
Allandale - Lovedale Rd	4.8	-	-	-	-	4.8
Bellbird (Future)	2.6	-	-	-	-	2.6
Greta	1.8	-	-	-	-	1.8
Bellbird Centre	1.2	-	-	-	-	1.2
Abermain	0.7	-	-	-	-	0.7
Bellbird - West	0.6	-	-	-	-	0.6
Aberdare	0.4	-	-	-	-	0.4
Weston - Sixth Street	0.3	-	-	-	-	0.3
Heddon Greta	0.2	-	-	-	-	0.2
Pelaw Main	0.1	-	-	-	-	0.1
Total	14.6	21.5	21.1	274.5	24.0	355.7

Source: SGS Economics and Planning, 2016

FIGURE 15 DISTRIBUTION OF EMPLOYMENT LANDS ACROSS CESSNOCK LGA



Source: SGS Economics and Planning, 2016

Floorspace profile

Table 5 details the current floorspace of all centres within Cessnock LGA. Cessnock town centre is dominant, and contains by far the largest area of floorspace, followed by Kurri Kurri which contains only one fifth the area of floorspace as Cessnock. Generally, town centres should be aiming for a vacancy rate of below 5%. Many centres can still be in good operating condition with vacancy rates between 5% and 10%. Any centre with a vacancy rate above 10% would be considered as underperforming with a floorspace oversupply problem that affects amenity.

In this regard, the data in Table 5 shows that most of Cessnock LGA's main centres contain high vacancy rates, often in the range of 15-20%. While the overall vacancy rate of 8.3% is about average for a regional area with areas of population growth and decline (or stagnation), the consistently high rate across almost all centres is a concern. Note that a vacancy rate of up to 5% (usually 2% to 3%) is still somewhat necessary to allow for churn and natural replacement of businesses in a centre over time.

TABLE 5 EXISTING LAND USE FLOORSPACE COMPOSITION FOR CENTRES (SQM)

Precinct	Retail	Office	Health & Education	Industrial	Vacant	Vacancy rate	Total Employment Floorspace
<i>Cessnock - Commercial Fringe</i>	44,366	19,646	3,769	12,773	20,448	20%	101,002
<i>Cessnock - Commercial Core</i>	40,837	17,186	2,891	7,639	15,217	19%	78,789
<i>Cessnock - Wollombi Road</i>	5,045	56	140	1,156	1,586	20%	7,982
<i>Cessnock - Marlton Street</i>	3,216	-	-	161	-	0%	3,377
<i>Cessnock - Allandale Road</i>	509	-	-	-	-	0%	509
<i>Cessnock - Macquarie Avenue</i>	-	-	-	-	-	-	-
Cessnock Total	93,973	36,888	6,800	21,729	37,251	19%	191,659
<i>Kurri Kurri Commercial Centre</i>	17,436	11,467	841	2,148	5,560	15%	37,453
<i>Kurri Kurri - Fringe</i>	2,630	4,041	2,976	2,012	1,537	12%	13,195
Kurri Kurri Total	20,066	15,508	3,817	4,160	7,097	14%	50,648
Branxton	8,224	1,710	1,724	567	2,023	14%	14,248
<i>Weston – Station Street</i>	2,822	459	223	532	337	8%	4,373
<i>Weston - Fringe</i>	2,958	393	1,196	552	1,913	27%	7,012
Weston Total	5,780	852	1,419	1,084	2,250	20%	11,385
Greta	3,973	2,898	-	374	1,121	13%	8,366
Bellbird Centre	3,868	555	-	867	-	0%	5,289
Wollombi	3,197	1,159	-	338	-	0%	4,694
Kearsley	1,869	204	-	240	-	0%	2,313
Abernethy	1,278	-	-	-	-	0%	1,278
Aberdare	1,167	-	-	-	-	0%	1,167
Paxton	1,115	628	-	-	941	35%	2,684
Kitchener	1,012	-	-	423	309	18%	1,745
Heddon Greta	944	-	-	220	-	0%	1,164
Ellalong	655	-	-	-	-	0%	655
Abermain	574	435	-	885	1,136	37%	3,031
Pelaw Main	448	-	-	-	-	0%	448
Millfield	382	-	-	3,811	-	0%	4,193
Mulbring	135	85	-	-	-	0%	220
<i>Allandale - Lovedale Rd</i>	-	-	-	-	-	-	-
<i>Bellbird - West</i>	-	-	-	-	-	-	-
<i>Bellbird (Future)</i>	15,000	-	-	-	-	-	15,000
<i>Huntlee</i>	-	-	-	-	-	-	-
<i>Weston - Sixth Street</i>	-	-	-	-	-	-	-
Total	163,660	60,922	13,760	34,698	52,128	17%¹	320,187

Source: SGS Economics and Planning, 2016

Table 6 details the composition of retail floorspace in each centre. Only Cessnock town centre and Kurri Kurri have full line supermarket floorspace. Cessnock is the only centre with discount department stores and comparison shopping. It caters for weekly and more occasional shopping needs. The next largest centre at Kurri Kurri generally only supports weekly shopping needs with minimal comparison shopping opportunities. Branxton and Weston have minor grocer floorspace which would serve the day to day needs of the local walking catchment.

¹ This number does not take into account the Future Bellbird centre, as vacancy is not yet known.

TABLE 6 RETAIL FLOORSPACE COMPOSITION (SQM)²

Precinct	Supermarket	Non-Supermarket Food	Clothing and general items ³	Accommodation and Food Services	Bulky Goods	Motor Vehicle and Fuel	Total
<i>Cessnock - Commercial Fringe</i>	-	-	3,047	12,715	15,665	12,939	44,366
<i>Cessnock - Commercial Core</i>	8,386	1,107	19,572	6,814	3,893	403	40,837
<i>Cessnock - Wollombi Road</i>	-	641	973	2,730	192	509	5,045
<i>Cessnock - Marlton Street</i>	-	401	253	942	183	1,437	3,216
<i>Cessnock - Allandale Road</i>	-	-	407	-	-	102	509
<i>Cessnock - Macquarie Avenue</i>	-	-	-	-	-	-	-
Cessnock Total	8,386	2,149	24,252	23,201	19,933	15,390	93,973
<i>Kurri Kurri Commercial Centre</i>	5,817	1,814	3,103	5,147	1,266	287	17,436
<i>Kurri Kurri Fringe</i>	-	916	526	1,062	-	454	2,958
Kurri Kurri Total	5,817	2,730	3,629	6,209	1,266	741	20,394
Branxton	889	291	2,769	4,275	-	-	8,224
<i>Weston - Station Street</i>	231	-	1,041	1,336	214	-	2,822
<i>Weston - Fringe</i>	-	-	-	969	1,406	254	2,630
Weston Total	231	-	1,041	2,305	1,620	254	5,452
Greta	-	238	627	2,410	236	463	3,973
Bellbird Centre	-	670	-	3,046	-	152	3,868
Wollombi	-	-	323	2,466	408	-	3,197
Kearsley	-	237	-	1,180	-	451	1,869
Abernethy	-	-	-	1,278	-	-	1,278
Aberdare	-	-	-	1,167	-	-	1,167
Paxton	-	-	223	892	-	-	1,115
Kitchener	-	-	-	1,012	-	-	1,012
Heddon Greta	-	196	-	556	-	192	944
Ellalong	-	-	135	519	-	-	655
Abermain	-	236	338	-	-	-	574
Pelaw Main	-	-	448	-	-	-	448
Millfield	-	-	223	158	-	-	382
Mulbring	-	-	135	-	-	-	135
Total	15,323	6,747	34,143	50,674	23,463	17,643	148,660

Source: SGS Economics and Planning, 2016

² The audit found that Allandale, Clifftleigh, Congewai, Greta, Heddon Greta, Swayers Gully and Weston all possessed no retail floorspace.

³ This category contains clothing and general merchandise as well as the often lone general store in the smaller centres.

4.3 Individual centres

Cessnock town centre

Current Role

In the Cessnock town centre, retail and commercial activity is mostly within the commercial core (B3 zone) which is generally bounded by Wollombi Road, Black Creek, Hall Street and Vincent Street. Vincent Street is the historic 'high street' and contains mostly 'fine grain' narrow shopfronts with mixed retail and commercial activity. The 'big box' formats at Cessnock Plaza and Cessnock Marketplace are on larger sites to the west amongst at-grade parking. Key retail anchors include Coles, Woolworths, ALDI, IGA and Big W.

FIGURE 16 CESSNOCK CBD ZONING MAP



The commercial core zone is surrounded by mixed use zoned land (B4 zone) with some business park zoned land to the south (B7 zone). The B4 and B7 lands (collectively named Cessnock CBD Periphery) are discussed in more detail in Section 4.4.

Figure 17 below maps the mix of land uses within the Cessnock CBD, with a focus on the Commercial Core of B3 zoned land. The Centre is anchored by the two significant internal malls which contain Discount Department Stores and Supermarkets along with a range of other specialty stores.

Overall the Centre possesses a good balance of small scale commercial offices, hospitality and main street retailing – providing both a range of employment opportunities as well pedestrian foot traffic on weekdays and weekends. However, there is limited shop-top residential or other first floor commercial activity in the commercial core zoned area and little, or modest, after business hours or night time economic activity.

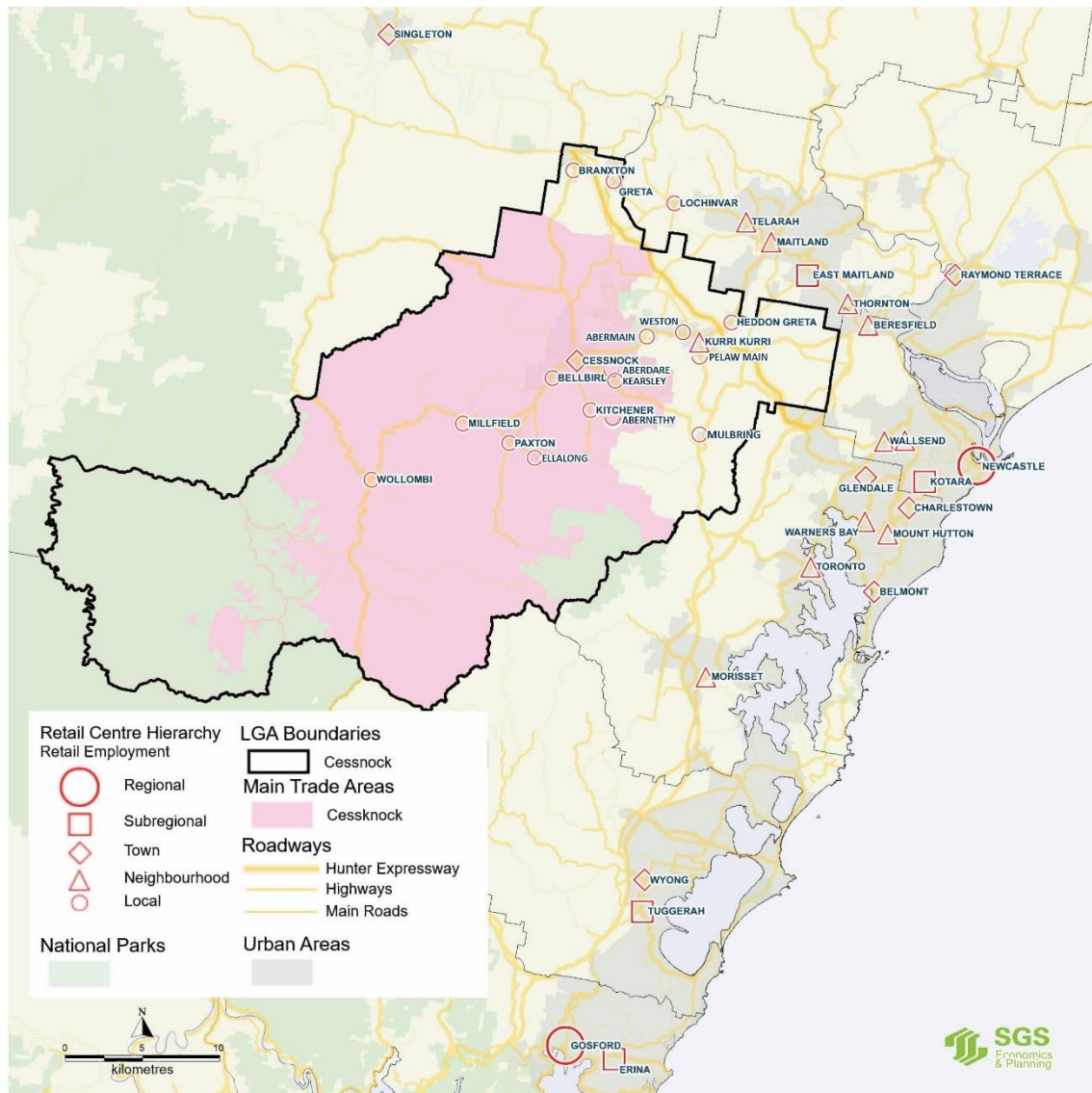
FIGURE 17 AUDITED LAND USES IN CESSNOCK CBD



Source: SGS Land Use Audit

Figure 18 illustrates Cessnock town centre's main trade area, which has been determined by travel times and the relative attractiveness (probable "draw") of the centre. The catchment area for Cessnock town centre covers the majority of the Cessnock LGA, with more competition towards the north-eastern edge of the LGA (i.e. Maitland centres) limiting its ability to capture trade from that area. The Hunter Expressway would have eroded Cessnock's catchment to the north around Branxton Greta.

FIGURE 18 CESSNOCK TOWN CENTRE MAIN TRADE AREA



Source: SGS Economics and Planning, 2016

Future Role

Floorspace growth projections for Cessnock town centre indicate that it is likely to grow incrementally in line with population growth (Table 7). The expected growth of supermarket floorspace will not occur evenly over the projected time period. This is because, unlike smaller format stores, supermarket growth and development tends to be modular – i.e. the average new supermarket in a regional area is around 2,500sqm, and even expansions of existing supermarkets are unlikely to be under 700 to 800sqm per expansion project.

TABLE 7 RETAIL FLOORSPACE GROWTH FORECAST IN CESSNOCK TOWN CENTRE (SQM)⁴

	Supermarket	Non-Supermarket Food	Clothing and general items	Accommodation and Food Services	Bulky Goods ⁵	Total Growth (Cumulative)
2016	8,386	2,149	24,251	23,202	19,934	
2026	9,100	2,300	26,200	24,800	21,700	6,200
2036	9,600	2,400	27,700	26,100	22,900	10,800
2046	10,100	2,500	29,200	27,500	24,200	15,600

Source: SGS Economics and Planning, 2016 using land audit and Marketinfo expenditure data

The Cessnock town centre's prospects for more rapid growth will depend on it:

- minimising “leakage” of trade to other centres;
- attracting additional retail and commercial diversity, and
- playing a more prominent role for visitors to the region.

To attract additional activity and diversity the aim should be to capture the expenditure of the growing local population in the centre's catchment by providing good access, public amenity and a high quality pedestrian environment, and differentiating itself from single owner regional shopping centres such as that at Green Hills. Diversity and depth would also come from growing the residential population in the centre and providing opportunities for smaller scale business services. The mixed use development on the corner of Darwin Street and North Avenue, which has introduced some residential shop-top living and ground floor commercial space to the centre, is an example of desirable development that addresses these aims. Zoning and planning controls should be reviewed to ensure this form of development is encouraged.

Cessnock should also be more integrated with the wine and tourism industry, and be part of the offer to visitors to the region. The Centre could have a greater role in providing entertainment (e.g. Regional Art Gallery and Entertainment Centre), accommodation, food and beverage outlets and information on the Region to visitors. It could also provide ancillary employment and services including legal, finance/accounting, real estate, marketing and design services. This ambition will only be realised over the medium to longer term and will require a dedicated economic strategy, not reliant on land use planning changes.

⁴ Note that projection figures are rounded to the nearest hundred square metres as exact/specific floorspace projections are unrealistic levels of detail.

⁵ Should be accommodated in the B4 and B7 zoned lands of Cessnock CBD.

Kurri Kurri

Current Role

In Kurri Kurri, the commercial and retail core is concentrated along Lang and Barton Streets and between Mitchell Avenue and Allworth Street. The centre is primarily zoned B2 Local Centre with a number of sites surrounding this zoned B4 Mixed Use (refer to Figure 19 and Figure 20).

FIGURE 19 KURRI KURRI TOWN CENTRE ZONING MAP



Source: NSW Legislation, 2016

FIGURE 20 AUDITED LAND USES IN KURRI KURRI TOWN CENTRE

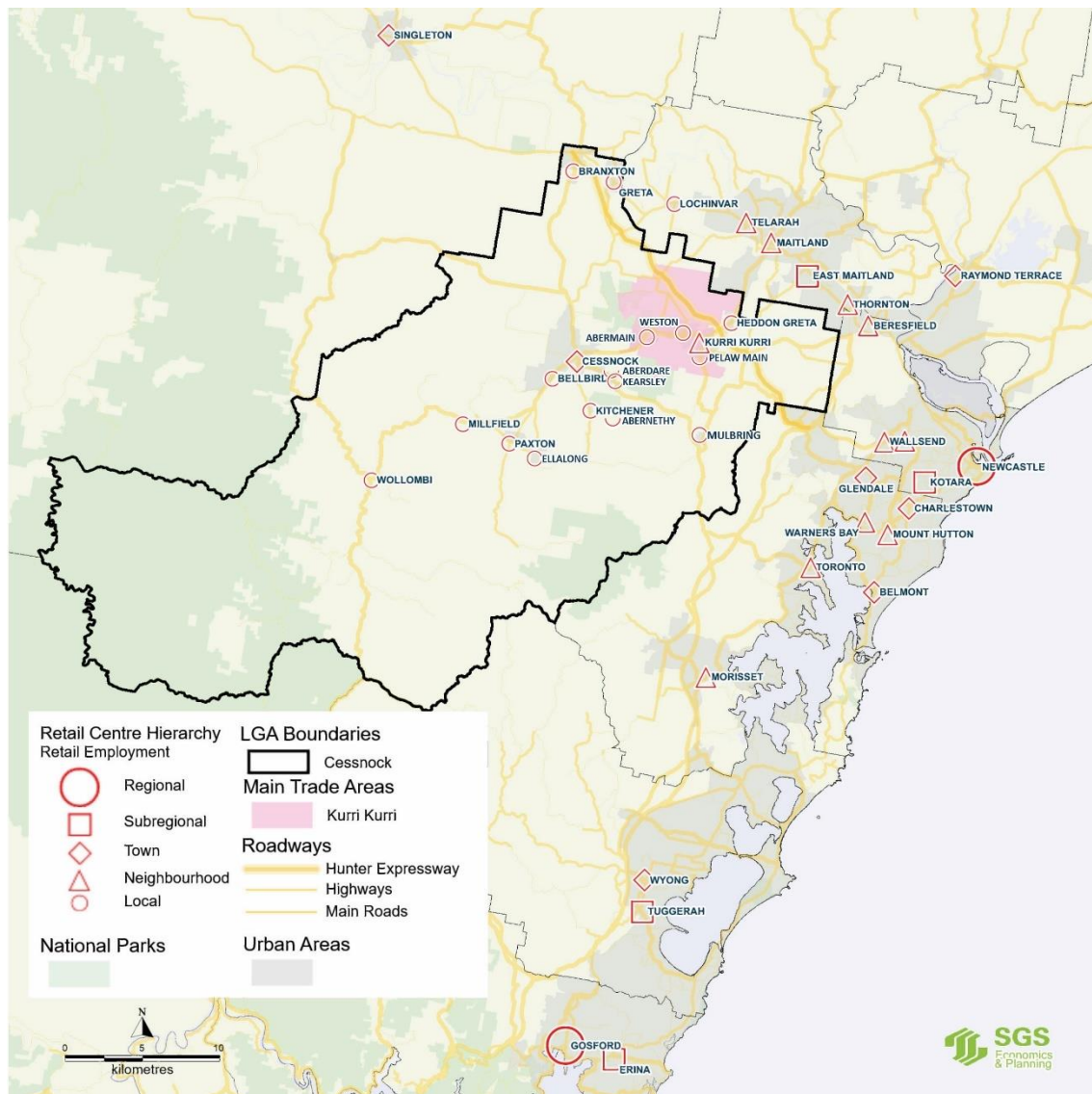


Source: SGS Land Use Audit

The CWSS (2010) outlined that a challenge for Kurri Kurri is the ability to compete with Cessnock and Maitland (particularly Green Hills) and to function as an attractive neighbourhood shopping centre. It was highlighted that the vacancy rates are slightly lower than in Cessnock CBD due to the relative compactness of the commercial centre. A strategic direction of the CWSS (2010) is to preserve the compactness of Kurri Kurri's retail core.

Figure 21 below demonstrates how Kurri Kurri is situated between Cessnock and Maitland – significantly limiting its potential to expand its catchment area. Given the relatively limited extent of the catchment area, and the population living in this area, the Kurri Kurri centre currently plays the role of a Local Centre.

FIGURE 21 KURRI KURRI CENTRE MAIN TRADE AREA⁶



Source: SGS Economics and Planning, 2016

Future Role

The floorspace projections shown in Table 8 suggest only minor retail floorspace growth in the Centre in the absence of any transformational events/projects/anchors or unanticipated increased demand. These figures rely on available population projections and they may understate the potential future expenditure available, for example, from residential growth in the new development area of Heddon Greta, which is nearby. If a number of potential urban release areas are developed, then there may be additional demand for commercial and retail floorspace in Kurri Kurri.

In Kurri Kurri, there is a minor presence of clothing/personal accessory and household goods. Frequently in regional areas, shops offering these goods tend to be more concentrated in the largest town centre (in this case Cessnock Town Centre), with a centre such as Kurri Kurri serving as a centre for weekly grocery spend for the residents in its catchment. This should be a business as usual (or base case) interpretation of Kurri Kurri's future.

⁶ Note that for the purposes of retail modelling, the trade area defined in this map (and other retail catchment maps) is approximated using Travel Zone geographies. In many cases, these geographies are quite large and therefore use municipal boundaries as a 'best fit'. In reality, some trade will be also drawn from residents beyond the Cessnock local government area boundary.

TABLE 8 RETAIL FLOORSPACE GROWTH FORECAST IN KURRI KURRI (SQM)

	Supermarket	Non-Supermarket Food	Clothing and general items	Accommodation and Food Services	Bulky Goods	Total Growth (Cumulative)
2016	5,817	2,730	3,629	7,179	2,673	
2026	5,800	2,400	3,700	7,400	2,400	0
2036	6,000	2,400	3,900	7,900	2,500	700
2046	6,300	2,400	4,100	8,400	2,600	1,800

Source: SGS Economics and Planning, 2016 using land audit and Marketinfo expenditure data

A different future scenario to business as usual can be imagined. Centres with nominally limited catchment areas can build their status around an alternative offer which transcends beyond the traditional supermarket or DDS anchored shopping trips. If a distinct offering is well marketed, it is possible to attract shoppers from the broader region – allowing the place to not only grow but also diversify away from its basic role as a supermarket anchored Local Centre. Examples include:

- Festival-town, with shops that are themed around cultural offerings including music, art and film, perhaps building on Kurri Kurri's existing offer.
- Services centre which is renowned for a variety of personal services
- Niche market oriented centre which provides themed fashions, such as retro, vintage or outlet goods.

The Centre itself does appear to have some outdated shopfronts and merchandise displays which require rejuvenation through such mechanisms as themed repainting, coherent signage, and merchandising and display guidance. This is a key reason why this centre is struggling to attract a more significant presence of clothing stores. The development of Green Hills could further dent the potential for any growth in this market space unless Kurri Kurri is better able to differentiate itself from the somewhat generic offer found in Department Stores.

At first glance Kurri Kurri has better prospects for this sort of retail diversification based on secondary catchments than Cessnock town centre because of its proximity to the Hunter Expressway and new development prospects at Hydro and Heddon Greta. Local spending preferences however play a major role in the retail diversification potential of any centre. It is possible that in this region, the local populace is content to direct the majority of its spending towards the major chains and their standard offerings. If that is the case, Council will need to plan for the contingency that this centre remains a more standard type of centre serving the local needs of the population catchment, while seeking and facilitating opportunities for diversification if they arise.

The strategy to facilitate diversification will be less related to changes to zoning and planning controls, though these should be updated where necessary to provide for development flexibility and diversity on any particular site, and more to do with economic development initiatives to encourage a responsive and high quality retail sector, careful attention to access and signage to maximise the benefit from proximity to the Hunter Expressway and residential growth, and upgrades to public and pedestrian amenity.

Any success in differentiating Kurri Kurri from more generic centres should benefit Cessnock town centre as well as the rest of the LGA, because in the long term, Cessnock City Council needs to find multiple focal points to help diversify its economy. It is acknowledged that there is not likely to be a rapid diversification of retail offerings in the LGA's largest centres but realistic business and economic

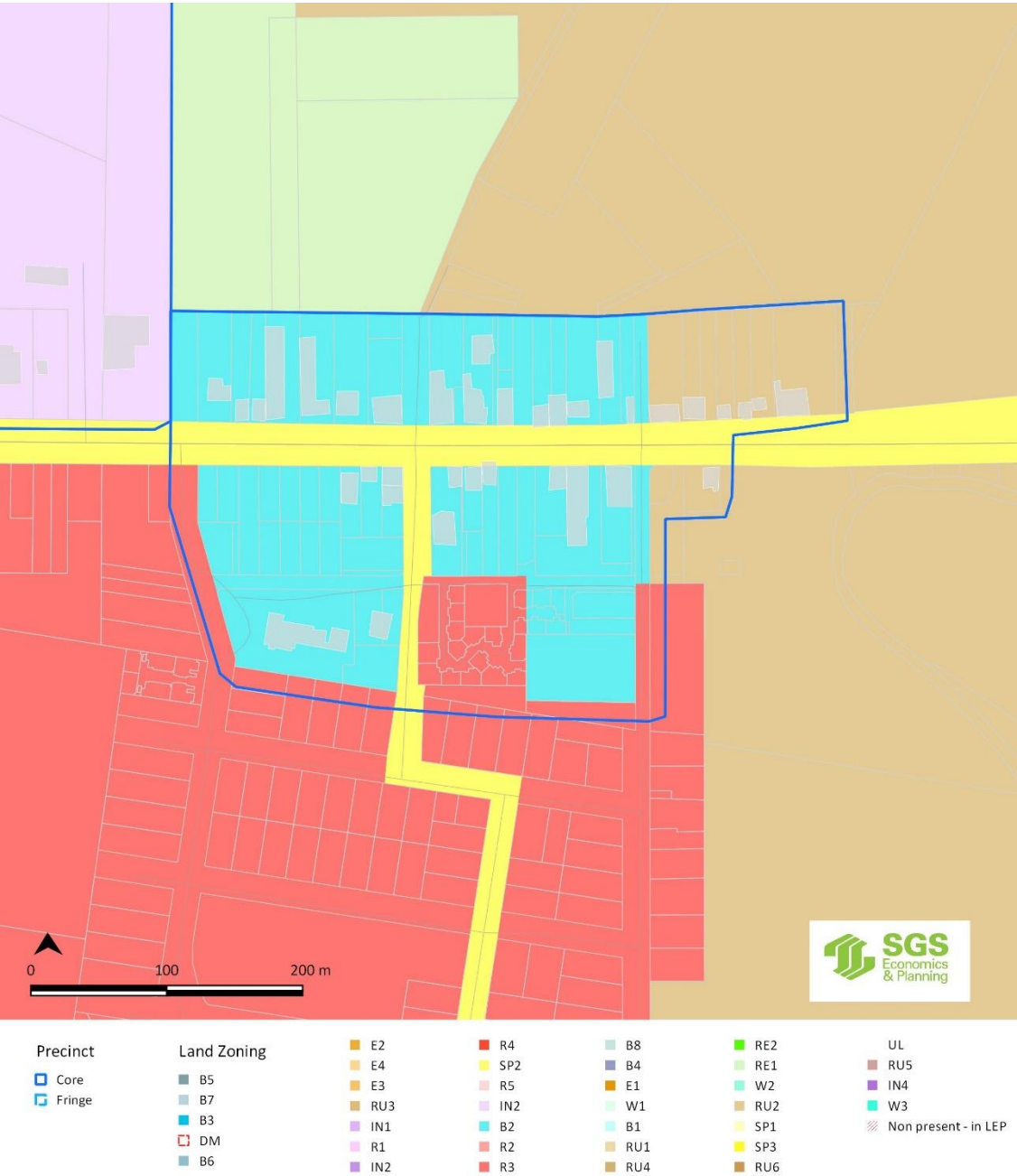
development initiatives should be pursued. This is particularly important in Kurri Kurri, where supermarket demand is not expected to grow significantly.

Branxton & Huntlee

Current Role

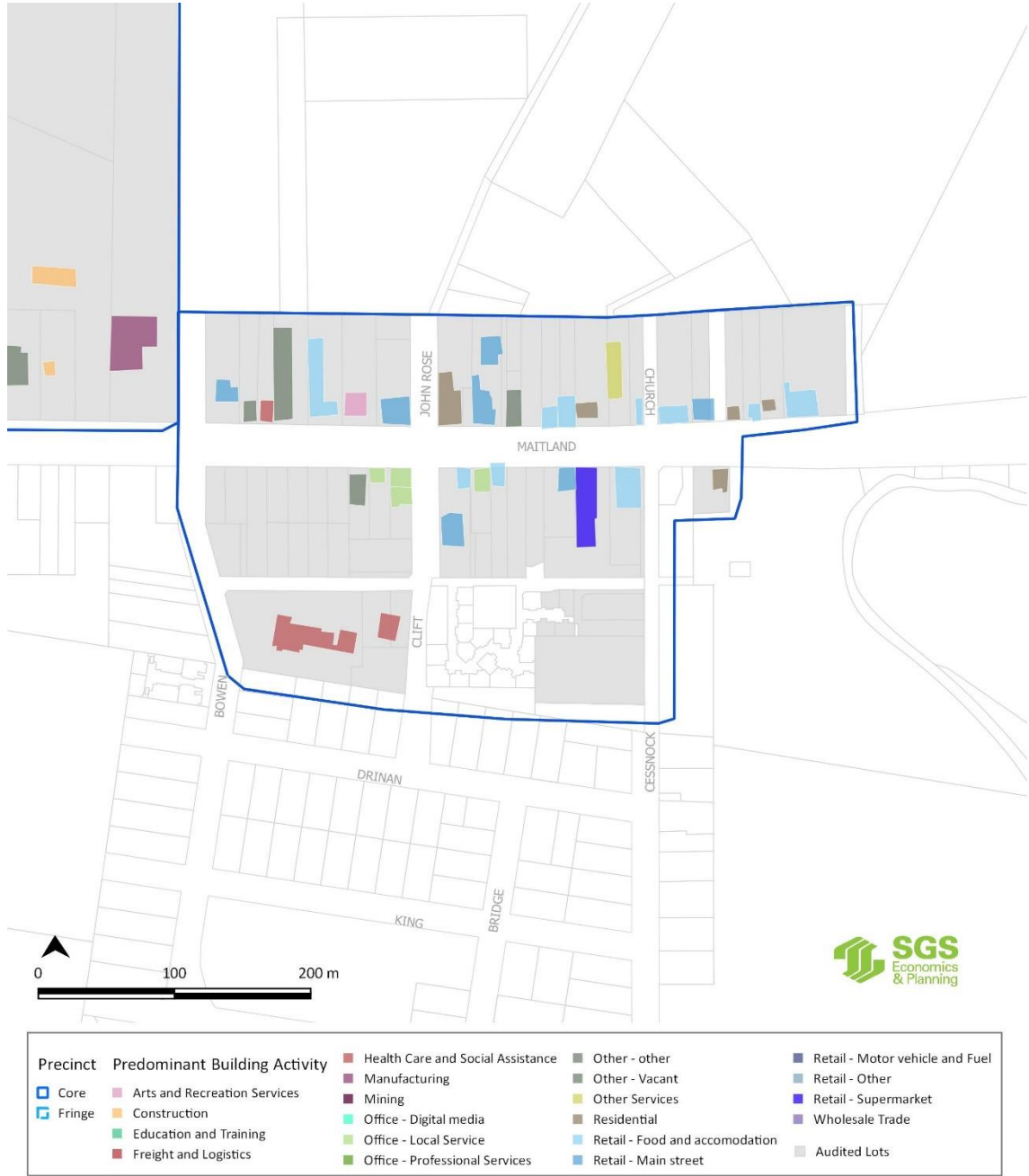
Presently, Branxton is the centre which services this local catchment. It is a small Neighbourhood Centre with local shops that provide a limited range of retailing opportunities for its local catchment.

FIGURE 22 EXISTING ZONING OF THE BRANXTON CENTRE



Source: NSW Legislation, 2016

FIGURE 23 EXISTING LAND USES IN BRANXTON CENTRE



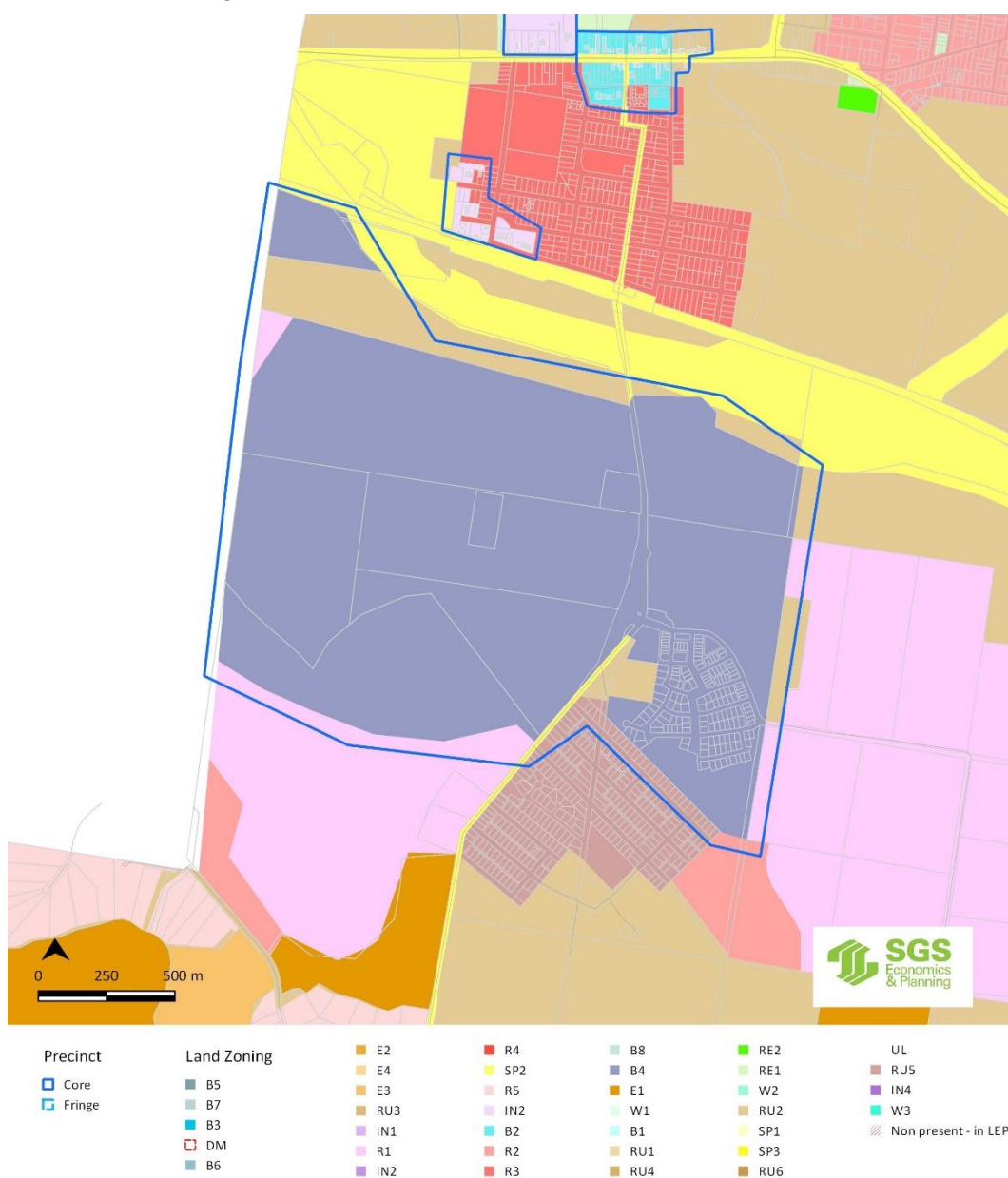
Source: SGS Land Use Audit

Future Role

With the imminent residential development of the Huntlee area, a new Centre is planned south of Branxton. Huntlee is expected to become a significant greenfield residential development area. The anticipated growth in this development precinct will generate demand for retail and commercial activities in the area.

Note that while Huntlee contains a B4 Mixed Use precinct, it is still discussed in this section as it is expected to play a significant “main street” retailing role, unlike most other B4 and B7 precincts. It is estimated that the B4 mixed use precinct at the centre of Huntlee contains approximately 270 ha of land. Approximately 50.5 ha of this B4 zoned land is approved for non commercial uses. It is estimated that within this precinct a retail and commercial centre covering approximately 3 to 3.5 ha of land will be required to service the local population.

FIGURE 24 MIXED USE ZONED (B4) PRECINCT WITHIN THE HUNTLEE DEVELOPMENT AREA



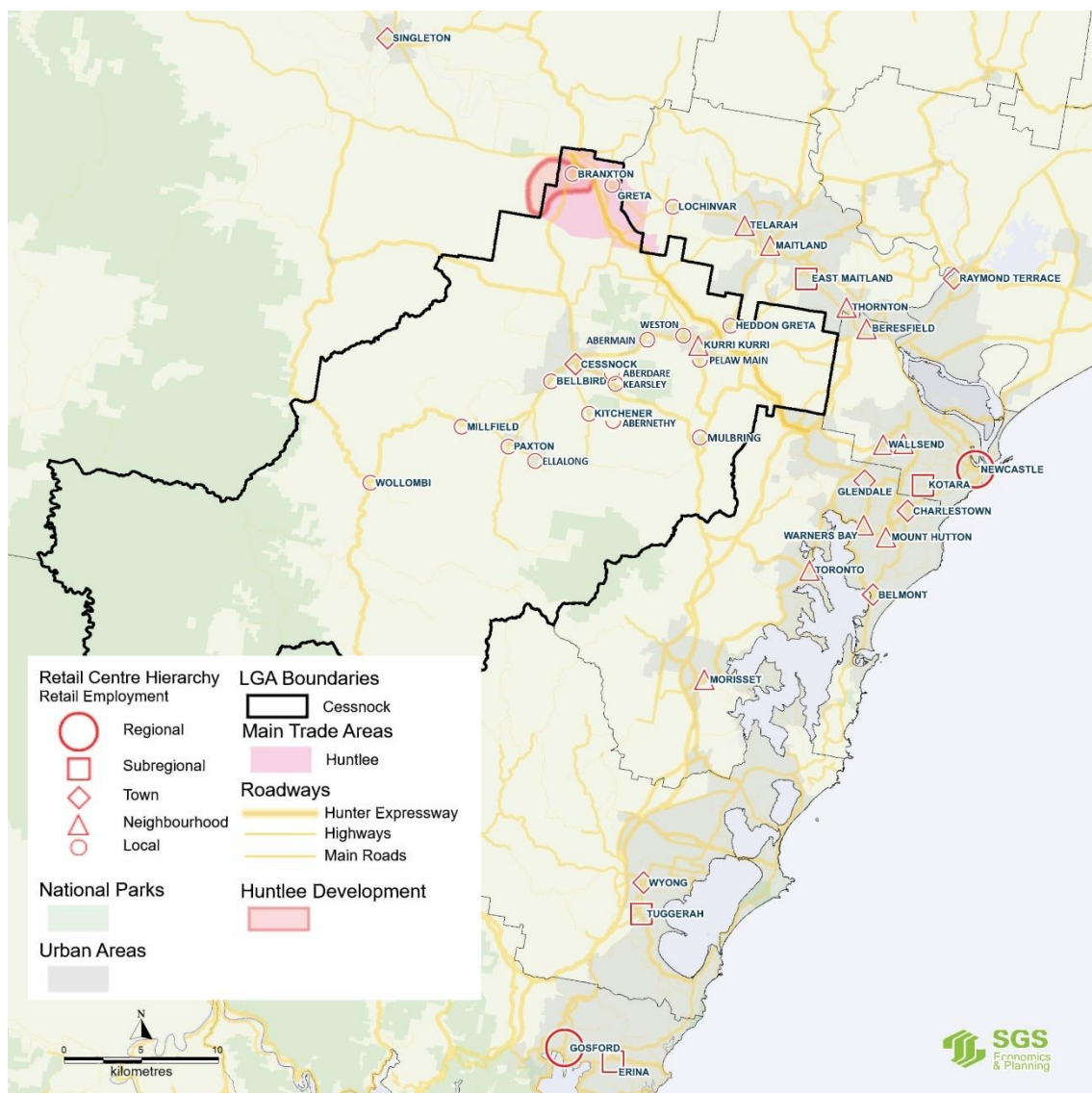
Source: NSW Legislation, 2016

The expected catchment area for the planned Huntlee development is shown in Figure 25.

Analysis of travel times indicate that the Huntlee area is 20-30 minutes from Rutherford (supermarkets and bulky goods), Green Hills (regional shopping mall), Cessnock town centre, and Singleton (regional rural centre). The range of shopping opportunities and services available at these locations will constrain retail growth at Huntlee. The Huntlee development will have its own residential population, so a large proportion of its trade is expected to be drawn from new population growth associated with the development itself.

The location of Huntlee and its population catchment means that its new centre is unlikely to compete significantly with Kurri Kurri or Cessnock, although it may compete for parts of Cessnock town centre's northern catchment. It is however, likely to prevent any major expansion of the Branxton centre in the future, and may lead to a reduction in occupied floorspace in that centre, though Council's land use strategy for the Branxton subregion identified this area as catering to smaller niche markets in any case.

FIGURE 25 EXPECTED HUNTLEE CENTRE CATCHMENT AREA⁷



⁷ The elliptical shape indicates the expected Huntlee development area

Table 9 details the potential demand which a single supermarket anchored neighbourhood centre in Huntlee is likely to attract. This assumes that the centre in Huntlee is developed and operational by 2026, and that the underlying population forecasts from the Department of Planning and Environment (as detailed earlier in this report) are realistic and eventuate. By 2036, it is expected that Huntlee will play the economic role of a large neighbourhood centre, with a similar function to that of Kurri Kurri.

Note that given the fact that Branxton and Huntlee essentially share the same retail catchment, the expected growth in Huntlee will be a significant competitor to Branxton and prevent almost all potential growth in retail floorspace within the Branxton Centre, shown in Table 10. This may be less of an issue if the Branxton centre is targeted towards catering to local and niche markets as outlined in Council's strategic planning for the area.

TABLE 9 RETAIL FLOORSPACE GROWTH FORECAST IN HUNTLEE (SQM)

	Supermarket	Non-Supermarket Food	Clothing and general items	Accommodation and Food Services	Bulky Goods	Total Growth (Cumulative)
2016	-	-	-	-	-	-
2026	3,200	900	2,300	4,500	1,500	4,200
2036	3,700	1,100	2,600	5,100	1,700	6,000
2046	4,300	1,200	3,000	6,000	2,000	8,300

Source: SGS Economics and Planning, 2016 using land audit and Marketinfo expenditure data

TABLE 10 RETAIL FLOORSPACE GROWTH FORECAST IN BRANXTON (SQM)

	Supermarket	Non-Supermarket Food	Clothing and general items	Accommodation and Food Services	Bulky Goods	Total Growth (Cumulative)
2016	889	291	2,769	4,275	-	-
2026	889	291	2,769	4,275	-	-
2036	889	291	2,769	4,275	-	-
2046	889	291	2,769	4,275	-	-

Source: SGS Economics and Planning, 2016 using land audit and Marketinfo expenditure data

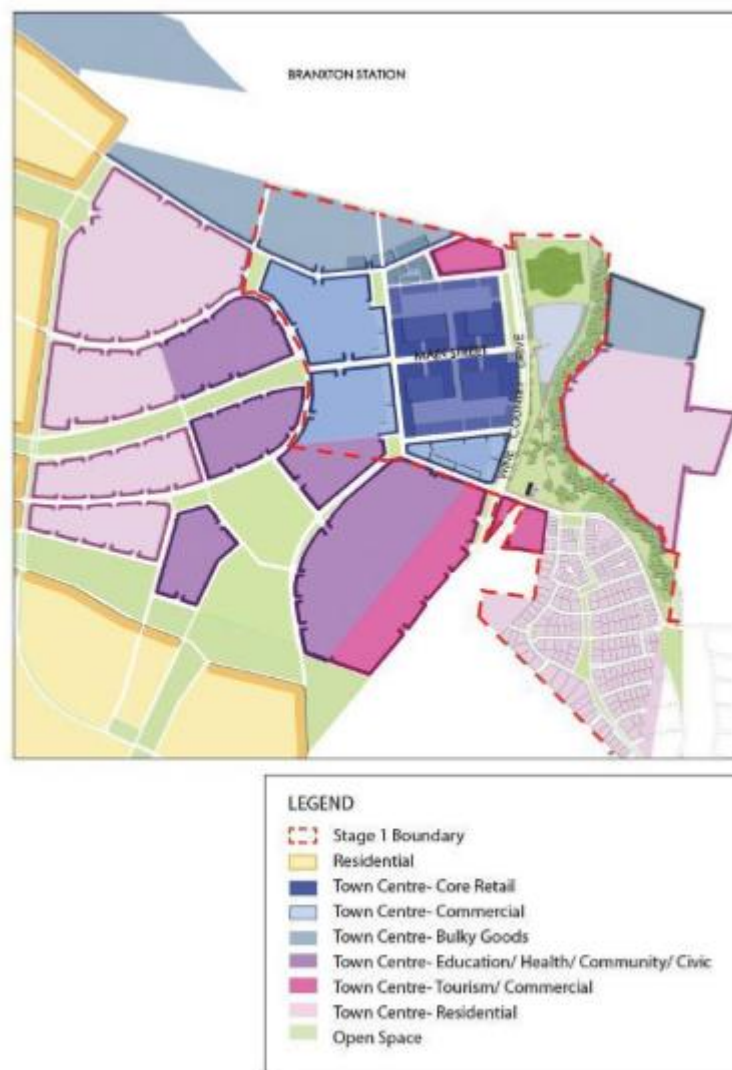
Council should expect retail and ancillary services floorspace in the mixed use area in Huntlee to be provided in line with residential dwelling growth in the future (consistent with the quantum outlined in Table 9). This will require that advanced and integrated town centre planning occurs and approvals are sought to accommodate incremental floorspace expansions. However, the land area to accommodate the 8,300 square metres of retail floorspace growth shown in Table 10 for Huntlee to 2046 might be 3 to 3.5 hectares (five hectares at most assuming a very low and conservative FSR of say 0.2 to 1 plus allowance for some ancillary employment activities). This leaves over 260 ha of already zoned mixed use land and this will not be required to meet local population needs.

The risk in future is that additional retail or other employment uses are developed which erode the expenditure and activity already occurring in other centres or industrial areas which are well established and making effective use of existing infrastructure or will be served by planned infrastructure. While it is early days for the Huntlee development Council should monitor its progress and work on the principle that only the immediate development's retail and service needs should be provided for in its town centre and immediate environs. Retail or other employment related floorspace that is proposed over and above the floorspace shown in Table 9 should be justified by reference to impact evaluations including a net community benefit test.

Ideally, to ensure consistency with other centres and typical planning approaches, a complex of appropriate zones should be established in the Cessnock LEP to replace the single mixed use zone. A starting point for the 'mainstreaming' of zones for Huntlee might be the indicative use precincts identified in the Huntlee Development Control Plan, as shown in Figure 26. There is no scale provided for this map but it would appear that the areas or precincts identified for all the 'Town Centre' uses except for the one designated for 'Town Centre - Residential' would be able to include employment activities, and that in aggregate these areas are much larger than the maximum of about five hectares suggested above. We would propose:

- a B2 Local Centre zone of up to 3 hectares for local centre retailing,
- a B5 Business Development zone of up to 2 hectares for bulky goods and other commercial development
- RE1 for the open space areas
- R3 and possibly R1 for the surrounding residential and the balance as appropriate.

FIGURE 26 HUNTLEE DCP USE PRECINCTS



Source: Figure 46, Page 102 Huntlee DCP
http://portal.singleton.nsw.gov.au/eplanning/Pages/plan/Book.aspx?exhibit=Huntlee_DCP_2013

Centres developed in greenfield, 'master planned' estates by single owners also tend to be monopolistic in that the shopping centre is developed as part of a subdivision design and development pattern which excludes future expansion or other market entrants. Whilst this is somewhat unavoidable in the early

stages of development, Council should encourage subdivision patterns which allow for multiple owners and associated zonings which allow for future expansion of retailing and commercial activity beyond the boundaries of the initial 'big box' centre. To some extent the large mixed use zone at Huntlee might facilitate a multi-nodal centre in future but it would be undesirable if multiple nodes developed with distance between them. Precinct planning via a Development Control Plan should provide sufficient scope for contiguous and pedestrian friendly expansion of centres. The mechanism for ensuring future room for growth would be to prevent multi-unit dwelling development all the way around the centre (or encirclement). Carparks, open space, community facilities, bulky goods and light industrial lots are all viable means of 'land banking' for future centre expansion opportunities.

Other Centres

All other audited centres in the Cessnock LGA are not expected to accommodate significant growth. The major factors which could change this projection is if substantial residential development were to occur in or around any of those centres. Appendix 1 contains the mapping of land uses in these smaller centres.

However, even in the absence of significant growth, the small village centres should be encouraged to provide an 'authentic' and unique retail experience and play an important role in the local economy. In particular the role these centres could play in widening the visitor experience is important. There are few if any planning implications from this perspective, though there are economic and business development and branding implications.

4.4 B4 and B7 Lands

In addition to centres, Cessnock LGA also possesses a number of B4 (Mixed Use) and B7 (Business Park) zoned precincts. Whilst not necessarily designated as key nodes for retail and other major trip generating activities, these precincts nonetheless may have an important role to play in the economic development and business attraction capabilities of the LGA. The proposed B7 component of the Hydro proposal is considered with its other employment and industrial elements in the next Chapter.

As discussed in the previous section, part of the B4 zone in Huntlee is likely to develop into more of a large neighbourhood centre given that a full line supermarket is expected to play an anchor role and help attract other retail businesses.

TABLE 11 B4 AND B7 ZONED PRECINCTS WITHIN CESSNOCK LGA

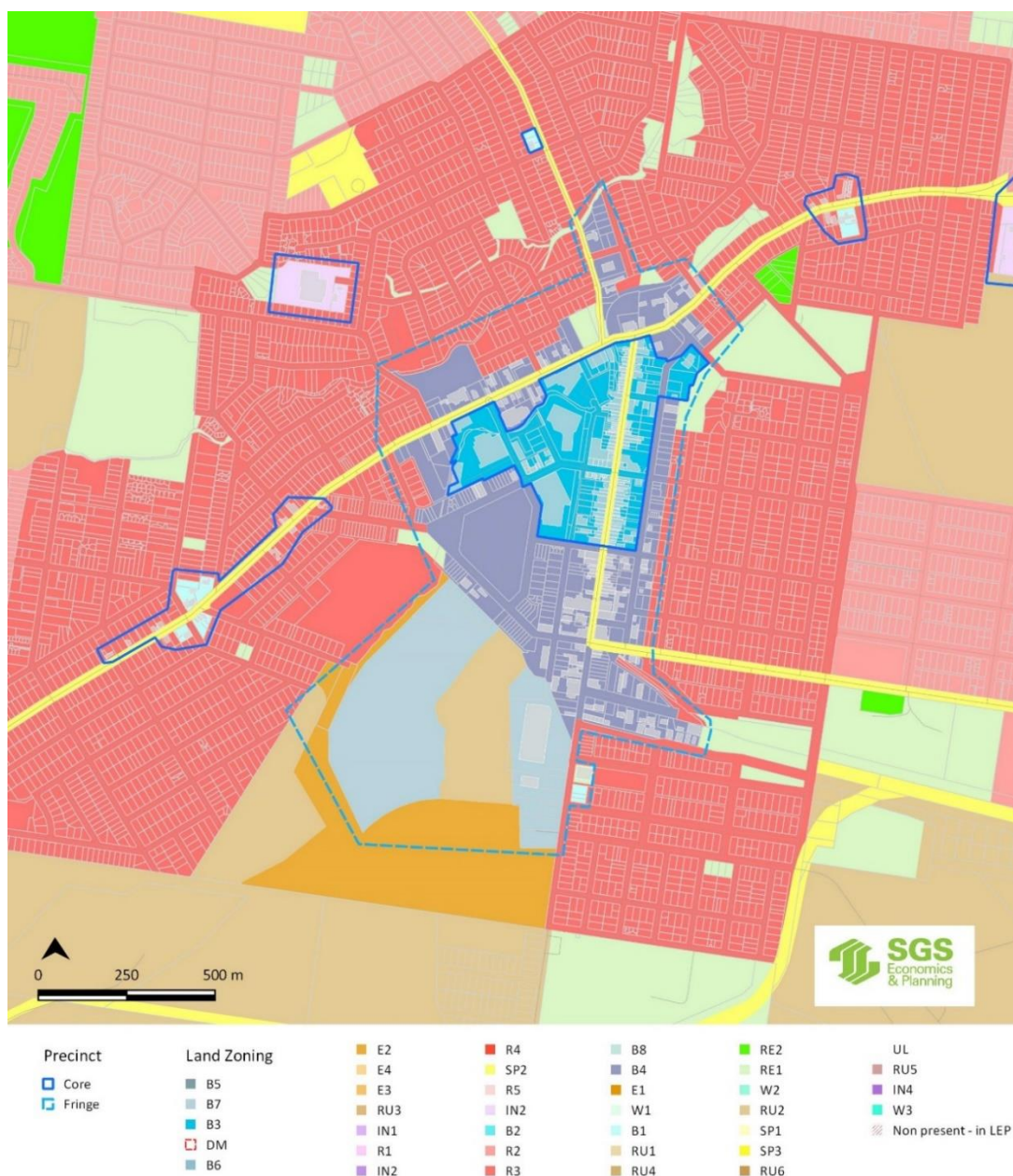
Precinct	B4	B7	Total
Huntlee	221.1	-	221.1
Cessnock - Commercial Peripheral	43.1	24.0	67.1
Kurri Kurri - Lang Street	5.3	-	5.3
Weston – Fringe	4.8	-	4.8
Cessnock - Commercial Core	0.2	-	0.2
<i>Hydro (proposed B7 component)</i>	-	38.2	38.2
Total (existing)	325.0	24.0	349.0
Total (existing + proposed)	325.0	62.2	387.2

Cessnock town centre – Commercial Fringe

Current Role

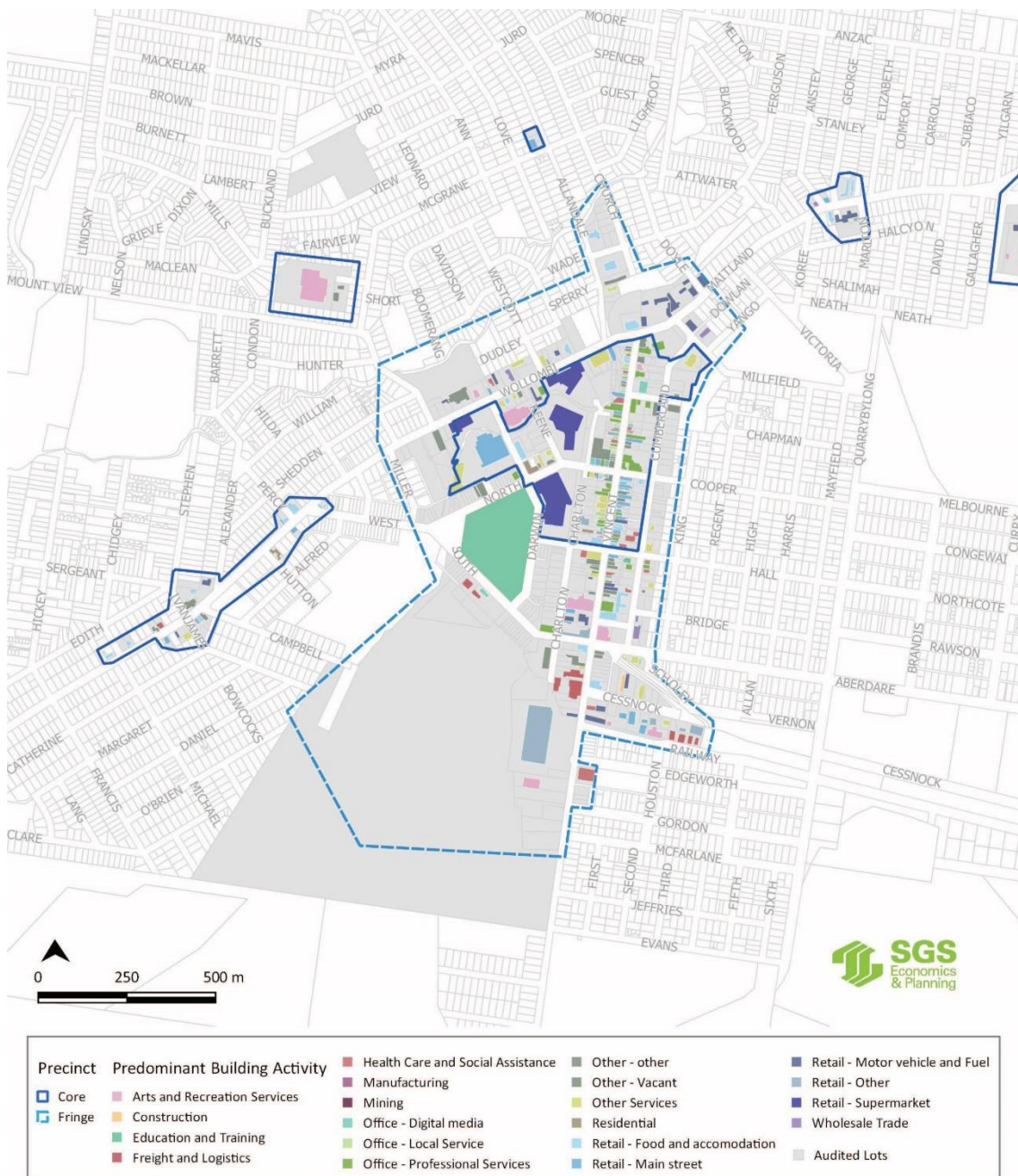
Figure 27 maps the B4 and B7 zoned areas of the Cessnock town centre – called here Commercial Fringe. Figure 28 then focuses on the range of audited uses in this fringe area. The periphery of a town centre often accommodates uses which require town centre proximity, while needing larger lots and the ability to provide access for larger vehicles, which are typically not available in the core or heart of centres. This includes a broad range of uses, though principally bulky goods retail, clubs, large floorplate retail, accommodation, and health and education facilities such as hospitals and TAFEs. It is not necessarily a bad outcome for land around the centre to be left to such lower density uses because (a) bulky goods being co-located with the main centre increases the attractiveness of the centre and (b) in the long term, it can act as a land bank for commercial expansion if/when the centre grows. Ideally the core of the centre will develop more intensely to underpin activation and economic diversity.

FIGURE 27 EXISTING ZONING OF THE CESSNOCK CBD – COMMERCIAL FRINGE



Source: NSW Legislation, 2016

FIGURE 28 LAND USE MIX IN CESSNOCK CBD – COMMERCIAL FRINGE



Source: SGS Land Use Audit

Future Role

While the B4 Mixed Use zone in the Cessnock LEP allows residential flat buildings, shop top housing and multi-dwelling development there has been little of this type of development in the Cessnock town centre fringe, and this denies the whole centre potential activation which it keenly requires to become a more vital and energised activity hub. Facilitating a greater range of residential development as part of mixed use forms in this peripheral area should be a priority and a review of any barriers to achieving this should be pursued, though in reality it is the weak market for alternative residential forms, rather than the planning controls which are a barrier in this regard. Nevertheless, it is worth retaining the B4 Mixed Use zone to allow for commercial and retail integrated with residential in time, if the market supports it.

The characteristics of and uses in the B7 zoned area raise issues in relation to Council's use of the B7 Business Park zone in its LEP, and the absence of a B5 Business Development zone which exists in the Standard Instrument for Local Environmental Plans.

The opportunity exists to encourage an appropriate array of employment uses, as well as make the Cessnock LEP more consistent with the Standard Instrument. A B5 Business Development Zone would replace the current B7 zone with the addition of the B5 mandatory objective (i.e. 'to enable a mix of business and warehouse uses, and bulky goods premises that require a large floor area, in locations that are close to, and that support the viability of, centres') but including the same Land Use Table from the current B7 zone. This allows, with consent, a range of employment activities including offices, light industries and service and recreation uses as well as bulky goods. Retail premises, visitor and tourist accommodation facilities and residential uses should remain prohibited. The 'new' B5 zone would apply in the Cessnock commercial fringe area on the eastern part of the current B7 zone along Vincent Street.

To allow for the prospect of pure commercial and enterprise based land uses the western part of the B7 zone south of South Avenue and accessible from Darwin Street and, from the west, Campbell Street could retain a B7 zone, but one adapted to encourage office, business service and technology based uses. This would ensure that Cessnock has a reserve of commercial land available for any future expansion of higher value employment activities. The B7 zone, from the Standard Instrument, appropriately constructed to encourage high tech, education and creative industry activities would be added to the Cessnock LEP and utilised in this location.

Together these two commercial and business areas should be retained and encouraged to develop over the long term to provide a mixture of business and employment opportunities, including emerging retail formats, but also office and commercial development, proximate and complementary to the town centre.

Weston Fringe

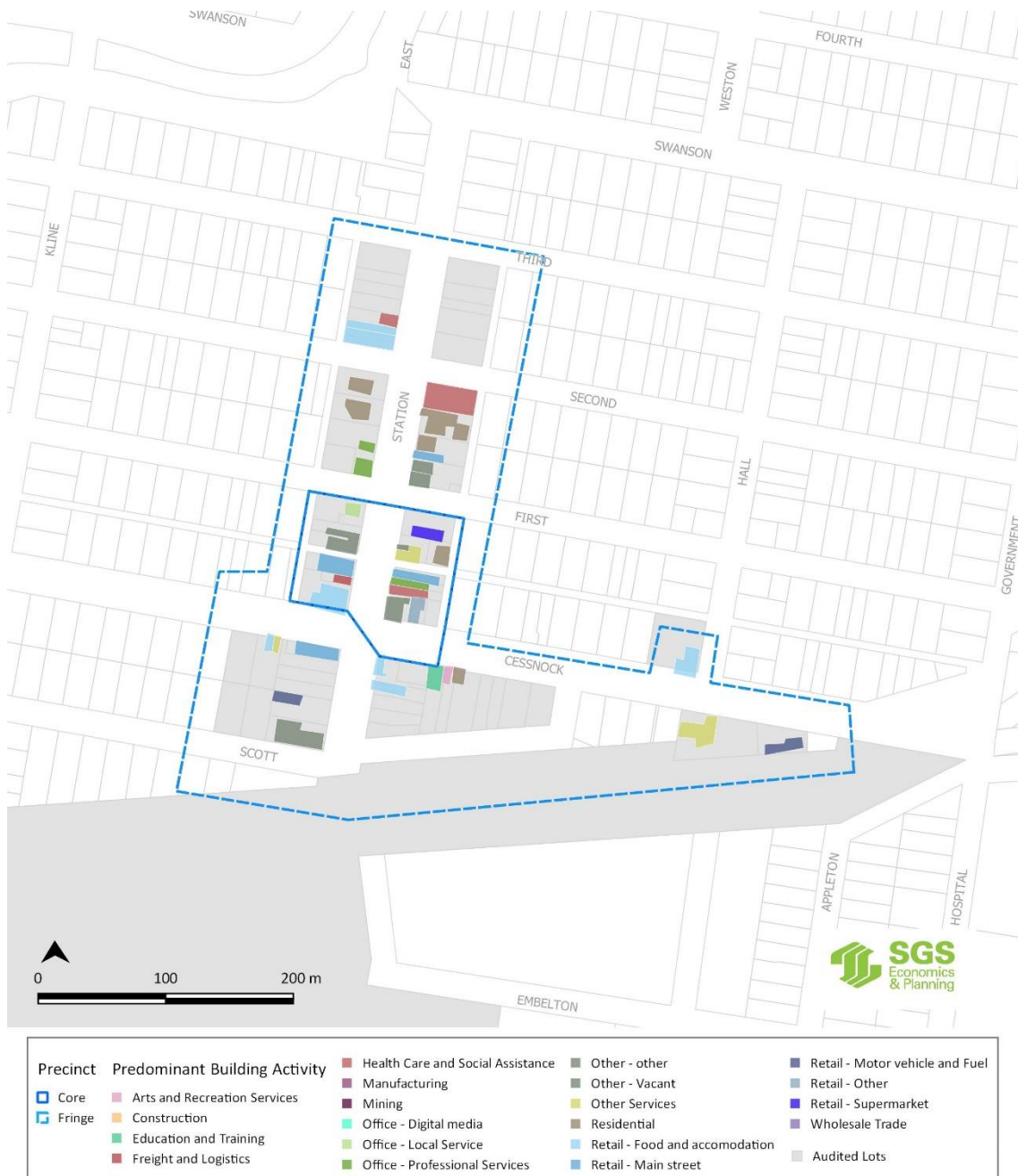
Current Role

Figure 29 and Figure 30 present the existing zoning and mix of uses in the Station Street B4 precinct on the fringe of Weston, which surrounds the B2 Local Centre zone. This area is dominated by a mix of residential and retail uses though there are a number of vacant premises (27% of total floorspace).

FIGURE 29 WESTON FRINGE ZONING



FIGURE 30 WESTON LAND USES



Source: SGS Land Use Audit

Future Role

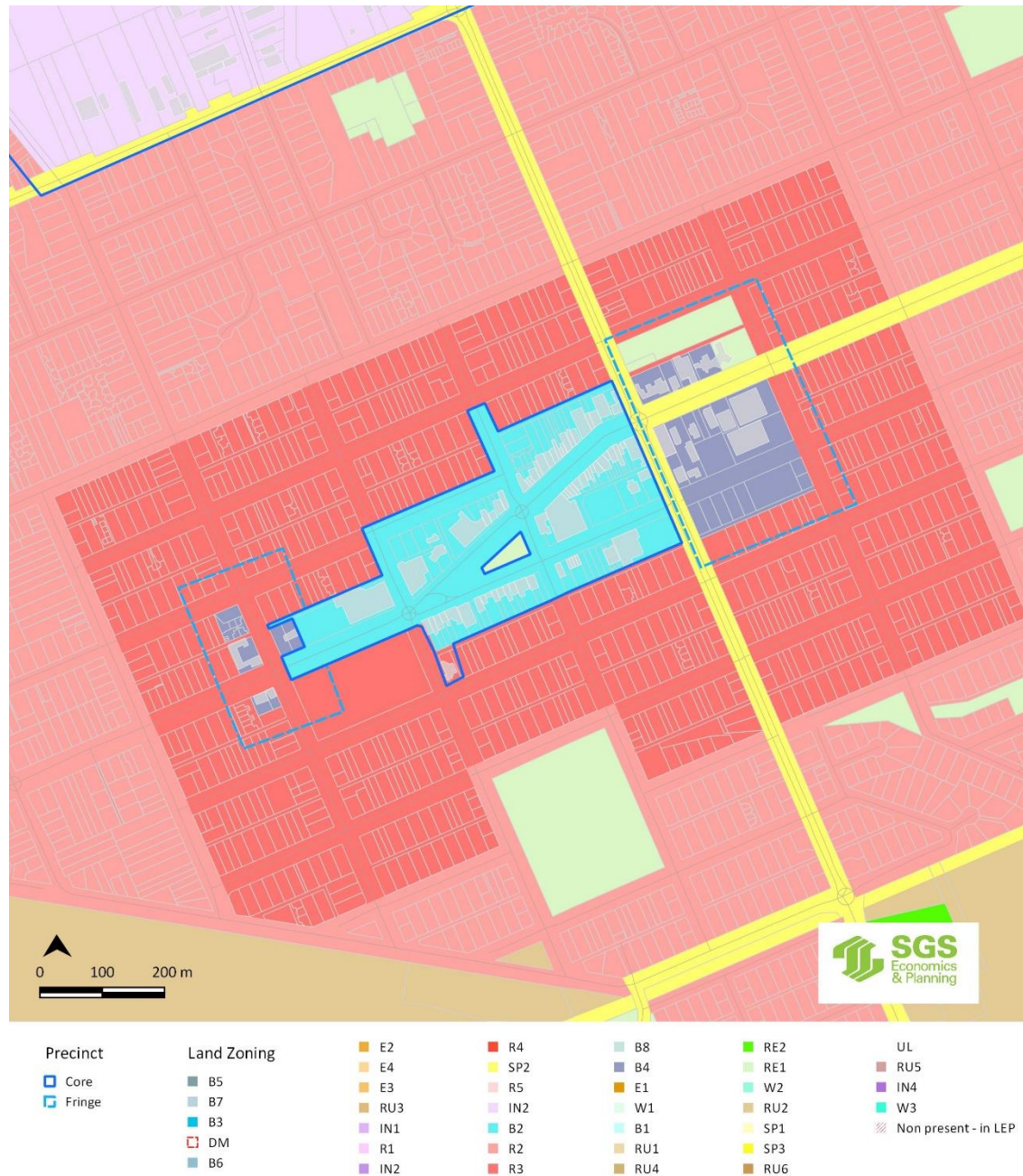
In the Weston context the B4 Mixed Use zone seems ‘out of place’. Typically this zone is used where there is a genuine prospect of relatively intense, integrated retail or commercial with residential development. This doesn’t seem to be the case in Weston in its fringe areas. Nevertheless there is no ‘harm’ in retaining the B4 zone and it allows for the mix of shops and dwellings to ‘conform’. It would seem reasonable however to amend the zone to allow secondary dwellings or semi-detached dwellings with consent (currently prohibited). Any alternative residential development forms which can add to density should be welcomed in the mixed use context in the Cessnock LGA.

Kurri Kurri Fringe

Current Role

Figure 31 and Figure 32 show the zoning and land uses in the two B4 precincts at either end of the Kurri Kurri Centre (beyond the B2 zone). The precinct at the eastern end straddling Lang Street and Barton Street contains the majority of activity, including health care and service industry. Vacancies are 12% of floorspace.

FIGURE 31 KURRI KURRI FRINGE ZONING



Source: NSW Legislation, 2016

FIGURE 32 KURRI KURRI FRINGE LAND USES



Future Role

The B4 Mixed Use zones in Kurri Kurri serve no particular purpose in buffering or transitioning core retail and commercial areas with mixed use activity. At the western end, at Alexandra Street the B4 Mixed Use zone should be rezoned to B2 Local Centre, given it contains a motel and service station, while the block to the north on the south west corner of Bruncker and Alexandra should be rezoned to R3 consistent with the adjacent zone. The eastern B4 Mixed Use zone straddling Lang Street and Barton Street, east of Victoria Street should be rezoned to R3, consistent with the surrounding residential area. There should be no encouragement for commercial and retail premises to 'leak' east of Victoria Street.

4.5 Summary

Cessnock's centres are mostly expected to accommodate incremental floorspace increases in line with population growth and there is sufficient zoned capacity to accommodate the projected increase to 2046.

The exception will be in Huntlee, where a significant residential development is anticipated. There, a new neighbourhood centre will be established to serve the needs of the future population. This report concludes that the new centre in Huntlee is unlikely to have significant impacts on the established centres in Cessnock LGA, provided it is not allowed to grow beyond what is required to serve the needs of the surrounding local population.

Developing local amenities and liveability as an economic driver relates to the housing component of the Study, but it also strongly relates to the quality of urban and commercial centres. Higher order retail expenditure 'leaks' to other centres, such as Charlestown, Kotara, Green Hills and perhaps even Tuggerah on the Central Coast, though Cessnock retains good second tier depth including the major supermarkets.

Prospects for deepening and diversifying the retail offer depend on capturing wider regional and visitor expenditure and this depends on the approach of businesses, assisted where possible by coordinated economic development initiatives – rather than changes to planning controls per se. It is acknowledged that without a shift in sentiment from customers in the core catchment of centres retail innovation can be difficult. Kurri Kurri is principally a local centre with a relatively conservative customer base. Over the medium to long term it may deepen and diversify on the basis of changes within its catchment and given the proximity of the Expressway and proposed developments at Heddon Greta and Hydro, which can generate new custom and expenditure patterns.

The amenity of Cessnock City Centre has improved because the new Expressway has significantly reduced heavy vehicles passing through the Centre. The improved amenity should be capitalised upon by continuing to implement the public domain improvement program initiated by Council and by providing merchandising support and advice to local retailers as a way to improve the attractiveness of their offering.

Because there is not likely to be significant increases in floorspace demand, the aim should be to otherwise consolidate retail and business development in or near existing centres, and promote public and other transport links between them, in particular in the corridor through Kurri Kurri, Weston, Cessnock and Heddon Greta (and perhaps beyond to Gillieston Heights in the Maitland LGA).

5 INDUSTRIAL LANDS

Overview

The purpose of this Chapter is to discuss and analyse the structure and role of Cessnock LGA's industrial lands. It combines numerous data sources to analyse the status of existing and proposed industrial land. Industrial lands are those lands which are currently zoned or proposed to be zoned for industrial uses. The Hydro planning proposal which includes a mix of employment zones, including business zones (B1 and B7) as well as industrial zones, is also discussed in this Chapter.

5.1 Overview of approach

Understanding the existing composition of precincts

The analysis of industrial precincts covers all lands which have been (or are potentially to be) zoned IN1, IN2 and IN3. Initially this analysis included:

- Definition of industrial precinct boundaries across the LGA, with only land zoned IN1, IN2 or IN3 included (though business zones are considered in the discussion on the Hydro proposal which includes a mix of employment zones);
- Naming of industrial precincts per a convention using the main street followed by the suburb in which the precinct is located, and
- Analysis of existing land uses in the industrial precincts underpinned by a land use audit (see below), which is summarised by floorspace and land area data as well as maps of land use.

Land use audit

An LGA-wide audit of land uses was undertaken across all business and industrial zoned lands to inform the strategic assessment of these industrial precincts. This audit was undertaken with the use of:

- GIS cadastre layers in Mapinfo for lot size and building footprints;
- Site by site audit (in person) of all industrial and business zoned lands across the municipality for land use analysis, and
- Separate qualitative assessment of sites and precincts in person by key members of the team.

Note that the analysis in this Chapter is focused on industrial lands, and does not include B4 mixed use employment precincts, such as the proposed B4 Mixed Use Zone in Huntlee. These mixed use precincts are addressed in Section 4 in the Town Centre analysis.

Suitability analysis

Fundamental to any assessment of existing and future industrial land supply in Cessnock is the extent to which the spatial development context makes land suitable for a variety of industrial land uses. A full suitability analysis has been conducted for all existing (but not proposed) industrial precincts within the LGA boundaries, i.e.:

- Hunter Economic Zone
- Station Street Kurri Kurri
- Railway Street Kurri Kurri
- Maitland Road Cessnock
- Tunnel Street Cessnock
- Christy Road Cessnock
- Railways Street Branxton
- Maitland Street Branxton

The analysis takes into account a number of important environmental constraints including:

- Aboriginal heritage
- Biodiversity
- Bushfire
- Fauna
- Flooding
- Riparian and waterways
- Proximity to residential areas and other sensitive land uses

These constraints act as limitations for industrial activities which planning authorities need to consider to ensure that industrial uses are located in suitable locations and to prevent employment land in areas that businesses may find too difficult or expensive to develop. Mine subsidence has not been considered in this study because of the highly technical site specific nature of this constraint. Nonetheless, it is very important in the Cessnock LGA and should be part of the confirmation process of any rezoning proposals arising from this Study.

In addition, there are a number of other factors which can improve the suitability of a site for a variety of uses. These attributes include:

- Similar uses nearby (clustering effect)
- Highway/Road/ rail access
- Electricity/gas/water access
- Proximity to residential population
- Buffers to sensitive uses

The results of the suitability analysis are presented in Sections 5.3 and 5.4 for each individual precinct.

5.2 LGA wide supply assessment

Supply overview

The supply of industrial zoned land in Cessnock LGA is shown in Table 12.

The Hunter Economic Zone (HEZ) is by far the largest precinct in the LGA, with Kurri Kurri the other substantial precinct. The remaining precincts scattered around Branxton and Cessnock are smaller and play a predominantly local service role.

TABLE 12 EXISTING EMPLOYMENT LAND SUPPLY IN CESSNOCK LGA (HA)⁸

Precinct	IN1	IN2	IN3	Total Industrial
Hunter Economic Zone	878.2	-	-	878.2
Kurri Kurri Industrial - Railway Parade	-	41.3	64.7	106.1
Cessnock Industrial - Maitland Road	-	11.2	-	11.2
Cessnock Industrial - Tunnel Road	-	-	10.9	10.9
Branxton Industrial - Maitland Street	-	9.4	-	9.4
Branxton Industrial - Station Street	-	3.2	-	3.2
Cessnock Industrial - McGrane Street	-	2.4	-	2.4
<i>Black Hill (proposed IN2)</i>	<i>195.6</i>	<i>-</i>	<i>-</i>	<i>195.6</i>
<i>Hydro (proposed IN1 + IN3 components)</i>	<i>87.2</i>	<i>-</i>	<i>89.9</i>	<i>177.1</i>
Total (existing)	878.2	67.5	75.6	1,021.4
Total (existing + proposed)	1,161.0	67.5	165.5	1,394.1

Source: SGS Analysis of GIS Database, SGS Land Audit, ABS Census 2011

Occupancy and vacancy

Occupancy rates were determined based on the land audit conducted by SGS as part of this Study.

Occupied, refers to lands which are currently utilised by developed land use activities, including industrial, commercial, retail, institutional and residential purposes. **Vacant**, refers to lands which are undeveloped, currently not used for urban/regional activities or do not have a tenant occupying the space. These are detailed by precinct below.

It is desirable that employment lands have 10% to 15% ongoing vacancy in equilibrium in order to allow for a churn of activities where some businesses vacate whilst new businesses arrive and help the areas evolve. Even allowing for this contingency there is sufficient capacity within Cessnock LGA's industrial precincts to accommodate more industrial activities.

⁸ All other business zoned lands are located in Town Centres

TABLE 13 SUPPLY – EMPLOYMENT ZONED LANDS (HA)

Precinct	Occupied	Vacant	Vacancy %	Total
Hunter Economic Zone	3.4	878.2	99.6%	878.2
Kurri Kurri Industrial - Railway Parade	57.3	48.8	46.0%	106.1
Cessnock Industrial - Maitland Road	3.5	7.7	68.8%	11.2
Cessnock Industrial - Tunnel Road	0.5	10.4	95.4%	10.9
Branxton Industrial - Maitland Street	7.2	2.2	23.4%	9.4
Branxton Industrial - Station Street	2.0	1.2	37.5%	3.2
Cessnock Industrial - McGrane Street	2.1	0.3	12.5%	2.4
<i>Black Hill (proposed IN2)</i>	-	195.6	100.0%	195.6
<i>Hydro (proposed IN1 + IN3)⁹</i>	177.1	-	0.0%	177.1
Total (existing)	253.1	768.3	75.2%	1,021.4
Total (existing + proposed)	253.1	1,141.0	81.8%	1,394.1

Source: SGS Analysis of GIS Database, SGS Land Audit, ABS Census 2011

The IN1 zoned lands within the HEZ are significantly underutilised with a high vacancy rate. There are likely to be many reasons for this, particularly environmental constraints and location. Market demand for industrial land is highly sensitive to the latter in particular. These issues are discussed in greater detail below in the suitability analysis at the precinct level.

Existing land use activity

Table 14 presents the key results of the land use audit for industrial lands. All business activities have been classified according to the Australian and New Zealand Standard Industrial Classification (ANZSIC) of employment.

Manufacturing, construction and freight (transport, postal and warehousing) are the major industrial land uses in the LGA. Freight and logistics businesses are not large employers in Cessnock but occupy large industrial zoned sites. Given that the freight and logistics industry is growing rapidly in this region, this has important implications for how industrial land is being absorbed by the market. The proximity of the Hunter Expressway and the M1 Freeway to parts of Cessnock LGA provide a favourable location for freight and logistics related industries, all other factors being equal.

Note that most of the non-industrial employment activities which are not heavily represented in these lands are commonly found elsewhere in the LGA, including in and around Cessnock or Kurri Kurri town centres and health/education institutions such as schools and medical practices.

⁹ The Hydro site is currently zoned RU2 Rural Landscape. This is not an industrial zone, but the site is occupied by an Aluminium Plant with existing use rights. The Aluminium Plant is now being decommissioned, with an industrial rezoning (IN1 and IN3) under consideration.

TABLE 14 INDUSTRIES IN CESSNOCK'S INDUSTRIAL ZONED PRECINCTS (SQM)

	Hunter Economic Zone	Kurri Kurri Industrial - Railway Parade	Cessnock Industrial - Maitland Road	Cessnock Industrial - Tunnel Road	Branxton Industrial - Maitland Street	Branxton Industrial - Station Street	Cessnock Industrial - McGrane Street	Total	%
Manufacturing	8,524	42,860	-	943	1,183	1,374	-	54,883	36.7%
Service Industry	-	20,471	4,333	-	-	1,274	-	26,077	17.4%
Construction	-	15,271	136	-	1,533	1,599	-	18,540	12.4%
Mining	-	12,132	-	-	-	-	-	12,132	8.1%
Freight	-	3,745	3,965	-	-	1,837	-	9,546	6.4%
Arts and Rec	-	3,394	-	-	-	-	6,110	9,504	6.3%
Retail	-	3,630	5,805	-	-	-	-	9,435	6.3%
Wholesale Trade	-	2,706	-	-	-	-	-	2,706	1.8%
Unknown	-	662	-	-	1,198	745	-	2,604	1.7%
Office	-	396	-	-	-	-	-	396	0.3%
Vacant	-	2,449	-	-	553	-	858	3,860	2.6% ¹⁰
Total	8,524	107,715	14,239	943	4,466	6,828	6,968	149,683	100.0%

Source: SGS Economics and Planning land audit (2016)

5.3 Precinct specific assessment

This Section presents an analysis of existing industrial lands at a precinct level. It combines audit data with qualitative observations. Proposed precincts at Hydro and Black Hill are discussed in section 5.4. Section 5.5 provides detailed discussion of each precinct from a supply side perspective.

HEZ

Current Role

The Hunter Economic Zone (HEZ) is the largest employment area in the LGA at around 878.2 hectares (refer to Figure 33).

The Site is zoned for industrial uses (IN1) and surrounded by environmental zones. A specific objective was added to the IN1 General Industry zone which applies to the HEZ site, namely 'to encourage sustainable major industrial development and major employment generating development.' Restrictions on subdivision would make the site suitable for large footprint developments.

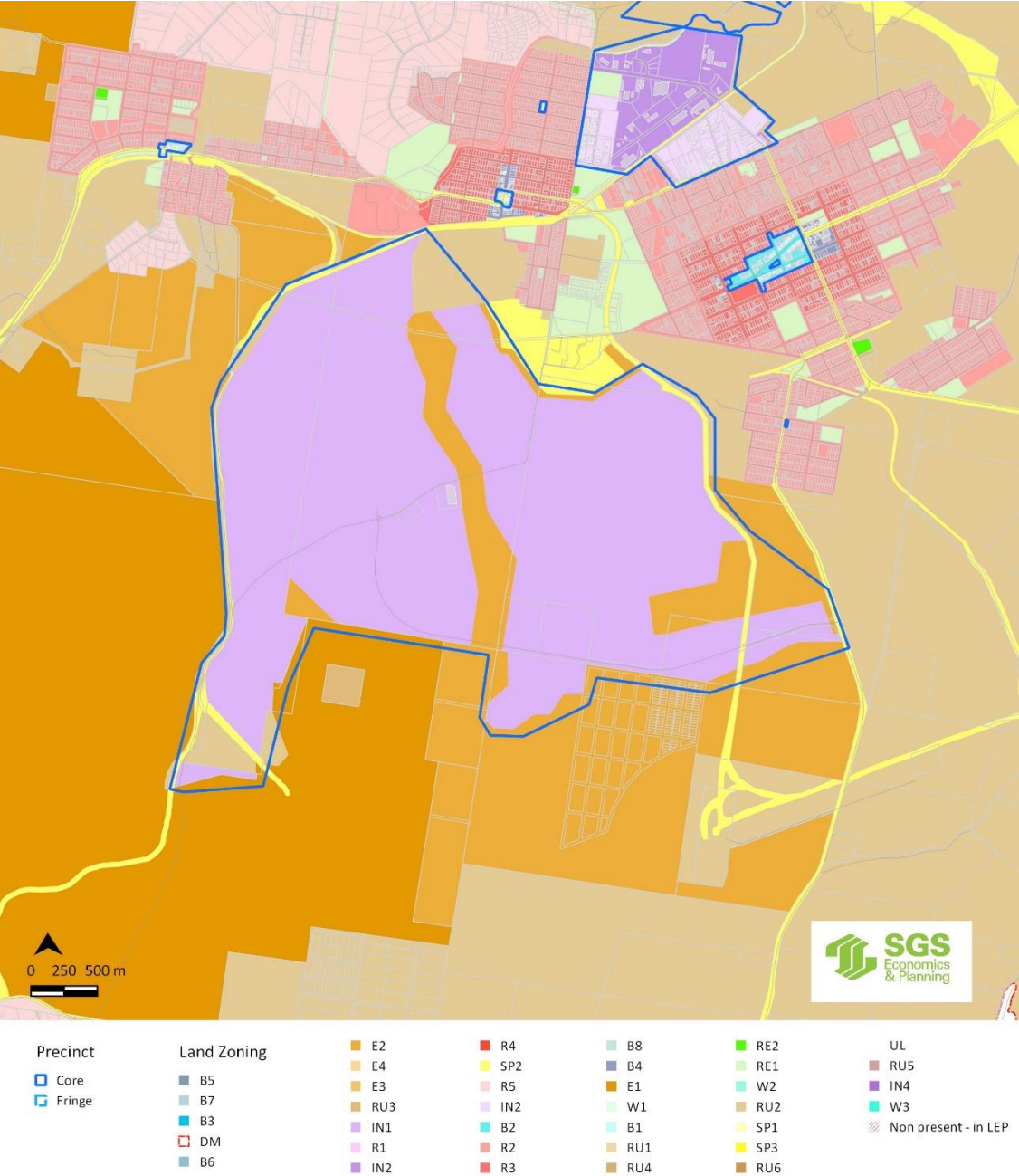
According to the CWSS, the HEZ is one of few employment lands in the region that can accommodate developments that require lots of 100 hectares or more. However, there has been little development in the 14 years since its establishment and has not yet attracted "more than 10,000 jobs and \$2 billion in investment"¹¹ which were predicted following its approval in 2002. Services and infrastructure (including an access road) have been provided to the small building that has been developed (Ullrich Aluminium HEZ) but elsewhere on the large site services and infrastructure have not been provided. Biodiversity

¹⁰ Note that this refers to vacant floorspace only (as opposed to vacant lots without structures or hardstand uses)

¹¹ Matthew Moore and Julieanne Strachan (2010) Hunter Economic Zone in receivership, *Newcastle Herald*, 1 Mar 2010, viewed 11/10/16 at <http://www.theherald.com.au/story/453018/hunter-economic-zone-in-receivership/>

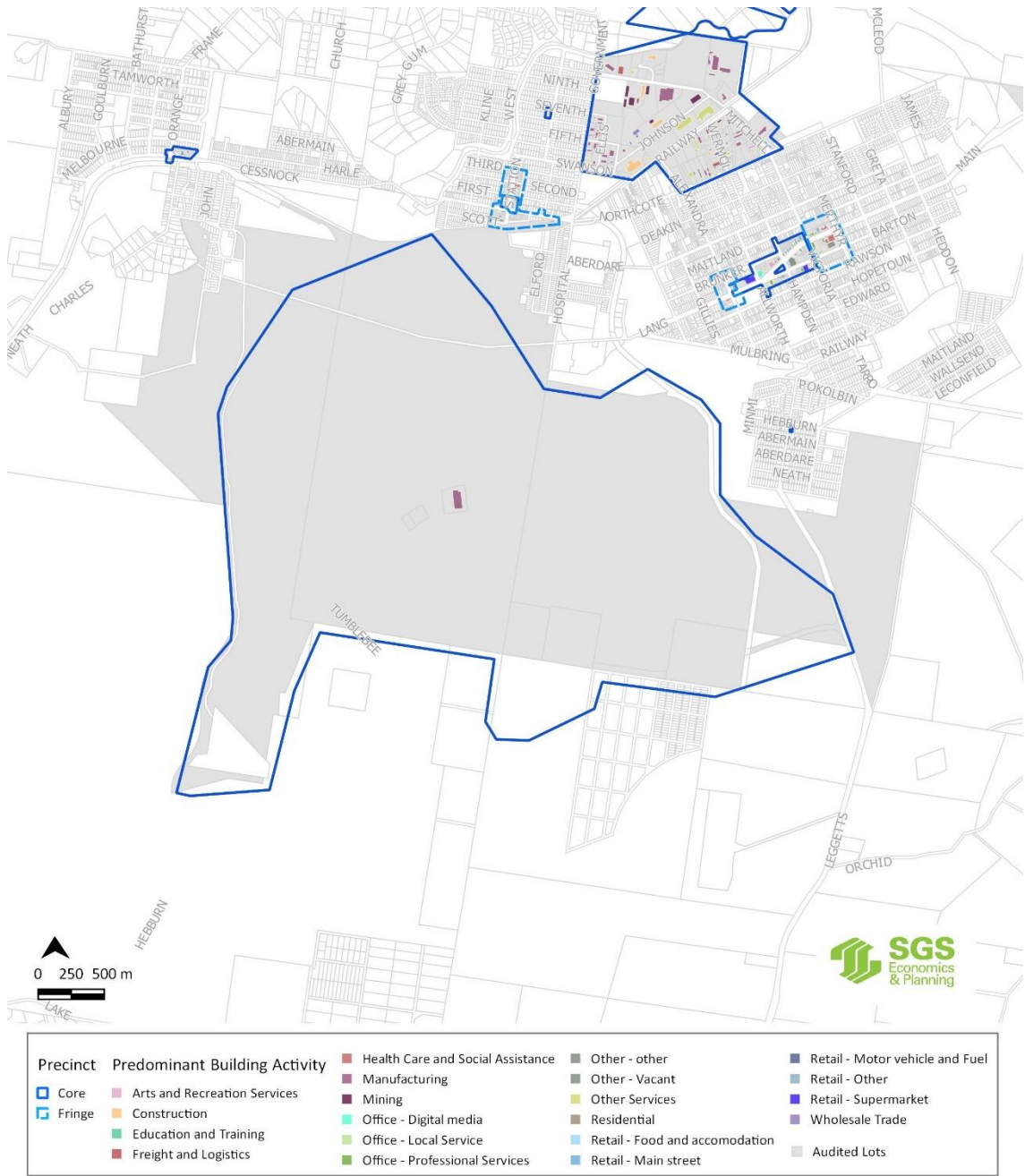
issues are cited as a development constraint¹² but they may represent an opportunity in providing owners with the opportunity of participating in 'bio-banking' which enables 'biodiversity credits' to be generated and sold where there is a commitment to enhance and protect biodiversity values.

FIGURE 33 HEZ ZONING MAP



¹² Damon Cronshaw (2013) Hunter Economic Zone under threat, Newcastle Herald, 17 July viewed 11/10/16 at <http://www.theherald.com.au/story/1645463/hunter-economic-zone-under-threat-mayor/>

FIGURE 34 HEZ LAND USE MIX



Source: SGS Audit 2016

Suitability Assessment

Figure 35 presents the suitability assessment for the Hunter Economic Zone, with the nearby industrial lands of Kurri Kurri providing some useful context as a reference point.

The maps show that HEZ is generally unsuitable for bulky goods retail, service industry and freight activities due its relative isolation from major population centres and key transport infrastructure.

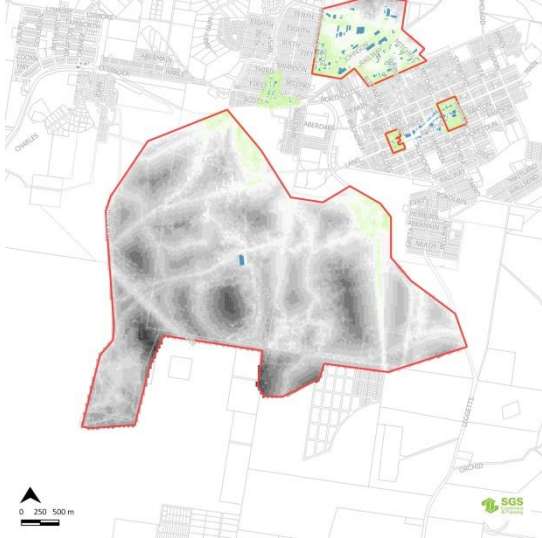
A significant proportion of the precinct is affected by a range of environmental constraints which mean that heavy industry cannot be effectively accommodated with the exception of a pocket of land to the south western end. The area is distant from population centres so it is plausible that heavy manufacturing or waste disposal activities for example, could be viable where off-site and environmental impacts are contained.

Business parks and offices may be marginally viable on the north-eastern edge of the precinct. However when compared to other locations in Kurri Kurri district, particularly given its distance from the Hunter Expressway, the suitability for these employment uses is only modest at best.

Overall, due to its isolation and the presence of significant environmental constraints, and limits to forecast demand, the HEZ precinct is unlikely to attract a critical mass of industrial activities for the foreseeable future, though an opportunistic development is of course possible.

FIGURE 35 HUNTER ECONOMIC ZONE SUITABILITY ASSESSMENT

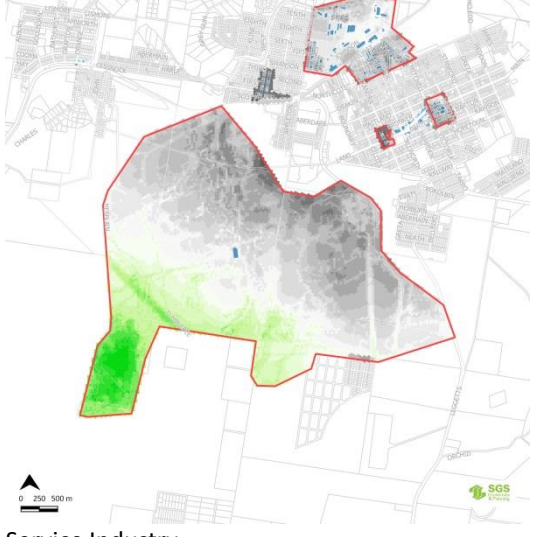
Bulky Goods



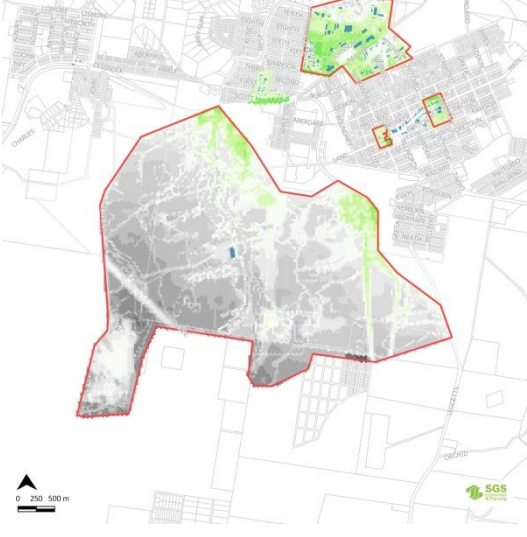
Freight and Logistics



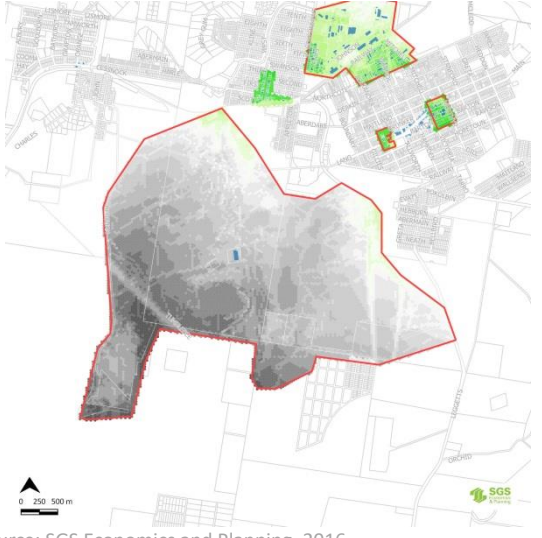
Heavy/General Industry



Office / Business Park



Service Industry



Source: SGS Economics and Planning, 2016

Future Role

HEZ's prospects have been influenced by the Hunter Expressway and the adoption of the *draft Hunter Regional Plan 2015*. The completion of the Hunter Expressway increases accessibility and connectivity for employment precincts located in close proximity to the Expressway.

The various constraints on employment land at HEZ will continue to impact upon its ability to attract major industries. Nonetheless, it is still unique because it is a large site in a location well buffered from residential development. It is therefore still possible for the site to accommodate a large user requiring an isolated location.

However, such a 'large' industrial operation is not necessarily guaranteed to become a major employer. Industrial businesses attracted to large isolated locations are often capital intensive (as opposed to labour intensive employers). It is also questionable whether influential, higher order employees (qualified managers, supervisors, technicians and professionals) would be keen on performing their day to day operations from this relatively isolated location, particularly if they do not possess any other links to the Cessnock area. The employment associated with new developments on this site may therefore be limited.

The HEZ precinct should not be Council's primary industrial precinct of focus in the long term. There are other locations within the Cessnock LGA which are potentially more suitable and attractive to attracting industrial activities, and will likely yield higher levels of employment.

Nonetheless, due to its relatively unique attributes in the Hunter Region, at least some of HEZ can be retained as a speculative industrial precinct which may accommodate large land users and/or capital intensive industrial activities in the future. Given the limits to future demand and the characteristics of the precinct, it is appropriate to reassess the zone boundary for the HEZ to reduce its size. A new boundary would avoid the most sensitive environmental constraints while including areas with service provision. Significant sites or prospects for large footprint development should be retained. Areas excluded or excised would be rezoned to E2 Environmental Conservation, thereby highlighting their eligibility for bio-diversity banking and associated credits. More work would be required to identify the appropriate new zone boundary.

Kurri Kurri Industrial - Railway Parade

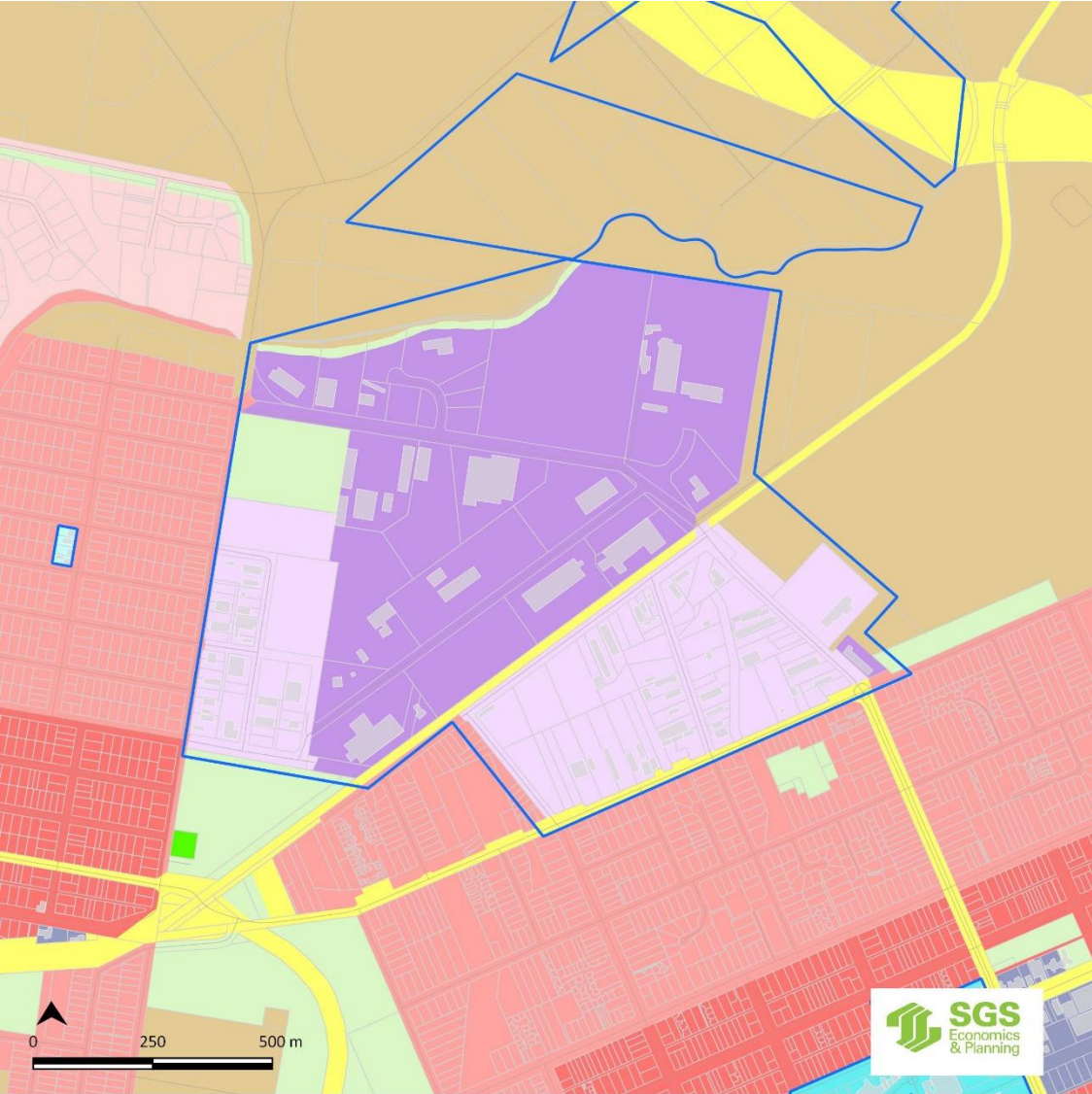
Current Role

The Kurri Kurri Railway Parade area is currently one of the most important industrial precincts in the Cessnock LGA given the combination of manufacturing and other related industries which collectively occupy the precinct.

Land in the precinct is generally in demand because it is one of the few precincts in the LGA which has reasonable access to the Hunter Expressway as well as close proximity to a nearby population centre. This means the precinct effectively plays a dual role of manufacturing hub and service industry destination for the local residents of Kurri Kurri. There is also a significant presence of mining and construction related activities in the precinct.

The precinct has rail access which is not utilised at present.

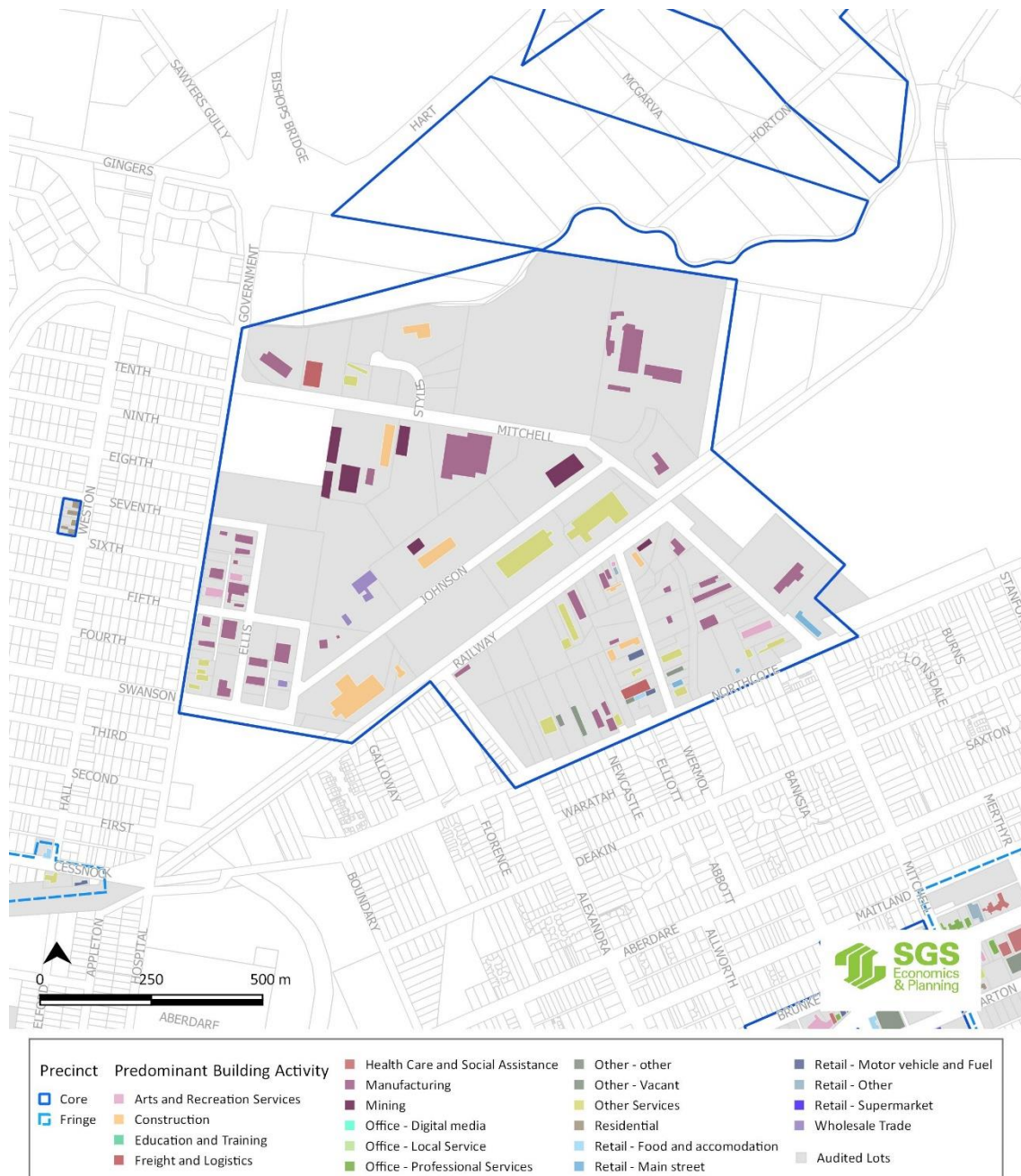
FIGURE 36 KURRI KURRI INDUSTRIAL RAILWAY PARADE ZONES



Precinct	Land Zoning	E2	R4	B8	RE2	UL
Core	B5	E4	SP2	B4	RE1	RU5
Fringe	B7	E3	R5	E1	W2	IN4
	B3	RU3	IN2	W1	RU2	W3
	DM	IN1	B2	B1	SP1	Non present - in LEP
	B6	R1	R2	RU1	SP3	
		IN2	R3	RU4	RU6	

Source: Source: NSW Legislation, 2016

FIGURE 37 KURRI KURRI RAILWAY PARADE LAND USES



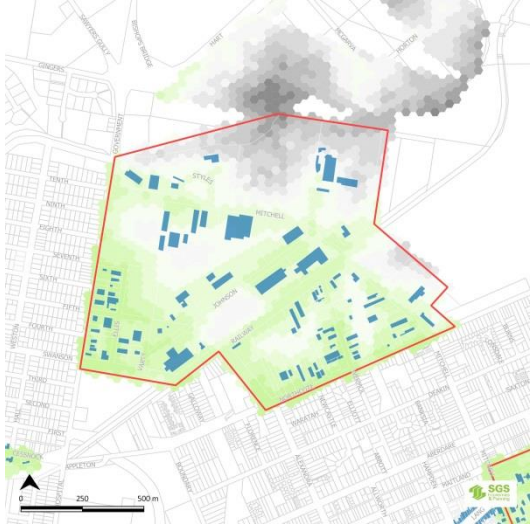
Source: SGS audit 2016

Suitability Assessment

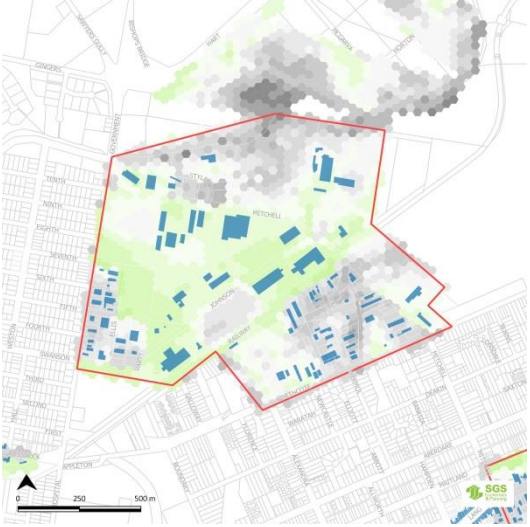
Figure 38 demonstrates how this precinct is generally suited to most industrial uses. Note that despite the fact that heavy industry is generally unsuitable (because of its proximity to population), it nonetheless still operates from this location. The proposed Hydro development site to the north is suited to accommodating this activity and could be an alternative location for relocating businesses. Flooding is a constraint which is not prominent in this analysis but needs to be considered in building siting and development. This may also undermine future growth which highlights the merits of the Hydro industrial areas for uses unable to be accommodated in Kurri Kurri.

FIGURE 38 KURRI KURRI INDUSTRIAL – RAILWAY PARADE SUITABILITY

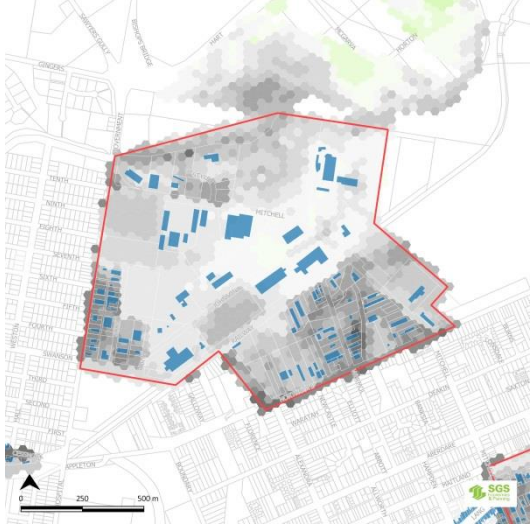
Bulky Goods



Freight and Logistics



Heavy Industry



Office / Business Park



Service Industry



Source: SGS Economics and Planning, 2016

Future Role

This precinct can be expected to retain a vital role in the Cessnock LGA economy. The existing mix of uses will continue, although in the long run, service industry, construction activities and even some higher order mixed businesses with an office component, might emerge more strongly, particularly if alternative locations such as the Hydro site are able to attract heavier and general industry away from the population centres. There may be potential for the area to expand and link to the Hydro site. This would also improve its freeway access.

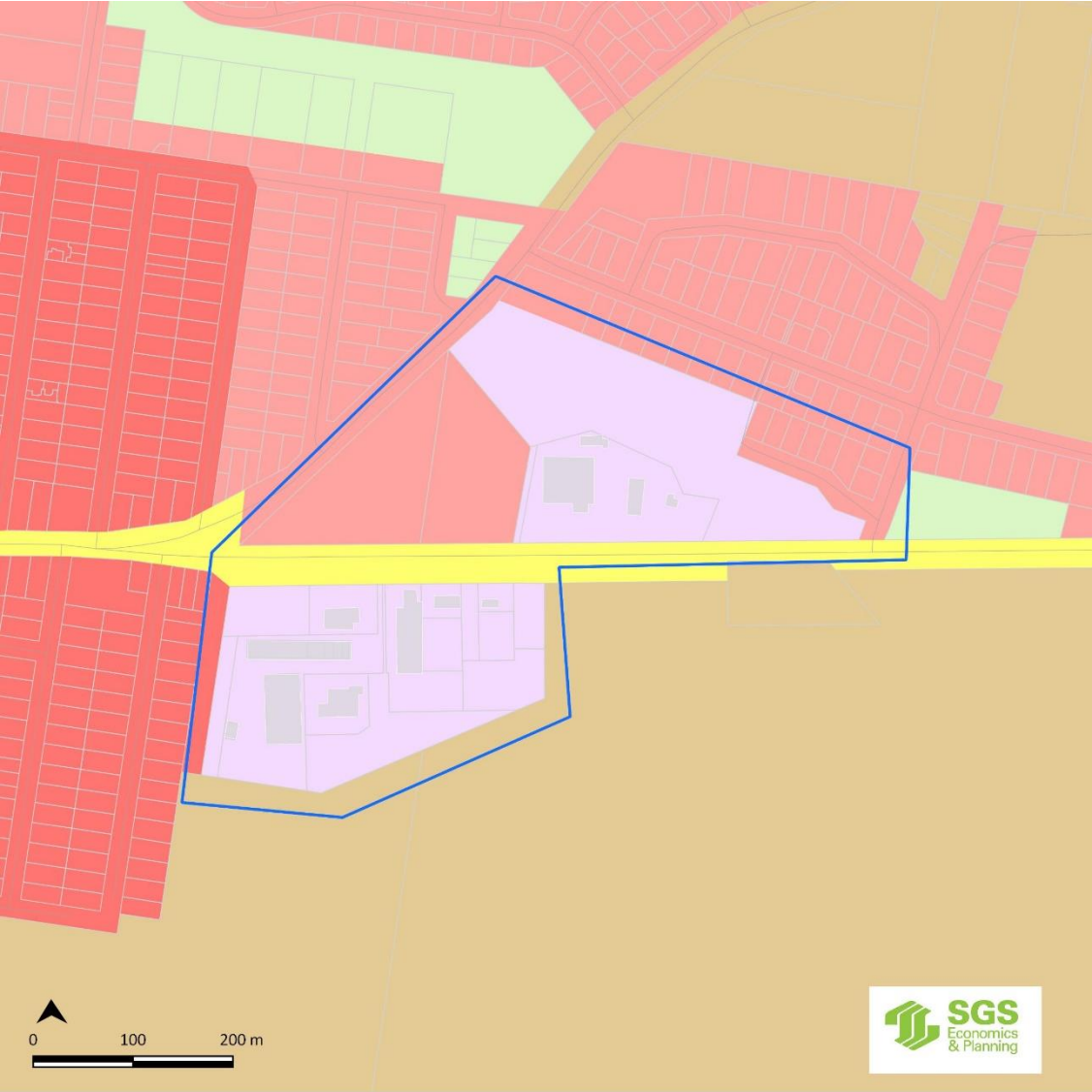
No change to the zoning or planning controls is proposed, other than investigating the above proposal in the context of the Hydro redevelopment.

Cessnock Industrial - Maitland Road

Current Role

This precinct predominantly contains three uses – motor vehicle sales, freight, service industry and fuel retail. Collectively, those businesses are capitalising on the precinct's location along a major arterial in Maitland Road providing access into Cessnock Town Centre.

FIGURE 39 CESSNOCK INDUSTRIAL MAITLAND ROAD ZONING



Precinct		Land Zoning									
Core		B5		E2		R4		B8		RE2	UL
Fringe		B7		E4		SP2		B4		RE1	RU5
		B3		E3		R5		E1		W2	IN4
		DM		RU3		IN2		W1		RU2	W3
		B6		IN1		B2		B1		SP1	Non present - in LEP
				R1		R2		RU1		SP3	
				IN2		R3		RU4		RU6	

Source: Source: NSW Legislation, 2016

FIGURE 40 CESSNOCK INDUSTRIAL MAITLAND ROAD LAND USES



Source: SGS 2016

Suitability Assessment

The suitability assessment largely confirms the precinct's role as a service industry location with some retail and freight activities. Like many other smaller precincts in the LGA, which have good exposure to arterial roads and proximity to population centres, it appears as a viable business park location but clustering opportunities are modest and firms looking for such floorspace would probably seek either an established office location or a larger business park opportunity (which are present in the region outside the LGA).

FIGURE 41 CESSNOCK INDUSTRIAL– MAITLAND ROAD

Bulky Goods



Freight and Logistics



Heavy Industry



Office / Business Park



Service Industry



Source: SGS Economics and Planning, 2016

Future Role

Given that the uses in this precinct largely align with its major strengths, and it is functioning well for service industry, its role is unlikely to shift in the near future.

No change to the zoning or planning controls is proposed.

Cessnock Industrial - Tunnel Road

Current Role

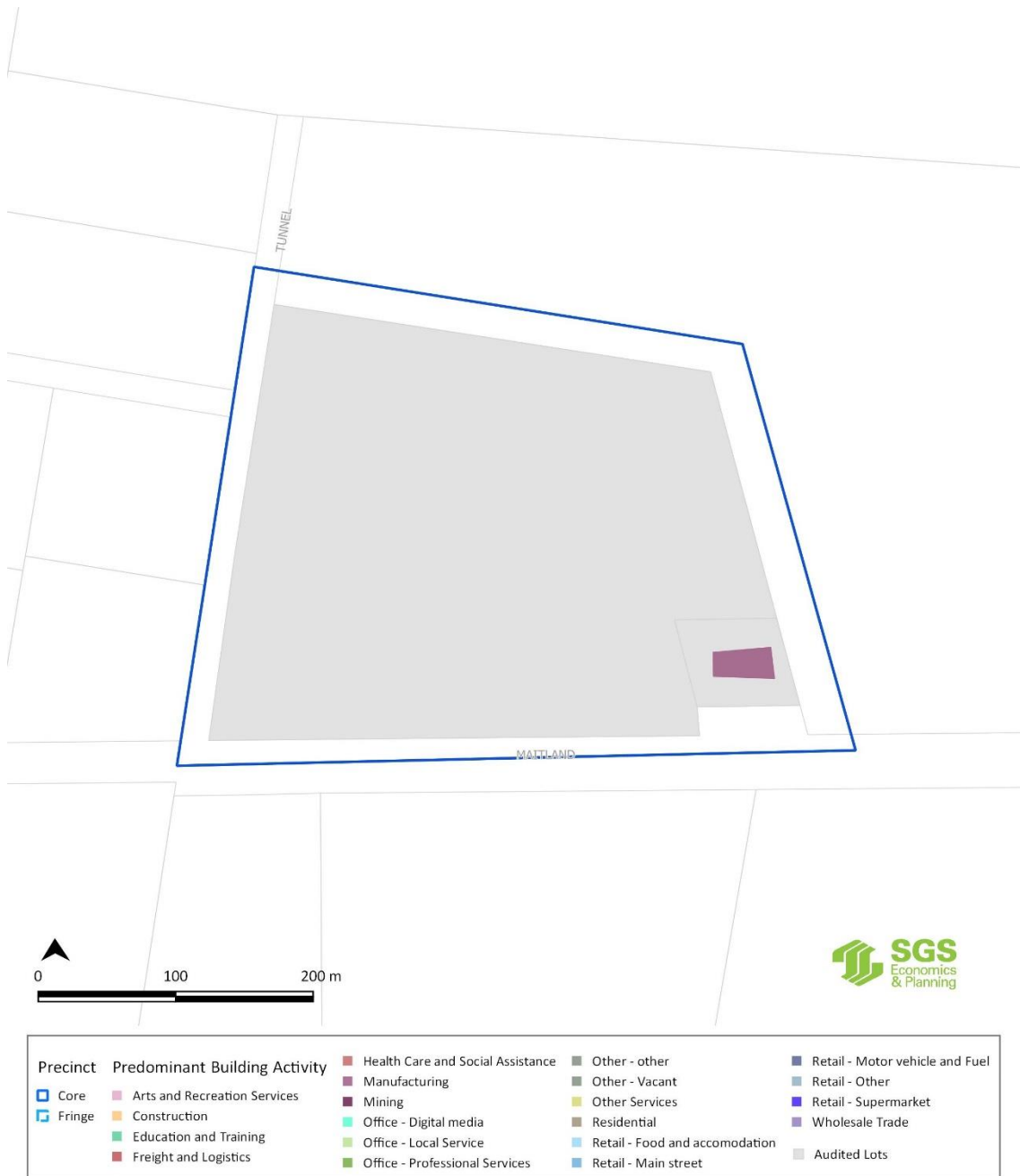
Another precinct on the Maitland Road, south of the Cessnock waste management centre, this precinct is less attractive for industry due to its more remote location away from the Cessnock Town Centre. There is currently a single business in the south-western corner as well as the Cessnock Motocross Club on the site, but the remainder of the site is vacant. A large proportion of the precinct is covered by vegetation.

FIGURE 42 CESSNOCK INDUSTRIAL TUNNEL ROAD ZONING



Source: Source: NSW Legislation, 2016

FIGURE 43 CESSNOCK INDUSTRIAL TUNNEL ROAD LAND USES



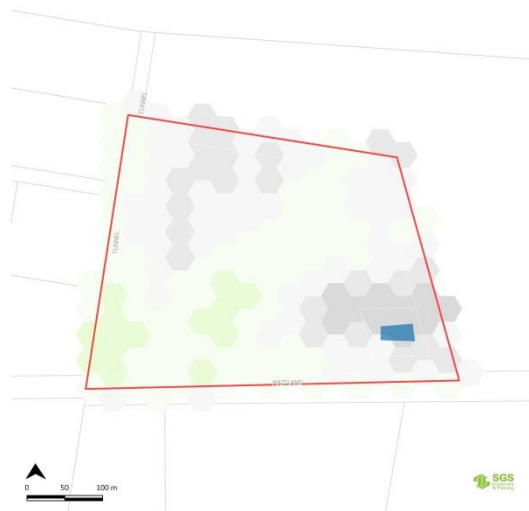
Source: SGS audit 2016

Suitability Assessment

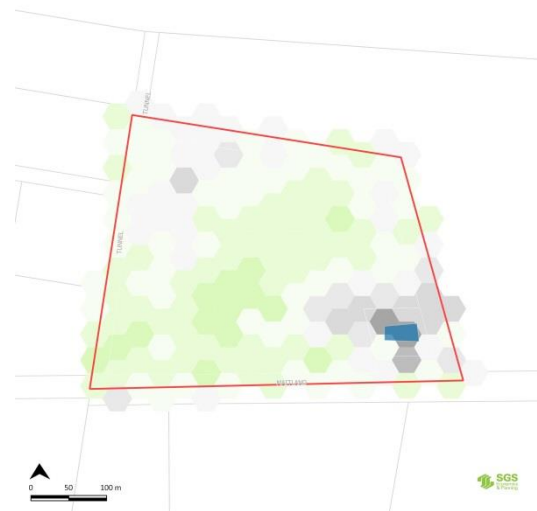
This precinct should be considered as somewhat suitable for any use, but without a major competitive advantage over other localities.

FIGURE 44 CESSNOCK INDUSTRIAL- TUNNEL ROAD

Bulky Goods



Freight and Logistics



Heavy/General Industry



Office / Business Park



Service Industry



Source: SGS Economics and Planning, 2016

Future Role

Given the level of competition from other industrial precincts nearby and also the absence of significant levels of demand, this precinct may remain underutilised for the foreseeable future though it is a good site for recreation activities such as the Motocross club and could host additional activities of this type.

No change to the zoning or planning controls is proposed.

Branxton Industrial - Maitland Street

Current Role

Adjacent to the Branxton Centre, this precinct accommodates a combination of manufacturing, construction and service industry.

FIGURE 45 BRANXTON INDUSTRIAL MAITLAND STREET ZONING

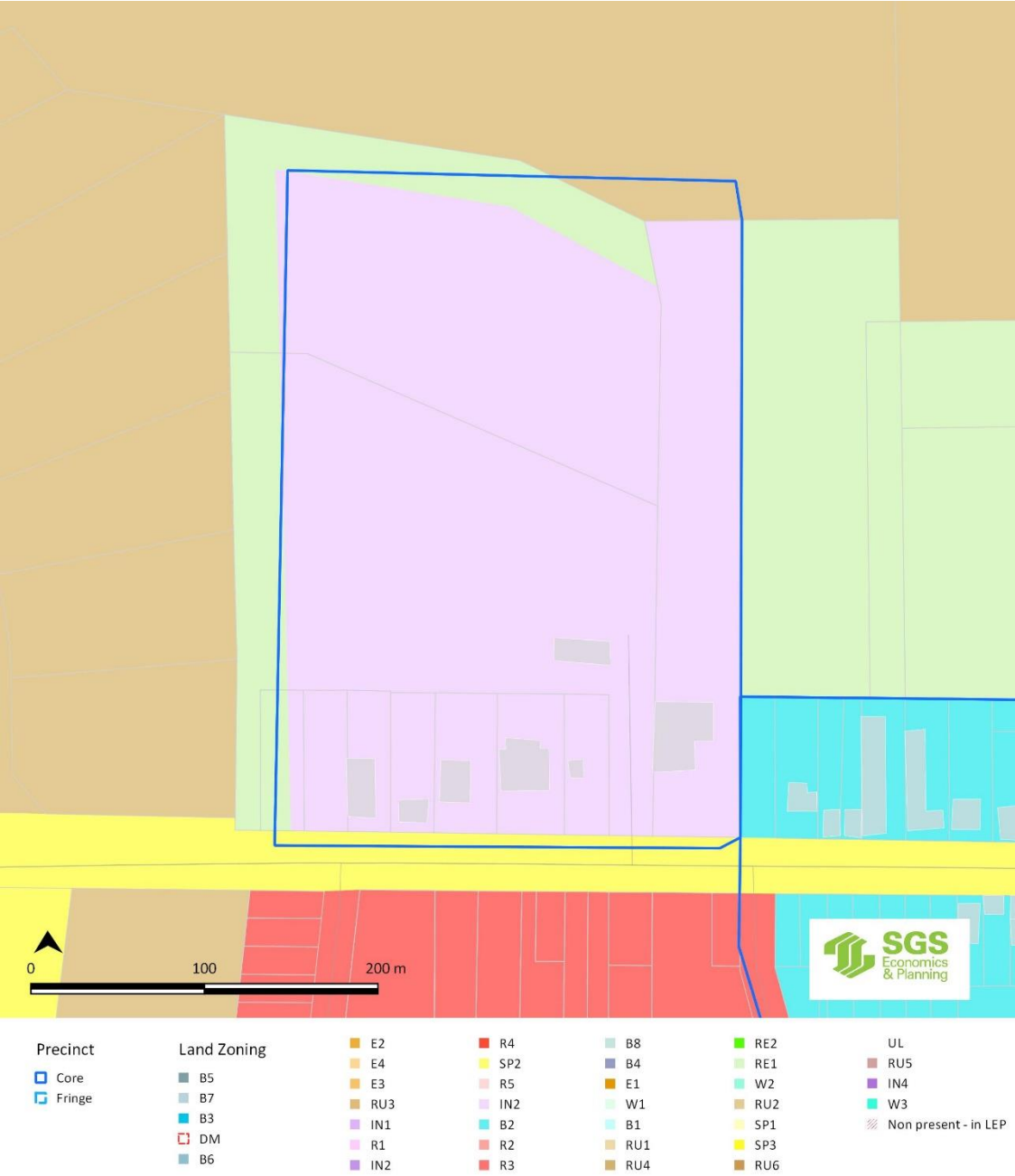
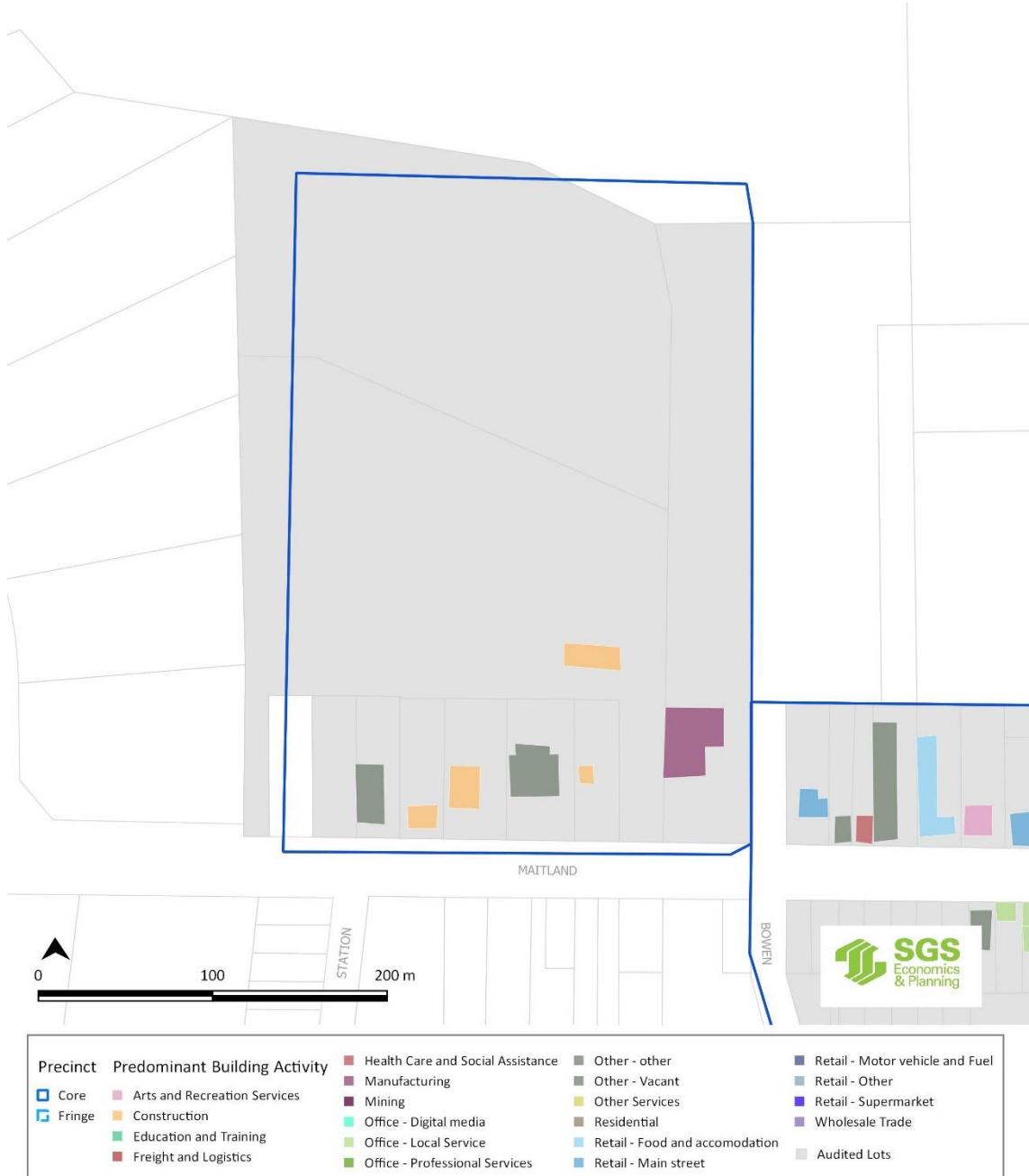


FIGURE 46 BRANXTON INDUSTRIAL MAITLAND STREET LAND USES

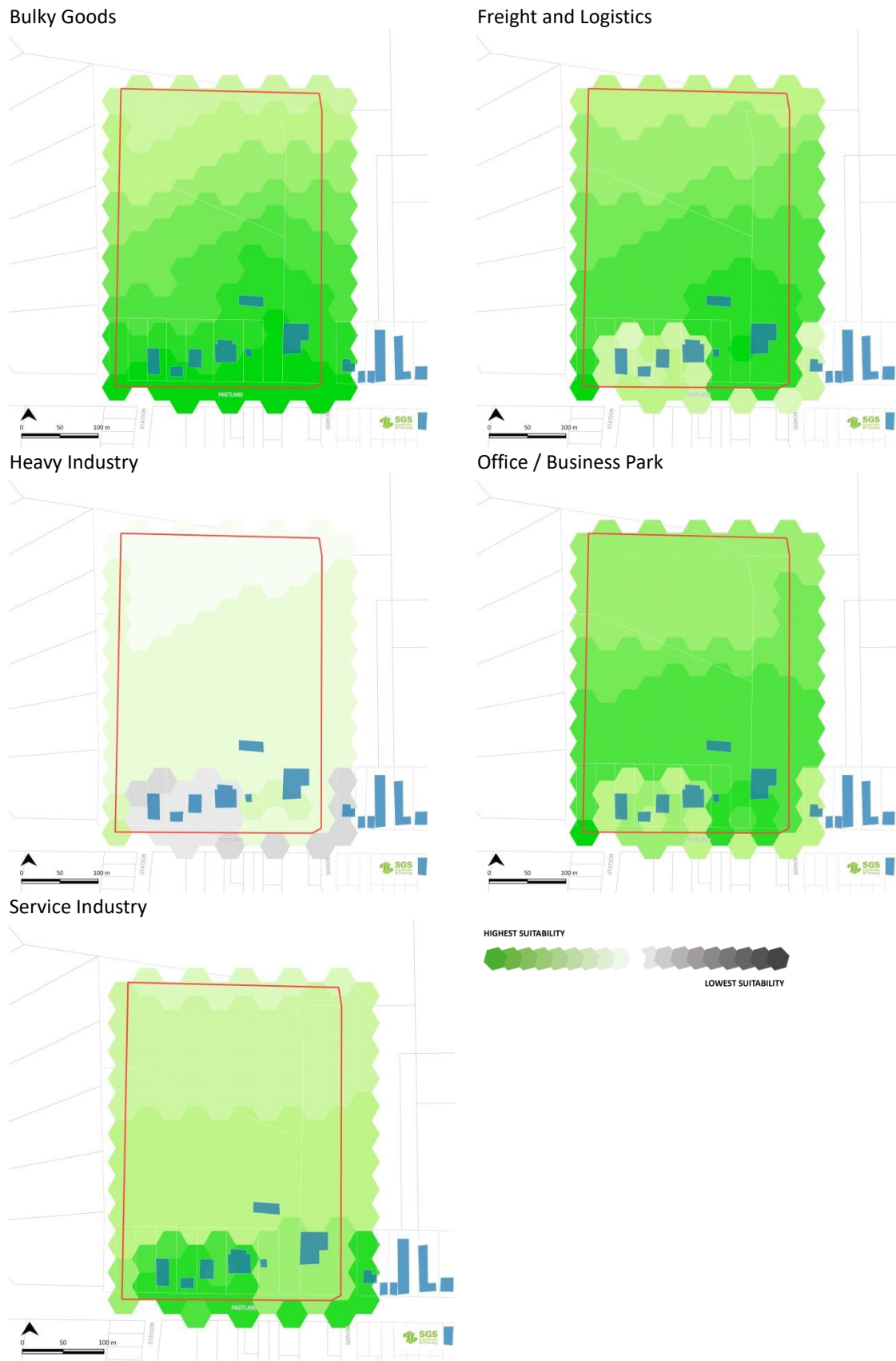


Source: SGS audit 2016

Suitability Assessment

This precinct is suited to most industrial uses and has direct highway access.

FIGURE 47 BRANXTON INDUSTRIAL – MAITLAND STREET



Future Role

The nearby development of Huntlee will mean increased demand for service industries in Branxton, particularly if there is no zoned land available for that type of use within the Huntlee development area.

No change to the zoning or planning controls is proposed.

Branxton Industrial - Station Street

Current Role

Similar to the Maitland Street precinct this precinct accommodates a range of local service industry activities.

FIGURE 48 BRANXTON INDUSTRIAL STATION STREET ZONING

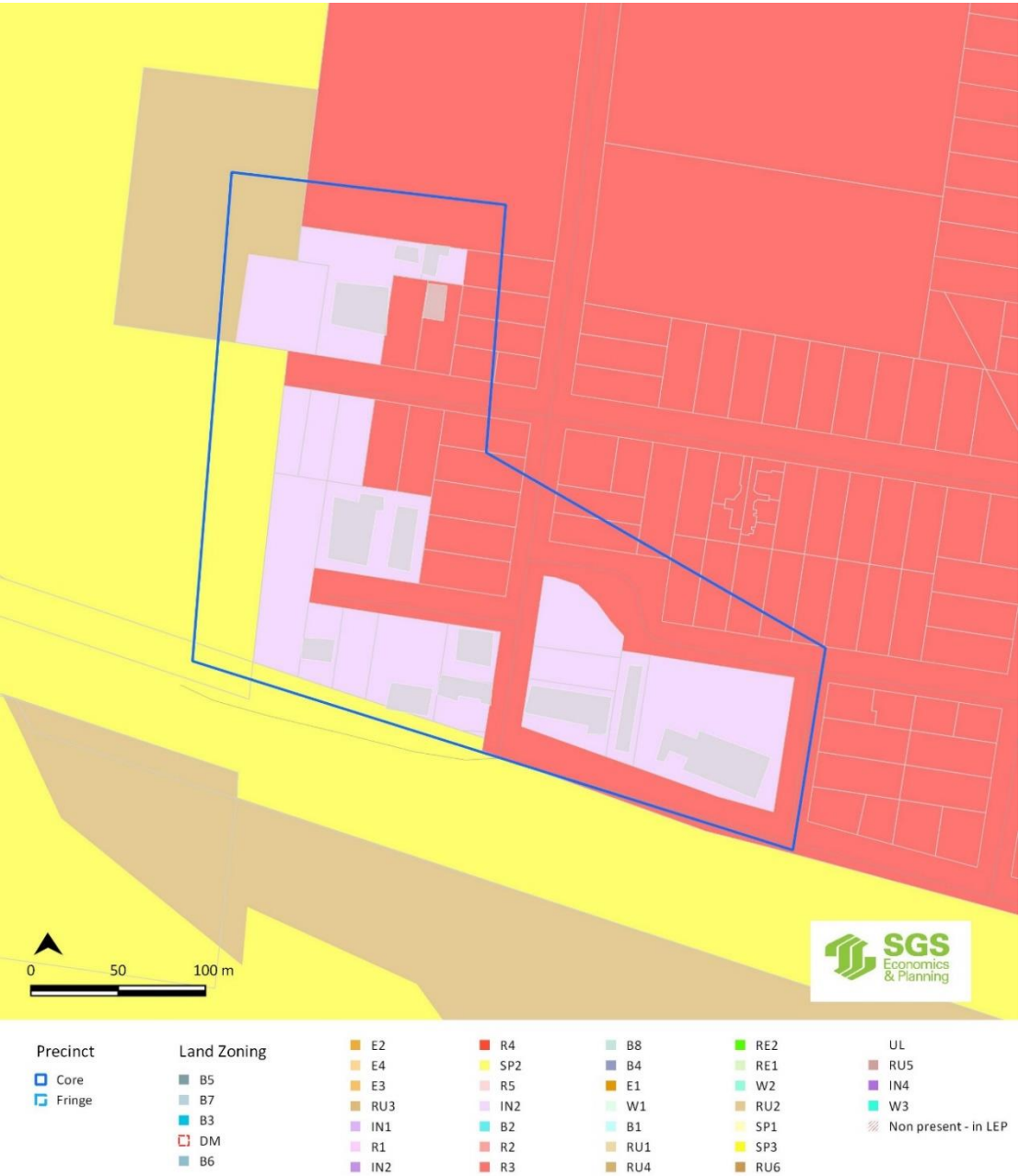


FIGURE 49 BRANXTON INDUSTRIAL STATION STREET LAND USES



Source: SGS audit 2016

Suitability Assessment

The precinct is located adjacent to a residential area and the railway line. It mainly performs a local industrial services function (eg. smash repairs) for which it is suited.

FIGURE 50 BRANXTON INDUSTRIAL – STATION STREET

Bulky Goods



Freight and Logistics



Heavy/General Industry



Office / Business Park



Service Industry



Source: SGS Economics and Planning, 2016

Likely Future Role

Demand for service industry serving the local population will intensify as Huntlee develops. It is also possible that some offices could develop along the railway station frontage.

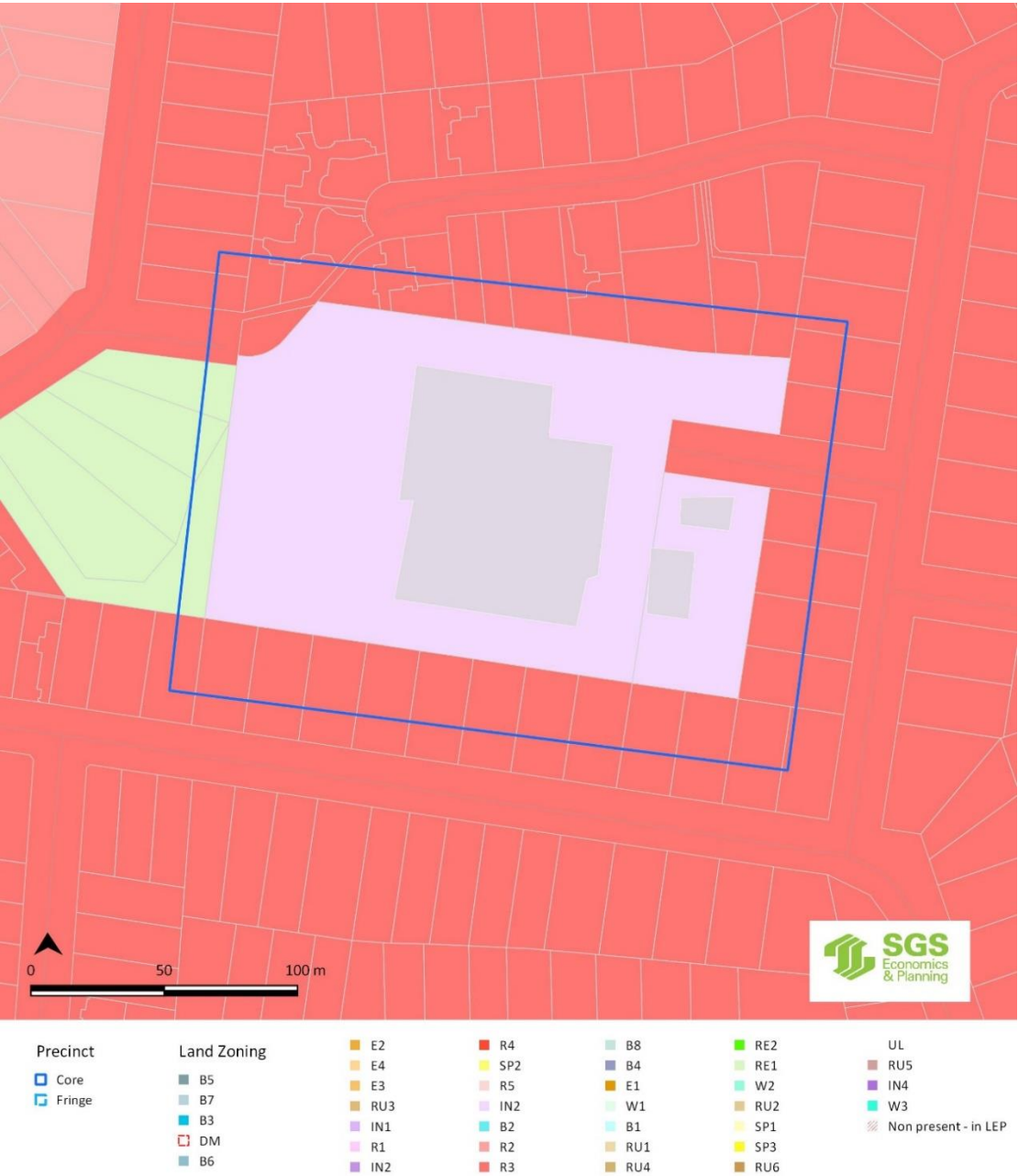
No change to the zoning or planning controls is proposed.

Cessnock Industrial - McGrane Street

Current Role

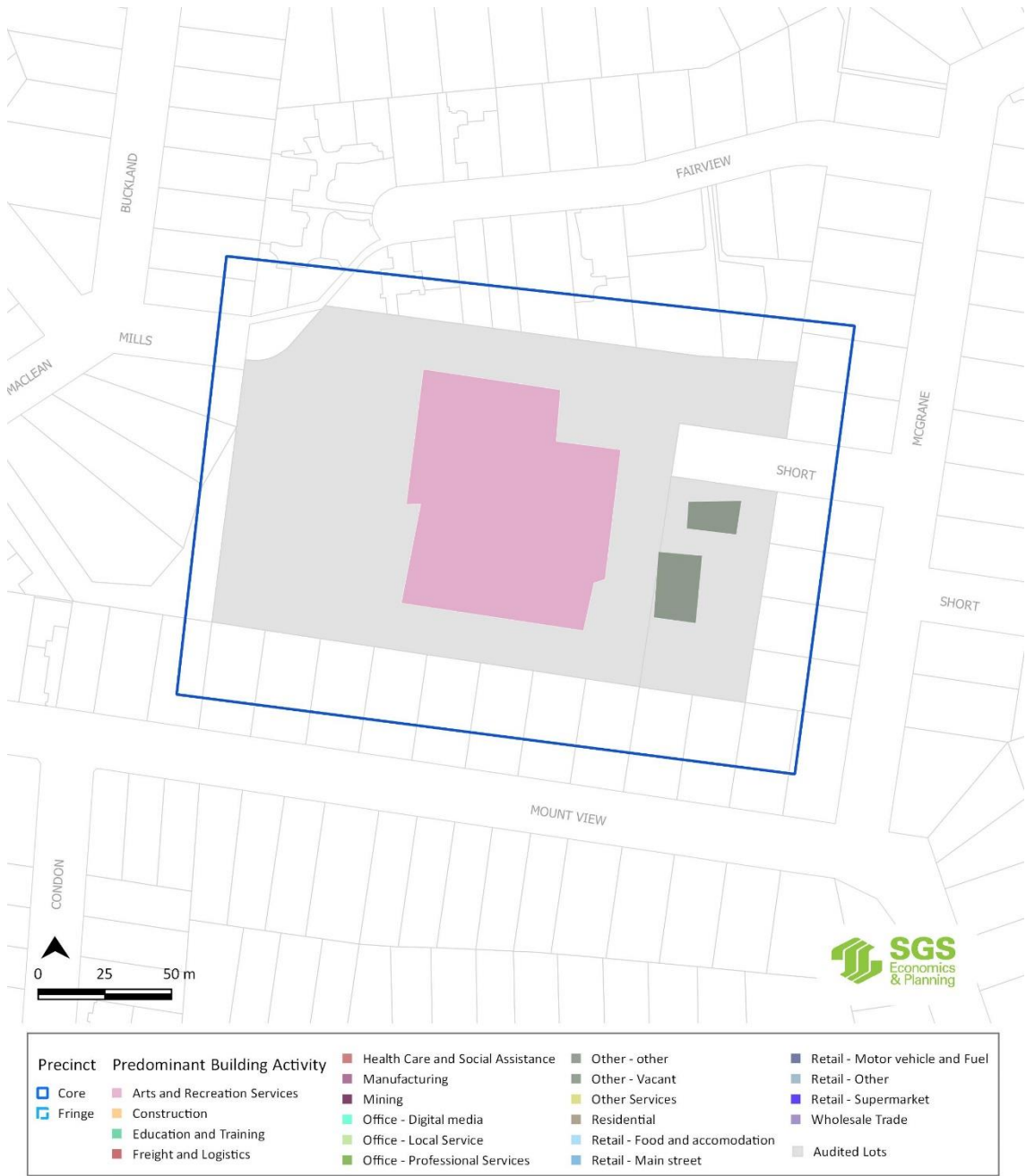
This precinct is dominated by the PCYC youth club, which hosts a range of social and recreational activities.

FIGURE 51 CESSNOCK INDUSTRIAL MCGRANE STREET ZONING



Source: Source: NSW Legislation, 2016

FIGURE 52 CESSNOCK INDUSTRIAL MCGRANE STREET LAND USES



Source: SGS audit 2016

Suitability Assessment

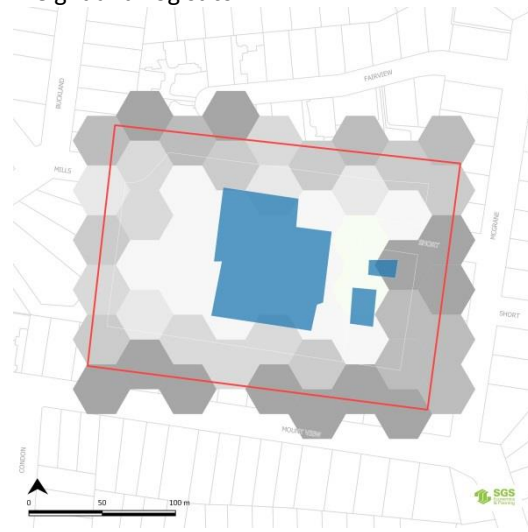
Figure 53 suggests the site is best suited to uses which are proximate to population and indeed ‘population related’. The assessment only considers a range of uses and highlights service industry and office/business parks as being the most appropriate. In reality any ‘population related’ activity, including the current recreation use, is likely to be suitable for the site.

FIGURE 53 CESSNOCK INDUSTRIAL– MCGRANE STREET

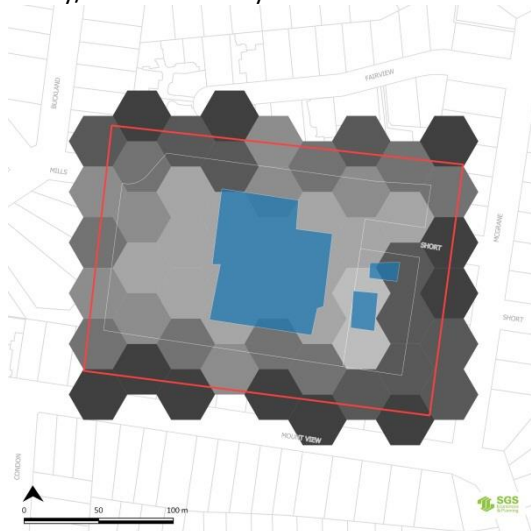
Bulky Goods



Freight and Logistics



Heavy/General Industry



Office / Business Park



Service Industry



Source: SGS Economics and Planning, 2016

Future Role

Given that the PCYC has been in operation in Cessnock for over 60 years and the new facility was opened as recently as 2014, it is unlikely that this use would relocate in the short term.

Whilst the precinct probably does not play an industrial role, the industrial zone is worth retaining because it helps to keep the PCYC in the location without competition from, say, retailing activities by suppressing land value. Alternatively, this precinct could be rezoned, but there is then a risk that the PCYC is displaced by another use capable of paying higher rents.

No change to the zoning or planning controls is proposed.

5.4 Proposed employment precincts

Hydro

The Planning Proposal

The former Norsk Hydro Aluminium Smelter and associated landholdings comprise a 1,442ha site north of Kurri Kurri. The site is mostly located within Cessnock LGA but the north eastern portion is located in Maitland LGA. It lies along the boundary between Cessnock City Council and Maitland City Council. The site possesses access to the Hunter Expressway and the railway line.

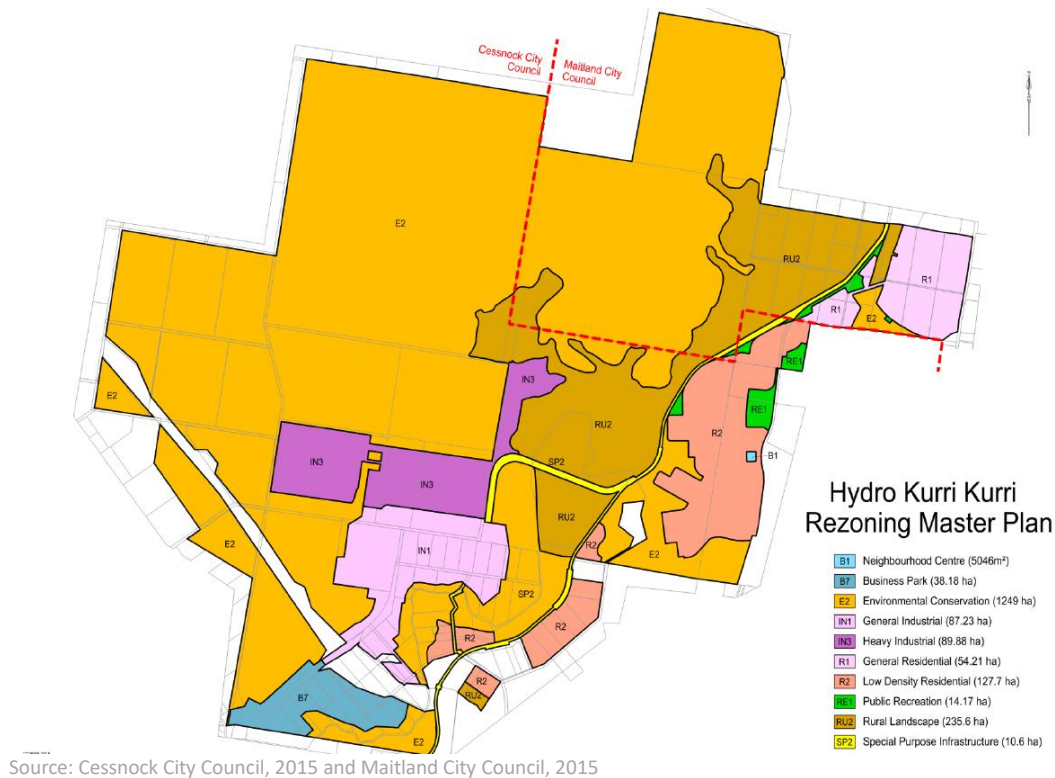
Council has received a Planning Proposal to rezone the former Norsk Hydro Aluminium Smelter and associated land from RU2 Rural Landscape (1,379 ha) and E2 Environmental Conservation (63 ha) to the following zones:

- RU2 Rural Landscape(132.5 ha)
- E2 Environmental Conservation (944.7 ha)
- B1 Neighbourhood Centre (0.5 ha)
- B7 Business Park (38.18 ha)
- IN1 General Industrial (87.23 ha)
- IN3 Heavy Industry (89.88 ha)
- R2 Low Density Residential (127.7 ha)
- RE1 Public Recreation (10.42 ha)
- SP2 Infrastructure (19.9 ha)

The areas identified for these zones are those within the Cessnock LGA only. Figure 54 shows the map from the Planning Proposal including the sites and zones within the Maitland LGA (to the north east).

The aluminium smelter started primary metal production in 1969 and closure was decided in May 2014. The area used for the smelter comprised a relatively small proportion of the total site. In addition to the aluminium smelter the land has been used for livestock grazing and intensive poultry and there is extensive areas of remnant native vegetation.

FIGURE 54 PROPOSED REZONING PLAN FOR HYDRO SITE



Future Role

While there is already ample industrial land supply in Cessnock City Council, not all of the vacant zoned land is optimally located.

The Hydro site on the other hand is located adjacent to the Hunter Expressway with an east facing half ramp onto the Freeway giving excellent access to Sydney, Newcastle and Newcastle port. There is a 'turnaround ramp' (Main Road interchange) located on the Expressway around 3 km to the east for heavy vehicles seeking to travel westwards. Furthermore, access to the Expressway does not traverse residential areas, providing potential 24 hour operation.

The proposed IN3 and IN1 zones are supported, as is the small B1 zone, intended as a local centre to the surrounding residential area.

The proposed B7 land is well positioned along the Hunter Expressway at the busy Hart Road interchange, and is in close proximity to Kurri Kurri. As such it is potentially an attractive location for bulky goods retailing and highway service functions, drawing expenditure from a large catchment.

An IN2 zone, more focussed on service industry might be preferred, enabling it to act as an extension to the successful but constrained Kurri Kurri industrial precinct. However, the proposed B7 zone in the Cessnock LEP does include light industry as well as bulky goods amongst the mix of uses currently permitted with consent in this zone.

As discussed earlier, in relation to the Cessnock commercial fringe, it is worth taking this opportunity to make the Cessnock LEP more consistent with the Standard Instrument for Local Environmental Plans. A B5 Business Development Zone (see Box 1) would replace the current B7 zone, and the 'new' B5 zone would apply in the area proposed for the B7 zone in the Hydro proposal.

There is an additional opportunity to add to the complex of employment in this area by seeking to encourage a business park outcome which takes advantage of existing assets such as education,

conference and accommodation facilities and is well connected to the existing Kurri Kurri centre services and retail activities. Service oriented enterprises which tend to occupy business park precincts have a choice of locations in the region and the LGA's prospects of attracting such enterprises will depend on providing a competitive location. The site on the north side of Bowditch Avenue, opposite the Kurri Kurri TAFE and currently proposed for R2 Low Density Residential could potentially make for an appropriate business park location. The B7 zone, from the Standard Instrument, appropriately constructed to encourage high tech, education and creative industry activities would be added to the Cessnock LEP and utilised in this location (Box 1 included in the discussion of the Cessnock fringe identified a possible model).

In summary therefore, a solution which builds on the potential of this location at the intersection of the Hunter Expressway corridor axis and the Cessnock to Kurri Kerri to Maitland residential settlement axis might include the following elements:

- A business park precinct north of Bowditch Avenue to adjoin the Kurri Kurri TAFE, building on its accommodation, restaurant and conference facility assets, using a new B7 zone consistent with the Standard Instrument for LEPs. This site has good access to the main Expressway interchange.
- A 'new' B5 Business Development zone to the Hydro site south of the Expressway and north of the existing Kurri Kurri industrial area (replacing the current B7 zone in the Cessnock LEP). Further investigations are required to address access arrangements which could be delivered via a Voluntary Planning Agreement. For example, with appropriate negotiation and cost sharing a road linking the existing Kurri Kurri industrial area to this precinct and another link to the business park area (proposed above) and TAFE via Hart Road could be developed.

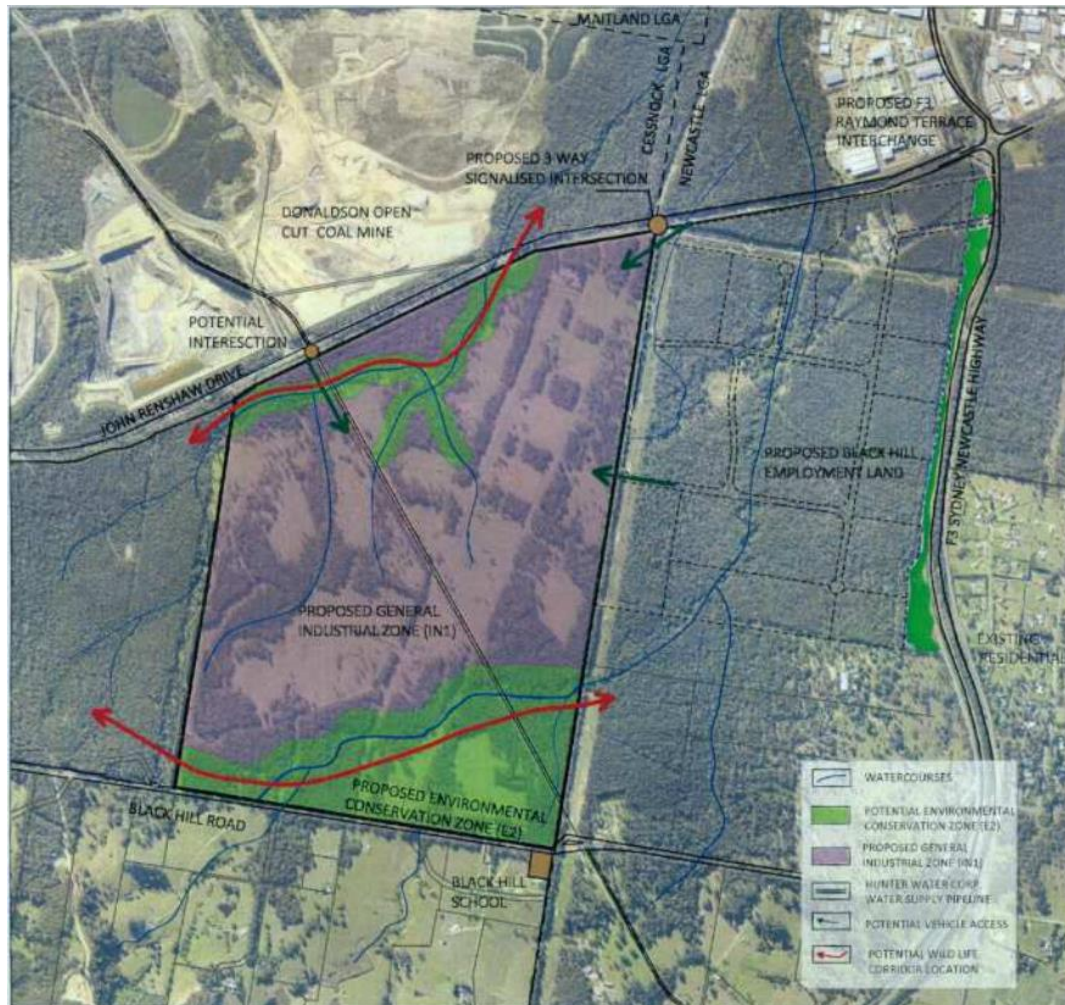
This would create a strategic and mixed use employment precinct in a highly accessible location and building on the presence of nearby residential and services.

Black Hill

Planning Proposal

The Black Hill employment lands Planning Proposal seeks to rezone almost 3000 hectares of land from RU2 Rural Landscape to 195.6 hectares of IN 2 (Light Industry), 40.4 hectares of E2 (Environmental Conservation) and 64 hectares of E4 (Environmental Living) (refer to Figure 55). According to the Planning Proposal report, the Lower Hunter Regional Strategy and Cessnock's CWSS (2010) identifies the subject land as part of the future freight hub and for employment lands. The Planning Proposal has been approved by Cessnock Council for Gateway Determination by the State Government.

FIGURE 55 PROPOSED ZONING PLAN FOR BLACK HILL



Source: Cessnock City Council, 2012

Future Role

In the assessment of the Kurri Kurri Station Street precinct, it was suggested that Cessnock Council should look for some alternative general industry or heavy manufacturing precincts to allow for alternative locations for such uses further from the Kurri Kurri population centre. Hydro and Black Hill provide these opportunities. The site has excellent access to the Hunter Expressway and M1 Freeway as well as to the Thornton/Beresfield industrial lands nearby and Newcastle Port and industrial areas.

The proposed IN1 rezoning is supported, noting that there is value in the development of the land progressing once the former Coal and Allied industrial zoned land to the east (in the Newcastle LGA) is largely developed, in order to ensure a logical sequential development pattern, to achieve economies of servicing and to avoid an excess of industrial land on the market in the area at any one time.

The merits of this proposal stem from its strategic potential, and links to the developing critical mass of industrial and employment activities in this major junction precinct, where John Renshaw Drive links the top of the M1 with the Hunter Expressway. It is not necessarily able to be justified based on an LGA constrained demand-supply analysis as it has a regional significance. It may be that given infrastructure and bio-diversity offset costs the Black Hill site needs to be integrated with the Coal and Allied site in terms of infrastructure provision and sequencing.

5.5 LGA wide demand assessment

Rationale

Demand for employment land is directly driven by a combination of population and economic growth. A number of other factors such as infrastructure, institutional presence and innovation can also indirectly affect demand and the level of impact from those factors is often complex.

Local and regional **population growth** is a significant consideration because it is the main source of growth in the workforce. Firms may alternatively source workers from beyond the Region but this can often be a costly and inefficient exercise. As a result the presence of a large and skilled local or regional workforce is in and of itself a major factor in the decision making process of location for most businesses. By extension, the more labour intensive a business activity is, the more important a factor the local and regional population becomes.

Local and regional population has a secondary impact on demand for employment lands as it is also a source of demand for services and to a lesser extent (in the employment lands context), products. While the majority of population-serving offices and retailers tend to cluster in and around centres, some require larger floorplates and/or cannot afford the high costs of locating in a centre.

Employment growth is considered a direct indicator of demand for employment land (although not necessarily always the sole indicator) since most employment land uses will offer employment opportunities. However, it is not necessarily a simple driver to describe and analyse. The industry of employment, building types, employment density and plot ratio all have a direct and tangible impact on how employment growth leads to demand for employment lands. In forecasting these numbers, it is important to isolate key inputs so that key assumptions are not misinterpreted or missed altogether.

Figure 56 provides an overview of the demand assessment process which is employed for the remainder of this Section. The employment projections and land audit results are the key inputs as part of this method. The demand assessment method involves the application of four ratio assumptions to the SGS employment projections. Each of these ratio assumptions have been refined and sense checked with data derived from the land use audit documented earlier in this section.

Figure 56 provides a model of how employment land forecasts are produced, it should not be interpreted as a replica of real world demand for employment lands. In reality there are many complex factors which are not directly considered in this model that may or may not impact on employment land demand.

Methodology

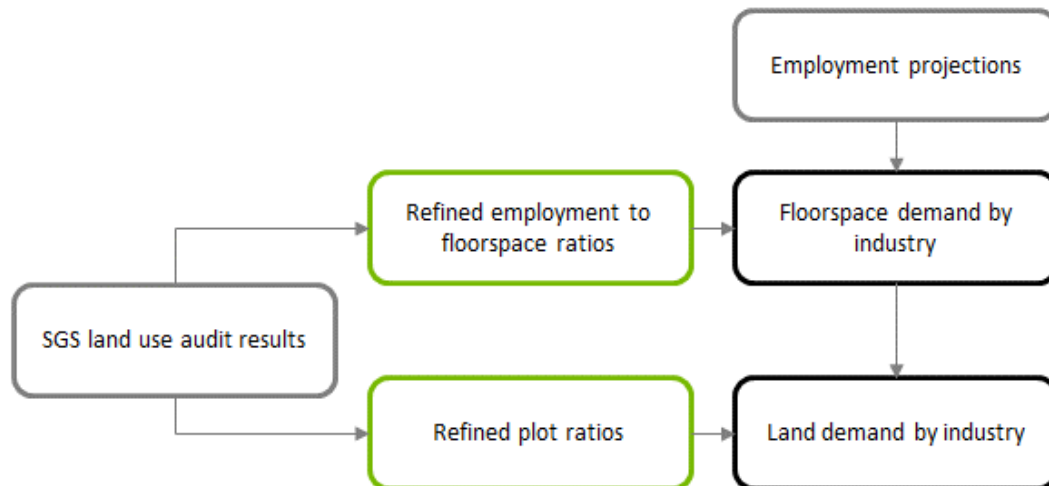
To address the aim and objectives of the project, SGS has:

- examined the existing policy framework to account for regional and local strategies that are of direct relevance to Cessnock's centres and employment lands
- reviewed the national, regional and local economic context to understand the broader forces which will shape the Cessnock economy over the coming decades.
- reviewed the regional development context including key nodes, assets and infrastructure
- undertaken a detailed supply assessment involving analysis of zoning, precincts, lots, building footprints, vacancies, a land audit and site visits (proposed industrial precincts at Hydro and Black Hill were also included in the analysis).
- analysed centres and industrial precincts to inform a demand assessment taking into account population growth, retail expenditure trends, and employment projections.

The demand and supply analysis ultimately informs the remainder of the strategic assessment. This includes an alignment of demand and supply, a suitability analysis and conclusions for policy directions

No specific analysis of the impact of mine subsidence, flooding and other such issues was undertaken as part of this Report. The Study Team are aware that mine subsidence could be a significant issue in the Cessnock LGA, if only in causing delays while mine subsidence issues are resolved at the rezoning or development application stage of development.

FIGURE 56 EMPLOYMENT LAND FORECAST METHOD DIAGRAM



Source: SGS Economics and Planning, 2016

Employment projections

Table 15 shows employment projections to 2031. The accommodation and food services industry is forecast to experience the greatest growth in terms of numbers of jobs for the LGA, followed by retail trade and construction. Wholesale and transport employment is expected to grow rapidly, potentially generating 500 new jobs in the LGA by 2031.

TABLE 15 CESSNOCK LGA EMPLOYMENT FORECAST BY INDUSTRY AND YEAR

	2016	2026	2036	2041	2016-41	% 2016-41
Agriculture, Forestry & Fishing	457	515	572	600	143	31%
Mining	624	688	751	783	159	25%
Manufacturing	2,435	2,557	2,641	2,642	207	9%
Electricity, Gas, Water & Waste Services	94	150	226	229	135	144%
Construction	1,424	1,705	2,134	2,234	810	57%
Wholesale Trade	367	446	578	578	211	57%
Retail Trade	2,510	2,889	3,437	3,507	997	40%
Accommodation & Food Services	2,771	3,213	3,834	4,074	1,303	47%
Transport, Postal & Warehousing	558	710	991	1,029	471	84%
Information Media & Telecommunications	64	71	147	146	82	128%
Financial & Insurance Services	178	177	246	241	63	35%
Rental, Hiring & Real Estate Services	249	288	396	415	166	67%
Professional, Scientific & Technical Services	584	711	1,076	1,105	521	89%
Administrative & Support Services	553	610	743	774	221	40%
Public Administration & Safety	938	1,093	1,329	1,396	458	49%
Education & Training	1,491	1,700	1,903	1,923	432	29%
Health Care & Social Assistance	2,073	2,296	2,453	2,480	407	20%
Arts & Recreation Services	227	245	336	348	121	53%
Other Services	879	1,029	1,225	1,292	413	47%
Unclassified	427	456	479	489	62	15%
Total	18,903	21,549	25,497	26,285	7,382	39%

Source: Bureau of Transport Statistics, 2016

Land demand

Table 16 presents the total projected demand for employment land across the Cessnock LGA over the next 25 years. This is derived from the employment forecast in Table 15, with employment figures converted to floorspace demand by (a) filtering out some industries which will never be located on industrial lands and (b) applying an employment to floorspace ratio to each industry based on SGS land audits.

Broadly, it demonstrates that the majority of demand for employment lands in Cessnock will be for construction and services. Both of these industries will serve the growing population in the Region.

Manufacturing (as the third largest industry in Cessnock LGA) is also projected to occupy an additional 2.4 hectares over 25 years, which is not significant growth. The same could be said of some other uses including wholesale trade and transport. Most of these core industrial uses are likely to locate in the Kurri Kurri industrial precinct (particularly if expanded).

TABLE 16 BROAD LAND USE DEMAND (BY LAND AREA IN HECTARES)

Industry	Suitability Category	2016	2041	Projected Growth
Manufacturing	Heavy Industry	28.6	31.0	2.4
Construction	Service Industry	13.8	21.7	7.9
Mining	Heavy Industry	9.2	11.5	2.3
Services ¹³	Service Industry	8.9	13.2	4.2
Wholesale Trade	Freight	4.3	6.8	2.5
Other ¹⁴	Service Industry	3.2	4.5	1.3
Transport, Postal and Warehousing	Freight	2.7	5.1	2.3
Professional, Scientific and Technical Services	Office	2.5	4.7	2.2
Arts and Recreation Services	Office	2.5	3.8	1.3
Accommodation and Food Services	-	0.1	0.1	-
Total		75.9	102.3	26.4

Source: SGS Economics and Planning land audit (2016) in combination with BTS employment data (2014)

5.6 Supply & demand gap analysis

There is expected to be demand for an additional 26.4 hectares of industrial land in Cessnock LGA over the next 25 years. Nominally, there is ample supply across the LGA (1,245 hectares of unoccupied capacity if Hydro and Black Hill are included). Having ample supply is in and of itself a positive, as it allows businesses to choose between multiple sites whilst land acquisition costs are kept low and land bankers struggle to extract extra value in the face of increased competition. This is of critical importance for employment lands in regional areas, though care needs to be taken to ensure the excess supply doesn't fragment the service effort and reduce prospects for developing a critical mass.

Table 17 suggests that given the moderate levels of projected demand, Cessnock LGA possesses more than sufficient industrial land supply in currently zoned industrial precincts to satisfy this demand. This is largely because of the large volume of land in HEZ. If that and other potential precincts are excluded, then the supply of land would all of a sudden appear to be more constrained.

There are 52.4 hectares of appropriately located, gross zoned employment land across the other precincts (excluding HEZ), which have been assessed in this Study as suitable for accommodating the projected growth to 2041. Accounting for a standard 25% allowance for public domain, landscaping and other amenities, this equates to a net land supply of 39.3 hectares. In a business as usual scenario, those 39.3 hectares of supply capacity should be considered sufficient to meet the 26.5 hectares of employment land demand over the next 25 years. If HEZ is included in this equation, and potentially Hydro and Black Hill, then it can be concluded that the LGA possesses an ample supply buffer.

¹³ This category refers to population serving activities such as auto repairs and services.

¹⁴ This category refers to retail and unidentifiable uses (from the land use audit).

However, as discussed previously, not all of the existing or proposed lands are well located. The success or otherwise of industrial precincts is highly sensitive to location, and given the ample volume of industrial land available both at the local and regional level, competition will mean that unless a precinct is ranked as having ‘high’ suitability, it will be unlikely to attract that particular type of land use. HEZ in particular has modest prospects to develop a critical mass of industrial activity given existing and proposed alternatives, but it may prove attractive to a ‘one-off’ user needing an isolated large site..

The only industry not particularly well serviced by existing precincts is freight and logistics. Freight is a land intensive activity which does not employ large numbers of employees because of the large volumes of land the activity generally consumes. At present the only precinct in the LGA which can be considered as a ‘high’ ranking precinct for freight is at Maitland Street in Branxton, which only has 2.2 hectares of land left. The proposed Hydro and Black Hill precincts however, generally provide well located land for these activities.

TABLE 17 DEMAND-SUPPLY AND SUITABILITY ANALYSIS SUMMARY BY BROAD INDUSTRY(HA)

Precinct	Vacant Land	Heavy Industry	Freight	Service Industry	Office/ Business Park	Bulky Goods Retail
Total Demand by 2041	-	4.7	4.8	13.6	3.5	2.2
Hunter Economic Zone	874.8	High (15%)	Low	Low	Low	Low
Kurri Kurri Industrial - Railway Parade	48.8	Moderate	Moderate	High	High	Moderate
Cessnock Industrial - Maitland Road	7.7	Low	Moderate	High	Moderate	Moderate
Cessnock Industrial - Tunnel Road	10.4	Moderate	Moderate	Moderate	Moderate	Moderate
Branxton Industrial - Maitland Street	2.2	Moderate	High	Moderate	High	High
Branxton Industrial - Station Street	1.2	Low	Moderate	High	High	High
Cessnock Industrial - McGrane Street	0.3	Low	Low	High	Moderate	Moderate
Black Hill (proposed IN2)	195.6	Suitability assessment not included				
Hydro North (proposed IN1)	-	Suitability assessment not included				
Hydro Central (proposed IN3)	-	Suitability assessment not included				
Hydro South (proposed B5)	38.2	Suitability assessment not included				

5.7 Summary

Cessnock LGA possesses a sufficient allocation of existing zoned employment land supply to meet projected demand under a business as usual scenario.

In particular, the Kurri Kurri industrial precinct offers strong access to the Hunter Expressway for businesses with regional links and could be considered the most successful industrial precinct in the LGA, though significant further development may be constrained by flooding. Other scattered precincts around Cessnock and Branxton play local roles in serving the population.

Moving forward, and to provide alternative, high quality industrial area it is logical for Council to provide in principle support for employment lands in proximity to the Hunter Expressway and near the major interchange at Main Road, which links to the population axis defined by the Kurri Kurri to Cessnock

corridor, as a means of attracting new investment, provided these meet other merit tests in terms of traffic impacts, environmental impacts, noise separation, visual impacts and buffers etc.

This location suggests that a general and heavy industry future can be supported for the Hydro precinct, with links to the Kurri Industrial Area. A business park adjacent to the Kurri Kurri TAFE, perhaps also linked to the Hydro site, and leveraging off the assets of the TAFE site (conference centre, café, accommodation, training) would provide the best prospect of attracting the office and service activities which locate in business park premises. TAFE may be interested in leasing/selling part of its site to commence this development. Council should consult with TAFE as part of the Hydro Planning Proposal.

The price and ability to accommodate large floorplate industrial buildings is likely to be a competitive advantage, with a major regional competitor for industrial development being the Thornton-Beresfield area on the M1 (bordering the Cessnock, Maitland and Newcastle LGAs). The higher land values in the Beresfield/Thornton areas may favour large floorplate uses locating in the Cessnock area, including in the proposed Hydro and Black Hill precincts. Twenty four hour access, implying good separation from residential areas, is likely to be critical.

6 DIRECTIONS

Overview

This Section provides a synthesis of findings and incorporates these as Directions with associated recommendations to enhance the development of the Cessnock LGA employment lands and centres in the future.

6.1 Overview

In broad terms Council's land use planning and policy work in support of local economic development should seek to:

- Build on strengths by developing the economic sectors which take advantage of the LGA's assets, and
- Develop local amenities and liveability to maintain and strengthen the local service economy (to reduce the leakage of expenditure outside the region) and to attract new footloose service activities (to align with economic growth sectors and attract income from outside the LGA).

The economy of the Cessnock LGA has been affected by the long term decline of manufacturing and a reduced role for agriculture which have been key sectors in the LGA. Mining has been strong in the past and while it faces an uncertain future it is likely to continue to provide base level employment for residents in the short to medium term, notwithstanding its cyclical nature. These sectors are trade exposed with perhaps modest prospects for employment growth.

Without a major regional centre, university or teaching and/or clinical hospital the LGA will grow health and education jobs incrementally though they will become a larger share of the total as the population ages and spending on education increases.

Cessnock is unlikely to develop a 'higher order economy' to rival Newcastle's because it is not a regional centre but it can attract new service firms if it provides quality environments for 'start-ups' and high amenity centres within which professionals providing population related services are willing to locate.

The wine industry and related tourism and visitor activity are critical to the LGA as these attract investment and income from outside the LGA. It goes without saying that the conditions for these activities to grow and prosper need to be protected and further developed, including synergies with town and village centres.

A range of economic development ideas have been included in this Report but its principal focus is on land use recommendations and initiatives. The following summarises the directions identified and includes some specific ideas about modifications to planning controls.

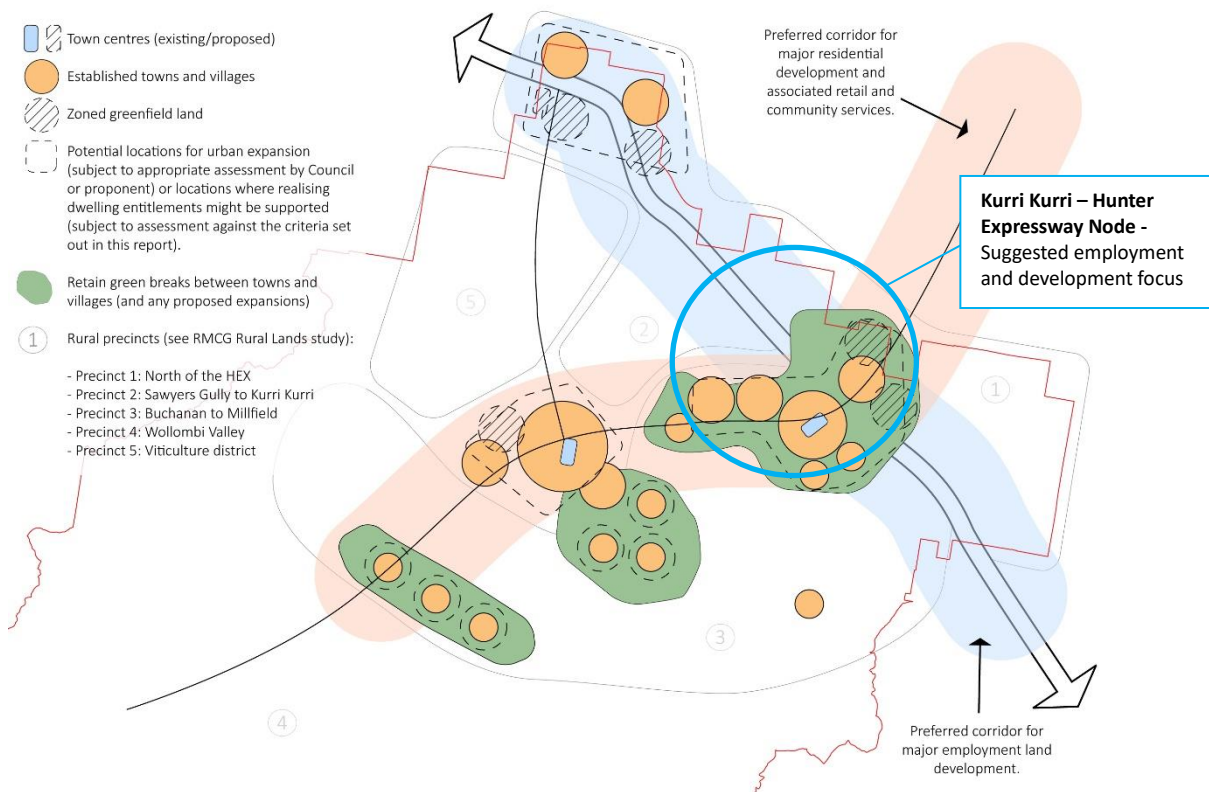
Where recommendations for particular precincts are not provided, the conclusion is that the existing planning and development settings are largely satisfactory, and no change is suggested.

6.2 Generate new employment opportunities around the Kurri Kurri – Hunter Expressway node

In the accompanying urban housing study a broad Cessnock LGA structure plan to guide settlement planning was included.

The intersection of the Hunter Expressway Corridor and the residential settlement corridor running from the villages south of Cessnock through to Kurri Kurri and Heddon Greta represents the logical location or focus for future major employment opportunities (see Figure 57). This concept links the local labour force concentrated in the residential settlement corridor (and the northern Huntlee and Branxton settlements), with regional transport and access opportunities provided by the Expressway. . This is also highlighted as a growth area or corridor in the recently finalised Hunter Regional Plan (2016). Proposals for employment supportive development and population growth consistent with this approach and an appropriate precinct planning should be supported

FIGURE 57. STRUCTURE PLAN FOR CESSNOCK (PRELIMINARY DRAFT) – SHOWING RECOMMENDED EMPLOYMENT FOCUS NODE



Key planning recommendations for this area relate to leveraging off the Kurri Kurri TAFE, north of the Main Road interchange and options for the Hydro site with access to the Hart Road interchange, as follows.

- Support the proposal for B1, IN1 and IN3 zones in the Hydro precinct.
- Investigate the potential to develop a business park precinct in the area currently proposed for R2, north of Bowditch Avenue opposite the Kurri Kurri TAFE, building on its accommodation, restaurant and conference facility assets. This site has good access to the Expressway which could be improved further by linking it to the Hydro site (Hart Rd freeway ramp) to the west, and possibly Heddon Greta (Main Road) freeway ramp to the east). This would require the introduction of a new B7 zone in the Cessnock LEP, building on the B7 zone in the Standard Instrument (see possible model in Box 1 below).

- Apply a 'new' B5 Business Development zone to the Hydro site (currently proposed for B7) south of the Expressway and north of the existing Kurri Kurri industrial area (this would somewhat replicate but replace the current B7 zone in the Cessnock LEP, see Box 2 below). Further investigations are required to address access arrangements which could be delivered via a Voluntary Planning Agreement. For example, with appropriate negotiation and cost sharing a road linking the existing Kurri Kurri industrial area to this this precinct and another link to the business park area (suggested above) and TAFE via Hart Road could be developed.

This would create a strategic and mixed use employment precinct that offers a variety of settings for a diversity of industries and employers in a highly accessible location, and builds on the presence of nearby residential and services.

Box 1 Proposed Zone B5 Business Development

1. Objectives of zone

- To enable a mix of business and warehouse uses, and bulky goods premises that require a large floor area, in locations that are close to, and that support the viability of, centres To provide a range of office and light industrial uses.
- To encourage employment opportunities.
- To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.

2. Permitted without consent

Nil

3. Permitted with consent

Bulky goods premises; Child care centres; Garden centres; Hardware and building supplies; Landscaping material supplies; Light industries; Neighbourhood shops; Office premises; Passenger transport facilities; Plant nurseries; Respite day care centres; Restaurants or cafes; Roads; Rural supplies; Shop top housing; Take away food and drink premises; Timber yards; Vehicle sales or hire premises; Warehouse or distribution centres; Any other development not specified in item 2 or 4

4. Prohibited

Agriculture; Airstrips; Animal boarding or training establishments; Boat launching ramps; Boat building and repair facilities; Boat sheds; Camping grounds; Caravan parks; Cemeteries; Charter and tourism boating facilities; Community facilities; Crematoria; Eco-tourist facilities; Electricity generating works; Entertainment facilities; Exhibition homes; Exhibition villages; Extractive industries; Farm buildings; Freight transport facilities; Function centres; Heavy industrial storage establishments; Helipads; Highway service centres; Home businesses; Home occupations (sex services); Industrial training facilities; Industries; Information and education facilities; Jetties; Marinas; Mooring pens; Moorings; Open cut mining; Places of public worship; Recreation areas; Recreation facilities (major); Recreation facilities (outdoor); Registered clubs; Residential accommodation; Resource recovery facilities; Retail premises; Sewerage systems; Sex services premises; Tourist and visitor accommodation; Vehicle body repair workshops; Waste disposal facilities; Water recreation structures; Wharf or boating facilities

Box 2 Proposed Zone B7 Business Park

5. Objectives of zone

- To provide a range of office and light industrial uses.
- To encourage employment opportunities.
- To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.
- To provide for a range of higher order job opportunities including health, cultural and high technology industries.
- To provide for a range of development that relates to university activities, creative and cultural industries, and business incubators.

6. Permitted without consent

Nil

7. Permitted with consent

Business premises; Car parks; Child care centres; Community facilities; Educational establishments; Environmental protection works; Flood mitigation works; Food and drink premises; Function centres; Garden centres; Hardware and building supplies; Health services facilities; Hotel or motel accommodation; Industrial retail outlets; Industrial training facilities; Information and education facilities; Kiosks; Light industries; Markets; Neighbourhood shops; Office premises; Passenger transport facilities; Recreation areas; Respite day care centres; Roads; Signage; Warehouse or distribution centres

8. Prohibited

Any development not specified in item 2 or 3

6.3 Review the zone boundary of the Hunter Economic Zone

Given the limits to future demand and the characteristics of the precinct, it is appropriate to reassess the zone boundary for the HEZ to reduce its size while still providing sufficient sites accommodate large land users and/or capital intensive industrial activities in the future. A new boundary would avoid the most sensitive environmental constraints while including areas with existing service provision. Significant sites or prospects for large footprint development should be retained. Areas excluded or excised would be rezoned to E2 Environmental Conservation, thereby highlighting their eligibility for bio-diversity banking and associated credits. More work is required to identify the appropriate new zone boundary.

6.4 Resist additional proposals for industrial land beyond current proposals

Cessnock LGA contains a reasonably diverse range of employment activities which are spread across a number of precincts which vary greatly in terms of size, location and function. As expected, vacancy rates have been found to be correlated with distance from key economic nodes/assets, with the most successful precincts serving a clear purpose in their location.

Over the next 25 years, the projected level of growth can only be considered as moderate. In this 'business as usual' scenario, Cessnock's major growth industries will be those which will service the expected population growth in the LGA. The other industries can be expected to drive moderate levels of growth. The existing supply of employment lands will comfortably accommodate these demands.

There is an opportunity to capture footloose, unanticipated demand if planning for the Expressway-Kurri Kurri node discussed above occurs in a careful fashion. Furthermore, the Black Hill proposal, already approved by Council, is sound, as it builds on demand already occurring nearby across the border in the Newcastle LGA. However, there is a risk of a dissipated planning and service effort if additional industrial land proposals are contemplated.

To avoid the risk of excessive oversupply and infrastructure and other cost risks it is recommended that no additional proposals beyond Hydro and Black Hill, should be contemplated until the next major employment lands review. We suggest this be conducted in 10 years to provide for a period of stability, allow the market to mature somewhat and consolidate development in existing precincts or those zoned for industrial within this time period. The timing of the development of Hydro and Black Hill should consider the overall availability of land, the benefits of sequential development and economies of servicing.

6.5 Ensure existing centres meet local retail and service needs

Cessnock's centres are mostly expected to accommodate incremental floorspace increases in line with population growth. As the analysis demonstrates, there are no obvious areas of unmet demand for retail or commercial floorspace. This is generally aided by the settlement pattern of the LGA, whereby at present, the majority of residents are clustered towards the north-eastern areas, where they are well serviced by the Cessnock and Kurri Kurri town centres.

Opportunities for expansion of retail floorspace should be driven by incremental population growth in and around the Cessnock and Kurri Kurri townships. The emphasis should be more on policies which encourage, protect and guide development in and around these established centres and village centres to avoid leakage to other centres, attract professional services for the population, and to encourage a greater role in the visitor and tourism economy through higher amenity, improved merchandising and niche retailing. These economic development ideas are discussed below.

The Huntlee development will be the major source of retail development opportunity in the LGA over the next 25 years. A new full-line supermarket may emerge in that centre, depending on final population levels. This supermarket will also capture trade from the Branxton area. It has been assessed that this should be interpreted as a positive outcome for the local community, as Branxton residents must presently drive to Rutherford, Singleton, Green Hills, Cessnock or Kurri Kurri (all 20-30 minutes distant). It is also unlikely that the Huntlee development will absorb much demand from Cessnock and Kurri Kurri trade areas, provided the centre develops to a size consistent with meeting local population needs (and does not erode the expenditure available to existing centres). The Huntlee centre may be somewhat self limiting due to the completion from larger more comprehensive centres, such as Green Hills and Cessnock town centre.

The direct planning and infrastructure implications from this direction are modest because there is sufficient zoned land and capacity to meet anticipated demand. However, the following planning related recommendations are relevant (additional economic development initiatives are included in 6.9 below):

Adopt a centres typology to manage new and out of centre retail proposals

In a departure from the more fine grained approach in the previous Lower Hunter Regional Strategy (2006) the new Hunter Regional Plan only explicitly identifies 'strategic centres' (Cessnock and Kurri Kurri in this LGA) and 'centres' (Branxton). Clearly there are numerous other centres in the LGA which are of local significance. The traditional economic retail classification includes regional centres (not present in Cessnock LGA), sub-regional centres, town centres, neighbourhood centres, small neighbourhood centres and local centres with floorspace guidance at each level.

This has been adapted as shown in Table 18 to a centres typology for the Cessnock LGA. This report suggests there is no case for a new centre or major retail floorspace (including bulky goods floorspace) outside of the already zoned business centres (or proposed zones) identified in this table.

In terms of these classifications, Cessnock LGA contains one town centre at Cessnock, and, under this categorisation, Kurri Kurri would be considered a large neighbourhood centre though its important district role is recognised, and two small neighbourhood centres (Branxton and Weston) with all other centres serving local catchments.

In the Cessnock LGA context the choice of zones within these different types of centres, as selected from the Standard Instrument for Local Environmental Plans (not the current zones in the Cessnock LEP), might be as shown in Table 19. This could be used for reference in future reviews of the Cessnock LEP

Encourage high amenity, authentic and pedestrian friendly environments by:

- Establishing signage and design guidelines to encourage a high quality and coherent appearance
- Develop consistent public infrastructure and facilities (seating, paving, fixtures) and landscaping policy specific to Cessnock, to guide Council expenditure in its centres.

Ensure Huntlee develops to meet local demand only

- monitor development progress and ensure that only the immediate development's retail and service needs are provided for in its centre and immediate environs. Retail or other employment related floorspace that is proposed over and above 8,300 square metres (the estimated 2046 requirement) should be justified by reference to impact evaluations including a net community benefit test.
- encourage subdivision patterns which allow for future expansion of retailing and commercial activity beyond the boundaries of the initial 'big box' centre. Precinct planning via a Development Control Plan should provide sufficient scope for contiguous and pedestrian friendly expansion of centres.

TABLE 18 STRATEGIC AND ECONOMIC CLASSIFICATION CONCORDANCE AND CENTRES TYPOLOGY

Strategic classification	Traditional economic classification	Notinal size and description (not including bulky goods)	LGA Centres
Hunter Regional Plan Strategic Centres	Sub Regional Centre	Over 25,000 sqm of retail floorspace and at least one discount department store	Cessnock including existing B7/proposed B5 zone on Vincent Street
	Large Neighbourhood Centre	Between 10,000 sqm to 25,000 sqm of retail floorspace with at least one full line supermarket anchor	Kurri Kurri
Hunter Regional Plan 'Centre'	Small Neighbourhood Centre	Between 2,000 sqm to 10,000 sqm of retail floorspace with at least one small supermarket anchor	Branxton
Local Centres	Other Neighbourhood Centres	Between 2,000 sqm to 10,000 sqm of retail floorspace with at least one small supermarket anchor	Huntlee (proposed) Weston
	Local Centres	Up to 2,000 sqm, e.g. with general store and other local shops	Greta, Bellbird Centre, Wollombi, Kearsley, Abernethy, Aberdare, Paxton, Kitchener, Heddon Greta, Ellalong, Abermain, Pelaw, Main, Millfield, Mulbring

TABLE 19 GUIDE TO STANDARD INSTRUMENT ZONES FOR CENTRES

CENTRE TYPE	'Standard Instrument' for LEP ZONES					
	<i>likely to be used</i>		<i>may be used</i>		<i>unlikely to be used</i>	
HRP 'Strategic Centre'	B3	Commercial Core	B7	Business Park	IN1	General Industrial
	B4	Mixed Use	SP1	Special Activities	IN2	Light Industrial
	B5	Business Development	SP2	Infrastructure	IN3	Heavy Industrial
	RE1	Public Recreation	SP3	Tourist	R2	Low Density Residential
			RE2	Private Recreation		
			R1	General Residential		
			R3	Medium Density Res.		
HRP 'Centre'	B2	Local Centre	B3	Commercial Core	B7	Business Park
	B4	Mixed Use	B5	Business Development	IN1	General Industrial
	RE1	Public Recreation	B6	Enterprise Corridor	IN3	Heavy Industrial
	R3	Medium Density Res.	SP1	Special Activities	IN2	Light Industrial
			SP2	Infrastructure	R2	Low Density Residential
			RE2	Private Recreation		
			R1	General Residential		
Other local centres	B2	Local Centre	SP1	Special Activities	B3	Commercial Core
	B1	Neighbourhood Centre	RE2	Private Recreation	B5	Business Development
	RE1	Public Recreation	R1	General Residential	B7	Business Park
					IN1	General Industrial
					IN2	Light Industrial
					IN3	Heavy Industrial

6.6 Refine planning controls in and on the fringe of key centres

In Cessnock town centre, Kurri Kurri and Weston there are fringe precincts dominated by mostly 'under-performing' B4 mixed use zones. These areas have the character of docile fringe areas with scattered services and retail activity, between residential areas and the core of each centre. In the Huntlee 'town centre' the B4 Mixed Use zone is inappropriate for such a large area (270 ha) and risks fraying and fragmenting development. While the rationale in each location is different the opportunity exists to refine the planning controls to address development issues in each location.

Cessnock Centre and Fringe

To allow for the activation of the edges of Cessnock as the market allows over time:

- extend the Mixed Use (B4) zone in Cessnock town centre effectively to the midblock either side of Vincent Street (rear of the lots fronting Vincent Street), thereby retaining Commercial Core (B3) along Vincent Street to protect its fine grain, historic retail character.
- identify which of the street frontages in the new Mixed Use (B4) zone area in Cessnock require active street frontages based on pedestrian desire lines and existing amenity, to encourage additional retail and small scale commercial floorspace, via an LEP amendment.
- introduce a 'new' B5 Business Development zone in the existing B7 area along Vincent Street immediately south of the Cessnock City Centre, which will be similar to the existing Cessnock LEP B7 zone in content but consistent by name with the B5 zone in the Standard Instrument for LEPs which is typically used for bulky goods precincts (see proposed B5 zone in Box 2 above)

- introduce a new B7 Business Park zone, again consistent with the Standard Instrument, to encourage office and high tech uses in the future, to replace the existing western part of the B7 zone in the fringe commercial area of Cessnock (see proposed B7 zone in Box 1 above)

Huntlee

To ensure consistency with other centres and typical planning approaches, a complex of appropriate zones should be established in the Cessnock LEP to replace the single mixed use zone for the Huntlee centre. The indicative use precincts identified in the Huntlee Development Control Plan might provide a basis for this with the following guidance in terms of zones and size:

- a B2 Local Centre zone of up to 3 hectares for local centre retailing,
- a B5 Business Development zone of up to 2 hectares for bulky goods and other commercial development
- RE1 for the open space areas
- R3 and possibly R1 for the surrounding residential and the balance as appropriate.

Weston Fringe

In the Weston context the B4 Mixed Use zone seems 'out of place'. Typically this zone is used where there is a genuine prospect of relatively intense, integrated retail or commercial with residential development. This doesn't seem to be the case in Weston in its fringe areas. Nevertheless there is no 'harm' in retaining the B4 zone and it allows for the mix of shops and dwellings to 'conform' in this location. It would seem reasonable however to amend the zone to allow secondary dwellings or semi-detached dwellings with consent (currently prohibited). This will obviously apply to all areas within Cessnock zoned Mixed Use. Any alternative residential development forms which can add to density should be welcomed in the mixed use context in the Cessnock LGA.

Kurri Kurri Fringe

To provide consistency in zoning and discourage the leakage of commercial and retail premises outside the core business area of Kurri Kurri:

- the B4 Mixed Use zone at the western edge, at Alexandra Street, should be rezoned to B2 Local Centre, given it contains a motel and service station, while the block to the north on the south west corner of Brunner and Alexandra should be rezoned to R3 consistent with the adjacent zone.
- the B4 Mixed Use zone east of Victoria Street and straddling Lang Street and Barton Street, should be rezoned to R3, consistent with the surrounding residential area.

6.7 Contain bulky goods retailing to existing precincts, Huntlee and the Hydro site

Population growth and associated patterns of new household formation, whether it be in greenfield parts of Huntlee or infill areas of Cessnock, drive demand for all types of retailing. Demand for bulky goods retailing tends to be high early in an area's development relative to other forms of retail.

Section 4 outlined the levels of incremental growth in bulky goods retailing which should be accommodated in both Cessnock (about 4,200 sqm) and Kurri Kurri (limited or no net growth). Some limited bulky goods retailing is also anticipated at Huntlee (approximately 2,000 sqm). It has also been proposed as part of the Hydro site south of the Hunter Expressway near Kurri Kurri.

Developers of bulky goods floorspace will seek to maximise the potential of their sites given the footloose potential that is available. The Cessnock precinct to the south of the main centre on Vincent Street is established and is likely to attract additional development. Huntlee is yet to build a critical mass and the Hydro site may be more attractive to service industry or for mixed business not suited to town

centres. Nevertheless these two sites are likely to be in competition for the available bulky goods floorspace and are probably in competition with a substantial bulky goods precinct at Rutherford only 20 minutes away or with sites in western Newcastle. In our view this represents a healthy competitive environment though further fragmenting the market prospects for any particular site risks eroding the potential for the development of a critical mass with associated productivity and trip containment objectives.

In the order of 4,300 sqm, 1,300 sqm and 2,000 sqm (7,600 sqm total) of net bulky goods floorspace has been identified for Cessnock town centre and fringe, Kurri Kurri and Huntlee town centre respectively. Bulky goods and highway service uses have also been proposed as part of the Hydro site development south of the Hunter Expressway near Kurri Kurri. These and existing precincts (including outside the LGA at Rutherford and Green Hills) appear to provide adequate capacity to accommodate anticipated bulky goods floorspace growth. No further bulky goods precincts should be allowed nor uses approved outside of these areas and centres in the Cessnock LGA without a clear understanding of the demand and supply fundamentals and possible net community benefits or disbenefits of expansion proposals.

6.8 Ensure planning instruments are clear and meet contemporary standards

Developers respond well to clear coherent well structured planning instruments. They make it easy for developers to understand what Council wants and why.

Council needs to ensure that its planning instruments have clear content that reflects contemporary planning standards Council's Development Control Plan and Development Contribution Plan in particular need to be reviewed to ensure they meet this criteria. This is a high priority task.

6.9 Develop and integrate the local and village centres as regional visitor and tourism attractions

Retail employment varies between large and small retailers. Larger stores tend to employ more staff for every dollar of turnover due to longer operating hours and critical mass, but smaller shops are likely to develop the all-round entrepreneurial skills of its staff and the business owners themselves.

From a community and economic development perspective, Cessnock Council should focus on facilitating more tailored retailing which tends to employ individuals in a manner which encourages entrepreneurialism and innovation. These forms of retailing also generate positive externalities in the form of better social interaction (through cafes for example) and more opportunities for cultural engagement (through artisan activities for instance). The profits from such enterprises are also more likely to remain in Cessnock, compared to the major chains in 'fast' retailing which send their profits to their corporate headquarters elsewhere or overseas/interstate. Often these smaller operators require support in merchandising, display and presentation, which collectively can be greatly beneficial to the appearance and economic operation of the centre as a whole.

Cessnock's major centres but in particular its smaller villages might develop leisure, dining, cultural and more tourist oriented retail in their main street heritage shopfronts.

An important issue for the centres is their amenity and vitality. Many of the buildings were constructed in the early 20th century, and contribute greatly to the character of the centres, however many facades require painting and maintenance and lead to a "tired" appearance of the centres. The work undertaken by commercial centre main street committees and Chambers of Commerce to address this issue needs continued support, and could be supplemented by merchandising assistance provided by a retail specialist.

The land use initiatives outlined in this report for the Centres of the LGA should be accompanied by complementary actions which increase business competitiveness and synergies. For example, many regions with a significant wine tourism industry achieve greater local benefits by:

- ensuring the "town and village centre" experience is authentic, high amenity and of visual/historic interest to tourists
- providing expert merchandising and display presentation support to local businesses
- encouraging town and village centres offer goods and services that complement those available in the viticultural area
- encouraging town and village centres to offer goods and services of a standard commensurate with those offered in the viticultural area
- engaging in collective marketing of the viticultural area and town and village centres as a single coherent product package, for example as promoted by the "Taste of Orange" brand
- using the positive assets of town and village centres to increase the range and depth of tourism product in the area in order to increase visitor satisfaction and length of stay
- promoting local wine and food in restaurants and other food outlets in the town and village centre, as well as in the wider surrounding region- the "100 km paddock to plate concept", for example such as promoted easily in North eastern Victoria
- ensuring local character is evident in tourism product (which involves a careful balance between world class service and hospitality with local custom and character)
- promoting local employment (through supporting skills training) in the local wine and tourism industry.

APPENDIX 1: SMALL CENTRE LAND USE MAPS

FIGURE 58 ABERDARE



FIGURE 59 ABERMAIN



FIGURE 60 ABERNETHY



FIGURE 61 ALLANDALE- LOVEDALE ROAD

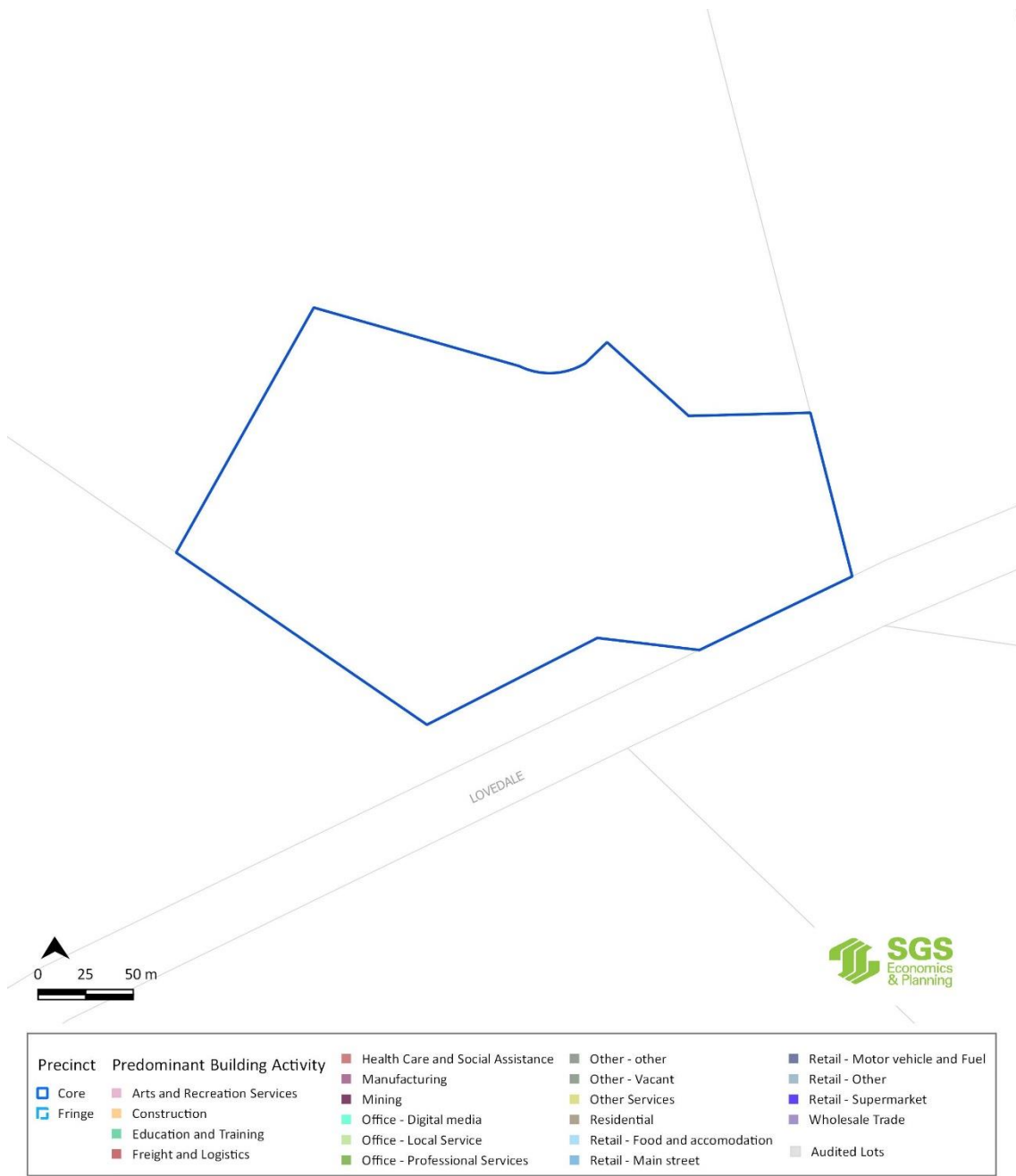


FIGURE 62 BELLBIRD- WEST

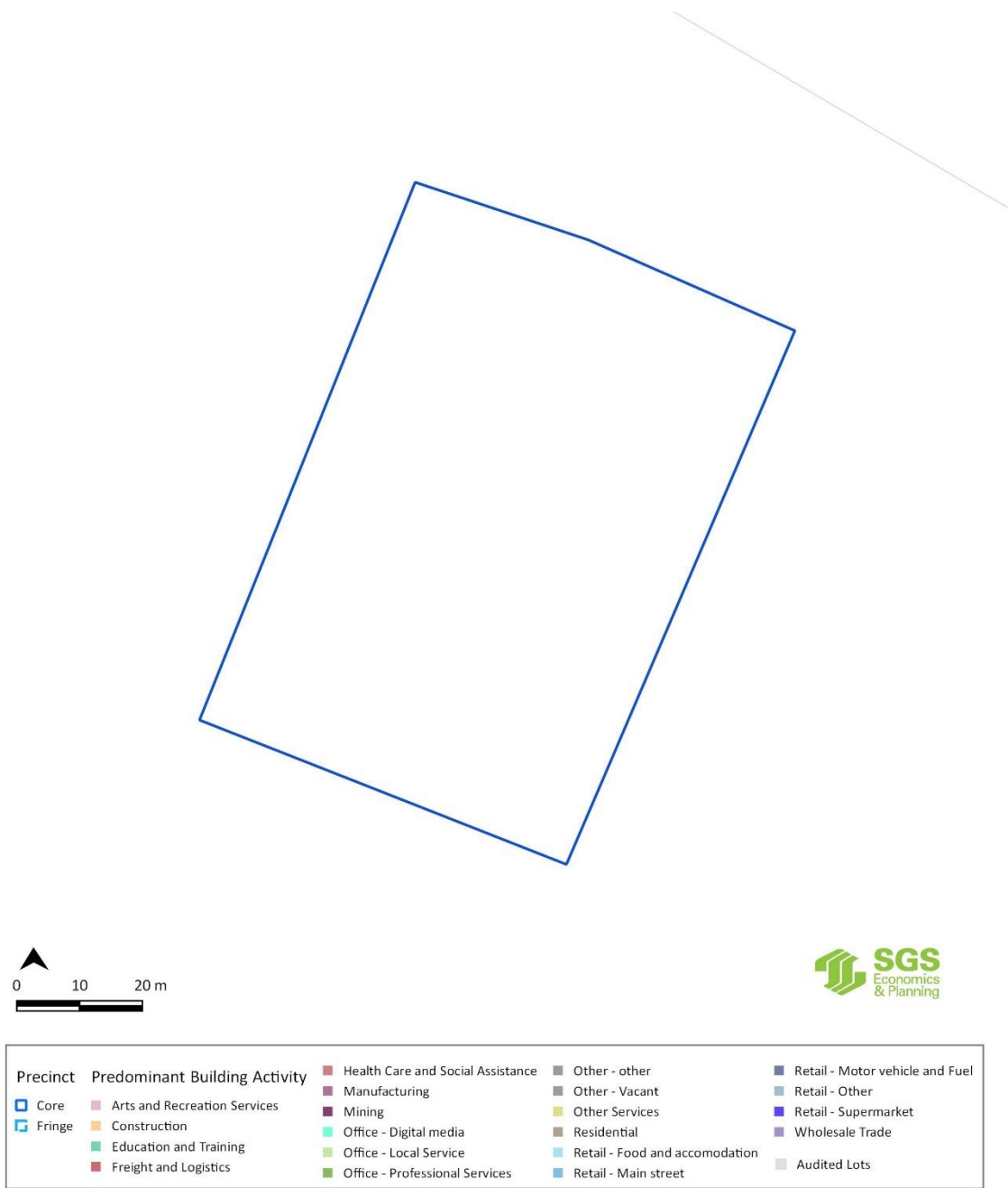


FIGURE 63 BELLBIRD (FUTURE)



FIGURE 64 BELLBIRD CENTRE



FIGURE 65 BRANXTON

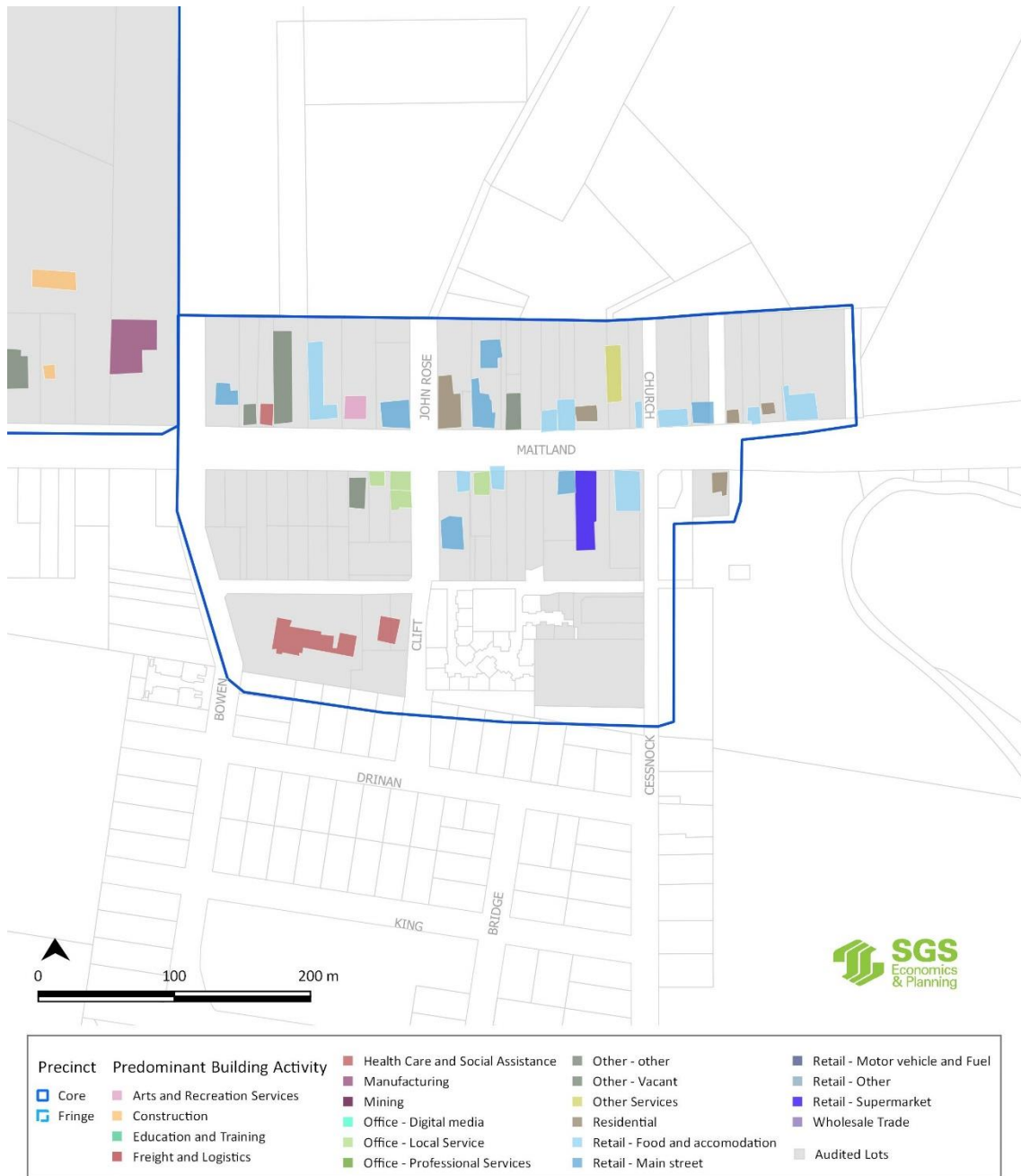


FIGURE 66 CESSNOCK- ALLANDALE ROAD

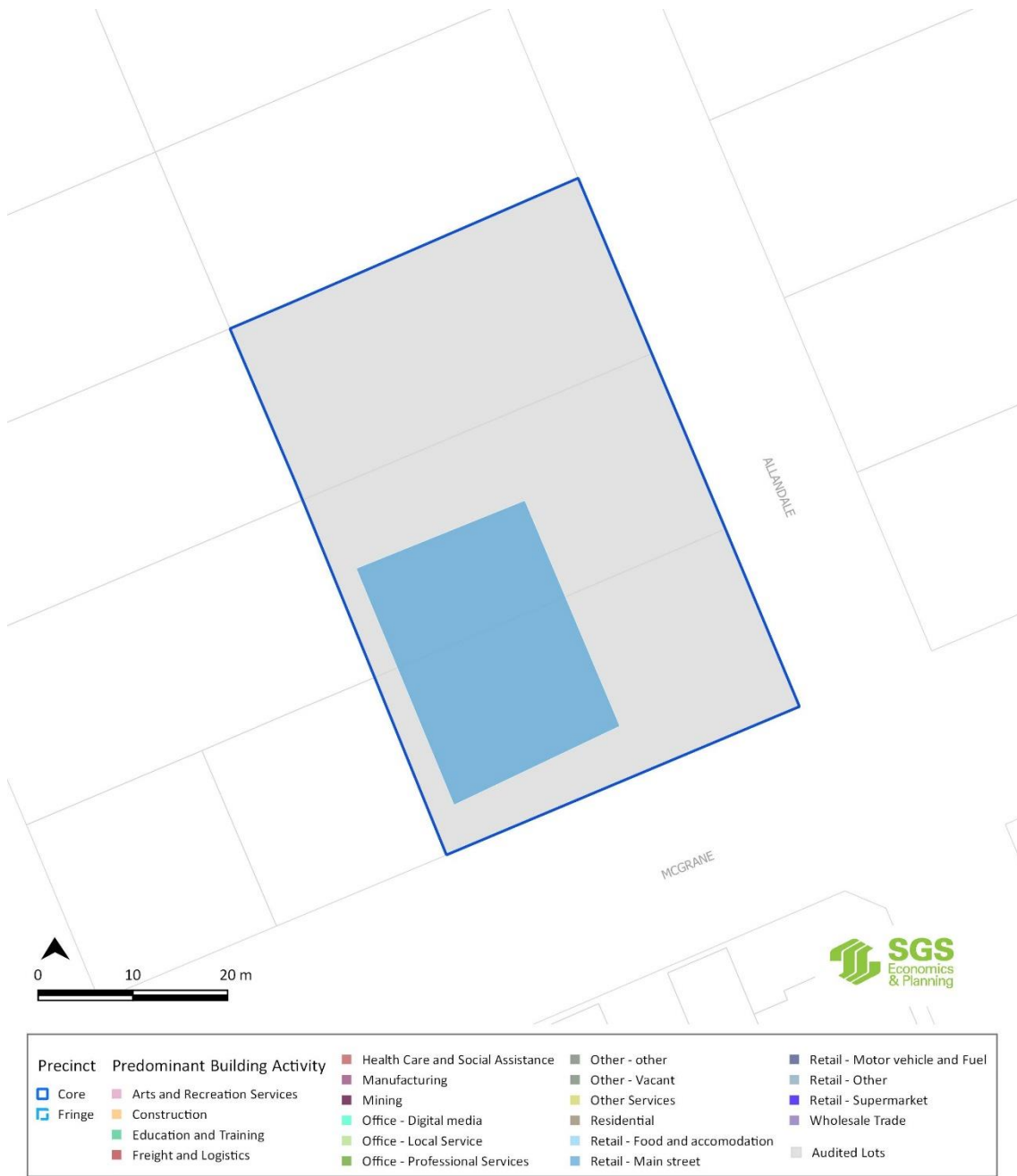


FIGURE 67 CESSNOCK- MACQUARIE AVENUE

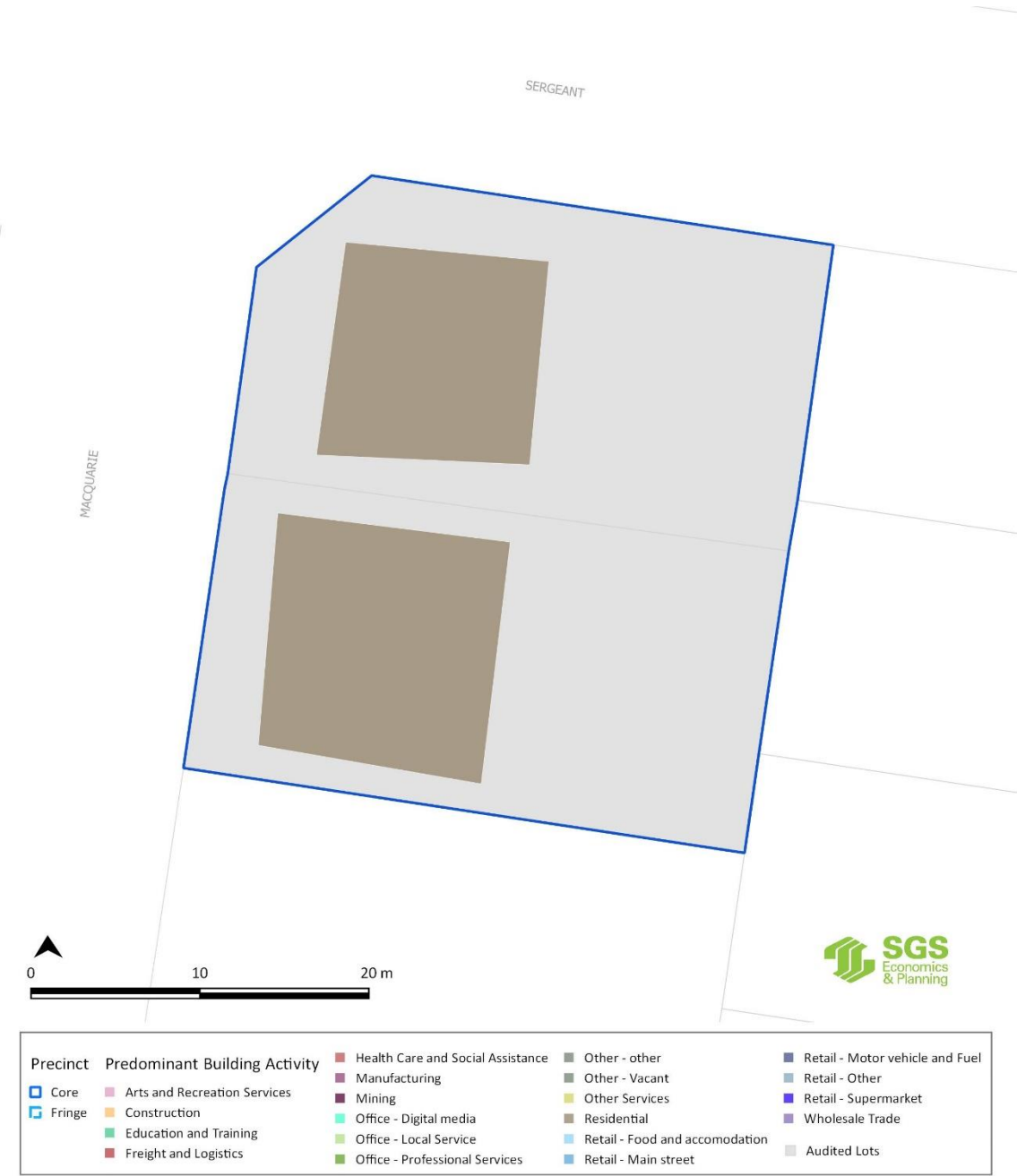


FIGURE 68 CESSNOCK- MARLTON STREET

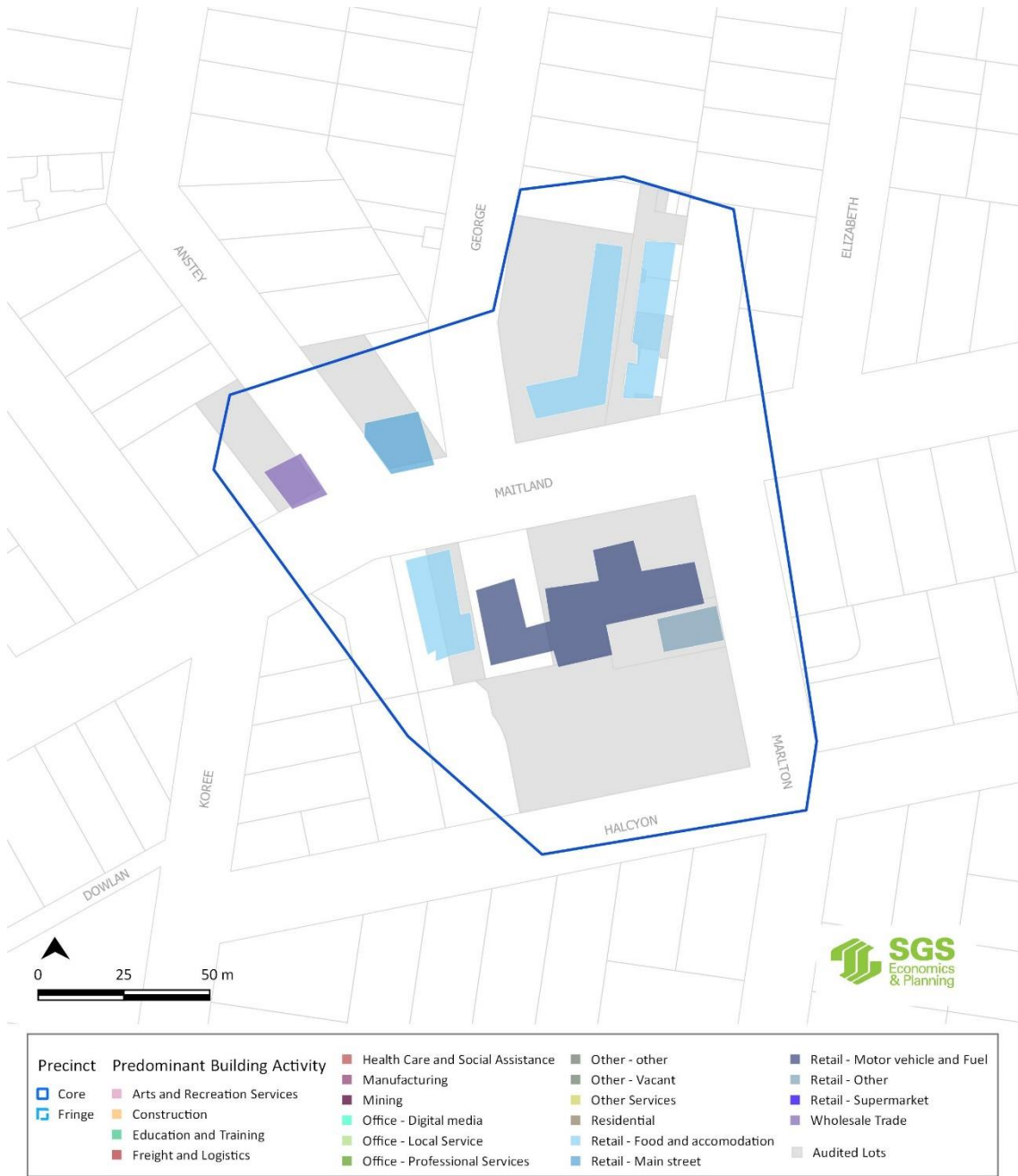


FIGURE 69 CESSNOCK- WOLLOMBI ROAD

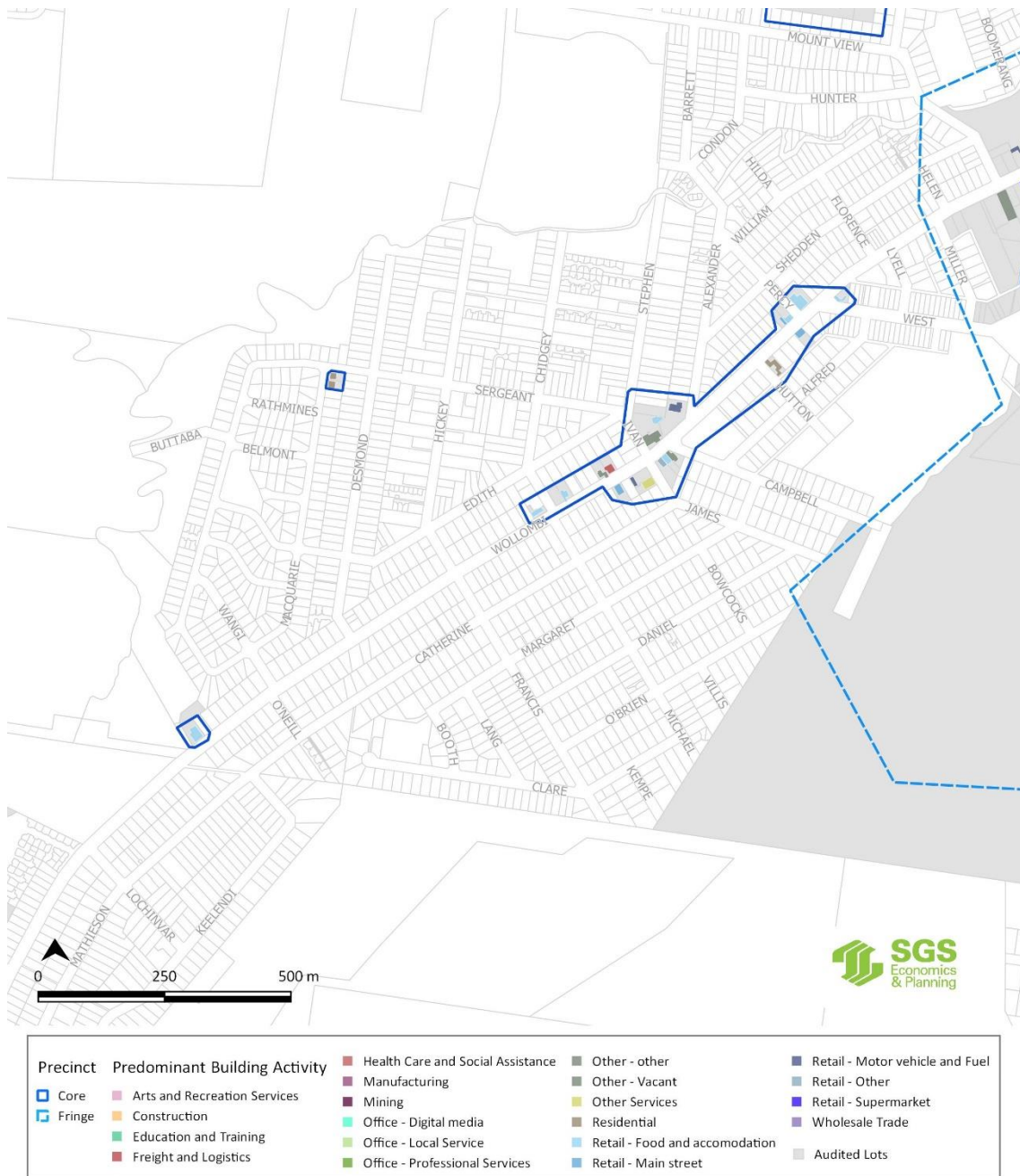


FIGURE 70 ELLALONG

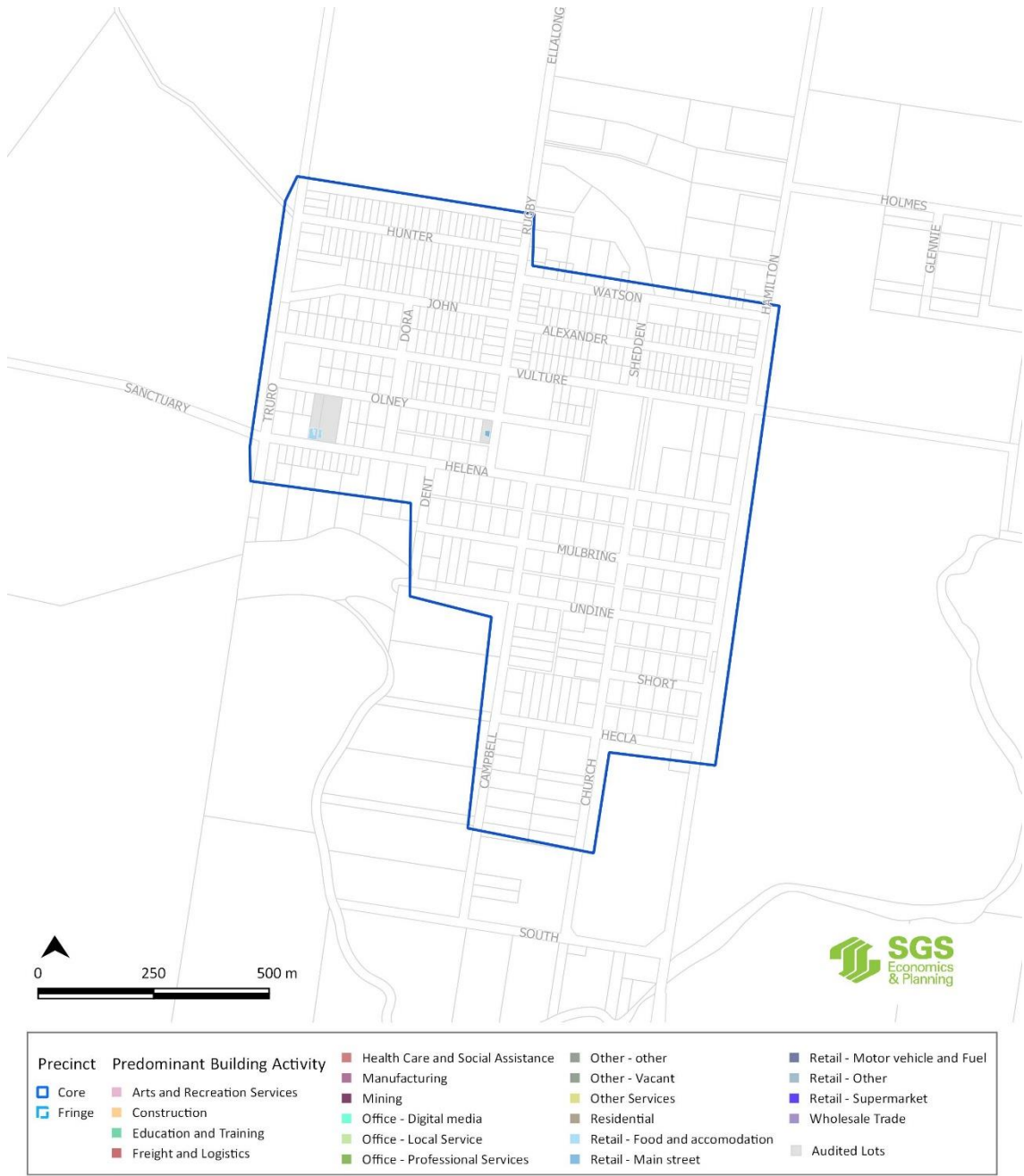


FIGURE 71 GRETA



FIGURE 72 HEDDON GRETA



FIGURE 73 KEARSLEY

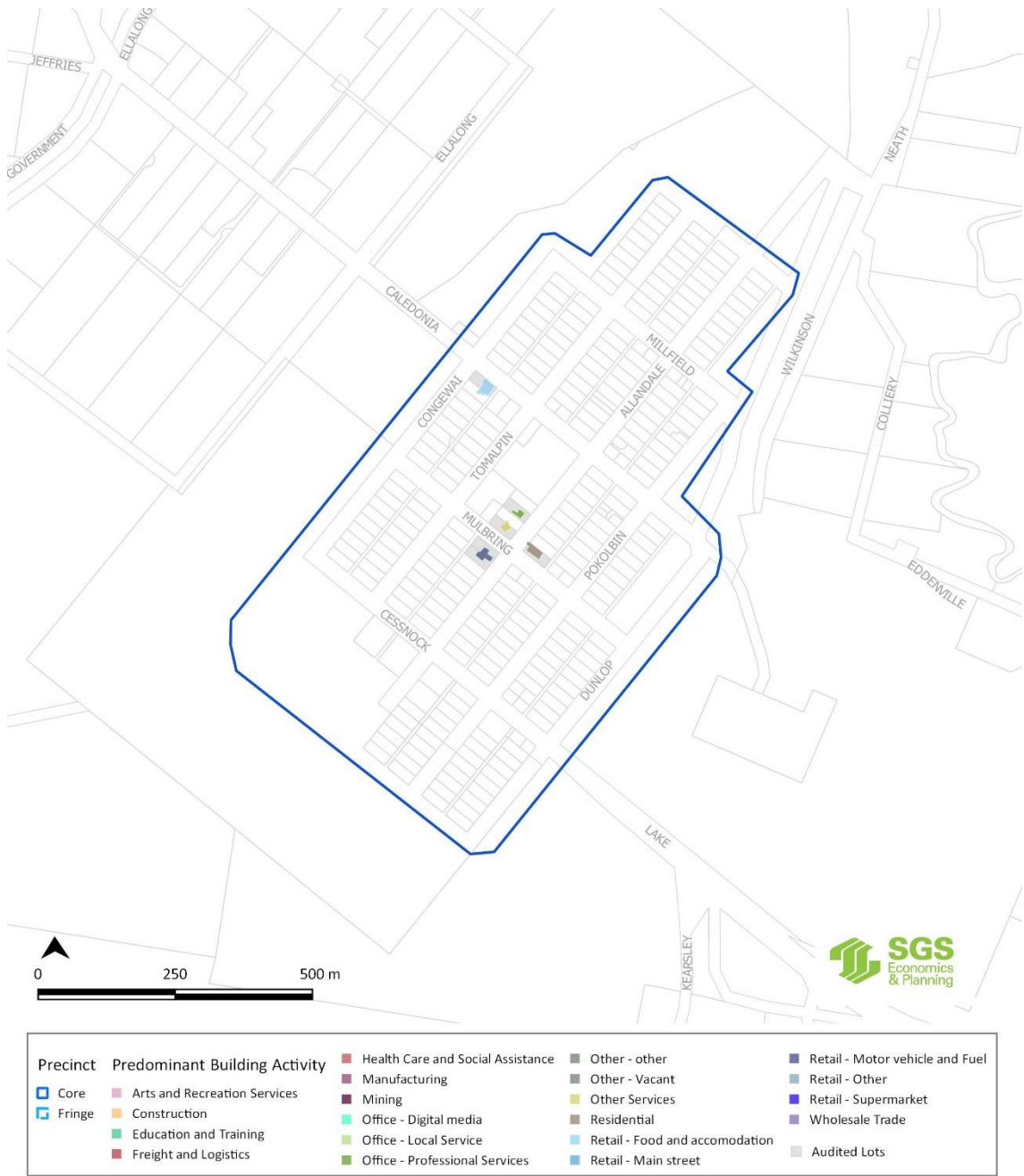


FIGURE 74 KITCHENER



FIGURE 75 MILLFIELD



FIGURE 76 MULBRING



FIGURE 77 PAXTON



FIGURE 78 PELAW MAIN



FIGURE 79 WESTON- SIXTH STREET



FIGURE 80 WESTON- STATION STREET



FIGURE 81 WOLLOMBI



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