

Submission



Hermitage Road, Pokolbin

Planning Study

Submitted to Singleton Council

On Behalf of Belford Land Corporation

July 2014 ■ 14421

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This report has been prepared by:

A handwritten signature in blue ink, appearing to read 'Gordon Kirkby', written in a cursive style.

Gordon Kirkby

25/07/2014

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1.0 Introduction

This submission has been prepared on behalf of the Belford Land Corporation in response to the Hermitage Road Pokolbin Planning Study.

Hermitage Road is the most significant vineyard area in the Singleton LGA and forms the northern section of the Pokolbin vineyard area that dominates the Hunter Valley wine industry. The area has developed as an important tourist destination based on small, boutique scale, vineyards and ancillary tourist accommodation and restaurants. The area is located within the Central Hunter Valley corridor which is in the process of undergoing dramatic change as a result of the opening of the Hunter Expressway and associated major developments like the Huntlee New Town. A strategic review of land use in the locality is welcome to ensure that there is a vision for the area, and a strategic planning framework in place, to guide and facilitate appropriate development to achieve that vision.

Unfortunately the Hermitage Road Planning Study falls short of delivering this outcome. The study is a desk-top analysis of existing land use and planning strategies and plans and a comparison of land use controls with those that apply to other selected vineyard areas. It does not establish a vision for the area drawn from the physical, social and economic factors that underpin successful businesses in the study area. Rather, it is a backward looking document that defends the current controls and the outdated strategies that underpinned them and fails to adequately deal with the changing land use and infrastructure dynamic of the Central Hunter region. In particular the study:

- Fails to provide a vision for the future of study area to guide and inform the Planning Study
- Is based on a regional and local strategic context that is out of date and fails to properly factor in the impacts of the Hunter Expressway and the Huntlee New Town on tourist numbers and behaviour;
- Fails to consider the potential for the creation of recreational linkages between the locality and the Huntlee New Town;
- Fails to provide a detailed analysis of the viticulture industry in the study area including consideration of scale, business models and cost structures for these operations;
- Fails to include a detailed analysis of existing land uses on properties within the study area including characteristics such as mix of land uses, location, lot size, areas under vineyards and proportions of the total lot areas under vineyards.

Section 2 of this submission provides a critique of the Planning Study, while **Section 3** provides comment on the findings and recommendations with regard to the Planning Proposal submitted by the Belford Land Corporation for Lot 5 DP 823737. **Section 4** provides a conclusion and recommendations as to how the Planning Study should be revised.

2.0 Key Deficiencies with the Planning Study

A number of key deficiencies have been identified with the methodology and level of analysis undertaken in the Planning Study. The study should be revised to take into account the issues raised in the following sections.

2.1 Vision for the Hermitage Road Area

The planning study provides an analysis of the Hermitage Road area by way of a desk-top review of the current planning controls relating to the area and a comparison of those controls with controls in other selected wine regions in other parts of NSW and Australia. A planning study that has been commissioned to provide recommendations on appropriate zoning and subdivision controls for an area needs to first ask the question “what is Council’s vision for this area?” and then undertake high level and detailed analysis of the current land use and development, the historical factors that have created this, and the consistency of the current land use with achieving that vision.

The Planning Study provides no coherent vision for the locality. Section 1.2 lists a number of objectives, of which the first is:

... enable sustainable development of the area for boutique type vineyard and other agricultural land uses of a similar or ancillary nature, including tourism development.

This is not a vision for the locality. It is a statement of maintaining the status quo. The study provides no detailed analysis of the factors that underpin this sector of the viticulture industry. The study tends to view viticulture through the prism of major stand-alone commercial operations that generally prevail in the Cessnock Pokolbin area to the south. With regard to the requirements for land area, capability and water supply.

The study is desk-top and focuses on the current planning controls for the area, particularly minimum lot size controls and generally seeks to defend these controls through comparisons with other selected vineyard areas of differing location and scale of viticulture activity.

A key flaw in the study is that at no point does it coherently articulate what Council’s vision for the locality is, and if there is a vision, if that vision has changed over time with regional catalyst developments including the Hunter Expressway and the Huntlee development that have significant impacts on the locality in terms of access and proximity to a major urban centre.

Any vision for the Hermitage Road area should include opportunities to promote employment opportunities with the Singleton LGA which must be one the key objectives of the Council, particularly with the downturn in coal mining.

2.2 Regional Strategic Context

Section 2 of the planning study provides a brief regional context of the study area. This section fails to mention the significant shift in regional land use dynamics that are occurring through the central area of the Hunter Valley with the completion of the Hunter Expressway and the development of the Huntlee urban area.

The Hunter expressway was opened to traffic in April 2014 and was nearing completion of construction when the planning study was prepared. The Hunter Expressway is given little serious regard in the document. It is not mentioned nor

mapped in Section 2 dealing the regional context of the study area, despite the expressway significantly reducing travel time (by up to 30 minutes) between the Hermitage Road locality and the key tourist markets of Sydney and Newcastle. This provides the potential for the Hermitage Road area to be a more significant northern gateway to the vineyards and make this area a more accessible location for weekend tourism for the major metropolitan populations to the south than has been historically the case. While this is briefly acknowledged in the analysis Section of the Planning Study (on page 44), it is done so in the context of branding and signage, rather than a detailed consideration of the impact of the expressway on the tourist numbers and their travel behaviour.

The Hunter Expressway will also act as a catalyst to land use change and development along its corridor, a corridor that inevitably includes the northern sections of the study area. It is disappointing that the impact of this major piece of regional infrastructure does not appear to be a key consideration in the planning study, yet was clearly raised by participants in public workshop.

The construction of the expressway provided a key justification for the approval and development of Huntlee, a new urban area that will ultimately have a population of 21,000 people residing in 7,500 dwellings with a major new town centre.

2.3 Local Strategic Context

The planning study places considerable weight on the vision and objectives of the *Singleton Land Use Strategy 2008*. While it is acknowledged that the strategy was comprehensive and underpinned the preparation of the current land use and development controls in the *Singleton Local Environmental Plan 2013*, the strategy was prepared before funding was committed for the Hunter Expressway and prior to the rezoning and approval of the Huntlee New Town. The strategy therefore cannot, particularly in this section of the Singleton LGA, be seen as a contemporary document.

The strategy doesn't provide a relevant context to assess the future of the Hermitage Road study area given the considerable changes in land use and infrastructure that have occurred in the intervening period, and will occur in the medium to long term. The strategy recognises that the Hunter Expressway will have a significant impact on the Branxton area and the corridor linking this area with Whittingham; however it defers consideration of the land use priorities of this area until the expressway is completed. On page 86 of the Strategy, it states as one of its land use planning priorities for the corridor:

7. *Review of these planning priorities for the area following the completion of construction of the F3 Freeway extension, in the context of the implementation of the Lower Hunter Regional Strategy.*

The Strategy therefore acknowledges that the planning priorities in the Branxton – Whittingham corridor will be required to be reviewed once the expressway is completed. It is understood that such a review has yet to take place.

While the document refers to the Huntlee New Town in Section 3, it does so in the context of its proposed zones and minimum lot areas. The study fails to provide any real analysis of the impact on the surrounding locality of an urban area that, when developed, will be larger than Singleton.

Greater consideration needs to be given in the study to the proximity of the Hermitage Road locality to Huntlee and its associated population, services, infrastructure and recreation opportunities. The population of Huntlee, in addition

to significant new residential release areas in the Branxton area, will provide a large additional population base in close proximity to the Hermitage Road area, with the potential for large scale tourist accommodation within the Huntlee town. This would be expected to improve the viability of existing businesses in the Hermitage Road locality, particularly for vineyards and restaurants as well as provide the potential impetus for other activities such as “farm gate” enterprises, galleries etc.

The significant conservation areas associated with the Huntlee development are proposed to be managed as a Regional Park or similar designation by the NSW Office of Environment and Heritage. There is potential for connections to be established between these areas, the Huntlee urban area and Hermitage Road. Such linkages could include bike trails, bridle trails and walking trails that could help to expand the tourist experience in the locality and connect the area to the resident population at Huntlee as well as tourist based development there. Such trails also have the potential to connect with significant patches of native vegetation on properties along the route.

While the Land Use Strategy provides a useful context for understanding the factors that underpinned the current land use and development controls that apply to the study area, its usefulness in setting a strategic context for future land use and development is questionable.

2.4 Analysis of the Local Viticulture Industry

The study draws upon information and data related to the viticulture industry on a broad scale. There has been little attempt to provide a more detailed analysis of the nature and scale of viticulture operations within the study area and the broader Hunter Valley. Clearly there are different business models that can be applied to the ultimate production of wine, ranging from the stand-alone commercial vineyards with larger landholdings and production facilities down to small, family operated enterprises where the growing of grapes is but one of a number of activities that form the one business entity. On such small scale operations, the income from viticulture may be complemented by other sources including tourism, other forms of intensive agriculture (e.g. olive groves) as well as off-site income including full or part-time employment, superannuation etc.

When compared to other wine regions, including other parts of the Pokolbin area to the south, the land use activities in the Hermitage Road area are generally small scale “boutique” operations which grow grapes for processing off site. The business model and cost structure for these operations differs greatly from the larger scale vineyard operations further south in the Cessnock LGA. Equally, the land areas required for such boutique operations differs from the large scale commercial vineyards. The planning study however applies a general broad brush with regard to minimum land areas deemed to be sufficient for commercially viable vineyards and provides no distinction for different scale operations with different business models. The study makes assumptions as to the viability of viticulture based on high level analysis of the industry as a whole, yet there is clear evidence that within the study area, viticulture is being undertaken on lots as small as 10 ha and on larger lots of 40 ha plus, the area under vines is often a small proportion of the lot.

This fact was picked up on in the submission prepared by DenMar Estate which operates a vineyard and tourist facility on Hermitage Road. The submission includes the following statement:

Encouragement of desirable controlled development surely is a preferable approach to the anachronistic approach of maintain the status quo of a minimum lot size of 40 h.....Indeed viability of the vineyard industry relies

primarily on value adding and integration of other business components as part of the overall entity, i.e. wineries, cellar doors, tourist accommodation, restaurants etc.

The Planning Study needs to closely examine the different scale and business models that underpin the viticulture industry, particularly in the study area locality. Only after such an analysis has been undertaken can an informed recommendation on minimum lot size requirements be made.

2.5 Analysis of Land Use in the Locality

The key concern with the planning study is the lack of detailed on-the-ground analysis of land use and development within the study area. The study offers a high level review of a range of parameters to establish the local context of the study area. These include current planning controls, topography, vegetation, bushfire, agricultural suitability, viticulture lands and existing land uses. The desk-top analysis is based on mapping generally provided by government agencies and Council. While this information is useful in providing a broad brush view of the locality, it is too high-level to adequately gain an understanding of the physical, social and economic dynamics that underpin the type and distribution of land use in the study area.

A land use map of the study area is provided as Figure 12 in the document (**Figure 1** below). The text on existing land uses that accompanies the figure contains a high level discussion and ABS data on the viticulture industry and other information on Hunter tourism industry. The information in the section is based on a “desktop analysis” and provides no discussion on the actual land use mix within the study area. The study fails to provide any detailed analysis of the existing vineyard and tourist industry within the study areas and their characteristics with regard to location, lot size, areas under vines and proportions of the total lot areas.

It is clear from visiting the area and analysing aerial photographs that the most intense concentration of vineyard and tourism development in the study area corresponds with the area between Old North Road and Hermitage Road (Landscape Area 3). This area contains a tight-knit mix of vineyards, many with cellar doors, tourist accommodation and restaurants. The mix of activities on single lots in this area would demonstrate that the viticulture industry in the Hermitage Road area is not underpinned by stand-alone commercial vineyards, but rather the integration of a number of business components as part of an overall entity.

The lot sizes in this area are generally less than 10 hectares which the study dismisses as being a “historical subdivision pattern”. Whether historical or not, clearly the subdivision pattern in this part of the study area has contributed to a land use mix and intensity that best encapsulates “boutique type vineyard”, the continued sustainable development of which is an objective of the planning study. This should have been the starting point of the planning study - to establish the factors that underpin the local viticulture and tourism industry in the study area and to develop appropriate planning controls to encourage the continued success of the those activities and their expansion.

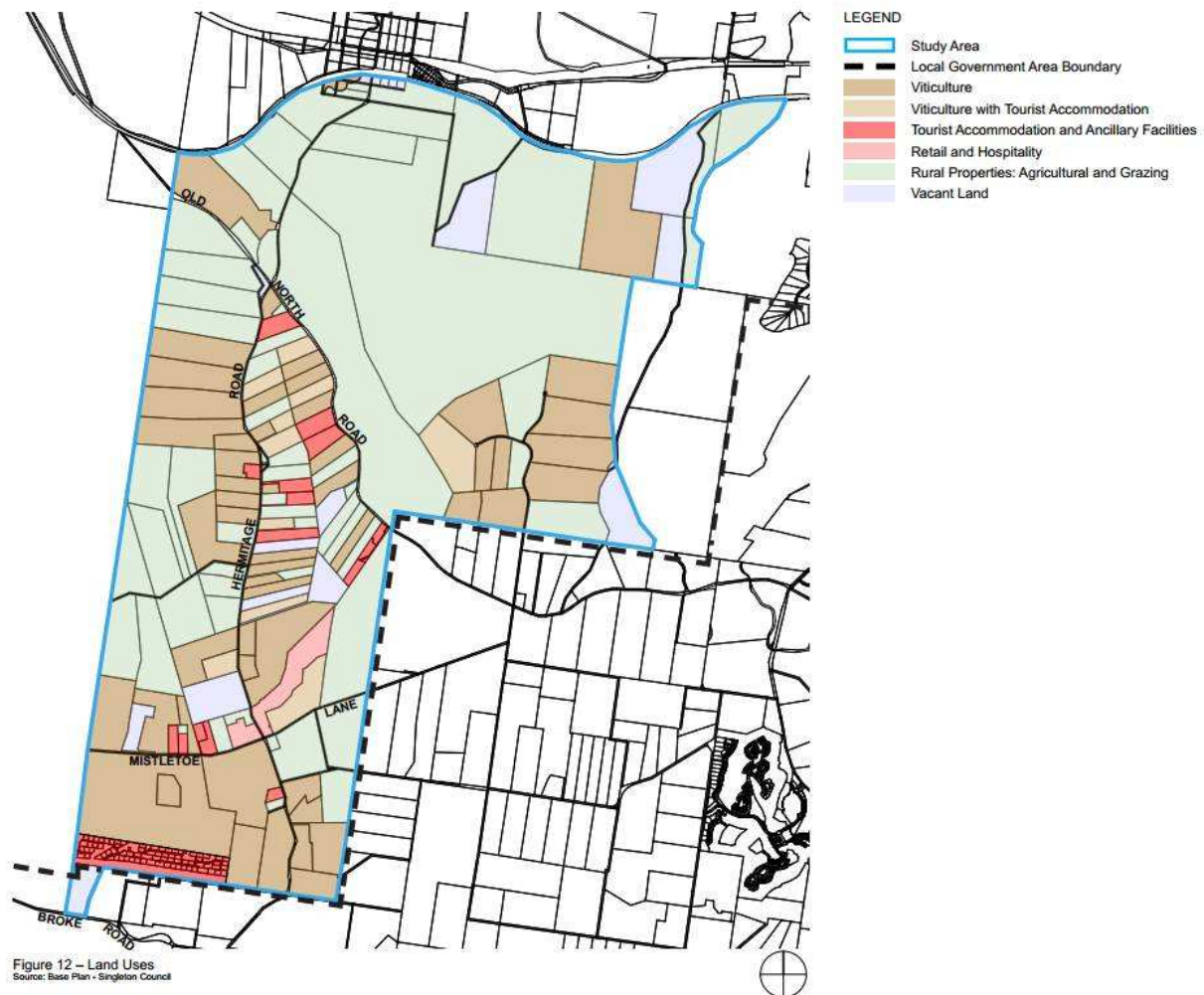


Figure 1 – Study Area Land Use
Source: Peter Andrews + Associates

A mix of smaller lots in the area will provide a higher and better use for the area. Subdivision should provide a range of lot sizes that are capable of accommodating some larger lots for vineyards (approx. 10-15Ha) with some smaller lots to accommodate restaurants and tourist and visitor accommodation. A 40Ha minimum lot size does not facilitate the range of ancillary uses that viticulture within the study area attracts. i.e. it is not a viable business venture to set up a restaurant on a 40Ha lot. The Lot sizes in the area shouldn't be dictated by a minimum, rather subdivided to match appropriate land uses with natural resources/features. i.e. viticulture on areas with higher access to water and existing cleared land. A 40Ha minimum lot size placed on the area will not achieve a high yield through agricultural grazing or through viticulture.

If cellar doors and restaurants cannot be sustained then inevitably the region will lose its attraction - it will become a wine production centre as opposed to a tourist destination. It is vital that both are maintained from an employment perspective - it will be a great lost opportunity if attention is not given to creating a more viable and vital offering on Hermitage Rd to the Singleton LGA. The current study focuses on maintaining all surrounding land for future expansion of the vineyards with a minimum lot size of 40Ha. This is more for large scale vineyard production

as opposed to boutique vineyards, tourism etc. which is what is an important offering on Hermitage Rd and needs to be also expanded.

2.6 Northern Gateway to the Vineyards

While the planning study makes repeated mention of the Hermitage Road area being the “gateway” to the vineyards, this does not appear to be backed up with any strategic consideration of appropriate land uses for the northern section of the Study Area.

The Planning Study proposes that the land to the north of Old North Road retain its current RU1 Primary Production zoning and the 40 ha minimum lot size for subdivision. These planning controls promote the status quo which is larger lots occupied by extensive grazing activities. Although the area is mapped as being important viticulture land, the area contains large tracts of native vegetation and extensive grazing. The area has a minimum lot size control of 40 ha which has worked against the development of small scale viticulture, agricultural or tourist enterprises. The area is largely empty of these uses and does not provide any real element of activation. The Land Use Study provides no real analysis of this area with regard to future land uses that would activate this important entry point to the Pokolbin vineyard area.

The land uses along Hermitage Road between Old North Road and the New England Highway should encourage the area to operate as a “gateway”. This area is located outside the established vineyard areas to the south and could be considered for rural residential development given land use-conflicts could be generally avoided. Development of this type, provides activity and a population base that can serve to underpin local businesses and make them less reliant on fluctuations in the tourism market. Activation of the Hermitage Road gateway precinct is an obvious opportunity that would assist to further underpin the existing employment base in the current cellar door and restaurants businesses that are struggling with inconsistent tourism and mid-week visitation. The completion of Hunter Expressway and the Hermitage Road upgrades over the railway have further strengthened the role of this locality as a “gateway”.

The Planning Study proposes that a possible future village centre be located along the north side of Mistletoe Lane in the southern section of the study area. While this may have merit, a more appropriate location for such a centre would be at the corner of Hermitage Road and Old North Road which will be the main northern gateway for tourists into the Hermitage Road area. Activating the northern end of Hermitage Rd would also stop people driving through to Cessnock LGA/Pokolbin where they would encounter the first ‘centres of activity’. At present the Northern End of Hermitage Rd presents as more of a thoroughfare and is not capitalising on the opportunity presented by the new expressway. This has the effect of tourism income being lost to the Cessnock LGA.

2.7 Planning Controls in other Wine Regions

The Planning Study includes case studies of selected vineyard areas in other parts of NSW and Australia to conclude that a 40 ha minimum lot size is appropriate for the Hermitage Road Study area. As discussed in Section 2.4, without an analysis of the scale of the wine industry at the local level to establish the factors that underpin the viticulture and tourism industry, there is little value to be gained from comparisons with other areas where these factors may differ considerably. Clearly there are differences in vineyard operations between the larger scale operations in the southern, Cessnock components of the Pokolbin wine region and the small scale boutique operations in the Hermitage Road area.

It is noted however that the Barossa Valley, arguably Australia's premier wine region, adopts a merit based approach to land use rather than inflexible lot size control to encourage a range of vineyard types. A flexible approach has also been applied in the Griffith area, which was not considered in the case study. Griffith is a significantly larger wine growing area however; the viticulture areas are represented in both the RU1 and RU4 zones which have differing minimum lot sizes of 20 ha and 5 ha respectively. The RU4 lots are located closer to the urban area where small scale vineyards operate. Griffith LEP 2014 also includes a Clause (Clause 4.1B) that provides for variations in lot sizes within a subdivision, provided the overall permitted lot yield is achieved. The purpose of this control is to enable dwellings and non-vineyard related development / buildings to be on lots that are appropriately sized and located to co-exist with agricultural activities. Mechanisms like this should be explored for the Hermitage Road area.

3.0 The Hermitage Planning Proposal

The Belford Land Corporation is the proponent for the Hermitage Planning Proposal for the subdivision of Lot 5 DP 823737. The planning proposal seeks to rezone the 304.9 ha site from RU1 Primary Production to RU4 Primary Production Small Lots. The planning proposal also seeks to permit a range of lot sizes ranging in area from 2 to 9 ha to permit approximately 50 lots to facilitate tourism, horticulture, viticulture and rural residential purposes. The planning proposal is addressed in the Planning Study in Sections 6.1 and 10.

The Planning Study has recommended that the planning proposal not proceed to the LEP Gateway on the basis that the proposed lots are not strategically justified and that development for viticulture and tourism, as proposed is permissible on the subject land under the current zoning without rezoning or reducing the minimum lot size for the site.

Notwithstanding the recommendation that the proposal be rejected, the Planning Study makes recommendations with regard to additional information and studies that should be required, should Council agree to a revised proposal being submitted.

The Belford land Corporation disagrees with the recommendation of the Planning Study. For the reasons outlined in **Section 2** of this submission, it is not considered that the Planning Study has provided sufficient analysis and justification for its recommendations with regard to land use zoning and the maintenance of the 40 ha minimum lot size for subdivision.

Lot 5 DP 832737 is located in Landscape Character Zone No 1 (LCZ 1) in Section 5.1 of the Planning Study. The LCZ 1 area is located in the northern section of the Study Area and is characterised by larger landholdings occupied by extensive cattle grazing. Lot 5 however is located on the southern boundary of LCZ1 and borders the more intensive vineyard and tourist area of LCZ 3 on the southern side of Old North Road.

The physical characteristics of Lot 5 are the same as the land in LCZ 3 to the immediate south where the subdivision is characterised by lots less than 10 ha in area. These lots are utilised for a range of significantly more intensive uses including vineyards, tourist accommodation and olive groves. Subdivision of Lot 5 to facilitate similar sized lots would facilitate the same or complementary development and enable the Hermitage Road vineyard area to expand and strengthen. The contention that viticulture and tourism could still be established by a subdivision to create 40ha lots is disingenuous. As discussed in **Sections 2.4** and **2.5** above, the Hermitage Road vineyard area is characterised by small scale boutique vineyards that generally are part of a range of economic uses on the site. Large scale, stand-alone commercial vineyards are not a feature of the Hermitage Road area which is at the periphery of the Pokolbin vineyard area. If commercial scale vineyards were viable, this land would have already been considered for this type of development in the past.

Existing vineyard and tourist development in the Hermitage Road area (immediately adjacent to Lot 5) has occurred historically where smaller lots have been facilitated, as this fits with the business model of vineyard operators in this part of the Hunter Valley. If vineyards and tourist developments of this scale were developed on 40ha lots, there would be significant underutilisation of the land as only a small proportion of the lot would be likely to be cultivated for vines or developed for tourism. Alternatively, should the area be subdivided into smaller lots, a larger number of boutique scale operators could occupy the land and utilise it more efficiently for viticulture increasing the yield of the land and tourism opportunities

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Notwithstanding the above, the Belford Land Corporation will address the recommendations of the Planning Study prior to revising its planning proposal for re-submission to Council.

4.0 Conclusion and Recommendations

Hermitage Road is the most significant vineyard area in the Singleton LGA and forms the northern section of the Pokolbin vineyard area that dominates the Hunter Valley wine industry. The area has developed as an important tourist destination based on small, boutique scale, vineyards and ancillary tourist accommodation and restaurants. The area is located within the Central Hunter Valley corridor which is in the process of undergoing dramatic change as a result of the opening of the Hunter Expressway and associated major developments like the Huntlee New Town. A strategic review of land use in the locality is welcome to ensure that there is a vision for the area, and a strategic planning framework in place, to guide and facilitate appropriate development to achieve that vision.

Unfortunately the Hermitage Road Planning Study falls short of delivering this outcome. The study is a desk-top analysis of existing land use and planning strategies and plans and a comparison of land use controls with those that apply to other selected vineyard areas. The study fails to provide any detailed analysis of the existing vineyard and tourist industry within the study areas and their characteristics with regard to location, lot size, areas under vines and proportions of the total lot areas cultivated. It does not establish a vision for the area drawn from the physical, social and economic factors that underpin successful businesses in the study area.

The study fails to establish a contemporary regional and local strategic context. One that considers the potential impacts of recent major regional developments, including the Hunter Expressway, that will significantly reduce the travel time for tourists driving from Sydney and Newcastle to the south, and strengthen the role of the area as a gateway to the vineyards.

As a result, the study largely defends the status quo with regard to planning controls, particularly with regard to minimum lot sizes. The study fails to appreciate that the most vibrant vineyard and tourist related activities in the study area are located on lots that are significantly smaller than the recommended 40 ha minimum lot size and that other areas, that were not subdivided prior to the introduction of the 40 ha control, remain largely undeveloped for vineyard and tourist uses. In other words, the evidence would suggest that lots in excess of 40 ha are too large and are not viable for boutique scale vineyard and tourist uses. Further, these areas fail to contribute to the growth of the viticulture and tourist industries in the locality and region.

It is recommended that the Hermitage Road Planning Study be revised to address the following issues:

- A vision for the future of study area be established to guide and inform the Planning Study
- The regional and local context of the study area be reviewed and updated to properly factor in the impacts of the Hunter Expressway and the Huntlee New Town on tourist numbers and behaviour;
- The potential for the creation of recreational linkages between the locality and the Huntlee New Town should be explored in the study;
- The viticulture industry in the study area should be examined in greater detail. The analysis should include the scale, business model and cost structure for these operations;
- A detailed analysis be undertaken of existing land uses on properties within the study area. The analysis should look at characteristics with regard to location, lot size, areas under vines and proportions of the total lot areas under vines.

The analysis should also examine the business models that underpin these enterprises; and

- Flexibility in zoning and development controls to facilitate greater merit assessment of land use proposals in the area to cater for range of vineyard, tourist and residential activities to promote greater economic vibrancy in the area.

These revisions would ensure that the document was a true strategic and forward looking document that recognises the potential of the Hermitage Road area as a vibrant contributor to the Singleton economy in the context of the significant changes occurring in the Central Hunter Valley.