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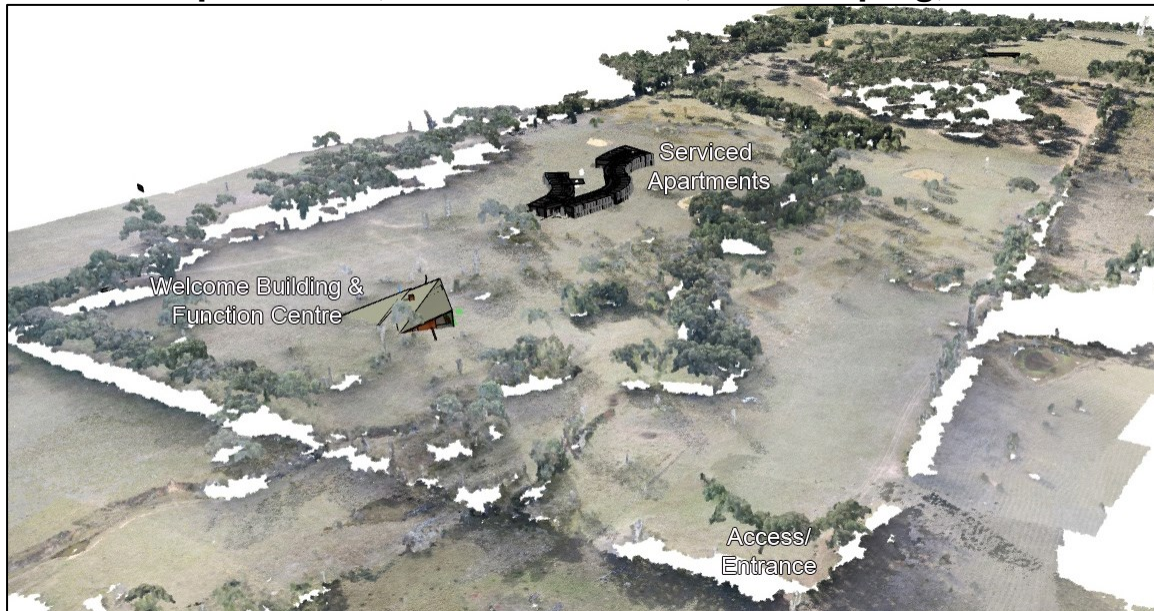
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Social Impact Assessment

Prepared in accordance with *Cessnock Development Control Plan 2010 (As Amended)*

Proposed Tourism & Visitor Accommodation Serviced Apartments, Function Centre, Landscaping, Civil Works



Lot 22 DP 791884 & Lot 40 DP 755255
22 Palmers Lane and 340 Pokolbin Mountains Road
Pokolbin, New South Wales

Applicant:

Hephzibah Hunter Valley, Property PTY LTD ATF,
Hephzibah Hunter Valley Investment Unit Trust
Our ref: 1521702

H12
ART OF LIFE

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1.0 Introduction

This Social Impact Assessment (SIA) has been prepared by JW Planning Pty Ltd to support a Development Application for the applicant (H12 Art of Life) and includes:

- 72 serviced apartments;
- 2 storey Welcome and Function Centre;
- Breakout and Function Rooms on 1st floor;
- Car Parking;
- On site sewage treatment system; and
- Ancillary works and landscaping;

Involving land located at Lot 22 DP791884, Palmers Lane Pokolbin (the “site”).

This SIA has been prepared in accordance with the requirements of the *Cessnock Development Control Plan 2010 C.8 Social Impact Assessment and Crime Prevention Through Environmental Design Guidelines for a Proposed Development* (DCP).

The proposed number of serviced accommodation units and the food and drink premises trigger Clause 8.5.3 of the DCP and the requirement for a Type 2 Social Impact Assessment.

2.0 Background

The applicant purchased the site in 2015 to develop it for tourist accommodation as part of the growth in tourist development in the Lower Hunter centred in the vineyard area of Pokolbin.

H12 Art of Life are an international hotel company based in Austria, China, Kenya and South Africa and combine urban or natural iconic locations, art, local food and wine, accommodation and high quality service to create unique experiences for guests. Each hotel always has artists in residence to stimulate guests with up to 12 internationally recognised artists and local artists on site throughout the year.

For hotels in natural locations, no televisions are provided in the rooms but music and WIFI are available throughout and plenty of books. Interacting with the natural and rural environment is emphasised as an experience combined with; an art and sculpture park, vegetable gardens, livestock and simple local organic foods and locally made wines with al fresco eating areas and a wine bar.

The site was selected for a H12 location for its stunning scenery below the southern escarpment of the Hunter Valley and renowned wine industry. The proposed development is the first in Australia for H12.

Formal pre DA meetings with Council were attended by the applicant and their consultants including JW Planning on 1st July 2016 and 10th March 2017. The meeting minutes require an SIA to be prepared for the proposed development.

This SIA has been prepared by Mr Trevor Allen Senior Urban Planner of JW Planning Pty Ltd. Mr Allen has 22 years' experience as a professional planner in the private sector and state and local governments. This includes management and representation of the Social Planning Team as part of the Integrated Planning Section at Port Stephens Council concerning roll out of NSW HealthOne service centre in Raymond Terrace, consultation with Worrimi LALC on urban release area planning and management of social and economic transitional arrangements with the Karuah community following the relocation of the Pacific Highway to bypass the town.

3.0 Phase 1 Background – physical and socio-economic context of site

3.1 Site location

The site is located at the western end of Palmers Lane 4.8km west of Wine Country Drive and, via Gillards Ln, is 14.3km from the town of Cessnock – the economic and social centre for the Cessnock City Local Government Area (LGA). **Figure 1** illustrates the surrounding area within 5km of the site. The site (**Figure 2**) is located in undulating rural country away from existing population centres.

The site consists of a northern and a southern portion separated by the unformed Palmers Lane. The site does not contain any dwellings or structures and is used for cattle grazing.

Access to the site is via a Right of Way from the western end of Gillards Lane through Lot 40 DP 755255. The bulk of the proposed development is located in the southern portion. The potential social impacts of the proposed development have been restricted to this area.

Figure 3 illustrates the site, a nominated centre of the proposed development and the distance and direction of nearby dwellings/businesses. The nearby entities are pre-dominantly businesses associated with wine production and tourist accommodation.

There is a dwelling in the adjoining lot to the east some 370m away from the centre of the proposed development. Whilst this dwelling may be characterised as a rural dwelling, it is evident that viticulture is being undertaken on this lot. Accordingly, this lot is associated with wine production within the vineyards district.

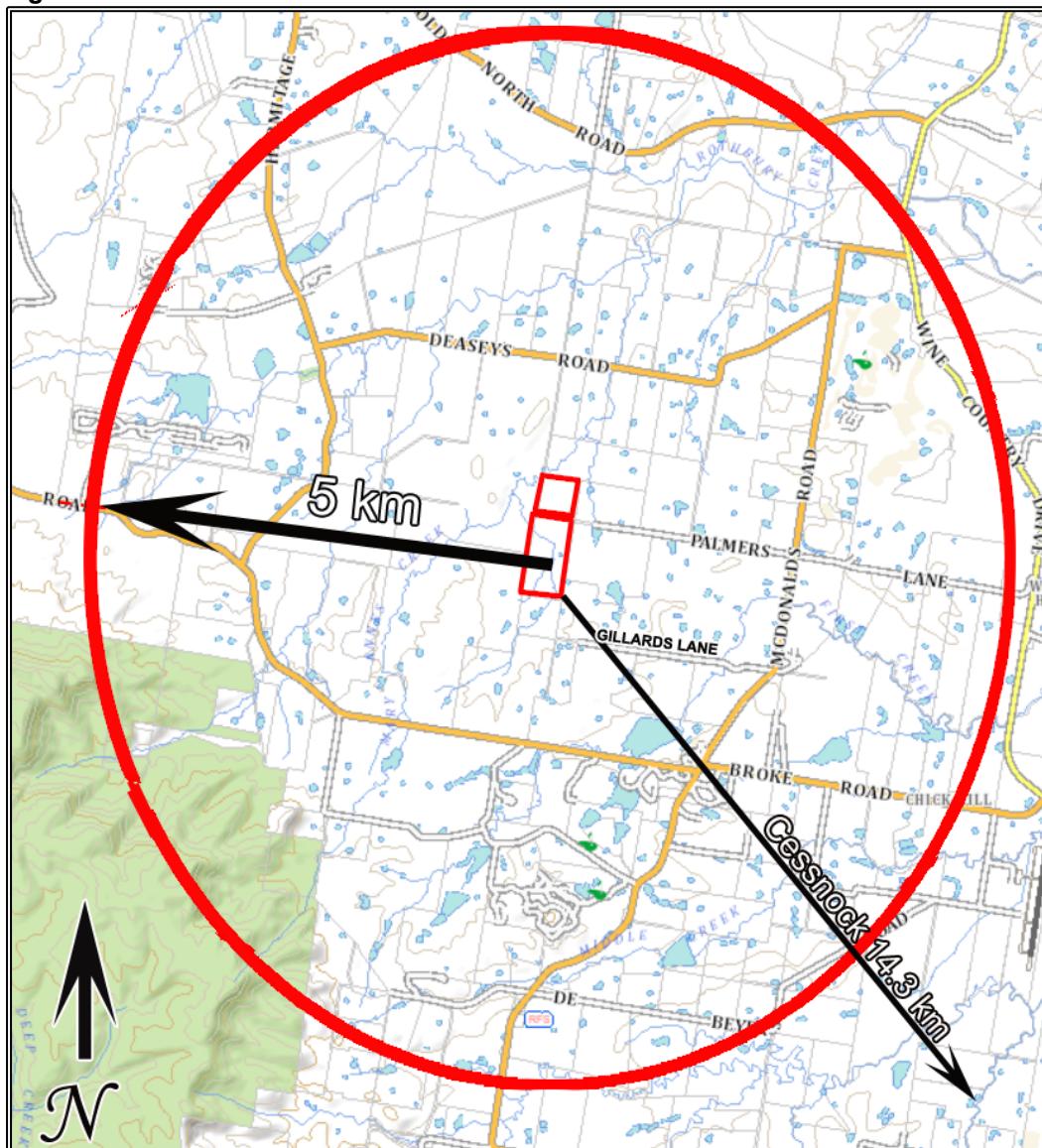
3.1 Site context - land uses

The land uses on and surrounding the site are controlled by LEP 2011 as per **Figure 3** with current land uses on site illustrated in **Figure 2**. The site is used for grazing of livestock. The site and surrounding land are zoned *RU4 Primary Production Small Lots*. The objectives of this zone include maintaining prime viticultural land, maintaining the economic and ecological sustainability of the vineyards district and encouraging and promoting employment opportunities in relation to primary industry enterprises.

Many of the properties surrounding the site are evidently part of and contributing towards the vineyards district. **Figure 4** illustrates that there are some 33 dwellings/viticulture businesses located within the Deasys/Macdonald/Broke and Hermitage Rd area that surrounds the site.

The undulating landscape and intervening hills and vegetation means that many of the dwellings and businesses identified in Figure 4 are not visible to or from the site.

Figure 1 Location of site



3.2 Site context – Vineyards District

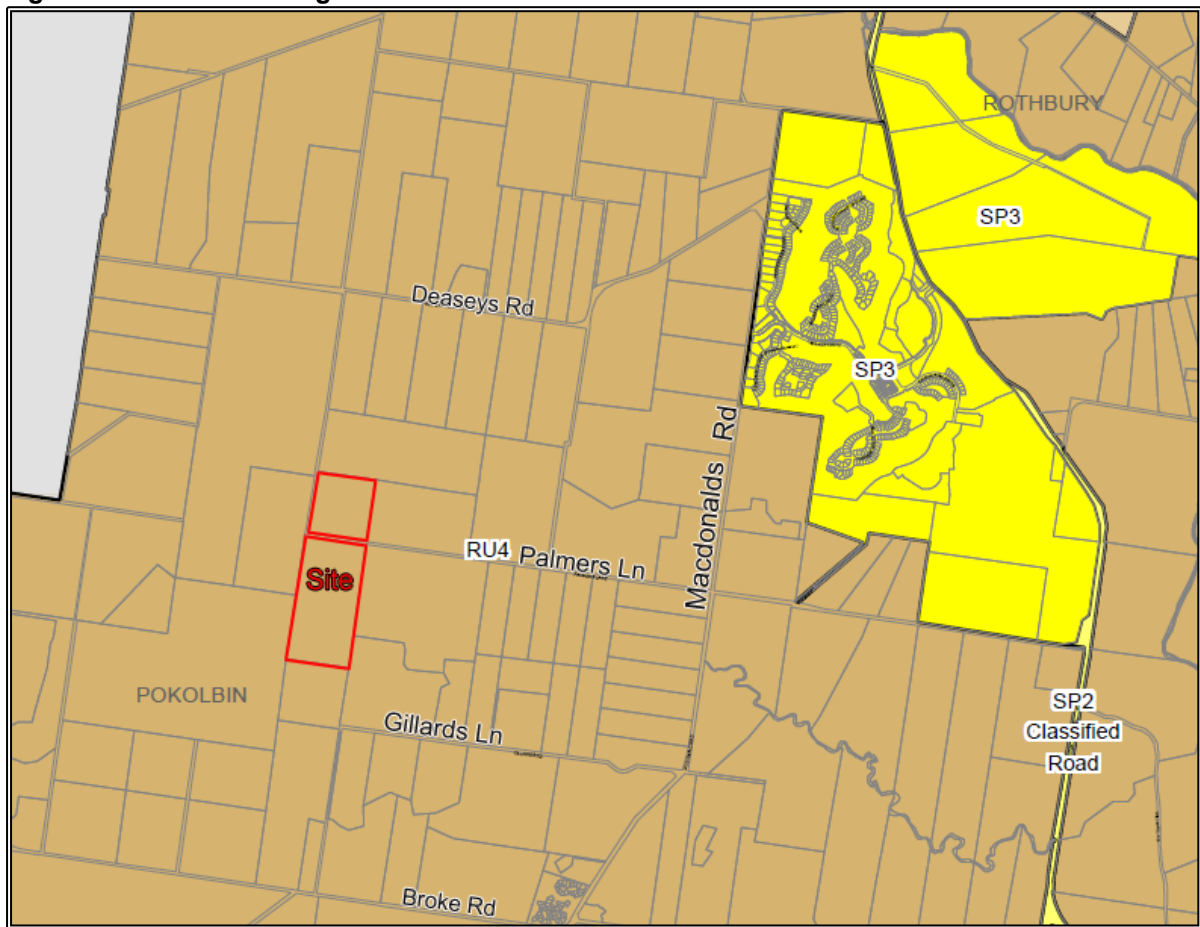
Data from the Cessnock City Wide Settlement Strategy 2010 refers to analysis by the Department of Industry and Investment – Agriculture suggesting:

- Annual wine sales from the Cessnock LGA equates to at least \$69 million/yr;
- The total direct value (sales, investment and employment) of wine growing production in the Cessnock LGA would be over \$175m/yr;
- The direct value of wine tourism in Cessnock would be at least \$400 million/yr;
- A further \$1,000 million/yr may result from the significant flow-on effects resulting from employment, turnover, consumption and investment.

Figure 2 The Site



Figure 3 Land Use Zoning Cessnock LEP 2011



The *Hunter Regional Plan 2036* identifies the Cessnock LGA as the focal point for the region's wine industry and a significant tourism destination and entertainment node. This is supported by data in the plan that of the 14,178 jobs in the Cessnock LGA (in 2011), 14.3% or 2027 jobs were in the accommodation and food services sector. No other LGA in the region had the accommodation and food services sector in the top 3 sectors.

The Regional Plan also identifies the Pokolbin viticulture area as a *Critical Industry Cluster* and opportunities exist to increase its appeal as a major wine and food tourist destination with a national and international reputation.

It is clear the site is located in a district recognised locally and regionally as an important industry for wealth and job creation and the social benefits and implications that this brings to the local area and to the Cessnock LGA. *Cessnock Development Control Plan 2010 Chapter E.3* identifies the Vineyards District (refer **Figure 5**)

Figure 4 Site & Nearby Dwelling/Business in Deasys/Hermitage/Broke/Macdonald Road Area



Note: Distances in metres.

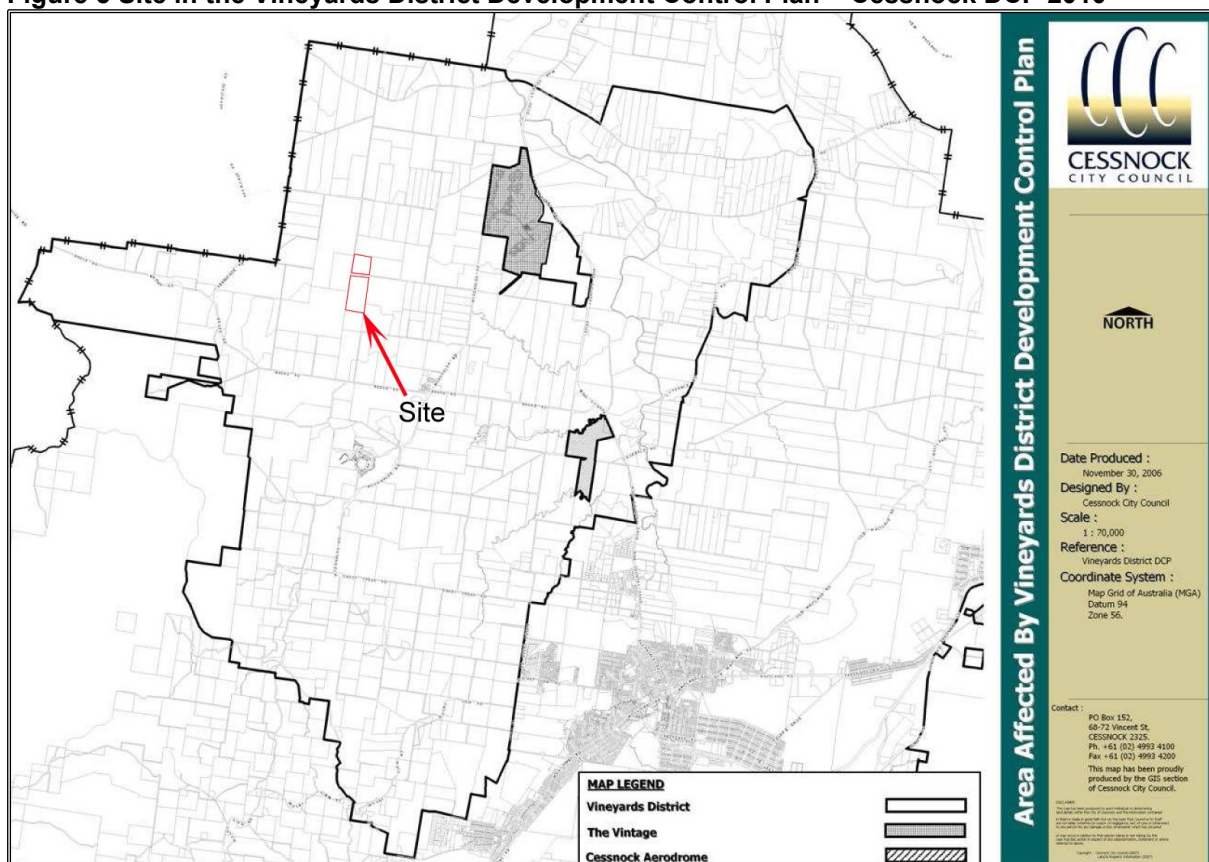
4.0 Proposed Development

The proposed development (**Figure 6**) includes:

- 72 serviced apartments;
- 2 storey Welcome and Function Centre;
- Function Rooms on 1st floor;
- Car Parking;
- On site sewage treatment system; and
- Ancillary works and landscaping;

The capital investment value of the proposed development is **\$32,458,350** and at full capacity, will generate 35 full time and part time jobs.

Figure 5 Site in the Vineyards District Development Control Plan – Cessnock DCP 2010



5.0 Profile of Allandale - Lovedale - Pokolbin - Mount View

5.1 Demographic profile

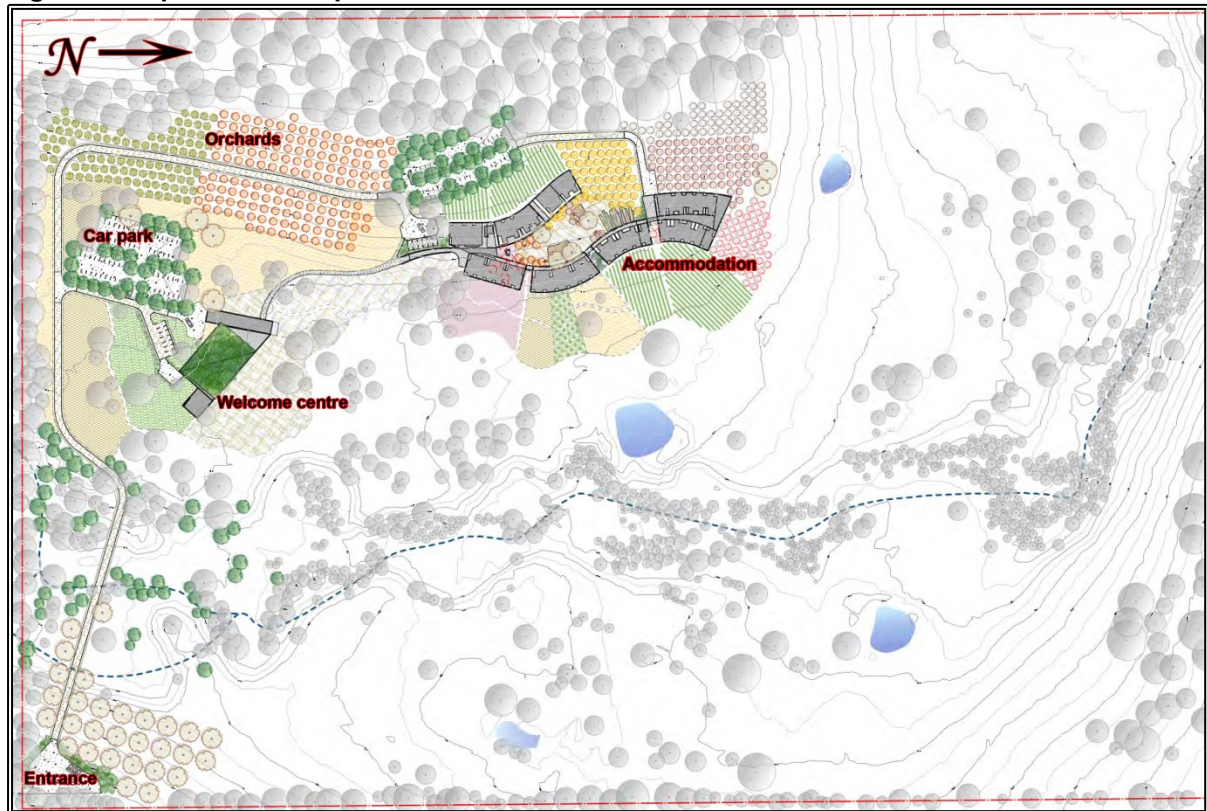
Cessnock Community Profile (<http://profile.id.com.au/cessnock> - accessed 1/09/17) identifies the site in the Allandale – Lovedale-Pokolbin-Mount View community (**Figure 7**). Relevant statistical data for this community is provided in **Table 1**. The interpretation of this data can be understood against the same data for the Cessnock City LGA and rural NSW.

The population of the profile area is 2.7% of the LGA population and is of a lower density to the LGA average. **Table 1** indicates that, relative to the LGA, there is:

- A predominance of empty nesters, retirees, older workers and pre retirees;
- A significantly higher number of tertiary educated people;
- A significantly higher median weekly household income;
- A significantly lower unemployment rate; and
- A significantly lower number of people requiring assistance with disabilities.

The above combines to identify the area having a relatively low level of socio-economic disadvantage within the LGA that has a relatively high level of socio economic disadvantage.

Figure 6 Proposed Development



Note: Entire site not shown.

By comparison:

- the profile area has a level of socio economic disadvantage similar to that of the Hornsby LGA in the more wealthy global city of Sydney.
- Cessnock is the 2nd lowest LGA in the state in the Index of Education and Occupation (relates to level of qualification achieved, further education being undertaken/achieved and employment skill levels).
- Cessnock is the 33rd lowest in the state in the Index of Relative Socio-economic Disadvantage (relates to low income, low educational attainment, unemployment, unskilled jobs, low levels of English proficiency, single parent families, rents, etc.).
- Cessnock is the 28th lowest in the state in the Index of Relative Socio-economic Advantage and Disadvantage (relates to economic and social conditions of people and households - income, home and car ownership, educational levels, skilled employment, type of work, rent payments, etc.).
- This suggests vineyard agriculture and associated tourist development and visitors in the area are clearly influencing the population profile of the area relative to the LGA.
- The low percentage of medium density dwellings in the area reflects the rural character of the profile area against a low base of this dwelling type in Cessnock – a rural regional town.
- The Department of Planning and Environment has calculated the projected population of the Cessnock LGA by 2036 will be 69,250 people – an increase of +13,150 people (<http://www.planning.nsw.gov.au/projections> - accessed 27/07/17).

- Much of this growth is projected to occur in undeveloped urban release areas. This includes part of the SP3 Tourist zoned land that forms part of The Vintage estate.

Figure 7 Allandale - Lovedale - Pokolbin - Mount View Profile Area

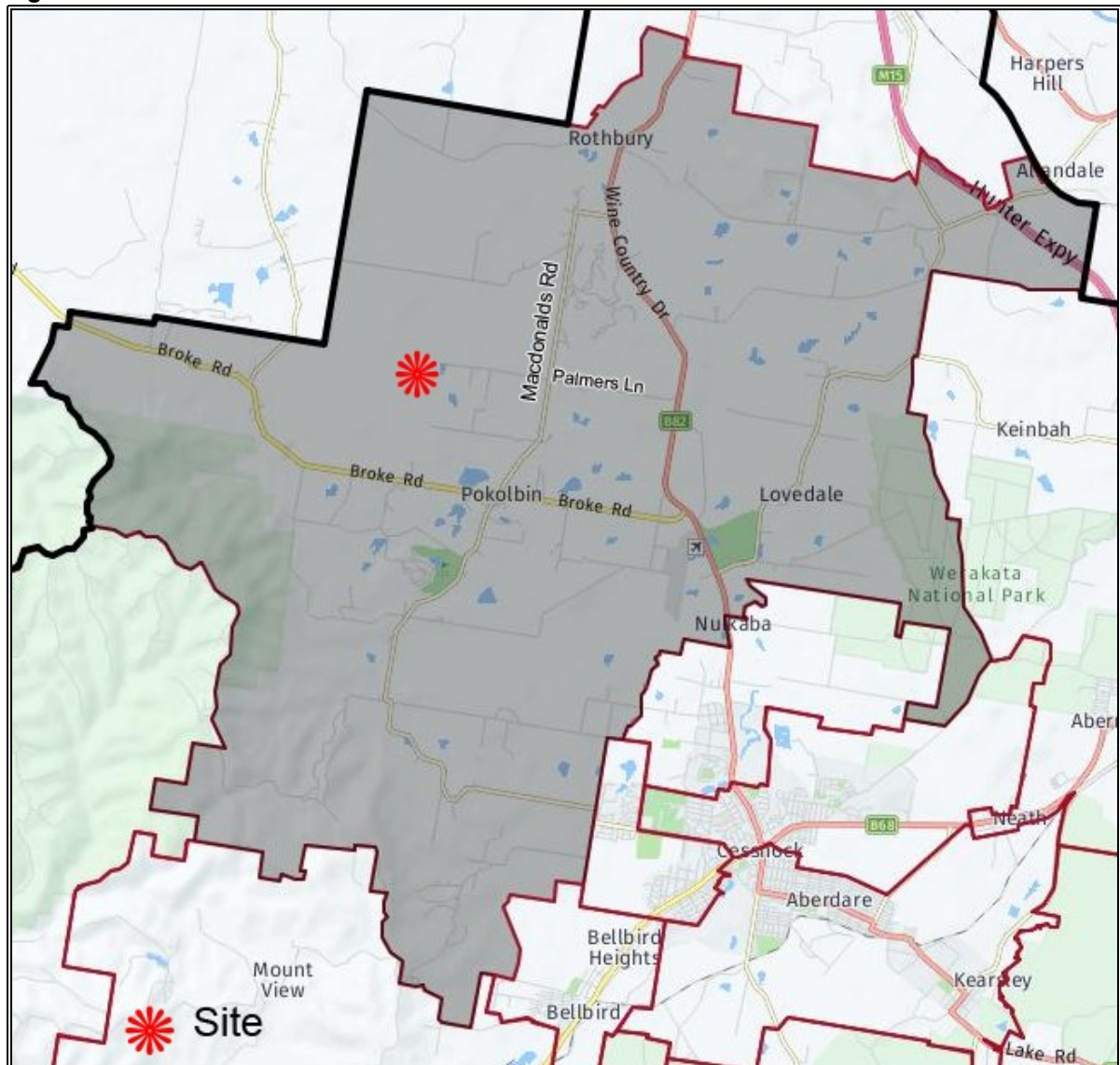


Table 1 Population Profile of Allandale – Lovedale – Pokolbin - Mount View Area

As of 2011/2016	Allandale - Lovedale - Pokolbin - Mount View	Cessnock City	Regional NSW
Population	1,530 (2.7%)	56,532	-
Density – persons per Ha	0.09	0.29	-
Median Age	42	37	41
Median weekly household income	\$1,350	\$834	\$1,235
Couples with children	28%	30%	27%
Older couples without children	14%	9%	12%
Medium and high density Housing	2%	8%	16%
Households with a mortgage	34%	35%	30%
Median weekly rent	\$288	\$233	\$218
Households renting	22%	25%	27%
Non-English speaking backgrounds	6%	3 %	5 %
University attendance	2%	2%	3%
Bachelor or Higher degree	23%	7%	12%
Vocational	20%	25%	22%
Unemployment	2.3%	6.5%	6.2%
SEIFA index of disadvantage 2011	1088	936	996

5.1 Crime and Safety

Bureau of Crime Statistics and Research (B.O.C.S.A.R. - accessed 8/9/17) data for the Pokolbin area has not been calculated as the area has a “low population” and accordingly crime data is unreliable. However, crime data for the Cessnock LGA is available for the last five years (2012 – 2017). For the types of offences mostly likely relevant to the site and proposed development i.e. a licensed premise serving alcohol) that have occurred in the LGA over the last 5 years are provided in **Table 2**.

Whilst the trends for the offences listed in **Table 2** are mostly stable or down, the scale of the number of offences should be understood in a broader context. For the period April 2016 to March 2017 the rates of offences per 100,000 population in Cessnock against those for NSW are provided in **Table 3**.

Overall the rate of offences in Cessnock per 100,000 population are often double the NSW rate per 100,000 population. In conjunction with the offence trends in **Table 2**, the scale of offences in Cessnock per population are large and long term and indicate the LGA has significant and serious long socio-economic issues and disadvantages.

Table 2 Offence Trends in Cessnock LGA from 2012 to 2017

Offence	Apr '12 - Mar '13	Apr '13 - Mar '14	Apr '14 - Mar '15	Apr '15 - Mar '16	Apr '16 - Mar '17	60 mth trend	Av. annual % change
Assault - non-domestic violence related	250	252	208	243	258	Stable	**
Break and enter - dwelling	398	327	368	368	407	Stable	**
Break and enter - non-dwelling	323	230	181	184	204	Down	-10.9%
Harassment, threatening behaviour & private nuisance	338	382	366	363	332	Stable	**
Indecent assault, act of indecency & other sexual offences	66	69	61	56	76	Stable	**
Liquor offences	41	45	48	61	36	Stable	**
Malicious damage to property	762	743	671	595	553	Down	-7.7%
Motor vehicle theft	291	276	222	262	305	Stable	**
Offensive conduct	16	27	29	26	19	NC*	**
Steal from dwelling	246	333	273	262	291	Stable	**
Steal from person	22	27	20	19	26	NC*	**

*N.C – not calculated

Table 3 Offences per 100,000 Population

Offence	Cessnock Rate per 100,000 population	NSW rate per 100,000 population
Assault - non-domestic violence related	461.9	415.2
Break and enter - dwelling	728.6	383.6
Break and enter - non-dwelling	365.2	150.4
Harassment, threatening behaviour & private nuisance	594.3	395.9
Indecent assault, act of indecency & other sexual offences	136.0	91.3
Liquor offences	64.4	145.7
Malicious damage to property	989.9	816.4
Motor vehicle theft	546.0	172.5
Offensive conduct	34.0	70.2
Steal from dwelling	520.9	277.9
Steal from person	46.5	61.7

A review of the NSW Crime Tool Maps indicates hotspots for the following offences:

- Assault – non-domestic violence related occurring in/around the Cessnock city centre and to a lesser extent around Alkira Ave Cessnock and Kurri Kurri;
- Break and enter of dwellings - Cessnock city centre including Mountview Rd, Aberdare, Abermain, Weston and Kurri Kurri.
- Break and enter non dwellings – more widely dispersed across the LGA occurring at intersection of Broke and Macdonald Rds (Pokolbin), Crowne Plaza Wine Country Drive, Bellbird, Cessnock city centre including Mountview Rd, Aberdare, Weston and Kurri Kurri.
- Malicious damage to property - a high density of this offence in and around the centre of Cessnock city centre, Abermain, Weston and Kurri Kurri;
- Motor vehicle theft – a high density of this offence in and around the centre of Cessnock city centre, Abermain, Weston and Kurri Kurri;
- Steal from dwelling - Cessnock city centre including Mountview Rd, Bellbird, Aberdare, Weston and Kurri Kurri.

With the exception of break and enter non dwellings, all of the hotspots for the above listed offences occur well away from the site of the proposed development.

6.0 Assessment

6.1 Who will be affected?

The people that will potentially be directly affected by the proposed development are the businesses and residential dwellings identified in **Figure 4**.

Persons indirectly affected may be other businesses located in the Vineyards District and Cessnock city centre by visitors and their spending on products and services ancillary to their visitation to the site.

6.2 How will they be affected?

Businesses and residents identified in **Figure 4** may be affected during the construction and then subsequent operation of the development.

Businesses in the Vineyards District and Cessnock city centre will likely be affected long term by ancillary spending on facilities and services incidental to visitation to the site.

6.3 How long will the impacts last?

The impacts for construction are likely to last some 12 months.

The impacts for operation of the proposed development upon business and residents identified in **Figure 4** are likely to be noise and lighting.

6.4 What level of social change will occur as a result of the impact?

There is anticipated to nil to low social change occurring as a result of the impacts of the proposed development.

6.5 Changes in demand for community facilities and services

There would be no change in demand for community facilities and services from the proposal as short term visitors are unlikely to use community services and facilities.

6.6 Accessibility to social and community facilities

Visitors to the proposed development are unlikely to require access to social and community facilities.

6.7 Real and perceived safety of residents within the identified area

There is unlikely to be any change in the real or perceived safety of residents identified in **Figure 4**.

6.8 Increase in traffic and noise

Businesses and residents identified in **Figure 4** might potentially experience an increase in traffic on Gillards Rd and noise from the operation of the development.

6.9 Change in household choice, shopping, recreational facilities and services

There will unlikely be any change in household choice, shopping, recreational facilities and services from the proposed development.

6.10 Change to lives of specific groups e.g. Aboriginal, young people, older people, people with a disability

There is unlikely to be any change to specific groups by the proposed development.

6.11 Employment opportunities

The proposed development involves the investment of **\$32,458,350** will generate some 292 jobs during construction (refer **Section 6.12**).

6.12 Effects on the wider community and economy

According to Housing Industry Association and Bureau of Statistics[#], the multiplier effects for output and employment in the construction industry is estimated to be 2.866. So every \$1 million increase in construction output, there is an increase in output elsewhere in the economy of \$2.9 million.

[#] Source: *The Economic Multiplier Effects of Housing* (HIA Economics Group 2011) - hia.com.au
The construction industry's linkages with the economy (ABS, undated) – abs.com.au

The investment of **\$32.5** million for site preparation and construction costs will generate an increase in output of some **\$ 93,480,048** for the Cessnock economy.

For employment, ABS and HIA estimate that \$1 million of construction expenditure generates 9 direct construction jobs. Therefore, **\$32.5m of construction expenditure will directly generate up to 292 jobs on site** during construction.

In addition, ABS also estimates that production induced effects for each \$1 million generates 7 jobs across those businesses manufacturing the materials need for the construction such as concrete, masonry, framing, windows, doors, dry walls etc. and those businesses supplying and services the concrete, masonry, framing etc. businesses such as quarrying, forestry and raw steel production.

Therefore, **\$32.5m of construction expenditure will indirectly generate some 227 jobs**. The multiplier effects of the proposed development are significant and will benefit Cessnock LGA.

Upon completion, it is estimated the proposed development will create up to 35 operational jobs. This involves a range of casual and permanent employees in skilled and semi-skilled employment but does not include contractors required on a needs basis.

It is recognised youth unemployment is a significant and serious social and economic issue for Cessnock LGA. The nature and character of the construction, leisure and hospitality industries (i.e. pre and post construction) indicates that the proposed development will directly and indirectly generate employment opportunities for youth.

6.13 Changes to community values, traditions, lifestyles/culture

There is unlikely to be any adverse changes to community values and culture by the proposed development. The amenity of the site and the proposed development is likely to build upon the lifestyle and culture of the Vineyards District and Cessnock.

6.14 Changes in affordability of goods and services e.g. housing

There is unlikely to be any change in the affordability of goods and services in the area by the proposed development.

6.15 Available Alternatives

The proposed development is for tourist accommodation private recreation purposes and is unlikely to have a significant adverse impact upon nearby residents and upon the broader Cessnock community. Therefore, consideration of available alternatives, in terms of social impacts is not appropriate.

7.0 Mitigation

The potential adverse social impacts of the proposed development are likely to be lighting, noise and anti-social behaviour. The nature and location of the proposed development strongly indicate that these potential adverse impacts are likely to be localised and operational in nature. Their mitigation is proposed as follows:

7.1 Serviced apartments and function centre - lighting

All lighting along the internal access road and for each unit will be down lights or soft lighting for ambience and subtle way finding. No flood lights or lights on tall poles are proposed.

Car parking area may require flood lighting and only to be used when function centre is in operation during evenings. Subtle ambience and way finding lighting will be used outside of these areas.

Matter can be addressed as a condition of consent. Accordingly, nuisance lighting beyond the property boundaries of the site are unlikely.

7.2 Serviced apartments and function centre - noise

Noise from the serviced apartments units are unlikely to occur beyond the property boundaries of the site. The nearest receivers are dwellings/businesses Numbers 14 and 15 534 and 440m respectively from the southern boundary of the site (**Figure 4**). The function centre is approximately 100m inside the site from the southern boundary whilst the serviced apartments are at least 200m from the southern boundary.

Matter can be addressed as a condition of consent. Accordingly, nuisance noise beyond the property boundaries of the site is unlikely.

7.3 Central facilities (restaurant/café) and function facility – anti-social behaviour

Anti-social behaviour associated with the consumption of alcohol beyond the boundaries of the site is unlikely. An *on-premises licence* issued by the Office of Liquor and Gaming NSW will include requirements and conditions and will ensure that the management of the service of alcohol and guest behaviour is managed appropriately.

Matter can be addressed as a condition of consent. Accordingly, anti-social behaviour beyond the boundaries of the site is unlikely.

8.0 Monitoring

The only part of the proposed development that may require monitoring is that associated with the operation of the function facility and the service of alcohol. As an *on-premises licence* will be considered and issued by the Office of Liquor and Gaming NSW with conditions, it is considered that this is the best process for identifying the need for ongoing monitoring and management of this component of the proposed development.