

1 EXECUTIVE SUMMARY

Overview

Dungog Local Government Area (LGA) is in transition and sitting on the precipice of change. Over past years sectors of the LGA have faced major challenges: the agricultural sector has experienced decline due mainly to dairy deregulation; the release of the Lower Hunter Regional Strategy by the Department of Planning (DoP) and the limited availability of rural residential land supply in adjoining LGA's has generated rural residential interest in the southern areas of Dungog Shire; a decline in the availability of local employment and a rise in regional employment opportunities has motivated residents to commute outside of the LGA for work.

Demographics show that the Dungog LGA loses many of its young people to urban centres for education and employment and in line with Australian trends the local population is ageing. It is predicted that the percentage of people aged over 65 years will reach 33% of the total population by 2031. Villages across the Dungog LGA are responding to demographic and cultural change in different ways. The populated villages of Clarence Town and Paterson have experienced limited growth, Gresford and East Gresford have declined, and Dungog has been relatively static. At the same time there has been continued interest in residents seeking a "country" lifestyle across the Dungog LGA and these people are attracted for a variety of reasons including agriculture, investment, rural retreats, and rural residential lifestyle.

In late 2006, the NSW State Government announced plans for Hunter Water to construct a 450 GL dam at Tillegra in the Dungog Local Government Area (LGA), as part of a \$342 million package of works to secure the long term water supply for the Lower Hunter and Central Coast regions. The proposed Dam would almost double the existing water storage capacity in the Lower Hunter and have significant social, economic and environmental implications for the Dungog LGA.

It is expected that Hunter Water will lodge its Environmental Assessment for the proposed Tillegra Dam with the NSW Government in late 2008. If approved, the proposal will have a major effect on the LGA. Some of the identified negative impacts would be loss of prime agricultural land, cultural and environmental heritage, the dislocation of intergenerational families and the effect of the proposal on water resources below the Tillegra catchment. There is also concern over the LGA's capacity to provide the accommodation and infrastructure services needed for a major development and the stress and possible dislocation this could cause to local residents. It has also been identified that the success of the Dam proposal would have strong positive benefits for the community and these include a major economic boost to the local economy during the construction phase, the development and possible improvement of local infrastructure and the development of an additional tourist attraction that could provide a major expansion opportunity to an industry at a time when the LGA is looking for economic opportunities.

In light of the Tillegra Dam proposal, in 2007 Dungog Shire Council identified the need for a comprehensive review of the LGA's land use planning framework. This review

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would incorporate the development of a Situation Analysis, the preparation of a Land Use Strategy and ultimately a new or amended Local Environmental Plan, and Planning Controls.

This Situation Analysis has been prepared to identify emerging trends and issues for the LGA. It has been developed from background research, community consultation, and the preparation of specific issues papers including; economic, tourism, social and rural residential availability. Consultation on the document has been undertaken with Dungog Council. Given the size of the research document the following points provide a summary of its key findings. These will be used as the basis for the upcoming Land Use Strategy.

Regional Relationships

Dungog LGA's relationship to the region has markedly changed over recent years with centralisation of services, employment, and land pressures forcing the LGA into a regional relationship.

- ▀ There is an increase in the centralisation of major services, weakening local availability.
- ▀ Residents are travelling outside of the Dungog LGA for work and access to services. This creates economic leakage with residents buying goods and services in areas other than Dungog LGA, in areas where there is greater price competition.
- ▀ There is continual structural adjustment in the agricultural industry both locally and regionally. This will continue for some time.
- ▀ The Hunter's importance to NSW as an agricultural community is paramount.
- ▀ The community is in transition from a detached rural community to an economy that is more integrated with regional growth.

Environment

Dungog LGA is an area of high environmental integrity and amenity, and its sustainability is of utmost importance.

- ▀ Threatened species, habitats and communities, wildlife corridors, and other important environmental values are to be protected and, where possible, strengthened.
- ▀ There is an increasing community focus on environment and amenity issues, given many new residents are attracted to the area for "environmental" living.
- ▀ Local National Parks and State Forests are currently strong tourist attractions and this has the potential to strengthen if the Tillegra Dam proposal proceeds.

Social

Growth in the resident population of the LGA has been largely static between 2003 and 2008. Static population growth causes major concerns for the provision of local infrastructure and the support of the local economy when the following is considered:

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- ▮ The population is ageing, with 33% of people expected to be aged over 65 by 2031.
- ▮ Numbers of children are also decreasing. In 2006, 22% of the population were children aged under 15. By 2031 this number is expected to drop to 14% of the population.
- ▮ There is a loss of young people from the LGA. People between the ages of 19 and 35 tend to leave the LGA for education, work and life experiences.
- ▮ With less people of working age and more people either older or younger – it is predicted there will be a higher dependency ratio, meaning there is an increase in financial and personal care burden on those able to provide support.
- ▮ There is an emerging trend of rising incomes in the LGA, with around 45% of people living in the LGA's rural areas earning over \$1,000 per week. This reflects lower local employment availability and a higher number of residents working outside of the LGA.
- ▮ Compared to other urban centres within the LGA, Paterson Urban has the highest proportion of people earning higher weekly incomes.
- ▮ In general, residents in urban communities are earning less than residents in rural areas. There remains a low income trend in the urban centres of Dungog, Gresford, and Clarence Town.

Economic

There have been a number of changes to the economic profile of the community over past years with the major emphasis being on the transfer of the local economy from being internally to regionally dependent. Agricultural decline, a reduction in the number of local jobs, and a changing demographic profile, have all weakened the local economy.

- ▮ Employment located within the LGA fell sharply in the five years to 2006, with those aged between 20 and 45 years most affected (there are less jobs within the Dungog LGA), however, employment options have increased for residents outside of the LGA (more people have jobs but they are commuting outside the LGA).
- ▮ The restructuring of the agricultural industry over the past ten years has meant a small but steady decrease in the number of people employed in the agricultural sector, although it still remains the largest local employer.
- ▮ There has been a steady increase in the number of people employed in human services and tourism, including cafés and accommodation.
- ▮ To stabilise the local economy focus needs to be placed on: the provision of housing opportunities to optimise potential demand within the LGA, quality transport options, and changing the perception of residents and local business owners from Dungog LGA being an autonomous rural area to being part of the Hunter Region.
- ▮ Local businesses are now competing with a regional market and need to be competitive to remain viable.
- ▮ The economy in Dungog LGA possesses many negative dynamics which suggest a deteriorating economic trend. These include: migration of younger people, low non-farm productivity, low income levels, and an ageing population.

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- ▮ Dungog LGA can benefit from its position within the Hunter Region. Dungog LGA needs to optimise its position within the regional 'growth story' by engaging with opportunities founded in the LGA's core attributes.
- ▮ Small businesses, employing less than four people, dominate the local business profile.

Cultural

Dungog LGA has been experiencing a cultural change over recent years with a move away from a traditional agricultural community to one where people are attracted to live for change of lifestyle, environmental, and recreational reasons. There has been an increase in people's interest and desire for local cultural activities.

- ▮ Cafés, restaurants, and the arts are becoming increasingly important to residents and the economy.
- ▮ Residents have a strong sense of community connectedness and there are high levels of community participation.
- ▮ Residents strongly value architectural, agricultural, and environmental amenity.
- ▮ Residents highly value historic town amenity and have indicated concern about the preservation of rural backdrops; the built historic form; the threat of urban infill; and the preservation of historic urban streetscapes and character.

Infrastructure

Due to the large land area and the small population of the Dungog LGA the provision and maintenance of local infrastructure is difficult. The scattered land use pattern increases the cost burden of the provision of services on the community.

- ▮ There is a need for improved road access. The main vehicle links between Raymond Terrace, Maitland, and the Dungog LGA are poor and accident statistics are high.
- ▮ There are land use and settlement pattern issues emerging from higher transport and fuel costs. Compact settlement patterns stimulate the need for local services and facilities within the LGA's villages and towns.
- ▮ There are current gaps in the provision of telecommunications, both broadband and mobile phone coverage. Research shows there is a correlation between household income, local business levels, and access to broadband.
- ▮ Safe access across rail lines and rivers is a local issue. Some bridges are in need of constant maintenance.
- ▮ The availability of sewerage is an issue in Gresford, Paterson and Vacy. Onsite waste water disposal is a significant pressure on waterway health.

Urban Accessibility

There is currently limited land available for urban or rural development. There is limited demand for urban supply in most communities however there has been ongoing pressure for rural residential supply. Council is currently undergoing a review of the Transition Zone areas and if suggested amendments to the current zonings are

endorsed there will be substantial land identified for village and rural residential expansion.

- ▮ Council is undergoing a review process of its transition zones for Gresford, East Gresford, Clarence Town, Paterson, Vacy, and Martins Creek. This will inform the availability of land in all communities other than Dungog Township.
- ▮ Dungog Township also has limited land availability for urban, industrial or commercial use and is highly constrained.
- ▮ As with most areas within the Hunter, affordability is becoming more of an issue. Housing prices having increased substantially over past years and cashed-up buyers from other regions have increased demand.
- ▮ There is limited availability of unit or flat accommodation in Dungog and Clarence Town suitable for independent living by older people. The availability of this type of accommodation, with access to appropriate support services, needs consideration.
- ▮ Dungog LGA is increasingly becoming an area where residents are establishing home based businesses or operating a home office.

Agriculture

Agriculture continues to be a significant contributor to the local economy however has suffered a gradual decline over the past ten years. The loss of lands if the proposed Tillegra Dam proceeds will provide a further blow. The community is strongly attached to the agricultural amenity of the Dungog LGA including rural landscapes and rural backdrops to local villages. Rural lands, rural amenity, and agricultural viability require strong consideration in future land use planning strategies.

- ▮ Next to Agriculture, education and training, retail trade, tourism, healthcare, and public administration provide significant contributions to the local economy.
- ▮ Loss of employment between 2001 and 2006 has been broad-based across all agricultural sectors.
- ▮ There is community concern over the loss of prime agricultural land and the sustainability of agriculture into the future.
- ▮ Rural residential subdivision poses a real threat to the size and viability of local farms.
- ▮ Climate change will affect land use dynamics and agriculture into the future with; higher rain fall; more flooding; and increased periods of drought predicted.
- ▮ There is a trend toward the intensification of farming with olive, cheese, and wine industries gaining some local interest.
- ▮ There is a general shift away from dairy farming and a move toward beef farming.
- ▮ Increasingly, agricultural production is expected to be limited by water availability. The most valuable agricultural lands are those associated with alluvial floodplains and aquifers. Protection of these lands represents a long term land use constraint.
- ▮ Minimum lot sizes, appropriate for subdivision but still able to support viable agriculture in the wider community, need consideration. The prevention of agricultural land fragmentation is also important.

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- ▮ Zonings for rural land need to take into consideration appropriate, permissible land uses, or activities, in order to prevent land use conflicts.
- ▮ Permanent conversion of agricultural land to other uses, or its fragmentation into holdings, not suitable for efficient, competitive production, has long term negative impacts on the potential for agricultural production and land use into the future.

Tourism

Tourism poses real opportunities for expansion of local new industry, the provision of local employment, the attraction of money from outside of the LGA and the overall strengthening of the local economy. The proposed Tillegra Dam, if successful, would add strength to these opportunities.

- ▮ Dungog LGA's historical architectural heritage and natural assets, such as mountain ranges, freshwater streams, clean air, magnificent rural vistas, and the Barrington Tops wilderness areas, are all tourism assets and attractors and should be protected.
- ▮ Anecdotal evidence and observation indicate that tourism as an industry has increased in recent years, although this is not strongly reflected in employment statistics.
- ▮ The proposed Tillegra Dam, and other destinations within the LGA, hold significant recreational tourism potential, for both the LGA and the Hunter region.
- ▮ If the Tillegra Dam proposal proceeds, consideration needs to be given to potential impacts on the Williams River. Clarence Town receives considerable economic support from recreational activity on the Williams River.
- ▮ The proposed Dam has the potential to increase tourism opportunities substantially and, if well integrated with other local attractors, has the capacity to make a major local economic contribution.
- ▮ Access to the proposed Tillegra Dam is considered critical for tourism and recreational values.
- ▮ Locally there is a lack of larger scale independently operated accommodation outlets.
- ▮ Camping facilities currently available run at capacity in peak periods and there is room for expansion of these facilities.
- ▮ People seeking weekend escapes and short stays, typically look for characteristics such as seclusion, beautiful natural settings, open fires, architectural charm, and water views, which Dungog LGA provides in abundance. Future development assessment should take into account the preservation of rural amenity, heritage significance, and scenic values.
- ▮ The LGA benefits from access to rivers, natural forests, and bush lands, which contribute to the natural and rural ambience.
- ▮ There is a need for a local 'iconic' venue.
- ▮ There is a need for a facility for large events.
- ▮ There is the potential for the creation of a 'soft adventure' node.
- ▮ Dungog LGA's major tourism attraction market comprises campers, boat users, caravans and motorised homes. Accordingly, poor road access is a major tourism obstacle.

Special Considerations for Local Communities

Dungog

Dungog is socially and economically suffering from agricultural decline, however, it remains the main commercial centre of the Dungog LGA and has many attributes that could propel it into a revitalised future. Strong consideration needs to be given to strategies that will expand its economic base and provide stimulus to that revitalisation.

- Maintaining a strong, viable commercial centre.
- Availability of land for new dwellings, both in the urban centre and rural areas.
- Suitable sites for the development of housing for older people.
- Protection of heritage.
- Housing and commercial stress, caused by changes in demographics associated with the proposed Tillegra Dam development, including the boost to local business during construction and the subsequent loss of business post construction.
- Identification of strategic development sites within the CBD, with potential for adequate parking provision.
- Promotion of public domain improvements, footpaths, lighting and seating etc.
- Enhancement of tourist and day tripper services.
- The availability of adequate employment / industry lands in two or more ownerships.
- Focusing industries and workshops in positions that have good transport access.
- Addressing the lack of tourist accommodation in all market sectors.

Clarence Town

Clarence Town has become an annex to the Lower Hunter and attracts residents looking for a rural residential lifestyle. Consideration needs to be given to stimulating the local economy, enhancing the amenity of the local commercial centre, and population thresholds that could provide further opportunity for local businesses and services.

- Provision of additional services and facilities for passing motorists.
- Consolidating and enhancing existing town centre.
- Maintaining historic character.
- Availability of land for further residential development.
- Meeting the demand for rural residential development.
- Expansion of industrial lands.

Paterson

Paterson has become an annex to the Lower Hunter and because of its historic character continues to attract people with an interest in the restoration of historical homes and village amenity. Of the Dungog LGA villages, Paterson has the most people with higher incomes. This is also strengthened by its connection to the local rail network which provides access to urban centres for employment. Because of the

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railway line, flooding, and topography, it is difficult to find suitable land in Paterson for residential expansion.

- ▮ Sewerage or the management of onsite wastewater systems.
- ▮ Provision of additional services and facilities for passing motorists.
- ▮ Protection and enhancement of historic character.
- ▮ Land viability for urban development.
- ▮ Pressure for rural residential development.
- ▮ Identification of employment lands to maintain supply.

Gresford

Gresford and East Gresford appear to attract people for rural living rather than village lots. Gresford and East Gresford have seen a major decrease in the size of the local population over recent years, some of which is attributed to dairy deregulation and absentee ownership by rural retreaters.

- ▮ Sewerage or the management of onsite wastewater systems.
- ▮ Maintaining historic character.
- ▮ Possible expansion of urban housing.
- ▮ Possible future expansion of commercial / retail development.

Tillegra Dam Precinct

If successful, the proposed Tillegra Dam poses a number of opportunities and threats for the Dungog LGA during and after construction. These include the areas of accommodation, infrastructure, local services, tourism, heritage, and community cohesion.

- ▮ Important recreational and tourism opportunities.
- ▮ Consideration of land uses around the dam that provide for the above.
- ▮ Environmental corridors that link the Barrington Tops, Chichester, and the proposed Dam.
- ▮ Flow on effects of the dam on the Williams River catchment and the effects on downstream agriculture and tourism.
- ▮ Possible community effects of an influx of construction workers including:
 - Access to local services, doctors, hospital etc
 - Increased commuting traffic
 - Affordability and access to local housing rentals
 - General accommodation
 - Increased student numbers in local schools
- ▮ Dislocation of local families, loss of family and local heritage.
- ▮ Inundation of cemetery.
- ▮ Loss of built heritage.

Conclusion

The following lists the effects on land use patterns in the LGA and the key principles that need consideration in the forthcoming Land Use Strategy:

- ▮ Promoting economic development, and increasing local employment opportunities, while protecting the natural resource base.
- ▮ Encouraging urban population growth.
- ▮ Providing adequate industrial and commercial land.
- ▮ Protecting agricultural land and viability (including consideration of minimum subdivision size).
- ▮ Providing infrastructure (e.g. water, sewer, roads, telecommunications, and public transport) to residents and local business.
- ▮ Facilitating tourism development as an economic opportunity.
- ▮ Land availability and demand pressures on the southern fringe of the LGA, especially around Paterson and Clarence Town.
- ▮ Providing, improving, and maintaining urban infrastructure, specifically; urban water supply; sewer; and road networks, while also considering Urban Sustainability.
- ▮ Providing for infill development (including mixed densities).
- ▮ Maintaining village and town centre integrity.
- ▮ Providing for an increase in rural lifestyle demand while maintaining agricultural viability.
- ▮ Providing adequate, accessible, and appropriate aged care facilities and housing.
- ▮ Providing opportunities for appropriate rural small holding subdivision, taking into account service provision (e.g. water, sewer); environmental values (e.g. groundwater, surface water runoff); and the need to protect viable agricultural land.
- ▮ Recognising environmental values, constraints, and protection requirements including:
 - Catchment health, rural water quality and availability
 - Impacts of the proposed Tillegra Dam
 - Heritage issues (including indigenous and natural)
 - Scenic and cultural landscapes
 - Natural hazards
 - Land capability (including salinity)
 - Biodiversity and natural ecosystems