

OCTOBER 2024

Port Stephens Centres and Employment Land Study

Port Stephens Council



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Executive Summary

1. Executive Summary

This Centres and Employment Land Study (CELS) investigates commercial and employment land supply across the Port Stephens LGA. The study identifies current and future capacity to meet needs and accommodate growth. It identifies required updates to the centres hierarchy and recommends actions to address shortfalls across the network and to facilitate sustainable growth in line with the projected population to 2041.

The study analyses retail (goods/services), commercial and industrial employment lands across centres and employment precincts. Recommendations from this study will inform growth and investment opportunities for the Port Stephens LGA

Port Stephens has been recognised in the Hunter Regional Plan 2041 as a strategic location for economic growth. It has a strong regional visitor economy centred around pristine landscapes and waterways, an established advanced manufacturing hub in Tomago which is becoming more specialised in batteries and clean energy technology, and a growing aviation and defence hub anchored around RAAF Base Williamstown and Newcastle Airport.

Major infrastructure projects such as the M1 Motorway Extension, the Astra Aerolab development, the Hunter-Central Coast Renewable Energy Zone (REZ) and strategic aspirations such as a Port Stephens Enterprise Corridor, are catalysts for significant employment attraction and industry co-location opportunities in the LGA's leading economies of Defence and Aviation, Global Manufacturing and Logistics.

Due to the distributed nature of the urban settlement across the Port Stephens LGA, the fabric of local and smaller neighbourhood centres will continue to play a crucial role in providing local goods and services to reduce travel dependence. Additionally, safeguarding Raymond Terrace and Nelson Bay town centres will help secure the LGA's strengths in the services and tourism industries.

The key centres of Nelson Bay and Raymond Terrace have very detailed, strategically focused planning strategies that provide the framework for long term growth and investment. Smaller communities such as Shoal Bay, Medowie and Karuah are guided by place plans (a place plan is being prepared for the Tilligerry), which identify the unique local character of a place and the ways the community can shape, enhance or protect these aspects. The place plans include events and activities, projects and works, actions for community, and land use changes. The hierarchy of centres has evolved through the implementation of the various local plans and strategies.

Recognising that while each individual centre plays a role for its local community, the centres of Raymond Terrace, Nelson Bay, Tomago, Heatherbrae and the defence and growing aerospace precinct around RAAF Base Williamstown-Newcastle Airport play a broader employment role and provide services beyond the community of the Port Stephens LGA. The established centres of Raymond Terrace and Nelson Bay continue to underpin the retail centre hierarchy with Salamander Bay having emerged to play a town centre role, and Medowie town centre continuing to expand.

There is an opportunity for stronger ties between the airport, aerospace and defence precinct at Williamstown and the Tomago industrial zone. A 'Port Stephens Enterprise Corridor' between the M1 Motorway and the Airport can combine opportunities in advanced manufacturing, renewable energy, defence and aerospace supply chains. Co-location benefits would catalyse industry and workforce attraction to foster new collaborations with the emerging industries in battery generation and clean energy manufacturing.

The introduction of two new centres around the Fullerton Cove and Fern Bay growth areas will ease existing demand pressures in this growing region and provide local services to proposed new communities. Continued development of Salamander Bay and Taylors Beach offers opportunities to increase local employment for the heavily populated eastern half of the LGA. Elevating the commercial opportunities in Salamander Bay will allow the unique function of Nelson Bay, as the centre of the visitor economy and boutique shopping, to be retained. Medowie town centre continues to expand, reflecting its role as the fastest growth centre in Port Stephens and as a retail hub for the central growth corridor.

LGA Actions, Centres and Employment Precinct Hierarchy

The following priorities are LGA-level actions aimed at retaining the integrity of the proposed centre hierarchy. These serve as directions to protect the role of centres through a 'whole of network' lens, as well as identifying broader economic development strategies to enhance centre function and vitality.

- Raymond Terrace is the sole Major Regional Centre for the LGA. Its importance in the hierarchy should be reflected in the scale and quality of the centre as the prime destination to accommodate additional employment growth and new business attraction.
- With an ageing and dispersed population, health services should be concentrated in or in close proximity to significant population centres, for example Raymond Terrace and Nelson Bay, to co-locate with existing facilities, supporting allied service hubs with strong transport choice.
- Supermarkets often underpin the success of local centres. They should only be located out of centre if they cannot be accommodated in an existing centre. Modelling has specified the most suitable sub-regions and centres with unmet demand.
- For larger centres (local centres and above) a broad mix of land uses including community facilities, open space, as well as consideration of the built form, the grain of development and pedestrian walkability will be important levers to ensure they remain attractive and competitive against the rising prevalence of online trade. These elements of supporting amenity are integral to encouraging development potential.
- Retail planning across the LGA should seek to retain current levels of accessibility to retail facilities. The local and convenience function of smaller centres should be protected for the benefit of the population in the immediately surrounding area.
- Council should ensure that employment uses occur in appropriate zones. In some cases, employment activity is occurring outside of employment zones reducing the capacity to expand in the future and distorting audits of land use and capacity.
- The performance of small and remote centres should be monitored to understand local trade demand. Centres with low amenity, no retail anchors and little to zero surrounding population

growth will be the most vulnerable to collapse, which may have significant detrimental impacts on local residents.








- The LGA has some service station clusters referred to in the hierarchy as 'Commuter Centres'. Care should be taken that these do not proliferate in a way that might adversely impact on the retail hierarchy as defined in this study.
- The oyster industry is a key employment and tourism opportunity for the region. Sector-specific engagement with operators should inform support of the sector and or identification of suitable employment lands to support this function.
- State led housing reform to increase height controls on R3 Medium Density Residential zones around commercial centres runs the risk of creating 'donut development' outcomes. Efforts to avoid this via increasing commercial zone height controls to match or exceed residential zones, are unlikely to succeed in isolation, as many of these centres already fail to develop to their maximum potential. Encouraging shop-top housing and mixed-use development in these centres will support increases in development height, provide for active street frontages, and contribute towards revitalising town centres.

Centres Hierarchy - Actions

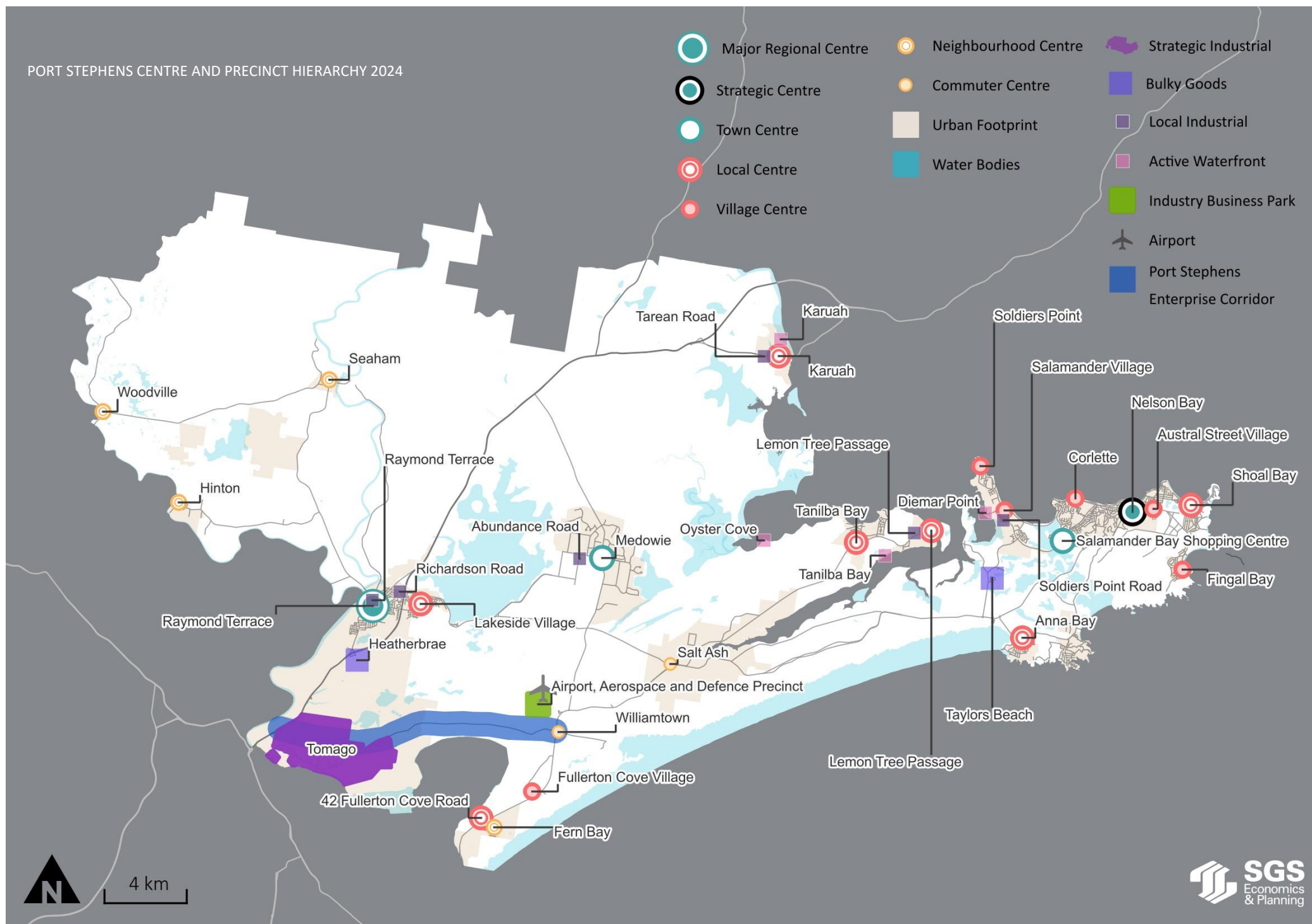
Based on our analysis, consultation and Council direction, the following changes are proposed to centre designations to form an updated centre hierarchy. This centre and precinct hierarchy is shown in the figure below:

- Adopt 42 Fullerton Cove Road as a Local Centre
- Adopt the Fullerton Cove Village as a Village Centre
- Designate Medowie and Salamander Bay as Town Centres
- Designate Shoal Bay as a Local Centre
- Designate Fern Bay, Hinton, Seaham and Woodville as Neighbourhood Centres
- Recognise Williamstown (Lavis Lane) and Salt Ash (Paul's Corner) as Commuter Centres
- Remove Wallalong as a centre

PORT STEPHENS CENTRE HIERARCHY 2024

Centre type	Function	Port Stephens centres		
Major regional centre 	The highest order centre serving as a focal point for the LGA. The central hub for employment, high concentration of retail goods and services, commercial and professional services, civic functions and community facilities.	- Raymond Terrace		
Strategic centre 	Serves a specific or discrete function for the LGA and signals concentrations of regionally significant economic activity and employment.	- Nelson Bay		
Town centre 	Service a catchment beyond their immediate locale, providing basic goods, shopping and commercial business for their region. Typically located in larger population centres with higher densities.	- Medowie - Salamander Bay		
Local centre 	Service a suburb. They may be realised as a strip or cluster of shops and meet the daily retail needs of local residents and workers with fewer service offerings.	- 42 Fullerton Cove Road - Anna Bay - Karuah	- Lakeside Village - Lemon Tree Passage	- Shoal Bay - Tanilba Bay
Village centre 	A strip or cluster of shops in a mostly residential area with a smaller range of products and services.	- Austral Street Village - Corlette	- Fingal Bay - Fullerton Cove Village	- Salamander Village - Soldiers Point
Neighbourhood centre 	Neighbourhood centres service only their immediate locales, typically providing a single shop front.	- Fern Bay - Hinton	- Seaham - Woodville	
Commuter centre 	Commuter centres are typically located at the junction of major thoroughways or commuter corridors. They provide basic retail and services to pass through traffic or local workforce and are usually attached to a service station.	- Salt Ash - Williamstown		

PORT STEPHENS CENTRE AND PRECINCT HIERARCHY 2024



Centre and Employment Land Study – Additional Actions

In addition to updates to formalise the centre hierarchy identified above, the following table summarises actions for specific centres and precincts to address shortfalls across the network and to facilitate sustainable growth in line with the projected population to 2041. The drivers for each action are discussed in detail in Section 6 of the report.

The following table summarises centre and sub-region actions. Actions have been drafted to promote the implementation of growth strategies in the most accessible centres, consolidating visitation and trade in alignment with the proposed centre hierarchy. Actions are prioritised as Low, Medium and High to inform future implementation strategies. This is based on the following principles:

- Actions should be prioritised where they will generate momentum without compromising the long-term vision;
- Some actions are required early in the process to unlock other activity. These actions need to be positioned so that they precede contingent tasks;
- High impact, low risk actions should be prioritised over those with lower impact and higher risk.

ACTIONS SUMMARY

Centre	Action	Priority
42 Fullerton Cove Road	Recognise the 42 Fullerton Cove Road Centre as a Local Centre in the network hierarchy.	High
	Review accessibility links to the centre for residents of the adjacent residential estates. Provide alternative transport options such as shared pathways from surrounding residential development.	Medium
	Maximise development within planning controls.	Medium
	Monitor demand pressures following delivery of the 42 Fullerton Cove Road centre to assist in the staging design of Fullerton Cove Village	Low
Abundance Road	Following site-specific assessment for development suitability, encourage the release of remaining land parcels in the Abundance Road industrial precinct for development.	Medium
Abundance Road and Ferodale Road	Complete site-specific assessment of the two parcels identified in the Medowie Place Plan as 'investigate for future expansion of employment land' north and south of Ferodale Road (to the east of Abundance Road) to protect this use for future expansion of the Medowie centre.	Low
	Complete site-specific assessment of 31-33 Ferodale Road identified in the Medowie Place Plan as 'investigate for future expansion of employment land'. Subject to demonstration of site and strategic merit, including supply and demand analysis and resolution of flood constraints, this site may have merit for an extension of the immediately adjoining E1 Local Centre zone.	
Airport, Aerospace and Defence Precinct	Continue to support the implementation of Astra Aerolab Stages 2-6.	Medium
	Undertake strategic planning for public domain improvements to improve the presentation of airport approach roads to Newcastle Airport, in recognition of its role as the gateway to Port Stephens and the Hunter region.	Medium

Centre	Action	Priority
	Undertake strategic planning for the broader locality (including Williamstown) to unlock economic and employment opportunities associated with proximity to RAAF Base Williamstown and Newcastle Airport.	High
Anna Bay	Conduct site specific investigations for rezoning RU2 Rural Landscape to E3 Productivity Support on the western edge of Anna Bay, to support a small-scale employment area to encourage relocation of local light industrial businesses and local trades looking to expand or establish workshops.	Low
	Continue to work with local business and the community to build upon the success of the Anna Bay 7 Day Makeover and improve planning for the town centre.	High
Diemar Point	Conduct industry engagement with the oyster industry and other aquaculture industries to understand demand pressures and opportunities for any intensification of uses in the precinct.	High
Fern Bay	Formalise and protect local convenience retail by rezoning relevant parcels within Seaside Estate to E1 Local Centre Zone. Recognise Fern Bay as a Neighbourhood Centre in the centre hierarchy.	Medium
Fullerton Cove Village	Recognise Fullerton Cove Village as a Village Centre within the centre hierarchy.	High
	Formalise employment land uses within MU1 Mixed Use or other demonstrated suitable alternative zoning.	Medium
	Restrict retail and retail service uses to the ground floor.	High
	Of the total retail/service demand provide a local serving (mini mart) supermarket of up to 1,000sqm.	Medium
Heatherbrae	Undertake strategic planning for public domain, signposting and presentation improvements to re-enforce the role of Heatherbrae as the strategic hub for bulky goods retail and to enhance industry attraction.	Medium
Hinton	Recognise Hinton as a Neighbourhood Centre in the centre hierarchy.	High
	Support retail and commercial trade along Paterson Street between High Street and Hunter Street to protect existing commercial assets and allow for future growth as required.	Medium
Karuah (commercial)	Protect E1 Local Centre zone to accommodate long term demand with residential intensification of the centre.	Medium
	Support the Karuah Place Plan action 2.5 to 'fill in the gaps on main street'.	Medium
Karuah (industrial)	In lieu of site-specific constraints, progress the Karuah Place Plan's identified pocket of land at the timber mill for E4 General Industrial zoning to formalise industrial nature of existing timber mill functions (currently RU2 Rural Landscape) and meet some of the industrial demand gap.	High
	Undertake industry engagement with timber operators to understand local growth pressures. Prioritise any expansion of industrial land in the locations of the existing operators to support expansion opportunities.	High
	Conduct industry engagement with the oyster industry, tourism and other aquaculture industries to understand demand pressures and opportunities for any intensification of uses.	Medium

Centre	Action	Priority
Tarean Road	Following further investigation of industrial uses at the timber mill, explore formalising these uses in an industrial zone to enable supporting uses and expansion of local industrial land.	Low
Lemon Tree Passage (industrial)	Based on enquiries, and in lieu of any site-specific constraints, promote development of unrealised lots in the northern portion of the existing industrial precinct for local light industrial uses.	Medium
Medowie	Recognise Medowie as a Town Centre in the centre hierarchy.	High
	Rezone parcels in the Medowie Place Plan labelled as Future Commercial and Future Town Centre Site (south of Ferodale Road on the east and west of Medowie Road) for E1 Local Centre expansion.	Medium
	Monitor the existing supermarket trade for over trading before exploring expansion or additional supermarket floorspace within the centre.	Medium
Medowie (Sub-Regional)	Consider undertaking traffic study and catchment analysis to identify priority road upgrades that would better connect the centre to the wider region and support possible long term expansion opportunities.	Low
Nelson Bay	Retain the fine grain and boutique retail character in Nelson Bay as major attractor for tourism through planning control mechanisms and high-quality urban design outcomes.	Medium
	Concentrate high density floorspace in fewer parcels to retain the character of the centre. Facilitate development of vacant sites to their maximum planning potential to reduce the spread of development and disruption to existing sites	Medium
Oyster Cove	Conduct industry engagement with the oyster industry and other aquaculture industries to understand demand pressures and opportunities for any intensification of uses in the precinct.	Medium
Raymond Terrace (commercial)	Complete site-specific flood investigation to confirm validity of flood affected vacant and underutilised blocks to determine capacity for floorspace use in these parcels.	High
	Continue to implement the remaining Goals, Directions and Actions and delivery of catalyst sites from the Raymond Terrace and Heatherbrae Strategy, including investigation of options for increased building height in the Raymond Terrace E2 Commercial Centre zone to be raised to match or exceed the surrounding residential zone increases where further height increases to the residential zone is made.	High
	Work with industry bodies and state government to attract new business including office premises in Raymond Terrace.	Medium
	Through a business attraction strategy identify target businesses to drive development attraction and agglomeration benefits for the centre.	Medium
	Review impact of public realm improvements on development attraction using Place Score.	Medium
Raymond Terrace (industrial)	Continue to facilitate industrial uses within the E3 Productivity Support zone and consider planning controls to assist in managing any potential for land use conflict to retain and support light industrial uses.	High
Raymond Terrace (Sub-Regional)	Complete accessibility modelling for supermarkets to identify areas most in need and able to absorb additional demand through increased floorspace.	Medium
Richardson Road	In the long term, explore more neighbourhood shop functions within the Richardson Road centre to cater to the local community in the absence of a walkable local centre immediately west of the Pacific Highway.	Low

Centre	Action	Priority
Rural West (Sub-Regional)	Monitor business or infrastructure changes as a result of the Renewable Energy Zone as trigger to investigate any centre expansion or improvements across the sub-region.	Medium
	Monitor progress on agri-tourism aspirations as trigger to investigate any centre improvements across the sub- region.	Medium
Salamander Bay	Recognise Salamander Bay as a Town Centre in the centre hierarchy.	High
	Realise the maximum development potential of northern parcels of the existing E2 Commercial precinct. Building height limits in the Salamander Bay E2 Commercial Centre zone should be raised to either match or exceed the adjacent residential zone reforms proposed to increase infill density by raising height controls in R3 Medium Density Residential zone. This should be initiated once the housing reform is confirmed, so that prospective commercial development can respond to the change.	Medium
	Undertake strategic planning for the Salamander Bay centre to ensure high amenity supports any growth in commercial development as a major employment hub for the LGA.	Medium
Salt Ash	Recognise Salt Ash as a Commuter Centre in the centre hierarchy. This should not preclude future growth in the centre or diversification of offerings. Support advocacy to the state government for planning for this location as part of the duplication of Nelson Bay Road.	Low
Seaham	Recognise Seaham as a Neighbourhood Centre in the centre hierarchy.	High
	Support retail and commercial trade along Warren Street between Dixon Street and Torrence Street to protect these uses into the future.	Medium
Shoal Bay	Recognise Shoal Bay as a Local Centre in the centre hierarchy.	High
	Progress centre amenity actions in the Shoal Bay Place Plan to ensure trading is maximised.	Medium
Tanilba Bay	Complete the Tilligerry Place Plan which includes Tanilba Bay and investigate vacancies and underutilised spaces and guide redevelopment potential of the retail core.	High
Tanilba Bay	Undertake planning investigations for vacant and underutilised lots zoned E1 Local Centre along Lloyd George Grove, Lemon Tree Passage Road to unlock retail development potential.	Low
Tanilba Bay	Explore rezoning a portion of E1 Local Centre land as E3 Productivity Support to enable a greater diversity of light industrial and large format retail premises that are complementary to the existing uses. Explore rezoning north of the lots facing onto Lloyd George Grove to Pershing Place, between Beatty Boulevard across to President Wilson Walk. This would enable future growth of the core retail centre around the Coles anchor tenant to expand across Lloyd George Road to create a unified centre, as well as retaining expansion opportunities within the lots along the eastern side of President Wilson Walk. A mix of uses in an E3 Zone would absorb most of the remaining retail and industrial demand, while not requiring new land to be cleared for development. It may also free up Lemon Tree Passage light industrial precinct from local uses that could instead relocate to this pocket.	Medium

Centre	Action	Priority
Tanilba Bay	Building height limits in the E1 Local Centre zone should be raised to match the surrounding residential zone where uplift to the surrounding residential zone is realised in infill housing reforms. This should be undertaken in the short term once housing reforms are confirmed to encourage development potential and design consideration of a different future urban form.	High
Tanilba Oysters	Conduct industry engagement with the oyster industry and other aquaculture industries to understand demand pressures and opportunities for any intensification of uses.	Medium
Taylors Beach	Retain the E3 Productivity Support zone and promote Taylors Beach as bulky goods/light industrial precinct to service the east of the LGA as a complement to Heatherbrae.	High
Tomago	Explore opportunities for industrial subdivision in Tomago to ensure land is being maximally utilised.	High
	Council to liaise with Department of Regional NSW to investigate particular qualitative requirements of business enquiries for Tomago to ensure future land release is able to meet expectations.	High
	Support the continued implementation of the Northbank Enterprise Hub site.	Medium
Tomago-Salt Ash (Sub-Regional)	<p>Undertake strategic planning for a Port Stephens Enterprise Corridor. This should consider:</p> <ul style="list-style-type: none"> - Improved accessibility following the completion of the M1 Motorway extension in 2028. - Road corridor functions along Tomago Road - Cabbage Tree Road - Location within the Hunter-Central Coast Renewable Energy Zone - Strategic planning for public domain improvements - Strategic planning investigations for potential flooding and drainage improvements - Opportunities in high technology industries, advanced manufacturing, renewable energy, ship building and maintenance, defence and logistics - Opportunities made available by the Port Stephens Council Rural Economic Development Planning proposal - Flood remediation efforts to release the Tomago Enterprise Hub parcels as part of wider strategic investigations for a Port Stephens Enterprise Corridor - Investigating rezoning the parcel of RU2 Rural Landscape land along the Tomago Road corridor at Graham Road to the east of Enterprise Drive - Investigation of repurposing and potential rezoning of the sand mine at 398 Cabbage Tree Road - Opportunities for a Commuter Centre land use function at Tomago. 	High
Tomaree (Sub-Regional)	Protect the network of smaller centres to meet local needs close to where people live.	Medium

Centre	Action	Priority
	Explore the potential for another full line supermarket to service the eastern Tomaree area.	Medium
Wallalong	Remove Wallalong from the centre hierarchy.	High
Williamtown	Recognise Williamtown (Lavis Lane) as a Commuter Centre in the centre hierarchy.	Medium
	Monitor demand or overtrading within the sub-region to guide exploration of need for future expansion opportunities.	
	Continue to undertake strategic planning for the wider Williamtown locality to unlock economic and employment opportunities associated with proximity to RAAF Base Williamtown-Newcastle Airport.	High
Woodville	Recognise Woodville as a Neighbourhood Centre in the centre hierarchy.	High
	Support the retail functions on the corner of Paterson Road and Clarence Town Road to protect this use into the future.	Low

Source: SGS Economics and Planning 2023

An aerial photograph of a coastal town. In the foreground, there's a large, modern, multi-story building with a curved facade, surrounded by lush green trees. To the left, a sandy beach meets the water. In the middle ground, a residential area with various houses and a large, multi-story apartment complex is visible. A marina with many sailboats is located to the right. The background shows a large body of water and distant islands under a clear sky.

02 Introduction

2. Introduction

This *Centres and Employment Land Study* (CELS) investigates commercial and employment land across the Port Stephens LGA. Identifying current and future supply, the study explores emerging trends and recommends actions to address evident shortfalls across the network of centres. This will facilitate sustainable growth., appropriate economic diversification and a suitable allocation of floorspace to meet the needs of the projected population to 2041.

2.1 Centres and Employment Land Study

SGS Economics and Planning have been commissioned by Port Stephens Council to provide a strategic land use study of centres and employment lands, updating the previous *Commercial and Industrial Lands Study* completed in 2010. Recommendations from this study will inform growth and investment opportunities for the Port Stephens LGA in line with the economic priorities of the Port Stephens Local Strategic Planning Statement.

The study analyses retail (goods/services), commercial and industrial employment lands using various open source and internal SGS spatial data, stakeholder consultation insights, population and employment projections and Council input.

This report provides:

- An overview of Port Stephens current planning policy context in how it relates to employment, including reference to centre revitalisation, centre aspirations, future housing supply targets and changing commercial opportunities including major infrastructure drivers of employment attraction.
- A profile of each commercial and employment centre, including future revitalisation aspirations.
- Current commercial and employment land supply in land use zones E1 Local Centre, E2 Commercial Centre, E3 Productivity Support, E4 General Industrial, W4 Working Waterfront.
- Forecast future demand to support the projected population to 2041.
- Recommendations on land supply, planning controls and building typologies to address any gaps or shortfalls identified in the demand analysis.
- An updated centres and employment land hierarchy.

The research components for strategy development are outlined below.

TABLE 1: METHOD SUMMARY

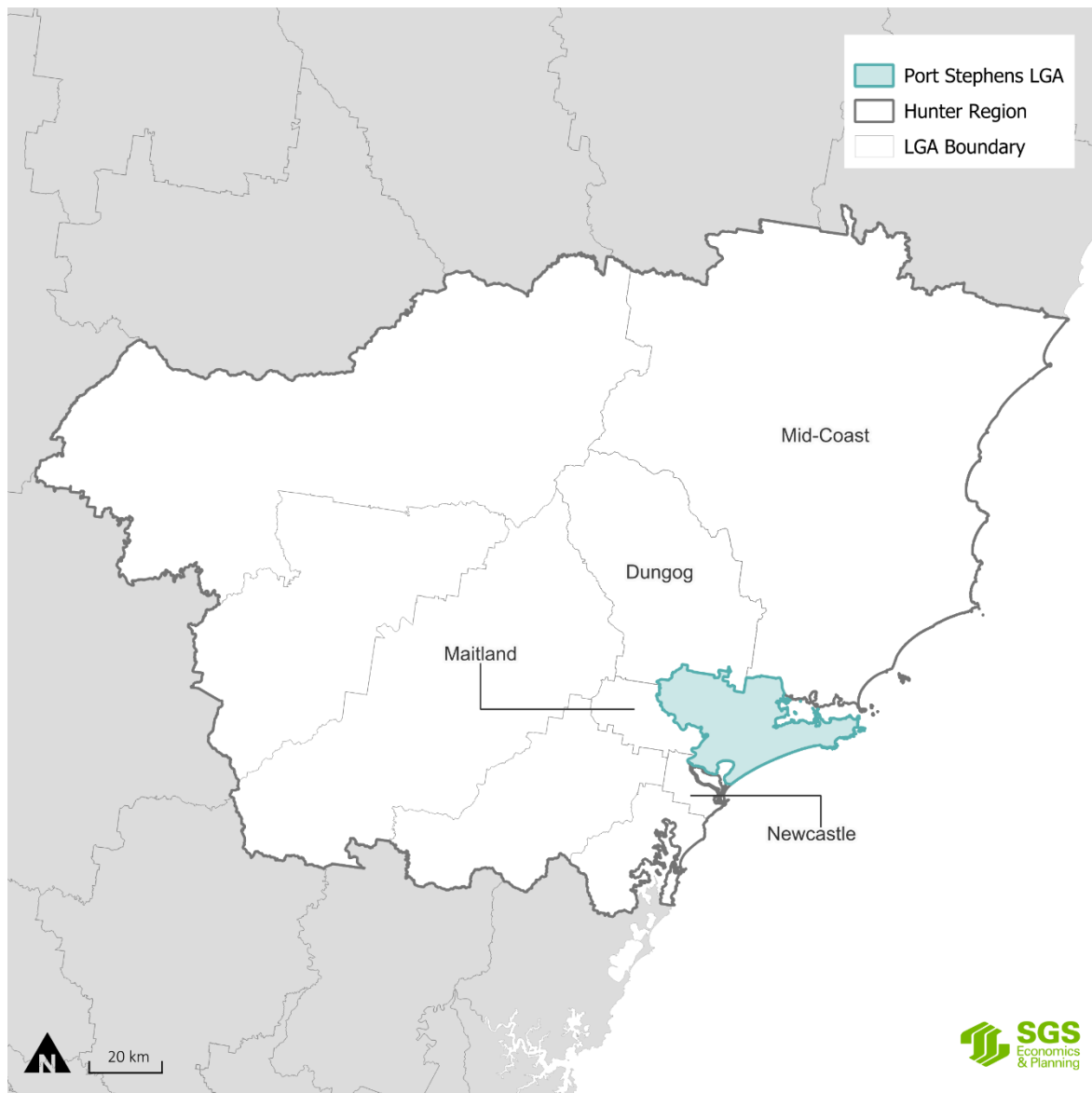
Context	<ul style="list-style-type: none"> ▪ Policy and strategy review: A review of relevant policies, strategies and market information to understanding factors shaping the future character of the LGA. ▪ Centre profiles: An assessment of current activity profiles and how each centre has changed over time. ▪ Trends and drivers: A review of trends and drivers assessing macro-economic and industry specific factors affecting existing activity and future prospects. ▪ Stakeholder consultation: Interviews with industry stakeholders to inform the strategic direction for the study.
Supply-side analysis	<ul style="list-style-type: none"> ▪ Activity, land-use and capacity audit: A desktop land use audit database was created using Google API and Geoscape data, cross referenced with land zoning and Google Street View, to document existing supply and capacity. ▪ Suitability assessment: A high-level assessment of the suitability of different use derived suitability scores across the LGA.
Demand-side analysis	<ul style="list-style-type: none"> ▪ Baseline forecasts: Using REMPLAN's 2021 population forecast projection data and TfNSW (TPA) TZP16 data for employment projections, in conjunction with Port Stephens Council Housing Supply Forecasts. ▪ Retail and employment demand forecasting: The retail component used a retail simulation gravity model (RGM) to assess the retail system and projected floorspace needs. The RGM calculates the market pull of retail centres across the LGA, incorporating activity (i.e., current and planned retail floorspace and expenditure) beyond the LGA boundary and considering online trade for a detailed understanding of the full retail system. Taking the projected population growth/profile change in the study area and surrounding areas into consideration, the RGM identifies the geographical areas and commodity groups where there is demand for additional floorspace and when viewed alongside existing provision, illustrates required levels of additional retail floorspace to meet forecast needs. ▪ Commercial and industrial demand forecasting are derived from TZP19 employment data. Outputs include employment and floorspace forecasts by sector. ▪ Capacity modelling was used to output high level floorspace capacity assumptions for employment lands (B and IN zones – realised as E zones through the employment zone reform) under three different scenarios. Inputs including zoning, lot use, lot constraints and existing building GFA were used to determine possible net future capacity. Lot constraints were considered to determine if a lot was appropriate for further development. Relevant FSRs based on the current existing built form and controls were then applied to lots to determine future floorspace capacity. The outputs offer guidance on whether current planning controls have the ability to meet future demand or where intervention in the planning system may be required to meet demand.
Strategic actions	<ul style="list-style-type: none"> ▪ Modelling is interpreted with a network understanding of the role of each centre and future aspirations for precincts and specific industries. Aggregated to a sub-region level to better represent the networked experience of centres, a series of drivers and actions identify where planning intervention may be required to meet future floorspace demand and planning aspirations.

Source: SGS Economics and Planning 2023

2.2 Port Stephens Study Area

The Port Stephens Local Government Area (LGA) is located on the mid-north coast of NSW in the Hunter Region, which is Australia's largest regional economy. The Port Stephens LGA is bounded by Dungog Shire (9,541 residents) and Mid Coast Council (96,425 residents) areas to the north, Maitland City (90,553 residents) to the west, and the City of Newcastle (169,317 residents) to the South.

FIGURE 1: PORT STEPHENS REGIONAL CONTEXT



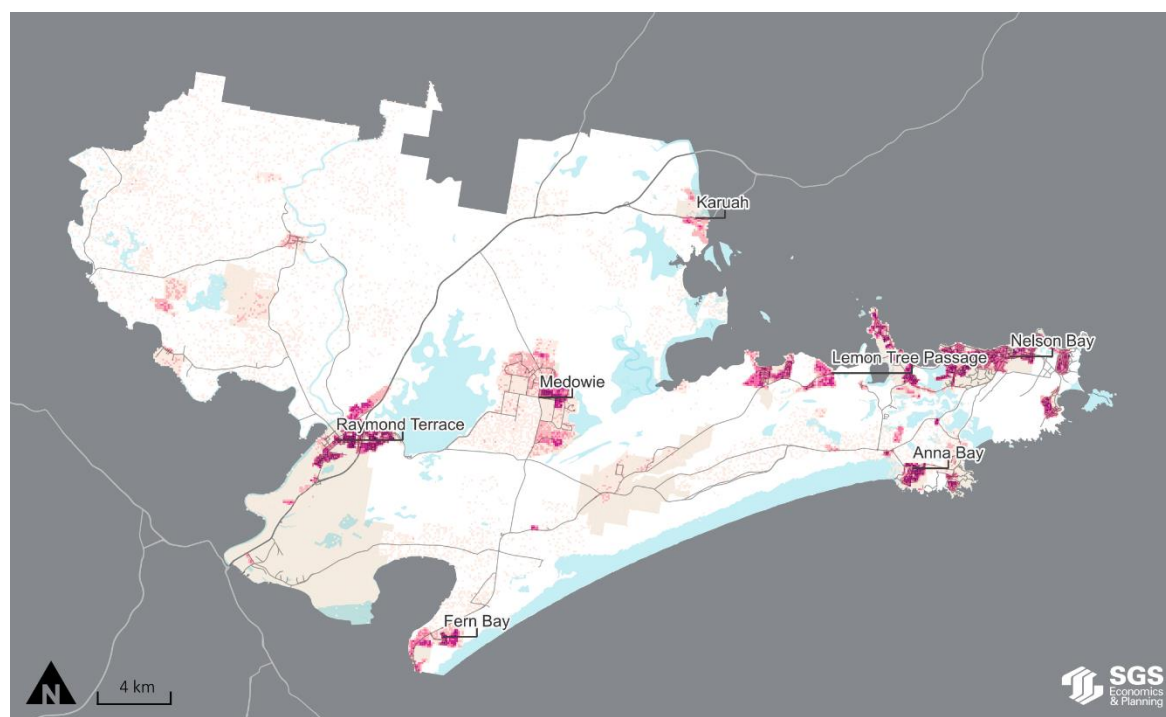
Source: SGS Economics and Planning 2023

The Port Stephens LGA covers 860 square kilometres in area and is home to an estimated 75,282 residents (2021).¹ Port Stephens houses the recently upgraded Newcastle Airport and RAAF airbase at Williamstown, Australia's premier fighter pilot training base.² The LGA is bisected by the Pacific Highway with the M1 extension to Raymond Terrace to provide a crucial connection on one of the most heavily used corridors for freight in NSW connecting to the Newcastle Port in the south west. Port Stephens is home to pristine wilderness areas and waterways that attract both domestic and international tourism.

With these intrinsic assets, Port Stephens has been recognised in the Hunter Regional Plan 2041 as a strategic location for economic growth. It has a regionally significant tourist and visitor economy centred around its pristine landscapes and waterways, an established advanced manufacturing hub in Tomago which is becoming more specialised in battery energy storage systems and clean energy technology, and a growing aviation and defence hub anchored around the RAAF Base at Williamstown and Newcastle Airport.³

Port Stephens population density, shown below, is clustered around the regionally significant commercial centre of Raymond Terrace, the Nelson Bay strategic centre, the growth area of Medowie and Fern Bay, and key lifestyle precincts in Lemon Tree Passage and Soldiers Point.

FIGURE 2: PORT STEPHENS POPULATION DENSITY 2021



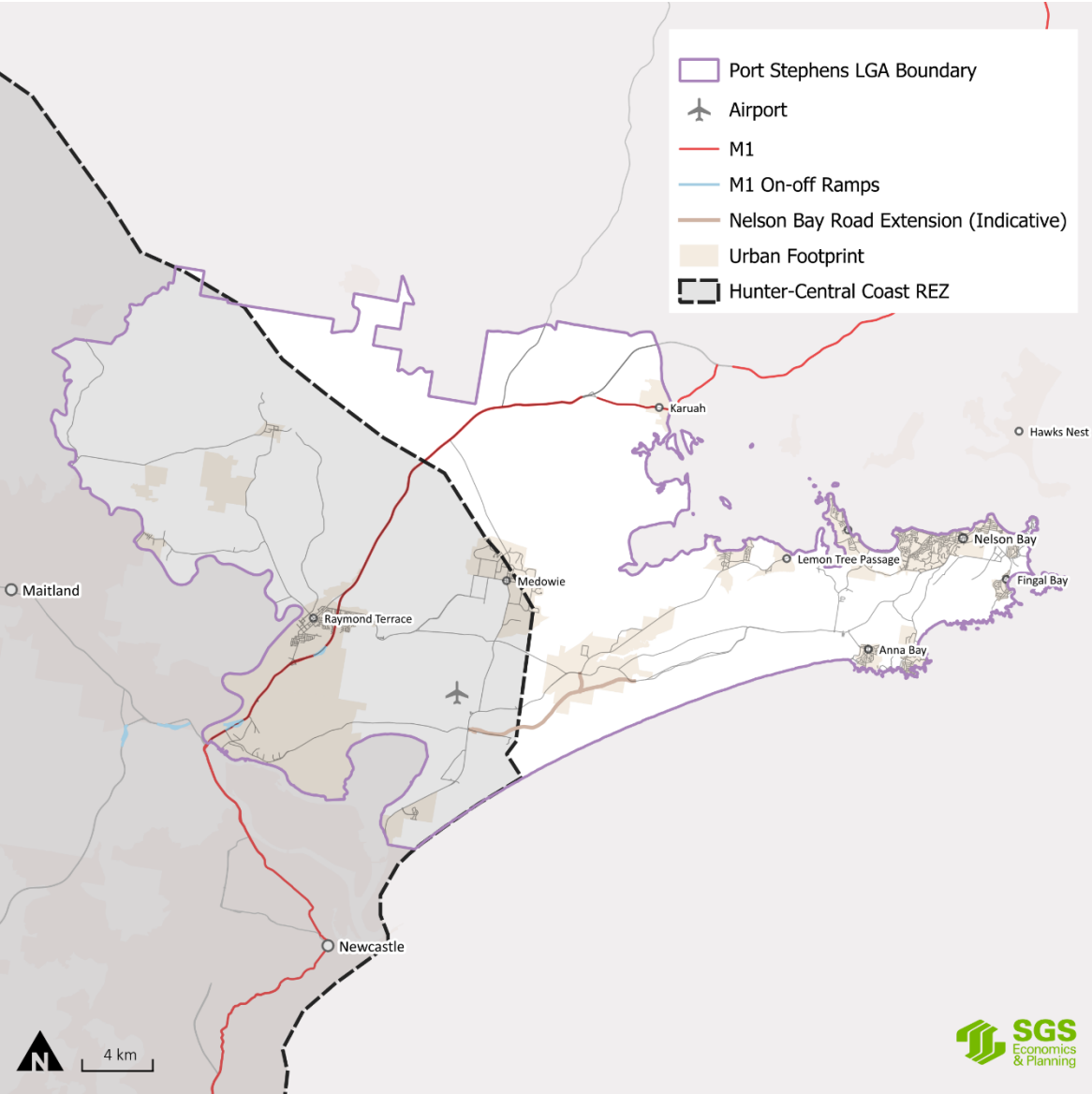
Source: SGS Economics and Planning 2023

¹ ABS Census (2021), Port Stephens, <https://abs.gov.au/census/find-census-data/quickstats/2021/10603>

² Royal Australian Airforce, RAAF Base Williamstown, <https://www.airforce.gov.au/about-us/bases/raaf-base-williamstown>

³ Port Stephens Council (2020), Port Stephens Local Strategic Planning Statement, <https://www.portstephens.nsw.gov.au/development/strategies-and-planning-guides/local-strategic-planning-statement>

FIGURE 3: PORT STEPHENS LGA



Source: SGS Economics and Planning 2023

An aerial photograph of a coastal town. The town is densely packed with houses and buildings, mostly with light-colored roofs. It is surrounded by lush green trees and vegetation. In the background, the town meets a large body of blue water, likely the ocean. A prominent green rectangular overlay is positioned on the left side of the image, partially covering the town and the ocean. The text '03 Context' is written in white on this green background.

03

Context

3. Context

A range of previous studies, policy and place visioning documents were reviewed for relevance to inform this CELS. The documents are summarised in Appendix A. Key priorities, content and actions are discussed in this section.

3.1 Strategy and Policy Review Summary

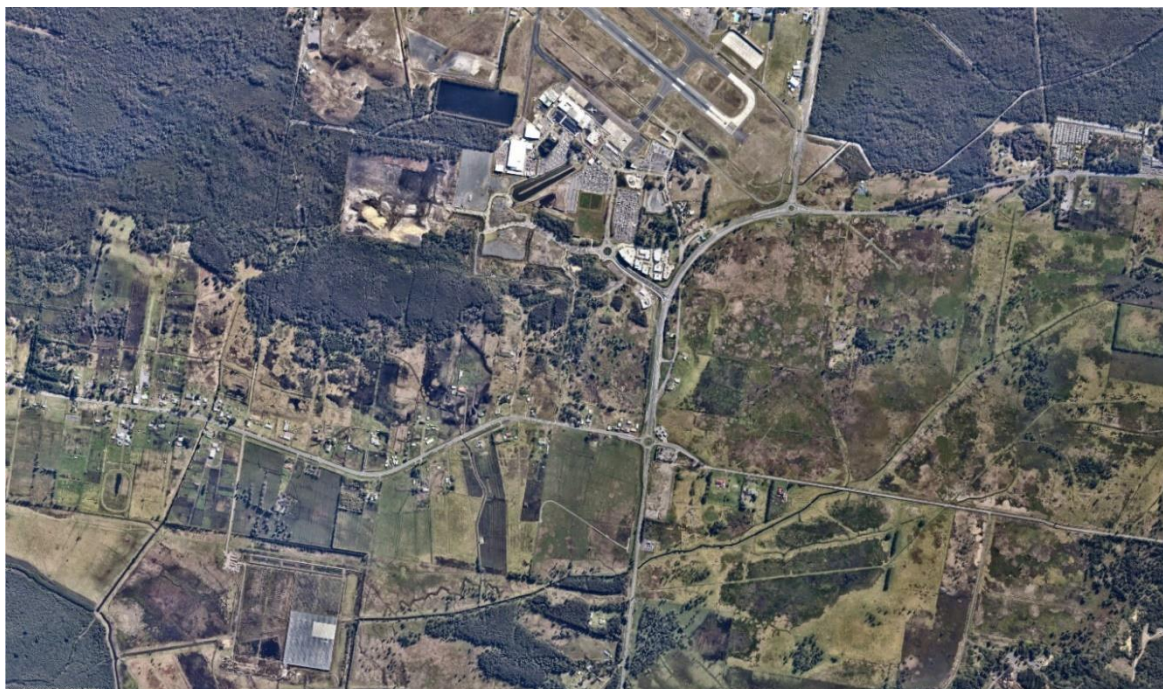
Policy at the state level provides broad guidance for the development of retail and commercial centres. It stipulates the need to concentrate activity in a hierarchy of centres. This has been reinforced through various strategic planning documents including the Hunter Regional Plan 2041, which identifies Raymond Terrace and Nelson Bay as 'Strategic Centres', and Tomago and Heatherbrae as 'Significant Employment Land Cluster(s)'.

The notion of centre hierarchies was explored in the previous 'Port Stephens Commercial and Lands Study', prepared by SGS in 2010. This report was used to inform policy direction set out in documents such as the Lower Hunter Regional Strategy (now repealed) and to provide a sound strategic framework to inform the PSLEP 2013. However, since 2010, the hierarchy of Port Stephens' centres has evolved through the implementation of various local plans and strategies which each contain distinctive locality-based aspirations. Particularly, planning for high growth centres has continued to advance at the local levels with strategies such as the LSPS and Place Plans. These areas of growth will be the key drivers of demand for activity (particularly retail) in new and existing centres.

Strategies and policies prepared since the release of SGS's 2010 study have contributed towards significant growth in the development of Port Stephens' leading economies of Defence and Aviation, Global Manufacturing and Logistics, Services, and Tourism. Such growth continues to impact on centres including Williamtown and Tomago (centres serving industrial precincts), Raymond Terrace, Nelson Bay and Salamander Bay (amongst others).

The employment lands around Newcastle Airport and the Tomago industrial precinct, are recognised in both state and local policy for strategic economic importance. Significant infrastructure projects such as the Astra Aerolab development and the now cancelled Williamtown SAP were catalysts for significant employment and industry co-location opportunities. Despite cancellation of the SAP, the skills base and research opportunities afforded by RAAF Base Williamtown and its role as Australia's premier fighter pilot training base, will continue to see drive the clustering of related defence and aerospace industries in the LGA. The realisation of the Astra Aerolab development adjacent to the Newcastle Airport as a specialised airport, aerospace and defence precinct provides growth opportunities for these sectors.

FIGURE 4: WILLIAMTOWN AREA



Source: Port Stephens Council, September 2024

Construction of the M1 Motorway Extension will increase accessibility to and between centres in the LGA, enhancing the performance of many centres, particularly Raymond Terrace. The M1 upgrade to Raymond Terrace is expected to reduce travel time between Raymond Terrace and Newcastle in peak traffic and improve accessibility from Raymond Terrace to Heatherbrae and Tomago.⁴

As Australia transitions away from fossil fuels, wind and solar energy generated from Renewable Energy Zones (REZs) is expected to lower electricity costs and enhance the competitiveness of regional energy-intensive industries.⁵ The Hunter-Central Coast REZ will be critical for decarbonising existing industries by supplying them with clean energy (e.g. manufacturing and agriculture, and exports), growing emerging technologies, and providing employment opportunities. Residents and local businesses will benefit from infrastructure upgrades, jobs skills and training, and financial support.⁶ Access to research networks such as the CSIRO Energy Centre and Newcastle Institute of Energy and Resources, positions Port Stephens well for R&D capability in relation to REZ activities. Port Stephens already has capability in manufacturing with clean technology, being home to LAVO, a developer of hydrogen batteries and storage. The LGA also has good freight access to domestic and international markets with connections via land, sea and rail.⁷

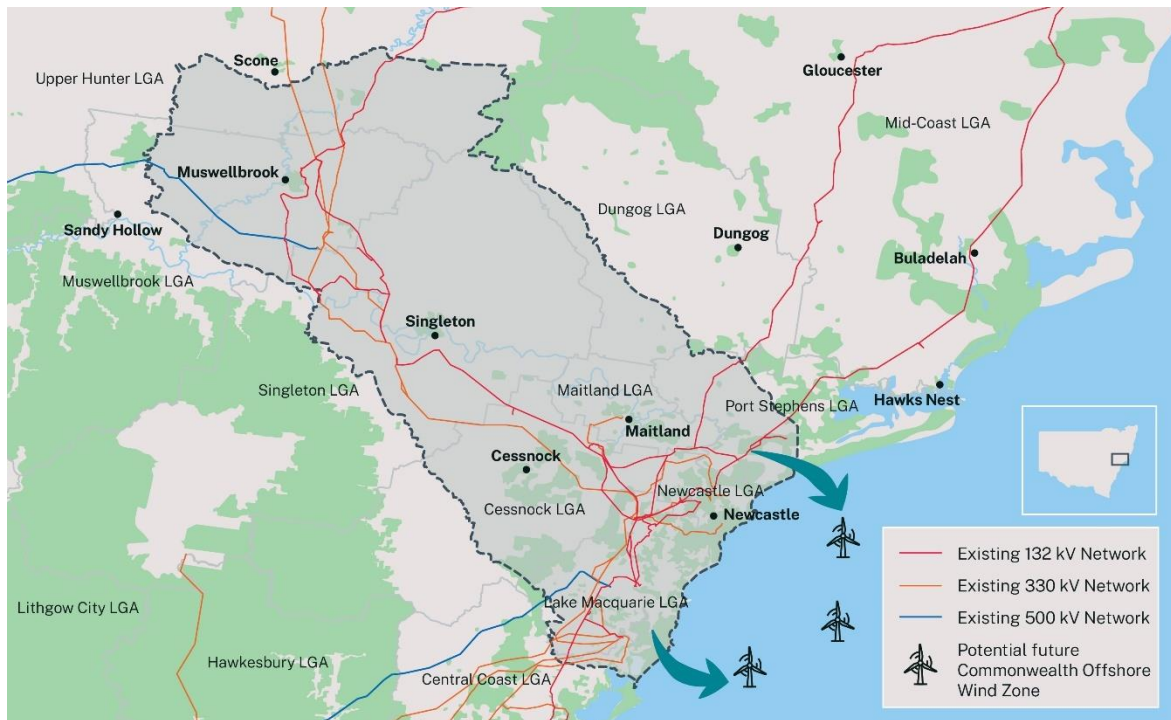
⁴ Port Stephens Council, Submission on the 'Explanation of Intended Effect: Changes to create low and mid-rise housing', 23 February 2024

⁵ <https://www.energyco.nsw.gov.au/renewable-energy-zones/what-renewable-energy-zone>

⁶ <https://www.transgrid.com.au/energy-transition/what-are-renewable-energy-zones-rezs-and-why-are-they-important-for-our-sustainable-future>

⁷ Department of Regional NSW, *Hydrogen production and associated activities Port Stephens*

FIGURE 5: HUNTER-CENTRAL COAST RENEWABLE ENERGY ZONE



Source: EnergyCo NSW n.d.

A detailed analysis of state and local policy of relevance to centres and employment lands in the Port Stephens LGA is provided in **Appendix A**.

3.2 Trends and Drivers Overview

This section highlights recent economic, social and technological influences that have significantly changed behaviours and prospects for employment land use in general, and explorations of trends specific to Port Stephens.



Australia's changing economic character

The shift in the composition of Australia's economy over the past 50 years is characterised broadly by the decline of employment in manufacturing and agricultural sectors, coupled with the growth of 'tertiary' or other services.

Tertiary services are now the dominant form of 'basic' industry in many leading centres, meaning that they are the motor-generators of export income. This revenue provides the necessary foundation to support other industries which contribute to the strength and complexity of the economy. This dynamic means that services are crucial instigators for other economic activities, including retail businesses.



Evolving technologies, advanced manufacturing and industry co-location in regional areas

New opportunities are arising as manufacturers continue to embrace new technologies. Advanced manufacturing is an emerging sector that increases the capability of manufacturing by incorporating innovative technologies to improve efficiency, adding value to multiple supply chains in other sectors.

Industry co-location increases the productivity and capability of advanced manufacturers. In Port Stephens, this is evident through the relationship between CSIRO and the University of Newcastle with Tomago's industrial precinct. The expanding defence and aerospace presence around the Newcastle Airport and RAAF Base Williamtown is a prominent example of strategic co-location – supporting relationships between research and industrial manufacturing.



Changing nature of employment land

The adaptability of industrial and employment precincts means they are vital places of nurturing for emerging sectors. As the economy transitions and the nature of work changes, enterprise corridors and industrial precincts will accommodate greater diversity of industries. With the availability of both employment and industrial lands, Port Stephens can accommodate both traditional and diverse sectors and jobs.



The changing nature of retail and consumer preferences

Retail is shifting away from demand for goods towards experiences, largely driven by changing consumer preferences, demonstrating the need for centres to foster high-quality experiences for long term viability. The growth of online retail has also highlighted the importance of 'last mile delivery' and the value of industrial land to support high speed delivery close to population centres.



Worker preferences and local centre linkage

Despite the easing of travel and work restrictions, many workers are still embracing flexible working arrangements and continuing to work from home at least a few days a week. The shift in worker locations in regional areas presents opportunities for local centres to capture expenditure from those ‘working at home’ who want to eat out or shop during work breaks. A greater proportion of residents working from home in Port Stephens may continue to drive a resurgence of centres throughout the LGA.



Design and activity trends for high streets

High streets have faced challenges over the years with the rise of shopping centres, online retail and changing consumer patterns. High streets have adapted and incorporated fine grain retail which encourages greater community interaction, cultural and creative expression and promote greater walkability and sociability. This overall improves the shopping experience to become more fulfilling and transforms centres as destinations. This is evident in the rise of cafés and cultural uses, such as art galleries and performance spaces, that are not easily replicated in shopping centres and are unavailable online.



New economic role of industrial zones

As onshore manufacturing returns to Australia in response to COVID and geo-political changes, industrial lands are playing an increasingly important role in Australia’s global supply chain by accommodating all types of industries including manufacturing. Existing and future industrial precincts within Port Stephens will continue play an important role in securing domestic manufacturing and reducing the reliance of products made overseas.



Industrial and commercial interrelationship

Commercial and industrial lands and the interrelationship between them play vital roles in the effective functioning in the supply chain as well as employment opportunities which is essential for sustainable job growth. The interrelationship between these lands is an underlying theme throughout the ‘Hunter Regional Plan 2041’.



How new and disruptive land uses exist, or might arise

Employment lands are shifting to non-traditional uses. Industrial precincts are becoming increasingly diverse with a range of non-traditional uses such as gyms and distilleries. They are also co-locating with emerging sectors such as creative uses, hospitality (e.g., dark kitchens) and recreational facilities, while commercial high streets are becoming more popular destinations with the presence of cafes and cultural uses. With greater shifts in non-traditional sectors in industrial and commercial centres, it is critical that Port Stephens allows adaptability to support traditional and emerging businesses.



Progression towards a circular economy

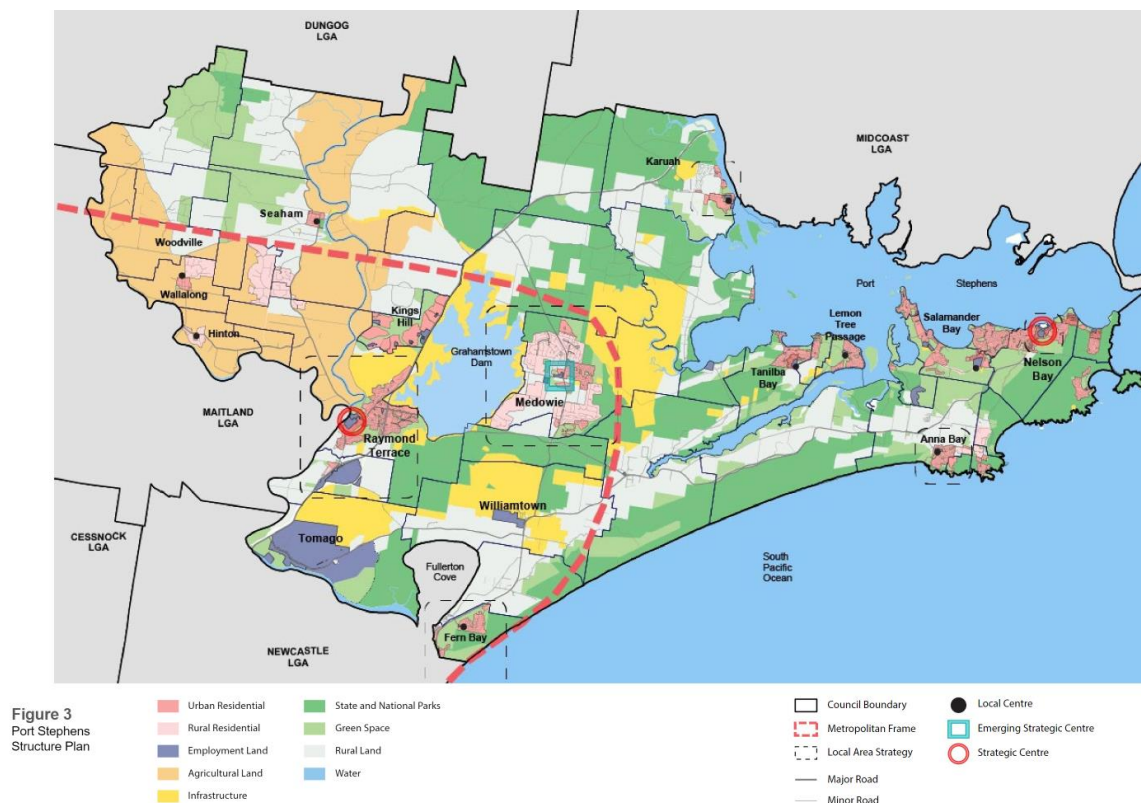
There is significant momentum to build circular economy principles into the Hunter Region. The concept of the Circular Economy seeks to ‘close the loop’ on the production and consumptions of goods by seeing waste product as a resource to be recovered and re-integrated into the supply chain, thereby reducing waste.

Increasing the ‘circularity’ of the economy has profound influences in everything from precinct development, supply chain processes and the process of design and manufacturing itself. It is therefore a concept that can and should be considered in the preparation of strategic directions for any precinct looking at its future.

3.3 Existing centres hierarchy

The centres hierarchy, as stated in the LSPS (2020) and hierarchy descriptions identified in the previous Centres study (2010), proved the jumping off point from which to review and assess the performance of the current centre network.

FIGURE 6: EXISTING CENTRE HIERARCHY



Source: Port Stephens LSPS 2020

3.4 Stakeholder Insights

Industry stakeholders provided perspectives around regional development in the industries of health, tourism and the property market to inform the future direction and aspiration of each region and centre. The following insights provide an understanding of economic growth across the LGA and contextualise the way that centres interact and evolve to meet changing needs.



Retail, commercial and industrial property market trends

- Highest demand for retail floorspace is in the Nelson Bay CBD and Salamander Bay. These two centres are also the leading locations for retail in the tourism market.
- Highest demand for commercial floorspace is in Taylors Beach, Salamander Bay and Soldiers Point.
- Highest demand for industrial floorspace is in Heatherbrae, Salamander Bay and Taylors Beach.
- The current retail offering is meeting demand for tourists.
- Industrial floorspace predominantly comprises iron clad warehouses and tilt-up concrete construction.



Emerging sectors and transitioning to renewable energy

- Most enquiries for land are from the energy, clean tech and advanced manufacturing sectors.
- Port Stephens has low supply of large land parcels in prominent/desirable locations (such as Tomago) and companies often choose to develop in locations such as Liddell with access to Lake Liddell.
- Mining operations are declining as renewable energy industries are growing in prominence. This provides workers with an opportunity to transition into other industries to fill employment gaps.
- The Port of Newcastle is aspiring to transition from coal and is willing to provide infrastructure to attract a new cohort of clientele.



Workforce shortages

- Tourism in Port Stephens is largely seasonal. Staff shortages during peak holiday periods represent a large challenge.
- The ongoing rental crisis creates issues in accommodating seasonal staff, such as backpackers and hospitality/retail service workers in affordable housing close to where they work.
- Council could investigate offering location incentives and other measures to attract health services workers to mitigate shortages.



Land pressures and vacancies

- Port Stephens' building industry creates high demand for industrial space. Industrial vacancy rates are low. Average time on the market for industrial land is 1-3 months.
- Beachfront areas on the Tomaree Peninsula (Nelson Bay, Salamander Bay and Shoal Bay) have low retail and commercial vacancy rates. Raymond Terrace has low retail vacancy rates. All other areas experience high vacancy rates.
- Average time on the market for retail and commercial properties is around 2-3 months, down from around 12 months.
- Salamander Bay Square has the highest quality retail and commercial space. In other areas such as Nelson Bay, landlords are reluctant to upgrade properties due to low returns.



Strategic clustering of industries

- The University of Newcastle (UoN) and research institutions such as CSIRO are located nearby in the City of Newcastle, creating opportunities for collaboration. Australia's first lithium-ion battery manufacturing facility is being established in Tomago in collaboration with CSIRO as well as explorations in hydrogen batteries and thermal.
- Proximity to the Port of Newcastle provides significant competitive advantage. Most enquiries from large investors are for larger land large parcels that are close to the Port.
- The Newcastle Airport will play an increasingly important role in the tourism economy following runway upgrades which facilitate extended flight paths directly connecting the Hunter internationally.



Service gaps

- The Tomaree Peninsula is isolated from acute healthcare services despite its older population. It takes 1-hour by car to reach John Hunter Hospital (Newcastle), or Maitland Hospital from the Tomaree Peninsula and public transport is limited.
- Port Stephens does not provide many healthcare services in comparison to surrounding LGAs, especially lacking in mental health services.

An aerial photograph of a coastal town. At the top, there is a sandy beach with people and umbrellas, adjacent to a body of water. Below the beach is a wide road with many parked cars. The town consists of various buildings, including residential houses and larger commercial or institutional structures. There are several parking lots, some with solar panels on the roofs. A small blue swimming pool is visible in the middle-right section. In the bottom-left corner, there is a tennis court. The overall scene is a detailed, high-resolution aerial view of a developed coastal area.

04

Modelled Centres Networks

4. Modelled Centres Network

Where consultation, analysis and Council insight into the aspirations for individual centres supported a refreshed categorisation of the centre hierarchy, SGS has proposed amended designations for specific centres and has recognised new earmarked centres.

This hierarchy, presented below, was used to test assumptions and capacities in the network. Recommendations to update the network hierarchy are documented in Section 6.

In the modelled centres network, there are 38 employment centres and precincts distributed across the LGA, each playing a distinct role based on scale, local population catchment, accessibility, and service offering. Despite the various roles that individual centres play, this study acknowledges their operation in a network to support the growth of the Port Stephens economy as a whole.

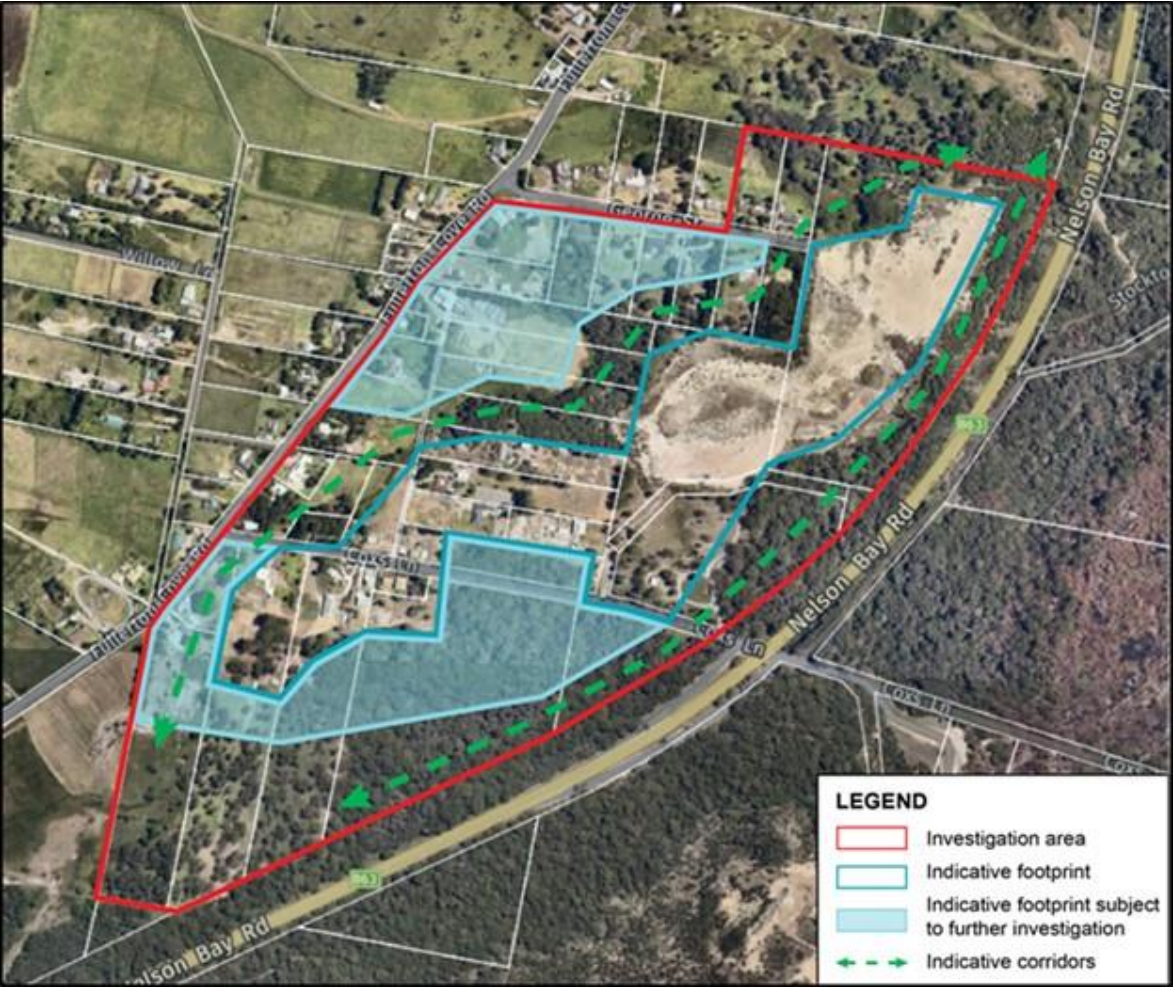
The centres hierarchy (outlined below) describes the differences between centres in terms of the scale and diversity of uses. Higher order centres (major regional, strategic, town centres) are typically larger and provide access to a greater range of goods and services for a wider catchment. In contrast, smaller scale centres (local, village, neighbourhood, commuter) are local population-serving, providing for convenience needs and are often integrated within residential neighbourhoods. Industrial precincts have been similarly grouped to indicate those that are regionally significant, such as Tomago and Heatherbrae, and those that have predominantly local-service functions.

The centres hierarchy is forward-looking and provides an indication of the characteristics of employment centres into the future. The centres hierarchy has assumed the delivery of the 42 Fullerton Cove Road and the Fullerton Cove Village centres and their future floorspace is considered in the supply and demand analysis. The centre of Kings Hill has been removed from the model to reflect Council's expectations of development.

With the cancellation of the Williamstown SAP, employment projections for the relevant sub-region (Tomago to Salt Ash) have been manually adjusted to reflect a reduction in employment-based demand. However, quantification of demand has considered the total development potential of future stages of the Astra Aerolab with assumptions for its future workforce documented in Section 5.

- **42 Fullerton Cove Road:** Planning Proposal PP-2021-1011 at 42 Fullerton Cove Road was approved by DPE in October 2022. The proposal enables the development of a neighbourhood centre, with a neighbourhood supermarket, for local day-to-day retail convenience and services within the Fern Bay area.
- **Fullerton Cove Village:** The site (see below) proposes a new residential community of approximately 1,000 dwellings with an estimated population of 2,200 people. The community is flagged to be serviced by a new centre to meet local retail needs.






FIGURE 7: FULLERTON COVE VILLAGE STUDY AREA





Source: Port Stephens Council 2024

4.1 Modelled Centres Network

TABLE 2: FUNCTIONAL DESCRIPTION OF THE MODELLED CENTRE HIERARCHY

Centre type	Function	Port Stephens centres
Major regional centre 	The highest order centre, having a high concentration of retail goods and services, commercial and professional services as well as civic functions and community facilities. Within the Port Stephens network there is a single major regional centre as a focal point for the LGA and central hub for employment.	Raymond Terrace
Strategic centre 	Strategic centres serve a specific or discrete need for the LGA. This may be a niche industry precinct or to service a specific population the designation signals concentrations of regionally significant economic activity and employment. Nelson Bay is the sole nominated strategic centre for Port Stephens, identified for its unique role in anchoring the tourism economy for the LGA. While it also serves as the local centre for its immediate community, the operations of the centre are dictated by the needs of the visitor economy.	Nelson Bay
Town centre 	Town centres service a wider catchment beyond their immediate locale, providing basic goods, shopping and commercial business for the region. Town centres are typically located in larger population centres with higher densities.	Medowie Salamander Bay
Local centre 	Local centres service smaller catchments, typically a suburb. They may be realised as a strip or cluster of shops in a mostly residential area. They meet the daily retail needs of local residents and workers with fewer service offerings. They are distinguished from smaller grain centres by the presence of a supermarket retailer.	42 Fullerton Cove Road Anna Bay Karuah Lakeside Village Lemon Tree Passage Shoal Bay Tanilba Bay
Village centre 	A strip or cluster of shops in a mostly residential area with a smaller range of products or services and a smaller catchment than a local centre	Austral Street Village Corlette Fingal Bay Fullerton Cove Village Salamander Village Soldiers Point

Neighbourhood centre 	Neighbourhood centres service only their immediate locales, typically providing a single shop front or sole use, such as a takeaway or a general store.	Fern Bay Hinton Seaham Wallalong Woodville
Commuter centre 	Commuter centres are typically located at the junction of major throughways or commuter corridors. They provide basic retail and services to pass through traffic or local workforce and are usually attached to a service station.	Salt Ash Williamstown

Source: SGS Economics and Planning 2023

4.2 Current Character

The following tables provide character statements for each centre and precinct, recognising their function within the network, planning and strategic context and core operations.

TABLE 3: CENTRE PROFILES – MAJOR REGIONAL CENTRE



Centre	Character
Raymond Terrace	<p>Raymond Terrace is the largest centre within the Port Stephens network zoned E2 Commercial Centre. Identified in the LSPS as a regionally significant strategic centre, it serves a critical role as a service and employment hub for both Port Stephens and parts of the lower Hunter Region. Its location near the western border of the LGA impacts regular accessibility for residents in the east of the LGA, but its proximity to the M1 motorway makes it an accessible alternative for people moving between Port Stephens and Newcastle.</p> <p>The centres’ two shopping centres (Terrace Central and MarketPlace Raymond Terrace) provide a range of retail and services, anchored by major supermarkets and department stores. Unique offerings for the LGA including a Council administration building, Defence administration building and the Raymond Terrace Community Health Centre and other government services, make it a destination for certain uses.</p> <p>Raymond Terrace’s commercial core is further characterised by William Street, a classic retail high-street which runs through the town centre, offering a variety of commercial, retail and hospitality uses. It is currently undergoing public realm improvements to create a more vibrant town centre.</p> <p>Raymond Terrace is currently undergoing a transition to strengthen its town centre, supported by documents such as the LSPS, Hunter Regional Plan, the Raymond Terrace Public Domain Plan and the Raymond Terrace and Heatherbrae Strategy. Notably, the LSPS includes an immediate action to amend to LEP to support higher densities in the Raymond Terrace town centre.</p>



TABLE 4: CENTRE PROFILES – STRATEGIC CENTRE



Centre	Character
Nelson Bay	<p>Nelson Bay is the tourism hub of the Port Stephens economy. Identified in the LSPS as a regionally significant strategic centre it serves as an important retail shopping destination with boutique stores that attract people from outside the LGA. The centre (E1 Local Centres) is characterised by main street style shopping with small retailers and independent operators. The centre offers a range of tourism supporting uses such as visitor accommodation, hospitality, entertainment venues and one major supermarket, with the Tomaree Community Hospital nearby to the east of the centre. The visitor economy on the Tomaree also attracts a larger number of short-term rental properties which can influence the seasonal vibrancy and turnover of the Nelson Bay centre</p> <p>Nelson Bay’s town centre is surrounded by medium-density residential dwellings, the geography serving to constrain future development spread.</p> <p>The public domain is undergoing a 20-year revitalisation process to improve the foreshore and town centre, supported by the ‘Nelson Bay Public Domain Plan’ and ‘Nelson Bay Town Centre and Foreshore Strategy’.</p>



TABLE 5: CENTRE PROFILES – TOWN CENTRE



Centre	Character
Medowie	<p>Medowie is a significant residential growth area for the LGA, accommodating 20 per cent of the growth in new housing over the last five years.⁸ With a median age of 38 years, Medowie is the youngest locality in the LGA. Medowie is recognised in the LSPS as an emerging strategic centre. Medowie’s main network function is to deliver goods and services to its immediate and growing population base. It is expected to continue to grow as residential stages are realised. Despite the growth in the area, the centre will likely retain a local focus for residents as it would require significant road improvements and connections to meet the expectations of a higher order centre type. With the expansion of residential areas, there is the potential to encourage more local neighbourhood shops to service new growth and benefit from passing trade.</p> <p>Medowie’s town centre is located between R5 Large Lot Residential and R2 Low Density Residential detached residential areas. The E1 Local Centre comprises a range of convenience retail, hospitality, fitness and community services, with two major supermarkets anchoring the retail core.</p>
Salamander Bay	<p>Salamander Bay Square is a prominent retail and service hub. Located off the main route connecting east-west to Nelson Bay, it is centrally positioned on the Tomaree Peninsula. The hub is anchored by several large-scale supermarkets and retailers such as Woolworths, Coles, Kmart and Aldi. The wide range of offerings provide essential retail for residents along the Tomaree Peninsula, as a closer alternative to Raymond Terrace.</p> <p>The centre also includes an array of smaller commercial, retail, hospitality, medical and related services. The centre is taking on more of a commercial role with administrative and government-related services including The Tomaree Connected Learning Centre establishing a growing knowledge sector employment hub.</p>



⁸ Port Stephens Council 2022, Draft Housing Supply and Diversity Plan.

TABLE 6: CENTRE PROFILES – LOCAL CENTRE



Centre	Character
Anna Bay	<p>Anna Bay is recognised in the LSPS as a local centre also servicing the visitor economy. It is heavily impacted during peak holiday periods. Anna Bay is largely surrounded by environmentally zoned land and national parks, which constrains its urban boundary limiting expansion opportunities into the future.</p> <p>The centre primarily serves the local community with a range of services such as a pharmacy, restaurants and cafes, and several boutique retail stores, anchored by one small-scale supermarket. Local attractions along the coastal dunes are tailored to the tourism market in peak periods.</p>
42 Fullerton Cove Road ⁹	<p>42 Fullerton Cove Road is a future local centre to be located north of the Fullerton Cove Road and Nelson Bay Road junction. The centre will service the growing residential and retirement living community in Fern Bay, as well as being accessible for traffic moving between Newcastle and the Newcastle Airport or Nelson Bay. It will also service the future planned residential expansion at the former Rifle Range site, which is expected to provide 400-500 homes. The centre will contain a supermarket and some additional retail and hospitality uses.</p>
Karuah	<p>Karuah is identified in the LSPS as a local centre. Karuah is identified as a growth area in the Draft Housing Supply Plan, with growth likely to be steady not rapid. Karuah is a relatively isolated centre, servicing the local community with a workforce in the local oyster and timber industries. The Karuah Place Plan aspires to ensure the long-term viability of these industries, acknowledging industrial and employment land identified in the 2011 Karuah Growth Strategy as suitable for further investigation to meet future demand. The Place Plan also aspires to create a more connected town centre and to provide greater access to the waterfront to support the tourism economy attracted by water-based activities. The centre is anchored by a small-scaled supermarket and is supported by a variety of other commercial, retail, hospitality and healthcare service offerings, a post office, motel and a pathology centre.</p>
Lakeside Village	<p>Located slightly east of the Raymond Terrace centre Lakeside Village provides local goods and services including a FoodWorks grocery store, a discount chemist, a bakery and a pub. Direct parking access is a point of difference to the shopping mall environment of Raymond Terrace.</p>
Lemon Tree Passage	<p>Lemon Tree Passage is identified in the LSPS as a local centre. The site is geographically constrained on the edge of the Tilligerry Peninsula. The isolated nature of this centre will prevent it from experiencing significant growth in the future.</p> <p>The centre includes a strip of businesses adjacent to the waterfront serving the local community with an antique store, post office, pharmacy, cafes and restaurants. It also</p>

⁹ The 42 Fullerton Cove Road centre is not yet realised. At the request of Council, it has been included in the modelling for this strategy following adoption of a Planning Proposal approved by DPE (11/10/22) to enable the development of a neighbourhood centre including a supermarket, shops and associated car parking. Its floorspace and uses have been assumed from the planning proposal and incorporated into the future floorspace modelling.

	has an established tourism offering in its oyster farming and distribution operations and popular marina and boat ramp.
Shoal Bay Village	Shoal Bay is located on the western tip of the Tomaree Peninsula and is bounded by several popular tourist destinations including the Tomaree Head Summit Walk and numerous desirable beaches. It is flagged to increase residential density over time, including retirement living. Located adjacent to the foreshore, the Shoal Bay Centre caters to local residents as well as a visitor economy with a large resort and a range of boutique retail and hospitality functions. The centre includes a small-scale supermarket and medical services. For more variety the local population benefit from proximity to the larger Nelson Bay and Salamander Bay centres.
Tanilba Bay	Tanilba Bay is identified in the LSPS as a local centre. It is the largest centre on the Tilligerry Peninsula. Due to its location on the Peninsula it is primarily a local serving centre. The centre is anchored by a large Coles supermarket which provides essential items that are not available in the smaller local or neighbourhood centres on the peninsula. The former Tilligerry Plaza site is currently vacant but planned for revitalisation as seniors living. E1 Local Centre zoned land around the plaza includes services such as a fuel stations, takeaway food shops, a hairdresser and a timber and hardware store.



TABLE 7: CENTRE PROFILES – VILLAGE CENTRE



Centre	Character
Austral Street Village	<p>Austral Street Village is located to the east of Nelson Bay. This small-scale centre offers a modest range of commercial and hospitality servicing the population who live in the surrounding neighbourhood. It includes a small grocery store, a gourmet butcher and a takeaway restaurant.</p> <p>For a wider variety of necessities residents would likely travel to Nelson Bay.</p>
Corlette	<p>Corlette is a predominantly low-density residential neighbourhood located between Salamander Bay and Nelson Bay. Corlette's village centre runs along Sandy Point Road and comprises a range of local services such as a grocery store, physiotherapist, takeaway restaurant and fitness studio. Due to its small size and location, it primarily services the local community or traffic passing through to Nelson Bay.</p> <p>Corlette also includes the popular marina on the north-west tip of Corlette Point, with a motel/spa resort, bar and restaurant serving as an extension of the main centre.</p>
Fingal Bay	<p>Fingal Bay is a small centre on the south-east edge of the Tomaree Peninsula. It is primarily low-density residential and has the oldest median age in the LGA at 64 years, likely due to the large retirement village/aged care facility located central to the township.</p> <p>The Fingal Bay centre is close to the holiday park in the residential area, and contains a grocery store, café and takeaway, liquor store, and service station.</p>
Fullerton Cove Village	<p>The Fullerton Cove Village proposes a new residential community of approximately 1,000 dwellings with an estimated population of 2,200 residents. Situated between Nelson Bay Road and Fullerton Cove Road where these intersect with Coxs Lane, the community will be well connected to the wider region, positioned along the main thoroughfare between Newcastle/Fern Bay and Newcastle Airport. This study proposes a Village Centre be considered to service the local population. Retail uses are envisaged not to out-compete existing neighbouring centres, but to meet basic local needs for the immediate residents.</p>
Salamander Village	<p>Salamander Village is at the northern end of Salamander Bay along Soldiers Point Road. This small strip of businesses offers a variety of services, including a medical centre, grocery store, cafes and food takeaway and car repair shops.</p> <p>The local population benefits from close proximity to the Salamander Bay centre, likely utilising this centre for large grocery shops and other necessities.</p> <p>Salamander Village is also near to the Soldiers Point Road industrial zone, likely catering to workers in the area.</p>
Soldiers Point	<p>The Soldiers Point centre is at the northern tip of Soldiers Point. A cluster of retail and commercial services are provided along Soldiers Point Road with a second cluster at the Marina. There have been a number of extended shop vacancies. The isolated nature of this area suggests that services are primarily local serving.</p>

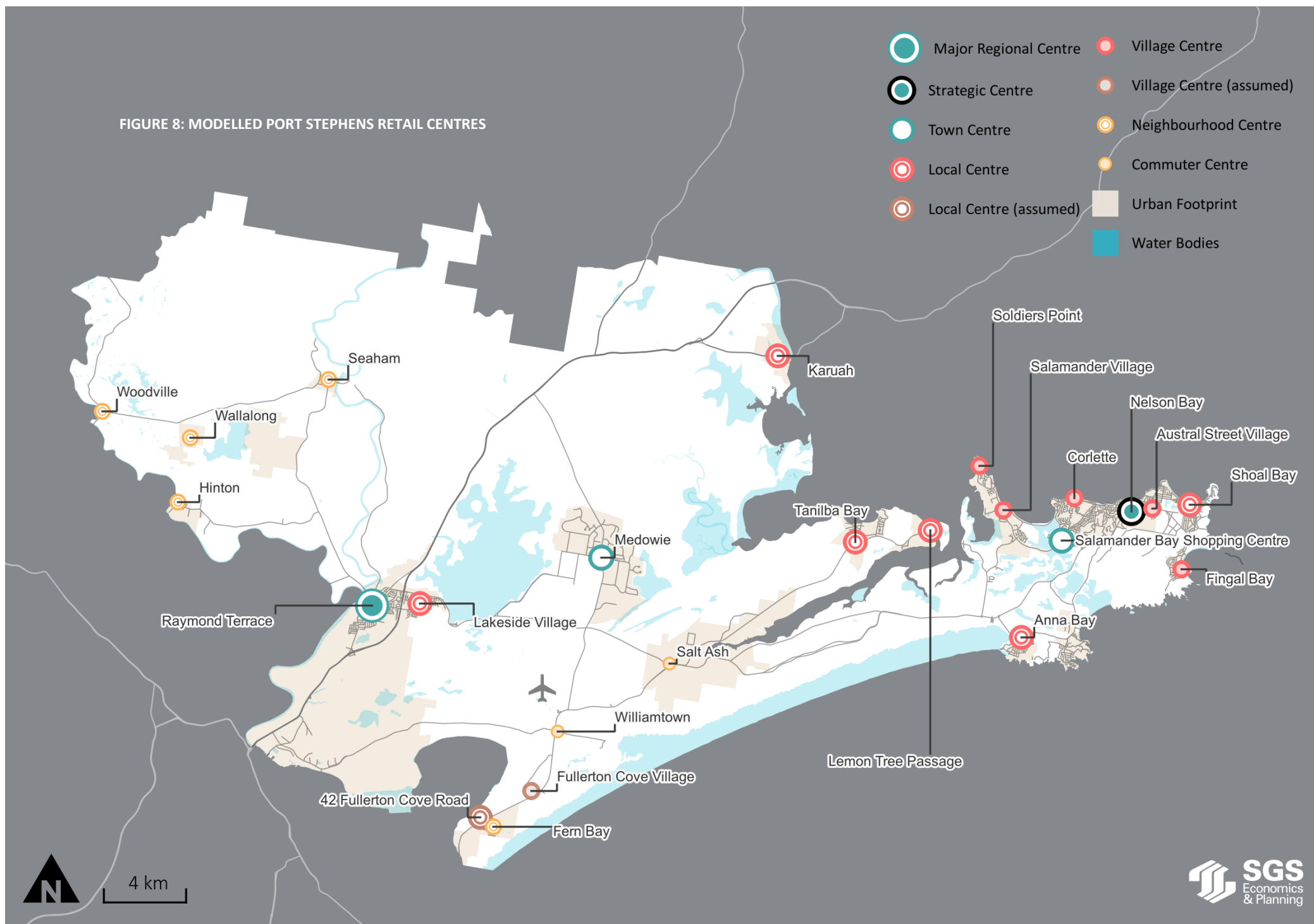
TABLE 8: CENTRE PROFILES – NEIGHBOURHOOD CENTRE


Centre	Character
Fern Bay	Fern Bay currently offers a small centre including a convenience retail store and pharmacy, located within the Seaside Estate residential development, realised in R2 Low Density Residential zoning.
Hinton	Hinton is a small village bounded by the Paterson and Hunter Rivers. It is identified as a local centre in the LSPS. Hinton offers a hotel and general store along its main street. These services are provided within RU5 Village Zone. With such limited offerings the majority of retail and service needs must be met in other larger centres.
Seaham	Seaham is recognised in the LSPS as being a local centre. Seaham offers a general store, medical surgery and community centre/school of arts along its main street, Warren Street. These services are provided within R2 Low Density Residential zone.
Wallalong	Wallalong is a small rural suburb located to the north-east of the Port Stephens LGA. It is recognised in the LSPS as a local centre but does not provide commercial services.
Woodville	Woodville contains a general store/café/post office of historic significance, claiming to be one of the longest continuously operating general stores in Australia. The store operates within RU1 Primary Production Zone.

TABLE 9: CENTRE PROFILES – COMMUTER CENTRE


Centre	Character
Salt Ash	The Salt Ash centre (Paul's Corner) is located on Nelson Bay Road opposite the local public school. The centre (E1 Local Centre zone) is anchored by a BP Petrol Station and FoodWorks supermarket. This centre likely caters to the surrounding low-density population, which predominantly consists of rural residential lots on RU2 Rural Landscape zoned land. Salt Ash additionally benefits from being highly visible and easily accessible for through traffic travelling between the Tomaree Peninsula, Tilligerry Peninsula, and Newcastle. There is the potential for significant change with planning being undertaken for the duplication of Nelson Bay Road.
Williamtown	A small commuter centre located at Lavis Lane on the south-east side of the Nelson Bay Road/Cabbage Tree Road roundabout in Williamtown, south of the Newcastle Airport and RAAF Base Williamtown. This centre comprises a McDonalds and petrol station. This commuter centre is the main retail service for the immediate employment uses, however, Stage 1 of the Astra Aerolab will seek to cater to food service for its on-site workforce with ground floor retail. The Williamtown centre will mainly service commuters between the Tomaree Peninsula and Fern Bay/Fullerton Cove as a convenience shop and is not a destination centre. The land is zoned RU2 Rural Landscape The hub has the potential for further strategic planning given its strategic location and proximity to the airport.

FIGURE 8: MODELLED PORT STEPHENS RETAIL CENTRES



Industrial precincts are similarly ordered by business enterprise and degrees of significance to the network. This seeks to indicate a hierarchy of types of industrial uses and whether they are delivering local needs or have a wider regional significance in terms of output and workforce attraction.

TABLE 10: PORT STEPHENS INDUSTRIAL CENTRES AND NON-RETAIL PRECINCTS

Types	Function	Port Stephens centres
Strategic industrial 	The highest order industrial precinct has a strategic function in the economy of the LGA. Typically housing manufacturing industrial uses these precincts provide specialised trade, attracting a skilled workforce from across the region. This type of precinct has a large distribution function and is best located at the junction of major freight routes with access to distributions hubs of either ports or airports.	Tomago
Bulky goods 	Primarily comprising commercial bulky goods and storage operations this type of industrial precinct operate as hubs serving wider sub-regional catchments. These centres are easily accessible for freight and logistics and are located within proximity to larger activity centres to reduce transportation of warehoused goods.	Heatherbrae Taylors Beach
Local industrial 	Local serving light industrial precincts cater to service-based needs such as motor mechanics, panel beaters and other population-serving uses.	Abundance Road Lemon Tree Passage Raymond Terrace Richardson Road Soldiers Point Road
Local industrial (assumed) 		Tarean Road
Active waterfront 	Pockets of active waterfront industrial uses primarily for the purpose of oyster production and distribution.	Diemar Point Karuah Tanilba Bay Oyster Cove
Industry business park 	Targeted industry business parks for commercial and industrial operations including airport, aerospace and defence	Airport, aerospace and defence precinct

Source: SGS Economics and Planning 2024



TABLE 11: INDUSTRIAL PRECINCT PROFILE - STRATEGIC INDUSTRIAL

Centre	Character
Tomago	<p>Tomago is Port Stephens' largest industrial precinct. The LSPS identifies Tomago as a 'catalyst area', designated for significant growth and investment over the next 20 years. The industrial area (zoned E4 General Industrial) comprises a range of manufacturing, trading, distribution and industry services. This industrial centre is a growing hub for advanced manufacturing and already hosts several highly specialised industries, particularly in advanced manufacturing and clean technology such as battery energy storage systems. It includes the Northbank Enterprise Hub, an industrial business park, which can accommodate offices.</p> <p>Tomago attracts a skilled workforce from across the region and is a priority freight and logistics location with access to major motorways, as well as the Newcastle Airport and Port of Newcastle. It is well located to take advantage of the proposed M1 Motorway extension. Its workforce is supported by its proximity to retail and hospitality in Raymond Terrace. Its proximity to the airport, aerospace and defence precinct sets up future opportunities for a more connected and integrated relationship of shared skills in advanced manufacturing between the two destinations.</p>



TABLE 12: INDUSTRIAL PRECINCT PROFILE - BULKY GOODS

Centre	Character
Heatherbrae	<p>Heatherbrae is identified in the Hunter Regional Plan 2041 as being a significant employment land cluster. Heatherbrae is bisected by the Pacific Highway and provides a range of bulky goods retail, commercial and light industrial services. It is the preferred location for bulky goods for the LGA.</p> <p>The strip of E3 Productivity Support land along the Pacific Highway includes hardware and retail services such as Bunnings Warehouse and BCF, and drive-through fast-food outlets. It is also identified as a premier corridor for caravan distribution for the wider region.</p> <p>A large portion of E4 General Industrial zoned land is provided adjacent to the E3 Productivity Support strip. The largest facilities within this zone are two large-scale manufacturing and distribution service centres. It is well located to take advantage of the proposed M1 Motorway extension, access to Raymond Terrace and proximity to the RAAF Base Williamstown, Newcastle Airport and Astra Aerolab.</p>
Taylors Beach	<p>Taylors Beach located south-west of Salamander Bay, comprises a range of specialised bulky goods retail, commercial business and industrial warehouse uses within the E3 Productivity Support zone. It is more recently being complemented by a large format retail homemaker centre.</p>



TABLE 13: INDUSTRIAL PRECINCT PROFILE - LOCAL INDUSTRIAL

Centre	Character
Abundance Road	The Abundance Road E4 General Industrial parcels provide a range of small-scale light industrial activities supporting the local population. Less than half of the available zoned land is currently developed.
Lemon Tree Passage	<p>In addition to its local centre, Lemon Tree Passage has a portion of land zoned E4 General Industrial, including light industrial, manufacturing and distribution services, large format retail, self-storage and fabrication.</p> <p>This industrial area primarily serves the population of the Tilligerry Peninsula.</p>
Raymond Terrace	Adjoining the Raymond Terrace commercial core is a E3 Productivity Support zone which includes a series of productivity support and local industrial uses such as an auto mechanics, a pet store and various maintenance stores. The majority of the industrial services included within this zone are light industrial. There are also a range of other non-industrial type uses within this area, including Aldi, Dan Murphy's, gyms and supporting office premises.
Richardson Road	This small parcel of E3 Productivity Support zone land provides a mix of industrial and retail functions with a petrol station and associated food works, gym and self-storage units. Isolated from other industrial land this is a local serving centre.
Soldiers Point Road	This industrial cluster includes both E3 Productivity Support and E4 General Industrial zoned land. The services within this cluster likely benefit from industry co-location, with the E3 Productivity Support zoned land including businesses such as storage facilities and building material stores, and the E4 General Industrial zoned land including maintenance, manufacturing and distribution services.
Tarean Road	Tarean Road Karuah industrial uses centre around the site of the timber mill. The operations currently occur within RU2 Rural Landscape zone.

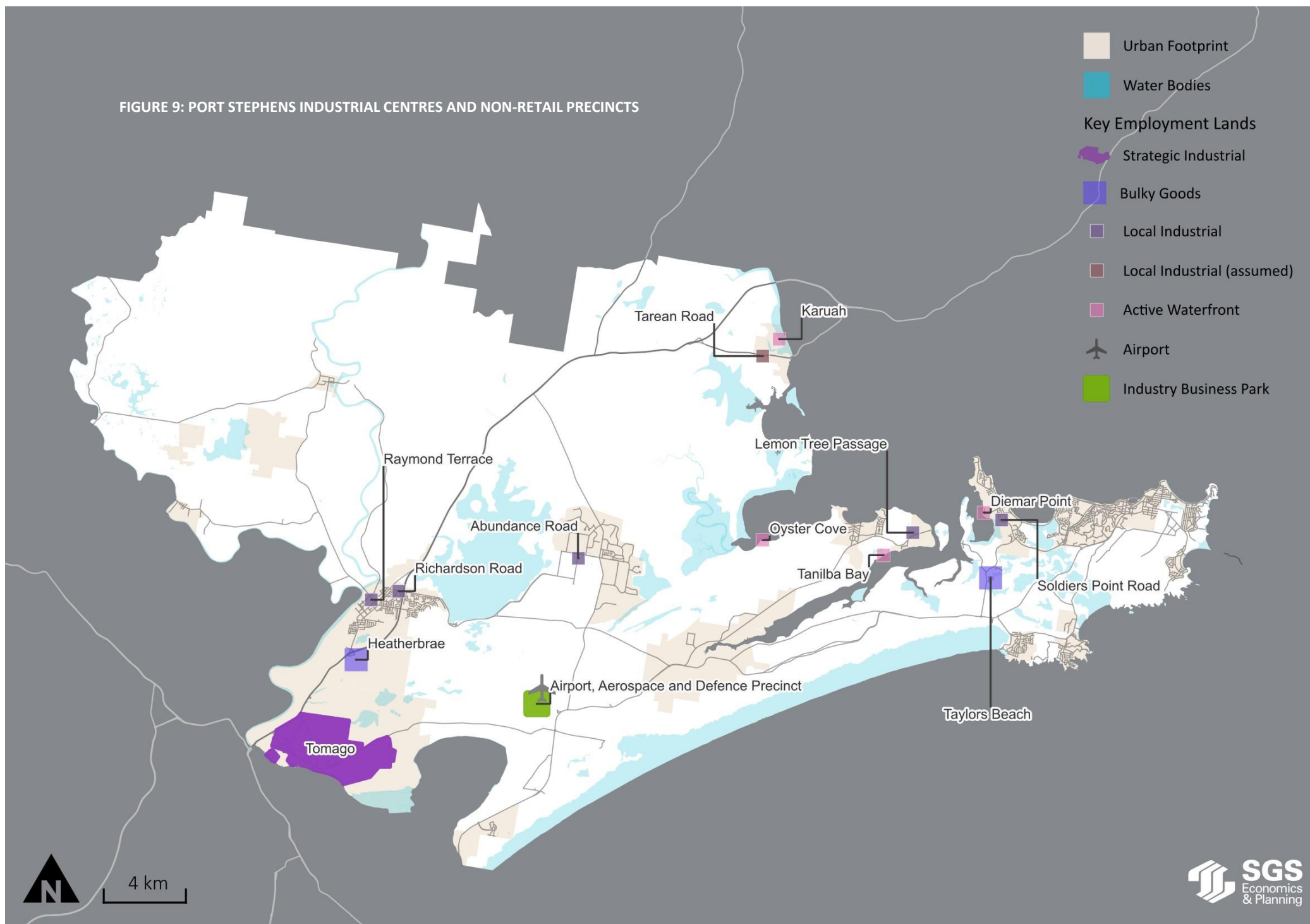
TABLE 14: INDUSTRIAL PRECINCT PROFILE - ACTIVE WATERFRONT

Centre	Character
Diemar Point	Diemar Point is adjacent to Cromartys Bay. This small-scale industrial centre is zoned W4 Working Waterfront and is primarily used for aquaculture, predominantly oyster farming and distribution. There are small-scale commercial interactions with the oyster industry at this location.
Karuah Oysters	A variety of oyster farming and distribution services operate along the river/waterfront in Karuah. The Karuah Place Plan aspires to ensure the long-term viability of the oyster industry in the region.
Tanilba Bay	Small parcels of W4 Working Waterfront land serve as oyster farms with some operators providing public facing interaction at their facilities, through wholesale or farm tours.
Oyster Cove	Oyster suppliers and boat servicing industries are found in Oyster Cove. It has an established marine business providing dry boat storage, engineering and slipping facilities.

TABLE 15: INDUSTRY BUSINESS PARK

Centre	Character
Airport, Aerospace and Defence Precinct	<p>The Astra Aerolab precinct consolidates commercial office space and industrial warehouses that benefit from their co-location with the Newcastle Airport, RAAF Base Williamtown and operations in the SP2 Special Use (Defence/Air Transport Facility) zone.</p> <p>The precinct will concentrate a highly skilled workforce, serving as a catalyst for collaboration, research and innovation in the region.</p>

FIGURE 9: PORT STEPHENS INDUSTRIAL CENTRES AND NON-RETAIL PRECINCTS



An aerial photograph of a suburban neighborhood. In the foreground, there's a large green golf course with several sand traps. To the left of the golf course is a residential area with many houses, mostly with grey roofs. A road runs between the golf course and the houses. In the background, there's a large body of water, possibly a lake or a wide river, surrounded by green trees and vegetation. The sky is clear and blue.

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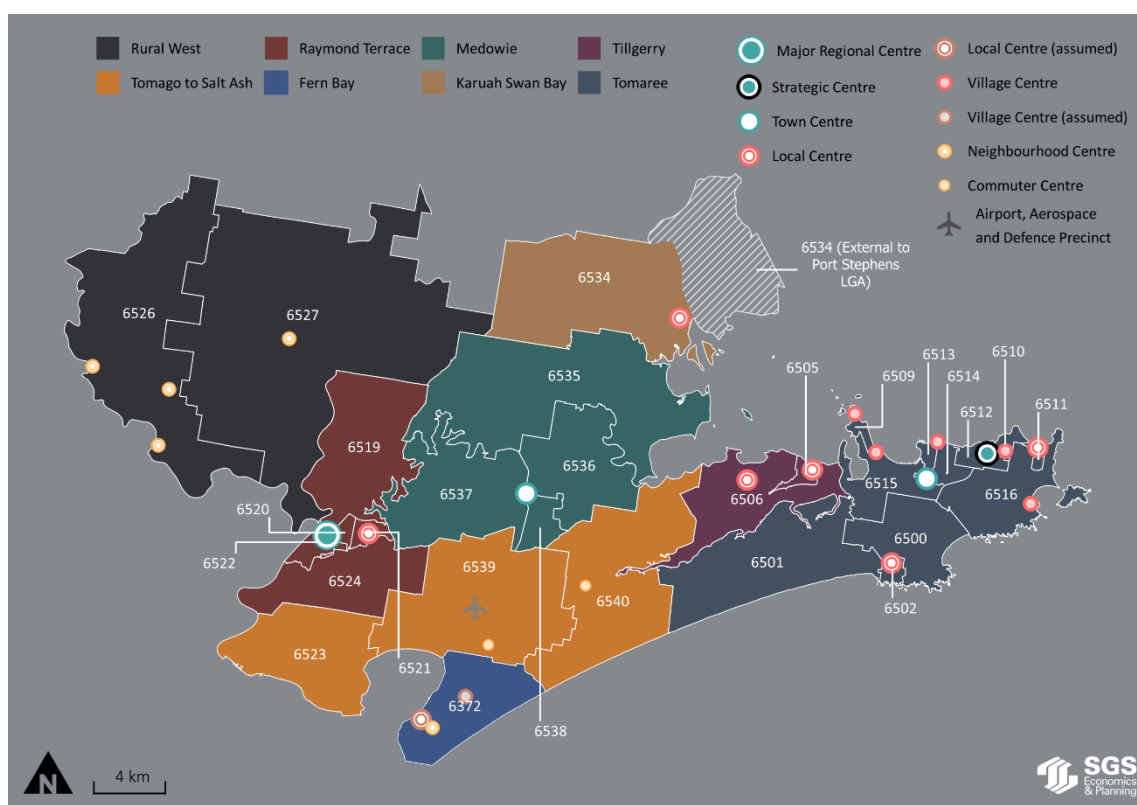
Forecasting and Activity Profile

5. Forecasting and Activity Profile

The following analysis is presented at a sub-regional level. These sub-regions have been adopted from the REMPLAN forecasts portal. Some sub-regions are serviced by one centre, while others have a mix of centres and centre types. Population projections have been derived from Port Stephens Council Housing Supply Plan forecasts to provide a more accurate and up-to-date representation of how the LGA is anticipated to grow over the next twenty years.

Analysis at a sub-region level helps to identify trends. Where supply and demand is being driven by a particular centre this is identified in the accompanying discussion. Some forecast data, including market research and employment forecasts are sourced by Travel Zone geography. A concordance of travel zone to sub-region enables analysis of change in employment and industry demand with population projections. The following map identifies the travel zones and centres in relation to each sub-region as the visual guide for the following sections of analysis.

FIGURE 10: PORT STEPHENS SUB-REGIONS AND TRAVEL ZONES



Source: SGS Economics and Planning 2023

5.1 Population Forecasts

Port Stephens Council provided SA2 population projections through to 2041. SGS converted these SA2s into small area forecasts at the travel zones geography using the draft Housing Supply work as a guide for the proportional distribution of the growth across the LGA.¹⁰ The TZP small-area projections, produced by the NSW Government, were used to reflect low levels of baseline population growth.

At an LGA level, forecasts project an overall increase in the population of around 20,075 people (from 74,363 in 2021 to 94,438 in 2041). The Tomaree (36%), Raymond Terrace (19%) and Medowie (16%) sub-regions are anticipated to house the majority of the population by 2041. Tomago to Salt Ash (3%) and Karuah/Swan Bay (4%) sub-regions will house the smallest populations. However, Karuah/Swan Bay is anticipated to be the most rapidly changing (130% increase), followed by Fern Bay (66% increase) and Medowie (41%). The Tomaree is forecast to experience the greatest increase in real numbers with 5,223 new residents by 2041.

TABLE 16: POPULATION FORECASTS

Sub-Region	2021 Census	2026	2031	2036	2041	2041 %	Change (2021-2041)	% Change (2021-2041)
Fern Bay	4,697	5,154	6,345	7,100	7,835	8%	3,138	66%
Karuah/ Swan Bay	1,901	2,065	2,942	3,776	4,071	4%	2,170	130%
Medowie	10,582	12,001	13,696	14,818	15,063	16%	4,481	41%
Raymond Terrace	13,829	14,601	15,761	17,069	17,945	19%	4,116	29%
Tomago to Salt Ash	2,402	2,845	2,942	2,980	2,963	3%	561	20%
Rural West	5,674	5,693	5,693	5,693	5,693	6%	19	0%
Tilligerry	6,931	6,887	7,027	7,198	7,298	8%	367	5%
Tomaree	28,347	29,059	30,753	32,471	33,570	36%	5,223	18%
Total Population	74,363	78,305	85,160	91,105	94,438	100%	20,075	27%

Source: Port Stephens Council, Port Stephens Council Draft Housing Supply and Diversity Plan 2022.

¹⁰ Port Stephens Council, Draft Housing Supply and Diversity Plan 2022 (shared December 2022).

5.2 Retail and Employment Demand Forecasting

Employment growth was projected using TfNSW's (TPA) TYP22 data.

At an LGA level, forecasts project an overall increase of employment of around 11,232 jobs (from 34,654 in 2021 to 45,886 in 2041). Tomago to Salt Ash (4,786), Tomaree (2,697) and Raymond Terrace (2,141) are anticipated to provide the majority of additional jobs across the LGA by 2041. The remaining sub-regions are forecasted to experience very similar employment growth rates, each measuring an increase from 28-29%.

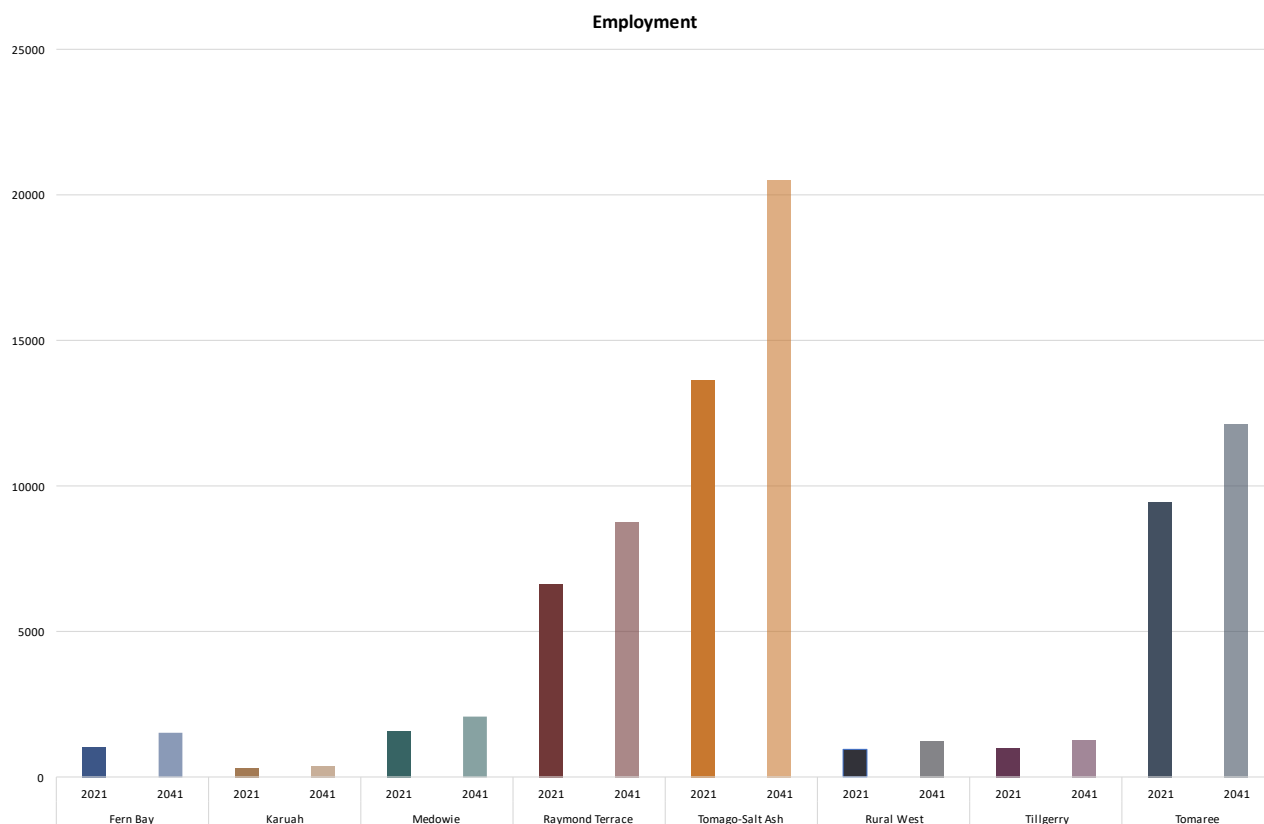
Due to the cancellation of the SAP, employment numbers for the Tomago to Salt Ash sub-region have been manually adjusted to reflect reduced employment activity and demand for employment lands. Jobs associated with the Astra Aerolab have been assumed to be 800 over the time period (previous workforce assumptions related to the SAP projected 2,900 jobs over the same time horizon). This decreased adjustment by 2,100 was derived by assuming a continuation of the jobs to land ratio anticipated for the SAP, applied to a reduced overall land area (76 hectares approved for stages 1-6 of Astra Aerolab). While this assumption provides only a basic consideration of potential jobs within the Astra Aerolab precinct, it seeks to reduce assumption bias by continuing previously assumed patterns of use. The material impact on demand and capacity is seen to be relatively marginal, so further refinement of this assumption was considered unnecessary complex.

TABLE 17: EMPLOYMENT FORECASTS 2021-2041

Sub-Region	2021	2026	2031	2036	2041	Total Change (2021-2040)	% Change (2021-2040)
Fern Bay	1,034	1,197	1,291	1,429	1,532	499	48%
Karuah	309	328	346	369	396	87	28%
Medowie	1,612	1,757	1,829	1,945	2,081	469	29%
Raymond Terrace	6,634	7,498	7,768	8,248	8,775	2,141	32%
Tomago to Salt Ash	13,644	14,836	16,028	17,220	18,412	4,768	35%
Rural West	964	1,029	1,087	1,161	1,244	280	29%
Tilligerry	993	1,080	1,129	1,199	1,284	291	29%
Tomaree	9,464	10,375	10,757	11,396	12,162	2,697	28%
Total Employment	34,654	38,100	40,235	42,967	45,886	11,232	32%

Source: TfNSW (TPA) TYP22 Data.

FIGURE 11: EMPLOYMENT PROJECTIONS BY SUB-REGION TPA (2021 – 2041)



Source: SGS Economics and Planning, 2023 (adopting TfNSW's (TPA) TZP16 Data).

5.3 Supply and Demand Analysis

The supply and demand modelling maps existing floorspace by broad industry categories and, accounting for known future floorspace in the pipeline, derives a net demand gap based on population and employment projections.

The floorspace analysis is presented by sub-region to more accurately reflect the distribution demands arising from population employment growth.

- The '2041 net required floorspace' accounts for known existing and known future floorspace less the 2041 floorspace demand.
- 'Other' floorspace is a derived category from ANZSIC industry codes. In this study region 'other' has typically been reflected in accommodation services such as hotels/motels/short stay apartments.

Floorspace supply and demand is reported by the following use types to provide a more robust picture about what type of employment is driving demand.

- **Retail:** Comprises points of trade with a public interface including supermarkets, department stores, other food stores, clothing and hospitality.

- **Retail service:** Includes personal service-based trade typically found in shopping areas including beauty services, fitness (gyms), and entertainment premises.
- **Commercial:** Referring mainly to office uses including professional services, administration, finance, insurance, and other knowledge intensive fields.
- **Industrial:** Includes trade that would primarily exist within industrial zoned areas such as manufacturing, fabrication, warehousing, logistics.
- **Other:** Typically includes education, training, health, and community uses or accommodation services such as hotels.

Capacity modelling

The capacity modelling details three scenarios, Low, Medium and High. In lieu of LGA wide FSR controls, FSRs were assumed for each scenario based on a desktop audit of the existing condition in each centre. A range of building heights was used to derive an FSR range for the centres in aggregate.

For the Low scenario the median of that range in each centre was applied. For the Medium scenario the high end of that range was applied, assuming new capacity would seek to deliver something in keeping with the existing character but at the higher end of permissible uses. For the High scenario the maximum allowable building height was converted to an FSR, assuming development was realised to its theoretical limit.

Common assumptions for all three scenarios include:

- B and IN zoning
- Excluded if the parcel is > 50 % flood for B zones and >75% for IN zones
- Excluded if > 40% Heritage coverage

Figure shows the equivalent commercial zones within the Port Stephens LGA following the NSW employment zone reforms that came into effect in April 2023.

FIGURE 12: PORT STEPHENS EQUIVALENT ZONES

Port Stephens Local Environmental Plan 2013

Current Business and Industrial Zones	Employment Zones
B1 Neighbourhood Centre B2 Local Centre	E1 Local Centre
B3 Commercial Core	E2 Commercial Centre
B4 Mixed Use	MU1 Mixed Use
B5 Business Development B7 Business Park	E3 Productivity Support
IN2 Light Industrial	E3 Productivity Support*
IN1 General Industrial IN2 Light Industrial	E4 General Industrial
IN4 Working Waterfront	W4 Working Waterfront

*This area was translated to a non-direct equivalent zone.

Source: NSW Department of Planning and Environment, 2022

Low-Capacity Scenario: assumes only vacant lots within the relevant criteria are available for development. This is suggestive of latent capacity already within the system.

Medium Capacity Scenario: assumes both the vacant parcels and those parcels with intensification potential are available for development – that is parcels where an existing building GFA is <50 per cent of the observed median FSR for the zone and area. The medium scenario is considered the most likely development outcome. If capacity can be shown to be realised within the low and medium scenarios there are unlikely additional zoning amendments required to meet forecast demand.

High-Capacity Scenario: assumes development is realised to its theoretical planning potential – that is where an FSR is identified or to what building heights permit.

The outputs under each scenario offer guidance on whether current planning controls have the ability to meet future demand or where intervention in the planning system may be required to meet demand. The numbers should be understood contextually and as general guidance and not solely relied upon for site specific assessments or exact quantification of available land.

Exclusions: In noting flooding as a constraint, it is acknowledged that sites may be able to provide technical solutions with further investigations to deliver land. Many parcels of suitably zoned land were excluded when applying flood zone overlays which impacts the numbers reflected in the capacity scenarios.

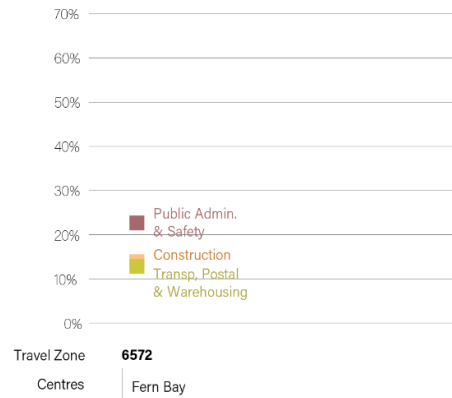
The model excluded capacity in special use zones such as the SP2 Special Purpose zone around the Airport, however, the workforce demand from these areas is still accounted for in the employment projections. Special Precinct land uses were excluded as their land use and capacity are functionally separate from other employment activities in the LGA.

Fern Bay Sub-Region Supply/Demand Forecast

Fern Bay Sub-Region



2021 Top Industries



Employment

Between 2016-2021, Fern Bay experienced strong employment growth (101% increase).

In 2021, the most prominent industry of employment was 'Public Administration and Safety' (22%), followed by 'Construction' (15%), and 'Transport, Postal and Warehousing' (13%).

By 2041, 'Public Administration and Safety' (24%) is expected to remain the dominant employment industry, followed by 'Health Care and Social Assistance' (16%), and 'Transport, Postal and Warehousing' (13%).

Between 2021-2041, the 'Other' (63%), 'Industrial' (42% increase) and 'Commercial' (35% increase) job categories are expected to experience the greatest increase.

Floorspace Supply and Demand

	2021 Existing floorspace (sqm)	2041 Floorspace demand (sqm)	2041 net required floorspace (sqm)	Low supply capacity scenario (sqm)	Medium supply capacity scenario (sqm)	High supply capacity scenario (sqm)
Total	506	2,557 ¹¹	71	0	0	0
Retail/ Service	427	2,448	21			
Commercial	-	-	-	0	0	0
Other	79	129	50			
Industrial	-	-	-	0	0	0

¹¹ The demand figure assumes the realisation of both 42 Fullerton Cove Road and the Fullerton Cove Village in future years.

Fern Bay Discussion

There is high demand for retail floorspace across the Fern Bay region as a growth area and site of a new greenfield suburb to be realised as Fullerton Cove Village. The model shows no floorspace capacity due to the limited amount of zoned employment land in the Fern Bay region. The Fern Bay neighbourhood centre has been delivered within the R2 Low Density Residential zoning and the proposed local centre at 42 Fullerton Cove Road (approximately 2,500 sqm floorspace), has been assumed to be delivered up to its theoretical maximum, therefore no latent floorspace is currently identified for new development or intensification on this site. A Village Centre has been assumed within the Fullerton Cove Village Study Area. Based on the estimated population of this site (roughly 2,200 residents) a baseline of 1,500 sqm of retail floorspace was assumed in the model. This baseline floorspace was determined based on the expected population and role of the centre within the larger centre hierarchy. This number accounts for estimate demand across appropriate retail categories. Displaying a marginal sub-regional net floorspace gap of 71sqm suggests the assumed floorspace is sufficient to meet future local demand across the sub-regional network without oversupply in the local context.

Checking for floorspace demand in isolation for the Fullerton Cove Village suggests approximately 1,673sqm would meet the local demand. Therefore, in thinking about the allocation of retail floorspace within the centre, analysis suggests a band between the benchmark and the centre specific demand, between 1,500sqm and 1,700sqm.

TABLE 18: SITE SPECIFIC FLOORSPACE DEMAND - FULLERTON COVE PLACE STRATEGY STUDY AREA

Fullerton Cove Village – 2041 Floorspace Demand	
Retail/ Speciality Retail	844sqm
Supermarket	829sqm
Total	1,673sqm

Source: SGS Economics and Planning 2023.

The region would benefit from the realisation of the 42 Fullerton Cove Road centre in the short term as there is currently insufficient local provision, forcing residents to travel to other centres or out of the LGA.

A proposed Town Centre in North Stockton, across the border in the Newcastle LGA, may absorb some of the forecast demand for this region, but there will remain local floorspace demand to support both new centres to 2041. Monitoring for a persistent shortfall in future years and/or obvious overtrading congestion at 42 Fullerton Cove Road might prompt an expansion of the floorspace allocation within the Fullerton Cove Village site, to allow more self-containment of that demand within the sub-region. With development of retirement living communities, greenfield suburbs and possible denser housing typologies increasing the population density of the region, locally placed and accessible neighbourhood centres will play an increasingly important role in the retail network. Formalising the Fern Bay centre within Seaside Estate with an employment zone may release capacity in the system, protecting the existing use into the future and enabling additional intensification on those sites to realise a higher floorspace ratio.

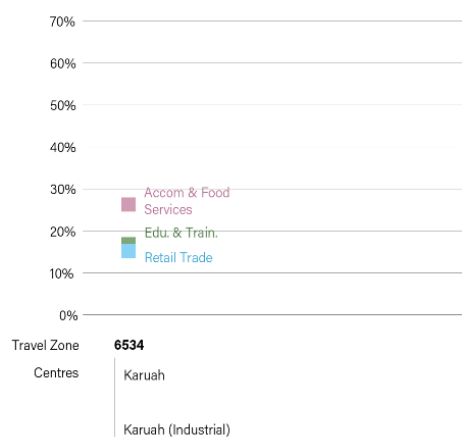


Karuah/Swan Bay Sub-Region Supply/Demand Forecast

Karuah/Swan Bay Sub-Region



2021 Top Industries



Employment

Between 2016-2021, Karuah/Swan experienced only 6% employment growth, driven by 'Commercial' jobs (23% increase) and 'Other' (18%).

In 2021, the most prominent industries of employment were 'Accommodation and Food Services' (26%), 'Education and Training' (16%), and 'Retail Trade' (14%), consistent with 2016. These same industries are expected to remain dominant through to 2041.

Floorspace Supply and Demand

	2021 Existing floorspace (sqm)	2041 Floorspace demand (sqm)	2041 net required floorspace (sqm)	Low supply capacity scenario (sqm)	Medium supply capacity scenario (sqm)	High supply capacity scenario (sqm)
Total	14,826	19,752	4,927	12,395	12,395	69,512
Retail/ Service	2,061	3,298	1,237			
Commercial	802	1,272	471	0	0	10,670
Other	2,906	3,693	788			
Industrial	9,057	11,488	2,431	12,395	12,395	58,842

Karuah/Swan Bay Discussion

There is high demand side growth for floorspace across the Karuah/Swan Bay region, the majority of demand is for industrial land, while the 3,298 sqm of retail/service demand is assumed to be for the Karuah Centre, driven by an anticipated 130 percent increase in population and realisation of the Karuah Place Plan.

The low industrial capacity scenario indicates the entirety of this gap is likely able to be met by existing vacant or underutilised parcels. The same capacity figure represented for both the low and medium scenario indicates that the existing industrial lots have been developed to a level where further intensification is unlikely. In this, the model has considered lots with intensification potential within the existing W4 (Working Waterfront) zones. However, acknowledging that the existing oyster industry is operational in these parcels it may not be suitable to intensify industrial uses in conflict with the ongoing operations of this sector. Industrial employment lands may need to be found elsewhere.

The Place Plan identifies a pocket of land for investigation for future employment land at the Timber Mill that would significantly contribute to meeting the demand for industrial land, however, as this is already operating as the timber mill within RU2 Rural Landscape zone, formalising the zoning will only go some-way to meeting additional demand as the existing uses can be expected to continue on the site with only marginal 'real' additional industrial land. In keeping with the Place Plan's aspiration to support the ongoing existence of the oyster and timber industry as local employment hubs for the region, planning amendments should protect the ongoing mill operations within its existing boundary but consider any additional or latent capacity within that zone as higher intensity industrial land. Deeper engagement with the sector is needed to understand the industry's growth potential and any need to explore a buffer zone to enable expansion into the future.

The non-industrial net floorspace demand indicates a moderate gap to 2041 (1,237 sqm) for retail and retail service demand. With no identified capacity in the existing centre, indicating that all appropriately zoned land is currently realised to its maximum potential, this will need to be met through expansion of the commercial zone or redevelopment of lots in the existing zone to accommodate more uses. The Place Plan recognises the potential for some short-term employment land at the former service station site at the western entrance to Karuah, with some potential to 'reactivate' the service station use. This site should be explored for long term reactivation to accommodate the retail/service gap of the growing community at this well-located junction.

Understanding from consultation discussions that there are some issues with higher vacancy rates within the existing centre, allowing some of this additional demand to be absorbed by existing operators will likely boost vitality of trade. This should be monitored as residential intensification commences to ensure demand pressures do not begin to exceed suitable thresholds.

There is opportunity to better connect the tourism and service industries with the commercial oyster industry to boost the tourism economy in the region. It will be important that externalities of residential intensification do not compromise the opportunities for continued or expanded operations in the local oyster or timber industry.

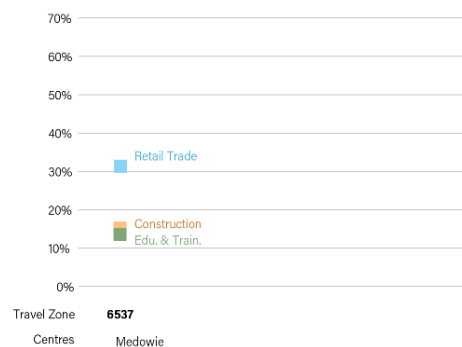


Medowie Sub-Region Supply/Demand Forecast

Medowie Sub-Region



2021 Top Industries



Employment

Between 2016-2021, Medowie experienced 9% employment growth, driven by 'Commercial' jobs (25% increase) and 'Other' (11% increase) jobs, retail increases only 7%. Between 2021-2041, 'commercial' (61%), 'other' (29% increase) and 'industrial' (23% increase) jobs are expected to experience the highest increase.

In 2021, the most prominent industry of employment was 'Retail Trade' (31%), followed by 'Construction' (16%), and 'Education and Training' (14%), proportionally consistent with 2016. By 2041, the same industries of employment as 2021 are expected to dominate.

Floorspace Supply and Demand

	2021 Existing floorspace (sqm)	2041 Floorspace demand (sqm)	2041 net required floorspace (sqm)	Low supply capacity scenario (sqm)	Medium supply capacity scenario (sqm)	High supply capacity scenario (sqm)
Total	19,401	25,953	6,053	0	0	0
Retail/ Service	9,566	13,365	3,369			
Commercial	780	1,252	472	0	0	0
Other	2,707	3,481	744			
Industrial	6,347	7,815	1,468	0	0	0

Medowie Discussion

There is high demand side growth for floorspace across Medowie dominated by retail and service retail demand (3,369 sqm), followed by industrial demand (1,468 sqm). The capacity model returns no results because all currently zoned employment land has already been fully developed or is proposed for full development in the Place Plan.

At face value there may be some unrealised industrial capacity within the E4 General Industrial parcel on Abundance Road. The SGS model assumptions, however, have discounted this capacity due to flood constraints. Flood constraints apply to only portion of the parcel and are unlikely to preclude intensification potential where site specific investigations determine suitability for specific uses or remediation potential. Biodiversity is likely to be a higher constraint. Where this land is deemed unsuitable, the two parcels identified in the Medowie Place Plan as 'investigate for future expansion of employment land' north and south of Ferodale Road to the east of Abundance Road, should be explored for industrial employment land as a natural extension of the existing E4 General Industrial parcels adjoining Abundance Road. Long term, investigation of these sites for industrial employment zones would serve to safeguard industrial employment opportunities as the community continues to grow. It is also suitable to explore commercial opportunities for the land on the northern side of Ferodale Road, as an extension of the adjoining E1 Local Centre zone (subject to resolution of flooding constraints).

Parcels south of Ferodale Road on the east and west of Medowie Road identified in the Place Plan as 'future town centre site and future commercial', have not yet been rezoned from RU2 Rural Landscape. Appreciating that the entirety of the RU2 Rural Landscape parcel is not flagged for rezoning, the two Place Plan sites approximating roughly one third of that (66,500 sqm) and also appreciating that one parcel is flagged for majority community uses, these parcels will likely meet floorspace demand identified to 2041.

There is moderate demand for a supermarket in Medowie by 2041 (1,600 sqm demand). Due to the centre already having multiple supermarket presence, this demand is best monitored over time with demand in the short term absorbed by those existing operators and the wider network. Monitoring for a persistent shortfall in future years and/or obvious overtrading congestion at Medowie might prompt an earlier expansion of that centre in the future or support a smaller supermarket trader elsewhere in the network.

Due to less strategic connections into the Medowie centre, it is likely Medowie will mainly continue to only service its immediate community. However, as a rapidly growing community, provision of local employment opportunities should be protected where possible. Controlling growth in the centre not to exceed local service will also protect the wider network integrity, encouraging activity in better located (more accessible)/ higher order centres in the vicinity, notably Raymond Terrace. In light of this intention, beyond that already identified in the Medowie Place Plan, there are likely no further planning amendments required to meet the future needs of the community.



Raymond Terrace Sub-Region Supply/Demand Forecast

Raymond Terrace Sub-Region



2021 Top Industries



Employment

Between 2016-2021, Raymond Terrace experienced slight employment growth (6% increase), notably in 'Commercial' jobs (21% increase) and 'Retail' (7% increase) jobs. There was a smaller increase in 'Industrial' jobs (5%).

Between 2021-2041, the 'Commercial' (55%), 'Other' (45% increase) and 'Retail' and 'Industrial' (both 22% increase) job categories are expected to experience the greatest increase.

The employment industry composition of the Raymond Terrace Centre in 2021 was 'Retail Trade' (27%), 'Health Care and Social Assistance' (15%), and 'Public Administration and Safety' (14%). This differed from 2016, where 'Public Administration and Safety', and 'Health Care and Social Assistance' were the second and third largest industries. By 2041, 'Retail Trade' is predicted to remain the main industry of employment, followed by 'Public Administration and Safety' (19%), and 'Health Care and Social Assistance' (13%).

In Heatherbrae to 2041 the largest jobs growth is expected in 'Commercial' jobs (37% increase), followed by 'Industrial' (23% increase) and 'Retail' (3% increase).

Floorspace Supply and Demand

	2021 Existing floorspace (sqm)	2041 Floorspace demand (sqm)	2041 net required floorspace (sqm)	Low supply capacity scenario (sqm)	Medium supply capacity scenario (sqm)	High supply capacity scenario (sqm)
Total	272,976	342,640	69,542	414,428	449,665	1,577,818
Retail/ Service	97,906	120,948	22,920			
Commercial	6,578	10,340	3,762	67,097	88,608	292,090
Other	21,046	31,824	10,779			
Industrial	147,446	179,527	32,081	347,331	361,057	1,285,782

Raymond Terrace Discussion

There is high demand for floorspace across the Raymond Terrace region, with more industrial demand (32,081 sqm) than retail/service demand (22,920 sqm) and marginal commercial demand (3,762 sqm).

The low-capacity scenario is indicating a large amount of vacant capacity within current employment zones, both for retail and industrial uses. Much of the identified vacant sites are located within the current E3 Productivity Support and E4 General Industrial Zone in Heatherbrae (414,428sqm). The Bulky Goods retail category is estimated to show a net demand gap across the LGA of 7,835 sqm to 2041, accounting for current and development pipeline floorspace. With Heatherbrae serving an LGA wide function for bulky goods and light industrial uses, the large figure in the low-capacity scenario provides a comfortable buffer to absorb demand. It also mitigates risk of some operators within the newly established E3 Productivity Support zones looking to relocate or being lost to industrial lands due to conflict of uses or inflated land values.

The Raymond Terrace centre is modelled to have 15,528 net retail/service floorspace demand and 2,351 net commercial floorspace demand to 2041. The centre is modelled to have 11,279 sqm of capacity under a low-capacity scenario and 21,465sqm of capacity under a medium scenario. Much of the Raymond Terrace centre vacant sites were excluded in the model due to flood constraint. This does not preclude these sites from development uplift, but would require site specific investigations, possible remediation works, and suitable uses to be located to mitigate the risks. Where some of these sites can be unlocked the centre is likely able to meet its full net demand through vacant lots.

Alternatively, where catalyst sites already identified by the Raymond Terrace and Heatherbrae Strategy are realised to a greater floor space ratio (FSR) than current building stock, they will absorb some of this net demand and reduce pressure to redevelop existing stock to a greater FSR. Unlocking catalyst sites will also reinforce the role of Raymond Terrace as a Major Regional Centre and contribute to securing development attraction. It should, however, be considered as part of a suite of potential actions. A process to identify target businesses/ development types should form part of the economic development strategy and this should include ongoing work to understand the needs of these target businesses specifically (and business activity in the centre more broadly). The capacity model shows high potential floorspace in the medium and high-capacity scenario (21,466 sqm and 110,578 sqm respectively). These high figures imply that it is not directly the role of building heights that is withholding development potential of the centre. It may be the case that the centre lacks other pre-conditions for business attraction/ development that will need to be addressed. These pre-conditions may be wide ranging and could include such elements as: the amenity of centre, access and parking requirements, visibility/ sense of address, supply-chain connections, labour force requirements, etc. Addressing these associated conditions will become increasingly important to encourage appropriate development and to support Council's proposed increase of E2 Commercial Centre height limits, which are aimed at avoiding a donut development effect from proposed residential zone height increases surrounding the town centre as part of State led changes to boost infill housing.¹²

The transfer to E3 Productivity Support of the previous B5 Business Development parcels in Heatherbrae and the two IN2 Light Industrial zones at Richardson Road and Port Stephens Street Raymond Terrace, as part of the NSW Employment Zones reform, should be monitored for potential

¹² Port Stephens Council, Submission on the 'Explanation of Intended Effect: Changes to create low and mid-rise housing', 23 February 2024

conflicts of use between permissible office and light industrial uses. Noting that there is a range of retail and office uses already appropriately and successfully operating consistent with the objectives of the E3 Productivity Support zone, making a positive contribution to the function of Raymond Terrace as a major regional Centre, in removing the pure industrial land zone some of that function will be lost in the region with operators seeking more secure tenures elsewhere. The change in permissible uses under E3 Productivity Support zoning may over time increase land values, with retail and commercial uses typically generating higher land values. Higher land values can put pressure on lower density light industrial uses, threatening their viability in the precinct. Where these uses seek to stay in the same general area, there may be potential to support relocation to the E4 General Industrial zone at Heatherbrae.

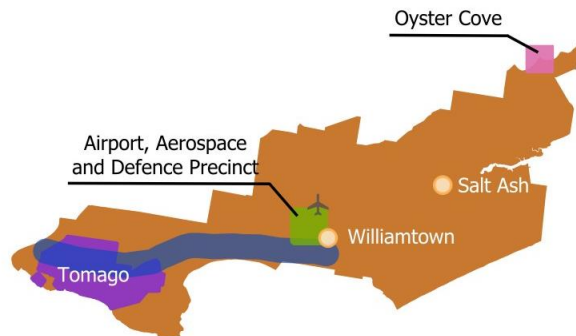
In this way, the large levels of industrial capacity at Heatherbrae serve as a buffer against future loss of some lower density functions that may otherwise be priced out of the market in Raymond Terrace. Council may consider controls to the E3 Productivity Support zones in the Port Stephens Street precinct to ensure newly permitted retail and commercial premises support the Raymond Terrace commercial centre. Similarly, specific controls may look to avoid potential use conflicts between industrial functions and pedestrian movement generated by retail and commercial activity.

A commodity based assessment for supermarket retail suggests there is enough demand for the Raymond Terrace region to accommodate another full line supermarket (roughly 2,500 sqm). While the low-capacity scenario for the Raymond Terrace Centre in isolation demonstrates there is capacity to absorb this function, there are already multiple full line supermarkets present. From a network perspective it may be more beneficial to allow the existing supermarkets to absorb some of this demand and support the development of a smaller (or multiple smaller) outlets in local centres, to more equitably distribute provision.

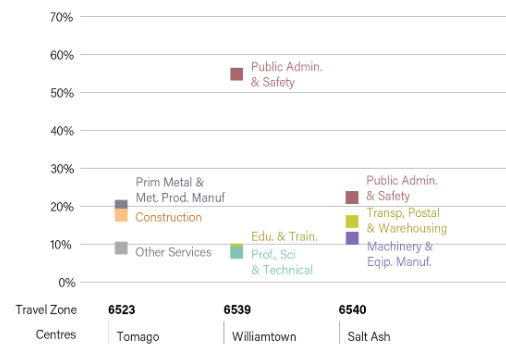


Tomago to Salt Ash Sub-Region Supply/Demand Forecast

Tomago to Salt Ash Sub-Region



2021 Top Industries



Employment

Between 2016-2021, Tomago to Salt Ash experienced employment growth (15% increase), notably in 'Other' jobs (33% increase) and 'Commercial' (26% increase) jobs. There was a smaller increase in 'Retail' jobs (10%).

Between 2021-2041 the 'Other' (57% increase), 'Commercial' (43% increase) and 'Retail' and 'Industrial' (13% and 23% respectively) job categories are expected to experience the highest increase.

Floorspace Supply and Demand

	2021 Existing floorspace (sqm)	2041 Floorspace demand (sqm)	2041 net required floorspace (sqm)	Low supply capacity scenario (sqm)	Medium supply capacity scenario (sqm)	High supply capacity scenario (sqm)
Total	499,456	599,130	102,029	123,806	162,458	591,333
Retail/Service	2,355	2,938	443			
Commercial	1,177	1,592	415	0	29,966	165,519
Other	256	398	142			
Industrial	495,668	597,140	101,472	123,806	132,492	425,814

Tomago to Salt Ash Discussion

There is high net floorspace demand in the Tomago to Salt Ash region, driven largely by demand for industrial land. As a regionally significant industrial hub, demand for land in Tomago attracts operators and a workforce from across the LGA and wider Hunter region. This locally derived demand figure therefore likely understates the total demand pressure within the Tomago precinct.

The low-capacity scenario indicates there are vacant and underutilised parcels to meet industrial demand in full within Tomago. However, consultation noted there are already pressures to meet enquiries for the Tomago precinct, suggesting that there are other land requirements at play, such as issues of lot size, access, services or amenity, that may be precluding enquiries from identifying suitable parcels. Further consultation and qualitative analysis of these unmet enquiries will be critical in ensuring any future land release is able to meet market demands.

Higher industrial and non-industrial capacity in the medium and high scenarios includes the realisation of the future stages of Astra Aerolab. The jump in industrial capacity between the medium and high scenario reflects the application of a higher FSR to the remaining Astra Aerolab parcels in line with the existing observed development within the same land use zone. The higher FSR is roughly in keeping with those seen in Heatherbrae, Medowie and some industrial areas of Raymond Terrace. This indicates that where development is realised to a higher floor space ratio there is significant capacity within the remaining Astra Aerolab parcels to increase overall supply of both industrial and non-industrial floorspace.

Ongoing demand in Tomago can expect to continue for existing operators at the forefront of evolving technologies, such as battery operations and renewable energy technologies, as well as new inquiries looking to relocate close to the Newcastle Airport, aerospace and defence precinct. This will drive higher utilisation of Tomago in the short term and enable growth of existing tenants, while progress of expansion opportunities will enhance co-location opportunities for other advanced manufacturing operators looking to relocate into the long term. From a network perspective, identifying secondary, non-specialised industrial parks across the LGA to absorb local industrial functions will enable Tomago to continue to specialise its operations.

The Enterprise Hub site has potential capacity upwards of 800,000sqm of floorspace, noting, this may be reduced due to possible flood constraints and required remediation works. Where the site-specific assessment allows, progress of the Tomago Enterprise Hub will reduce expectations on constrained sites elsewhere and could unlock sub-division opportunities that look to meet enquiry based demand, where the specific requirements are better understood.

Exploratory studies to consider longer term land use planning along Tomago Road and Cabbage Tree Road may look to establish a formalised connection between Tomago and the Newcastle Airport, aerospace and defence precinct through a contiguous Port Stephens Enterprise Corridor. This type of land use aspiration may serve to catalyse interaction between operators in both locations and instil market confidence in the ongoing nature of collaboration between industries. As part of future scoping work for a Port Stephens Enterprise Corridor, consideration should be given to ensuring retail functions to support future tenants. Subject to impact testing, this may include an additional Commuter Centre at the western end of Tomago to bookend basic retail from the Williamstown Commuter Centre in the east.

The capacity model excludes parcels around the aluminium works that are undeveloped (roughly 150,000 sqm), noting previous matters of conservation constraints on these lots that may continue to preclude development of this land.

Demand for non-industrial floorspace to 2041, commercial/ office uses is driven largely by the airport upgrades (such as head office locations or logistics management hubs), as well as the new workforce associated with the Astra Aerolab's Stage 1 offices. As the demand currently sits, these figures are best left to be absorbed by operations Astra Aerolab and do not require additional planning intervention.

Capacity for these uses in the medium and long term scenario reflects the opportunities for future Stages 2-6 of the Astra Aerolab development, assuming a continuation of the commercial/industrial use split delivered in Stage 1. While future stages will require flood remediation, due to the existing approvals and in consultation with Council, the model has assumed the full realisation of Stages 1-6 of the Astra Aerolab precinct, with workforce assumptions totalling 800 across 76 hectares to 2041.



Rural West Sub-Region Supply/Demand Forecast

Rural West Sub-Region



2021 Top Industries



Employment

Between 2016-2021, Rural West experienced slight employment growth (9% increase), notably in 'Commercial' jobs (22% increase) and 'Other' (15% increase) jobs. There was a smaller increase in 'Industrial' (6%) and 'Retail' (5%) employment.

Between 2021-2041, the 'Commercial' (56%), 'Other', and 'Retail' (27% increase) job categories are expected to experience the highest increase.

Floorspace Supply and Demand

	2021 Existing floorspace (sqm)	2041 Floorspace demand (sqm)	2041 net required floorspace (sqm)	Low supply capacity scenario (sqm)	Medium supply capacity scenario (sqm)	High supply capacity scenario (sqm)
Total	870	1,115	245	0	0	0
Retail/ Service	685	880	195			
Commercial	-	-	-	0	0	0
Other	185	235	50			
Industrial	-	-	-	0	0	0

Rural West Discussion

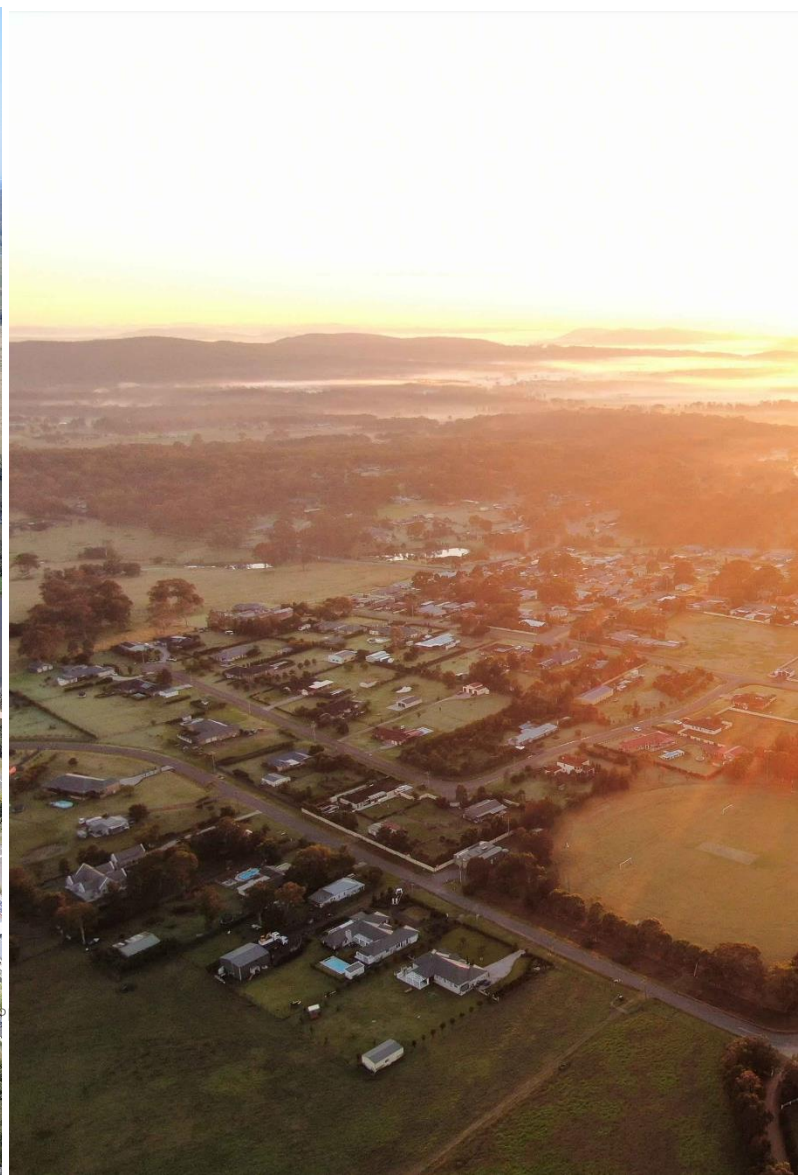
In the Rural West region none of the employment functions are occurring within formal employment zones. Three of the four centres in the Rural West region are small neighbourhood serving centres, while Wallalong, despite being identified as a local centre is the LSPS, provides no retail or commercial functions. Hinton's hotel and general store are provided within RU5 Village Zone. While employment activity at the Woodville general store and Seaham's general store and medical centre occurs in RU1 and R2 Low Density Residential zones respectively.

The Council's recently implemented Rural Economic Development Planning Proposal has expanded the range of suitable permissible uses on rural land to "facilitate a variety of tourist and visitor land uses that complement and promote a stronger rural sector appropriate for the area".¹³ It is expected within these zones that primary retail and commercial services continue to be accessed in existing centres such as Raymond Terrace.

The net floorspace demand to 2041 is so marginal this is best absorbed by existing operators to boost the viability of traders in the sub-region. The capacity model identifies no floorspace because there are no permissible employment zones to assess.

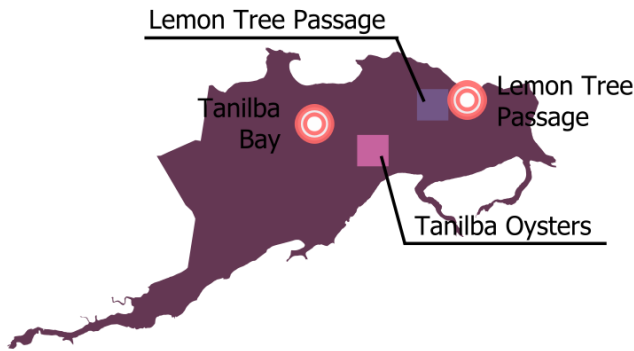
Being relatively isolated communities, the long-term operation of these centres is an important complement to the wider network, meeting basic needs and reducing trip dependence. In the medium to longer term, if momentum is realised for aspirations for an economic development strategy in agri-tourism to this hinterland region, there may start to be demand on these centres for supporting facilities and services to accommodate a visitor audience. This may be a consideration for future planning.

¹³ Port Stephens Council June 2021, Rural Economic Development Planning Proposal

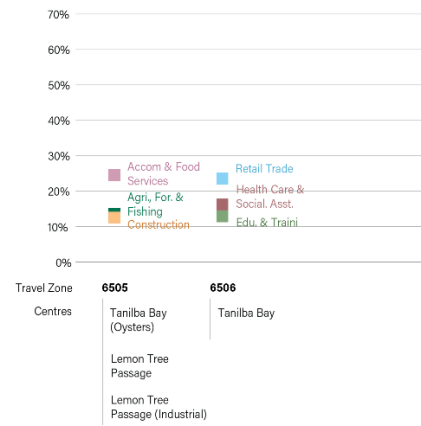


Tilligerry Sub-Region Supply/Demand Forecast

Tilligerry Sub-Region



2021 Top Industries



Employment

Between 2016-2021, Tilligerry experienced slight employment growth (8% increase), notably in Commercial' jobs (20% increase) and 'Other' (12% increase) jobs. In 2021 the most prominent industry of employment in these three centres was 'Accommodation and Food Services' (24%), 'Agriculture, Forestry and Fishing' (13%), and 'Construction' (12%). This structure was consistent with 2016.

Between 2021-2041, 'Commercial' (54%), and 'Industrial' (28% increase) jobs are expected to increase the most.

Floorspace Supply and Demand

	2021 Existing floorspace (sqm)	2041 Floorspace demand (sqm)	2041 net required floorspace (sqm)	Low supply capacity scenario (sqm)	Medium supply capacity scenario (sqm)	High supply capacity scenario (sqm)
Total	26,073	32,770	6,689	1,414	1,414	2,023
Retail/ Service	8,249	9,725	1,467			
Commercial	1,365	2,096	731	766	766	1,060
Other	5,638	6,907	1,269			
Industrial	10,820	14,042	3,222	648	648	962

Tilligerry Discussion

There is moderate floorspace demand for the Tilligerry Region, split almost in half between industrial demand (3,222 sqm) and non-industrial demand (3,467 sqm).

The low-capacity scenario numbers for all types indicate that there are few vacant lots or underdeveloped sites that meet the criteria of the model. For example, the Lemon Tree Passage industrial centre has a larger parcel of unrealised land to the north of the developed area that has been excluded due to flood constraints. As with other centres, this may not preclude development on this site completely, but requires site specific investigation to determine appropriate tenants or remediation works. Unlocking these latent parcels would likely meet the total industrial demand to 2041. However, with the Tilligerry region flagged for low growth (five per cent) to 2041, demand pressures may not be acute. Investigation of expanding development within the Lemon Tree Passage industrial centre should be based on enquiries.

Even under a high-capacity scenario, there is an outstanding net demand gap for retail, service, commercial and other of 2,407sqm. Some additional vacancy or underutilised sites in Tanilba have been excluded due to floods constraints in the model, meaning capacity on existing lots may be being understated. Through the Tilligerry Place Plan process Council should explore identification of site suitable for commercial/ retail renewal. Council should ensure any new commercial/ retail development in the centre should be realised to the maximum allowable floorspace, and explore requirements of new residential development within the centre to deliver ground floor retail to ensure the supply gap is not further exacerbated.

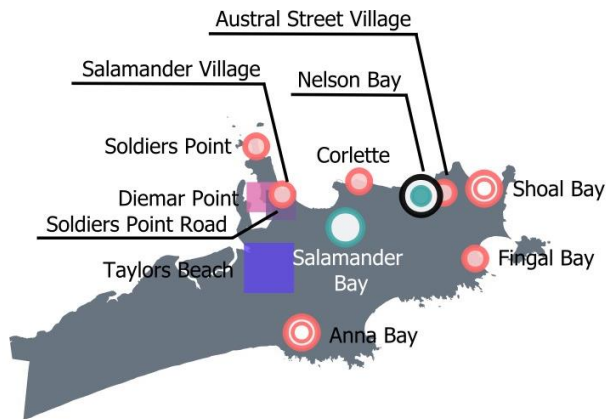
While rezoning efforts may go some way towards encouraging redevelopment uplift in the centre, the nature of existing vacancies suggests that additional support will be needed to catalyse retail and commercial development in order to avoid donut development (for example facilitating shop top housing). Efforts may include upgrades to the public amenity of the centre, revision of access and parking requirements, visibility/ sense of address, supply-chain connections, and labour force requirements.

Due to the low growth scenario for the peninsula, further planning amendments to increase capacity in E1 Local Centre land may not be immediate, with short term demand to be absorbed by traders within the existing centres to boost their viability. Centre improvements such as public realm amenity and pedestrian accessibility should be explored in the short term to invigorate development potential of vacancies.

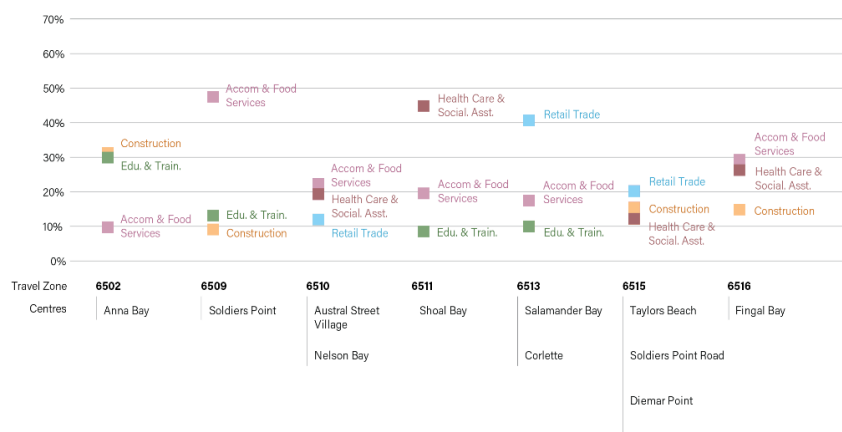


Tomaree Sub-Region Supply/Demand Forecast

Tomaree Sub-Region



2021 Top Industries



Employment

Low vacancy rates for retail, commercial and industrial floorspace in Nelson Bay CBD, Salamander Bay, and Shoal Bay.

Between 2016-2021, Tomaree experienced slight employment growth (6%), notably in the 'Commercial' (20%), Other' (8%) and 'Retail' (5%) categories. Industrial jobs experienced a 1% decrease during this time period.

Between 2021-2041, 'Commercial' (54%), and 'Other' (28% increase) jobs are expected to experience the highest increase. While 'Industrial' jobs although declining in the short term, to 2041 are expected to experience a 21% increase.

Floorspace Supply and Demand

	2021 Existing floorspace (sqm)	2041 Floorspace demand (sqm)	2041 net required floorspace (sqm)	Low supply capacity scenario (sqm)	Medium supply capacity scenario (sqm)	High supply capacity scenario (sqm)
Total	184,082	238,817	54,570	117,819	159,921	720,622
Retail/ Service	88,593	111,728	22,970			
Commercial	21,659	35,059	13,400	38,977	74,302	472,301
Other	31,456	40,678	9,223			
Industrial	42,374	51,352	8,977	78,841	85,619	248,320

Tomaree Discussion

There is high net floorspace demand for the Tomaree region driven mostly by demand for retail and retail service floorspace. While in principle the Tomaree region has the most capacity to distribute demand with the biggest range of centres, demand for non-industrial uses is being driven by four centres Salamander Bay, Taylors Beach, Nelson Bay and Soldiers Point Road. The highest level of commercial demand is forecast for Taylors Beach (17,742 sqm), Soldiers Point Road (7,721 sqm) and Nelson Bay (3,554 sqm). The highest level of retail/service demand is forecast for Salamander Bay (36,636 sqm), Taylors Beach (20,913 sqm) and Nelson Bay (30,032).

In aggregate, the low-capacity scenario for retail/commercial/other identifies that existing vacancies are unable to meet demand to 2041. The medium capacity scenario, which assumes both vacant sites and those sites that are achieving less than 50 per cent of their potential floor space ration (FSR) be realised to the median allowable FSR, can meet net demand in full with a surplus of approximately 6,616sqm, allowing for flexibility in where and how many underutilised sites would need to be enhanced to the median planning potential. There is 4,000 sqm of vacant land identified in the low-capacity scenario in Nelson Bay alone. There is around 31,000 sqm of capacity in the low scenario within Taylors Beach. This capacity provides a buffer to support growth in retail and commercial land in the east of the LGA. While not intended to develop in competition with Raymond Terrace or Heatherbrae, there is opportunity to better serve the Tomaree local employment market through intensification in places like Taylors Beach and Salamander Bay which are more centrally located.

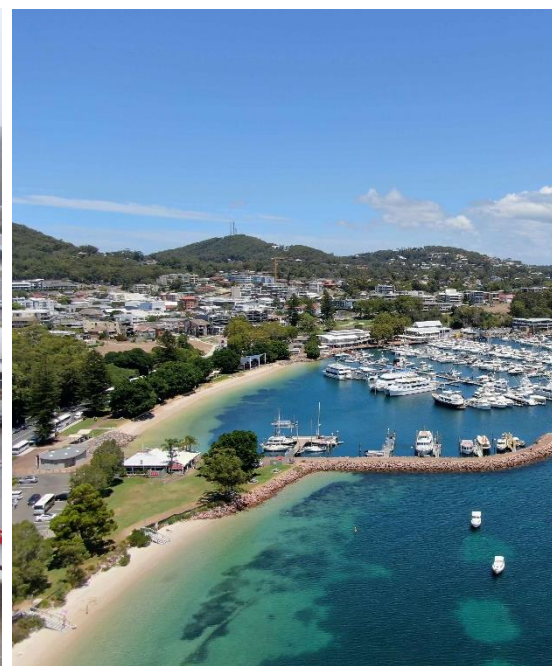
The significant jump between the medium and high scenarios indicates that the theoretical maximum controls are not close to being met across the region. However, in meeting demand pressures, the unique function of Nelson Bay as a tourist destination should be recognised and enhanced through efforts to boost tourism opportunities, this might include business tourism to drive year-round visitation through attractions such as conferences where suitable conference venues are available. Care should be taken to retain its finer grain and boutique shopping appeal and not to over-develop the building stock so that it would detract from the prevailing human scale. Nelson Bay, Salamander Bay and Shoal Bay are all identified in State led housing reform to absorb greater infill housing density through increased height controls to R3 Medium Density Residential zones, and proposals to match these increased heights in the adjoining commercial zones.¹⁴ In each location, existing capacity suggests demand can be met where development is increased within current FSR controls. While efforts to further raise commercial height controls to reflect residential changes are proposed to avoid donut development outcomes, increased commercial zone height controls must be supported by infrastructure and amenity to encourage development uplift, which has been shown to date not to occur to maximum levels.

While much of the industrial capacity in the low scenario for Diemar Point is made up of vacant or underutilised lots, this centre has a specific use in the oyster industry which, together with its relatively isolated nature, suggests that redevelopment/ intensification of underutilised lots is unlikely and may not be appropriate. It is more likely that intensification would occur in vacant and underutilised sites in the Soldiers Point Road centre (which has around 4,500 sqm capacity). Additionally, industrial demand may be absorbed into the E3 Productivity Support functions of Taylors Beach and should be monitored

¹⁴ Port Stephens Council, Submission on the 'Explanation of Intended Effect: Changes to create low and mid-rise housing', 23 February 2024

over time before exploring any further expansion of industrial lands. Investigative rezoning studies for E3 Productivity Support land in Anna Bay could be explored in line with the Anna Bay Strategy and Town Plan to prepare for long term land release to support local demand.

There is demand for a full line supermarket (approximately 2,500sqm) within the Tomaree region. With the smaller centres in the region having a good distribution of small-scale supermarkets to meet local demands, it may be more appropriate to support a full line supermarket rather than expecting provision to be distributed through the network as smaller operators. Nelson Bay centre, as the main hub of the region, currently has one major supermarket outlet and there are already multiple options in the Salamander Bay centre. Where infill housing development is realised in Shoal Bay a full line supermarket in this location may serve as a catalyst development to entice additional retail and commercial operators to complement residential growth, and would serve to redirect local visitation away from Nelson Bay so as not to congest the tourism hub with local demand. Investigation of the eastern-most peninsula area should be considered to service the current and future population, as well as the tourism surge during peak periods.



5.4 Suitability Analysis

SGS has developed an in-house spatial model to measure the relative suitability of areas to accommodate different land use types. The suitability map outputs demonstrate *relative suitability* for different land use scenarios across the LGA. Agnostic to the current zoning this analysis does not intend to pin-point specific locales or provide any recommendations on future use, but rather to provide a guide as to the relative suitability of specific uses in different parts of the LGA.

A series of spatial criteria are weighted to denote relative significance for different land uses. Certain criteria are more desirable for specific land uses and weighted higher, for example areas of high population density are weighted higher for retail uses ('pull factor') and lower for heavy industrial uses ('push factor').

The following criteria vary in weights across the land use scenarios. The weights for each land use and mapped criteria can be seen in Appendix C.

TABLE 19: SUITABILITY ANALYSIS CRITERIA

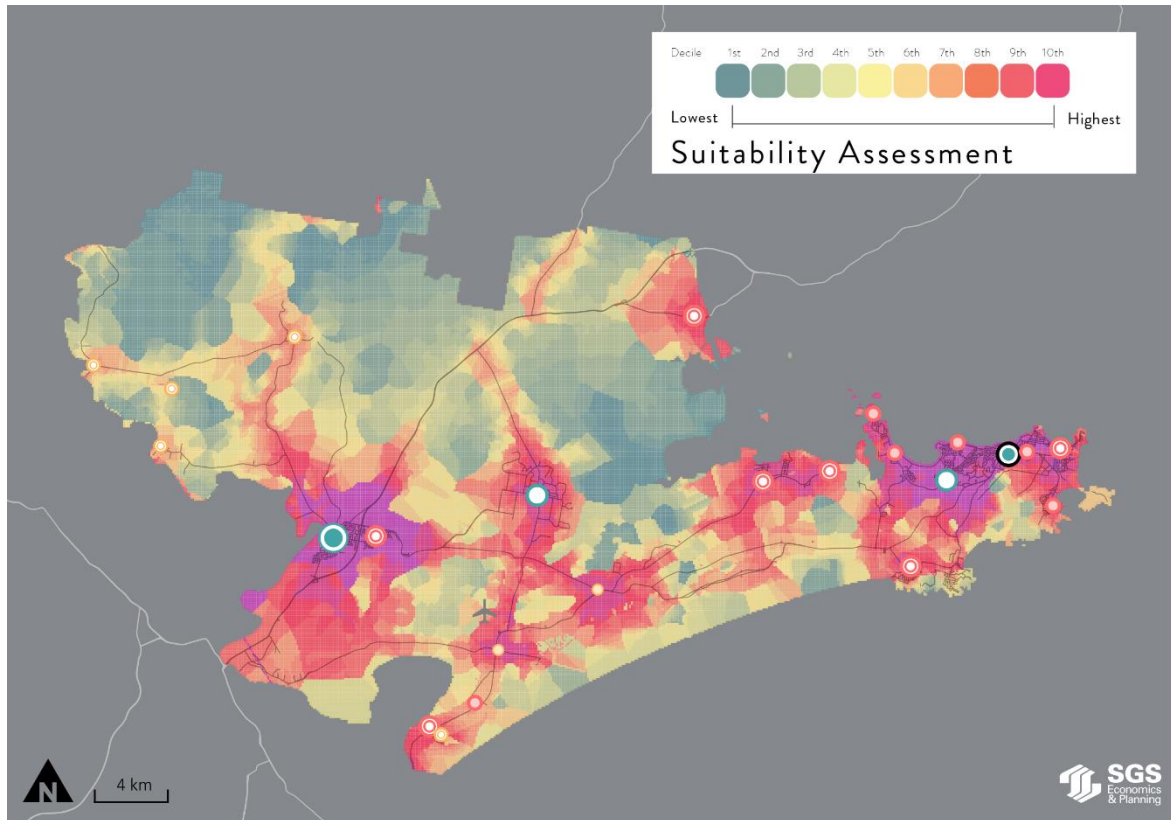
Criteria	
Arterial roads	Primary schools
Motorways	Secondary schools
Ferry	TAFE/College
Bus stops	University
Local health clusters	Shopping centres
Population	Retail

Source: SGS Economics and Planning 2023

The following section presents the suitability scenarios as heat maps for the following broad land use categories, magenta indicates a higher relative suitability:

- Local retail
- Bulky goods retail
- Local commercial
- Strategic commercial
- Local industry
- Heavy industry

FIGURE 13: LOCAL RETAIL SUITABILITY



Source: SGS Economics and Planning 2023

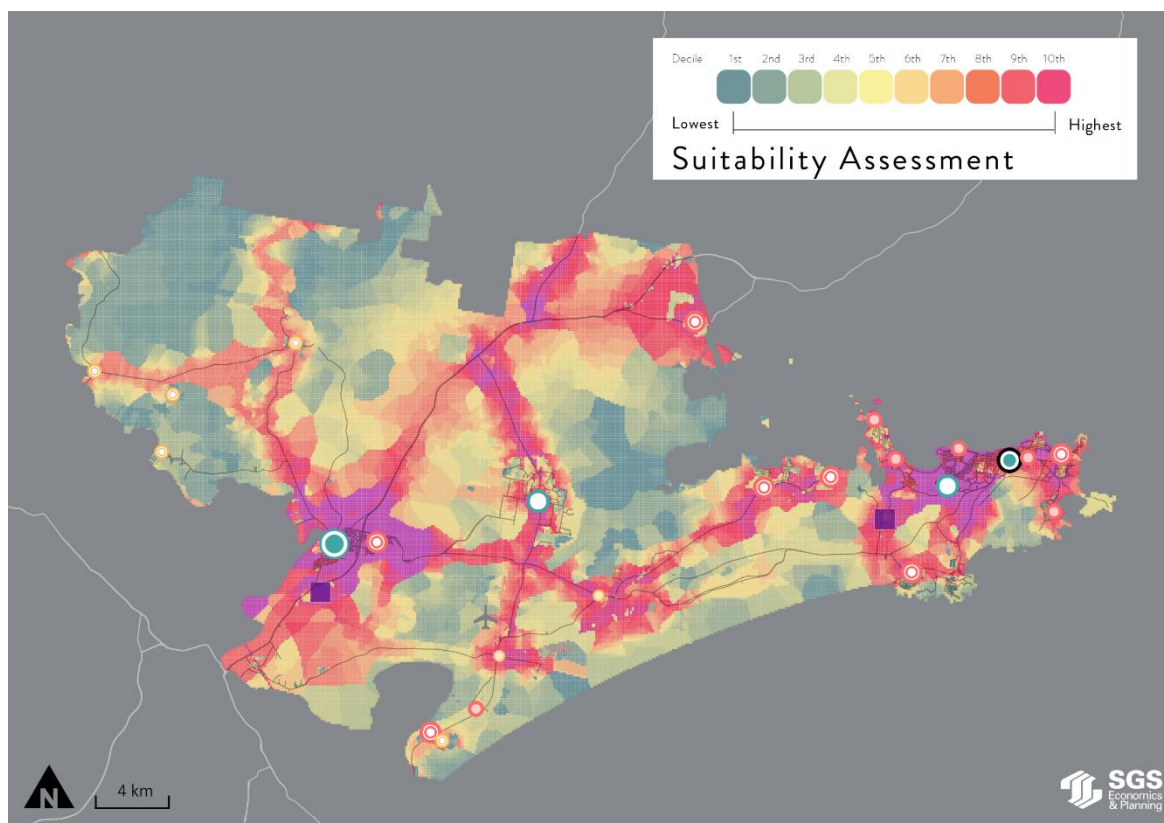
Local retail refers to main street retail and shopping strips or centres that provide the daily local needs of residents in the immediate locality, this includes businesses such as food (prepared or grocery), clothing, medicine, stationary, appliances, tools. In the context of this study that refers to all of the retail centres hierarchy.

Highest weights were placed on the shopping centres, existing retail and population criteria.

Interpretation

- Areas with high suitability for local retail are clustered around existing population centres and the main routes between them to be as accessible as possible to local communities.
- The most suitable locations for local retail are found within the sub-regions of Raymond Terrace and Tomaree driven by their existing population base and existing retail clusters.
- Suitability in Raymond Terrace is driven by the existing concentration of retail in the town centre and the high accessibility of the road network.
- Suitability across the Tomaree Peninsula is driven by the existing concentration of retail across the high number of centres in the region.
- Smaller pockets of moderate-high suitability exist around the Medowie centre driven by the high population density of this region.

FIGURE 14: BULKY GOODS RETAIL SUITABILITY



Source: SGS Economics and Planning 2023

Bulky goods or large format retail refers to retail use greater than 3,000 sqm in gross floor area¹⁵, typically homemaker stores, office supplies and trade centres. In Port Stephens this is realised in the shopping malls, Heatherbrae or the Homemaker Centre being delivered in Taylors Beach.

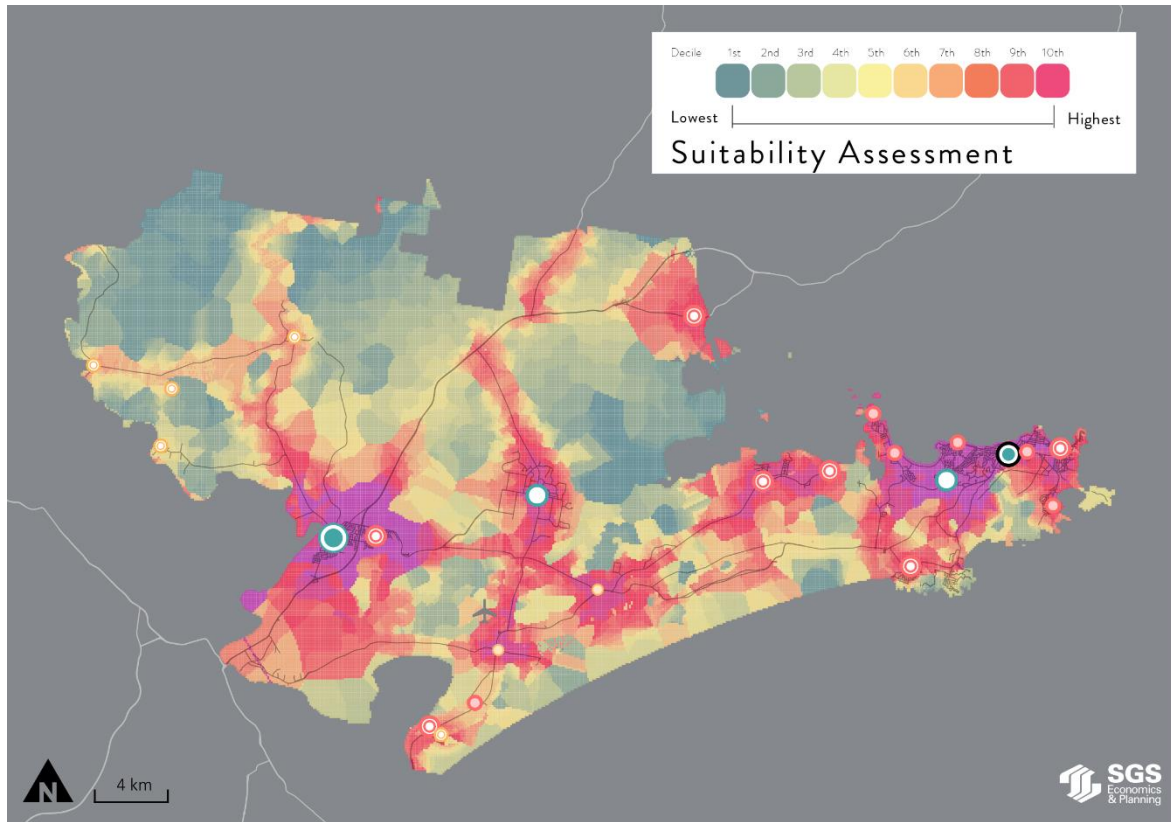
Highest weights are placed on the location of motorways, arterial roads and shopping centres.

Interpretation

- At a high level, suitability for bulky goods retail is focussed around main arterial routes between population centres. This is due to bulky goods typically needing freight and logistics support and often service main population centres, located where possible closest to their point of destination as viable.
- Raymond Terrace and Salamander Bay show as high suitability due to their shopping mall typologies that are typically better suited to co-locate local retail with large format retail.

¹⁵ <https://www.lawinsider.com/dictionary/large-format-retail#:~:text=Large%20Format%20Retail%20means%20any,metres%20in%20gross%20floor%20area.>

FIGURE 15: LOCAL COMMERCIAL SUITABILITY



Source: SGS Economics and Planning 2023

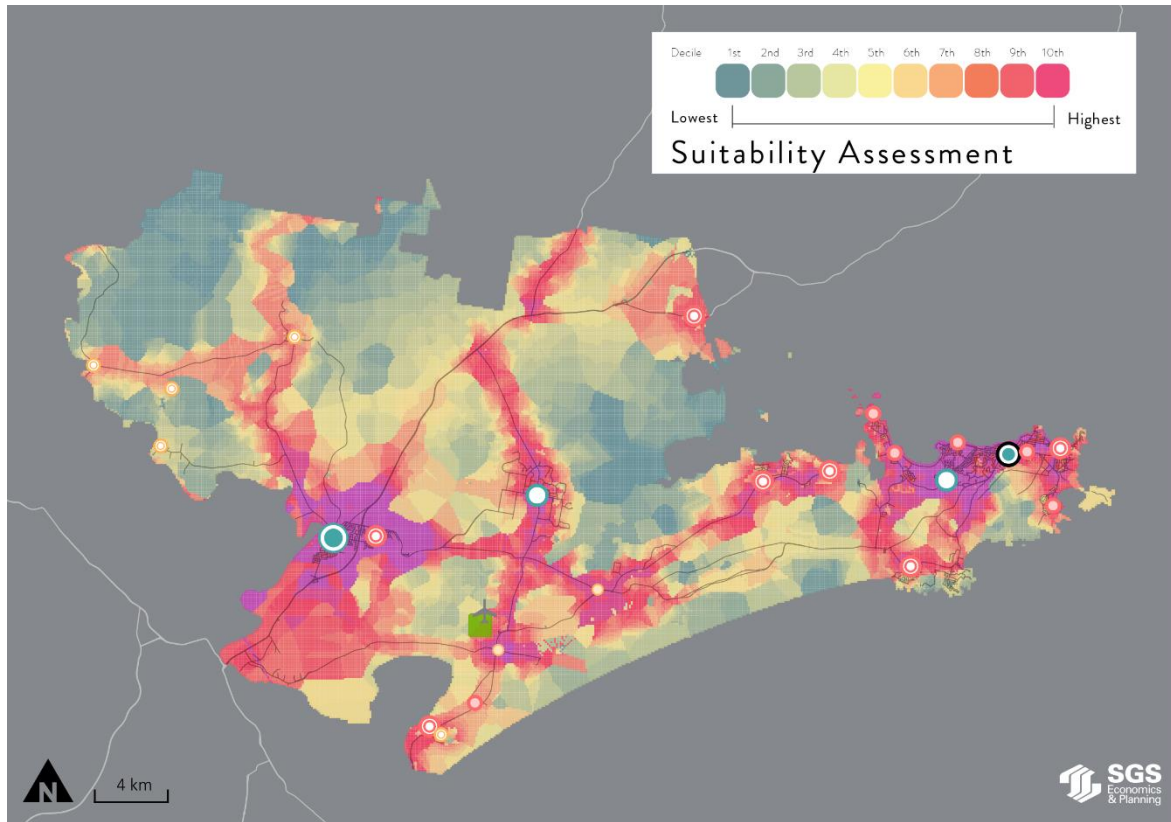
Local commercial refers to in-centre local serving employment, typically office uses such as lawyers, accountants and other population serving business, primarily catering their services to residents in the area.

Highest weights are placed on the retail, population, shopping centres and arterial road criteria.

Interpretation

- At a high level, the suitability mapping for local commercial uses will follow the same patterns as local retail, as they are typically co-located in centres to be accessible to residents and to capitalise on multi-purpose trips.
- High suitability is shown in the Nelsons Bay and Raymond Terrace area due to the high populations and existing centres.

FIGURE 16: STRATEGIC COMMERCIAL SUITABILITY



Source: SGS Economics and Planning 2023

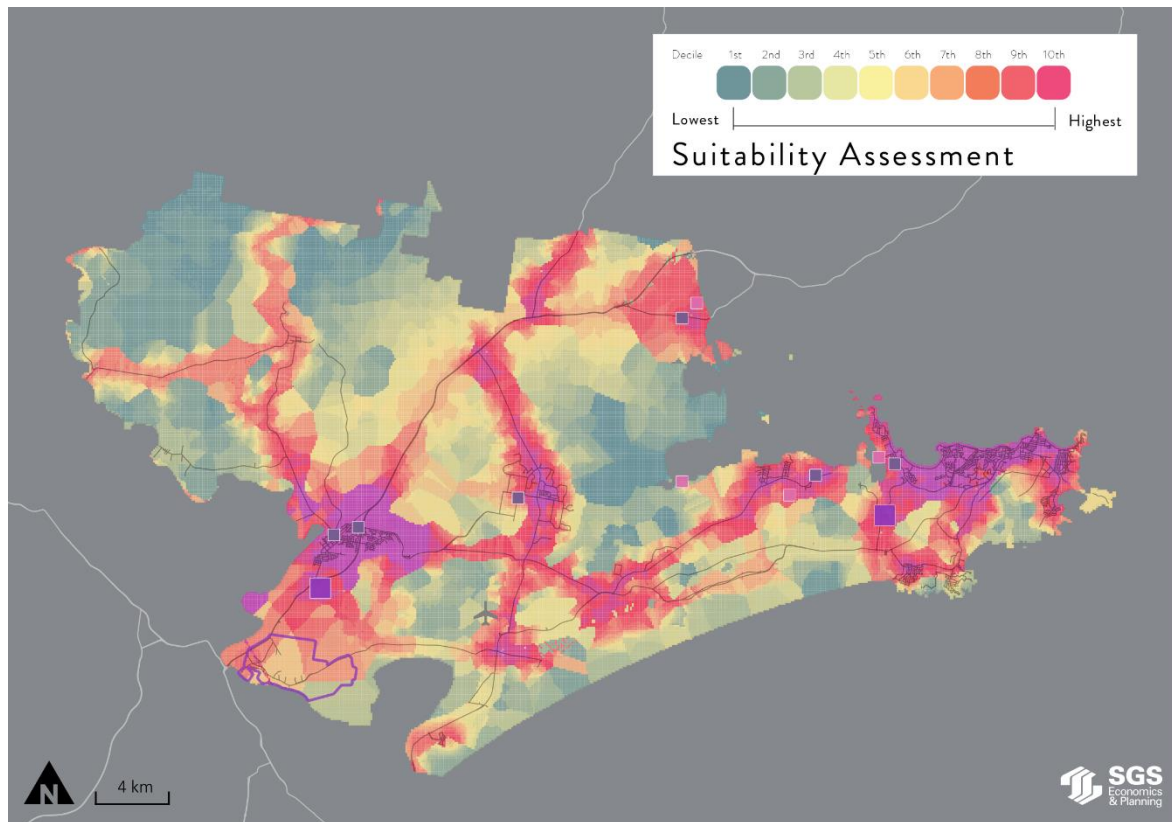
Strategic commercial refers to the higher order commercial employment hubs such as commercial (office) cores or business park typologies. In Port Stephens this looks like the Raymond Terrace centre and Salamander Bay centre.

Highest weights are placed on the arterial roads, population and retail criteria.

Interpretation

- The most suitable locations for strategic commercial uses are in the Raymond Terrace/ Heatherbrae cluster, around the Airport and around Salamander Bay/ Taylors Beach and connecting into Medowvie. This is driven by population bases and existing employment clusters in these hubs.

FIGURE 17: LOCAL INDUSTRY SUITABILITY



Source: SGS Economics and Planning 2023

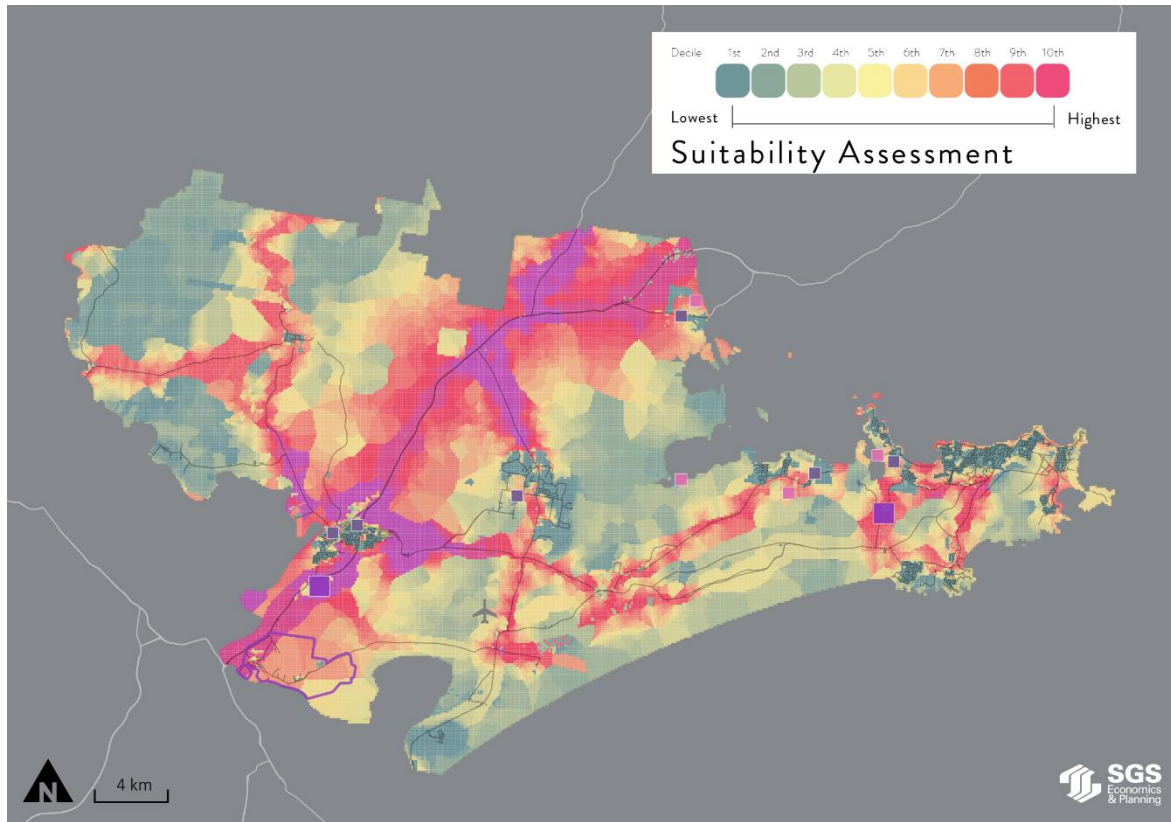
Local industry refers to areas focused on manufacturing and production which is generally consumed within the local area, such as auto mechanics, panel beaters and other shop front light industrial uses.

Highest weights are placed on the population, arterial roads, retail and motorways criteria.

Interpretation

- The most suitable areas for local industry follow the population pattern and are more highly rated where these population centres are well serviced by main road connections.

FIGURE 18: HEAVY INDUSTRY SUITABILITY



Source: SGS Economics and Planning 2023

Heavy industry refers to industrial land uses which require large lots and use heavy machinery and complex production, such as Tomago. Highest weighting is placed on the location of motorways and arterial roads as these uses rely heavily on freight and logistics capacities.

Interpretation

- The Pacific Highway corridor with its connections south to the Port of Newcastle, north to the Central Coast and east to the Newcastle Airport and Tomago is most suitable for heavy industry.
- Moderate suitability mimics the arterial road network through the LGA through places with lower population density, because population is a push factor for heavy industry, such as areas in the Rural West region.

An aerial photograph of a coastal town and harbor. The harbor is a large body of water with a small island in the middle. The town is built on a hillside overlooking the water, with many houses and buildings. There are large green spaces and parks. In the foreground, there are several large industrial buildings and a parking lot. The sky is clear and blue.

06

Issues and Actions

6. Issues and Actions

This section synthesises analysis from all components of the study to reveal the key issues emerging and then proposes actions for each region and specific centres as necessary.

6.1 LGA Actions, Centres and Employment Precinct Hierarchy

The following list of priorities are LGA-level actions aimed at retaining the integrity of the proposed centre hierarchy. These serve as directions to protect the role of centres through a 'whole of network' lens, as well as identifying broader economic development strategies to enhance centre function and vitality.

- Raymond Terrace is the sole Major Regional Centre for the LGA. Its primacy in the hierarchy should be reflected in the scale and quality of the centre as the premier destination to accommodate additional employment growth and new business attraction.
- With an ageing and dispersed population, health services should be concentrated in or close to significant population centres, for example Raymond Terrace and Nelson Bay, to co-locate with existing facilities, supporting allied service hubs with strong transport choice.
- Supermarkets often underpin the success of local centres. They should only be located out of centre if they cannot be accommodated in an existing centre. Modelling has specified the most suitable sub-regions and centres with unmet demand.
- For larger centres (local centres and above) a broad mix of land uses including community facilities, open space, as well as consideration of the built form, the grain of development and pedestrian walkability will be important levers to ensure they remain attractive and competitive against the rising prevalence of online trade. These elements of supporting amenity are integral to encouraging development potential.
- Retail planning across the LGA should seek to retain current levels of accessibility to retail facilities. The local and convenience function of smaller centres should be protected for the benefit of the population in the immediately surrounding area.
- Council should ensure that uses function in appropriate zones. In some cases, employment activity is occurring outside of employment zones reducing its capacity to expand in the future and distorting audits of land use and capacity.
- The performance of small and remote centres should be monitored to understand local trade demand. Centres with low amenity, no retail anchors and little to zero surrounding population growth will be the most vulnerable to collapse, which may have significant detrimental impacts on local residents.
- The LGA has some service station clusters referred to in the hierarchy as 'Commuter Centres'. Care should be taken that these do not proliferate in a way that might adversely impact on the retail hierarchy as defined in this study.



- The oyster industry is a key employment and tourism opportunity for the region. Sector-specific engagement with operators should inform support of the sector and or identification of suitable employment lands to support this function.
- State led housing reform to increase height controls on R3 Medium Density Residential zones runs the risk of creating 'donut development' outcomes. Efforts to avoid this via increasing commercial zone height controls to match or exceed residential zones, are unlikely to succeed in isolation as many of these centres already fail to develop to their maximum potential. Opportunities for shop-top housing in these centres may facilitate increase in development height, provide for active street frontages, and contribute towards revitalising town centres.








Updated Centre Hierarchy




Based on our analysis, consultation and Council direction, the following changes are proposed to centre designations with the updated centre and precinct hierarchy presented below;

- Adopt 42 Fullerton Cove Road as a Local Centre
- Adopt the Fullerton Cove Place Strategy centre as a Village Centre
- Formalise the Fern Bay centre as a Neighbourhood Centre
- Designate Medowie as a Town Centre
- Designate Salamander Bay as a Town Centre
- Designate Shoal Bay as a Local Centre
- Designate Hinton, Seaham and Woodville as Neighbourhood Centres
- Recognise Williamstown (Lavis Lane), Tomago and Salt Ash (Paul's Corner) as Commuter Centres
- Remove Wallalong as a centre

TABLE 20: PORT STEPHENS CENTRE AND PRECINCT HIERARCHY 2024

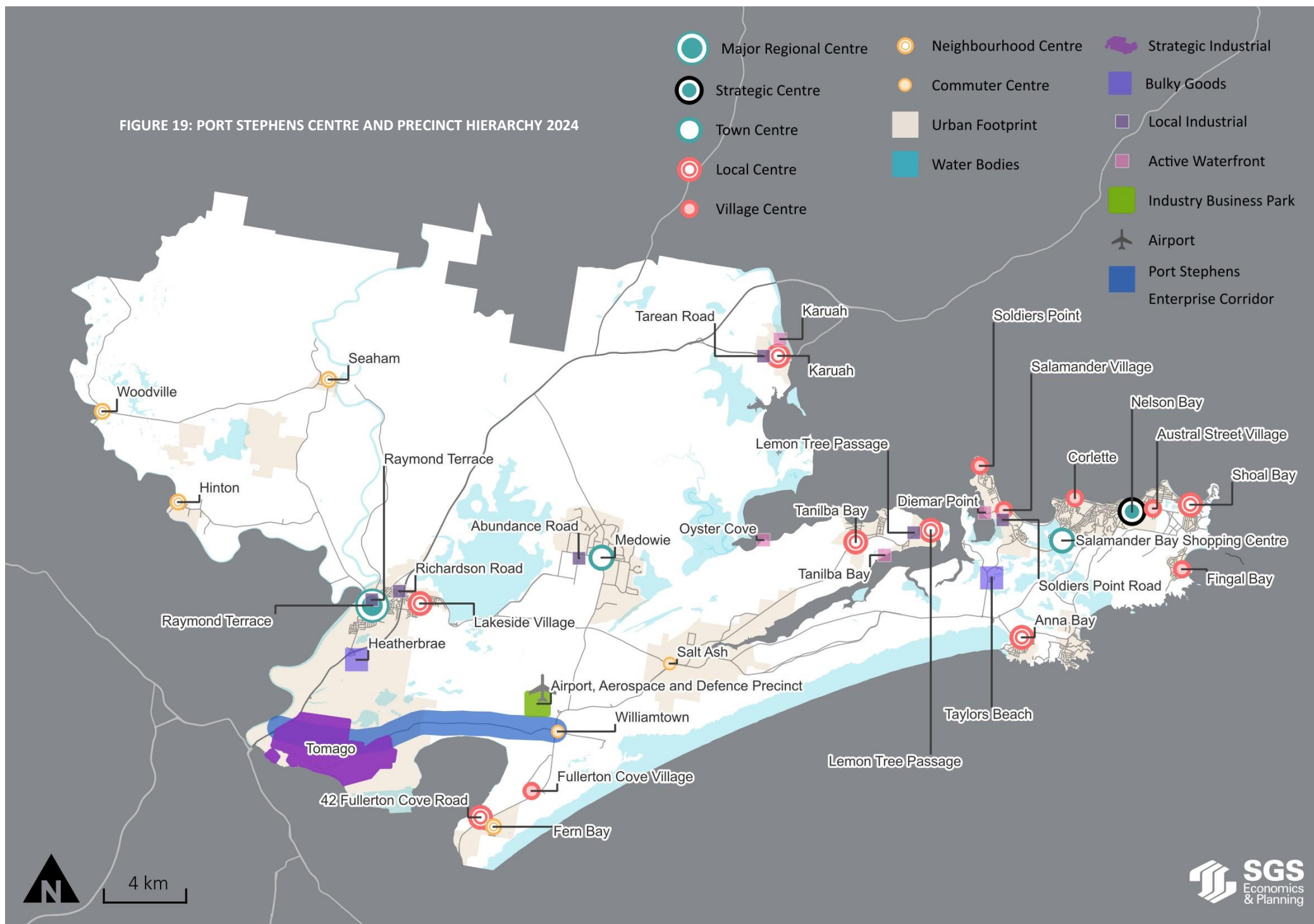
Centre type	Function	Port Stephens centres
Major regional centre 	The highest order centre, having a high concentration of retail goods and services, commercial and professional services as well as civic functions and community facilities. Within the Port Stephens network there is a single major regional centre as a focal point for the LGA and central hub for employment.	Raymond Terrace
Strategic centre 	Strategic centres serve a specific or discrete need for the LGA. This may be a niche industry precinct or to service a specific population the designation signals concentrations of regionally significant economic activity and employment. Nelson Bay is the sole nominated strategic centre for Port Stephens, identified for its unique role in anchoring the tourism economy for the LGA. While it also serves as the local centre for its immediate community, the operations of the centre are dictated by the needs of the visitor economy.	Nelson Bay

Town centre 	Town centres serve a wider catchment - beyond their immediate locale, providing basic goods, shopping and commercial business for the region. Town centres are typically located in larger population centres with higher densities.	Medowie Salamander Bay
Local Centre 	Local centres service smaller catchments, typically a suburb. They may be realised as a strip or cluster of shops in a mostly residential area. They meet the daily retail needs of local residents and workers with fewer service offerings. They are distinguished from smaller grain centres by the presence of a supermarket retailer.	Anna Bay 42 Fullerton Cove Road Karuah Lakeside Village Lemon Tree Passage Shoal Bay Tanilba Bay
Village centre 	A strip or cluster of shops in a mostly residential area with a smaller range of products or services and a smaller catchment than a village centre	Austral Street Village Corlette Fingal Bay Fullerton Cove Village Salamander Village Soldiers Point
Neighbourhood centre 	Neighbourhood centres service only their immediate locales, typically providing a single shop front or sole use, such as a takeaway or a general store.	Fern Bay Hinton Seaham Woodville
Commuter Centre 	Commuter centres are typically located at the junction of major throughways or commuter corridors. They provide basic retail and services to pass through traffic or local workforce and are usually attached to a service station.	Salt Ash Williamstown
Industrial Precincts		
Strategic industrial 	The highest order industrial precinct has a strategic function in the economy of the LGA. Typically housing manufacturing industrial uses these precincts provide specialised trade, attracting a skilled workforce from across the region. This type of precinct has a large distribution function and is best located at the junction of major freight routes with access to distributions hubs of either ports or airports.	Tomago
Bulky goods 	Primarily comprising commercial bulky goods and storage operations this type of industrial precinct operate as hubs serving wider sub-regional catchments. These centres are easily accessible for freight and logistics and are located	Heatherbrae Taylors Beach

	within proximity to larger activity centres to reduce transportation of warehoused goods.	
Local industrial 	Local serving light industrial precincts cater to service-based needs such as motor mechanics, panel beaters and other population-serving uses.	Abundance Road Tarean Road Lemon Tree Passage Raymond Terrace Richardson Road Soldiers Point Road
Active waterfront 	Pockets of active waterfront industrial uses primarily for the purpose of oyster production and distribution.	Diemar Point Karuah Tanilba Bay Oyster Cove
Industry business park 	Targeted industry business parks for commercial and industrial operations (airport, aerospace and defence uses)	Airport, Aerospace and Defence Precinct

Source: SGS Economics and Planning 2024


FIGURE 19: PORT STEPHENS CENTRE AND PRECINCT HIERARCHY 2024



6.2 Sub-region Actions

The following table summarises centre-based actions. Actions have been drafted to promote the implementation of growth strategies in the most accessible centres, consolidating visitation and trade in alignment with the proposed centre hierarchy. Actions are prioritised as Low, Medium and High to inform future implementation strategies.

Fern Bay issues and directions

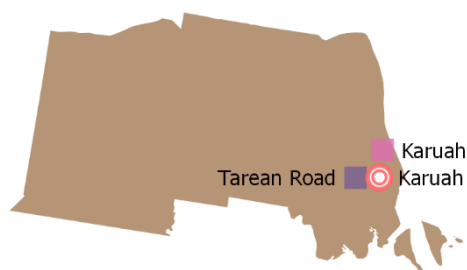
Fern Bay Sub-Region overview	
	<p>Fern Bay is a predominantly residential region with limited employment land. It is located close to Newcastle Airport and- RAAF Base Williamtown and the associated defence and aerospace industry cluster. The region is one of the main commuter connections for people travelling between Newcastle and the Tomaree.</p> <p>The population of Fern Bay is forecast to grow by 3,138 people to 2041 including a new greenfield community of approximately 2,200 people to be realised through the Fullerton Cove Place Strategy.</p> <p>Fern Bay is best suited to local retail and commercial uses. Between 2021-2041, 'Other' (63%), 'Industrial' (42% increase) and 'Commercial' (35% increase) jobs are expected to have the largest increases.</p>
Current role and function	
<p>Current function: Fern Bay provides local retail services to its community with new centres being delivered to support sites of residential intensification.</p> <p>Current strategy:</p> <ul style="list-style-type: none"> - <i>Fern Bay and North Stockton Strategy (2020)</i> – identifies the centre in Fern Bay as a 'Neighbourhood Centre' - <i>LSPS (2020)</i> - identifies Fern Bay as a 'Local Centre'. 	
Supply and demand implications	
<p>There is high forecast demand side growth (2,448sqm) for retail and commercial floorspace across the Fern Bay region to 2041. Realisation of the Fullerton Cove Village and the 42 Fullerton Cove Road centre will absorb all net demand for the region.</p>	
Issues	Future directions
<ul style="list-style-type: none"> ▪ Significant population growth will place greater pressure on local provision of goods and services. Realisation of the Fullerton Cove Place Strategy is the single biggest contributor to population growth in the region. 	<ul style="list-style-type: none"> ▪ 42 Fullerton Cove Road is expected to play an important role in this region and this should be recognised in the hierarchy. Development proposals for the site should provide maximum permissible floorspace.

- An aging population and development of retirement communities supports delivery of local/ accessible centres to reduce travel demands.
- The location of the approved centre at 42 Fullerton Cove Road will likely make it a suitable commuter centre for people travelling to and from Newcastle Airport from the west and from Newcastle.
- The existing Fern Bay centre has R2 Low Density Residential zoning.
- As a high growth area, conduct ongoing monitoring of activity and the needs for retail and services to monitor over trading.
- Ensure that delivery of retail/service floorspace within the Fullerton Cove Village is best positioned to meet the needs of local residents.
- Small scale (convenience retail) will continue to serve the needs of residents in Fern Bay.

Actions		Priority
Fern Bay	Formalise and protect local convenience retail by rezoning relevant parcels within Seaside Estate to E1 Local Centre Zone. Recognise Fern Bay as a Neighbourhood Centre in the centre hierarchy.	Medium
42 Fullerton Cove Road	Recognise the 42 Fullerton Cove Road Centre as a Local Centre in the network hierarchy.	High
	Review accessibility links to the centre for residents of the adjacent residential estates. Provide alternative transport options such as shared pathways from surrounding residential development.	Medium
	Maximise development within planning controls.	Medium
	Monitor demand pressures following delivery of the 42 Fullerton Cove Road centre to assist in the staging design of Fullerton Cove Village	Low
Fullerton Cove Village	Recognise Fullerton Cove Village as a Village Centre within the centre hierarchy.	High
	Formalise employment land uses within MU1 Mixed Use or other demonstrated suitable alternative zoning.	Medium
	Restrict retail and retail service uses to the ground floor.	High
	Of the total retail/service demand provide a local serving (mini mart) supermarket of up to 1,000sqm.	Medium

Karuah/Swan Bay Strategy Direction

Karuah/Swan Bay Sub-Region



The Karuah Place Plan identifies the oyster and timber industries to be the leading employment industries.

The region's population is expected to more than double by 2041 increasing by 2,170 to 4,071.

The Karuah area is suited to local service retail, and industrial uses. There is also moderate suitability for heavy industrial uses due to its placement off the Pacific Highway.

Between 2021-2041 employment in Commercial industries is expected to grow by 59%, Industrial by 27%.

Current role and function

Current function: Being geographically isolated, Karuah provides a range of basic services to support the local community and reduce dependence on trips to other sub-regions. The oyster and timber industries underpin local employment opportunities.

Current strategy

- *Karuah Place Plan (2022)*
- *Karuah Growth Strategy (2011)* – identifies Karuah as a 'Village Centre'
- *LSPS (2020)* – identifies Karuah as a 'Local Centre'.

Supply and demand implications

There is high demand for floorspace across the Karuah/Swan Bay region, driven by residential intensification around the Karuah centre. By 2041, there is net required floorspace of 4,927sqm, the majority of this floorspace is for industrial purposes (2,431sqm) with 1,237sqm for retail and retail service uses.

The low-capacity scenario indicates that all of this gap can be met by existing vacant or underutilised parcels.

Issues

- Existing retail functions will need to be protected to meet demands from a growing population.
- Additional retail floorspace should be focused on the main street to re-enforce the centre of gravity for trading.
- A better connected town centre and waterfront will enhance commercial opportunities in the visitor economy.
- Expansion of the residential boundary must avoid conflict of uses with existing industrial operations to retain viability of these sectors.
- Existing timber mill operations are occurring within RU2 Rural Landscape zone.

Future directions

- Council should continue the dialogue as part of economic development activity to confirm operational intentions of the timber mill and oyster industry.
- Given their importance in the local economy, expansion of industrial land in the locations of the existing operators (oysters and timber) may be required to support expansion.
- Progress the next long term investigation sites for employment lands to unlock local employment opportunities consistent with the Karuah Place Plan.

Actions		Priority
Karuah (commercial)	Protect E1 Local Centre zone to accommodate long term demand with residential intensification of the centre.	Medium
	Support the Karuah Place Plan action 2.5 to 'fill in the gaps on main street'.	Medium
Karuah (industrial)	In lieu of site-specific constraints, progress the Karuah Place Plan's identified pocket of land at the timber mill for E4 General Industrial zoning to formalise industrial nature of existing timber mill functions (currently RU2 Rural Landscape) and meet some of the industrial demand gap.	High
	Undertake industry engagement with timber operators to understand local growth pressures. Prioritise any expansion of industrial land in the locations of the existing operators to support expansion opportunities.	High
	Conduct industry engagement with the oyster industry, tourism and other aquaculture industries to understand demand pressures and opportunities for any intensification of uses.	Medium
Tarean Road	Following further investigation of industrial uses at the timber mill, explore formalising these uses in an industrial zone to enable supporting uses and expansion of local industrial land.	Low

Medowie Strategy Direction

Medowie Sub-Region



Medowie accounted for 20 per cent of the growth in new housing over the last five years and is forecast to have the third highest regional population in the LGA by 2041 (15,063).

The Medowie Town Centre is positioned to service this growing residential region.

Medowie centre is most suited to local retail, local commercial and local industrial uses. Suitability for heavy industrial uses to the north of the centre are driven by connection onto the Pacific Highway and lower population density.

Between 2021-2041, Commercial employment growth is expected to increase 61%, 'Industrial' is expected to increase 23%, 'Other' is expected to increase 29%.

Current role and function

Current function: Medowie is recognised in the LSPS as an emerging strategic centre.

Current strategy

Medowie Place Plan (2023)

Medowie Planning Strategy (2016)

LSPS (2020) – identifies Medowie as an 'Emerging Strategic Centre'.

Supply and demand implications

By 2041, there is a net required floorspace of 6,053sqm, dominated by retail and service retail demand. The capacity model returns no results because all currently zoned employment land has already been developed. Beyond realising rezoning already identified in the Medowie Place Plan, there are likely no further planning amendments required to meet the future needs of the community to 2041.

Any additional growth beyond that identified in the Medowie Place Plan should be guided by persistent demand pressures resulting from residential land release.

Issues

- Elevating the centre to a Town Centre in-keeping with the Medowie Place Plan should be complemented by improved access from surrounding areas to overcome the local service nature of the centre.
- Industrial land along Abundance Road may be limited in suitability if surrounding land is earmarked for residential uses.
- Site-specific intensification may be possible within existing industrial land following assessment for constraints.

Future directions

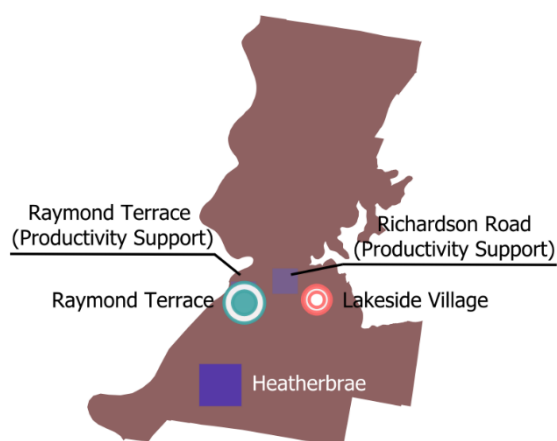
- Medowie's main network function will be to deliver goods and services to its sub-regional population. The Medowie centre will expand only to service the extent of its surrounding residential area, retaining its community focus as Town Centre.

- Commercial land or Productivity Support zone in close proximity to the Medowie centre could house bulky goods to support the operation of the Town Centre.

Actions		Priority
Sub-Regional	Consider undertaking traffic study and catchment analysis to identify priority road upgrades that would better connect the centre to the wider region and support possible long term expansion opportunities.	Low
Medowie	Recognise Medowie as a Town Centre in the centre hierarchy.	High
	Rezone parcels in the Medowie Place Plan labelled as Future Commercial and Future Town Centre Site (south of Ferodale Road on the east and west of Medowie Road) for E1 Local Centre expansion.	Medium
	Monitor the existing supermarket trade for over trading before exploring expansion or additional supermarket floorspace within the centre.	Medium
Abundance Road	Following site-specific assessment for development suitability, encourage the release of remaining land parcels in the Abundance Road industrial precinct for development.	Medium
Abundance Road and Ferodale Road	<p>Complete site-specific assessment of the two parcels identified in the Medowie Place Plan as 'investigate for future expansion of employment land' north and south of Ferodale Road (to the east of Abundance Road) to protect this use for future expansion of the Medowie centre.</p> <p>Complete site-specific assessment of 31-33 Ferodale Road identified in the Medowie Place Plan as 'investigate for future expansion of employment land'. Subject to demonstration of site and strategic merit, including supply and demand analysis and resolution of flood constraints, this site may have merit for an extension of the immediately adjoining E1 Local Centre zone.</p>	Low

Raymond Terrace Strategy Direction

Raymond Terrace Sub-Region



The region is centrally located between Maitland and Newcastle and functions as the primary connector to the North Coast. Trade is supported by the intersecting M1 Pacific Motorway and proximity to the Newcastle City Centre.

The Raymond Terrace centre is the primary administrative and commercial hub for the LGA and is the closest centre in the Hunter Region to the Newcastle Airport. Heatherbrae is the LGA's most significant and preferred bulky goods hub serving the whole LGA.

The region has high suitability for all land uses due to its strong road connections, links to the Port of Newcastle and Newcastle Airport and high population density to support trade, including potential for further infill development for locating residents close to jobs and services.

The region will continue to have the second largest population in the LGA, with 29 percent forecast growth to a population of 17,945 by 2041, accounting for 19 percent of the LGA's population.

Between 2021-2041, the 'Commercial' (55%), 'Other' (45% increase) and 'Retail' and 'Industrial' (both 22% increase) job categories are expected to increase the most.

Current role and function

Current function: The Raymond Terrace region will continue to operate as the key retail and commercial hub for the LGA, enlivened by higher density residential intensification and public realm upgrades.

Raymond Terrace offers the most extensive range of services and is established as the premier commercial address for Port Stephens. It offers substantial opportunity given its strategic location in relation to the Airport, aerospace and defence precinct, Tomago industrial precinct and the M1 Motorway extension.

Heatherbrae is the LGA's leading destination for bulky goods with boutique trade in secondary dwelling fabrication (granny flats) and shed and caravan sales along the Pacific Highway attracting customers from the wider region.

Current strategies

- *Raymond Terrace and Heatherbrae Strategy 2015-2031 (2015)* – this strategy seeks to strengthen Raymond Terrace and Heatherbrae a 'strong regional centre'.
- *Raymond Terrace and Heatherbrae Economic Land Use Study (2012)*
- *Raymond Terrace Public Domain Plan (2021)*
- *LSPS (2020)* – identifies Raymond Terrace as a 'Strategic Centre'.
- *HRP 2041 (2022)* – identifies Raymond Terrace as a 'Strategic Centre'; identifies Heatherbrae as a 'Significant Employment Land Cluster'.

Supply and demand implications

By 2041 there is high net demand for floorspace across the Raymond Terrace region (69,542 sqm), split relatively evenly between retail/service demand and industrial demand.

The Raymond Terrace centre itself is modelled to have 9,850 sqm net retail/service floorspace demand and 2,351sqm net commercial floorspace demand to 2041. However, there is 11,276 sqm of vacant sites modelled within the Raymond Terrace centre under a low-capacity scenario, which would meet this demand in full.

Rezoning of Raymond Terrace centre's adjoining light industrial precinct to E3 Productivity Support will allow the centre to expand commercial functions. However, expansion of retail and commercial uses that attract higher land values may displace light industrial operators and erode the local service function. This would create a ripple effect of needing to accommodate local industrial uses elsewhere in the vicinity, likely at Heatherbrae.

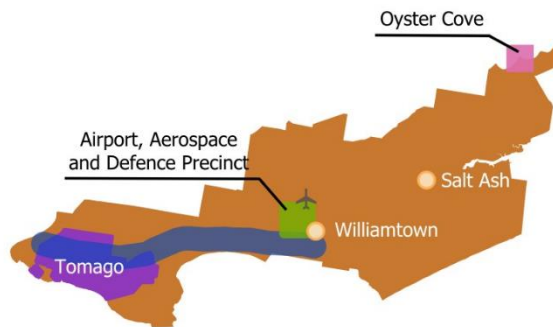
There is enough demand for the Raymond Terrace sub-region to accommodate another full-line supermarket. From a network perspective it may be more beneficial to allow the existing supermarkets to absorb some of this demand and support the development of a smaller (or multiple smaller) outlets in local centres, to distribute provision more equitably.

Issues	Future directions
<ul style="list-style-type: none"> ▪ The location of the region in the far west of the LGA places accessibility constraints on residents in the populated east to readily access services/employment. ▪ Centralising bulky goods in Heatherbrae increases freight requirements to service the west of the LGA. ▪ Integrated and clear access to Heatherbrae from the M1 motorway extension to Raymond Terrace will re-enforce its role as the premier bulky goods precinct and improve business attraction. ▪ Demand for industrial floorspace will be exacerbated by rezoning of Richardson Road and the Port Stephens Street precinct to E3 Productivity Support with local industrial uses possibly priced out and forced to relocate. ▪ Proposed increases to residential height limits aimed at boosting infill development close to Raymond Terrace Centre may create an inverted urban form where commercial land is not developed to similar densities and heights 	<ul style="list-style-type: none"> ▪ Demand-side pressure is relatively low for the Raymond Terrace Strategic Centre. However, given supply-side constraints, investigations should seek to unlock additional capacity - particularly, catalyst sites identified by the Raymond Terrace and Heatherbrae Strategy to renew investment attraction in Raymond Terrace. ▪ The Port Stephens Street industrial precinct should be protected in its role as a support area for the Strategic Centre, providing population-serving local industrial functions for the densifying community. ▪ Heatherbrae will continue to function as the principal location for bulky goods retail in the LGA and should be supported in this role. Taylors Beach may develop a greater bulky goods presence largely to service the population in the east of the LGA to reduce pressure and logistics demand from Heatherbrae. ▪ Increase building heights in the Commercial zoned land in the Raymond Terrace centre to match or exceed the increase to height limits proposed in the surrounding R3 Medium Density Residential zone to avoid a donut development outcome.

Actions		Priority
Sub-Regional	Complete accessibility modelling for supermarkets to identify areas most in need and able to absorb additional demand through increased floorspace.	Medium
Heatherbrae	Undertake strategic planning for public domain, signposting and presentation improvements to re-enforce the role of Heatherbrae as the strategic hub for bulky goods retail to enhance industry attraction.	Medium
Raymond Terrace (commercial)	Complete site-specific flood investigation to confirm validity of flood affected vacant and underutilised blocks to determine capacity for floorspace use in these parcels.	High
	Continue to implement the remaining Goals, Directions and Actions and delivery of catalyst sites from the Raymond Terrace and Heatherbrae Strategy, including investigation of options for increased building height in the Raymond Terrace E2 Commercial Centre zone to be raised to match or exceed the surrounding residential zone increases where further height increases to the residential zone is made.	High
	Work with industry bodies and state government to attract new business including office premises in Raymond Terrace.	Medium
	Through a business attraction strategy identify target businesses to drive development attraction and agglomeration benefits for the centre.	Medium
	Review impact of public realm improvements on development attraction using Place Score.	Medium
Raymond Terrace (industrial)	Continue to facilitate industrial uses within the E3 Productivity Support zone and consider planning controls to assist in managing any potential for land use conflict to retain and support light industrial uses.	High
Richardson Road	In the long term, explore more neighbourhood shop functions within the Richardson Road centre to cater to the local community in the absence of a walkable local centre immediately west of the Pacific Highway.	Low

Tomago to Salt Ash Strategy Direction

Tomago to Salt Ash Sub-Region



Forecast to have the lowest regional population in the LGA, Tomago to Salt Ash is an employment destination as the leading industrial advanced manufacturing and renewable energy hub for the LGA. Tomago is a regionally significant industrial hub attracting a skilled workforce. The centres benefit from strong freight and logistics connections with access to the Port of Newcastle, Newcastle Airport and M1 motorway and inter LGA travel route along Nelson Bay making the sub-region a desirable location for industrial functions and convenience retail.

Between 2021-2041, job categories are expected to experience the following growth, 'Other' (94% increase), 'Commercial' (63% increase), 'Retail' and 'Industrial' (28% and 27% respectively).

Current role and function

Current function: The LSPS recognises Williamtown and Tomago as focus areas for employment and public/private infrastructure investment over the next 20 years.

The Tomago to Salt Ash sub-region is the specialised industrial hub for the LGA. Tomago will continue as Port Stephens' leading industrial precinct with exploration of growth boundaries allowing existing operators to scale to meet demand and encourage co-location of operators to benefit from proximity to the Newcastle Airport, and RAAF Base Williamtown. This cluster of specialised industries will create knowledge-intensive employment opportunities and attract specialised workers to the region. Access will improve with the construction of the M1 motorway extension.

Current strategy

- *HRP 2041 (2022)* – identifies Tomago as a 'Significant Employment Land Cluster'; identifies Newcastle Airport (Williamtown) as a 'Global Gateway'.

Supply and demand implications

By 2041 there is a high net floorspace demand, driven almost in full by demand for industrial land (101,472 sqm). Tomago demonstrates 99 per cent of that industrial demand. However, as a regionally significant industrial hub, demand in Tomago may be understated with additional demand coming from outside the LGA.

The low-capacity scenario indicates there are vacant parcels to meet the demand in full. However, due to specific operational requirements of traders and additional demand from out of area this figure may overstate available sites capacity. In addition, consultation noted there are existing demand pressures in Tomago, suggesting the matter of unmet demand is qualitative in nature, i.e. the attributes of available sites do not meet the need of businesses.

Issues	Future Directions
<ul style="list-style-type: none"> ▪ Growth for existing operators in Tomago at the forefront of innovation, such as battery storage systems and clean energy technologies, should be supported by enabling expansion opportunities in existing locations or elsewhere within the precinct, to retain agglomeration benefits. ▪ From a network perspective, identifying secondary non-specialised industrial parks elsewhere in the LGA will enable Tomago to continue to specialise its operations. ▪ The growth of the renewables sector and sovereign manufacturing capacity as part of the Hunter-Central Coast REZ, as well as ongoing growth of the defence and aerospace sector around Newcastle Airport and RAAF Base Williamtown will drive demand for employment lands in the Tomago to Salt Ash region. ▪ Understanding specific operational requirements of land enquiries in Tomago will ensure future land release is able to meet market demand. ▪ Salt Ash benefits from being highly visible and easily accessible for through traffic travelling between the peninsulas and Newcastle. ▪ Completion of the M1 Motorway extension in 2028 will significantly increase accessibility to Tomago and the Airport, aerospace and defence precinct. ▪ The public domain surrounding Newcastle Airport requires improvement consistent with its status as a major gateway to the Hunter region. 	<ul style="list-style-type: none"> ▪ Tomago is expected to continue to function and grow as a regionally significant industrial precinct. ▪ Overlap between the airport, aerospace and defence precinct and Tomago should be encouraged as part of ongoing economic development activity. Strategic investigations for a Port Stephens Enterprise Corridor would formalise opportunities for connection between the two and unlock new employment land and land use opportunities to meet sub-regional and higher demand. Consider additional commuter centres in the western portion of Tomago to bookend retail functions along the corridor.

Actions		Priority
Sub-Regional	<p>Undertake strategic planning for a Port Stephens Enterprise Corridor. This should consider:</p> <ul style="list-style-type: none"> - Improved accessibility following the completion of the M1 Motorway extension in 2028. - Road corridor functions along Tomago Road - Cabbage Tree Road - Location within the Hunter-Central Coast Renewable Energy Zone - Strategic planning for public domain improvements - Strategic planning investigations for potential flooding and drainage improvements - Opportunities in high technology industries, advanced manufacturing, renewable energy, ship building and maintenance, defence and logistics - Opportunities made available by the Port Stephens Council Rural Economic Development Planning proposal - Flood remediation efforts to release the Tomago Enterprise Hub parcels as part of wider strategic investigations for a Port Stephens Enterprise Corridor - Investigating rezoning the parcel of RU2 Rural Landscape land along the Tomago Road corridor at Graham Road to the east of Enterprise Drive - Investigation of repurposing and potential rezoning of the sand mine at 398 Cabbage Tree Road - Opportunities for a Commuter Centre land use function at Tomago. 	High
Oyster Cove	Conduct industry engagement with the oyster industry and other aquaculture industries to understand demand pressures and opportunities for any intensification of uses in the precinct.	Medium
Salt Ash	<p>Recognise Salt Ash as a Commuter Centre in the centre hierarchy. This should not preclude future growth in the centre or diversification of offerings.</p> <p>Support advocacy to the state government for planning for this location as part of the duplication of Nelson Bay Road.</p>	Low
Tomago	Explore opportunities for industrial subdivision in Tomago to ensure land is being maximally utilised.	High

	Council to liaise with Department of Regional NSW to investigate particular qualitative requirements of business enquiries for Tomago to ensure future land release is able to meet expectations.	High
	Support the continued implementation of the Northbank Enterprise Hub site.	Medium
Williamtown	Recognise Williamtown (Lavis Lane) as a Commuter Centre in the centre hierarchy. Monitor demand or overtrading within the sub-region to guide exploration of need for future expansion opportunities.	Medium
	Continue to undertake strategic planning for the wider Williamtown locality to unlock economic and employment opportunities associated with proximity to RAAF Base Williamtown-Newcastle Airport.	High
Airport, Aerospace and Defence Precinct	Continue to support the implementation of Astra Aerolab Stages 2-6.	Medium
	Undertake strategic planning for public domain improvements to improve the presentation of airport approach roads to Newcastle Airport, in recognition of its role as the gateway to Port Stephens and the Hunter region.	Medium
	Undertake strategic planning for the broader locality (including Williamtown) to unlock economic and employment opportunities associated with proximity to RAAF Base Williamtown and Newcastle Airport.	High

Rural West Strategy Direction

Rural West Sub-Region



Rural West is a collection of micro centres servicing local communities and rural landholders. There are limited goods and services offered in these centres with residents reliant on travel elsewhere for essential needs.

The region is forecast to experience little population growth and account for only 6 percent of the total population by 2041. Within the region, areas around Seaham are more suited for employment lands due to its larger population and more direct connection to the major centre of Raymond Terrace.

Between 2021-2041, the 'Commercial' (56%), 'Other', and 'Retail' (27% increase) job categories are expected to experience the highest increase.

Current role and function

Current function: The Rural West will maintain its rural character with centres providing local goods and services to their immediate communities.

Long term development of an agritourism market in the region will be the main driver for increased investment in these centres.

Current strategies

- *LSPS (2020)* – identifies Seaham, Wallalong and Hinton as 'Local Centres'.
- *Hinterland Place Plan (2023)*

Supply and demand implications

There is marginal net required floorspace to 2041 (206 sqm) for retail and other floorspace. The net floorspace is best absorbed by existing operators to boost the viability of traders in the region. Some of this employment demand will be absorbed from home businesses and work-from-home-offices.

Issues

- Wallalong, despite being identified as a local centre in the LSPS, provides no retail or commercial functions.
- None of the existing employment functions occur within employment zones.
- There is little commuter traffic moving through the area to support incidental visitation, economic drivers will need to be intentional and specific.
- The four centres fall within the Hunter-Central Coast Renewable Energy Zone.

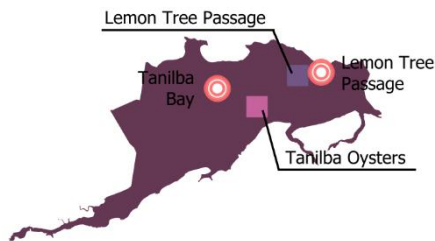
Future directions

- Protect the ongoing local and convenience retail function of these smaller centres for the benefit of the population in the surrounding area.
- Identified retail activity in residential zones should be formalised through a commercial zoning.
- Tourism opportunities in this region, if realised, will have effect on demand for retail and services. Continue implementation of tourism and employment actions set in the Hinterland Place Plan.

Actions		Priority
Sub-Regional	Monitor business or infrastructure changes as a result of the Renewable Energy Zone as trigger to investigate any centre expansion or improvements across the sub-region.	Medium
	Monitor progress on agri-tourism aspirations as trigger to investigate any centre improvements across the sub- region.	Medium
Hinton	Recognise Hinton as a Neighbourhood Centre in the centre hierarchy.	High
	Support retail and commercial trade along Paterson Street between High Street and Hunter Street to protect existing commercial assets and allow for future growth as required.	Medium
Seaham	Recognise Seaham as a Neighbourhood Centre in the centre hierarchy.	High
	Support retail and commercial trade along Warren Street between Dixon Street and Torrence Street to protect these uses into the future.	Medium
Wallalong	Remove Wallalong from the centre hierarchy.	High
Woodville	Recognise Woodville as a Neighbourhood Centre in the centre hierarchy.	High
	Support the retail functions on the corner of Paterson Road and Clarence Town Road to protect this use into the future.	Low

Tilligerry Strategy Direction

Tilligerry Sub-Region



The Tilligerry Peninsula is forecast to experience the second lowest growth the 2041 (5%).

Being relatively isolated along a peninsula, services focus on local communities with some tourism functions driven by water-based activities.

Tilligerry is suited to local based land uses to reduce travel dependence and improve local employment.

Between 2021-2041, 'Commercial' (54%), and 'Industrial' (28% increase) jobs are expected to increase the most.

Current role and function

Current function: Due to its geographical constraints, centres of the Tilligerry region will continue to operate as local serving hubs.

The oyster industry and water-based activities drive tourism trade in the region while Lemon Tree Passage Industrial meets local demand for light industry.

Current strategy*

- *LSPS (2020)* – identifies Tanilba Bay and Lemon Tree Passage as 'Local Centres'.
- * note: Tilligerry Place Plan is being prepared.

Supply and demand implications

By 2041 there is net required floorspace of 6,689 sqm, half of which is for industrial land.

The low and medium capacity scenarios indicate that there are few vacant lots or underdeveloped sites that meet the criteria of the model. Even assuming the high-capacity scenario, there is a net supply shortfall of 2,260 sqm for industrial land and 2,407 sqm for retail/service/commercial and other uses. Due to the low growth scenario for the peninsula, vacant tenancies should be first explored to ensure existing assets are being utilised to avoid flooding a market that has a small customer base. Some of the additional demand should be absorbed by traders within the existing centres to boost their viability in the short term. Long term, additional employment land will need to be identified.

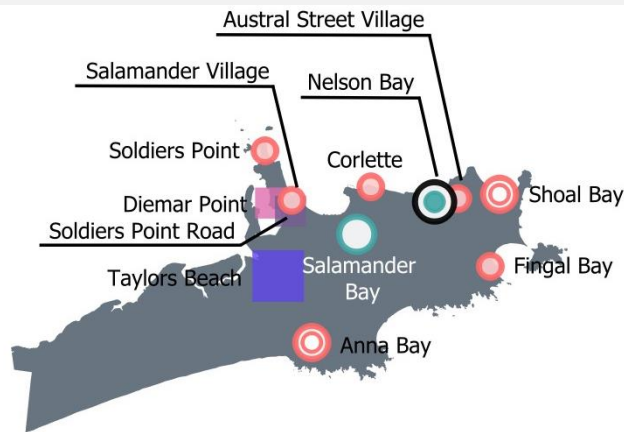
Issues	Future directions
<ul style="list-style-type: none"> ▪ There are geographic constraints on the peninsula including Environmental Conversation land. ▪ A low growth scenario may slow the rate of change required to meet demand. ▪ Lemon Tree Passage Industrial has undeveloped land within its existing zoning. ▪ A high amount of vacant/ unrealised zoned land has been excluded from the capacity model due to external constraints, such as flood risk. This may 	<ul style="list-style-type: none"> ▪ Revitalisation of the Tanilba Bay centre as the major centre for the region would help to unlock vacant capacity and rejuvenate development potential within the peninsula. ▪ Meeting local industrial services within the peninsula will reduce dependence and reliance on centres in western sub-regions.

<p>not preclude development but would require site specific investigation to unlock any latent potential.</p> <ul style="list-style-type: none"> Proposed increases to residential height limits in an effort to boost infill development within the R3 Medium Density Residential zones may create an inverted urban form where the Local Centre zone is not equally realised in terms of density and heights, creating a donut development effect. 	
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Actions		Priority
Lemon Tree Passage (industrial)	Based on enquiries, and in lieu of any site-specific constraints, promote development of unrealised lots in the northern portion of the existing industrial precinct for local light industrial uses.	Medium
Tanilba Bay	Complete the Tilligerry Place Plan which includes Tanilba Bay and investigate vacancies and underutilised spaces and guide redevelopment potential of the retail core.	High
	Explore rezoning a portion of E1 Local Centre land as E3 Productivity Support to enable a greater diversity of light industrial and large format retail premises that are complementary to the existing uses. Explore priority rezoning north of the lots facing onto Lloyd George Grove to Pershing Place, between Beatty Boulevard across to President Wilson Walk. This apportionment would enable future growth of the core retail centre around the Coles anchor tenant to expand across Lloyd George Road to create a unified centre, as well as retaining expansion opportunities within the lots along the eastern side of President Wilson Walk. A mix of uses in an E3 Zone would absorb most of the remaining retail and industrial demand, while not requiring new land to be cleared for development. It may also free up Lemon Tree Passage light industrial precinct from local uses that could instead relocate to this pocket.	Medium
	Building height limits in the E1 Local Centre zone should be raised to match the surrounding residential zone where uplift to the surrounding residential zone is realised in infill housing reforms. This should be undertaken once housing reforms are confirmed to encourage development potential and design consideration of a different future urban form.	High
Tanilba Oysters	Conduct industry engagement with the oyster industry and other aquaculture industries to understand demand pressures and opportunities for any intensification of uses.	Medium

Tomaree Strategy Direction

Tomaree Sub-Region



The Tomaree sub-region comprises the largest quantity and diversity of centres in Port Stephens. This diversity of centres mean residents are less likely to have to travel outside the region to meet their general needs.

The Tomaree region has, and will continue to have, the largest share of the LGA's population (36 per cent) and will experience 18 per cent growth to 2041.

Nelson Bay defines the Tomaree region, serving as the main strategic centre for the LGA's tourism economy.

The Tomaree is best placed for retail, commercial and local industrial uses, driven by its strong population pull factors. It is also suitable for strategic commercial uses. It serves an important function for health services, for example through the Tomaree Community Hospital and various other supporting health services at Nelson Bay and Salamander Bay.

There is low vacancy for retail, commercial, industrial floorspace in Nelson Bay, Salamander Bay, Shoal Bay (beach front locations). Salamander Bay was described in consultation as having the highest quality retail and commercial floorspace in the LGA.

From 2021-2041, employment is expected to experience a total growth of 28%. This includes 54% growth in 'Commercial', 28% growth in 'Other', 23% growth in 'Retail' and 21% growth in 'Industrial'.

Current role and function

Current function: The Tomaree region is the heart of Port Stephens tourism economy. It has the highest liveability score in the LGA¹⁶ and meets the retail and employment needs of its community, reducing the need to travel more widely for goods and services and offering local employment opportunities.

Current strategies

- *Anna Bay Strategy and Town Plan (2008)*
- *Nelson Bay Public Domain Plan (2019)* – identifies Nelson Bay as a 'primary town centre of Port Stephens' and a 'major tourism and service centre of the Tomaree Peninsula'.
- *Progressing the Nelson Bay Town Centre & Foreshore Strategy: A Revised Implementation and Delivery Program (2018)*
- *LSPS (2020)* – identifies Nelson Bay as a 'Strategic Centre'; identifies Anna Bay and Salamander Bay Square as 'Local Centres'.
- *HRP 2041 (2022)* – identifies Nelson Bay as a 'Strategic Centre'.

¹⁶ Reflected in the regional Placescore ranking. Placescore November 2020.

Supply and demand implications

There is high floorspace demand in the Tomaree region (54,570sqm) driven mostly by demand for retail and commercial floorspace. Demand for non-industrial uses is being driven by four centres Salamander Bay, Taylors Beach, Nelson Bay and Soldiers Point Road.

Commercial floorspace demand in the Tomaree is drive by Taylors Beach (17,742 sqm), Soldiers Point Road (7,721 sqm) and Nelson Bay (3,554 sqm).

The highest level of retail/service demand is forecast for Salamander Bay (36,636 sqm), Taylors Beach (20,913 sqm) and Nelson Bay (30,032).

In aggregate, the low-capacity scenario for retail/commercial/other identifies that existing vacancies are unable to meet demand to 2041. The medium capacity scenario can meet demand with a surplus of approximately 6,500sqm, allowing for flexibility in where and how many underutilised sites would need to be developed to their maximum planning potential.

There is demand for a full line supermarket (approximately 2,500sqm) within the Tomaree region. Demand is likely to be greatest in the eastern Tomaree area, with Salamander Bay and Nelson Bay already being serviced.

Issues	Future directions
<ul style="list-style-type: none"> Some centres are geographically constrained, such as Nelson Bay and Anna Bay, which may restrict potential for growth. The Tomaree is home to a larger senior population, with Fingal Bay comprising the highest median age across the LGA which may drive demand for health services. Consultation with the Primary Health Network (PHN) flagged the LGA in total has an under provision of certain health services, including mental health services and services to support the elderly population. There are place making challenges for Salamander Bay with the centre evolving around a shopping mall development and reliance on car travel. Proposed increases to residential height limits aimed at boosting infill development within the R3 Medium Density Residential zones in Nelson Bay, Salamander Bay and Shoal Bay may create an inverted urban form. This would be creating a situation where the E1 Local Centre and E2 Commercial Centre zoning is not developed at similar densities and heights, creating a donut development effect. 	<ul style="list-style-type: none"> Development potential on vacant commercial and retail sites within existing centres should be realised as a priority to address unmet demand. Intensification potential should be realised on select sites to reduce the impact of infill development and retain the character of centres. Given the nature of accessibility and population density/ distribution, Taylors Beach may take on a more significant LGA function, providing a bulky goods focus for the eastern half of the LGA in complement to the role of Heatherbrae. Similarly, Salamander Bay's role may grow as a second knowledge-sector employment hub for the LGA in complement to Raymond Terrace. Increasing commercial employment in Salamander Bay will reduce dilution of Nelson Bay's character as a specialised retail centre. Salamander Bay may be a valuable candidate for place-making initiatives and planning.

Actions		Priority
Sub-Regional	Protect the network of smaller centres to meet local needs close to where people live.	Medium
	Explore the potential for a further full line supermarket to service the predicated population growth and demand in the eastern Tomaree area.	Medium
Anna Bay	Conduct site specific investigations for rezoning RU2 Rural Landscape to E3 Productivity Support land on the western edge of Anna Bay close to Gan Gan Road, to support a small-scale employment area to encourage relocation of local light industrial businesses and local trades looking to expand or establish workshops.	Low
	Continue to work with local business and the community to build upon the success of the Anna Bay 7 Day Makeover and improve planning for the town centre.	High
Diemar Point	Conduct industry engagement with the oyster and other aquaculture industries to understand demand pressures and opportunities in the precinct.	High
Nelson Bay	Retain the fine grain and boutique retail character in Nelson Bay as major attractor for tourism.	Medium
	Concentrate high density floorspace in fewer parcels to retain the character of the centre. Facilitate development of vacant sites to their maximum planning potential to reduce the spread of development and disruption to existing sites.	Medium
Salamander Bay	Recognise Salamander Bay as a Town Centre in the centre hierarchy.	High
	Realise the maximum development potential of northern parcels of the existing E2 Commercial precinct. Building height limits in the Salamander Bay E2 Commercial Centre zone should be raised to either match or exceed the adjacent residential zone reforms proposed to increase infill density by raising height controls in R3 Medium Density Residential zone. This should be initiated once the housing reform is confirmed, so that prospective commercial development can respond to the change.	Medium
	Undertake strategic planning for the Salamander Bay centre to ensure high amenity supports any growth in commercial development as a major employment hub for the LGA.	Medium
Shoal Bay	Recognise Shoal Bay as a Local Centre in the centre hierarchy.	High
	Progress centre amenity actions in Shoal Bay Place Plan to ensure trading is maximised.	Medium

Taylors Beach	Retain the E3 Productivity Support zone and promote Taylors Beach as bulky goods/light industrial precinct to service the east of the LGA as a complement to Heatherbrae.	High
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An aerial photograph of a bridge spanning a wide river. On the left bank, there is a residential area with several houses and a baseball field. The right bank also has some buildings and trees. The bridge is a simple beam bridge with a metal truss structure. The water is dark and calm. The overall scene is a peaceful suburban landscape.

07

Appendices

Appendix A: Strategy and Policy Review

Anna Bay Strategy and Town Plan

Published in 2008, the Anna Bay Strategy and Town Plan was prepared as guidance for the management of future population growth and the building of neighbourhoods in Anna Bay,¹⁷ providing context and policy direction for future land rezoning requests and development controls.

This Strategy responded to planning policies at the time and demographic trends in the area such as population, household types and sizes, employment and education. It contains several *Strategic Directions* relating to land use, recreation and community facilities. These directions were to be implemented to achieve Council's desired vision for Anna Bay - to offer a mix of dwelling types and business opportunities and to enhance the main street through a mix of retail and office space, shop-top housing and tourist and visitor accommodation.

Relevant Strategic Directions include:

- Supporting Town Centre Growth: to potentially compete with other nearby high amenity towns such as Fingal, Shoal and Nelson Bays, and Soldiers Point, to:
- Provide a range of high-quality housing, work and retail space to attract new residents and professionals.
- Increase mixed-use development on Gan Gan Road to support town centre growth.
- Attract investment into the town centre and improve the quality and range of services and the quality of the built environment.
- Increase convenience and accessibility for local residents and reduce travel to retail and commercial services in other towns.
- Supporting Home Based Businesses: encourage home-based business within residential zones to encourage sustainable employment and transport.
- Providing Employment Land: develop a small-scale light industrial area at the western edge of Anna Bay to provide employment opportunities and encourage redevelopment of the town centre to commercial and residential uses.

¹⁷ Port Stephens Council (2008), 'Anna Bay Strategy and Town Plan', <https://www.portstephens.nsw.gov.au/development/local-area-planning-strategies/anna-bay-strategy-and-town-plan#:~:text=The%20Anna%20Bay%20Strategy%20and,in%20the%20Anna%20Bay%20area.>

Commercial Lands Study: Fern Bay and North Stockton

The Fern Bay & North Stockton Commercial Lands Study was prepared by HillPDA for Port Stephens and Newcastle Councils (with Fern Bay and Fullerton Cove being in Port Stephens, and Stockton in Newcastle).¹⁸ This study:

- Forecasted the scale and type of retail needed to support the current and future population of Fern Bay and Stockton.
- Identified an appropriate location for the retail centre and any appropriate controls that would support/encourage the desired development outcome.
- Assessed the impacts on the retail hierarchy.

The Retail Demand Assessment highlighted several opportunities that could be implemented to meet the retail needs of local residents and a growing population. This included initiatives such as developing a new local centre and increasing the resident population within the study area to generate more expenditure and benefit retail services. Through discussions with Council, HillPDA identified six potential sites to be assessed against a set of criteria relating to a range of economic considerations including the development area; location; exposure; accessibility; walkable catchment and natural hazards. Results displayed that the existing Stockton Residential Centre is the preferred location for a new local retail centre.

An Impact Analysis that a new retail centre at the Stockton Residential Centre site could place on the existing retail network concludes several recommendations to allow it to coexist with a new and nearby retail centre. These recommendations include:

- **Create a local 'eat street' to serve local area and tourists.** The study identifies a lack of restaurants and cafes in the study area. Thus, there is an opportunity for Stockton Town Centre to diversify its retail offer and create a sense of food culture. In turn, this prevents competing directly with the new retail centre through providing a separate range of retail.
- **Tourism:** Utilise the natural surroundings and host events near the Stockton Town Centre to increase visitation and tourism into the area, which will likely increase retail expenditure captured within the centre.
- **Increase the resident population surrounding the town centre:** Strong population growth would generate increased expenditure which would in turn boost the demand and viability of retail services.

Destination Port Stephens Strategic Plan 2022-2025

Destination Port Stephens developed a short-term 3-year Strategic Plan as a catalyst for growing the visitor economy in response to the current global pandemic.¹⁹ It identifies key opportunities for Port Stephens to further grow the visitor economy whilst enhancing the economic, social and ecological sustainability of the region. Five strategic priorities are underlined to improve Port Stephens' competitive position, stimulate demand and recover the visitor economy. These include:

¹⁸ HillPDA Consulting (2017), 'Fern Bay & North Stockton Commercial Lands Study'

¹⁹ Destination Port Stephens (2022), Strategic Plan 2022-2025, https://www.portstephentourism.com.au/wp-content/uploads/2022/06/DPS-Strategy-2022_2025.pdf

- **Destination marketing:** drive increased visitation and brand awareness through innovative marketing programs.
- **Leadership and advocacy:** grow the Port Stephens visitor economy through leadership, expert knowledge, advocacy and industry and stakeholder engagement.
- **Big events and big ideas:** support investment and development.
- **Product/industry development:** improve the quality of tourism product in the LGA through support, education and training.
- **Form a framework for success:** become a sustainable, consultative and effective organisation with a focus on driving results.

Draft Housing Supply and Diversity Plan 2022

This draft plan aims to utilise the strategic frameworks of the Port Stephens Local Strategic Planning Statement (LSPS) and the Local Housing Strategy (LHS) and demonstrate how Port Stephens will facilitate the provision of housing needed to accommodate the growing population by 2041. This includes delivering 8,349 dwellings over the next 20 years as a minimum to provide for the forecasted population increase of approximately 19,415 people.²⁰

The plan outlines aspiration to increase housing infill from 15 per cent to in excess of 45 per cent by 2041, which will rely on upgrading the existing infrastructure and delivering on the place making processes. The plan also highlights the importance of balancing the needs of residents with the import tourist sector. A great abundance of houses in the Port Stephens LGA have been reported as unoccupied, likely associated with Airbnb, holiday letting and or secondary properties. Unlocking these underutilised premises will create opportunity to assist in delivering the required housing needs.

The draft plan is aimed at accommodating the housing needs of 5 areas, including:

- **Nelson Bay Peninsula:** Identified as the largest population centre in the Port Stephens LGA which is highly desirable for amenity and lifestyle opportunities and home to an older demographic, with the median age being 55 years of age (12 years older than the LGA's median age of 43 years). The continued growth of this area will require the redevelopment of existing low-density areas.
- **Raymond Terrace:** Identified as one of Port Stephens' strategic centres which benefits from its proximity to the M1, Newcastle Airport, Williamstown SAP and Newcastle city centre. However, due to the lack of greenfield development and affordability limiting infill feasibility, the demand for housing is relatively low. The plan outlines aspiration for renewal of the existing social housing estates, increasing urban densities and creating greater housing opportunities in the town centre.
- **Williamstown – Medowie – Karuah:** A main focus on Medowie and Karuah – which form the second largest forecast growth area within the LGA. These areas are identified as being at very different stages of their growth cycles, which is a result of the Medowie Strategy (2016) and the Karuah Place Plan being in finalisation.

²⁰ Port Stephens Council (2022), 'Housing Supply and Diversity Plan 2022 (Draft)', source not yet available

- **Anna Bay:** Identified as a relatively constrained landscape (flooding and ecological) which impacts the existing urban area as well as areas that have been previously considered for future development. The extent of the development forecast in Anna Bay is limited to existing areas along with some infill within the town centre.
- **Fern Bay – Fullerton Cove:** Despite being greenfield in nature, this precinct will develop some of the denser areas, demonstrating the need for and support of higher density forms of housing. This in turn allows for the number of people coming into this area to be supported by services and facilities that would not otherwise be available in new release areas.

Each of these areas comprise of several localities/precincts. For each locality (31 in total), the plan outlines:

- **Site description:** a general overview of the site – its geography, existing density, site constraints etc.
- **Future character:** the desired future character for the site – includes the density required to meet housing needs, the number of dwellings/hectare (dw/ha), types of dwellings etc.
- **Delivery actions:** includes whether the site requires a preliminary site review; outlines whether a Place Plan is necessary; considers if rezoning is necessary; if any development applications (DAs) are existing or required at the current stage; dwelling production; and development completion.
- **Key outcomes:** includes key outcomes from the delivery actions – resolutions to existing constraints (stormwater and flooding, traffic and movement etc.); and how to continue supporting the delivery of housing until 2041.
- **Delivery timeframes:** provides an expected timeframe for the delivery of the abovementioned delivery actions, outlining whether the action has been completed or when it is expected to be completed between now and 2041.

TABLE 21: DWELLING AND POPULATION PROJECTIONS ACROSS PORT STEPHENS AREA

Nelson Bay Peninsula				
	2021	2031	2041	Total Growth
Dwellings	13,327	14,294	15,602	+2,275
Population	21,972	24,007	26,647	+4,675
Raymond Terrace				
	2021	2031	2041	Total Growth
Dwellings	6,197	6,968	7,894	+1,697
Population	14,588	16,431	18,559	+3,971
Williamtown – Medowie - Karuah				
	2021	2031	2041	Total Growth
Dwellings	5,719	7,388	8,264	+2,545
Population	15,020	19,516	21,773	+6,753
Anna Bay				
	2021	2031	2041	Total Growth
Dwellings	3,097	3,364	3,589	+492
Population	6,449	7,061	7,559	+1,110
Fern Bay – Fullerton Cove				
	2021	2031	2041	Total Growth
Dwellings	2,192	3,033	3,923	+1,731
Population	4,781	6,630	8,503	+3,722

Source: Port Stephens Council (2022), Housing Supply and Diversity Plan 2022 (Draft)

Medowie Place Plan

The Medowie Place Plan was prepared by Port Stephens Council to guide future planning in Medowie - a rapidly growing rural village in the Port Stephens LGA.²¹ The Plan notes that to support the growing population in the coming years, additional commercial and employment zoned land will be needed to ensure opportunities for economic growth.

The Medowie Place Plan has been prepared to be considered in conjunction with the Medowie Planning Strategy. A key feature of this Place Plan is consolidating the Medowie town centre as the focus for commercial and community activity. To support this aspiration, the Plan includes a Town Centre Concept Plan for Medowie which was prepared in accordance with community feedback. The Concept Plan illustrates how the town centre and immediate surroundings can become a multifunctional space that accommodates retail premises, housing, tourist accommodation. To ensure that the town centre is able to develop in a desirable manner, a site-specific Development Control Plan (DCP) will be prepared, addressing the existing shopping precinct and the aspired town centre expansion site.

Fern Bay and North Stockton Strategy

This Strategy was prepared to guide future development and ensure sufficient infrastructure is provided for a growing community in Fern Bay (within Port Stephens LGA) and Stockton (within Newcastle LGA).²² It seeks to create a pedestrian focused locality, offering a mixed-use town centre to provide housing options which are close to employment opportunities. To achieve the vision, the Strategy is guided by the following goals, goals 2 and 6 are relevant to this study, each of which set out a range of land use and infrastructure priorities to encourage growth in these areas to boost the economy:

- **1) Environment:** protect the natural environment for future generations and attract heritage and nature-based tourism.
- **2) Town Centre:** establish a suitably located mixed-use town centre connected by technology, transport, housing and tourism.
- **3) Housing:** grow a resilient community with greater access to diverse housing.
- **4) Open space and community facilities:** improve access to useable open spaces and well-designed community facilities.
- **5) Transport:** support regional journeys through public transport and improve walking and cycling networks.
- **6) Tourism:** support the regional visitor economy and Newcastle Airport by advocating for tourist and visitor accommodation.

²¹ Port Stephens Council (2022), Draft Medowie Place Plan, <https://www.portstephens.nsw.gov.au/development/place-plans/medowie-place-plan>

²² Port Stephens Council & City of Newcastle (2020), Fern Bay and north Stockton Strategy, <https://newcastle.nsw.gov.au/getmedia/87538c86-a983-4b42-837c-afe0cf86f869/Fern-Bay-and-North-Stockton-Strategy-April-2020>

Hinterland Place Plan

The Hinterland Place Plan guides future planning over a five-year period to improve liveability and community wellbeing in the Port Stephens Hinterland, renowned for its natural assets and agricultural lands. A key priority is to maximise the economic potential of rural land through agriculture and agritourism.

The Hinterland Place Plan identifies access to outdoor recreation areas, farm gate experiences, farm stays, and low impact events can help to grow the visitor economy. Exploring opportunities for public access to open space, the preservation of the natural environment (such as habitat corridors), and repurposing of historical sites for new uses are expected to help attract visitors.

The six key themes of the plan are economy, movement, open space, environment, management and safety, and character. The plan identifies short-, medium- and long-term actions according to the themes. Relevant actions to this study include creating pop-up experiences to bring people together and assess the demand for local services; supporting local businesses; having an agritourism mentoring program to help rural land owners with leveraging the opportunity to diversify their agribusinesses; improving access to interesting places and natural landmarks that can be further enhanced through walking tours; and strengthening community connections with neighbours to create and host events and activations.

Hunter Regional Plan 2041

The Hunter Regional Plan 2041 sets the strategic land-use framework for economic transformation over the next 20 years.²³ It applies to all LGA's within the Hunter Region, which includes Port Stephens, and acts as an update to the previous Hunter Regional Plan 2036. The Plan incorporates nine distinct objectives, each aimed at setting strategic policy positions and identifying regional outcomes. Of greatest relevance to this study are Objectives 1 and 8:

- Objective 1: Diversity the Hunter's mining, energy and industrial capacity.
- Objective 2: Support the right of Aboriginal residents to economic self-determination.
- Objective 3: Create 15-minute neighbourhoods to support mixed, multi-modal, inclusive and vibrant local communities.
- Objective 4: An inter-connected and globally focused Hunter without car dependent communities.
- Objective 5: Plan for "Nimble Neighbourhoods", diverse housing and sequenced development.
- Objective 6: Conserve heritage, landscapes, environmentally sensitive areas, waterways, and drinking water catchments.
- Objective 7: Reach net zero and increase resilience and sustainable infrastructure.
- Objective 8: Plan for businesses at the heart of healthy, prosperous and innovative communities.
- Objective 9: Sustain and balance productive rural landscapes.

²³ Department of Planning and Environment (2022), Hunter Regional Plan 2041, <https://www.planning.nsw.gov.au/-/media/Files/DPE/Plans-and-policies/Plans-for-your-area/Regional-plans/Hunter-Regional-Plan-2041.pdf?la=en>

Objective 1 outlines several strategies and actions aimed at accomplishing diversification in the mining, energy and industrial sectors in the next 20 years. These sectors are an economic powerhouse for the Hunter Region - mining is a known significant source of direct and indirect employment, with coal being NSW's largest exported commodity. Objective 1 outlines aspirations to manage industrial capacity by creating flexible planning and development controls to respond to new opportunities and technologies, including catalytic investments and the sustainable transition to net zero emissions. Strategies relating to Objective 1 are aimed at creating effective post-mining land use principles to maximise employment generation, complementing areas with special amenity values such as critical industry clusters and residential areas, and facilitating a transition towards a circular economy.

Objective 8 aspires to respond to growing economic trends, technological advances and consumer behaviours. Strategies under Objective 8 are aimed at enhancing centres and main streets, the night-time economy, knowledge and innovation clusters, the visitor economy and health care and education precincts. The vitality of centres across the Hunter Region will be promoted by encouraging major employment generating activities in town centres to leverage economic assets and infrastructure and by focussing commercial and retail activity in existing commercial centres, among other approaches. It aims to support a 24-hour economy by promoting the night-time economy in strategic and town centres where night-time public transport options are available and by extending the operation hours for many shops, cafes and other businesses.

Although targeted at a broader geography, the Hunter Regional Plan 2041 has significant implications for the future of employment lands in Port Stephens. The Plan was finalised in December 2022.

Karuah Place Plan

The Karuah Place Plan has been designed by Port Stephens Council to support the Karuah Growth Strategy by identifying additional opportunities for employment lands and housing in the face of a growing population.²⁴ The Place Plan identifies the oyster and timber industries to be the leading employment industries in Karuah - underlining the importance of ensuring the long-term viability of these industries. It also aims to utilise employment land to the west of the town (as identified in the previous 2011 Karuah Growth Strategy) for the employment opportunities.

The Place Plan identifies a range of short-, medium- and long-term actions aimed at enhancing *Economy, Management and Safety, Environmental Sustainability, Movement and Open Space*. Of specific relevance, the plan aspires to infill between existing buildings and tenant empty shops in the town centre, and to showcase Karuah's oyster industry to promote economic/tourism growth.

Medowie Planning Strategy

Adopted by Council in December 2016, the Medowie Planning Strategy²⁵ provides direction for land use planning over the next 20 years, following the identification of Medowie as a growth area in the Port

²⁴ Port Stephens Council & Ethos Urban (n.d.), Karuah Place Plan, <https://www.portstephens.nsw.gov.au/development/place-plans/karuah-place-plan>

²⁵ Port Stephens Council (2016), Medowie Planning Strategy, <https://www.portstephens.nsw.gov.au/development/local-area-planning-strategies/medowie-planning-strategy>

Stephens Planning Strategy and Hunter Regional Plan 2036. The Strategy is guided by five key principles, principle two being directly relevant to this study:

- 1) Development is supported by infrastructure.
- 2) The town centre is the focus for commercial & community activity.
- 3) Rural residential character is balanced with urban development.
- 4) Development has a neutral or beneficial effect on water quality & no increase in flooding impacts.
- 5) Habitat & key corridors are improved or maintained.

Through Principle 2, the Strategy aims to concentrate commercial development in the town centre to consolidate its role as the 'heart' for the social and economic life of the community. The Strategy also indicates that there is a sufficient amount of vacant light industrial zoned land available at Abundance Road to meet future employment demand.

An 'Implementation Plan' outlines indicative timeframes to achieve the abovementioned principles. Including a short-term goal to prepare a Town Centre Development Control Plan to prepare a DCP to implement road layout and design elements of the town centre master plan.

Nelson Bay Public Domain Plan

The Nelson Bay Public Domain Plan is a 20-year vision to guide future public domain improvement works necessary to revitalise the Nelson Bay Town Centre.²⁶ Nelson Bay is a primary town centre of Port Stephens. This Plan aims to ensure that investment in the public domain contributes to the town vision and encourages investment. The Plan is supported by 'Three Big Moves'/strategic design directions for the public domain:

- **Green and blue network:** provide an integrated blue and green network connecting Nelson Bay to Tomaree National Park, to reduce environmental impacts and improve public health.
- **Streets for people:** to create pedestrian- and cycle -friendly street environments that are easily accessible for residents and visitors.
- **Places for people:** to offer places with a diverse range of year-round uses. This includes restoring the character of the Nelson Bay town centre.

Placescore: Liveability Platform Executive Summary November 2020

Placescore is a data collection tool used to capture community values and measure liveability.²⁷ Council is using Placescore findings to track how neighbourhoods are performing and where there should be a focus for change.

A PX Score, based on the performance of five Place Dimensions (Care, Look and Function, Sense of Welcome, Things to Do, Uniqueness) gave the Port Stephens LGA an average score of 66/100, which is

²⁶ Tract Consultants (2019), Nelson Bay Public Domain Plan.

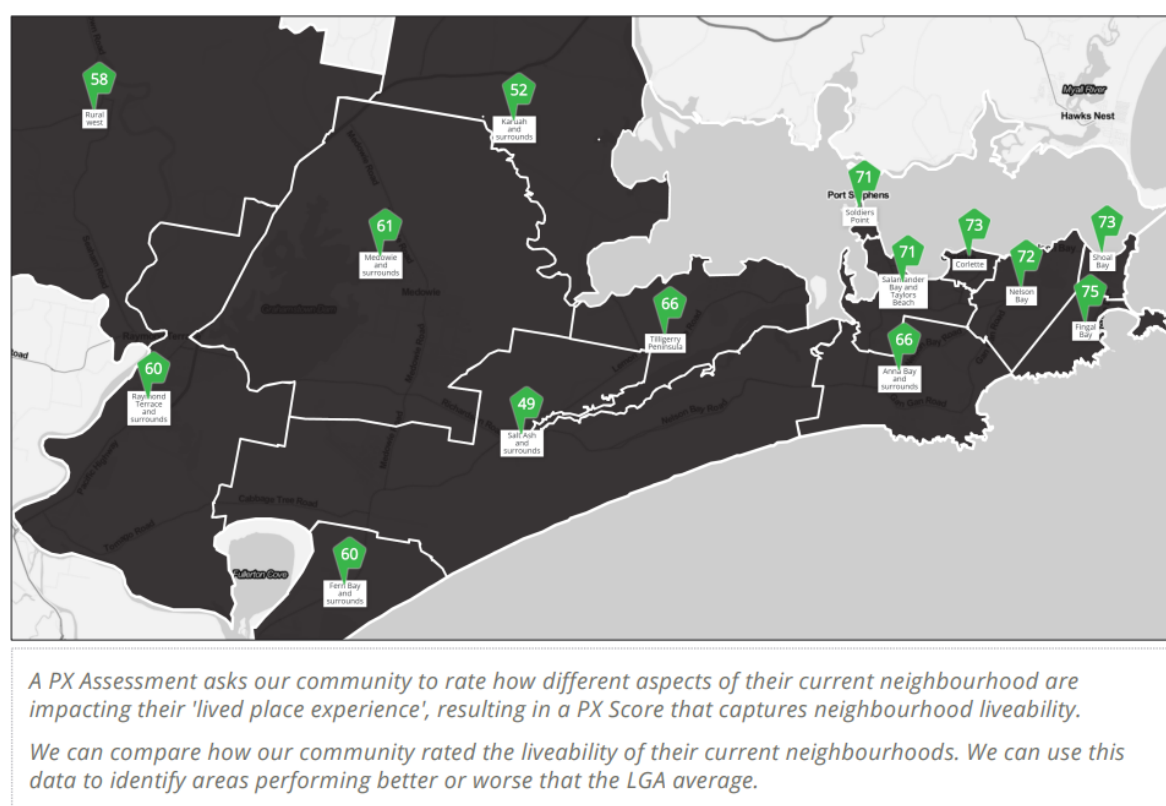
²⁷ Placescore & Port Stephens Council (2020), Liveability Platform Executive Summary Nov 2020, <https://www.portstephens.nsw.gov.au/development/strategies-and-planning-guides/liveability-index>

just below the national average score of 67/100. Neighbourhoods in the Tomaree Peninsula received the highest liveability scores (Fingal Bay was the highest with a score of 75/100, Salt Ash and Surrounds was the lowest ranked with a score of 45/100).

Placescore identifies that Port Stephens' worst performing attribute is local employment opportunities (within easy commute) and for people aged 15-44 the worst attribute was 'things to do in the evening'. The report points to the Rural West, Fern Bay, Karuah and Salt Ash as having the most potential benefit from more local commerce options.

Neighbourhoods should feature locally owned and operated businesses that provide the community with their daily needs.²⁸

FIGURE 20: PLACESCORE NEIGHBOURHOOD LIVEABILITY MAP



Source: Placescore Liveability Platform Executive Summary, November 2020 Port Stephens Council

Port Stephens Commercial and Industrial Lands Study

The Port Stephens Commercial and Industrial Lands Study was prepared by SGS Economics and Planning for Port Stephens Council in 2010.²⁹ It aimed to assist Council in implementing the policy direction set in the *Lower Hunter Regional Strategy* and the *Port Stephens Community Settlement and*

²⁸ Placescore & Port Stephens Council (2020), Liveability Platform Executive Summary Nov 2020, <https://www.portstephens.nsw.gov.au/development/strategies-and-planning-guides/liveability-index>

²⁹ SGS Economics and Planning (2010), Port Stephens Commercial and Industrial Lands Study,

Infrastructure Strategy, through the development of a Principal Local Environmental Plan (LEP). The objectives of the Study were to:

- Establish a commercial hierarchy for the Port Stephens LGA;
- Provide a strategic framework to inform the Principal LEP;
- Provide a framework that establishes the relationship of industrial areas to commercial areas with specific consideration being given to bulky goods retailing;
- Develop individual profiles for each commercial centre;
- Identify capacity and trends of centres to facilitate future growth.

The supply and demand gap analysis was conducted to determine if there was sufficient zoned land to accommodate future development and was measured by conducting a land-use audit on all commercial and industrial zoned land. Results from the analysis indicated a shortfall of supply in numerous centres. It also indicated that in most industrial precincts, there is sufficient zoned land to accommodate forecasted demand.

Recommendations included:

- **Making centres the focus for office development:** Restrict office premises in industrial areas.
- **Meeting the needs of an ageing population:** Create provisions to ensure that centres are safe and accessible and where possible, locate residential development in or near centres.
- **High level vacancy in some centres:** Monitor vacant floorspace in identified areas being Shoal Bay, Fingal Bay and Soldiers Point. Consider relaxing development controls if these premises remain vacant.
- **Bulky goods retailing:** Due to the limited population catchment within the LGA and a significant supply of existing and planned bulky goods floorspace in the region, there is no need for further development of bulky goods premises in the LGA in the short to medium term. Additionally, bulky goods premises should be prohibited in all industrial areas within the LGA.
- **Big box retailing:** In approving development within specific centres being Raymond Terrace and Salamander Bay, Council should be mindful of the need to preserve opportunities for new market entrants that may not be able to afford big box premises.

Port Stephens Council Smart City Blueprint

Endorsed by Council in 2020, the Port Stephens Smart City Blueprint was prepared to guide decision-making in support of the vision of becoming a liveable, diverse, sustainable and connected place for the community to live and work.³⁰ It aims to establish Port Stephens as a 'smart' region by utilising growing innovative technologies.

The Smart City Blueprint outlines ambition to collaborate with partners to create smart digital capabilities and data that will enable greater internal decision-making, deliver greater digital

³⁰ Port Stephens Council (2020), Port Stephens Council Smart City Blueprint, <https://www.portstephens.nsw.gov.au/development/strategies-and-planning-guides/smart-city-strategy#:~:text=Smart%20City%20Blueprint&text=Port%20Stephens%20will%20seek%20to,establishment%20of%20smart%20digital%20capabilities>.

community services and create ongoing technological innovation. In turn, this will enhance economic growth, assist in protecting the natural environment and improve community wellbeing. The Blueprint includes six primary capabilities which relate to key themes of the Port Stephens Community Strategic Plan, the most relevant for this study include:

- **Economy:** to encourage and support improvements to the visitor experience through smart solutions and to reinforce a strong economy by improving digital connectivity for businesses and strengthening a sense of collaboration.
- **Infrastructure:** to encourage the use of existing and future data to improve the service of existing council-owned assets and to utilise data and technology that addresses community issues. Additionally, to investigate smart solutions as major projects commence work.
- **Environment:** to create infrastructure and technology foundations to monitor environmental conditions and to reduce energy use.

Each theme comprises individual strategies and initiatives to achieve their respective vision. Of significance, strategies under the 'Economy' theme aspire to utilise smart technology to drive an adaptable and diverse economy. For example, the Smart City Blueprint aims to consider collecting data about movement in local centres to inform local businesses on optimal hours of operation to increase their revenue.

Port Stephens Economic Development Strategy 2021-2025

This Strategy was designed as a catalyst to achieve positive outcomes towards sustainable businesses in the long term and the recovery from recent natural disasters and the global COVID-19 pandemic.³¹

The Strategy highlights several existing 'opportunities' where Port Stephens' economy is thriving but can be further developed to facilitate employment growth, including in advanced manufacturing, renewable energy and leveraging off upgrades to the Newcastle Airport, the existing tourism economy and growth of the Raymond Terrace Economic Zone. It recognises the current economic transformation that the Hunter Region is undergoing and the potential for advanced manufacturing as a knowledge-based industry to grow. New investment into advanced manufacturing can create jobs and attract talent into the region.

To achieve opportunities such as the abovementioned, the Strategy outlines a 'Blueprint for Growth' to facilitate innovation in upcoming businesses. The Blueprint focuses on four underlying components:

- **Investment attraction:** Identifies the Hunter Region as a strategic centre for economic growth, with Port Stephens being home to one of Australia's fastest-growing aviation and defence hubs. This focus' priorities include partnering with State and Federal Government to attract/facilitate investment; advocating for investment in tourism, and enabling opportunities to unlock more employment generating lands.
- **Sustainability and resilience:** Council aim to support businesses in adapting to ongoing disruptions. Key priorities include sharing data, monitoring trends and facilitating evidence-based

³¹ Port Stephens Council (2021), Port Stephens Economic Development Strategy 2021-2025, <https://www.portstephens.nsw.gov.au/development/strategies-and-planning-guides/economic-development-and-tourism>

decision making; supporting the growth of existing businesses and industries, and enabling a more collaborated and connected business community.

- **Workforce for the future:** Acknowledges the fundamental transformation of remote work and the related increased demand for regional living. Key priorities include driving investment into digital infrastructure; advocating and enabling new housing to support workforce growth, and increasing awareness of the employment opportunities in Port Stephens.
- **Support local:** Recognises the impacts of the pandemic on local businesses and aims to support the growth of businesses and increase local jobs. Key priorities include investing in place activation programs to increase vibrancy across town centres, and developing support campaigns to encourage local spending.

Port Stephens Industrial Market Information 2020

This report prepared by Colliers International Research in 2020, provides an overview of relevant market information for the Port Stephens LGA.³² Taking into consideration that the report was prepared in 2020 prior to the impacts of Covid19, the key insights included:

- The two main industrial precincts within the Port Stephens LGA, Tomago and Heatherbrae, comprise a total approximate building area of 695,944m², which accounts for approximately 15 per cent of the Hunter Region's industrial market.
- Manufacturing is the second largest employer in the Port Stephens LGA, accounting for approximately 11.79 per cent of jobs and the largest contributor to economic output accounting for 29.51 per cent of total output.
- Driven by lifestyle and lower costs of living, the Port Stephens region offers a 44 per cent price disparity compared to Sydney median house prices. This, coupled with an anticipated population of 88,920 by 2040, indicates the region is in an advantageous position to continually grow and attract a diverse labour-force complementing business investment.

Port Stephens Investment Prospectus

The Port Stephens Investment Prospectus summarises key industry strengths of the LGA and outlines for prospective investors the advantages of investing in these growth industries.³³ Located within the hub of a well-developed multi-modal transport network comprising the M1 Motorway, a heavy rail network and the nearby Newcastle Airport, this document positions Port Stephens as a strategic centre for economic growth. The document identifies five precincts that can nurture growth in specific industries. These include:

- **Williamstown:** home to the Newcastle Airport and the RAAF base, Williamstown is a growing aerospace and defence service hub.
- **Raymond Terrace:** thriving trading hub which has evolved into the primary service centre in Port Stephens.

³² Colliers International Research (2020), Port Stephens,

³³ Port Stephens Council (2020), Invest: Port Stephens Investment Prospectus, <https://www.portstephens.nsw.gov.au/trim/other?RecordNumber=20%2F380616>

- **Heatherbrae:** identified in the Hunter Regional Plan as being a significant employment land cluster. Heatherbrae links to the M1 and offers large parcels of vacant land – providing great potential to evolve into a destination for bulky goods retailing.
- **Nelson Bay:** a major tourism hub which is beneficial to Port Stephens' visitor economy. Nelson Bay is identified as a strategic centre and will utilise existing services to support the growing population.
- **Tomago:** identified as a catalyst zone for significant employment opportunities in a range of industries including manufacturing, industrial and trading.

Port Stephens Local Strategic Planning Statement 2020

The Port Stephens Local Strategic Planning Statement (LSPS) identifies the 20-year vision for land use in Port Stephens.³⁴ To achieve their vision by 2040, Port Stephens Council have identified 12 planning priorities which have been split into four key sectors: Economy, Housing, Environment and Transport. Each planning priority plays an important role in shaping the future of Port Stephens and the LSPS outlines when they will be delivered. The LSPS informs local plans (such as the LEP and DCP) as well as providing a link to the local strategic planning hierarchy for centres in Port Stephens.

Several of the planning priorities listed in Table 44 are highly relevant to this report. Planning Priority 1 aims to support the growth of strategic centres and major employment areas in Port Stephens LGA and identifies Williamstown and Tomago as focus areas for employment and public/private infrastructure investment over the next 20 years. To ensure that Port Stephens can act as a strategic location for economic growth, Council will monitor the supply of employment land and incorporate land use planning and infrastructure plans as require to guide future growth.

Port Stephens Council aims to boost their tourist and visitor economy through the LSPS. Tourism provides 1,169 jobs (as of 2020) in the main visitor destinations of Port Stephens and is identified as a vital sector in terms of local employment. Planning Priority 3 aims to support tourism development and attract events to generate greater income for the local economy. To achieve this, Council will take measures such as implementing an events strategy and investigating in opportunities to facilitate land uses that can support the growing tourist and visitor economy.

The LSPS also focuses on planning for healthy communities by promoting wellbeing and encouraging active living. Planning Priority 10 intends to create friendly spaces in local centres to foster stronger social and environmental connections. Over the next 20 years, Council will investigate opportunities in existing centres to provide better public spaces that enhance local character, including natural and cultural heritage, support the ageing population and facilitating the reuse of heritage places.

Council will consistently monitor, review and report on the LSPS to ensure that all 12 of the planning priorities are being achieved.

³⁴ Port Stephens Council (2020), Port Stephens Local Strategic Planning Statement, <https://www.portstephens.nsw.gov.au/development/strategies-and-planning-guides/local-strategic-planning-statement>

FIGURE 21: LSPS PLANNING PRIORITIES

Sector	Planning Priority
Economy	<ul style="list-style-type: none"> Planning Priority 1: Support the growth of strategic centres and major employment areas Planning Priority 2: Make business growth easier Planning Priority 3: Support tourism development and attract events
Housing	<ul style="list-style-type: none"> Planning Priority 4: Ensure suitable land supply Planning Priority 5: Increase diversity of housing choice Planning Priority 6: Plan infrastructure to support communities
Environment	<ul style="list-style-type: none"> Planning Priority 7: Conserve biodiversity values and corridors Planning Priority 8: Improve resilience to hazards and climate change Planning Priority 9: Protects and preserve productive agricultural land Planning Priority 10: Create people friendly spaces in our local centres where people can come together
Transport	<ul style="list-style-type: none"> Planning Priority 11: Integrate land use and transport planning Planning Priority 12: Enhance inter-regional connections

Port Stephens Local Housing Strategy 2020 (Live Port Stephens)

The Port Stephens Local Housing Strategy 2020 (Live Port Stephens) provides the road map to accommodate the growing population within the Port Stephens LGA over the next 20 years (to 2040).³⁵ Substantial investment has been recently provided to support infrastructure and future job growth in the Port Stephens LGA. Such investment is enabling Port Stephens to transition into a significant hub for a variety of sectors that will accumulate employment growth, including defence, manufacturing, tourism, aviation, marine and energy sectors. These growing industries will attract many workers and families by 2040.

Live Port Stephens comprises of four key outcomes containing a total of 12 priorities. These outcomes include:

- Outcome 1: Ensure suitable land supply

³⁵ Port Stephens Council (2020), Live Port Stephens Local Housing Strategy, <https://www.portstephens.nsw.gov.au/development/strategies-and-planning-guides/local-housing-strategy#:~:text=The%20Port%20Stephens%20Local%20Housing,use%20planning%20for%20new%20housing.>

- Outcome 2: Improve housing affordability
- Outcome 3: Increase diversity of housing choice
- Outcome 4: Facilitate liveable communities

Outcome 1 aims to ensure that future land supply is in locations with convenient access to employment and town centres. Key actions that Council will undertake include identifying barriers that are preventing existing land supply from being developed, considering opportunities to unlock potential land supply, and reviewing the rezoning request process to align with outcomes and priorities of Live Port Stephens.

Of relevance, this strategy also identifies the future provision of a sustainable supply of affordable housing to be a challenge for Port Stephens Council. Outcome 2 identifies actions that Council can take to enable more affordable housing choices, such as partnering with community housing providers to facilitate the supply of affordable housing for low and very-low incomes households and encouraging more affordable dwellings within walking distance to town centres and employment hubs.

Progressing the Nelson Bay Town Centre & Foreshore Strategy: A Revised Implementation and Delivery Program

Prepared in 2018, this Strategy/Delivery Program supports efforts by stakeholders to attract public and private investment to the Nelson Bay town centre.³⁶ It proposes changes necessary to encourage investment in the town centre, including amendments to planning controls and provision for enhanced public spaces. It essentially acts as a guide to revitalise the town centre and promote Nelson Bay as a tourist hub whilst benefitting the local business community and residents.

The Strategy provides an ‘implementation plan’ containing a total of 33 recommendations distributed amongst six key principles. Key recommendations that are relevant to this study are outlined below:

- Recommendation 13: Consider utilising technology to activate the town centre and public domain;
- Recommendation 14: Feasibility assessment for public Wi-Fi in the town centre – to support the visitor economy and to encourage people to stay longer in the town centre.
- Recommendation 18: Develop a toolkit for public events to encourage the activation of the town centre.

Each recommendation has been addressed since the publication of this Strategy.

Raymond Terrace and Heatherbrae Strategy 2015-2031

Adopted in 2015, this Strategy presents four underlying goals each comprising individual strategic directions to achieve the vision of transforming Raymond Terrace and Heatherbrae into a strong major

³⁶ Nelson Bay Next & Port Stephens Council (2018), *Progressing the Nelson Bay Town Centre & Foreshore Strategy: A Revised Implementation and Delivery Program*, <https://www.portstephens.nsw.gov.au/development/local-area-planning-strategies/nelson-bay-strategy>

regional centre.³⁷ An overview of the goals and their accompanying directions is provided in Table 2, below:

FIGURE 22: RAYMOND TERRACE AND HEATHERBRAE STRATEGY, GOALS AND STRATEGIC DIRECTIONS

Goal	Strategic Direction
Goal 1: A competitive economy with regional services, including transport, health, justice, government, commercial, retail, industrial and entertainment	<ul style="list-style-type: none"> Direction 1.1: Growing a more regionally competitive centre by providing lands to strengthen the retail offering of Raymond Terrace and facilitating Heatherbrae as a destination for bulky goods. Direction 1.2 Enhancing transport and mode connectivity, including road, public transport, footpath and cycleway connections within Raymond Terrace and Heatherbrae. Direction 1.3: Planning for regional soft infrastructure services to meet the needs of a growing community. Direction 1.4: Raising the profile of Raymond Terrace through a commercial strategy/prospectus.
Goal 2: A city of housing choice with homes that meet our needs and lifestyles with a focus on providing for affordable accommodation, which includes seniors living and student accommodation	<ul style="list-style-type: none"> Direction 2.1: Enabling development that supports compatible land clustering 'like with like' land uses by the identification of key precincts, such as Kangaroo Street for Light Industrial, and Heatherbrae for bulky goods. Direction 2.2: Providing opportunities for affordable housing and seniors/retirement living. Direction 2.3: Council facilitating the development of catalyst sites.
Goal 3: A great place to live with quality public and private spaces that are accessible	<ul style="list-style-type: none"> Direction 3.1: Improving the quality of existing public open spaces and undeveloped sites. Direction 3.2: Identifying locations for future passive open space. Direction 3.3: Implementing main street upgrades.
Goal 4: A resilient city with clear directions for improved social, environmental and economic outcomes	<ul style="list-style-type: none"> Direction 4.1: Retaining connections to the past through the integration of heritage into development. Direction 4.2: Developing a streetscape design guideline for consistency in the town centre. Direction 4.3: Establishing an implementation panel to provide continual input. Direction 4.4: Reinforcing the role of Raymond Terrace within the Local Government Area commercial hierarchy as the prominent commercial centre to service the future needs of

³⁷ Port Stephens Council (2015), Raymond Terrace and Heatherbrae Strategy 2015-2031, <https://www.portstephens.nsw.gov.au/development/local-area-planning-strategies/raymond-terrace-and-heatherbrae-strategy>

Each of the Strategic Directions listed above contain area specific and detailed actions that will be implemented within the life of the strategy. Of relevance to this study are the directions 1.1, 2.1, 4.4.

After three years of its release in 2018, the actions outlined in this strategy were reviewed by Council.

Raymond Terrace and Heatherbrae Economic Land Use Study

Prepared by HillPDA in 2012, this Study aims to gain insight into the demand for a range of employment generating uses in Raymond Terrace and Heatherbrae over a 20-year period.³⁸ The primary objectives of this study were to:

- Provide a coordinated approach to the future development of Raymond Terrace and Heatherbrae;
- Expand the commercial and retail offer of Raymond Terrace and Heatherbrae by identifying opportunities and future land uses while having regard to sustainable economic development principles;
- Minimise and mitigate the extent of negative economic impacts on existing traders within the immediate vicinity;
- Provide gap analysis information that can assist in the development of the Raymond Terrace and Heatherbrae Growth Strategy;
- Identify land use demands and floor space requirements for development and spatial locational requirements; and
- Identify opportunities to stimulate the market and make Raymond Terrace a competitive and reliable Regional Centre.

Ten strategic recommendations are targeted at encouraging economic growth and increasing the efficiency and productivity of the local economy. The study outlines specific actions that need to be undertaken in order to achieve each strategy. It notes whose responsibility it is to monitor each action (whether it be Council, Raymond Terrace Business Association, or Businesses in general), and provides a timeframe and priority level (high or low) for implementation of each action - where high priority is to be implemented within 1-2 years and low priority is to be implemented over 3-5 years.

- Strategy 1 – Strengthen Raymond Terrace’s Retail Offering
- Strategy 2 – Make Heatherbrae a Leading Destination for Bulky Goods
- Strategy 3 – Preserve employment zoned land that can accommodate larger floorplates, are well serviced or connected to main transport networks
- Strategy 4 – Increase the Attractiveness and Convenience of Raymond Terrace
- Strategy 5 – Create an Environment that Allows Businesses to Flourish
- Strategy 6 – Create a Culture of Cooperation between Businesses and Council
- Strategy 7 – Build Businesses Capacity

³⁸ HillPDA (2012), Raymond Terrace and Heatherbrae Economic Land Use Study.

- Strategy 8 – Improve the Skills of the Local Workforce
- Strategy 9 – Attract More Shoppers and Visitors to Raymond Terrace
- Strategy 10 – Become a Major Provider of Aged Care Accommodation

Raymond Terrace Public Domain Plan (January 2021)

Prepared by Tract Consultants and endorsed by Council in January 2021, the Raymond Terrace Domain Plan provides a 20-year vision to guide all future public domain improvement works necessary to strengthen the Raymond Terrace Town Centre.³⁹ Council aims to create a more liveable, integrated town centre core with a functional built environment.

The most relevant Principle to this study is to ‘strengthen productivity’. This emphasises the importance of encouraging the community and visitors to spend more time in the town centre and supporting a day and night economy.

Review of Bulky Goods and Floorspace Demand – Leyshon Consulting Pty Ltd

In 2011, Port Stephens Council commissioned Leyshon Consulting to provide an independent review of issues associated with the demand for, and supply of, bulky goods floorspace in Port Stephens LGA.⁴⁰ This Report reviewed a variety of documents including SGS’s ‘Port Stephens Commercial and Industrial Lands Study (2010)’, Port Stephens Council’s ‘Draft Port Stephens Planning Strategy 2011-2036’, DPE’s ‘Lower Hunter Regional Strategy (2006)’ and a Planning Proposal which advocates the proposed rezoning of land at Williamstown to facilitate bulky goods.

It concluded by suggesting that although Williamstown may be a suitable location for bulky goods retailing, Heatherbrae is a greater location from a strategic planning and market perspective.

Shoal Bay Place Plan

The Shoal Bay Place Plan⁴¹ is a framework to guide future planning in Shoal Bay, a popular coastal town with a strong evening economy. The Plan notes that the key activity centre is on the foreshore, the new Tomaree Coastal Walk is expected to become a popular attraction, new commercial activity is encouraged to serve the local community and tourism, and that development opportunities are limited by the topography.

The six key themes of the plan (i.e. what the community perceives as the most important in terms of liveability) are environmental sustainability, management and safety, economy, movement and place, character and public open space. An increased ability to attract visitors in colder months will benefit the local economy.

Actions in the plan over the next five years that are relevant to this study include making creative use of good lighting to increase the ambience of places and extend dining and trading hours, which can support the evening economy; balancing the need of having events that activate the area but also

³⁹ Tract Consultants (2021), Raymond Terrace Public Domain Plan January 2021, <https://www.portstephens.nsw.gov.au/trim/other?RecordNumber=21%2F49877>

⁴⁰ Leyshon Consulting (2011), Review of Bulky Goods Floorspace Demand – Port Stephens LGA.

⁴¹ Port Stephens Council (2024), Shoal Bay Place Plan, <https://www.portstephens.nsw.gov.au/development/place-plans/shoal-bay-place-plan>

respect the environment; improve walkability and connections along the coast for visitors and community members; having pop up shops to fill empty retail spaces and increase the vibrancy of the centre, which will be more appealing to visitors; activating public spaces like through murals, sculptures, landscaping and installations which will help to activate spaces and which businesses can benefit from.

Williamstown Special Activation Precinct Economics Report (Economics Report Williamstown SAP)

**The Williamstown SAP was cancelled in September 2023*

Williamstown (within the Port Stephens LGA) is positioned to be Australia's leading national and international defence, aeronautics and aerospace hub. In May 2020, the Deputy Premier and Minister for Regional NSW announced Williamstown as an investigation area for a Special Activation Precinct (SAP). SAPs bring together planning and investment to create jobs and boost economic growth in dedicated regional locations across NSW.⁴² The 'Williamstown Special Activation Precinct (SAP) Economics Report', prepared by Deloitte (2022), provides an economic analysis on the industries and land uses that should be considered as part of the development of the Williamstown SAP Structure Plan.⁴³

The report identifies two key drivers of economic demand which are anticipated to provide growth;

- 1) Defence programs and capabilities at Williamstown: existing defence programs may grow substantially over time in response to significant government investment.
- 2) Existing infrastructure: Newcastle Airport, the Airport, Aerospace and Defence Related Employment Zone, the RAAF Base Williamstown and The Port of Newcastle.

An estimated \$40.4 – \$60.3 billion is directed at Williamstown through investment into a variety of defence programs, infrastructure and equipment. These programs may act as a catalyst for the development of the Williamstown SAP into an airport, aerospace and defence hub and have been explored through a 'market sounding' process. Market sounding was undertaken to gain insight into the demand for land and economic activity in the area, as well as planning and development factors that contribute towards making Williamstown SAP an attractive place for business. This process involved identifying potential industries that could be accommodated by the SAP and that would be considered as either ancillary or adjacent industries to the existing defence and aerospace industry.

The market sounding process revealed that there is great interest in investing and developing within the Williamstown SAP and confirmed that the greatest opportunity and competitive advantage for the Williamstown SAP is to establish itself as a national and international Defence hub. The market sounding process identified a range of 'needs' and 'opportunities', including (but not subject to):

- The 'need' for the Williamstown SAP to establish enabling infrastructure to support and attract workers and investment into the region.
- The 'need' for a coordinated and competitive government approach to attract investment for the SAP.

⁴² Planning NSW (2022), 'Special Activation Precinct – Williamstown', <https://www.planning.nsw.gov.au/-/media/Files/DPE/Factsheets-and-faqs/Plans-for-your-area/Special-Activation-Precincts/williamstown-special-activation-precinct-factsheet-2020-11-20.pdf?la=en>

⁴³ Deloitte (2022), 'Williamstown Special Activation Precinct Economics Report', *source not yet available*

- The 'opportunity' for expansion of adjacent/ancillary sectors (such as the aerospace industry).

These 'needs' were explored further as part of a following 'market failure' analysis for the SAP, which was used to inform scenario development and understand the implications of current and projected land use requirements.

Appendix B: Trends and Drivers

Australia's changing economic character

There has been a well-documented shift in the composition of Australia's economy over the past 50 years. This shift is characterised broadly by the decline of employment in manufacturing and agricultural sectors, coupled with the growth of 'tertiary' or service industries. The latter now account for around 80% of Australia's economic output.⁴⁴ The effect of these changes is made clear in the physical structures of contemporary Australian cities.

Tertiary industries are now the dominant form of 'basic' industry in many city locations, meaning that they are the motor-generators of export income. This revenue provides the necessary foundation to support other industries which contribute to the strength and complexity of the economy. This dynamic means that services are crucial instigators for other economic activities, including retail businesses.

While physical planning alone cannot create this type of economic system, the built environment inevitably plays host to its local economic system, meaning that changes in the built environment can have disruptive effects on the local economy. These impacts should be studied carefully as part of the plan-making process.

Changing nature of employment land

Disruptions to supply chains through automation, climate change, the pandemic, a growth in bottom-up community enterprises and in micro and small businesses, all present demands for new and flexible types of floorspace models and clusters of industry.

As the nature of work changes, enterprise corridors and industrial precincts will accommodate more diverse job types than previously. This is because many traditional industrial businesses now include higher tech functions and subsequently employ higher skilled workers. Planning for traditional sectors needs to incorporate a range of other activities that now occur within one firm.

⁴⁴ ABS (2019), 'Services in the Australian Economy', <https://www.abs.gov.au/articles/services-australian-economy>

FIGURE 23: INTEGRATED ACTIVITIES



Source: SGS Economics and Planning 2020

While some businesses will still require very large lots, this is mostly for warehouse, freight and logistics (linked to e-commerce) where automation is a key characteristic, and mostly concentrated in outer industrial precincts. Conversely, there are more businesses that contain both jobs in the traditional industrial sector (for example, manufacturing), coupled with more knowledge-intensive research, product development and headquarter functions, in established areas.

Evolving technologies, advanced manufacturing and industry co-location in Regional areas

As manufacturers continue to embrace advancing technologies, new opportunities arise which drive growth to solidify a more competitive and sustainable manufacturing capability across Australia, both in an Urban and Regional context. Advanced manufacturing is an emerging sector that increases the capability of manufacturing by incorporating innovative technologies to improve efficiency, adding value to multiple supply chains in other sectors. For instance, wood-based biomass could be used as an input help to produce biofuels and nanocellulose, which can be applied elsewhere.⁴⁵

Due to the energy-intensive nature of manufacturing, there is a growing need for competitive sustainable advanced manufacturing processes as we progress into the future. That is, not only considering sustainable processes like using innovative and resource-efficient technologies to manufacture a product, but also using less harmful materials where possible, considering carbon footprints in transport and logistics, and whole-of-life impacts to see whether collaborative consumption is possible (i.e. whether inputs can be reused, recycled or recovered, and if a product can be repurposed once its end-of-life is reached).⁴⁶

This can be achieved by co-locating or clustering industries, universities and researchers into innovation hubs or districts to scale-up start-ups. For example, the established relationship between CSIRO

⁴⁵ Primary Industries and Regions SA (2020), Primary Industries in South Australia Fast Facts, https://pir.sa.gov.au/__data/assets/pdf_file/0011/339842/PIRSA_Primary_Industries_in_SA_Fast_Facts_Overview_Mar20_v3.pdf

⁴⁶ CSIRO Futures (2016), Advanced Manufacturing – A Roadmap for unlocking future growth opportunities for Australia, p. 26-29.

(located in Mayfield West) and the University of Newcastle attracts companies to locate in nearby industrial precincts such as Tomago, creating an opportunity for advanced manufacturing companies to grow. Energy Renaissance (ER), a recently established lithium-ion battery manufacturing company, are set to commence the operation of Australia's first lithium-ion Giga factory in Tomago.⁴⁷ ER have previously collaborated with CSIRO to develop a proprietary battery system which highlights the beneficial nature of industry co-location. Following the success of their pilot facility (also located in Tomago), ER will be relocating into a 4,500m² custom facility which will provide jobs for 700 employees. This facility is currently in the final stages of development and envisioned to open shortly.

The Williamstown SAP is another example of strategic industry co-location in the Port Stephens LGA. The Precinct will deliver jobs and growth to the Williamstown area that capitalises on the emerging aerospace industry around the existing RAAF Base and the Newcastle Airport.⁴⁸

The changing nature of retail and consumer preferences

In recent decades, there has been a noted shift away from demand for goods or 'things' and towards experiences. This has been driven by several broader cultural shifts, including:

- a changing attitude towards consumption (particularly among millennials), with the accumulation of material possessions less popular than it was, for environmental and other reasons,
- a growing trend towards individuals using consumption choices to define their identities (linked in with the prominence of social media), and
- an increasingly time-poor society that places greater value on scarce time and the experiences associated with it.

This trend has implications for the mix provided at centres, the most successful of which will link in retailing with the provision of high-quality experiences or service retail.

The growth of online retailing has impacted industries differently. For freight and logistics, this has increased the expectations that customers have of the speed with which goods can be delivered. Previous research has identified that around a quarter of consumers are willing to pay a premium for same-day delivery.⁴⁹ This puts an even higher value on the co-location of logistics, industrial services and dispatch lands in areas close to population centres.

With the overall increase in popularity of online retailing and e-commerce, 'last mile' logistics has become a priority. 'Last mile' delivery is the final part of a product journey from warehouse to the customer doorstep. It is also often the most expensive and time-consuming part of the shipping process, estimated to account for around 53 per cent of the total cost of shipping.⁵⁰

⁴⁷ AuManufacturing (2022), 'Energy Renaissance Close to Opening Battery Giga-factory', <https://www.aumanufacturing.com.au/energy-renaissance-close-to-opening-battery-giga-factory>

⁴⁸ NSW DPE (2022), 'Williamstown Special Activation Precinct', <https://www.planning.nsw.gov.au/Plans-for-your-area/Special-Activation-Precincts/Williamstown-Special-Activation-Precinct>

⁴⁹ McKinsey & Company (2016), 'How customer demands are reshaping last-mile delivery', <https://www.mckinsey.com/industries/travel-transport-and-logistics/our-insights/how-customer-demands-are-reshaping-last-mile-delivery>

⁵⁰ Marcello, J (2022), 'Five Pillars that Define Superior Last-Mile Delivery', <https://www.supplychainbrain.com/blogs/1-think-tank/post/35736-five-pillars-that-define-superior-last-mile-delivery#:~:text=The%20last%20mile%20is%20typically,the%20customer%20places%20an%20order>.

Retailers and logistics companies are seeking new, technological solutions to improve the last leg of this process and overcome geographical challenges. Some of these solutions have included drones or crowdsourcing local delivery sources.

Worker preferences and local centre linkage

In 2022, much of the Australian workforce continues to work from their homes on a regular basis. Restrictions which limited workers ability to move freely about workspaces have largely been phased out, and it is expected that more and more workers will return to their offices. That said, now that effective work systems are enabled and that 'working from home' is now widely accepted across many sectors, many workers may not return to the office, and a great many more are likely to continue to work from home a few days per week.

In February 2021, around 41 per cent of workers worked from home at least once a week, compared to 24 per cent before the imposition of COVID restrictions.⁵¹ ABS research found that most Australian workers viewed working from home in a favourable light. In February 2021, when asked about preferences for working from home:

- 42% of employed Australians wanted the amount of work from home to *stay the same*,
- 14% wanted the amount of work from home to *increase*,
- 8% wanted the amount of work from home to *decrease*,
- 9% would prefer to not work from home, and
- 26% had jobs that could not be done from home.

Whether working from home meets employers' needs are still unclear and the implications for work location are likely to continue to evolve. This has significant implications for local centres across cities. Every day, workers spend money in businesses in and around their workplaces, supporting a large number of retail and hospitality businesses in Sydney's CBD, for example. Therefore, with the shift in worker locations comes a transfer of worker expenditures. This presents opportunities for suburban centres to capture expenditure from those 'working at home' who want to eat out or shop during work breaks.

Design and activity trends for high streets

'Fine grain' is a term used to describe small-scale spaces that provide a diverse and specialised layer of activities (often with low-cost spaces).⁵² A permeable/fine grain built environment encourages walkability and can enable greater community interaction by increasing opportunities to passively engage and interact in a pedestrian environment.

In terms of retail activity, fine grain built-form involves shop fronts at a human scale, usually in the context of a main street or high street. A fine grain high street shopping experience offers a more

⁵¹ ABS (2021), 'A year of COVID-19 and Australians work from home more', <https://www.abs.gov.au/media-centre/media-releases/year-covid-19-and-australians-work-home-more>

⁵² City of Sydney (2015), 'George Street 2020 – A public domain activation strategy - Part 3', https://www.cityofsydney.nsw.gov.au/__data/assets/pdf_file/0010/308827/George-Street-2020-A-Public-Domain-Activation-Strategy_Part3.pdf

unique retail experience for visitors, with a mixture of small local businesses and boutiques, alongside community facilities and public open space. Incorporating high-street design is an effective way for traditional centres to compete with online stores and shopping malls. There is limited control on where certain shops and businesses set up, since shopfronts are often owned and rented individually along a high street. This contrasts with shopping centres, where centre managers can direct the location of stores to create clusters, such as fashion floors and fresh food sections. This can impact the shopping experience as a 'one-trip' activity. However, this lack of synergy may form part of the appeal of high street retailing with an eclectic mix of stores.

High street retailing has faced significant challenges in recent years. This is attributed to the rise of regional shopping centres, changes in consumer habits and online retailing. High street retail has often struggled to adapt to combat these changes, but we have observed the nature of many high streets changing from having a convenience shopping role to become 'destinations' in their own right - offering visitors a more fulfilling experience. This is evident in the rise of cafés and cultural uses, such as art galleries and performance spaces, that are not easily replicated in shopping centres and are not available online.

Principles to successfully promote fine grain activities include having a variety of scales with small and large activities; proximity of shared activities; permeability and engagement with the street; and having spaces that are multifunctional and encourage shared use any time of the day.

New economic role of industrial zones

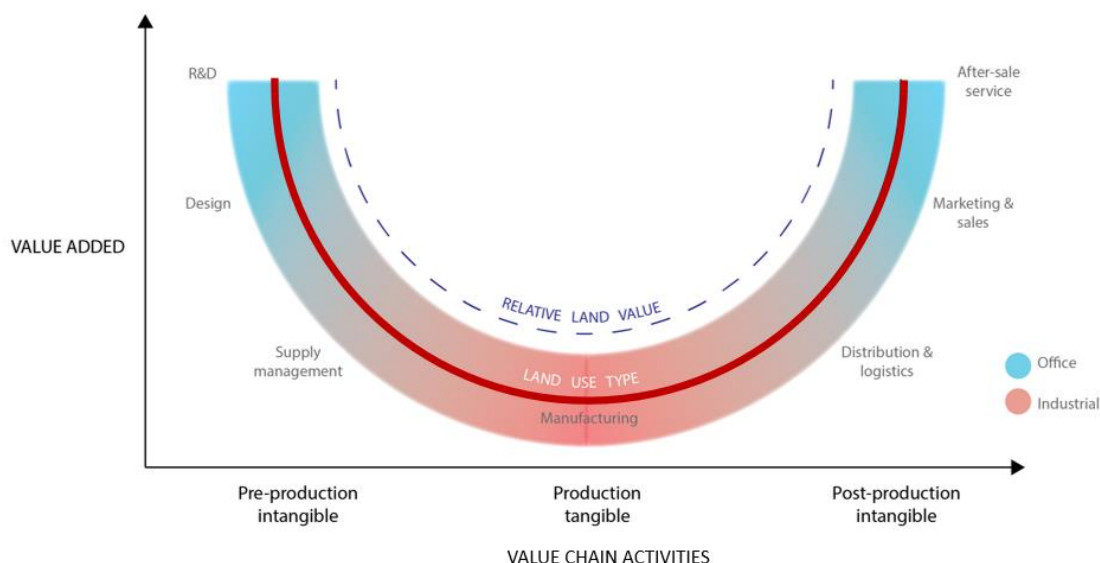
Industrial and employment precincts support a myriad of activities that in aggregate, can provide significant economic contribution to their local economy.

Australia's geographic location, relatively small population and abundance of natural resources means we play an interesting role in global supply chains. As a nation we tend to engage with it at both ends, exporting raw or semi-processed materials and importing back finished products. Our relatively small population and highly skilled workforce means we have been transitioning away from a production economy towards a services economy over the past thirty years as international trade barriers have been gradually removed.

However, current global events such as COVID and Geo-political changes (both global and in the Asia-Pacific Region) are causing Australia to rethink its role in global supply chains. Australia has a number of comparative advantages that we are able to build on to develop specialised capabilities in manufacturing and allied sectors, to mitigate against current and future global supply chain shocks.

Industrial precincts are often misunderstood, suffering from connotations of being dirty, noisy and low value precincts. However, one of the most important roles that industrial precincts play is the role of value *translation*. The value chain explains the process along which goods and services pass, with value (almost always economic value) being added at each stage. Manufacturing transforms *pre-production* value to *post-production* value, and this process of value transformation occurs predominantly in Industrial Precincts.

FIGURE 24: SMILING CURVE – DEMONSTRATING THE ROLE OF INDUSTRIAL PRECINCTS IN THE VALUE CHAIN



Source: SGS Economics and Planning 2020, building on Smiling Curve derived from CSIRO Futures Advanced Manufacturing: A Roadmap for unlocking Future Growth Opportunities for Australia 2016, and originally adapted from Stan Shih's 'Smiling Curve'

Industrial and commercial interrelationship

Industrial lands are areas that contain a variety of land uses, including major freight and logistics, heavy manufacturing, light industry, urban services and new economy or creative uses. These industries generate significant economies and investments for the state and are essential to the effective functioning of urban areas. Commercial centres are also fundamental to Sydney's global competitiveness now and into the future. These centres provide substantial employment opportunities and are essential for job growth in any given location.

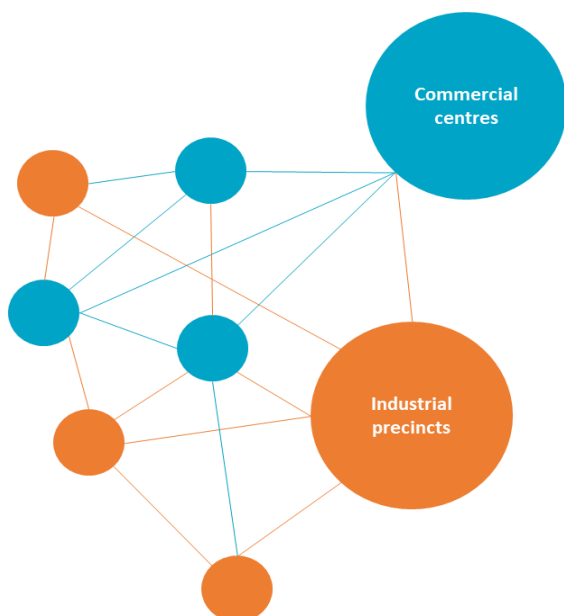
The inter and intra-precinct (and district) supply chain relationships that industrial and commercial precincts support parallel a defining economic geography characteristic long-championed in the Greater Sydney strategic planning context – the Poly-centric City model.

The Poly-centric city model eschews the notion that a singular commercial centre defines the economic geography of a city, instead distributing concentrations of employment in a series of distinct, potentially specialised inter-dependent smaller centres. In practice, this model (at least in Greater Sydney) relies on the primacy of a dominant economic cluster upon which then other centres support in a variety of ways. The long-term ambition of the Greater Sydney Region Plan is to anchor each of the three cities with a similar economic cluster, upon which other centres will interact in a range of ways both economically and physically. This model relies on the development of an integrated networked transport system.

This poly-centric model exists across Greater Sydney's industrial precincts. At the economic centre of this industry poly-centric network is the CBD-Airport corridor – the Industrial CBD of Greater Sydney. With the Aerotropolis emerging in the coming decades in the Western City, the industrial precinct surrounding it will likely grow to co-anchor this industrial network. As with the commercial poly-centric model, the industrial model also requires a distribution of industrial precincts throughout the city to

support specialised regional functions or local businesses. Furthermore, the industrial poly-centric nodes directly support the functioning of the commercial centres, through the provision of local urban services and centre-support functions.

FIGURE 25: ILLUSTRATION OF THE INTERACTION BETWEEN THE COMMERCIAL AND INDUSTRIAL POLY-CENTRIC NETWORKS



Source: SGS Economics and Planning 2020

The preservation and active support of the industrial CBD in the Eastern City is vital. This network is anticipated to accommodate 30 percent of Greater Sydney's future jobs. It needs to be sustained and nurtured in the same way that strategic planning recognises the critical role the Sydney CBD in not just the regional economy, but the nation economy.

How new and disruptive land uses exist, or might arise

Business operations in urban industrial precincts are becoming increasingly diverse as many precincts are beginning to transition away from manufacturing purposes (as a primary use) to a range of mixed-use purposes. For example, many of Sydney's industrial precincts comprise greater development diversification than local, commercial or major strategic centres. An increase in non-traditional uses within industrial or mixed-use precincts can enable a shift in local character, attracting consumers and boosting economic activity.

Traditional high street precincts also remain appealing to consumers as destinations, particularly when co-located alongside cafes and cultural uses. Supporting a diverse mix of uses will be important to make local centres destinations in their own right. Fostering fine grain precincts also requires smaller individual tenancies and a built form with human scale, which can be driven by Council through planning controls applying to mixed-use redevelopments.

Manufacturing has traditionally been a predominant industry in industrial precincts, both globally and in Australia. ABS data illustrates that since 1989, Manufacturing has halved its share of contribution to Australia's economic activity (from 12% to 6%) while Professional, Scientific and Technical services and

Financial services combined have increased significantly. However, while manufacturing has declined as a share of total economic activity, the size of its contribution has *increased* by 16% over that time⁵³.

Port Stephens' industrial precincts have long supported a spectrum of industry types. Industries such as Manufacturing, Freight and Logistics and Urban Services comprise different locational and operational characteristics and distribution patterns but are considered 'typical' industrial land uses. Increasingly however, they are co-locating with emerging and growing sectors such as Medical Technologies, Defence Hubs and Creative Sector uses.

Progression towards a circular economy

There is significant momentum to build circular economy principles into the Hunter Region. The concept of the Circular Economy seeks to 'close the loop' on the production and consumptions of goods by seeing waste product as a resource to be recovered and re-integrated into the supply chain, thereby reducing waste. Industrial precincts will play a number of roles in supporting this transition. These include:

- Supporting decentralised waste recovery facilities
- Supporting decentralised waste to energy facilities
- Supply chain co-location efficiencies
- Emerging sector support

The transition towards a circular economy, much like the need to address climate change, is considered not as an option, but as a necessity. Increasing the 'circularity' of the economy has profound influences in everything from precinct development, supply chain processes and the process of design and manufacturing itself. It is therefore a concept that can and should be considered in the preparation of strategic directions for any precinct looking at its future.

The circular economy concept responds to the increasing awareness of the environmental degradation caused by our economic and social structures. Implicit in this transition is the notion that social constructs such as consumption must also be addressed and impacts on the environment must be captured in the cost-benefit of decisions regarding development, agriculture and production.

Beyond Zero Emissions (2022) identify repurposing and recycling lithium-ion batteries as a growing opportunity for the Hunter Region's progression towards a circular economy. Electric vehicle (EV) batteries can be repurposed for use as residential or community scale batteries where performance requirements are not as high as for EVs. This extends the useful life of EV batteries, and such re-purposing can be integrated within established battery manufacturing facilities to capitalise on existing infrastructure and technical capabilities.⁵⁴

Potential long-term structural shift away from fossil fuels in the Hunter Region etc.

Australia's fossil fuel industry is declining at a forecasted annual rate of 2.2 per cent from 2022-27, with revenue dropping from \$11.9 billion to \$10.7 billion following a reduction in global demand, increased

⁵³ ABS, 5206.0 Australian National Accounts: National Income, Expenditure and Product, Table 6. Gross Value Added by Industry, Chain volume measures

⁵⁴ Beyond Zero Emission (2022), 'Hunter Renewable Energy Industrial Precinct – Briefing Paper', https://bze.org.au/wp-content/uploads/2022/04/Hunter-REIP-Briefing-Paper-April-2022_v3.pdf

environmental consciousness, and greater capabilities of Australia to generate more renewable energy.⁵⁵

The COVID-19 pandemic saw lower demand for energy from manufacturers and businesses due to lockdowns and a consequent slowdown of the economy, but at the same time resulted in greater household energy consumption. As people continue to work from home, they are likely to install solar panels to reduce power bills and switch to energy-efficient appliances, which will reduce the demand for energy.⁵⁶

Australia's share of renewable energy is increasing. Rapid growth in renewables mirror increased government initiatives, schemes and funding to grow the sector. In the US, the electrified transport sector and increased capacity of the energy storage sector are envisioned to steer investment growth, with the latter also expected to be experienced by Australia – capacity to increase over fivefold to 12.8 GW energy by 2030.⁵⁷

Regional economies that used to capitalise on mining and fossil fuels are now transitioning to renewable energy production as coal is phased out. In NSW, there is strong emphasis on Renewable Energy Zones (REZs) to increase clean energy resources, reduce transmission costs and increase employment in the state as existing power stations are closed or converted.⁵⁸ REZs will group new wind and solar power generation into locations where it can be efficiently stored and transmitted across NSW, including the Hunter Region.

In December 2022, the NSW Government and EnergyCo declared the Hunter-Central Coast REZ (which includes Port Stephens LGA), marking the fifth REZ in NSW alongside Central-West Orana, New England, South-West and Illawarra zones.⁵⁹ These zones will keep NSW electricity reliable as coal-fired power stations retire, delivering large amounts of new energy to power NSW's regional and metropolitan areas. The Hunter-Central Coast REZ will be vital in assisting existing industries to decarbonise and supporting the development of Hunter hydrogen hubs⁶⁰ and clean manufacturing precincts by supplying the renewable energy required to power these industries.

⁵⁵ IBISWorld (2022), Fossil Fuel Electricity Generation in Australia, p. 7.

⁵⁶ IBISWorld (2022), Fossil Fuel Electricity Generation in Australia, p. 12.

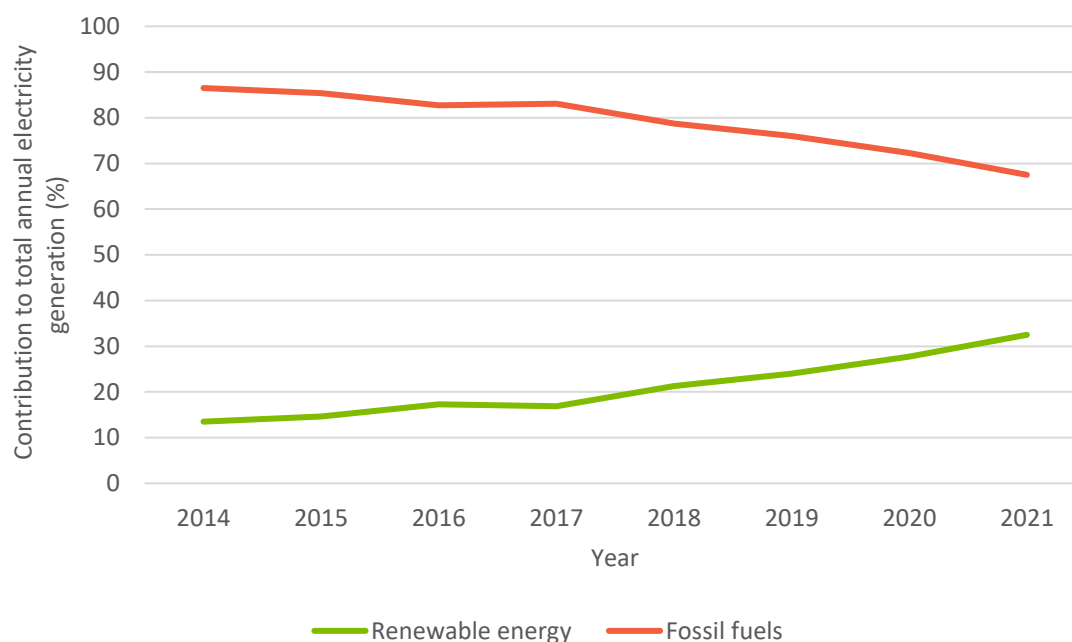
⁵⁷ SA Department for Trade and Investment (n.d.), *Hydrogen in South Australia*, Invest SA, <https://invest.sa.gov.au/hydrogen>

⁵⁸ Clean Energy Council (2022), Clean Energy Australia Report 2022, p. 8, <https://assets.cleanenergycouncil.org.au/documents/resources/reports/clean-energy-australia/clean-energy-australia-report-2022.pdf>

⁵⁹ NSW Government (2022), 'Renewable Energy Zone declared in Hunter-Central Coast', https://www.energyco.nsw.gov.au/sites/default/files/2022-12/221208%20NSW-Treasury_EnergyCo_Media-Release%20-%20Renewable%20Energy%20Zone%20declared%20in%20the%20Hunter-Central%20Coast.pdf

⁶⁰ CSIRO 2022),

FIGURE 26: CONTRIBUTION TO TOTAL ANNUAL ELECTRICITY GENERATION IN AUSTRALIA



Source: Clean Energy Council 2022

Tourism in regional locations

Tourism plays a vital role in the Australian economy, particularly in regional areas. According to recent ABS statistics, tourism's contribution to Australia's economy GDP equated 1.6 per cent in 2021-22, which remains below the 2018-19 level of 3.1 per cent.⁶¹ This current decline is a direct result of concurrent years of unprecedented disasters, including the bushfires in late 2019, followed by the global COVID-19 pandemic. As we continue to recover from the pandemic, regional tourism's contribution to the economy will continue to increase.

Being a coastal location built around the natural environment, Port Stephens is a prominent year-round regional tourist destination. Port Stephens Council aims to boost their tourist and visitor economy through a range of actions listed in several strategies and area specific plans (which are detailed in section 2.1). Many suburbs within the LGA are able to celebrate unique local attributes through tourism opportunities. Nelson Bay, for example, serves as the primary tourism centre for the Port Stephens LGA, hosting a range of tourist services, retail focused and leisure shopping, cafes and restaurants.

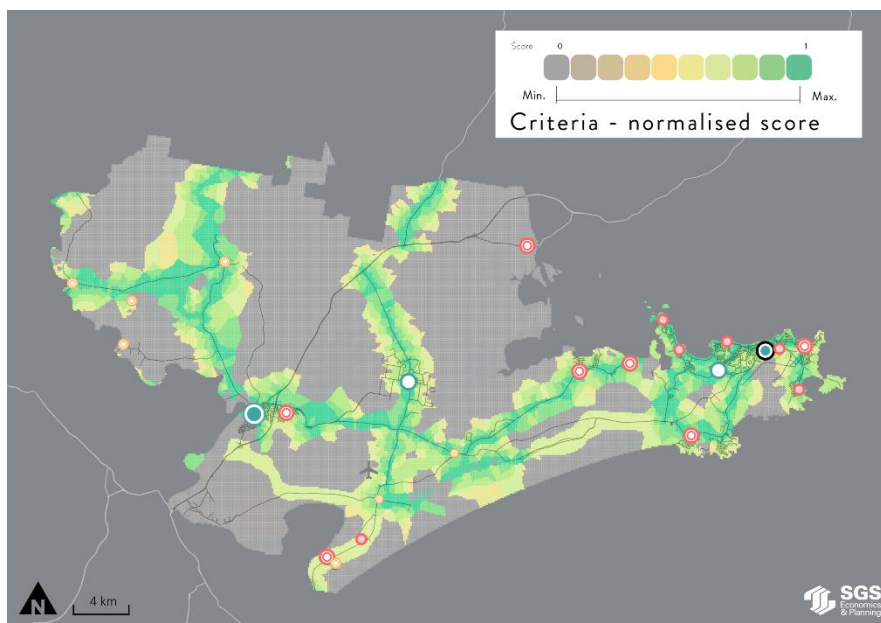
Agritourism is a growing form of tourism in regional locations across NSW. To source additional income and add value to their existing agricultural operations, many farmers state-wide are aiming to setup new tourism activities on their farms or utilise their existing premises for greater tourism opportunities. Karuah is a town in the Port Stephens LGA, which is well-known for its timber and oyster industries, and in particular the oysters sold by farmers on the shores of the Karuah River. To celebrate these qualities,

⁶¹ ABS (2022), 'Australian National Accounts: Tourism Satellite Account', <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-tourism-satellite-account/latest-release#:~:text=Tourism's%20contribution%20to%20economy%20GDP,%2D19%20level%20of%203.1%25.>

an annual 'Karuah Oyster and Timber Festival' is hosted at Longworth Park, attracting many tourists from outside of the LGA and contributing greatly towards the local economy.

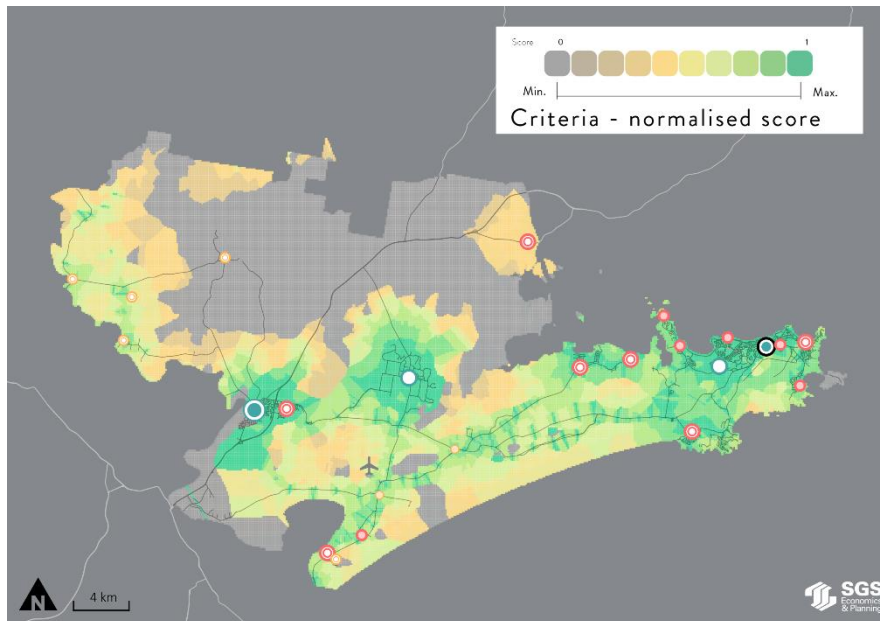
Appendix C: Suitability Analysis Criteria

Arterial



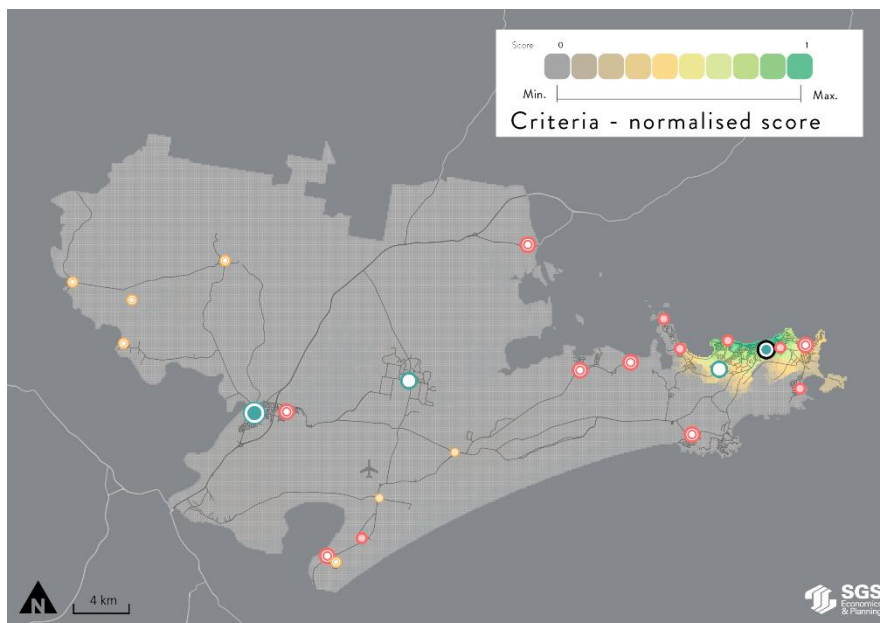
The arterial road criterion consists of where arterial roads are located. Arterial roads are roads which are not part of a major route but are a link in the national route network. Arterial roads normally consist of at least 2 lanes and traffic flows in both directions.

Bus stops



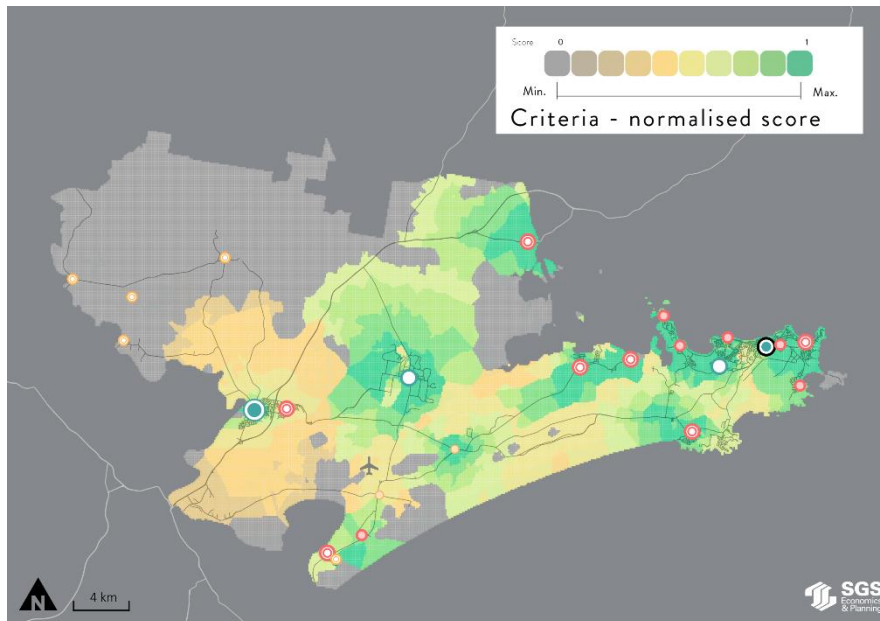
The bus stop criterion consists of where bus stops are located. Bus stop locations are identified as a place where passengers can board or alight from a bus. Its position may be marked by a shelter, pole, bus lay-by, or road markings. A 5km distance was set surrounding bus stop points.

Ferry



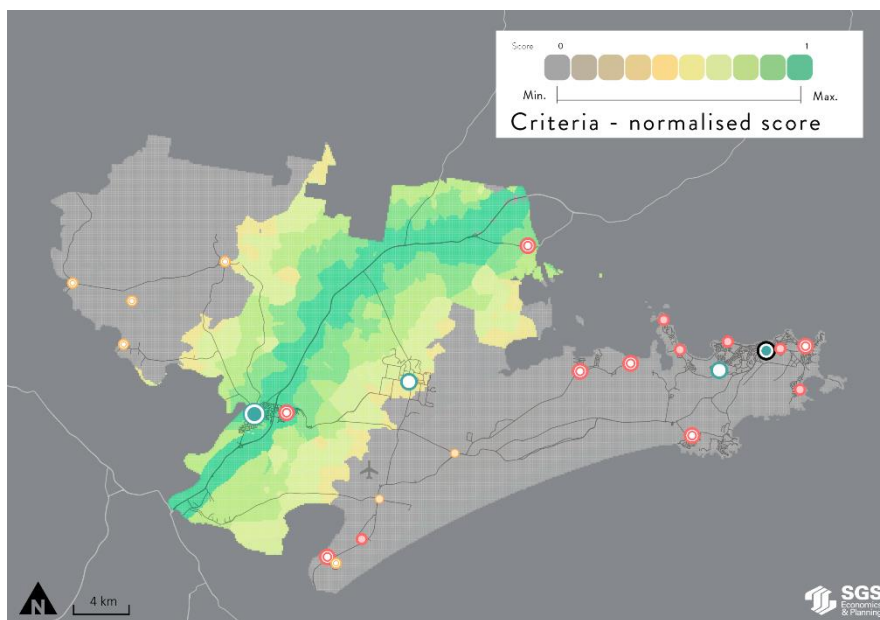
The ferry criterion consists of a ferry or water bus route. This includes a ferry or water bus route on the sea, rivers, or other waterways. The ferry criteria includes large ferries carrying passengers, bicycles, cars, trucks and rail cars, as well as for small boats ferrying people over rivers and lakes or self-operated ferries.

Local health cluster



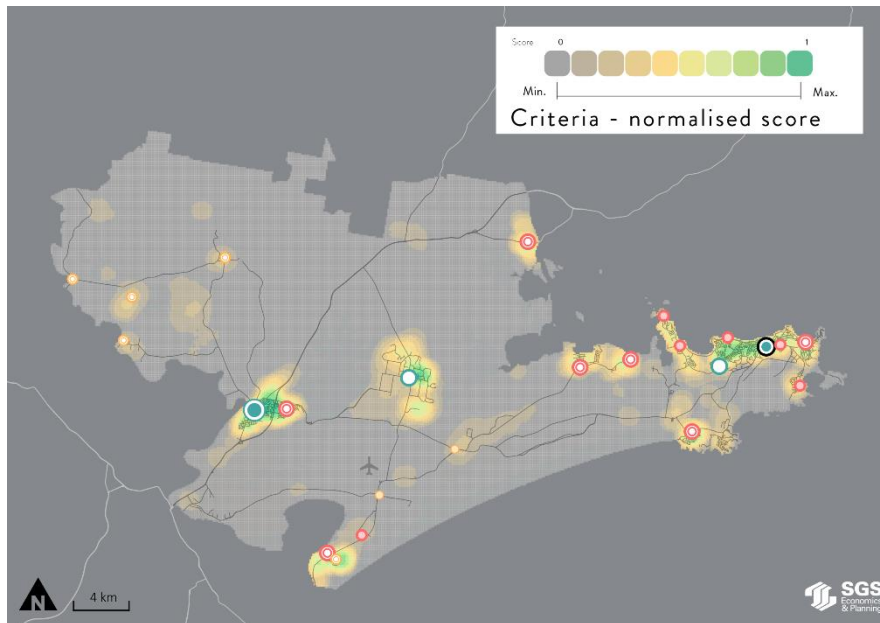
The local health cluster criterion consists of the location of doctors, pharmacies, dentists, and clinics. A clinic is classified as a medical centre, with more staff than a doctor's office, that does not admit inpatients. A typical clinic is a medical centre with 10 or more doctors, nurses and associated staff. A 5km distance was set surrounding local health points.

Motorways



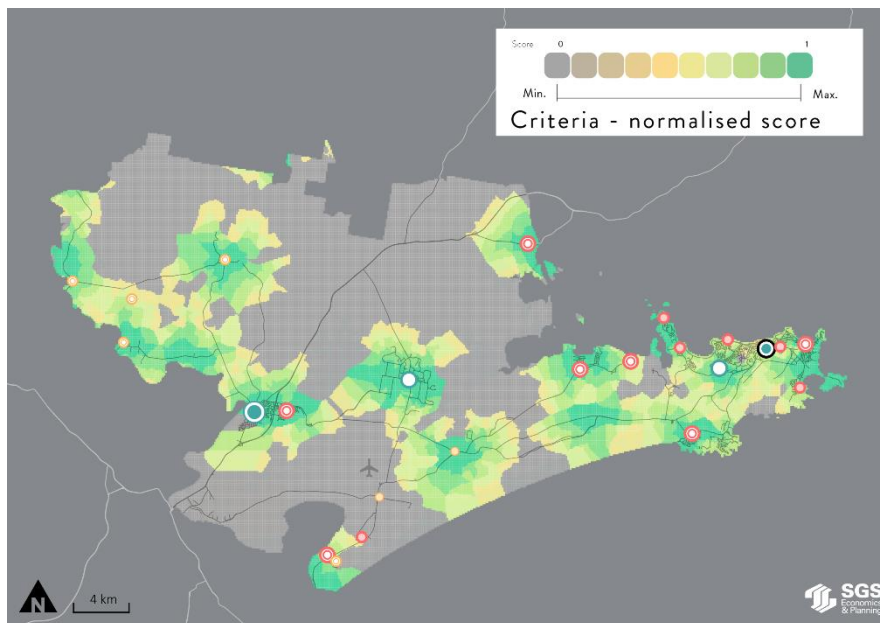
The motorways criterion consists of the location of motorways, including on and off ramps for motorways. Motorways are the highest-performing roads.

Population



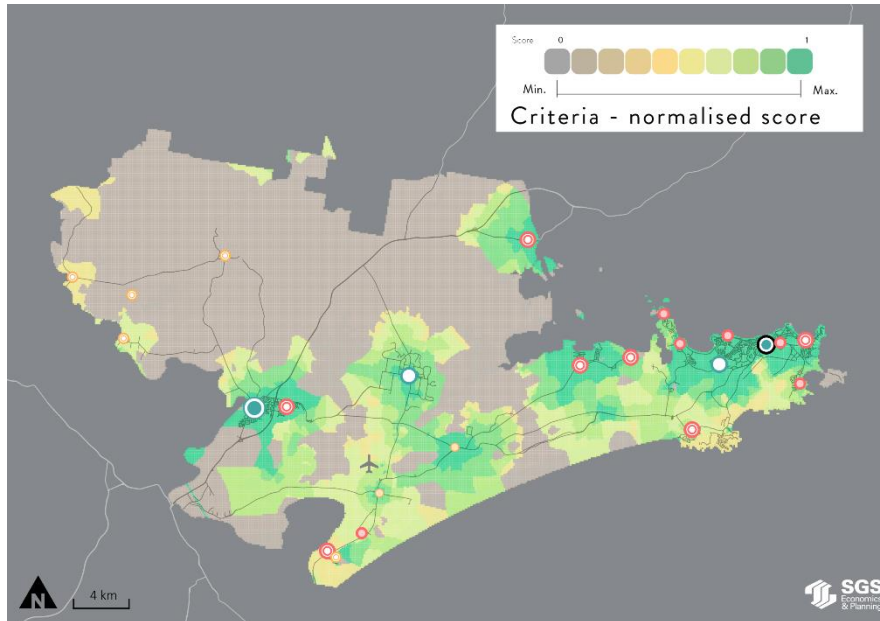
The population criterion consists of the usual resident population per mesh block for the Port Stephens LGA. The usual resident population per mesh block was gathered from 2021 ABS Census data.

Primary schools



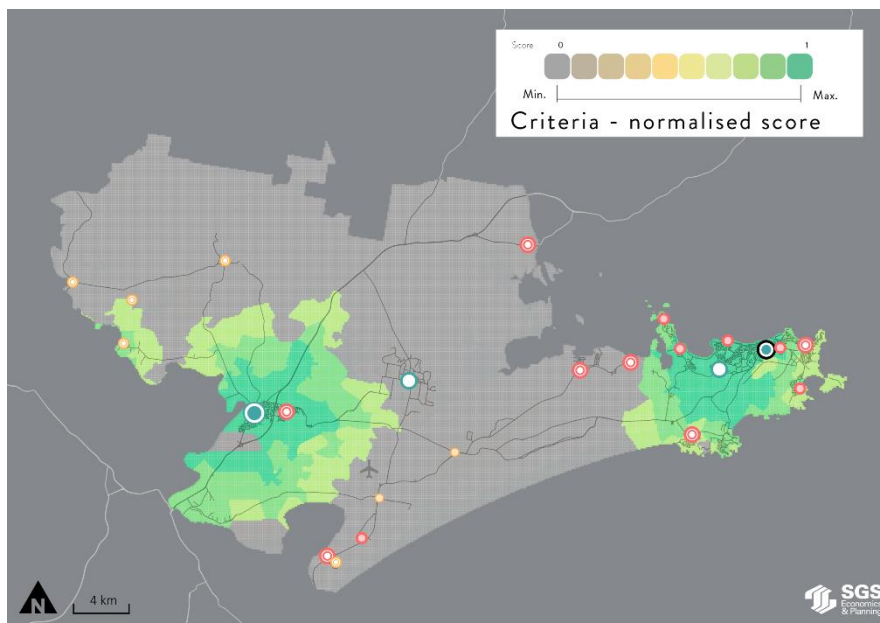
The primary schools criterion consists of the location of primary schools. Primary schools consist of schools that provide education from Kindergarten to year 6. A 10km distance was set surrounding primary school points.

Retail



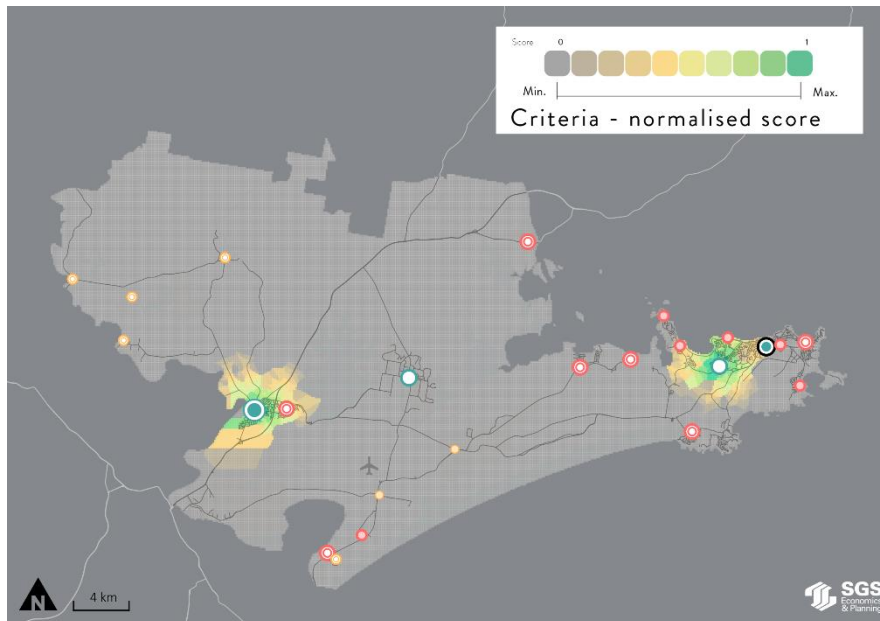
The retail criterion consists of the location of retail and commercial businesses that sell physical goods. This includes businesses such as food (prepared or grocery), clothing, medicine, stationary, appliances, tools, or other similar items.

Secondary schools



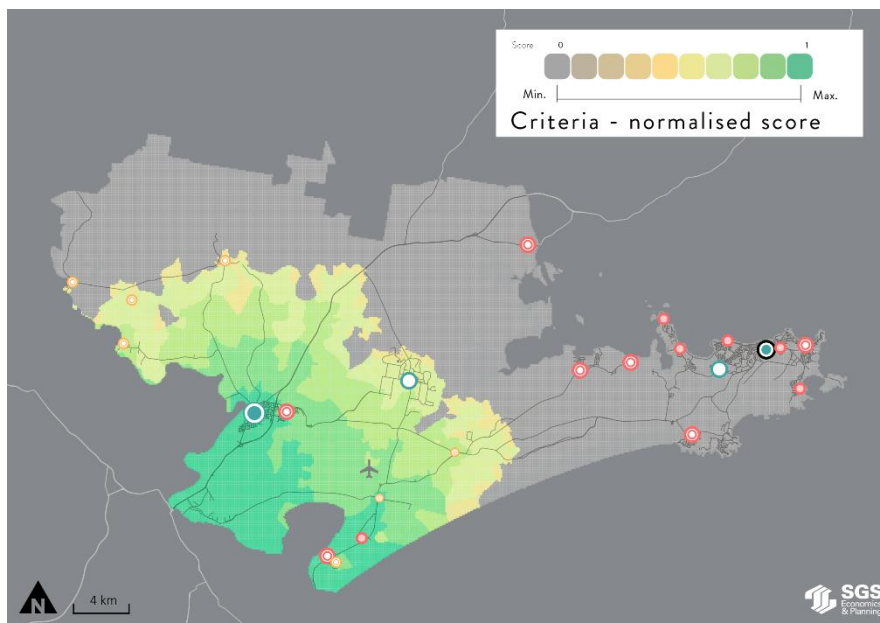
The secondary schools criterion consists of the location of secondary schools. Secondary schools consist of schools that provide education from years 7-12.

Shopping centre



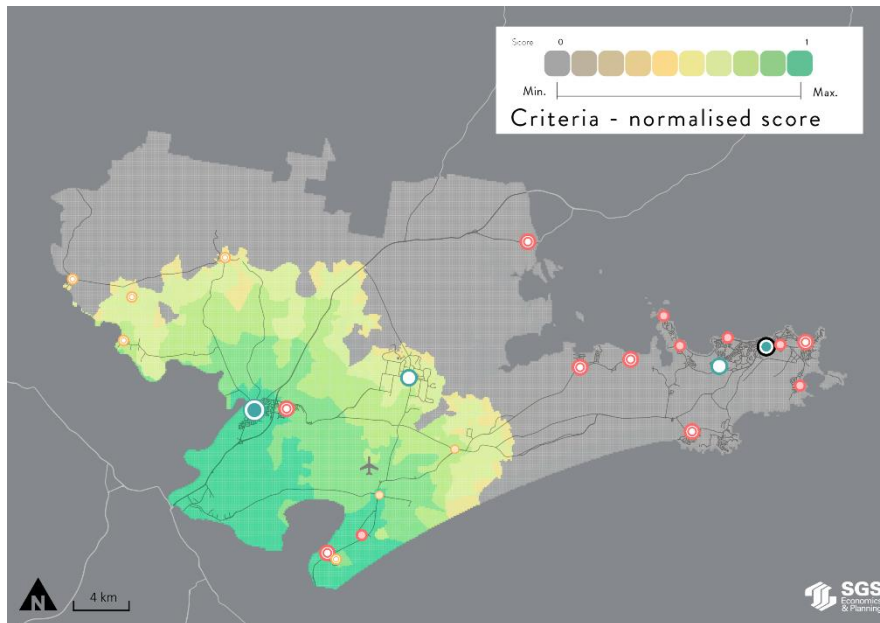
The shopping centre criterion consists of the location of shopping centres. Shopping centres are identified as a single building or buildings with multiple commercial retail stores, and where the entrances to the stores let onto a common enclosed area.

TAFE/College



The TAFE/college criterion consists of the location of TAFE/Colleges. This includes places for further education, usually a post-secondary education institution.

University



The university criterion consists of the location of universities, which is an institution of higher education.

Appendix D: Stakeholder Insights

Consulting with a range of industry stakeholders from perspectives around regional development, health, tourism and the property market, the following insights enrich the understanding of each centre and the aspirations for economic growth across the LGA. These lessons permeate strategic thinking to provide a richer analysis for how centres might develop or evolve to meet future needs.

Real Estate Agent Consultations

SGS contacted three real estate agents local to Port Stephens to gain insight into their perceptions and experiences of the retail, commercial and industrial property market across the LGA. The consultation followed a semi-structured format and was conducted via telephone call with each session being approximately 15-20 minutes in duration. The following insights were derived from consultation:

Retail and commercial properties

- Highest demand for retail floorspace is in the Nelson Bay CBD and Salamander Bay
- Highest demand for commercial floorspace is in Taylors Beach, Salamander Bay and Soldiers Point
- The floorspace comprises predominantly of older stock.
- Salamander Bay has the highest quality floorspace. In other areas, such as Nelson Bay, landlords have been reluctant to upgrade properties due to low returns.
- Low vacancy rates in Salamander Bay, Nelson Bay, Shoal Bay – beachfront areas. All other areas experience high vacancy rates.
- Average time on the market for retail/commercial properties is approximately 2-3 months. In contrast, average market times in the past were 12 months.

Industrial properties

- Highest demand for industrial floorspace is in Heatherbrae, Salamander Bay and Taylors Beach.
- There is a thriving building industry which creates constant demand for industrial space.
- Industrial floorspace comprises of historical style, iron clad warehouses. This remains to be what is predominantly offered on the market.
- New industrial development is expected to be available within the next 5 years.
- The entire LGA experiences low industrial vacancy rates.
- The average time on the market is relatively low - between 1-3 months.
- Demand is driven by low supply and high demand.

Department of Regional NSW (DRNSW)

- Enquiries for land are mostly coming from clean tech and energy sector and manufacturing and advanced manufacturing.
- DPE don't have large parcels of land to show in Port Stephens, and therefore clients often choose locations such as Liddell – prime land surrounding the lake.
- Some mining operations are ending / decreasing activity which provides opportunity to transition those workers into other industries to fill gap.
- Fauna and flora is an issue around Tomago. Flooding is an issue all throughout the LGA.
- Port of Newcastle provides competitive advantage. Investment attractions are looking for larger land preferably close to the port. Cost of land isn't usually a large factor in consideration.
- The Port aspires to move away from coal and are willing to provide infrastructure to attract new clientele.
- Importance of strategic clustering. Relationships with the University of Newcastle creates desire for companies to be established in Tomago – e.g., CSIRO. Collaboration is extremely important for renewable energy.

Destination Port Stephens (Tourism)

- The two main locations for retail in the tourism market are Nelson Bay and Salamander Bay. Nelson Bay predominantly contains specialty shops – boutique retail, artisan, surf shops, dining etc. Salamander Bay appears to be transitioning into a tourism service centre, where tourists travel into the centre for anchor supermarkets – Kmart, Woolworths etc.
- The tourism sector is exceptionally influential on general employment across the LGA, however, is very limited in the LGA currently as a result of staff shortages. Businesses operations are compromised by lack of staff.
- Tourism is largely seasonal – peaking over the Christmas Holiday period. Staff shortages during this period represents a large challenge for many services. Ongoing rental crisis creates issues in accommodating seasonal staff – Backpackers etc.
- In terms of the tourism community needs, the current retail offering is meeting demand, but not exceeding.
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- Types of tourism businesses include sand dune-based tours including 4x4 drive, quad bike, sandboarding and camel rides; water-based tours such as cruise operators and deep-sea fishing; nature-based tours such as coastal walks etc. There are also opportunities for exploring agritourism opportunities, notably in Raymond Terrace, following DPE's recent agritourism reform.
- Key tourism areas have sufficient capacity to swell to meet peak demand. There is very little competition in Port Stephens from a tourism perspective.
- The Newcastle Airport plays highly influential and important role in tourism. The upgraded runway and expanded flight path region accentuate this.
- Direct international flights to Newcastle Airport will bring great opportunity.
- Growing need to prepare Port Stephens as a region for guests – identifying traveller expectations.

Primary Health Network (PHN)

- Port Stephens LGA does not provide many health services when compared to other LGAs.
- PHN suggested Council could offer incentives to attract more health services. Current land use provisions may be a barrier for health services – potential to determine required land use changes to support health services.
- Identified gaps in service provision included lack of mental health service provision – with the LGA being above state average for high distress. Potential to work with TAFE to provide mental health qualifications.
- The Tomaree Peninsula is rather isolated from healthcare services and comprises an older population. To reach the John Hunter Hospital (Newcastle) or the Maitland Hospital from the Tomaree Peninsula centres, it takes approximately 1-hour by car.
- Workforce shortage (including GP's) is an underlying issue impacting the provision of health facilities in the LGA. GP location grant to incentivise GPs to work in Port Stephens could be an option to mitigate shortage – as seen in the Central Coast.

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