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**NARROMINE SHIRE COUNCIL**  
**ORDINARY MEETING BUSINESS PAPER – 10 AUGUST 2022**  
**CONFIDENTIAL MATTERS REPORT**

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**1. NARROMINE INDUSTRIAL PRECINCT AND FREIGHT EXCHANGE – PROPOSED PURCHASE OF LAND**

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**Responsible Officer** Director Community and Economic Development

**Link to Strategic Plans**

**Economic Development Strategy**

2.5.2 Work with the Economic Development Group to develop a business case utilising industry case studies that support the development of the Inland Rail Project.

4.5 Work with State and Federal Governments to deliver key infrastructure needs

**Delivery Plan**

2.1.5.1 Review Land Use Strategies in line with results of Economic Development Strategy to ensure planned new land releases to stimulate economy.

2.2.4.1 Work with State Government agencies to appropriately identify high value land resources, where Government priorities are identified.

2.3.3.2 Identify potential value-added sites with good inter-modal transport links

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**Executive Summary**

This report is presented to update Council in regards to the development of the Industrial Precinct and Freight Exchange.

This report is also provided to enable specific resolutions to progress the development.

The intent at the end of the report is to:

1. Seek a resolution from Council to proceed to purchase the property to enable the Industrial precinct development.

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**Report**

In November 2021 Narromine Shire Council considered a report outlining the progress made in the development of the Narromine Freight Exchange and Industrial precinct.

The development of the precinct is supported by Council's strategic documents including the Employment Lands Strategy and the Local Strategic Planning Statement. These strategies along with many State and Federal regional plans highlight the importance of the Inland Rail and the development of infrastructure to enable the use of this backbone.

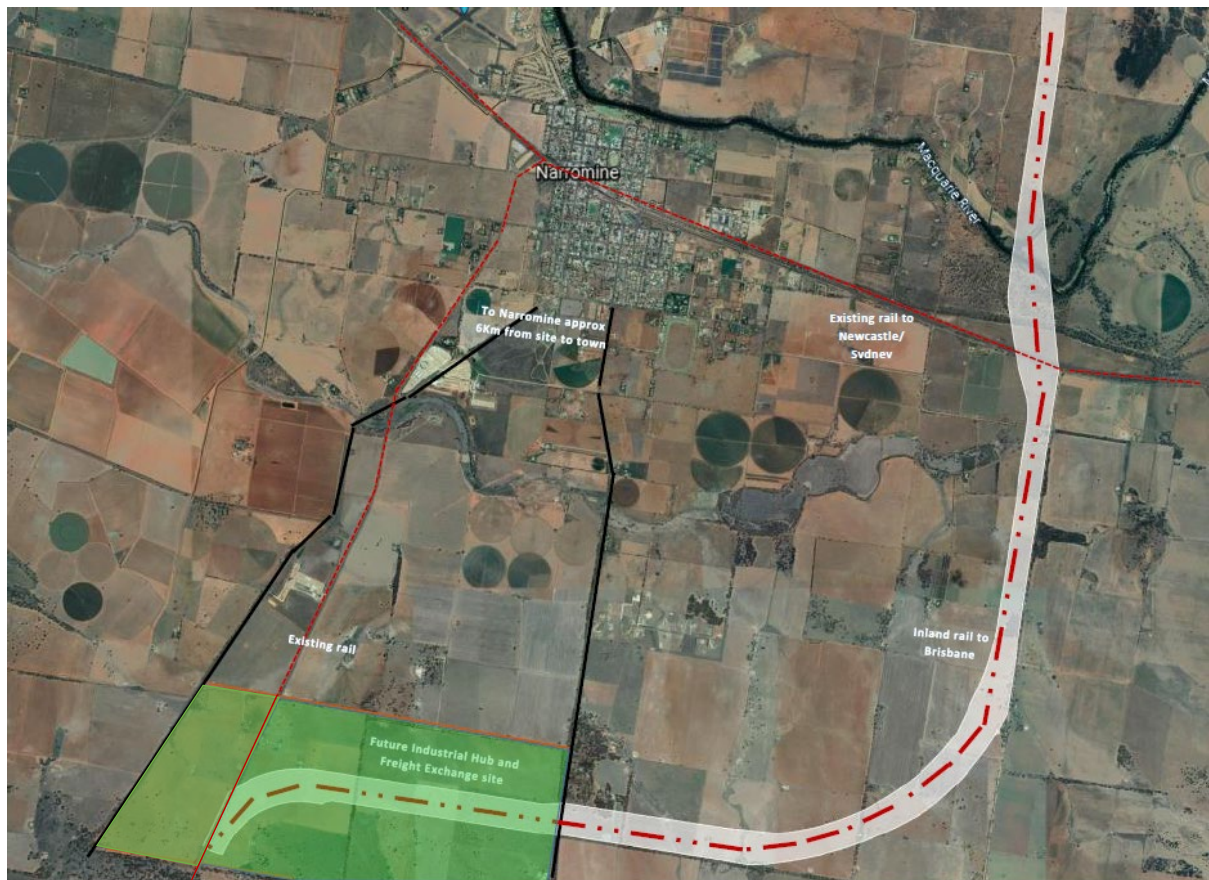
The land identified for development is land that is bound by Narwonah Siding Road and Craigie Lea Lane and is approximately 1000 Ha in size. This land is in one parcel at present and it is planned that the Inland Rail line will run from east to west through the middle of the property. An outline of the location of the property is shown below.

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This is a unique site, offering over 3Km of rail frontage to the new Inland Rail and allowing for rail triangles (connections) to be made on this property. The property is approximately 2Km wide and is 6.7Km from town.

In March 2021 (2021/048) Council resolved that:

1. That in principle support continues to be provided on the basis of favourable land tenure options and favourable planning outcomes.
2. That a further report detailing progress towards each of the steps be brought back to Council for further consideration.

In November 2021 (2021/230) Council resolved that:

1. That in principle support continue to be provided on the basis of favourable land tenure options and favourable initial planning outcomes.
2. That Narromine Shire Council representatives sign the non binding term sheet in regards to the development of the Narromine Industrial Hub and Freight Exchange.
3. That a further report detailing progress towards each of the steps be brought back to Council for further consideration.

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As a result of the November 2021 resolution, the non-binding term sheet was signed.

In March 2022 (2022/045) Council resolved that:

1. That Council seeks an independent valuation of the land for the potential acquisition of 557HA to consider development of the Industrial Hub.
2. That a further report be brought back to Council to consider the independent market value; potential acquisition; and identification of appropriate funding sources.
3. That Council acknowledge the interest of developers to date in seeking opportunities to develop within the Industrial Hub and with regard to the future use of the property.

**PROGRESS TO DATE**

Council staff have continued to work with ARTC through a process to ensure that the land would be suitable for the development of an Industrial Precinct.

This includes undertaking the development of a Business Case used to assist in gaining State Government support for the project. The need for a greater amount of industrial zoned land for the purposes of the Agricultural and Transport industries was identified in Council's Employment Land Strategy. Subsequent deliberations have found that this site, alongside Inland Rail and with excellent transport linkage to the Newell and Mitchell Highways as well as the McGrane Way provides an ideal location for a large lot industrial area.

The option, lease and contract of sale documentation have now been provided to Council staff. These documents have been further reviewed by Council's solicitor and they are in line with the non binding term sheet that has previously been signed.

**APPROVAL OF MATERIALS DISTRIBUTION CENTRE REVIEW OF ENVIRONMENTAL FACTORS**

The review of environmental factors has now been completed for the development of the Materials Distribution Centre. The Delivery Director has confirmed that ARTC will:

- Construct and operate the project as described in the REF;
- Ensure that all legislative requirements related to approvals, consultation and notifications are fulfilled;
- Implement all listed environmental management measures.

A copy of the Review of Environmental Factors can be found online at:

<https://1worpv3xudfc4dl40l1hi7fz-wpengine.netdna-ssl.com/wp-content/uploads/2022/05/n2n-narwonah-material-distribution-centre-review-of-environmental-factors-acc.pdf>

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**STATE GOVERNMENT SUPPORT**

The NSW State Government have confirmed a contribution of \$9M to enable the Industrial Precinct. This precinct will be developed in stages within the 100HA in the north eastern corner of the block.

**Key next steps**

The Council resolution will allow for the signing of contract documents for the option document, lease and contract of sale.

Once signed Council will assume ownership of the site and begin development of the first stage of the Industrial Precinct. This will involve the rezoning of the site and development approvals.

***Financial Implications***

This is a large project, quite complex and involves many stakeholders. As such there are a number of financial implications and risks.

The loan will be secured against the value of the land being purchased.

The financial implications are balanced against the available grant funds and the future land sales. The staging of the project will assist.

The State Government deed will outline that the State will contribute \$9M on the basis that Narromine Shire Council contributes the land purchase.

***Legal and Regulatory Compliance***

Local Government Act 1993.

NSW Planning- Conflict of Interest Policy (Draft)

Disposal of Goods and Property. Local councils are bound by s 55 and s 377 of the *Local Government Act 1993*, and Part 7 of the *Local Government (General) Regulation 2005*.

Environment Planning and Assessment Act 1979

It is expected that the approval process will also involve consideration of the following additional legislation.

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Legislation / Regulation	Potential considerations
<i>Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)</i>	The identification of threatened ecological communities and species within the zone means that the project may need approval under the Act.
<i>Environment Planning and Assessment Act 1979 (EP&amp;A Act)</i>	Environmental impacts are likely to be minimal, meaning that an environmental impact assessment (REF) may be required. However, if impacts are considered to be significant, the requirement for an EIS will be triggered.
<i>State Environmental Planning Policy (Koala Habitat Protection) 2020 &amp; 2021 (Koala SEPPs)</i>	The site may need further investigation to determine the extent and condition of potential koala habitat.
<i>National Parks and Wildlife Act 1974</i>	The location of 2 Aboriginal sites in the area means that further investigation may be required. If harm cannot be avoided, then an application of the Aboriginal Heritage Impact Permit (AHIP) will be required under section 90 of the Act.
<i>NSW RFS Planning for Bush Fire Protection (PBP) 2019</i>	The presence of Category 1 and 2 bushfire prone land means that the requirements of the regulation must be met.
<i>Roads Act 1993 Transport Administration Act 1998</i>	Upgrades to Craigie Lea Lane may mean further consideration of this regulation.
<i>Water Management Act 2000</i>	The presence of potential groundwater and inflow dependent ecosystems in the area may trigger requirements for approval under the Act if there are likely impacts on groundwater.

**Risk Management Issues**

There are also many risk management issues to consider. These have been previously outlined to Council. The major risks include:

Risk	Proposed mitigation
Scope Change – the amount of road or utilities to be built changes	Produce a detailed design and costing of infrastructure and services to be built, including a civil engineering survey.
Construction Time goes beyond expectations	Manage events as they arise in accordance with the Risk Management Plan
Construction Costs exceed those estimated in the detailed costings	Include appropriate contingencies and continue to manage cost risks throughout the project.
Planning and Approvals are unable to be obtained	Early consideration of approvals needed and permissible uses
No adequate contractors are available to undertake works	Ensure that tender packages are available for expressions of interest with adequate time margins to allow for businesses to consider their involvement
Key Stakeholders withdraw their support for the project	Continue to develop and maintain relationships with all stakeholders, including residential, commercial, and regulatory.

Mitigation includes the utilisation of grant funding, use of experienced consultants, staging the project and working with stakeholders early on.

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***Internal/External Consultation***

- Potential new businesses
- ARTC- Inland Rail
- Rail Hauliers
- Department of Premier and Cabinet
- NSW Department of Planning, Industry and Environment

**RECOMMENDATION**

*That Council moves into closed meeting in accordance with Section 10A(2)(d)(i) of the Local Government Act 1993 to consider the proposed purchase of land as the matter contains commercial information that would, if disclosed, prejudice the commercial position of the person who supplied it and is therefore not in the public interest to disclose. Early disclosure of the information may put Council at a commercial disadvantage and prevent it from achieving best value for money outcome for the community.*

Phil Johnston  
**Director Community and Economic Development**