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**NARROMINE SHIRE COUNCIL**  
**ORDINARY MEETING BUSINESS PAPER – 9 MARCH 2022**  
**CONFIDENTIAL MATTERS REPORT**

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**Item from the General Manager: -**

**1. INDEPENDENT INTERNAL AUDIT COMMITTEE MEMBER**

Author	Director Governance
Responsible Officer	General Manager
Link to Strategic Plans	CSP – 4.2.7 – Continuously improve organisational performance, efficiency of services and project delivery DP – 4.2.7.5 – Establish an Internal Audit and Risk Management Committee in accordance with the OLG's proposed new legislation and based on a resource sharing model

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**Executive Summary**

This report provides Council with an expression of interest received for the appointment of an Independent Member to Council's Internal Audit Committee.

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**Report**

At the Ordinary Council Meeting held on 9 February 2022, it was advised that Council's Independent Internal Audit Committee Member had resigned effective 10 December 2021.

The next Internal Audit Committee Meeting has been scheduled for 28 March 2022. At present, Mr Neil Maltby is an external independent member, and Cr Adine Hoey is Council's appointed delegate to the Committee. Given that the current guidelines (2010) recommend that the Committee should have two independent members, it would be preferable for Council to consider appointing an independent member as soon as possible.

Members of the Committee are expected to: -

- Understand the relevant legislative and regulatory requirements appropriate to Council
- Contribute the time needed to study and understand the papers provided
- Apply good analytical skills, objectivity and good judgement
- Express opinions frankly and ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry

When selecting internal audit committee members, the governing body of Council is required to ensure the committee has the appropriate mix of skills, knowledge and experience.

One member must have financial expertise (i.e. qualified accountant, auditor or other financial professional with experience of financial and accounting matters) and a mix of skills and experience in: -

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**1. INDEPENDENT INTERNAL AUDIT COMMITTEE MEMBER (Cont'd)**

- Business
- Financial and legal compliance
- Risk management and
- Internal audit and
- Any specialised businesses e.g. IT

Committee members must have sufficient understanding of the Council's financial reporting responsibilities and be able to contribute to the committee's consideration of the annual financial statements.

Details of qualifications and experience are reported in a Closed Meeting of Council in accordance with Section 10A(2)(a) of the Local Government Act 1993 as it contains information of a personnel nature concerning a particular individual; and is therefore not in the public interest to disclose.

**Financial Considerations**

Current membership fee is \$1255 excl GST per meeting

**Legal Implications**

Office of Local Government (OLG) has now refined the proposed Model – *A New risk Management and Internal Audit Framework for Local Councils in NSW*.

The framework is currently in draft form, due to be prescribed by 30 June 2022, and states that: -

- All councils must appoint an ARIC from 4 June 2022
- All councils have until 2024 to establish their risk management framework and internal audit function – attestation commences 2024
- Councils have until 30 June 2027 to ensure ARIC membership complies with the Guidelines, allowing councils to transition into the new membership requirements as and when membership of existing ARICs expire – attestation commences 2027

Mr Neil Maltby's appointment was extended by Council to 31 August 2022.

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**Items from the Director Community and Economic Development: -**

**2. WESTVIEW DRIVE IN**

<b>Author</b>	Director Community and Economic Development
<b>Responsible Officer</b>	General Manager
<b>Link to Strategic Plans</b>	CSP – 1.1.9 – Provide active and passive recreation facilities. CSP – 2.2.7 – Facilitate and encourage investment in the provision of new or upgraded tourism facilities and increase overall accommodation capacity.

## **2. WESTVIEW DRIVE IN (Cont'd)**

### **Executive Summary**

This report is presented to Council to consider the potential to purchase the equipment and frame that make up the current Westview Drive in at Dubbo and develop the facility in the Narromine Shire.

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### **Report**

The Westview Drive in was built in the 1970's and has served as a drive-in theatre since then. After being dormant for thirty years the drive in was resurrected as part of a youth week program in 2017, before being used more regularly since then.

The land that the drive in occupies has been sold and now the main components of the drive in are being offered to western councils in the first instance, with a view from the owners that they would like the drive in to have another life in the western region.

The owners of the drive-in infrastructure have confirmed that a number of regional council's in the area have expressed an interest in purchasing the main components of the drive in with a view to develop in their own areas.

While the drive in is offered for expressions of interest for purchase the time available to make an informed decision is short. There are many unknowns in regards to the redevelopment of the drive in and the main points are summarised below.

### **Community benefit**

This report has been compiled on the basis that the drive in would make a very positive contribution to any town that can develop the potential. The drive in has been utilised in recent times in an event-based way. Undertaking semi regular screenings and a combination of 'new release' films and theme-based screenings with classic movies.

The report is developed on the basis that the purchase and redevelopment of the drive in will be at a cost to Council, will take time and resources and at best be cost neutral in its operations.



## **2. WESTVIEW DRIVE IN (Cont'd)**

### **Components for sale**

The various components of the drive in that are for sale include:

- Projectors
- Sound board
- FM transmitter
- 100 by 40-foot frame and screen
- Risk and operational plans

### **Financial Implications**

The financial implications are presented to Council in Closed Meeting in accordance with Section 10A(2)(d)(i) of the Local Government Act 1993 as it 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. Disclosure of the purchase price would put Council at a commercial disadvantage and prevent it from achieving best value for money outcome for the community.

### **Legal and Regulatory Compliance**

Procurement of Goods and Services within Local councils are bound by s 55 and s 55a of the Local Government Act 1993, and Part 7 and Part 9 of the Local Government (General) Regulation 2005.

Environmental Planning and Assessment Act 1979 (EP&A Act).

### **Internal/External Consultation**

- Current owners of Westview drive in

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## **3. NARROMINE INDUSTRIAL PRECINCT AND FREIGHT EXCHANGE**

**Author** Director Community and Economic Development  
**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

### **3. NARROMINE INDUSTRIAL PRECINCT AND FREIGHT EXCHANGE (Cont'd)**

#### **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 adjacent to Craigie Lea Lane.

#### **Business Case developed by Balmoral Group for Industrial Hub and Freight Exchange**

The Balmoral Group undertook the initial Business Case development in 2019 as part of the funding application for the successful Growing Local Economies application. The Balmoral Group have recently been reengaged to update the Business Case with the most recent information, acknowledging the level of interest received and the funding provided by the State Government.

The business case highlights the expected benefits to the Narromine Shire area to be:

1: The enabling of significant private investment.

2: The creation of jobs: comparable projects undertaken in regional NSW, Victoria and Queensland have been associated with the direct creation of 65-140 long-term jobs for local people, with higher numbers of jobs available over the short-term during construction. Such a job gain would represent a significant boost to the Narromine economy, helping to provide the employment opportunities necessary to support families and enable dual-income earning.

Jobs would include unskilled positions such as packing, waste disposal and rail support services, mid-skilled positions such as machinery operators and drivers, and higher-skilled opportunities in areas such as warehouse management and logistics support. The industrial precinct would also create flow-on employment by encouraging the development and expansion of local businesses. The availability of jobs at a variety of skill levels would help to reduce socio-economic disadvantage in Narromine, which is ranked 28/129 on the SEIFA Index of Relative Socio-economic Disadvantage.

*The business case goes on to highlight the benefits to the region as being:*

*1: The improvement of access to both domestic and export markets. (as the Ports of Melbourne and Brisbane open up to trade).*

*2: Ease congestion in Dubbo (as road and rail access improve at the Freight Exchange site).*

### **3. NARROMINE INDUSTRIAL PRECINCT AND FREIGHT EXCHANGE (Cont'd)**

3: *Create opportunities for Business synergies:* by encouraging the growth and development of the agricultural and food processing industry in Narromine, the Industrial Precinct and Freight Exchange Hub would create value adding opportunities for farmers and other producers across the broader Central West and Orana region. Such opportunities may include milling and the manufacture of animal and grains products, as well as the production of niche and artisanal foodstuffs. Such businesses currently operating in the Central West and Orana region include juice processing and cider production, vegetable processing, premium fibre processing, and pasteurisation. Access to processing and packaging facilities may also encourage farmers to expand into the production of high-value niche crops for export markets.

#### ***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 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.

A detailed report on the financial implications for Council is presented in Closed Meeting in accordance with Section 10A(2)(d)(i) of the Local Government Act 1993 as it 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.

#### ***Legal and Regulatory Compliance***

Local Government Act 1993.

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

#### ***Risk Management Issues***

There are also many risk management issues to consider. These have been previously summarised as:

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**3. NARROMINE INDUSTRIAL PRECINCT AND FREIGHT EXCHANGE (Cont'd)**

Risk	Proposed mitigation	Risk rating after mitigation		
		Consequence/5	Likelihood/5	Overall Rating/10
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.	2	2	4
Construction Time goes beyond expectations	Manage events as they arise in accordance with the Risk Management Plan	3	2	5
Construction Costs exceed those estimated in the detailed costings	Include appropriate contingencies and continue to manage cost risks throughout the project.	3	2	5
Narromine Shire Council does not have the financial capacity to pay for ongoing costs	Maintain the Council's healthy finances, and manage long-term project risks	3	1	4
Planning and Approvals are unable to be obtained	Narromine Shire Council is the primary body responsible for approving works. Manage internally.	4	1	5
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	4	2	6
No private logistics and freight operator undertakes to develop the future freight exchange	Continue to pursue and engage with operators who have already registered and taken forward investment decisions into the project.	5	1	6
Rail triangles connecting the Inland Rail to the existing rail are not developed by ARTC, causing rail continuity at Narromine to be interrupted.	Continue to emphasise the importance of rail triangles to the ARTC and all levels of government as minor investments that will ensure that the full potential of the inland rail is realised.	3	1	4
The project is delayed, causing investment in intermodals and value-adding facilities to focus on places with adequate infrastructure and government support.	Ensure that the Narromine Industrial Precinct and Freight Exchange is developed in time to allow businesses timely access to the markets opened up by the inland rail.	3	2	5
Key Stakeholders withdraw their support for the project	Continue to develop and maintain healthy relationships with all stakeholders, including residential, commercial, and regulatory.	4	1	5

### **3. NARROMINE INDUSTRIAL PRECINCT AND FREIGHT EXCHANGE (Cont'd)**

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

The risks in the initial stages are limited but should be considered at each stage of the project.

#### ***Internal/External Consultation***

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

#### **RECOMMENDATION**

1. That Council move into Closed Meeting in accordance with Section 10A(2)(a) to consider the Independent Internal Audit Committee report as it contains information of a personnel nature concerning a particular individual; and is therefore not in the public interest to disclose.
2. That Council consider the Westview Drive In and the Narromine Industrial Precinct and Freight Exchange reports in Closed Meeting in accordance with Section 10A(2)(d)(i) of the Local Government Act 1993, as they contain 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 this information would put Council at a commercial disadvantage and prevent it from achieving best value for money outcome for the community.