



**Horsham Rural City**  
Council urban rural balance



# Horsham Regional Livestock Exchange: Future Directions



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## EXECUTIVE SUMMARY

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The Horsham Regional Livestock Exchange (HRLE) is Victoria's fourth largest sheep and lamb market - a position it has maintained for many years. It is the major livestock selling centre in the Wimmera region, attracting vendors from as far afield as the South Australian border and southern New South Wales. It is known for the quality of the livestock presented and provides a strong market for sheep and lambs.

The Horsham Rural City Council (HRCC) has identified the need for a plan that will set out the future direction of HRLE for the next 10 to 20 years and support the transition to a mandatory electronic National Livestock Identification System (NLIS) for Sheep and Goats.<sup>12</sup>

Horsham Rural City Council engaged Outcross Pty Ltd, which has a strong track record in developing saleyards systems. Outcross partnered with industry leaders in saleyard infrastructure, ProWay, to complete the project. This involved working with Council management and staff, and saleyard users, including agents, buyers, vendors, and transporters to identify options to:

- improve operations and infrastructure;
- analyse the facilities' strengths, weaknesses, opportunities and threats; and
- develop a strategic approach to the future.

Through this process gaps, or key action areas were identified for HRLE:

- **Cattle Operations:** It is recommended that HRLE close the weekly cattle sales and consider acting as a transit centre for larger facilities or introducing a monthly store sale or seasonal feature sales;
- **NLIS Compliance:** That HRLE adopt the Outcross implementation strategy to comply with the requirements of the NLIS for sheep and goats and the introduction EID for sheep and goats born in Victoria after 1 January 2017.
- **Information Management:** It is recommended that HRLE adopt a specialist saleyard software management system; and
- **Facility development:** It is recommended that HRLE plan to construct a roof for the existing facility.

## PROJECT OVERVIEW

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### Introduction

Horsham Rural City Council own and operate the HRLE. The facility caters for the auction sale of both sheep and cattle and services the Wimmera region of Western Victoria.

The Wimmera is a fertile agricultural region, with major land uses including dryland cropping (60.66%), livestock (17.93%), and nature conservation (12.91%) (Figure 4).

The HRLE is a vital infrastructure facility that enables transparent transaction of livestock on behalf of livestock producers in the Wimmera.

This report aims to identify key opportunities for the HRLE and the level of investment required to ensure the viability and growth of the facility over the next 10 – 20 years.

### Background

The HRLE has historically provided a facility that is economically viable for the HRCC. Whilst HRLE does not consistently provide a financial dividend to HRCC, it is self funded and is a quality asset for the local community, without creating any financial liability.

The HRLE has historically been an important component in marketing the produce from the Wimmera region and enables livestock to be sold in a high quality facility, located close to the supply of stock.

### Scope

HRCC have engaged Outcross Pty Ltd to complete a Business Plan / Enterprise Plan and a Masterplan for the HRLE. The project brief dated June 2017 indicated that the scope of the Master Plan and Enterprise Plan should include:

- A review of the operations of the current exchange, including the sale day operations and the assets on the site used to facilitate sales.
- An assessment of the commercial environment the HRLE operates in, with respect to the competition to the HRLE from other modes of livestock sales, and other saleyards in the broader region.
- The future directions the HRLE should take, both with respect to operations and facilities/assets to position HRLE to continue and enhance its viability and to take advantage of emerging opportunities or to respond to new challenges in the livestock industry.

## AIMS AND METHODOLOGY

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The project aims to provide a strategic direction for HRLE and support the transition to NLIS.

The project has been informed by the following:

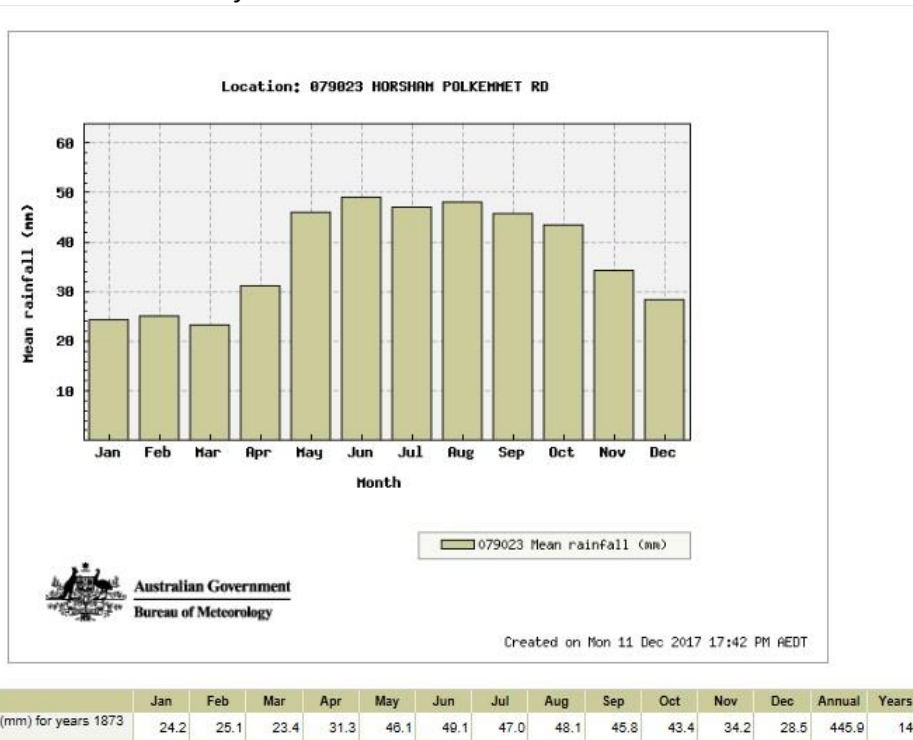
- **Industry Analysis** High level overview of the current context, including local climate and climate change, trends in agriculture, and challenges for saleyards.
- **Operational Review** This aims to:
  - review sale day operations, including sale management process, documentation, vehicle movement and livestock movement;
  - review current operations, including livestock flow, site cleaning, effluent management, water supply and animal welfare;
  - review current financial status, including agents fees, throughputs, agistment, truck wash and staffing options; and
  - benchmark the HRLE against similar industry facilities.
- **Infrastructure Review** This aims to:
  - assess the existing assets and facilities, assess maintenance issues and asset life to inform an asset management plan, including Occupational Health and Safety (OHS) issues, security and canteen and office requirements;
  - identify a facility development program, including options for roofing, water, solar, and alternatives for cleaning; and
  - assess environmental factors, including proximity to urban development, bypass, planning, access to adjoining land and regulatory issues.
- **Financial Analysis** Analysis of the Profit and Loss statement and net asset register
- **Strategic planning** This aims to:
  - evaluate the commercial market, particularly in regard to the price, numbers and trends of competitors and other forms of sales (including internet auctions and direct sales);
  - assess the impact of industry development issues, including RFID (EID) and animal welfare;
  - undertake the strengths, weakness, opportunities and threats (SWOT) analysis for HRLE;
  - complete a gap analysis of the facility; and
  - propose options for the future which consider industry development issues, commercial viability and potential markets; the incorporation of technological advancement, environmental impact and sustainability; asset management and facility improvements.

## CURRENT CONTEXT

### Local climate

Horsham is located in the temperate climate zone, with an annual mean rainfall 445.9 mm over the past 140 years.<sup>1</sup> Rainfall can occur throughout the year, although the majority of precipitation occurs in the winter.

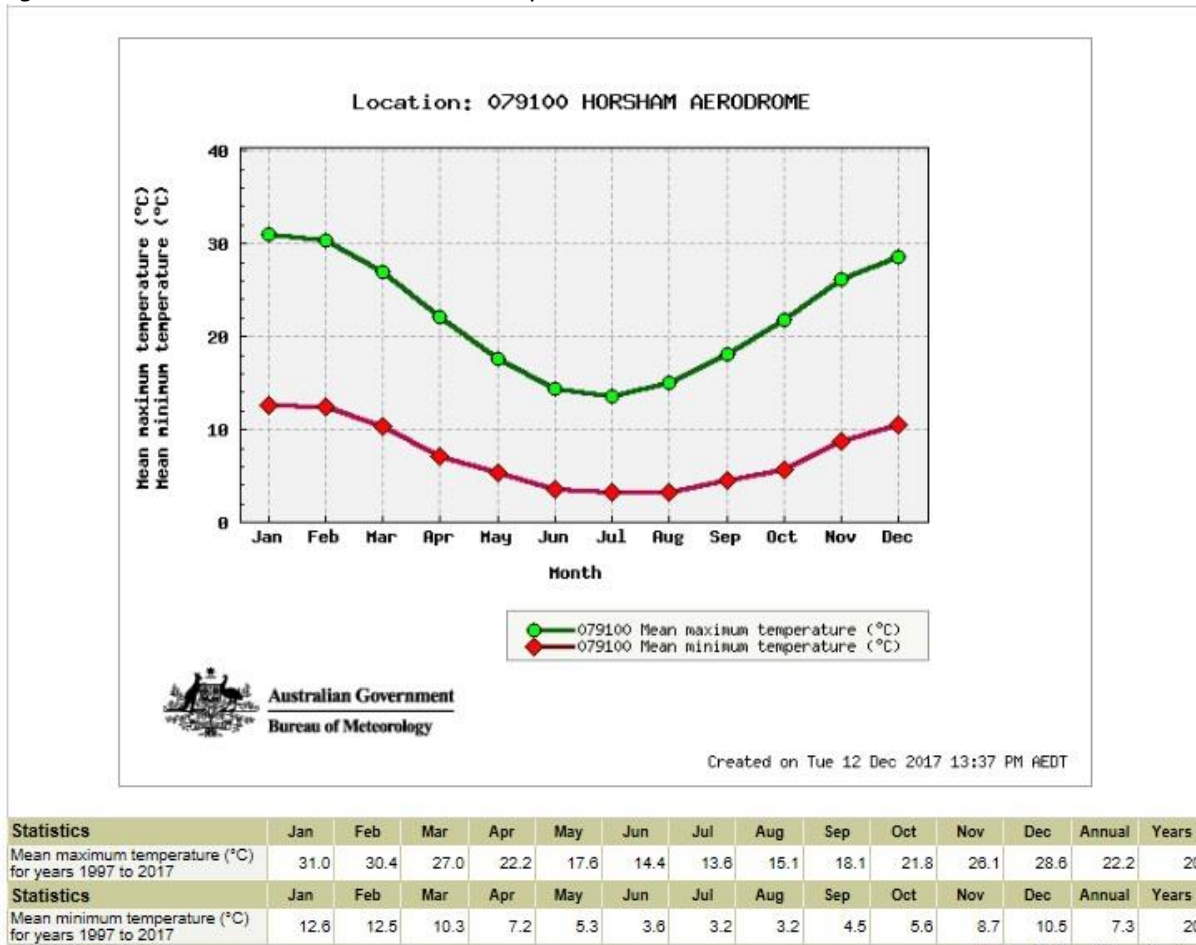
Figure 1: Mean annual rainfall.<sup>10</sup>



Statistics	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	Years
Mean rainfall (mm) for years 1873 to 2015	24.2	25.1	23.4	31.3	46.1	49.1	47.0	48.1	45.8	43.4	34.2	28.5	445.9	140

The temperature range at Horsham varies considerably. Mean low temperature in the winter approaches zero, while summer maximum temperatures are above 30°C.<sup>2</sup>

Figure 2: Mean minimum and maximum temperature



### Climate Change

Leading climate change expert, Dr Barrie Pittcock of the CSIRO, explains that one of the effects of climate change is likely to be more intense rainfall and flooding, and less frequent rainfall and more severe droughts. Another important factor is the behaviour of the El Niño and La Niña phenomena.<sup>3</sup>

Dr Graeme Pearman, also of the CSIRO, summarised a scenario of climate change for Australia in 2030, saying there would be higher summer rainfall over northern Australia which will extend further south, possible drier winters in southern Australia as well as more intense rainfall. If so, more flooding would have a major impact on the urban environment, built infrastructure, agriculture and hydrological planning.

The more advanced climate change model entails fully three-dimensional models with multi-layer oceans and atmosphere data, which includes more detailed physics such as ocean currents and atmospheric circulation, clouds, and interactions with the biosphere.

*“Models show an increase in daily precipitation intensity but also in the number of dry days. Extreme daily precipitation tends to increase in many areas but not in the South in Winter and Spring when there is a strong decrease in mean precipitation.”*

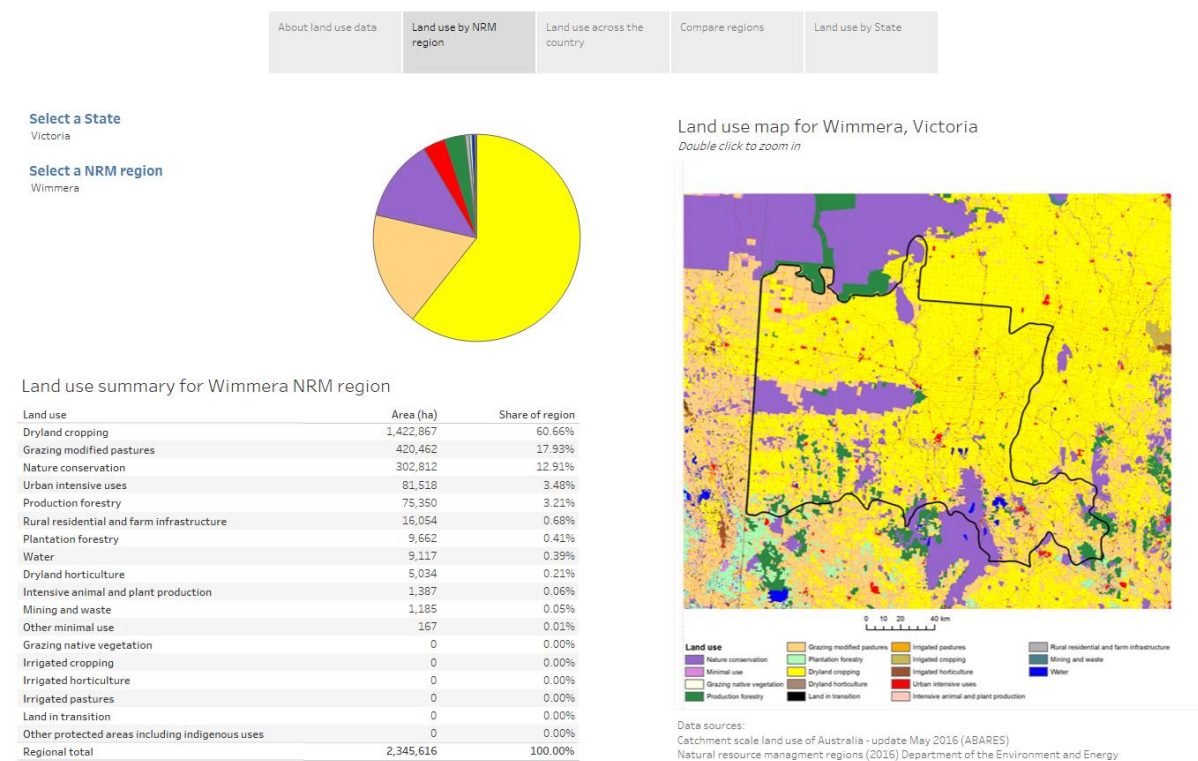
In situations where there are no rain-bearing systems such as the summer in southern Australia, warmer conditions and a greater water-holding capacity of the air will lead to more rapid evaporation, resulting in rapid onset of more frequent and intense droughts, also adding to the prevalence of bush fires.

## Regional land use

The Wimmera is a diverse economy. Agriculture is the major contributor to the economy in the region. The land is productive and fertile, and the use of this land is competitive between enterprise land use within agriculture. Dryland cropping is the major land use in the Wimmera, accounting for 60.66% of the available land. Grazing modified pastures is the second most common land use, albeit significantly less than cropping at 17.93% of available land. Figure 3 below outlines the land use profile for the Wimmera.<sup>4</sup>

Figure 3: Land use in the Wimmera

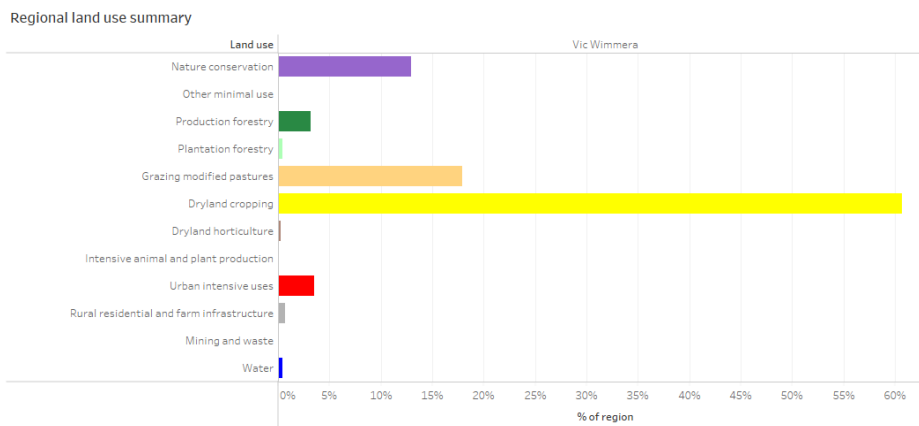
### Australian Land Use Profiles



The relative importance of livestock grazing in the Wimmera is indicative of the importance of the HRLE in servicing the livestock industry in the Wimmera.



Figure 4: Relative importance of land use in the Wimmera<sup>5</sup>



The major agriculture activity in the Wimmera region is dryland cropping, which accounts for 61% of agriculture activity, producing cereals, pulses and oilseeds. Wheat is the most common cereal, with barley following. Field peas, chickpeas, lentils, faba beans, broad beans, lupins and vetch are the common pulses grown in the region, while canola and safflower seeds are grown for oil. Grazing of modified pastures follows dryland cropping. Given the productivity of agricultural land in the area, the livestock industry is a major contributor to the economy in the Wimmera.

### Trends in agriculture

The world economy is expected to grow by 3.4% in 2017.<sup>6</sup> This growth is underpinned by expected economic expansion in major consumers of Australian agricultural commodities including Japan (1.4%) and China (6.7%). Economic growth in Australia declined in the fiscal year ending June 2017 to 1.9% and is expected to recover to realise economic growth of 2.8% in the financial year 2018. Economic growth has also promoted increased consumption of protein, including beef, mutton and lamb.

The increased demand from underlying economic growth has been offset by strength in the Australian dollar, which has appreciated against the Chinese yuan (5%) and the Japanese Yen (3%) during 2017.<sup>7</sup> A higher Australian dollar affects our competitiveness as Australian products become relatively expensive.

Australian agriculture has faced substantial change over recent decades. While there has been strong productivity growth in agriculture over the past three decades, there has been a relative decline in agriculture in importance to the Australian economy.<sup>8</sup> Trends over the past two years suggest that Agriculture is returning as a significant sector in the Australian economy with record commodity prices fuelling increasing land values.

Key drivers have been globalisation, shifts in consumer demand, changes in government policies, technological advances and innovation, emerging environmental concerns and fluctuation in the sector's terms of trade. Farms are much fewer and larger than twenty years ago. Agriculture has become increasingly export oriented over the last two decades — around two-thirds of production is now exported.

All saleyards operate within the context of complex economic, environmental and regulatory forces facing Australian agriculture.

For producers, the implications of these changes include:

- *Population Growth* The growth in the global population, paired with rising incomes in developing countries, increases the global demand for food, in turn lifting the demand for protein and meat. The global food demand is expected to increase by 75% by 2050, with much of this growth expected in Asia, and the demand for Australian meat to be at record levels.
- *Increasing export orientation* Australian exports have shifted away from the US and European markets to Asia. In addition, the strength of the Australian dollar is correlated with a decrease in exports, as trading partners are prompted to import from a cheaper source.
- *Changing end market demand* On the domestic front, an increasing proportion of livestock are supplied directly to processors or major retailers/ supermarkets under comprehensive pre-arranged contracts. As the proportion of sheep sold through saleyards falls, the proportion of stock sold online, direct and over the hook increases.
- *Variable livestock population* Saleyard throughput changes proportionally with the overall livestock population.
- *Seasonal conditions* Saleyards increase throughput as seasonal conditions deteriorate in the short term as graziers face limited marketing options.
- *Changes in government policies* Declining federal, state and local government assistance to producers increases the competitive pressure.
- *Emerging environmental concerns* Disease, droughts and rainfall variations directly impact on livestock quality, numbers and reproduction rates. Seasonal conditions have been generally good in the Wimmera during 2017, with an unseasonably mild spring to date.

Farm income has been historically high in the 2017 financial year, due mainly to high commodity prices and good seasonal conditions. Record levels were attained for the gross value of farm production (\$63 billion) and real net farm cash income (\$29 billion) in the 2017 financial year.<sup>9</sup> Australian agricultural commodities are largely export oriented with \$49 billion of farm commodities bound for export markets in the 2017 financial year.

Cropping contributed \$28 billion compared to Livestock (\$21 billion) in the 2017 financial year. However, the relatively dry seasonal conditions in NSW and Queensland for winter, 2017 has seen livestock exports increase to \$22 billion and cropping decline to \$23 billion, creating a scenario where the two major components of agricultural production have been more equivalent. The relative profitability of cropping in many areas of Australia in recent years, including the Wimmera, has resulted in more land being under crop and less land available for livestock production. This has been offset by increased livestock productivity due to efficiency gains in genetics and nutrition.

## Industry challenges

Horsham, like other saleyards, face a number of challenges:

- *Changing public expectations* Rural communities are changing, and this impacts on community support for saleyards, and raises questions about the role of the Council in saleyard operations into the future. Self-financing facilities are more likely to be supported by the community, particularly where a financial dividend is paid back to Council.
- *Decreasing livestock numbers* Long term trends of declining sheep numbers, with a reduction of 10-20% in the Wimmera since 2013<sup>19</sup> and variable beef cattle numbers<sup>11</sup> reduces overall livestock flow through saleyards.
- *Animal welfare* Animal welfare concerns are increasingly important to industry, government and consumers. Saleyard Welfare Standards<sup>13</sup> and the Australian animal welfare standards for sheep<sup>18</sup> have implications for upgrade of facilities, saleyard staff training, animal handling, drafting and penning, stock inspection and humane euthanasia of stock.
- *Occupational Health and Safety (OHS) concerns* A greater emphasis on OHS means that practices which were widespread in saleyards a decade ago are being phased out in favour of standards based, quality assured processes and controls which have implications for infrastructure and operations.
- *Introduction of the National Livestock Identification Scheme (NLIS)* The introduction of electronic identification for individual compliance with the National Livestock Identification System (NLIS) will be a challenging exercise for the HRLE. Outcross<sup>12</sup> has prepared an implementation report on behalf of the HRLE.
- *Decline in the number of saleyards operating weekly, and closure of smaller saleyards* As smaller selling centres start to lose their market to the larger regional saleyards, the buyers begin to favour the larger marketplace to source their stock. This trend creates a poorer local market in what already may be a reduced offering. Figure 8 indicates that there is a recent trend away from Victorian saleyards of 5.5% annually for the past two years. This is not consistent however with several centres achieving increased throughput.
- *Increase in alternative selling methods* There is increase competition from online selling options such as AuctionsPlus; direct sale to feedlots and abattoirs; and a growing trend of producers selling directly to city boutique butchers, restaurants, and cafes, supported by programs such as “Farm to Fork”. There is also competition from saleyard facilities including Hamilton, Ballarat and Warracknabeal.

To meet these challenges, saleyards need to be constantly upgrading and updating infrastructure and operations in order to remain at the forefront of the options available to the market. Nearby saleyards at Hamilton and Ballarat are major selling facilities that are investing significantly into infrastructure, including roofing. HRLE needs to provide equivalent facilities in order to survive and thrive into the future.

## CURRENT SITE AND INFRASTRUCTURE

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### Land tenure

The HRLE is well located with respect to the tenure of the land. The HRLE was relocated in 1999 and the current site is free from peri-urban issues that are common for many saleyards. The HRLE is located on Burnt Creek road, 7.4km from the centre of Horsham.

### Infrastructure

The infrastructure at HRLE is generally of a high standard and well maintained. The three areas of the sheep facility are receival, selling and delivery. The receival area includes unloading ramps, receival pens and drafting facilities. The selling area includes selling pens and partially undercover buyers' walkways. The delivery area includes delivery pens, a drafting facility and loading ramps.

Infrastructure at HRLE includes:

- Dual purpose loading and unloading ramps
  - 4 truck ramps and 4 trailer ramps at receival
  - 4 truck and 1 trailer at delivery;
- 72 receival pens at the receival end;
- 4 drafts at the receival end and 1 draft at delivery;
- 504 flow through, scaleable selling pens on a 3m x 3m grid;
- 42 delivery pens with water available; and
- 26 holding yards.

**Recommendation:** The undercover area should be increased as current buyer walkways are not fully covered. We recommend construction of a roof over the facility.

### Livestock flow and animal welfare and presentation

The HRLE is a well designed facility, considering livestock flow, amenities, animal welfare, presentation of stock, environmental considerations and vehicle movements.

HRLE has a flow through design shown in Figure 5 below. Sheep are unloaded at the northern end and received into the "R" yards. Sheep are then drafted through the four northern drafts and moved to the selling pens. A further draft is located at the southern end where required. Sale pens can be altered to accommodate various lot sizes which can be in excess of 200 sheep or lambs at times.

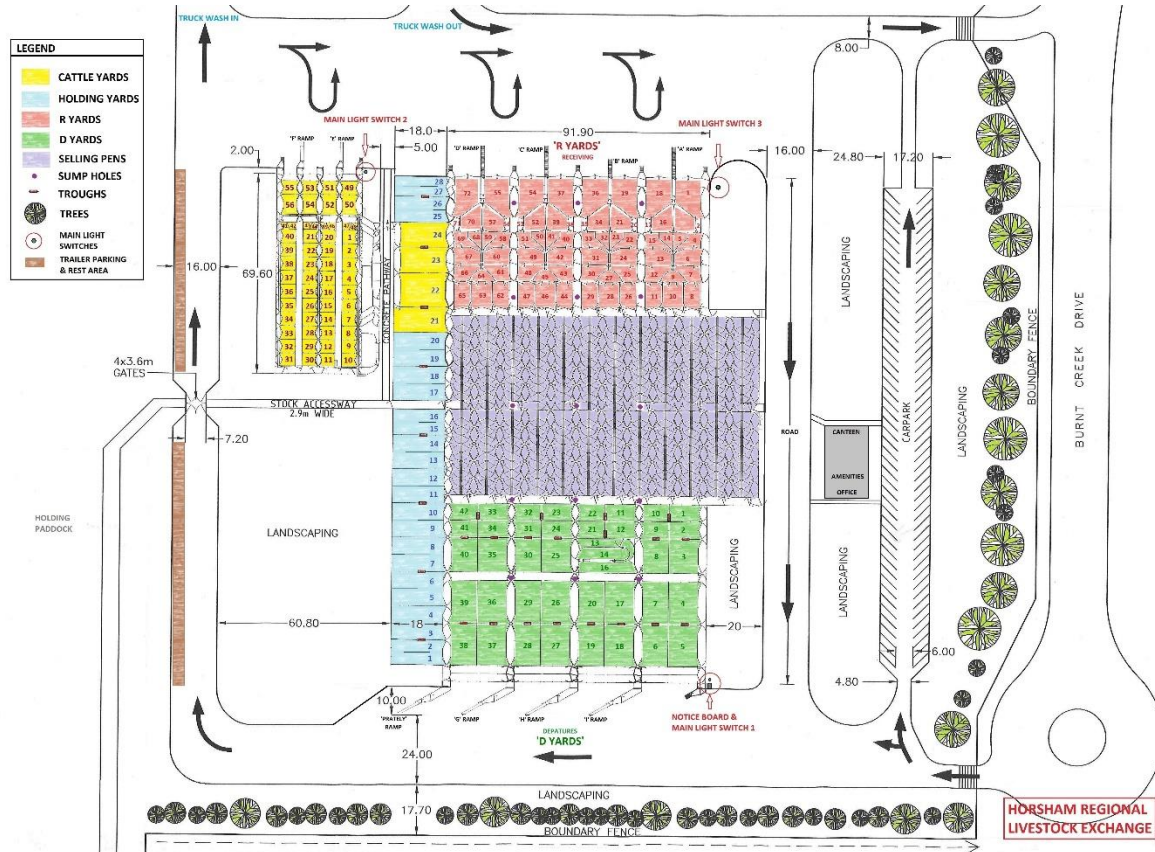
Following the sale the sheep and lambs are counted into the "D" Delivery yards and mostly loaded onto trucks at the southern end of the facility. Any stock that are held at the facility are moved to the holding yards where water is available. In addition, the HRLE has holding paddocks for stock that are held for extended periods.

The site plan shows the movement of vehicles in an orderly, one way direction, with trucks and cars separated effectively. The amenities area is functional and attractive with landscaped gardens, offices, and shower and toilet facilities incorporated with a canteen.

**Recommendation:** The HRLE would benefit from the addition of an Agents office area to enable Agents to manage their sale responsibilities effectively.

**Endorsement:** The design of infrastructure is mostly industry best practice with respect to environment, amenities, selling facilities and traffic management.

Figure 5: HRLE Site Plan



The extended HRLE facility incorporates the integration of environmental management systems, including settling ponds, an anaerobic pond, aerobic pond, irrigation facilities and a stormwater pond. An aerial image of the site is shown in Figure 6 below.

Figure 6: Aerial image of HRLE Site



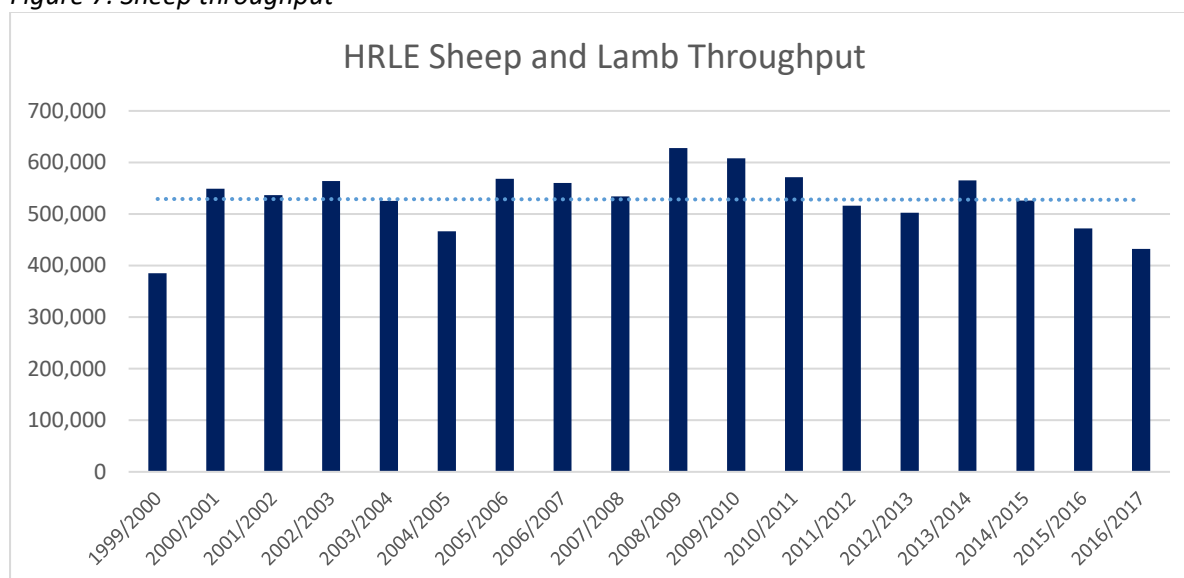
The HRLE site has the advantage of being designed and constructed on a greenfield site, in a dedicated industrial area, away from the Horsham township. The site is well designed with infrastructure catering for all aspects of selling and movement of livestock as required for auction based transactions. In addition, livestock are able to be held in adjacent paddocks, which utilise excess wastewater that can be used for irrigation.

## CURRENT THROUGHPUT

### Sheep

HRLE is Victoria's fourth largest sheep and lamb market with of 432,096 head of sheep sold in 2016-17.<sup>14</sup> Consistent with the rest of Southern Australia, the throughput for sheep and lambs in Horsham is steady over the past fifteen years. The trend during the past two years is toward lower throughput, in proportion to lower sheep and lamb numbers in the region. Figure 7 demonstrates the trend in sheep and lamb throughput.

Figure 7: Sheep throughput



### Comparison to broader saleyard sector

Figure 8 provides details on the broader saleyard throughput for the past 3 years in Victoria. The average throughput for major sheep selling centres has declined 3.4% per year over 3 years. Broader livestock numbers also have an effect on throughput with sheep and lamb numbers in the Wimmera declining by 19% in the three years to 2016<sup>19</sup>. Figure 8 demonstrates the variability in livestock numbers over the previous 10 years and the decline in livestock in the Wimmera of 19% between 2014 and 2016.

Figure 8: Wimmera livestock numbers

Year	Wimmera sheep numbers	Wimmera cattle numbers
2016	1,836,906	36,850
2015	2,114,582	78,064
2014	2,185,315	75,093
2013	2,406,444	70,735
2012	2,218,571	58,796
2011	2,286,573	48,812
2010	1,988,104	31,219
2009	1,954,140	42,970
2008	2,140,289	56,637

This indicates that saleyards have not lost market share but have only declined in proportion to total sheep and lamb numbers for the period. Figure 9 shows the change in overall sheep throughput in major Victorian sheep saleyards since 2015.

Figure 9: Sheep throughput figures (2015-17)

Sheep throughput - Victorian saleyards	2015	2016	2017	% Change	Rank
Ballarat	1,516,526	1,402,315	1,345,468	-11%	1
Hamilton	1,013,020	998,439	1,004,719	-1%	2
Bendigo	1,125,568	1,045,648	877,445	-22%	3
Horsham	530,916	483,910	437,305	-18%	4
Ouyen	250,810	264,816	267,325	+7%	5
Swan Hill	203,205	212,104	213,919	+5%	6
Warracknabeal	117,058	113,959	105,349	-10%	7
Shepparton			96,765		8
Wycheproof	99,409	53,117	84,339	-15%	9
Bairnsdale	75,803	45,547	43,554	-43%	10
Sale	31,203	28,113	30,158	-3%	11

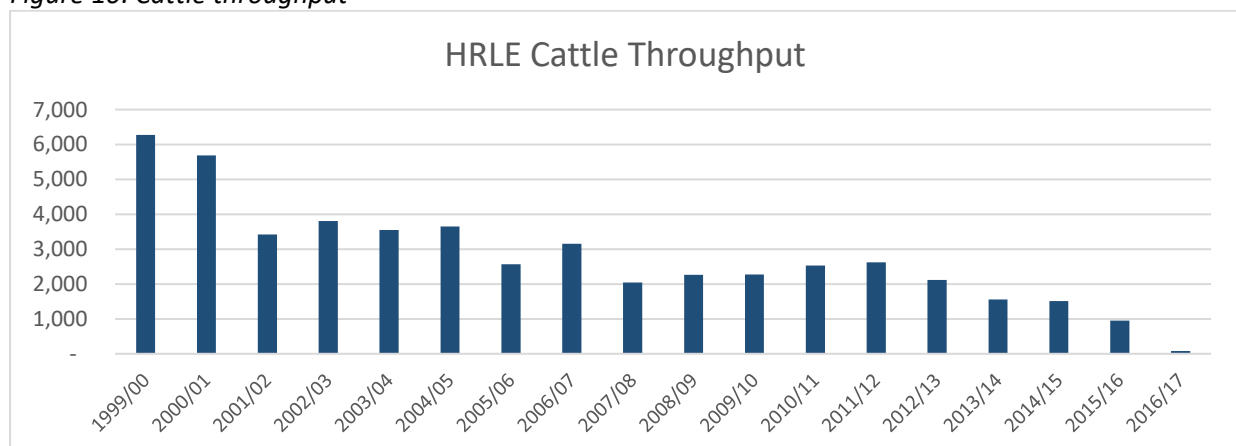
The closest centres competing with HRLE include Victoria largest sheep selling centres in Ballarat and Hamilton. Ballarat has falling throughput but is rebuilding as a new, privately owned facility under roof. Hamilton has maintained consistent throughput and has undergone significant investment recently to roof their facility.

Given that the decline in throughput at HRLE is highly correlated with overall sheep numbers, we consider it likely that HRLE throughput will increase as the sheep population increases through the production cycle.

### Cattle

The cattle throughput has steadily declined over the past 20 years. In 1999/2000 HRLE had throughput of 6,278 head of cattle, including ox, veal, bulls and cows. In 2016/17, the throughput was 80 head. The fixed costs associated with maintenance and depreciation of the cattle yard continue, regardless of throughput. Figure 10 demonstrates the declining trend in cattle throughput, largely due to the decline in the Horsham irrigation district.

Figure 10: Cattle throughput





The future for the cattle facility is bleak and likely to be limited to infrequent store sales and seasonal feature sales if Agents consider this a viable option. Given the throughput, the cattle facility has never been viable at this location. The 53% reduction in cattle numbers in the Wimmera since 2015 (figure 8), indicates that the cattle facility will become viable in the foreseeable future.

**Recommendation: The cattle facility is unviable and should be closed for regular prime cattle sales.**

## CURRENT OPERATIONS

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The HRLE is a modern, well maintained facility for marketing livestock in the Wimmera region. The facility was built in 1999 and has been maintained effectively. The operations of the HRLE is underpinned by accreditation with the National Saleyards Quality Assurance System (NSQA). The HRLE developed a quality manual in 2016, providing specific details of the chain of responsibility and operational management of the HLRE facility.

Sheep sales are held each Wednesday, clashing with the Hamilton sales which compete for buyers attendance. It may be worth considering moving the sale day to allow buyers to attend both sale days. We acknowledge that there are many factors contributing to the timing of sales and that the market is relatively strong in both centres.

### Facility Management

The facility is managed by the HRCC for the benefit of the ratepayers and stakeholders of the Wimmera. Feedback from the stakeholder consultation indicated that management was of a high standard and catered for the needs of interested parties.

### Information Management

Under the **current** information management system at HRLE, stakeholders have the following responsibilities:

- Agents are responsible for practically all interaction between vendors, agents and buyers. This includes:
  - NVD management
  - managing sale information
  - NLIS mob based movement
  - reporting to vendors
  - reporting to buyers
- HRLE is responsible for:
  - compliance with NSQA
  - invoicing Agents for yard dues
  - upload of mob based movements for NLIS compliance

The current system has worked to date as the site management have a co-operative working relationship with Agents.

The HRLE is unique in that there is no software system used to manage the process and to store historical sales data. This can be explained in that since the cattle portion of the business became almost non-existent, HRLE has effectively operated as a sheep only centre. As sheep are not weighed and have not had to be scanned to comply with NLIS, part of the use of software systems at saleyards was not required.

Other functions of the business that would normally be the responsibility of the saleyard operator are completed by the Agents. The agents currently manage all sale data independently of the saleyard. Key information includes:

- National Vendor Declaration (NVD);
- Sale data, including vendor information, lot description, price and buyer details; and
- Buyer reporting

It is logical from the perspective of the agents to have all the data for sales at HRLE. However, the HRLE should also be able to interrogate data associated with livestock moving through the facility and control regulatory compliance for the facility.

### **Recommended System**

As the business and regulatory environment becomes more complex, we recommend that HRLE obtain specialist software for the management of the saleyard. There are multiple software systems that can accommodate this recommendation. Key data management solutions provided by such software include the following features:

#### **Operations**

- Entry and balancing the sale lot data through central saleyard software;
- Reporting to buyers, including pre-sale summary, post-sale summary, NVD, and Animal health declaration;
- Access to technology to promote operational efficiency including progressive data entry using tablet based data collection for booking, clerking and delivery, and
- Tracking overall sale numbers for billing Agents based on throughput.

#### **Regulatory**

- Livestock Production Assurance
  - NLIS transfers;
  - NVD management;
  - Animal health declarations
- NSQA compliance

#### **Biosecurity**

- Traceability of livestock through the facility;
- Provision of an audit trail for livestock;
- Management of Biosecurity;

#### **Strategic**

- Analysis of the business;
- Reporting to stakeholders;
- Support for the use of online systems for disseminating sales data, including online cataloguing and remote buying and selling.

**Recommendation:** HRCC purchase specialist saleyard management software to manage the facility, analyse the business, complete reporting to buyers and the regulatory requirements of NLIS, LPA and future regulated systems.

A two stage process is recommended with operational and regulatory functions in stage one, followed by Biosecurity and strategic functions implemented in stage 2

## Resourcing

The implementation of saleyard management software will require a change in how data is entered and managed. Almost all saleyards follow a similar process in this regard as NLIS moves to individual EID based systems.

Where HRLE Agents enter all NVD, lot, price and buyer information into their own agent management systems, typical saleyards enter this information into a central saleyard software system, complete the sale and then export the data to the Agents software. There is not a significant change in overall workload, but a change in how the data is entered and distributed to stakeholders. Data management under a more typical system operates in the following way.

- **NVD** information is entered into the saleyard management system by a single representative of the combined Agents, usually an Agents secretary. This could also be done by individual Agents, who can log into the saleyard system and manage their sale data.
- **Lot information** is entered prior to the sale including pen number, vendor, stock category, and number of head.
- **Sale information** including buyer, price and account (way) are entered either at the point of sale using tablets, or following the sale, in the office.
- **NLIS devices** are attached to sale lots either at the time of drafting, pre sale or post sale, depending on the preference of the HRLE. Individual Agents may use different methodology within the system for compliance.
- **NLIS Transfers** occur prior to the sale for the transfer in and following the sale for the transfer out process.

The data management task is becoming significantly more complex with the introduction of NLIS for sheep. Additional information required includes RFID number, linked to sale lot.

We recommend that data entry responsibility is divided as follows:

TASK	RESPONSIBILITY	TIMING
NVD ENTRY	Agents	Pre sale
NLIS SCANNING	Agents	In draft
LOT ENTRY	Agents	Pre sale
LINK NLIS TAGS TO LOTS	Agents	Pre sale
SALE DATA ENTRY	Agents and Council	Point of sale
CROSS CHECK SALE DATA	Agents	Post sale
BALANCE BUYER DETAILS	Council	Post sale
BUYER REPORTING	Council	Post sale
SEND AGENT INFORMATION	Council	Post sale
DISTRIBUTE REPLACEMENT TAGS	Council	Pre sale
NLIS TRANSFER	Council	Post sale

Data management is becoming more onerous, which is likely to lead to some saleyards engaging external contractors to manage information systems on behalf of the stakeholders.

## Receival

The sheep are received predominately at the northern end of the yards. The receival system is effective as sheep and lambs are held in holding pens (R Yards) that are accessible to the draft,

limiting the required movement of stock pre-drafting. Sheep that arrive early, mostly from the north, are able to be held on water in the holdings yards depicted in the site plan above. Sheep arriving early will often be unloaded from the southern loading ramps. Trucks are met by Agents staff whose role it is to unload and count sheep off trucks and accept the NVD from the driver.

### NVD Management

The NVD is stored in a secure box for each agent. Agents staff retrieve the NVD and enter them into their own software systems.

**Recommendation:** HRCC enter NVDs into the saleyard software system prior to the commencement of the sale, including the time of arrival. This is to ensure compliance with the regulatory requirement to have a legitimate NVD for each vendor lot.

### Sale information

Currently data is not balanced through a central system. The HRLE management relies on individual agents to balance sale lots independently. This is reasonable from the perspective that the agent must ultimately negotiate with buyers to ensure that both buyers and sellers receive the correct number of prescribed stock. However, HRLE as the facility operator, do not have a visible record of livestock movement through the facility.

**Recommendation:** HRLE enter sale lots into the saleyard software system prior to the commencement of the sale. HRLE ensure that sale lots are counted and balanced prior to sale.

### Selling efficiency

The sheep selling process at HRLE is efficient and functional. Sales start at 9.30 am on Wednesday morning and are finished by 1pm, regardless of the size of the offering. The selling process is both efficient and responsible in terms of animal welfare. Sheep have access to water when not in the selling pens.

**Endorsement:** The actual selling process is efficient, and there are no recommendations to improve the selling process. However, the selling process could be better supported by a change to information management at the point of sale.

The benefit of a move to information entry at the point of sale is primarily to enter data early to enable discrepancies to be managed while stock can be checked and buyers are on site. This will reduce work later in the process. In addition, the introduction of NLIS for sheep will require more efficient data entry methodology.

**Recommendation:** HRLE and Agents enter buyer and price into the saleyard software system at the point of the sale. This is normally done with a data entry tablet supported by a manual pre printed clerking sheet.

It is logical and efficient to have all data collected once, held in a central database and retrieved by stakeholders for their own use. This strategy improves on the current practice where data is not centrally collected, stored and disseminated, restricting efficient facility data management.

The costs associated with the introduction of saleyard specific software is estimated to be \$0.01 per head sold. There is no significant additional work involved to provide the HRLE with an established NLIS compliance method, along with improved control of business related data.

Figure 11 shows an estimate of the selling process on selected sale days, from which we have calculated the efficiency of the selling process.

Figure 11: Selling efficiency

Date	LOTS					SELLING TIME				
	Lamb	Sheep	Total	Head	Head / Lot	Start Time	Finish Time	(Minutes)	Lots / Minute	Head / Minute
6/7/16	117	55	172	3428	20	9:30:00 AM	10:00:00 AM	30	5.7	114
17/8/16	102	101	203	7215	36	9:30:00 AM	10:15:00 AM	45	4.5	160
28/9/16	205	113	318	14947	47	9:30:00 AM	12:00:00 PM	120	2.7	125
12/10/16	284	82	366	18877	52	9:30:00 AM	12:30:00 PM	150	2.4	126
2/11/16	279	58	337	18142	54	9:30:00 AM	12:30:00 PM	150	2.2	121
1/2/17	243	52	295	10487	36	9:30:00 AM	11:15:00 AM	90	3.3	117
5/4/17	282	68	350	14474	41	9:30:00 AM	12:00:00 PM	150	2.3	96
7/6/17	173	51	224	6658	30	9:30:00 AM	10:30:00 AM	60	3.7	111

\* Data supplied by the HRLE

\*\*If agents draw for over 5000 lambs in a sale there is a 15-minute break between lamb sales and sheep sales

\*\*\* If agents draw for over 15,000 in total we there is a 30-minute break between lamb sales and sheep sales

## Delivery

Currently the delivery of sheep is controlled by the transport company that is engaged by the buyer to handle stock movement to the abattoir or other end destination. This system is currently manual, and the balance is determined by a cross check between the delivery contractor and the agent.

**Recommendation:** HRLE assist the balancing process by printing delivery dockets for each agent so that buyers can balance against the number of head recorded in the pre-sale balance and agree on price and buyer at the point of delivery. The buyer can then sign off at the office to confirm that the number of head, price and buyer are correct.

## Documentation

The HRLE holds the following management documentation required for compliance with the National Saleyards Quality Assurance System:

1. HRLE Quality Manual
2. Environmental management plan
3. Maintenance;
4. Cleaning process;
5. Dead sheep process;
6. Sale check off;
7. Chemical use;
8. Electronic loading ramp;
9. Inventory management of livestock;
10. Fuel usage;
11. Weekly sales record; and
12. Post breeder tag distribution for cattle.

**Recommendation: A post breeder tag distribution record for sheep will need to be developed**

### Livestock Movement

The physical movement of livestock is efficient at HRLE. As identified, we recommend that the administration is enhanced through the use of centrally controlled, progressive data entry into a single software database.

Livestock flow effectively from unloading and receipt, through dedicated draft facilities for each agent to sale pens. Post-sale, sheep move to delivery yards prior to loading. Suspect animals are held in isolation pens (H23, H26, H28, H33, H39).

### Vehicle Movement

The movement of vehicles is regulated and orderly at the HRLE. All vehicles follow a one way route through the facility and there is separation of cars from livestock transporters.

**Endorsement: Vehicle movements are orderly and regulated at the HRLE. There are excellent facilities available for the comfort of truck drivers.**

### Truck Parking

Truck parking is available at HRLE 24 hours per day, enabling truck drivers with both security and amenities to enable rest between journeys.

### Weighing

Current practices do not require sheep and lambs to be weighed at HRLE. Sheep and lambs are sold in an open auction scenario with the transaction completed in dollars per head. Buyers use their own discretion to determine the market price for stock based on weight, condition and estimated yield.

There are alternative facilities that enable the use of pre-sale or post sale weighing of lambs to enable the transaction to be completed on a curfewed live weight basis. Subsequently bids are placed in c/kg from buyers.

There are benefits of selling on a live weight basis as there is more transparency in the market. This provides further incentive for buyers to attend the market, improving market depth and competition for stock.

For HRLE to comply with a live weight sale system, the animals need to be weighed. The weighing can occur over a bulk weighbridge in a sale lot. Alternatively, individual scales could be used in the draft and animals weighed and scanned using an auto draft. Any pre-sale weighing is likely to be not curfewed, adding complexity to the sales transaction.

**Recommendation: Remain as an open auction selling system and monitor if buyer requirements change**

## Animal Welfare

Animal welfare has been a key focus in the design and operation of the HRLE facility. The facility complies with current components of animal welfare<sup>13</sup> to ensure that the well being of the animal is ensured during the sale process. However, as animal welfare becomes more important, we recommend that HRLE invests in infrastructure to comply with increasing animal welfare regulation. Key areas of importance include:

- **Feed and Water:** Sheep have access to water in holding pens and are fed if stock remain in the facility for more than 24 hours;
- **Shelter:** The HRLE does not comply with industry best practice<sup>13</sup> with regard to the provision of shelter for livestock; and
- **Extreme weather:** The HRLE does not cater effectively for the welfare of sheep during extreme weather conditions. A roofed facility would solve the majority of welfare related issues.

## Technology

Key technology components that will add significant value to the operation of the HRLE include:

- Saleyard management software;
- Tablet based data entry, including booking, clerking and delivery;
- Automated reporting; and
- Wi-Fi.

**Recommendation: Key technology be integrated into the HRLE including Wi-Fi to enable mobile data collection.**

Future developments will provide the opportunity to access new technology including:

- Remote buying and selling through internet access;
- Online cataloguing;
- Live streaming;

HRLE can assess the benefit of new technology as it emerges.

## Mental Health and Welfare

Saleyards provide an important social environment in country towns. Rural men in particular are typically more comfortable in seeking social interaction in a familiar environment such as the saleyard. The benefit to the community of promoting positive social interaction for the rural community through saleyards is important, although difficult to quantify.

**Endorsement: The HRLE caters well for the rural community, creating a comfortable environment to socialise with peers.**



## CURRENT COMPETITION

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The HRLE faces an increasingly competitive environment to attract livestock through the facility. The alternative selling methods include direct selling of sheep and lambs over the hooks and through paddock sales between producers and online systems such as Auctions Plus.

Unrepresented clients are selling outside the saleyards system without using an agent. This is the preferred selling method for much of the industry as vendors choose to market their own stock and save the cost of using an agent as a broker between the vendor and the end market. Buyers also prefer to establish a direct relationship with suppliers to enable access to stock direct from the farm.

There are logical reasons for this including:

- managing meat quality;
- managing market expectations;
- incorporating quality assurance systems; and
- management of traceability and provenance claims.

Some vendors choose to use an agent, as they consider the benefit of marketing stock through an agent outweighs the costs. Agents provide two main value propositions:

- agents realise the best price for stock through industry expertise, relationships and understanding of the market; and
- agents guarantee payment for the vendor and effectively taking on the payment risk of the transaction.

Where a vendor uses an agent, the agents generally determine where stock are sold for their clients, based on the best available return to the vendor. In a falling or stable market, agents also give preference to direct sales to clients where the price is able to meet market expectations and the size of the consignment is sufficient for transport to further destinations. This approach allows the agent to avoid the additional workload and costs associated with using the saleyards. Most agents use a combination of direct sales and saleyards to market the clients stock.

Regardless of preferences, both buyers and agents recognise the importance of having saleyards as a marketing option in the livestock supply chain. Saleyards play a vital role in the industry by:

- enabling transparent price discovery;
- presenting significant lines of stock in a central location; and
- enabling smaller lots to be combined into larger lots for transport efficiency.

This role will continue into the future as there is a significant portion of the industry with smaller lot sizes. The challenge for the saleyard sector is to provide value over and above the roles defined above, in order to grow market share. Those facilities that do not invest in best practice systems will cease to exist as increasing regulatory requirements affect the cost of providing saleyard services.

Saleyards must maintain an effective market to attract stock as the alternative marketing options are readily available to producers and agents. We do not know if this will continue into the future, however we recommend that HLRE embrace best practice to manage downside risk.

Online selling systems such as AuctionsPlus have made a significant impact on saleyards and the broader industry. Predominantly used for the transaction of store stock between producers, Auctions Plus enables direct consignment from the producer to the buyer, through a registered Agent.

## CURRENT FINANCIAL PERFORMANCE

The financial performance of the HLRE is assessed by considering historical financial statements incorporating the profit and loss and balance sheet. The profit and loss enables us to compare historical financial results and predict future profits or losses. The balance sheet quantifies assets and enables consideration of the capital base. The balance sheet informs costs associated with asset renewal based on depreciation and additional infrastructure requirements.

### Profit and Loss

The profit and loss<sup>11</sup> for the financial year 2017 shows an operating loss of \$30,523. This reflects the lower than expected throughput of sheep and lambs for the year.

Figure 12: 2017 Profit and Loss Statement

PROFIT AND LOSS STATEMENT			
INCOME			
Account Description	2014/15	2015/16	2016/17
Agents Registration Fees	55800	57400	59,100
Agistment Income	55593	32955	21,305
Disposal Service Fee	9333	8321	8,168
Ear Tagging Service	220	114	
Livestock Selling Centre Dues	373474	340774	323,455
Truck Wash Burnt Creek	22827	21054	24,138
Other sundry income	1100	1000	
	<b>518,347</b>	<b>461,618</b>	<b>436,166</b>
EXPENDITURE			
Agistment Costs			0
Bore Pump Operations			0
Building Maintenance	800	7636	6222
Cleaning of Livestock Exchange	108778	117854	105643
Holding Paddocks Ops	22274	15117	13148
General Maintenance	28561	20709	60383.3
Specific Maintenance	1553	7466	477
Livestock Sales Admin	78173	95236	99036
Conduct of Sale	64247	67919	67046
Operating Admin Expenditure	80034	94216	94691
Quality Assurance Costs	480	490	500
Truck Wash Operations	2848	7147	2683
Vegetation Management	9981	19756	16860
Capital Expenditure	44940	19102	
	442,669	472,648	466,689
EBIT	<b>75,678</b>	<b>-11,030</b>	<b>-30,523</b>

The financial year 2017 result was compared to previous years to define the trend in profitability for the HLRE. This is the second operating loss in the past two years. An increase in throughput and / or

fees is required to change this trend. It is noted that the financial year 2015 returned healthy earnings before interest and tax (EBIT) of \$75,678 to the reserve fund.

## Net Assets

The table below shows the summary of assets at HRLE as at the end of the financial year 2017. The written down value of the facility is \$4,688,387 excluding land value on a total replacement cost of \$8,484,696.

Figure 13: HRLE Assets at 20 June 2017

HRLE ASSETS SUMMARY			
Totals	Replace Total Cost	Accumulated Depreciation	Written Down Value
Plant	126,960	59,254	67,706
Furniture	74,150	57,153	16,997
Land	1,308,000		
Building	309,336	79,542	229,794
Other Infrastructure	6,666,250	2,292,360	4,373,890
	8,484,696	2,488,309	4,688,387

## Fee Structure

The current fee structure is based around yard dues of \$0.75 per head sold. This is competitive with other facilities in the region and significantly lower than fees that are common at new, privately facilities and interstate facilities.

## Benchmark Fees

HRLE yard dues are similar to competing saleyard facilities in the region, as shown in Figure 14 below. The fees for selling sheep and lambs through saleyards is likely to increase as operators seek to manage depreciation of NLIS scanning equipment that is being installed in 2018. Depreciation will be a continued cost impediment to saleyards that have installed high value fixed reading equipment to comply with NLIS as the expected life of equipment is 10 years.

Figure 14: Benchmark saleyard yard dues

Saleyard	Yard dues
Warracknabeal	\$0.70
Ballarat	\$0.72
Bendigo	\$0.74
<b>HRLE</b>	<b>\$0.75</b>
Hamilton	\$0.80
<b>Interstate</b>	
SELX, Yass	\$1.05
Wagga Wagga	\$1.30 - \$1.44
Forbes	\$1.96
Dubbo	\$0.85

There is a significant gap between fees at Victorian sheep saleyards and interstate saleyards in NSW. Forbes is a significant selling centre, with more than 1.5 million sheep and lambs sold annually. Selling fees are 261% higher than HRLE.

In addition, a capital improvement fee should be considered to provide a capital works reserve for new infrastructure.

**Recommendation: Yard dues will need to increase by a minimum of \$0.10 per head to account for depreciation of NLIS equipment. Ongoing capital works is not included in this fee increase.**

## STAKEHOLDER AND COMMUNITY PERSPECTIVES

Outcross has chaired a process incorporating stakeholder and community consultation on 30 August, 2017. The focus of the consultation was an analysis of the Strengths, Weaknesses, Opportunities and Threats (SWOT), used as a structure to identify the influential factors affecting the internal and external functionality of the HRLE business unit. The SWOT analysis framework considers internal strengths and weaknesses and external opportunities and threats affecting a business. Importantly, the outcomes are attached to key action items that are designed to progress the findings of the SWOT analysis to achievable end points.

### Participants

The stakeholder consultation meeting was held at the HRLE on 30 August 2017. Participants included representatives of the four selling agents (Elders, Landmark, Rodwells and Driscoll McIlree and Dickinson (DMD)). In addition, the saleyard management and office staff from the HRCC attended the stakeholder consultation.

A full participant list is shown below.

#### *Stakeholder and Community Consultation Participants*

NAME	ORGANISATION	CATEGORY
Mr Paul Christopher	HRLE Manager	Council
Mr Rob Moir	HRCC Operations Manager	Council
Mr John Martin	HRCC Director Technical Services	Council
Mr Andrew Adamson	Elders	Agent
Mr Matt McDonald	Landmark	Agent
Mr Wayne Driscoll	Rodwells	Agent
Mr Vince Muscat	DMD	Agent
Mr Andrew McIlree	DMD	Agent
Mr Gavin O'Sullivan	O'Sullivans	Transporter
Mr Laurie Egan	JBS	Buyer
Mr Frank Belot	Cedar Meats	Buyer

## Buyer Feedback

The consultation process included discussion with key buyers prior to the sheep and lamb sale on 30 August, 2017.

Saleyards are important for the supply of livestock to major buyers including JBS, Australia's largest meat processor. However, the buyers prefer to purchase livestock directly from the farm. In doing so, they incorporate an internal quality assurance system (Farm Assurance) that excludes saleyard livestock.

It is also difficult to comply with the industry grading system for eating quality developed by Meat Standards Australia through a saleyards pathway. Challenges faced by saleyards include:

- requirements for MSA for slaughter within 24 hours of departure from the property
- restrictions on interlotting
- additional stress related to handling through the drafting process
- restrictive curfews for livestock at saleyards

Saleyards need to change the selling process for stock if MSA is important as a target market. Lots would need to be pre drafted in deck lots and sold first without curfew. This would allow compliance for MSA.

It is important that saleyards such as HRLE invest in systems to improve quality assurance, welfare and eating quality outcomes.

## SITUATIONAL ANALYSIS: STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS

The situational analysis below draws on the reviews and stakeholder consultation, and identifies gaps as key action areas for the future.

Figure 15: SWOT analysis

INTERNAL FACTORS	
<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Location: HRLE is well located, well-lit and designed to maximise sheep flow.</li> <li>• Operations: HRLE is fully compliant with the NLIS and is continuing to comply through the introduction of EID and is accredited under the National Saleyards Quality Assurance Limited. Saleyard management is seen as a strength.</li> <li>• Occupational Health and Safety (OHS) is adequate.</li> <li>• Facilities: HRLE has an amenities block, canteen, two bay truck wash capable of supporting B-double trucks, after hours security patrol, emergency unloading access, and agistment available on arrangement. The facility is relatively modern and generally in good condition.</li> <li>• Security and canteen and office requirements are adequate.</li> <li>• Staffing: The HRLE agents network and the saleyard management is a key strength.</li> <li>• Sales: HRLE has weekly sheep and lamb sales and fortnightly cattle sales. Sheep and lamb sales have high stock quality and numbers. The store sales were seen as a strength.</li> <li>• Council ownership</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• Infrastructure: There is a concern that depreciation costs are not accounted for. The facility has a number of weaknesses, including a lack of suitable roofing, which has implications for yield, meat quality, presentation, stakeholder welfare and animal welfare. An additional loading ramp is required.</li> <li>• Competition: from direct, online selling and other saleyards. HRLE could consider more active marketing, including the HRLE branding strategy. The IT infrastructure and website could be improved.</li> <li>• Cattle sales have declined to be insignificant, however, the facility remains and requires upkeep.</li> <li>• Data management: Documentation at the booking and clerking stages is paper-based which poses risks for NLIS compliance.</li> <li>• HRLE branding is poor without a co-ordinated marketing plan</li> </ul>
EXTERNAL FACTORS	
<p><b>OPPORTUNITIES</b></p> <p><i>HRLE could:</i></p> <ul style="list-style-type: none"> <li>• Construction of a roof to improve presentation, animal welfare and the welfare of stakeholders</li> <li>• Extend to include store cattle sales or increase the numbers of western sheep.</li> <li>• Use active online, social media (Facebook) newspaper and radio communication to extend the market depth.</li> <li>• Collect and reuse water in the truck wash and trough to reduce costs of site cleaning.</li> <li>• Reduce power costs by installing solar panels.</li> <li>• Benefit from the potential closure of nearby facilities such as Warracknabeal.</li> </ul>	<p><b>THREATS</b></p> <p><i>HRLE faces:</i></p> <ul style="list-style-type: none"> <li>• Challenges in maintaining consistent livestock numbers could prompt a move to a fortnightly sale, either permanently or for those parts of the year when stock numbers are low, to ensure there was enough sheep to fill trucks and make it worthwhile for buyers to attend.</li> <li>• Competition from other selling methods, such as direct sales, AuctionsPlus, and online.</li> <li>• Biosecurity/ disease threats.</li> <li>• Animal welfare concerns and advocates.</li> <li>• Increased 'red tape' in the sheep industry.</li> <li>• NLIS Sheep rollout.</li> <li>• Ongoing climate change.</li> </ul>

## KEY ACTION AREAS

The gaps, or key action areas, were identified based on the SWOT analysis. Below are options for the future which take into account the current context of global and industry development issues; current performance including throughput and commercial viability and potential markets; the incorporation of technological advancement, environmental impact and sustainability; asset management and improvements. These key action areas are:

Figure 16: Key Action Areas

KEY ACTION AREA	RATIONALE	RECOMMENDATION
Operations	Cattle sales are declining over the medium term. However, there is still value in having a local cattle facility.	That HRLE: <ul style="list-style-type: none"> <li>close the weekly cattle sale due to lack of demand;</li> <li>consider acting as a transit centre for larger cattle facilities;</li> <li>consider a monthly feature store sale, or a focus on several feature sales such as a breeders sales or weaner sales; and/or</li> <li>consider that the cattle facility may also have a role to play in a stock standstill situation.</li> </ul>
Operations	The introduction of individual electronic compliance with NLIS for sheep and goats presents an opportunity to embrace technology into the sales process.	That HRLE install software and associated technology options to streamline data collection and dissemination to stakeholders.
Information management	The current paper based approach to data collection and management creates risks to reliability and NLIS compliance and interruptions to livestock flow through the facility, and delays in transfer of data to agents, buyers and vendors.	That HRLE adopt an electronic information management system to reduce risks identified. This approach will also require the HRLE to adopt an appropriate information management process to comply with a changing regulatory environment.
Infrastructure	HRLE has suitable infrastructure in good condition, and the facility provides economic benefits to the region. The preferred approach is to modernise the existing facility.  Horsham has extremes of temperatures, particularly in the colder months, which make an open saleyard uncomfortable for vendors with potential to impact yield, meat quality, presentation and animal welfare.	That HRLE plan to provide a roof for the existing facility.
Staffing	The track record of management and staff is strong at HRLE.	Retain current staffing policy and model of HRCC ownership and operational control.

## INFRASTRUCTURE REVIEW

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Horsham Regional Livestock Exchange (HRLE) was originally constructed in 1999. The design of both the sheep and cattle saleyard areas is in keeping to what is recognised as the industry best practice. The exception to this is the absence of roofing.

Galvanised steel was used in the construction of both the sheep and cattle yards to increase its longevity.

### 1. Sheep Unloading Ramps (North)

The unloading ramp to the north consist of 3 x adjustable ramps, 1 x fixed two deck ramp and 4 fixed box trailer ramp. Over the years, the 3 adjustable ramps have replaced the original 2 deck ramps at these locations. As funds become available the plan is to replace the remaining 2 deck ramp with another adjustable ramp. All ramps along this side remain in good working condition.



Typical 9m Adjustable Sheep Loading Ramp



Remaining 2 Deck Loading Ramp to be replaced



## Estimated Cost

Proway have provided an estimate for the replacement of the remaining 2 deck ramp.

Description	Cost
Demolition of existing ramp	\$1500.00
Supply and installation of new adjustable sheep ramp	\$32,000.00
Electrical Allowance (to get power to ramp)	\$2,500.00
Total	\$34,000 inc. GST

## 2. Draft Yards

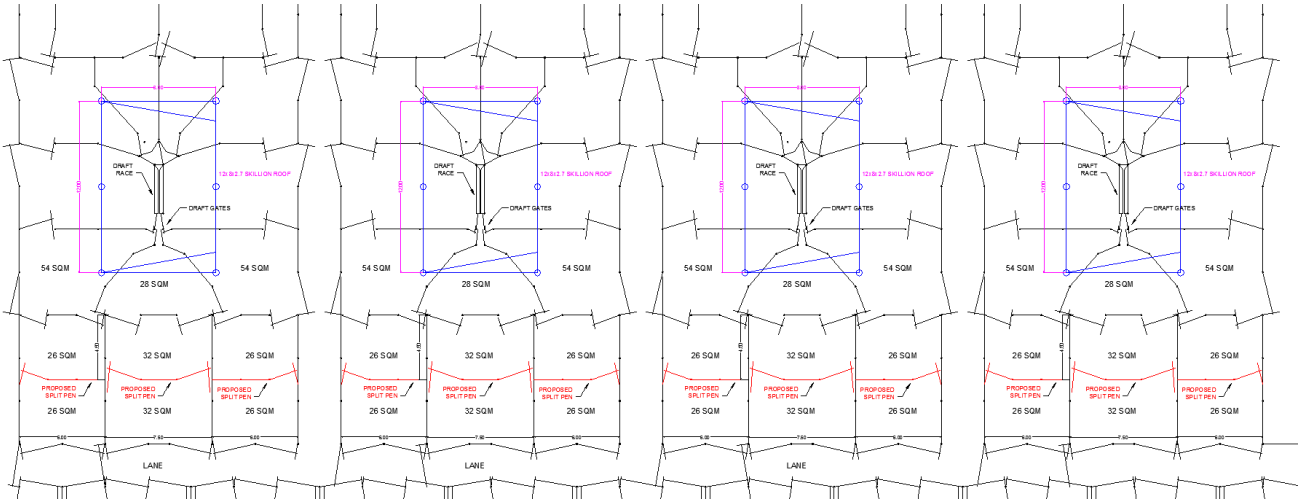
HRLE has 4 draft areas before the selling pens. These all in good condition.



Adjustable width sheep drafting race

The drafting areas have no roofing and offer no shade or weather protection for the operators. The draft area must be covered to protect NLIS infrastructure. This is best achieved through roof in the facility, however could be covered with local rooves.

The yards behind the draft have been identified as being larger than necessary and can be split. Both the local rooves and the split draft pens are shown in the below drawing.



### 3. Selling Pens

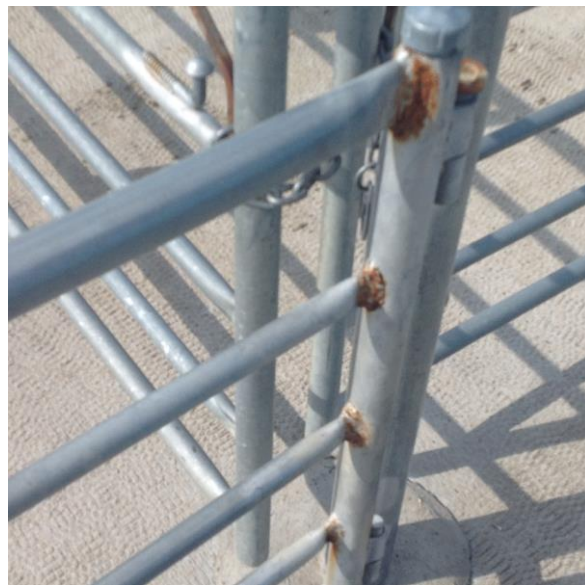
The selling pens have an auctioneers' catwalk above them with the buyers standing in the sheep lane (which is partially undercover) and the sheep in between. The selling pens are designed in a way that the dividing gates can be opened up to give complete access for cleaning and maintenance.



Selling pens opened up after cleaning



Partially covered buyers Lane



Regular maintenance should include cleaning and painting rust with cold galvanising paint



There are a number of posts throughout that need concrete domed up around the post so that water can get away and reduce corrosion at the base.

#### 4. Delivery Yards

The delivery yards are used to accumulate sheep before trucking. They are in good condition with water available to stock.



In the delivery yards there is also a bugle draft area for drafting sheep as required.



## 5. Loading Ramps (South)

For loading out there are 4 Adjustable sheep loading ramps. 3 of these are the original ramps and are showing signs of ageing but are still all functional.



Out loading Ramps



Buffer damage

## 6. Holding Yards

The holding yards along the western edge of the sheeppens have gravel for the flooring. This has been eroded and is in need of fill to allow the pens to drain.



Water laying in holding yards after recent rain

## 7. Cattle Yards

The cattle yards consist of 2 fixed truck loading ramps and 2 box trailer ramps.



All ramps are in good condition.

The selling pens have troughs for cattle to drink from. The auctioneers sell from the raised catwalk and the buyers operate from a low-level walkway.



Cattle selling Pens

There is a working race with crush, weigh bridge and scale house. All parts are in good condition and require minimal maintenance.



Cattle Crush and Scale

## 8. Pavement

The roads in and around the selling centre are all surprisingly sound considering the amount of heavy vehicle movements.



Bitumen leading up the loading ramps



Car park



Road in front of Canteen



## 9. Truck Wash

The single bay truck wash is located in the northwest corner of the facility and is operated by an Avdata key by those who use it



Truck wash and pump shed



Water tanks for potable for drinking water and non-potable for washing water

## 10. Canteen/Amenities/ Office

The main building contains the canteen, toilets and showers and also houses the saleyard administration.



Building with well-kept garden

## FACILITY DEVELOPMENT

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### Roofing Project

The key finding of the infrastructure review is that the HRCC should consider roofing the facility. Most modern saleyard facilities incorporate roofing in the infrastructure design.

#### *MKM saleyard roof design*



Horsham has a variable climate with overnight temperatures in winter falling below 5°C. alternatively, during the peak selling season in summer, temperatures often rise above 40°C. The sawtooth roof design shown enables air flow and noise management, while also providing shelter.

### *Sawtooth modular saleyard roof design*



Construction of a roof over the sheep portion of the HRLE will enable economic, environmental and social benefits to be realised. The benefits of roofing the HRLE are diverse and encompass the following key value propositions:

1. **Animal Welfare.** The Australian model code of practice for saleyards and lairages<sup>13</sup> states that livestock should be protected from extremes in weather that can cause heat or cold stress and that there should be applicable shade or shelter for animals in hot climates. The need for shelter and trough access is also acknowledged by Agriculture Victoria as an animal welfare issue. In extreme heat, Victorian Agriculture recommend that holding and processing areas for livestock should have shaded areas available; particularly roofing. If insufficient shelter is provided for large groups of livestock there is the risk of animals crowding together under shelter resulting in smothering.

Animals are held at HRLE for a variable period, depending on the size of the sale. During large sales animals are often in the facility overnight and can often be in the facility for 24 hours. Evidence suggests that far better animal welfare outcomes are achieved when animals are under roof. The animals are relieved of heat stress and lose less weight than uncovered facilities. Lower stress levels improve meat quality resulting in higher value animals leaving the facility when considering increased weights and superior meat quality. Roofed facilities are often quieter, indicating that animals are more comfortable.

2. **Human welfare** can benefit significantly from a roofed facility. During the peak selling season, agents and workers are often working in the heat of the day. The environmental concerns are amplified by working on concrete, where temperatures are increased as heat is reflected from the surface. A roofed facility provides a working environment that is more responsible for stakeholders. The Hamilton saleyards experienced a reduction in temperature of 5-7°C under the roofed section.
3. **Infrastructure Maintenance.** The protection of existing and new infrastructure is important in reducing depreciating of the asset. This is particularly relevant to the significant investment in new NLIS reading equipment at the HRLE. HRCC expect that the NLIS reading equipment will cost more than \$400,000. This equipment will need to be covered, providing an opportune time to consider the benefits of covering the whole facility.

4. **Cleaning** is currently a significant cost to the facility. Average cleaning costs for the past 3 years was \$110,758. A roofed facility would reduce cleaning costs significantly through a reduction of water use and lower labour costs. Cleaning under a roofed facility is done by use of a sweeper attached to a bobcat. This reduces the use of water and has improved environmental outcomes through a reduction in wastewater from the facility.
5. **Safety** will be enhanced for stakeholders of the HRLE in a roofed facility. The risk of injury will be reduced by working under cover and the associated long term risk of illness will be reduced through elimination of negative effects of environmental waste, sunlight and temperature.
6. The roofing will subsequently enable **improved lighting** which will in turn reduce issues related to handling stocks in poorly lit areas during drafting at night. Improved lighting will enable more flexible working timeframes, improved scheduling of shifts and improved management of fatigue. Lighting under a roof will also alleviate HRLE of the current issues associated with the expense of maintaining the current lights due to the height of the current lighting structures.
7. Water capture potential is significant, enabling the HRLE to capture all the required water that is used in the truck wash and for other general purposes.
8. The roofing will improve the **presentation** of livestock which will improve returns to growers and the reputation of the facility. This will become more important as the market adjusts to larger competitors providing roofed facilities nearby.

The use of solar panels to form the roof was considered, with the added benefit of solar power that could be on sold to other businesses located in the industrial estate. Our research indicates that the technology is currently not advanced enough<sup>16</sup> for this to be commercially viable<sup>17</sup>.

If the facility remains uncovered, vendors will be more likely to choose an alternate marketing option for their livestock that is better able to present the stock in peak condition and manage animal welfare risks. An uncovered HRLE will result in an uncompetitive selling environment compared to adjacent facilities at Ballarat and Hamilton. Once there is an obvious advantage in marketing stock elsewhere, the HRLE will find it increasingly difficult to maintain the strong market and attract livestock.

The construction of a roof is the best tool available to arrest the recent decline in throughput and promote the HRLE as the preferred selling centre in western Victoria.

Three different roofing options have been considered.

1. Roofing the sale pens is an area of \$7,659m<sup>2</sup>.

This option only allows for roof on the selling pen area. The estimated cost is \$1,242,500<sup>17</sup> based on an estimate from MKM Constructions at a square metre rate of \$169/m<sup>2</sup>.

*Option 1 for the roofing project- selling pens only*



2. Roofing the receival pens, draft, selling pens and 16 holding pens

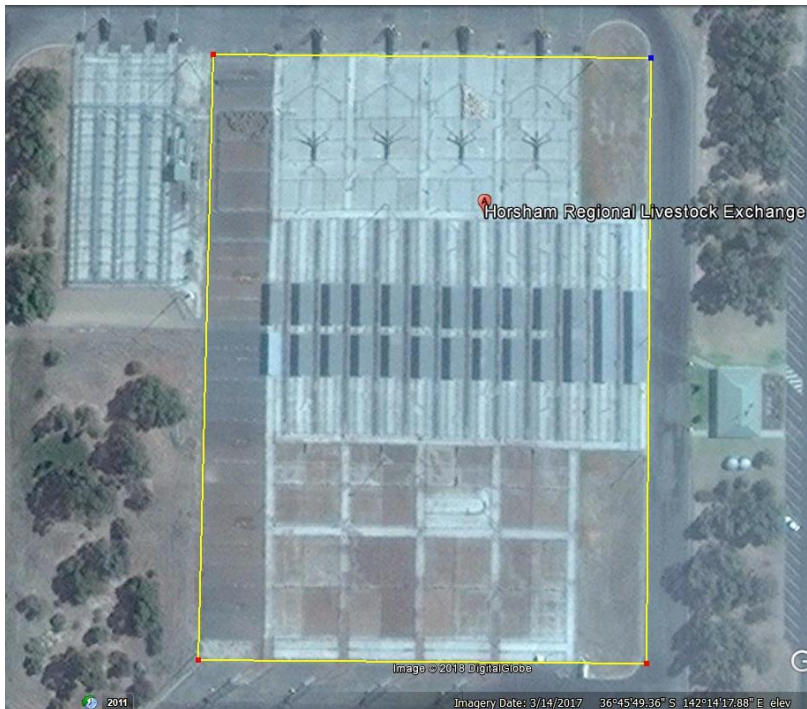
This option enables livestock to be under shelter from when sheep and lambs arrive at the HRLE until after the completion of the sale. The estimated cost is \$2,168,760 ex GST based on an estimate from MKM Constructions, attached as Appendix 1.

*Option 2 for the roofing project- Receival, drafting, selling and 16 holding pens*



### Option 3: Roofing the entire sheep facility

Roofing in the entire sheep facility is the logical target project as the interests of animal welfare and all stakeholders is incorporated into a modern selling complex. Competing facilities are entirely under cover at Ballarat and Hamilton.



### Estimated Cost

MKM have provided an estimate for option 3 above, which is attached as Appendix 1. We recommend that option 3 is adopted at a cost of \$2,549,700 ex GST.

**Recommendation:** The area undercover should be Option 3 to enable significant additional benefits for livestock held before and after the sale and a safer work environment for stakeholders

### Funding options

Recent funding sources for saleyard upgrades in Victoria includes:

- Federal Government infrastructure programs such as the Building Better Regions fund;
- State Government infrastructure programs, such as The Regional Jobs and Infrastructure Fund-Rural Development Stream or Enabling Infrastructure Stream. Euroa completed their upgrade with funding from this source.
- Local and State Government co funding model. Wangaratta completed their upgrade with funding from this source.
- Council funded. Corangamite completed their upgrade with funding from this source.

## FUTURE OWNERSHIP AND CAPITAL EXPENDITURE OPTIONS

The options for Horsham Rural City Council include:

1. maintain status quo;
2. upgrade with State Government funding;
3. upgrade with Local and State Government co-funding;
4. upgrade with funding solely from Horsham Rural City Council;
5. sale of the facility; or
6. closure of the facility.

The perceived costs and benefits of these options are outlined in Figure 17 below.

Figure 17: Costs and benefits of funding options

PERCEIVED BENEFITS	PERCEIVED DRAWBACKS/ COSTS
<b>Option 1: Maintain Status Quo</b>	
No additional costs.	<p>Council may be subject to criticism of animal handling practices, as Council retains responsibility for meeting all statutory and regulatory requirements including animal welfare.</p> <p>Animals may suffer from poor presentation, resulting in lower prices. Saleyard competitiveness is eroded without a roof to protect animals and saleyard users from temperature extremes.</p> <p>Council may be required to subsidise saleyard operational expenses if stock numbers decrease and / or saleyard is not viable, which will have implications for capacity to meet other Council responsibilities.</p>
<b>Option 2: Upgrade with State Government funding</b>	
<p>No additional costs.</p> <p>Council is better able to take responsibility for meeting all statutory and regulatory requirements including animal welfare.</p> <p>Horsham Saleyard is better able to face increasing competition from online selling options and take a proactive marketing approach to attract buyers and vendors.</p>	<p>Limited funding sources available, which may result in delays to implementation.</p>
<b>Option 3: Upgrade with Local and State Government co-funding</b>	
<p>Likely to result in a competitive application under the Regional Jobs and Infrastructure Fund. The proposal is an eligible activity, and Council is well placed as an eligible applicant.</p> <p>Council is better able to take responsibility for meeting all statutory and regulatory requirements including animal welfare.</p> <p>Horsham Saleyard is better able to face increasing competition from online selling options and take a proactive marketing approach to attract buyers and vendors.</p>	<p>Council would need to identify alternative funding sources, either through the saleyard operations and /or increased fee structure, and/ or through Council's budget. We note the Regional Livestock Exchange Reserve has a balance of Balance \$0.08 million as at 30/6/17.<sup>10</sup> The sums accumulated in the reserve are now retained to provide for capital developments which may occur at the livestock exchange and also to commence a replacement and refurbishment fund to be accumulated over future years.</p>

PERCEIVED BENEFITS	PERCEIVED DRAWBACKS/ COSTS
<b>Option 4: Upgrade with funding solely from Horsham Rural City Council</b>	
<p>Council is better able to take responsibility for meeting all statutory and regulatory requirements including animal welfare.</p> <p>Horsham Saleyard is better able to face increasing competition from online selling options and take a proactive marketing approach to attract buyers and vendors.</p>	<p>Limited funding available, which may result in delays to implementation. Council has identified alternative infrastructure priorities.</p>
<b>Option 5: Sale of facility</b>	
<p>Council is no longer responsible for the statutory and regulatory requirements associated with owning and operating the facility. This option provides a cash injection for council from the sale of the facility.</p>	<p>There is no guarantee that saleyard would be the sole or main function of the facility in the future. Saleyard users have limited influence over future plans for the facility. Asset management would be privately funded, and the Council would have no control over the standard of service provision. In addition, fees for the use of the facility by vendors can be expected to increase significantly as has occurred at other privately-owned facilities around Australia.</p>
<b>Option 6: Closure of facility</b>	
<p>Council is no longer responsible for the statutory and regulatory requirements associated with owning and operating the facility.</p>	<p>Loss of saleyard service and jobs. Loss economic development potential.</p>

It is recommended that the facility remains open and under the management control of HRCC. However, the fees need to increase in order to account for depreciation and future capital works including roofing of the facility.

A new roof over the existing facility at Horsham would be eligible for State Government funding. Horsham Rural City Council is eligible to make the application through the Regional Jobs and Infrastructure Fund. HRCC will need to identify this project in part of the Annual Plan.

Applications through funding programs are considered throughout the year on a competitive basis. For a project of this size (ie over \$300 000, the co-contribution from Council would be expected to be on a 2:1 basis.

Figure 18: Funding sources

FUNDING PACKAGE	AGENCY	VALUE	MAXIMUM FUNDING RATIOS FOR CO-CONTRIBUTION	END DATE FOR CURRENT ROUND
Regional Infrastructure Fund	Victorian State Government	Up to \$500,000 per Applicant	3:1	Not stated
Heavy Vehicle Safety and Productivity program	Federal Government	Up to \$5,000,000 per Applicant	1:1	30 March, 2018
Building Better Regions Fund	Federal Government	Up to \$20,000,000 per Applicant	3:1	19 December, 2017

An outline of the key points to consider in addressing the funding criteria is in Figure 19.



Figure 19: Funding Criteria and key points to consider

FUNDING CRITERIA	KEY POINTS TO CONSIDER
Economic benefit	A new roof on the existing facility ensure the jobs at Horsham saleyards are retained, and will stimulate economic growth through providing a more attractive option for buyers and vendors to use the saleyard, thus enhancing the saleyard’s competitiveness.
Social and environment benefit	A new roof on the existing facility has the support of saleyard users and community members. It builds on the saleyard, which has been identified as a key regional strength as part of the recent operational review. It has the potential to result in demonstrated environmental benefit through the possible addition of solar panels and downpipes for water capture.
Alignment with regional and state priorities	A new roof on the existing facility will complement Victorian Agriculture’s commitment to NLIS Sheep and Goats; and local priorities identified in the annual plan for Horsham Rural City Council. The project addresses the need for improved animal handling identified as part of the recent operational review, and with State Government support, the project is unable to proceed.
Demonstrated feasibility and delivery	All legal, land tenure, planning and environmental issues have been identified and resolved. A fully costed masterplan has been developed, including identification of all project risks and strategies to manage them put in place. Suitable project management is in place for the build.
Financial viability of the applicant	Local Governments are exempt from this criterion.
Maximising value to the State	This application maximises value to the State by leveraging support from a range of sources, including local government. Viability is not dependent on ongoing funding and future costs are not an issue.
Stream specific requirements	This application supports the Horsham saleyards to build resilience and adapt to changing economic and environmental conditions to remain competitive. In particular, this project enables Horsham to meet increasing animal welfare considerations and vendor concerns about animal handling.

## CONCLUSION

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### Strategy

Saleyards must achieve four goals if they wish to maintain a viable business:

1. **Maintain a fair market price** Agents and their vendors will only support saleyards if the saleyards is able to consistently provide a fair market price for the stock. The key component is to ensure a competitive buyers gallery that are able to compete on all available livestock on offer.
2. **Maintain throughput** In order to attract competitive buyers, the saleyards must maintain a significant throughput for sales. This is not difficult during the sucker seasonal turnoff, however buyers do not have an incentive to participate through the low season where they risk not being able to fill trucks at a competitive price. Unfilled truck result in trading losses.
3. **Invest in capital development** HRLE needs to invest in capital development, particularly roofing, in order to support animal welfare, human welfare, infrastructure maintenance, and more efficient cleaning.
4. **Embrace best practice** Saleyards must maintain and improve competitiveness through embracing best practice operations. Efficient livestock movement, attention to animal welfare and promotion of market depth are key components to a sustainable saleyard business. The key additional component is the use of technology to measure and control the key drivers of business profitability.

Management software will enable the HRLE to ensure timely reporting to stakeholders, traceability, adherence to the increased regulatory environment and analysis of business metrics. Market depth can be enhanced through technology, enabling additional participants and distributing information more efficiently.

Finally, by closing the weekly cattle sale, HRLE is able to focus on profitable areas of business.

## REFERENCES

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- <sup>1</sup> Australian Government Bureau of Meteorology (2017). [www.bom.gov.au](http://www.bom.gov.au)
- <sup>2</sup> Australian Government Bureau of Meteorology (2017). [www.bom.gov.au](http://www.bom.gov.au)
- <sup>3</sup> Pittock, (2012). <https://theconversation.com/droughts-and-flooding-rains-climate-change-models-predict-increases-in-both-5470>
- <sup>4</sup> Australian Government Bureau of Meteorology (2017). [www.bom.gov.au](http://www.bom.gov.au)
- <sup>5</sup> ABARES (2016). Catchment scale land use of Australia
- <sup>6</sup> ABARES (2016). Catchment scale land use of Australia
- <sup>7</sup> ABARES (2017). *Agricultural Commodities*. September Quarter 2017
- <sup>8</sup> ALMA (2015). Australian Model Code of Practice for Livestock Saleyards and Lairages
- <sup>9</sup> Productivity Commission (2005). *Trends in Australian Agriculture*
- <sup>10</sup> ABARES (2017) op cit
- <sup>11</sup> HRCC -2017 Financial statements for the HRLE
- <sup>12</sup> Outcross (2017). Implementation plan for the introduction of electronic identification for NLIS compliance for the HRLE
- <sup>13</sup> Australian Animal Welfare Standards and Guidelines Livestock at Saleyards and Depots (2015)
- <sup>14</sup> Meat and Livestock Australia (2016). *Eastern States Saleyard Survey Results*
- <sup>15</sup> HRCC Horsham Rural City Council Budget – 2016/2017
- <sup>16</sup> <http://reneweconomy.com.au/bluescope-unveils-world-first-solar-roof-with-heat-and-power-32417/>
- <sup>17</sup> [https://www.tesla.com/en\\_AU/solarroof](https://www.tesla.com/en_AU/solarroof)
- <sup>18</sup> Animal Health Australia, Australian animal welfare guidelines for sheep (2016)
- <sup>19</sup> <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/7121.0Main%20Features612015-16>

## APPENDICES

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1. MKM Investment proposal- HRLE Roofing estimation
2. Meat and Livestock Australia (2017). *Eastern States Saleyard Survey Results*
3. Proway Infrastructure Maintenance Manual

**APPENDIX 1:**

**MKM INVESTMENT PROPOSAL- HRLE ROOFING ESTIMATION**

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## Investment Proposal - Revised

Mr Tom Newsome  
Outcross Pty Ltd  
Suite 7 195 Beardy Street  
Armadale NSW 2350

[tom@outcross.com.au](mailto:tom@outcross.com.au)

Mobile 0409 580 732

Presented by: MKM Constructions – 12<sup>th</sup> February 2018

12<sup>th</sup> February 2018

Mr Tom Newsome  
Outcross Pty Ltd  
Suite 7 195 Beardy Street  
Armadale NSW 2350  
[tom@outcross.com.au](mailto:tom@outcross.com.au)

Mobile 0409 580 732

**Re: Horsham Saleyards Roof Cover Revised**

Dear Tom,

Thank you for the opportunity to provide a project proposal for the construction of a new roof pavilion over the Horsham Sale Yards

MKM Constructions is a regionally owned and operated family business. With our track record and experience in industrial and commercial building projects in particular of this nature, we have developed a strong reputation for integrity, reliability and service. We are committed to providing the highest levels of quality and customer service at a competitive price.

We have thoroughly acquainted ourselves with the information you have provided to ensure our proposal is as per instructions provided.

We thank you for the opportunity you have provided to present our proposal and trust the attached meets your approval. We look forward to working with you in the construction of your new investment.

If you have any further questions, please feel free to give myself or one of our team a call.

Yours faithfully,  
**MKM Constructions**

**Karl McMillan**  
Sales Manager

## Scope of Investment Proposal

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We are pleased to offer you our detailed proposal and specifications for your consideration. The following solution has been prepared based on the concept drawings provided.

To construct a single storey roof structure over the sheep yards at the Horsham Saleyards to the following specifications:

- Preliminaries
  - MKM Site facilities – Site office, temporary fencing, first aid, toilet, storage container and lunch room.
  - Temporary Fencing to secure site and hoarding as required for pedestrian access.
  - OH&S compliance, site inspections, project and site management services.
  - Co-ordination of all health and safety requirements on the construction site.
  - Development and implementation of a site specific OH&S Management plan.
  - Contractor site specific induction and any relevant site specific training.
  - Builders site safety and procedures including. All relevant SWMS and safety forms.
  - Contract works, public liability and workers compensation insurance.
  - Site set out and mark up as required to establish work site and construction zone.
  - Building site safety signage.
  - Contract Documentation based on ASNZ or Master Builders Contract.
  - Preliminaries to include development and implementation of a site specific OH&S, Quality & Environmental Construction Management Plan to be maintained and implemented throughout the construction process.
  - Comply with all working hours and requirements of local authorities & the EPA.
  - Provide and maintain a detailed construction program and work flow for the execution of the works under the contract prepared in Microsoft Project and updated regularly.
  - Mobilisation and Demobilisation of plan and equipment as required.
  - Management of construction traffic including a traffic management plan and qualified traffic management personal on site
  - Building Permit including necessary levies and inspections
  - Construction Supervision, Project Management and Technical Support
  - The Building shall: provide a balance of natural light by using a sawtooth roof design and skylights, be capable of harvesting stormwater and can provide adequate ventilation
  - The Building will not impede yard operation, gates, pens and stock routes etc.
- Design and Documentation to include Preliminary Design Drawings for stakeholder approval. Detailed Design Drawings, Detailing and Shop Drawings for Fabrication, Engineering and Computations for Building Permit Submission and As Built Drawings and Certificates on Completion including ITP's as required.
- Set up, set out of building footprints and column locations and confirmation of design levels by a licensed surveyor.
- Foundation Excavation, Concrete & Steel Reinforcement subject to engineering to be bored holes or mass pad footings approx. 1m<sup>3</sup> of concrete per hole.



- Design, Fabrication and Construction of a Roof Structure measuring 180m Long x 93 / 111m wide in area.
- The Building will consist of a series of Saw Tooth Roof Structures to suit the existing pen layout
- Structural Steel members to Include Hot Dip Galv 150 UC Columns and Galv Open Web Truss
- Structural Steel Fabrication, Delivery and Installation. All steelwork to be Hot Dip Galvanised and Australian Made, Roof to be built based on a level site. Bracing to Terminate 3m above ground level. Columns to finish 300mm below ground level. Heights / Clearances to comply with specifications and plans. Eave Height 5m under truss
- Zinalume Roofing 0.42 Apclad or equivalent profile roofing. Roof mesh laid beneath all roofing. All zinc gutters, box gutters, gutterboard, adjustable boxgutter brackets, apron flashings barge cappings and general flashings fitted in zinc. Mechanical access equipment and Perimeter rail fitted as required. Over flashings fitted to boxgutters.
- Clear Roof Sheeting One Run Per Bay.
- Site clean and rubbish removal upon completion of construction.

The total investment for the above scope of works is:

**\$ 2,549,700.00** (all pricing excludes GST unless otherwise noted)

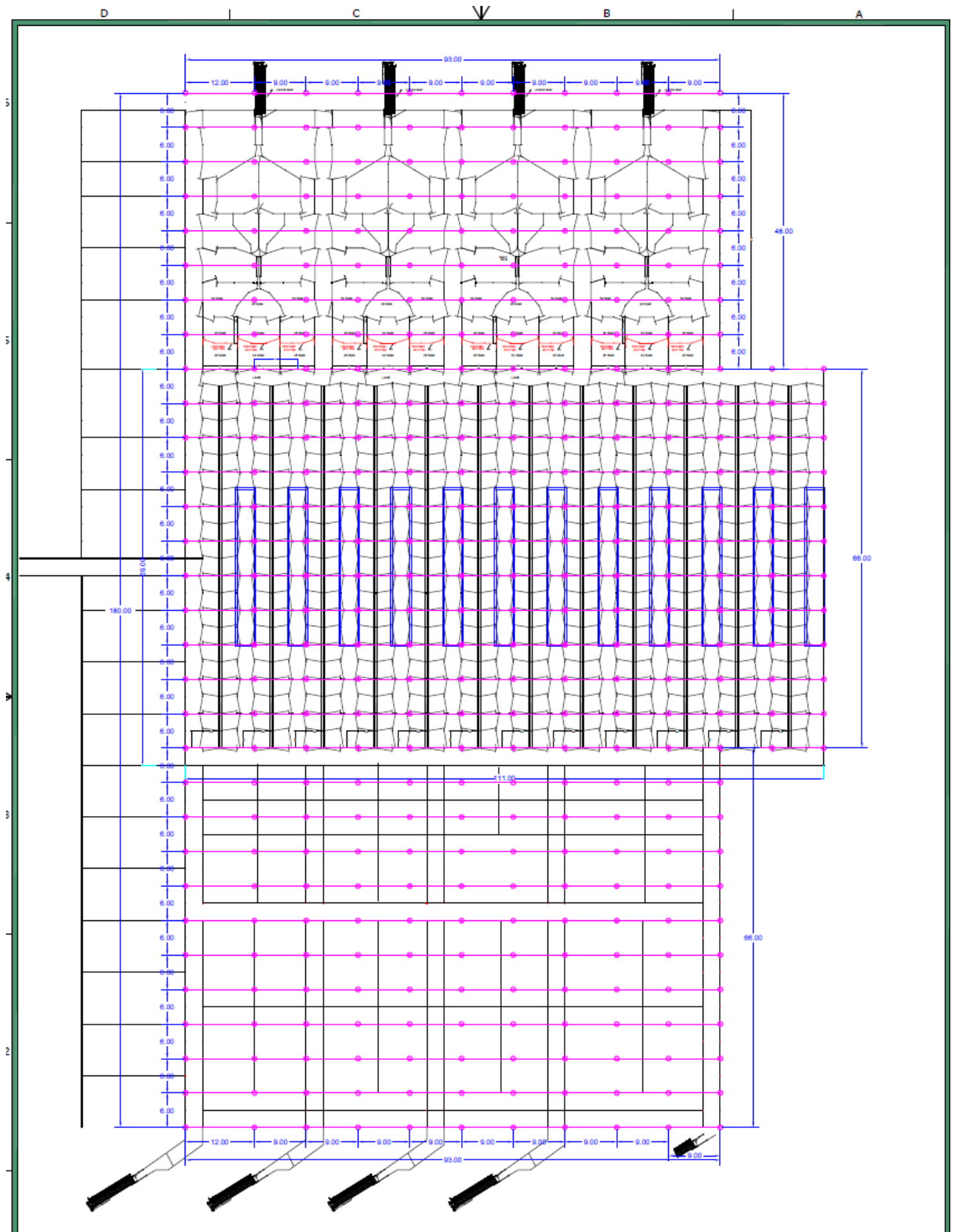
#### Exclusions and Clarifications

The above proposal has the following items excluded:

- Any rock excavation.
- Abnormal Soil Conditions.
- Blinding Concreting.
- Under Road Boring
- Services Fees and Connection Costs.
- Powercor / supply authority, energy provider or Telstra costs or fees associated with energy and phone supply including costs for pit installation if required
- Security Systems
- Landscaping
- Fencing
- Belowground Stormwater
- Works Outside the title boundary
- Underpinning
- Retaining Walls
- Permits and Fees.

Please Note This Estimation is subject to final engineering, soil conditions and local authorities requirements. This Estimation is based on a level site and is subject to final column location and placement. Until detailed engineering and a site survey is undertaken it is not possible to determine the exact location of all columns and staging of works and this may have an impact on the cost. Final Base sizing will be subject to yard locations and column placement.

# Horsham Saleyards Roof Pavilion



## Standard Terms and Conditions

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### **Scope of Works**

Builder insurance fees and engineering calculations have been included. Power to the site is to be provided by the client, if there is no power available and a generator is required an additional fee may be charged. This proposal does not include any statutory or utility infrastructure charges or fees.

### **Certification**

All work will be carried out in accordance with the relevant Australian Standards, Work Cover Codes of Practice, Bylaws and Building Codes.

### **Proposal Validity**

Prices are valid for 60 days from date of the proposal and thereafter, may be subject to change without notice.

### **Variations**

All prices quoted may be subject to more detailed information, particularly where a proposal has been done verbally or off plans. Any variations to plans, drawings, specifications, or computations may incur additional cost. This proposal is only for works quoted and based on plans, drawings and specifications, and computations provided at time of proposal.

### **Access / Site Conditions**

Unobstructed access is to be provided to all work areas, or as required to carry out all necessary works during standard hours of business. This is between 7.00am and 4.00pm, Monday to Friday, excluding industry rostered days off. This Estimation is subject to conditions onsite with good unencumbered site access.

### **Exclusions**

This proposal excludes stormwater retention / tanks, upgrading of services, under road boring, traffic management, powerline protection, services connection permit and fees, abnormal soil conditions, rock, screw piles and retaining walls.

### **Payment Terms**

A preliminary agreement fee of \$5,500.00 will be payable upon signing of the agreement and receipt of the initial project tax invoice. This fee is non-refundable and covers the cost of initial resources. A full payment schedule will be provided as part of the construction contract.

### **Building programme**

The build programme will commence once a) the preliminary agreement has been signed and initial fee paid, b) construction and engineering drawings have been signed off, c) the relevant planning and building permit has been obtained and d) the construction contract has been signed and returned along with the initial contract deposit. A full building programme schedule will be provided as part of the construction contract.

## Preliminary Agreement – Page 1 of 2

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This agreement is made on the \_\_\_\_\_ day of \_\_\_\_\_

### A. OWNER AND BUILDER

The 'Owner/s' :  
Physical address :  
Postal address :  
ABN / ACN :  
Signed by Owner :

The 'Builder' : Otway Securities T/AS MKM Constructions  
Physical address : 609 Otway Street South, Ballarat, VIC, 3350  
ABN / ACN : 57 064 686 913 / 121 259 685  
Signed by Builder :

### B. LOCATION OF SITE

Street address : Horsham Regional Livestock Exchange  
Town / Postcode : Horsham, VIC  
Lot number : on Plan :  
Site area :

### C. DESCRIPTION OF WORKS

The building work includes all items outlined on Page 3 & 4 'Scope of Investment Proposal' in this document. All excluded work is by others or the client and will be scheduled in a way as to not interfere with the contracted building works.

### D. TIMING OF BUILDING WORK

Start Date – The building work will start within 30 days of either a) the issue of a building consent by way of a planning and building permit and b) the signing of a full set of construction drawings and construction contract, whichever is the later of the two.

Building programme – The building programme will form part of the construction contract and is estimated to take TBC days - working days to achieve practical completion.

## Preliminary Agreement – Page 2 of 2

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### E. START CONDITIONS

Finance approval and capacity to pay – Upon signing of the construction contract and before the start date, the Owner is to provide the Builder with a letter from either a bank, solicitor or accountant certifying the Owner's capacity to pay and/or providing sufficient evidence that the funds to complete the building works are available.

Building consent – The Owner is to provide the Builder with evidence that the Owner is the sole owner of the property and has exclusive access to the property as noted in section B – Location of site.

### F. PRELIMINARY AGREEMENT PRICE

The total price of this proposal is: **\$2,804,670.00** Inc. GST and covers all the items included under – Scope of Investment Proposal

### G. PRELIMINARY AGREEMENT FEE

The Preliminary agreement fee is **\$5,500.00** Inc. GST and covers the cost of resources to your new project underway. This fee is non-refundable should you choose not to proceed with the construction contract. If you choose to move forward with MKM Constructions this fee will be included as part of the initial contract deposit, the amount of which will be determined once the construction contract and final figures have been agreed upon.

### H. INSURANCES

The Builder will provide the Owner with any and all required copies of insurance cover to satisfy the BCA requirements. The Builder agrees to provide contract works insurance for the construction contract and construction works. Any insurance obtained by the Builder will only cover materials, items, hardware, supplies and services provided by the Builder as part of the construction contract. The Builder is not responsible for any works or services provided by a third party or the Owner unless specifically stated within the construction contract.

APPENDIX 2:

MEAT AND LIVESTOCK AUSTRALIA (2017). EASTERN STATES SALEYARD SURVEY RESULTS

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**National Livestock Reporting Service  
Vic Sheep SALEYARD SURVEY  
Year Ended 30th June 2017**



Position		Number of Sheep Sold		Position	Position
2016/2017	Saleyard	Total	2015/2016	2014/2015	
1	Ballarat	1,345,468	1	1	
2	Hamilton	1,004,719	3	3	
3	Bendigo	877,445	2	2	
4	Horsham	437,305	4	4	
5	Ouyen	267,325	5	5	
6	Swan Hill	213,919	6	6	
7	Warracknabeal	105,349	7	7	
8	Shepparton	96,765	-	-	
9	Wycheproof	84,339	8	8	
10	Bairnsdale	43,554	9	9	
11	Sale	30,158	11	11	
12	Leongatha	23,495	10	10	
13	Casterton	16,057	-	12	
14	Pakenham	4,467	12	17	
15	Nhill	4,122	13	14	
16	Colac	592	16	-	
17	Warrnambool	485	14	13	
18	Corryong	67	15	16	
<b>Total</b>		<b>4,555,631</b>			

Care is taken to ensure the accuracy of the information contained in this publication. However MLA cannot accept responsibility for the accuracy or completeness of the information or opinions contained in the publication. You should make your own enquiries before making decisions concerning your interests. MLA accepts no liability for any losses incurred if you rely solely on this publication.

# Infrastructure Manual

## Horsham Regional Saleyards

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**Horsham Rural City**  
Council *urban rural balance*

08/02/2018

Prepared by ProWay Livestock Equipment



Handbook for the operation and maintenance of the sheep saleyards superstructure. This document contains manuals for loading ramps, gates and steelwork.



# Contents

Manual – Pipe Panels and Gates ..... 2  
Operation ..... 2  
Checking ..... 2  
Maintenance ..... 3  
Manual – Adjustable Sheep Loading Ramp ..... 4  
Operation ..... 4  
To Raise the Ramp ..... 4  
To Lower the Ramp ..... 4  
Maintenance/Checking..... 4

- Appendix 1. Australian Code of Practice for the Selling of Livestock
- Appendix 2. Worksafe Victoria - Major inspection of cranes, hoists and winches
- Appendix 3. Kito Hoist Owner’s Manual

## **Manual – Pipe Panels and Gates**

This manual is to be read in conjunction with the Australian Saleyard Code of Practice and in particular the movement of stock and pen densities.

Galvanised panels and gates are deigned to for many years of service but to achieve this some maintenance is necessary.

### ***Operation***

Gates should only be opening in the direction they are designed to go.

To chain a gate shut the operator is required to pull the gate tight against the post, place the female chain latch over the male mushroom lug next to gate upright.

The width of the Adjustable V Sheep Drafting race can be varied to suit the size and type of the stock to be drafted. The width adjustment is made by the operator placing the chain on the swivel bar on the swivel bar on a different link on the keeper found at the base of the race.

Before moving cattle to their designated yard; open the gate into that pen.

When forcing the cattle into yards and closing gates behind them; it is important that the operator holds the gate with "strong arms and strong legs" firmly holding the gate until the bolt latch is in the latch pocket. Do not over fill yards and watch the cattle continuously for unexpected behaviour.

Do not stand behind a sheeted gate when closing it as your lack of vision of stock can be dangerous.

### ***Checking***

#### **MONTHLY**

##### **Check**

- Check that welds show no sign of rust protruding at welds.
- Check chains and fasteners
- Check that gates swing freely and are not binding.
- Check hinges for fatigue in the welds.
- Replace components as required.

## ***Maintenance***

Where rust is becoming evident the preparation/application is as follows: after the initial application the product should be washed down with fresh water, hand tool prepared to remove any rusted areas and reapply with a coating of cold galvanize paint with a brush.

## **Manual – Adjustable Sheep Loading Ramp**

This manual is to be read in conjunction with operator's manual for the relevant hoists.

### ***Operation***

The ramp is designed to load sheep directly on to the first, second or third decks of sheep crates. The fourth deck must be accessed by use of the drop-down deck within the truck crate.

### ***Adjustment***

The operators should position themselves on the driver's side of the ramp at ground level, where they can access both the hand-held pendant and safety release control.

### ***To Raise the Ramp***

Press the 'raise' button on the hand pendant. When the ramp has reached a high enough position, the ramp should be lowered slightly to engage the safety ratchet mechanism.

### ***To Lower the Ramp***

- Slightly raise the ramp to free the safety ratchet mechanism.
- Depress the lever on the safety ratchet to cause the safety bar to clear the ratchets.
- Press the 'lower' button on the hand pendant to lower the ramp while holding out the safety bar lever.
- Ensure the lever is released and the safety bar re-engages when reaching the low position.

Before raising or lowering the ramp ensure all people are clear of the ramp.

The drop over flap must be folded back inside the ramp before raising or lowering the ramp.

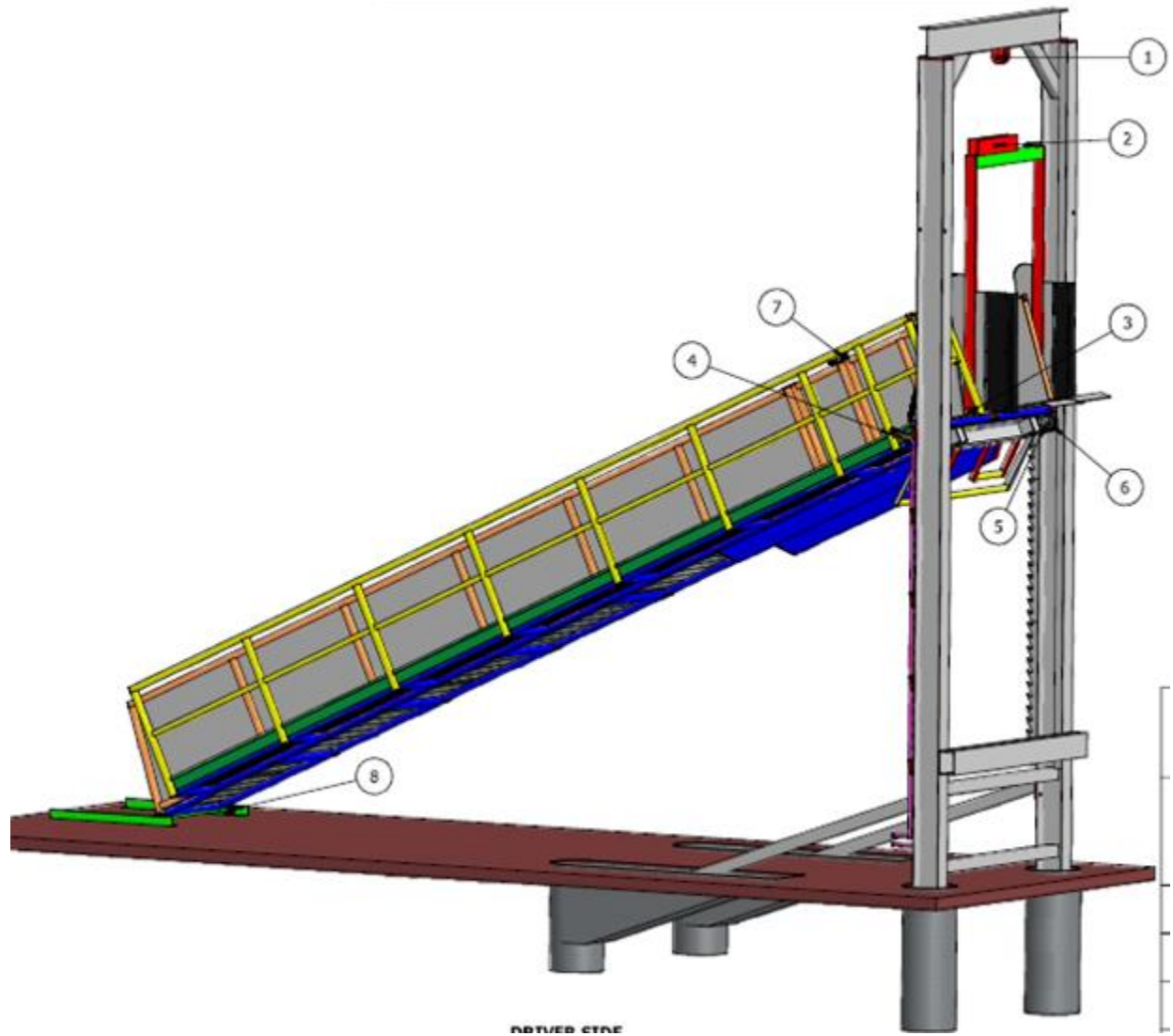
The ramp is not designed to be raised or lowered with sheep in the ramp.

The operator should not attempt to operate the ramp from the walkway of the ramp.

Inspection should be comprehensive and include inspecting for wear, fatigue and cracking of all of the components of the hoist critical to its safe operation and use. The inspection should include attention to both structural and mechanical elements. Under the OHS Regulations, any records of inspection and maintenance (including repairs) carried out on the plant must be retained for the period that the operator of the saleyards has management or control of the plant.

Refer to drawing below for parts reference:

**9 METRE 900 WIDE ADJUSTABLE LOADING RAMP**



## MONTHLY

### Check

- (1) Bolt at head of winch – check lock nut tight and bolt not showing signs of wear.
- (2) Bolt at head of lifting frame – check lock nut is tight and bolt nut showing signs of wear.
- (3) Check pins at base of lifting frame (both sides) have locking pin in position, and not showing undue signs of wear.
- (4) Check pivot bolt (both sides) for safety mechanism has locking nut in position and is not showing signs of wear.
- (5) Check locating bolts in wheel assemblies are in position and tight.
- Generally observe ramp for evidence of collision and misuse which may compromise operation.

### Grease

- 2 x wheels at entry end of ramp, via nipples on wheels (8)
- 2 x guide wheels inside gantry of ramp via nipples on the wheels (6)
- Catch on truckies gate (7)

## YEARLY

Inspection of the hoist and structure by a “competent person”.

Note: a ‘competent person’ is a person who by their training and experience has the skills and knowledge to carry out the task

ER2 HOIST- Quick Reference

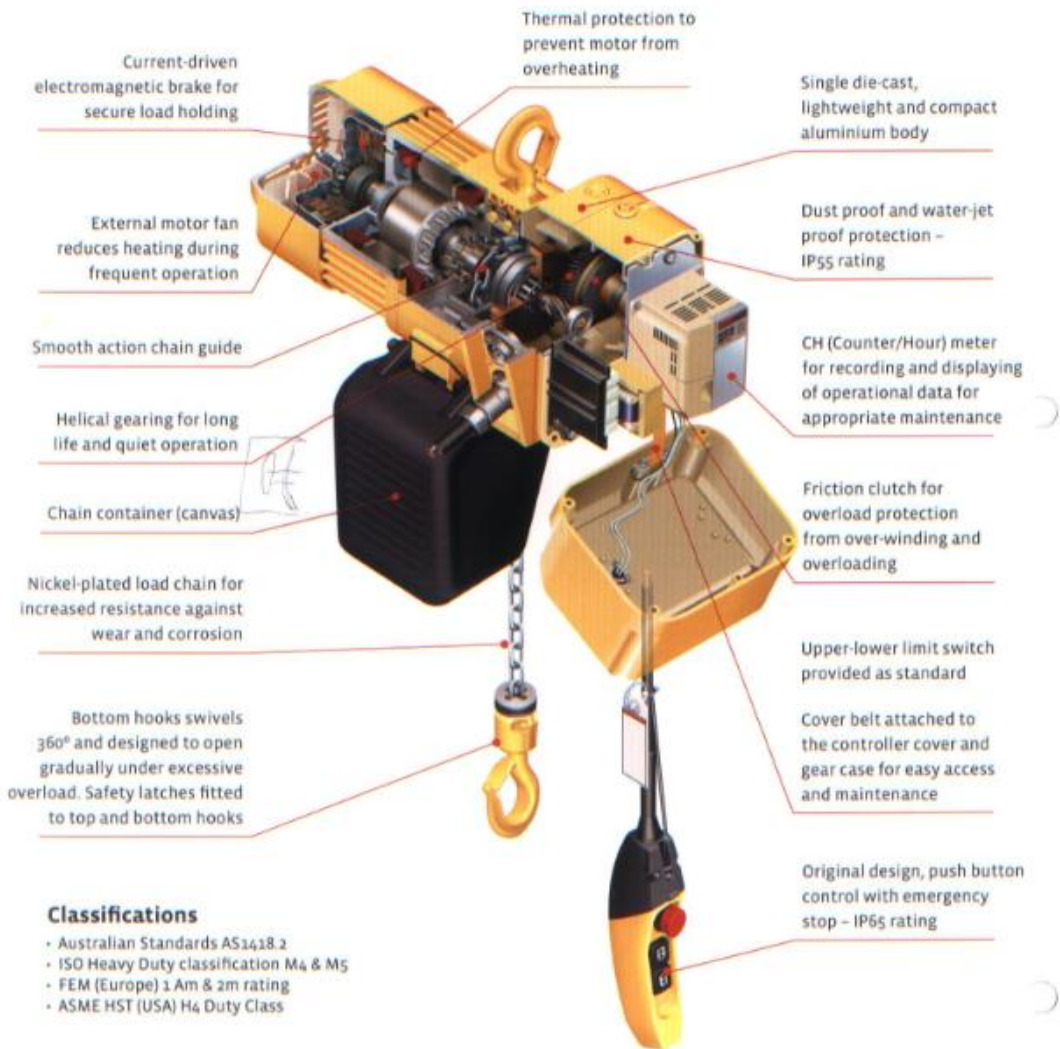
# PWB Anchor ER2

## Electric Chain Hoist

With safety, durability and ease of maintenance in mind, the new ER2 Electric Hoist is environmentally friendly with its new compact, lightweight and energy efficient design.

Offering thermal protection to prevent the motor from overheating, upper and lower limit switches, CH (Counter/Hour) meter for recording and displaying of operational data, and featuring the variable speed inverter for superior load handling and positioning accuracy, are all provided as standard equipment.

Coupled with the new MR2 Motorised Trolley, the ER2/MR2 combination allows for easier and accurate load positioning in the work place.



**Classifications**

- Australian Standards AS1418.2
- ISO Heavy Duty classification M4 & M5
- FEM (Europe) 1 Am & 2m rating
- ASME HST (USA) H4 Duty Class

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