
GUNNEDAH SALEYARDS MASTERPLAN

GUNNEDAH REGIONAL COUNCIL
AUGUST, 2019

aecgroup ltd.com



DOCUMENT CONTROL

Job ID: J001282
Job Name: Gunnedah Regional Saleyards Strategy and Precinct Masterplan
Client: Gunnedah Regional Council
Client Contact: Damien Connor
Project Manager: Ashley Page
Email: ashley.page@aecgrouppltd.com
Telephone: 07 3831 0577
Document Name: GSMP Masterplan Draft v1.0.docx
Last Saved: 7/8/2019 6:39 PM

Version	Date	Reviewed	Approved
Working Draft	1 August, 20219		
Draft v1.0	7 August, 2019	NT	ARP

Disclaimer:

Whilst all care and diligence have been exercised in the preparation of this report, AEC Group Pty Ltd does not warrant the accuracy of the information contained within and accepts no liability for any loss or damage that may be suffered as a result of reliance on this information, whether or not there has been any error, omission or negligence on the part of AEC Group Pty Ltd or their employees. Any forecasts or projections used in the analysis can be affected by a number of unforeseen variables, and as such no warranty is given that a particular set of results will in fact be achieved.

EXECUTIVE SUMMARY

BACKGROUND

Gunnedah Regional Saleyards (the Saleyard) is the fourth largest selling centre of cattle in New South Wales (NSW) and the eighth largest in Australia over the past decade. The Saleyard has averaged approximately 120,000 head of cattle sold per annum over the same period, equating livestock sales in excess of \$100 million per annum.

Gunnedah Shire Council owns the facility and has undertaken a major review of the facility to ensure it has the business strategy, infrastructure, growth plan and operational plan in place to:

- Fully service the current market
- Take advantage of a changing industry and the opportunities that this will present.

The aim of this review is to secure the facility's position as one of Australia and NSW's premier livestock selling facilities, ensuring the future growth and development of the Saleyards.

CURRENT STATUS & FUTURE STRATEGY

While the Saleyards are well regarded in a broad context, there is a risk of losing market share to increased competition from regional saleyards which have invested heavily in technology and facilities.

Strategic recommendations have been separated into three tranches of investment, including:

- **Phase 1: Shorter-term:** The purpose of the short-term strategic recommendations is to ensure the needs of the current facility and operations are met (between 2 and 5 years). These should be triggered as soon as is practical pending funding and planning requirements. These short-term strategic recommendations assume the current capacity of the yards is not exceeded but make provision for expansion areas (longer-term strategic recommendations) in terms of spaces and areas should demand and capacity pressures support triggering the expansion area.
- **Phase 2a: Mid to Longer Term (Demand Driven):** The medium to longer-term demand based expansion recommendations are will require Council to monitor and assess capacity and demand on an ongoing basis to trigger expansion tranches as required (between 5 and 20 years).
- **Phase 2b: Mid to Longer Term (Feasibility Driven):** These recommendations centre on aspects of the saleyards that provide benefit to other related and third parties, rather than on the core operational requirements of the saleyards, and should be triggered as funding becomes available (not necessarily funded from saleyard operating surpluses) (between 5 and 20 years).

A range of immediate functional and operational enhancements were identified on the site inspection and these have been provided to Council under a separate cover.

STAKEHOLDER ENGAGEMENT

A number of key stakeholders were engaged with throughout the review process. Stakeholders were engaged with either directly (on site), via phone interviews, or through an online survey hosted on Council's "Have your Say" webpage. Key stakeholders consulted with include:

- Council Management and Saleyards staff
- Agents
- Buyers
- Vendors
- Transporters
- Industry Interest Groups (Animal Angels, EPA etc)
- Councillors.

SALEYARD IMPROVEMENTS

Consistent with the Strategic timeframes, investments into the Saleyards have been separated into three tranches of investment as shown in Table ES. 1.

Table ES. 1. Proposed Works Schedule

Stage of Works	Scope of Works
Phase 1: Shorter-Term	<ul style="list-style-type: none"> • Removal of the Sheep Yards, and aesthetic updates to improve the overall impression of the Saleyards • Relocation of the canteen and carpark as part of a multiuse building on the same side of the highway as the Saleyards • ICT improvements to keep pace with advances in the industry • Lighting, nightwatchman's office, ramp upgrades, and security fencing.
Phase 2a: Mid-to-Longer-Term (Demand Driven)	<ul style="list-style-type: none"> • Increased capacity, and improved work areas • Roofing over scales and central area • Relocation of scales • Water capture and reuse systems • Continued ramp upgrade process • Full development of selling and holding pens • Hay and feed shed(s).
Phase 2b: Mid-to-Longer-Term (where funding is made available)	<ul style="list-style-type: none"> • Building option B: with a 2-story administration building to support investment attraction and create a 'greater' entry statement • Upgrading all the loading ramps in one tranche • Development of the public truckwash • Extensive installation of solar and water reuse systems.

Source: AEC, StuXi.

ECONOMIC CONTRIBUTION

The Gunnedah the Saleyard generates considerable economic benefits to the Gunnedah LGA economy. In 2017-18, including direct and flow-on impacts, the Saleyards are estimated to have generated \$16.8 million in industry output for Gunnedah businesses, \$9.1 million to Gunnedah's Gross Regional Product and supported around 60 full time equivalent jobs in Gunnedah providing \$4.6 million in wages and salaries. Any enhancement in sales volumes or values resulting from the masterplan will only serve to increase the contribution of the saleyards to the local economy.

FINANCIAL PERFORMANCE

Phase 1 of the master plan will cost approximately \$5.2 million to deliver, with the bulk of the capital investment to occur in 2020-21. The Saleyards have a retained surplus of \$1.5 million as at 30 June 2019, which should be deployed to pay for part of the capital works. An additional loan of approximately \$3.0 million will be required in 2020-21. Further, it is recommended that a temporary hiatus is placed on dividends from the Saleyard to Council, to facilitate financing of the master plan. Dividends should be able to resume in 2021-22, despite ongoing loan repayments, assuming the capital works are completed on schedule.

It is recommended that the prices for the Saleyards are increased by 10% in real terms over a period of three years, siting an infrastructure charge. This can then be reviewed and assessed at a later stage. Benchmarking of the Saleyards against other facilities shows that they are currently 10% below average for per head of cattle charges.

FINANCIAL IMPLICATIONS TO COUNCIL

A range of indicators were examined to identify if the development of the masterplan had any significant ramifications on the financial sustainability of Gunnedah Regional Council. Examining the impact on Council's Net Operating Surplus, Debt Service Cover Ratio, Asset Sustainability Ratio and Debt to Assets Ratio highlighted negligible deleterious financial ramifications on Council for proceeding with the initial tranche of actions recommended in the masterplan. Council financial sustainability targets will continue to be achieved in line with recognised standards following the delivery of the proposed master plan.

TABLE OF CONTENTS

DOCUMENT CONTROL	I
EXECUTIVE SUMMARY	II
TABLE OF CONTENTS	IV
1. INTRODUCTION	1
1.1 BACKGROUND	1
1.2 PURPOSE OF THE MASTERPLAN	1
1.3 APPROACH	1
2. SIGNIFICANCE OF THE SALEYARDS	3
2.1 LOCATION.....	3
2.2 HISTORY.....	3
2.3 SALE DAY USERS/ VISITORS.....	4
2.4 ECONOMIC CONTRIBUTION	4
3. INFLUENCING FACTORS & TRENDS	6
3.1 NATIONAL HERD.....	6
3.2 KEY INDUSTRY TRENDS.....	6
3.3 PRICES.....	7
3.4 INDUSTRY OUTLOOK	7
3.5 BEEF CATTLE SELLING TRENDS	8
3.6 KEY FINDINGS.....	9
4. GUNNEDAH SALEYARDS SUPPLY CATCHMENT	10
4.1 REGIONAL CATCHMENT	10
4.2 REGIONAL SALEYARD DISTRIBUTION	12
5. CURRENT & FUTURE DEMAND	13
5.1 PRICING	13
5.2 CURRENT DEMAND/ THROUGHPUT	14
5.3 FUTURE DEMAND/ THROUGHPUT	14
5.4 CAPACITY CONSIDERATIONS.....	16
6. PREFERRED DEVELOPMENT OPTION(S)	18
6.1 PHASE 1: SHORT-TERM STRATEGIC RECOMMENDATIONS (5 YEARS)	18
6.2 PHASE 2: MID TO LONGER TERM RECOMMENDATIONS (5 – 20 YEARS)	19
7. SITE LAYOUT & FACILITIES	21
7.1 SITE POSITION & SURROUNDING USES	21
7.2 KEY FACILITIES	21
7.3 SERVICES.....	23
7.4 SURROUNDING LAND USE	23

7.5	SAFETY & SECURITY	24
8.	WORK HEALTH & SAFETY.....	25
8.1	WORKPLACE HEALTH & SAFETY REQUIREMENTS.....	25
8.2	WORKPLACE HEALTH & SAFETY OVERVIEW	25
9.	ENVIRONMENT.....	26
10.	MOVEMENT & FLOW	27
10.1	PEDESTRIANS	27
10.2	STOCK	27
10.3	TRAFFIC FLOW & MOVEMENTS	28
11.	FINANCIAL PLAN	29
11.1	CAPITAL COSTS & FUNDING	29
11.2	OPERATING COST IMPLICATIONS	29
11.3	REVENUE & PRICING	31
	REFERENCES.....	33

1. INTRODUCTION

1.1 BACKGROUND

Gunnedah Regional Saleyards (the Saleyard) is the fourth largest selling centre of cattle in New South Wales (NSW) and the eighth largest in Australia over the past decade. The Saleyard has averaged approximately 120,000 head of cattle sold per annum over the same period, equating livestock sales in excess of \$100 million per annum.

Gunnedah Shire Council owns the facility and engaged AEC Group Pty Ltd (AEC) and StruXi to undertake a major review of the facility to ensure it has the business strategy, infrastructure, growth plan and operational plan in place to:

- Fully service the current market
- Take advantage of a changing industry and the opportunities that this will present.

The aim of this review is to secure the facility's position as one of Australia and NSW's premier livestock selling facilities, ensuring the future growth and development of the Saleyards.

1.2 PURPOSE OF THE MASTERPLAN

The purpose of the masterplan report is to:

- Demonstrate the ability of the Saleyards to accommodate the future needs of the livestock selling sector and be best placed to take advantage of a changing industry and the opportunities that arise from such.
- Provide clarity and commitment to all stakeholders regarding the Saleyard's future direction, infrastructure footprint, functionality and funding requirements.
- Provide a mechanism to clearly communicate the future needs of the Saleyard facility to retain and grow its market position.
- Clearly depict the future direction of the Saleyard facility and the benefits and sustainability of such for utilisation in seeking funding from other tiers of Government.

1.3 APPROACH

The methodology used in undertaking this review involved a number of key phases, with many of the aspects run concurrently:

- **Situational Analysis:** To understand the current and potential future operating environment of the facility and the broader market for livestock sales locally, nationally and globally. Comparisons and benchmarks were developed and used where appropriate.
- **Site Inspection & Sale Observations:** Site inspections of the facility were conducted, including observation of a sale day and facilitation of an online survey, to inform an Economic Impact Assessment of the facility. This phase also included a workshop with the steering committee and key stakeholders (agents and transporters) to review and prioritise the key findings of the site inspection and sale day observations.
- **Consultation & Engagement:** Face to face, phone and workshop engagement with key stakeholders to clarify the critical strengths and limitations of the facility and ensure the Masterplan addressed key stakeholder needs moving forward. The key stakeholders consulted with included:
 - Council Management and Saleyards staff
 - Agents
 - Buyers
 - Vendors
 - Transporters
 - Industry Interest Groups
 - Councillors.

- **Facilities Requirements & Prioritisation:** A list and description of the best practice response to facilities upgrade/ needs was developed to clarify preferred direction for the masterplan.
- **Operational Review:** This phase built on the review of the current operating structure of the yards and the financial implications of the masterplan to ensure the proposed infrastructure upgrades were accounted for and to assess the impact on Council's bottom line. This stage included a review of pricing and recommended price path(s) for the facility.
- **Masterplan Development (this document):** A series of documents and Masterplan graphics/ layouts/ images were developed to reinforce and communicate the findings of the research, a including a vision for the Saleyard and recommendations regarding the future development of the Saleyard.

2. SIGNIFICANCE OF THE SALEYARDS

2.1 LOCATION

The Gunnedah Saleyards are located on the north west outskirts of town, besides the Kamilaroi Highway.

Figure 2.1. Gunnedah Saleyards Site Location



Source: Google Maps.

2.2 HISTORY

The Gunnedah Saleyard has been operating since 1919, the saleyard originally alternated weeks with the Curlewis saleyard (RD, 1993). It consists of yards and associated infrastructure such as scales, loading ramps, truck wash, scanning facilities, vet crush, canteen, cattle and sheep yards. The site is:

- Accessible by road trains from the west
- Licensed for 5,500 head of cattle
- The 4th largest in NSW in 2017-18 for cattle throughput
- The 6th largest in Australia in 2017-18 for cattle throughput
- Open for Tuesday sale days
- Capable of yarding over 120,000 prime beef cattle per annum, and has consistently done so
- A key employer in the community, and employs approximately 50 people, including 12 agents (3 directly employed by Council to support and manage the facility)
- Host to over \$100 million worth of cattle sales per annum (based on 2015-16, 2016-17 and 2017-18 data)
- A current European Union (EU) accreditation holder.

2.3 SALE DAY USERS/ VISITORS

Of the visitors to the Saleyards on a sale day, the most common reason attending was listed as “both a buyer and seller” (43%). The next largest group of visitors were onsite workers (26%), including ‘working here’ (13%), agent employees (13%) and saleyard management (4%).

Approximately 1 in 10 were on a social visit to the Saleyard (9%) and 8% were transporting livestock.

Table 2.1. Primary Purpose of Visit (n = 53)

Response	%	#
Both Buyer and Seller	43%	23
Working here (not Saleyard Management)	13%	7
Agent employee	13%	7
Buyer	13%	7
Seller	13%	7
Social	9%	5
Livestock Transport	8%	4
Saleyard Management	4%	2

Note: Visitors could be there for more than one purpose, so totals may sum to more than 100%.
Source: AEC

Additional information relating to the saleday survey results is included in a supporting Technical Appendix – GSMP Survey Outcomes document.

2.4 ECONOMIC CONTRIBUTION

The Saleyards support in excess of \$100 million in livestock sales throughout the year, and operationally (via agent fees, yard dues and other third party expenditure (retention of Gunnedah as the local purchasing centre, etc)) to provide \$9.1 million in total Gross Regional Product (GRP) for the local Gunnedah economy.

The Gunnedah the Saleyard generated considerable economic benefits to the Gunnedah LGA economy in 2017-18:

- Generation of \$16.8 million in industry output for Gunnedah businesses.
- Contribution of \$9.1 million to Gunnedah’s Gross Regional Product.
- Support for around 60 jobs in Gunnedah providing \$4.6 million in wages and salaries.

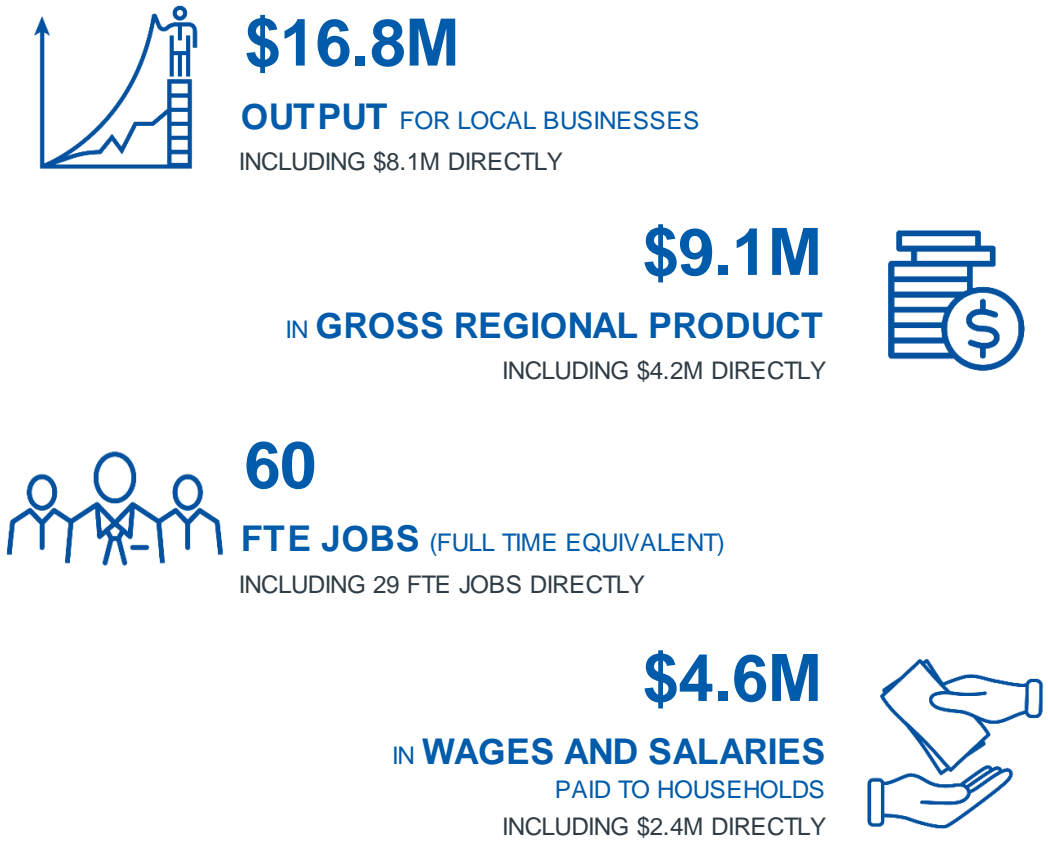
Additional information relating to the economic contribution of the saleyards to the local economy is contained in a supporting Technical Appendix document titled GSMP – Economic Impact Assessment.

Table 2.2. Total Economic Contribution of the Gunnedah Saleyard to Gunnedah LGA Economy, 2017-18

Impact	Output (\$M)	Gross Regional Product (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$8.1	\$4.2	\$2.4	29
Type I Flow-On	\$3.1	\$1.6	\$0.8	10
Type II Flow-On	\$5.5	\$3.3	\$1.4	20
Total	\$16.8	\$9.1	\$4.6	60

Note: Totals may not sum due to rounding.
Source: ABS (2012), ABS (2017), ABS (2019), ABS (2018) Gunnedah Shire Council (unpublished¹), Gunnedah Shire Council (unpublished²), AEC Gunnedah Saleyard Survey, AEC.

Figure 2.2. Economic Contribution of the Gunnedah Saleyard to Gunnedah LGA Economy, 2017-18



Source: AEC

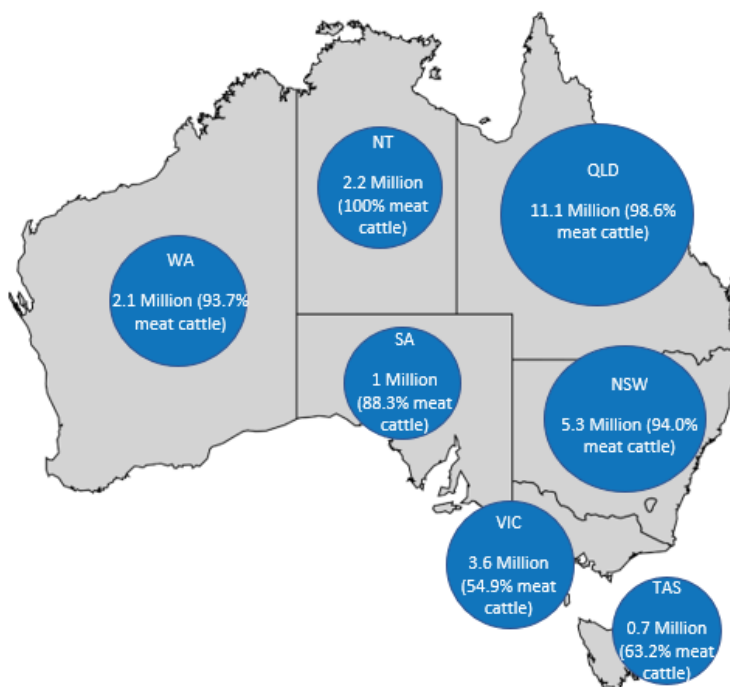
3. INFLUENCING FACTORS & TRENDS

This section considers the key economic trends and drivers impacting on the beef cattle industry, the saleyards sector and the implications for the Gunnedah Saleyards. Additional information and detail relating to the key influencing factors and trends is included a separate Technical Appendix GSMP –Situational Analysis.

3.1 NATIONAL HERD

The Australian beef cattle herd, estimated at around 26.1 million head in 2016-17 (90.0% is meat cattle), is largely concentrated in the eastern states, as shown in Figure 3.1 (ABS, 2018). Over the past five years the national herd has declined by 1.6% per annum, due largely to periods of significant drought and flooding events.

Figure 3.1. Australian Cattle Numbers by State



Source: ABS (2018).

3.2 KEY INDUSTRY TRENDS

The beef cattle sector is the single largest contributor to the annual value of Australian agricultural production. Over half of Australian farms produce beef cattle, representing \$11.4 billion of agricultural production value in 2017-18 (MLA, 2018). The profitability of cattle farms varies greatly, with independent research showing that the size and productivity of cattle farms are important factors that determine profitability.

Over the last 10 years, the Australian beef cattle industry has experienced periods of significant growth and endured some challenging conditions including extreme drought and temporary bans on live exports to the key Indonesian market. Some of the key positive and negative industry trends are presented in Table 3.1.

Table 3.1. Australian Beef Cattle Industry Trends

Positive Impacts	Negative Impacts
<ul style="list-style-type: none"> • Global consumption increasing • Further development of high-value niche markets e.g. Wagyu, Halal and organic production • Weaker Australian dollar • Increasing market access through Free Trade Agreements (FTA), including the recently agreed Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) 	<ul style="list-style-type: none"> • Severe long-term drought has reduced the potential pool of available finished cattle • Government support to phase out live sheep exports, possibly leading to pressure placed on the live cattle export market • Lower beef cattle prices • Increasing production from major international competitors resulting in an increase in competition • Ongoing US-China trade disputes

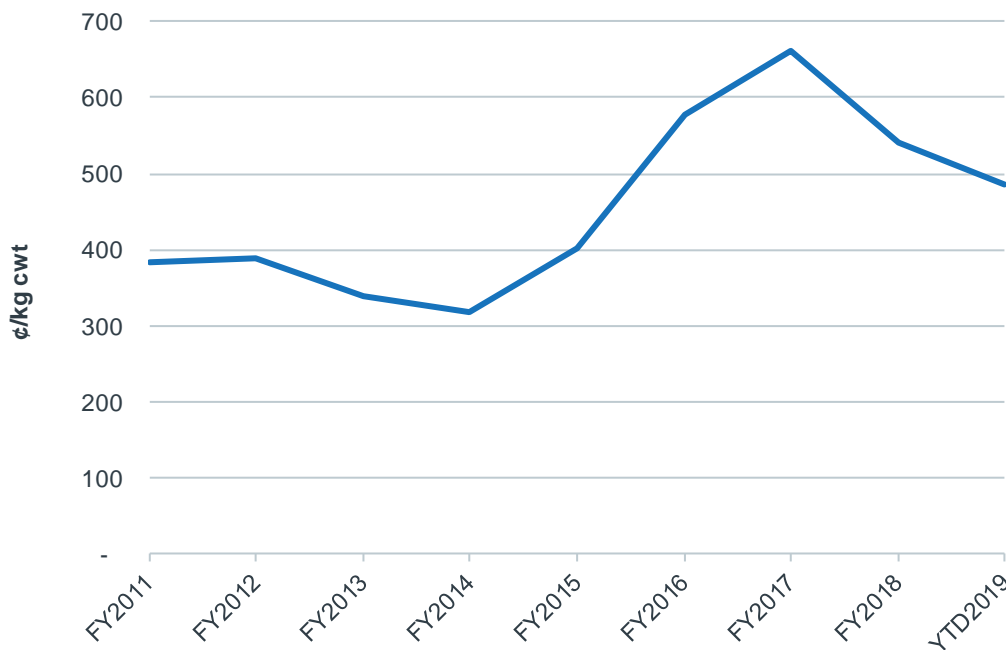
Source: AEC.

3.3 PRICES

Beef cattle prices have been volatile over the recent years with a downward trend experienced between 2016 to 2018 following a period of record high prices. Currently, cattle prices are displaying similar trends to pre-2016 years and are continuing to decline during 2019 as many areas are still destocking due to drought conditions.

Locally, since 2011 Eastern Young Cattle prices have grown by an average of 4.2% per annum.

Figure 3.2. Australian Cattle Prices



Note: Available daily prices have been used to calculate average financial year prices.
Source: MLA (2019).

3.4 INDUSTRY OUTLOOK

Overall, the market outlook for the Australian beef cattle industry is positive however it is subject to several significant domestic and international uncertainties including rainfall levels, pest and disease outbreaks, and future trade relations.

The industry is highly sensitive to international market factors, with around 71% of beef and veal produced for the export market (MLA, 2017). Irrespective of the final destination (i.e. export or domestic consumption) market prices are impacted by global market factors.

A summary of the key drivers influencing the beef cattle industry outlook is provided in Table 3.2.

Table 3.2. Summary of Key Drivers and Outlook

Factor	Outlook
Global Factors	
Global Meat Consumption	Strong due to emerging market population and income growth.
Global Meat Production	While production is currently increasing in major production areas, particularly US and Brazil, the longer-term outlook remains constrained due to reduction in agricultural land and climate variability.
Trade Relations	Subject to ongoing negotiations and commitment to freeing trade. Deteriorating trade relations between the US and China may impact the future growth of US beef exports, with flow on implications for Australian export demand.
Pests/Diseases	Uncertain as industry is subject to international standards and regulations. Australia's Foot and Mouth Disease (FMD) free status is a significant trade advantage vs FMD endemic producers such as Brazil, Argentina and India (carabeef).
Australian Dollar	Softening due to Australia's comparably low interest rates and global uncertainty regarding US and Chinese trade relations.
National Factors	
Input Prices (Fuel, energy, feedstock)	Subject to significant uncertainty, with volatility in fuel and electricity prices.
Labour Costs	Relatively stable wage growth nationally over recent years with a slight increase in the fourth quarter of 2018.
Pest/Diseases	Uncertain subject to local/Australian standards and regulations.
Local/ Regional Factors	
Rainfall/Growing Conditions	Uncertain with increasing risk of variability, regional producers currently facing drought and flood conditions (refer to Appendix A).
Pest/Diseases	Uncertain subject to local/Australian standards and regulations, with any national disease outbreak likely to impact the market for local production.
Overall Market Outlook	Strong subject to key production and market uncertainties.

Source: AEC.

3.5 BEEF CATTLE SELLING TRENDS

The last ten years have been a period of restructuring in the Australian saleyards sector with major rationalisation of older, local government owned and operated facilities. The restructuring has been in response to several drivers of change including those specific to the agricultural sector as well as broader macro trends in policy, market and environmental factors, summarised in Table 3.3 with additional detail provided in the following sections.

Table 3.3. Summary of Beef Cattle Selling Trends

Trend	Description	Implications
Policy Factors		
Animal Welfare	Currently provided as guidelines and not currently enforceable but are facing increased consumer and industry demands to be legislated.	Pen sizes/ capacity, flow logic, designs to minimise risk to livestock and people.
Environmental	Increase in environmental legislation and enforcement activity.	Appropriate storm and wastewater management systems and processes in part through roofing and truck wash design.
Chain of Responsibility	Heavy Vehicle National Law (HVNL) changed to ensure all parties have a duty to ensure the safety of transport activities.	Safety management systems and controls required to be in place, affecting business practices, training procedures and review processes.
Environmental & Industry Structural Factors		
Climatic Variation	Variations in rainfall conditions affecting saleyard throughput.	Capacity to deal with large volumes of livestock due to de-stocking.
Technological Change	State of the art facilities to reduce stock processing times, minimise animal stress and improve buyer observation.	Roofing, soft floors and modernised drafting, weighing and transport facilities.

Trend	Description	Implications
Economies of Scale	There are many instances of selling centres expanding and effectively overtaking smaller yards and operating as a regional selling centre.	Enhanced markets, stronger throughout, efficient, more responsive prices and greater market strength. Smaller yards need to develop niche service, grow or risk obsolescence.
Logistics Costs	Improvements in road infrastructure, vehicle technology and meat science which allows travel distance to be increased without impacts on livestock.	Increased competition between saleyards that are a significant distance apart and the emergence of regional selling centres.
Selling Methods		
Over-the-Hooks (Direct) Selling	Graziers selling directly to processors from the paddock.	Have always taken place but increasing due to improved pricing. Market share is modest however compared to mainstream auctioning methods.
Abattoirs	Have a broad regional area to purchase prime cattle and are susceptible to mergers/ acquisitions which could weaken competition.	Having saleyard facilities of a high quality and reputation attracting higher prices.
Online Selling	Sites such as www.auctionsplus.com.au allow graziers to trade without the use of saleyards.	Auctions Plus now has an established market share and may present a competitive challenge in the future.
Conduct in Cattle Markets	The ACCC reported that saleyards have a susceptibility to anti-competitive conduct and a high risk of conflicts of interests for agents.	Weak saleyard competition will have a broad impact on the industry making them less competitive against alternative selling methods.

Source: AEC.

The key for traditional saleyards to compete against alternative selling methods is to generate and maintain a competitive marketplace with strong prices.

3.6 KEY FINDINGS

Key findings of the review of industry trends include:

- The beef cattle industry, including live cattle exports, is the single largest contributor to Australian agriculture, with New South Wales (NSW) producing the second largest head of cattle in Australia.
- Over the years, the weaker Australian dollar, increasing market access through FTA and the removal of international tariffs have provided favourable conditions for the beef cattle industry. Despite the favourable long-term demand outlook, the industry has endured some challenging operating conditions with severe weather conditions impacting production and prices receding from all-time highs.
- The saleyards sector has experienced significant change and industry consolidation over recent years. This has been driven by several factors, including:
 - The demand for saleyards has decreased over the years with online selling methods gaining significant foothold in the market. Direct selling is also increasing, further increasing competition for traditional saleyards.
 - The saleyards sector is moving towards larger yards with increased economies of scale and capacity to attract buyers. The upgrades of regional saleyards with greater technology allows for reduced stock processing time, minimum stress to animals and greater opportunities for buyers to observe the stock.

4. GUNNEDAH SALEYARDS SUPPLY CATCHMENT

The following sections review the location of the Gunnedah Saleyards and the regional catchment in which the saleyard operates.

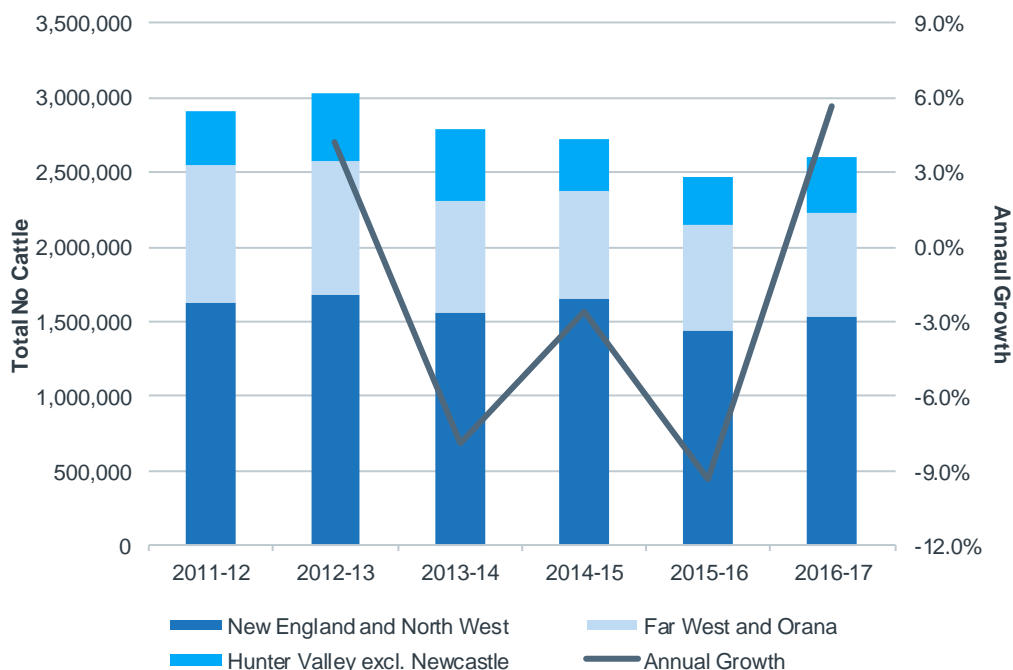
4.1 REGIONAL CATCHMENT

The Gunnedah Saleyards are located on the Kamilaroi Highway, Gunnedah, NSW. For the purposes of this report, two catchment areas have been applied based on available data:

- A broader regional catchment area incorporating the following Statistical Area 4's (SA4's)¹:
 - New England and North West
 - Far West and Orana
 - Hunter Valley excl. Newcastle
- A smaller direct catchment, incorporating a series of SA3's surrounding the Gunnedah Saleyards (see Table 4.2)².

The regional catchment area incorporates a cattle herd of approximately 2,607,000 head as of 2016-17 (5.6% growth rate in 2016-17). Herd numbers have fluctuated significantly over the past five years. Despite notable growth over the most recent 12 months, the catchment herd remains approximately 425,000 head below its 2012-13 peak (3.7% decrease per annum).

Table 4.1. Total Number of Cattle in Catchment SA4 Areas



Source: ABS (2013,2014,2015,2016,2017,2018).

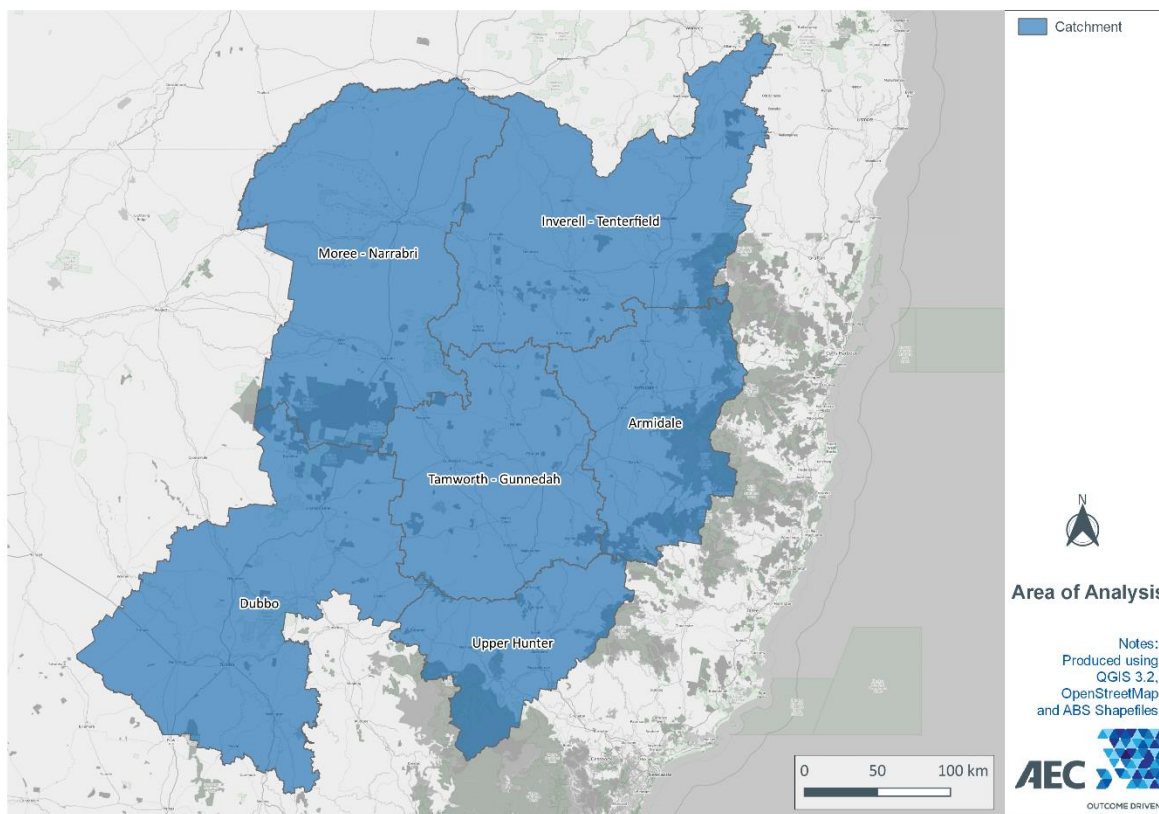
¹ SA4 is the smallest geographic catchment for which annual herd data is available.

² Single year data at an SA3 level is available for 2015-16.

Within the Broader regional area, the direct Gunnedah Saleyards catchment area is estimated to host a herd totalling 2,034,282 head of cattle in 2015-16 (98.8% of which is beef cattle). The Gunnedah Saleyards provide an estimated annual turnover of approximately 120,000 head of cattle per annum, equating to a stock value of approximately \$100 million per annum.

The catchment area also incorporates approximately 5,189,010 head of sheep and lamb as of 2015-16. This highlights the importance of sheep and lamb livestock as part of the agricultural production mix for the catchment area. Whilst consultation with agents and key industry stakeholders highlights there is unlikely to ever be another sheep sale in Gunnedah, there was expressed a strong and pressing need for the provision of emergency unloading facilities for sheep to be considered in the masterplan.

Figure 4.1. Catchment Area by SA3's



Source: AEC.

Table 4.2. Number of Cattle, Sheep and Lambs in the Gunnedah Catchment Area, 2015-16

Catchment By SA3	Total Cattle No.	Total Beef Cattle	Total Sheep and Lambs
SA3 Dubbo	306,928	299,603	2,011,435
SA3 Moree - Narrabri	198,444	198,444	425,185
SA3 Inverell - Tenterfield	529,534	529,534	807,500
SA3 Armidale	376,759	373,105	1,273,169
SA3 Tamworth - Gunnedah	405,080	397,838	454,466
SA3 Upper Hunter	217,537	212,209	217,256
Total	2,034,282	2,010,733	5,189,010

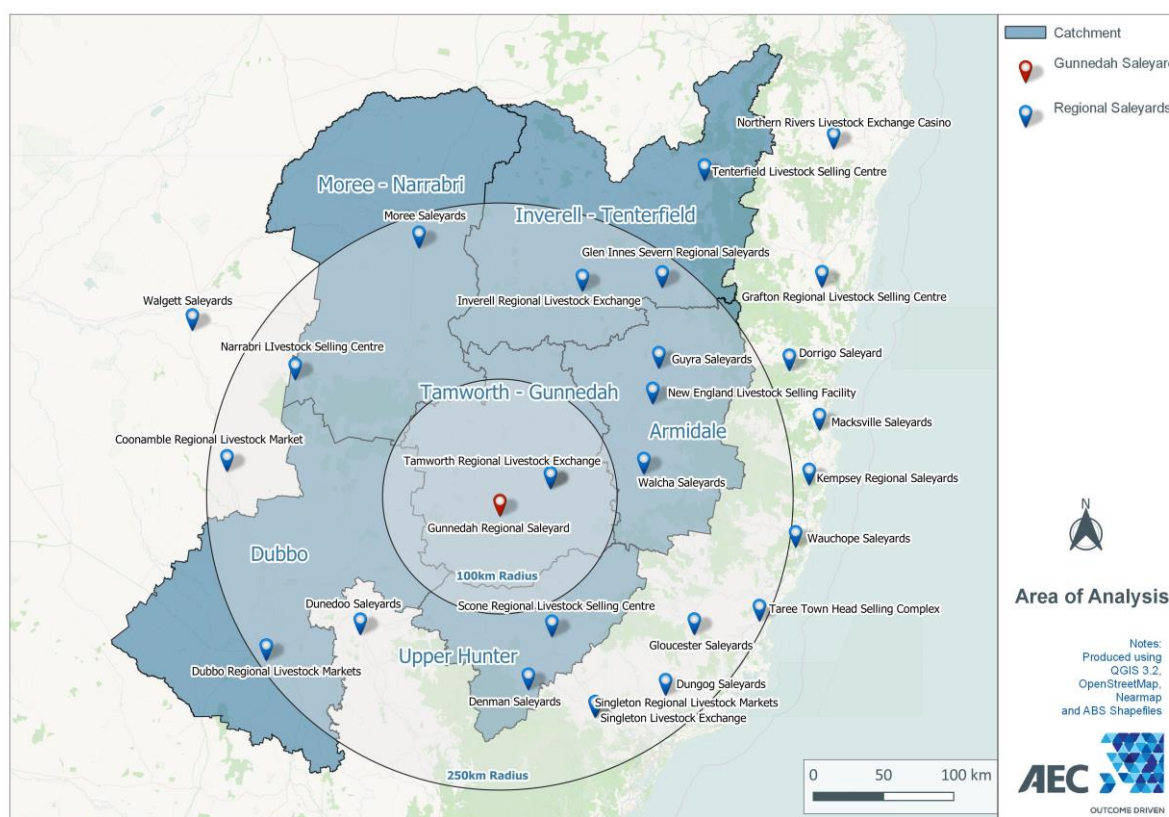
Source: ABS (2017).

4.2 REGIONAL SALEYARD DISTRIBUTION

The regional beef cattle industry is well serviced with a total of 16 alternative saleyards being situated within 250km of Gunnedah Shire Council as seen in Figure 4.2 (10 of which are situated within the smaller direct catchment area).

The closest alternative saleyard to the Gunnedah Saleyards is the Tamworth Regional Livestock Exchange (approximately 70km away).

Figure 4.2. Saleyards within 250km of Gunnedah



Source: AEC.

The Gunnedah Saleyards is in a relatively strong market position, selling approximately 130,000 head of cattle in 2017-18. Comparison of Gunnedah Saleyards with alternative regional selling facilities is presented in Table 4.3 below.

Table 4.3. Cattle Throughput at Saleyards in the Regional Catchment (250km Radius)

Saleyard	2016-17	2017-18	% of State	% Change
Dubbo Regional Livestock Market	199,431	241,282	13.80%	21.00%
Tamworth Regional Livestock Exchange	114,895	137,745	7.90%	19.90%
Gunnedah Regional Saleyard	91,448	133,367	7.60%	45.80%
Inverell Regional Livestock Exchange	60,078	85,091	4.90%	41.60%
Scone Regional Livestock Selling Centre	59,119	73,085	4.20%	23.60%
New England Livestock Selling Facility	40,120	48,951	2.80%	22.00%
Glen Innes Severn Regional Saleyards	23,278	18,612	1.10%	-20.00%
Narrabri Livestock Selling Centre	15,723	16,458	0.90%	4.70%
Denman Saleyards	n.a.	1,440	0.10%	n.a.
Walcha Saleyards	1,681	n.a.	n.a.	n.a.

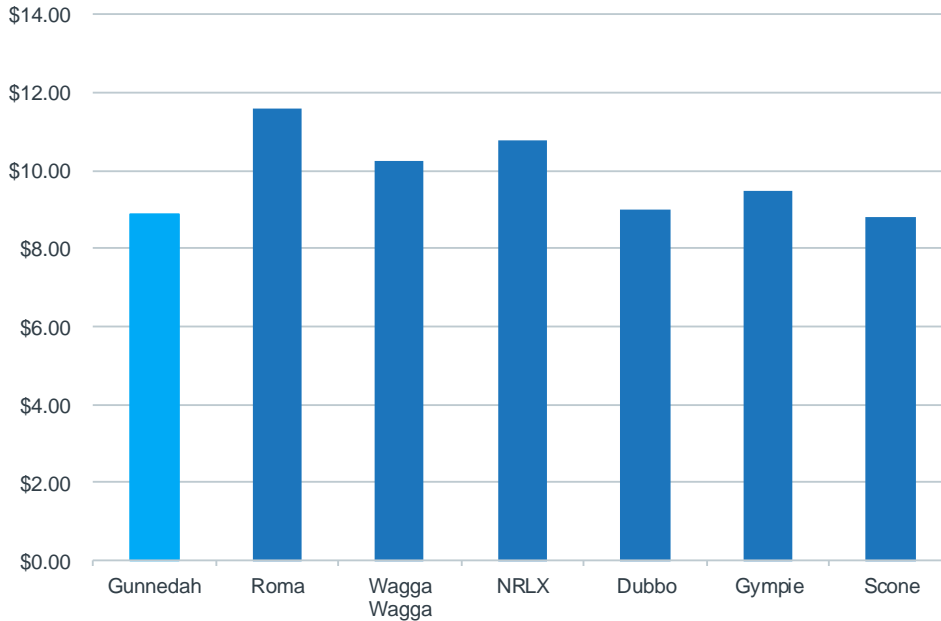
Source: MLA (2018).

5. CURRENT & FUTURE DEMAND

5.1 PRICING

Charges are currently \$8.90 per head for cattle sales and an NLIS charge of \$7.95 (post sale). These fees are relatively comparable with benchmarked saleyards. Additional information over and above the below comparisons (i.e. in detail pricing comparisons is included a supporting Technical Appendix GSMP – Situational Analysis).

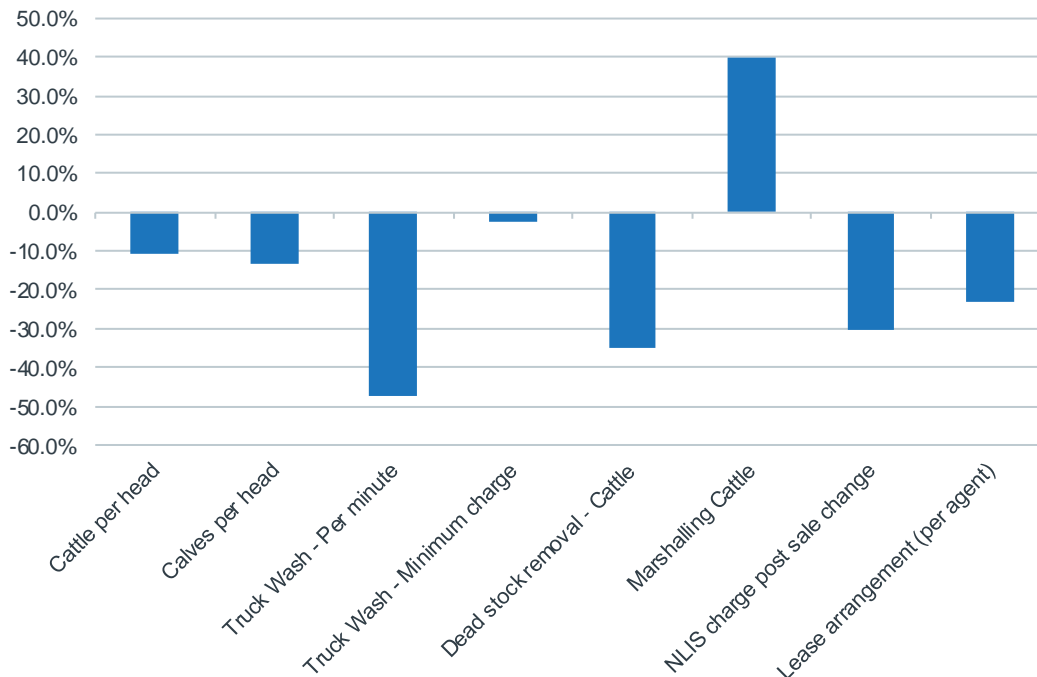
Figure 5.1. Comparison of Fees and Charges Per Head of Cattle, 2018-19



Note: Assumed a price of \$10.23 for Wagga Wagga saleyards based on an average EYCI sale price of \$508.7 c/kg cwt for 2018, assuming an average weight of 200-280. NRLX, Dubbo, Gympie and Scone do not have comparable NLIS charges.
 Source: Gunnedah Shire, Maranoa Regional Council, Gympie Regional Council, Richmond Valley Council, Upper Hunter Shire (2018).

Figure 5.2 contains the Gunnedah Saleyard prices relative to the average of other facilities. This clearly shows Gunnedah is on average cheaper than its competitors, with the exception of marshalling cattle charges.

Figure 5.2. Gunnedah Saleyard Prices relative to Average of Benchmarked Saleyards



Source: AEC.

5.2 CURRENT DEMAND/ THROUGHPUT

Table 5.1 highlights cattle throughput over a two-year period, comparing benchmarked facilities against the Gunnedah Saleyards. Compared to the other saleyards, the Gunnedah Saleyards' throughput has grown significantly from approximately 91,500 in 2016-17 to 133,400 in 2017-18 (45.8% increase), likely in response to the drought and livestock being cleared.

Table 5.1. Cattle Throughput at Similar Saleyards

Saleyard	2016-17	2017-18	% of State	% Change
Roma Saleyards ¹	310,525	305,692	24.80%	-1.60%
Dubbo Regional Livestock Market	199,431	241,282	13.80%	21.00%
Wagga Wagga Livestock Marketing Centre	168,725	178,357	10.20%	5.70%
Tamworth Regional Livestock Exchange	114,895	137,745	7.90%	19.90%
Gunnedah Regional Saleyards	91,448	133,367	7.60%	45.80%
Northern Rivers Livestock Exchange	119,572	92,010	5.30%	-23.10%
Inverell Regional Livestock Exchange	60,078	85,091	4.90%	41.60%
South Eastern Livestock Exchange	66,062	77,709	4.40%	17.60%
Scone Regional Livestock Selling Centre	59,119	73,085	4.20%	23.60%
Gympie Saleyards ¹	50,260	39,207	3.20%	-22.00%

Note: ¹ Saleyards listed in QLD
Source: MLA (2018).

In addition to Dubbo, Tamworth, Wagga Wagga and South Eastern Livestock Exchange conducting cattle sales, the facilities also sell significant numbers of sheep. However, sheep are not the focus of this analysis and have been excluded as a result. Additional information relating to the comparison of stock throughput is included in a supporting Technical Appendix GSMP – Situational Analysis.

5.3 FUTURE DEMAND/ THROUGHPUT

Demand for the existing facility will be impacted both positively and negatively by several factors, including:

- The quality of the facility and services provided
- The availability of alternative facilities
- Overall market and industry growth (cattle production).

This section reviews some of these factors at a high level and provides an overview of the demand scenarios that have been used to assess the prospects of the Saleyards.

5.3.1 Quality of the Facility & Services

The idea that improved facilities and service provision can impact on overall demand is the purpose of this review.

5.3.2 Availability of Alternatives

While it is true that Saleyards face pressure from competitors, there is also an opportunity to increase throughput should some struggling facilities close their operations.

Table 5.2 below, shows the existing throughput of some neighbouring regional saleyards, and demonstrates the level of potential increase Gunnedah Saleyards could achieve, should they secure between 60% to 80% (70% assumed based on consultation with agents) of these markets. On average these facilities could contribute an additional 15,000 head per annum to the Gunnedah Saleyards. The key influencing factor here is Narrabri.

Table 5.2. Potential Short-Term Throughput

Saleyard	2016-17	2017-18	Average	% Secured for Gunnedah (Range)	70% Throughput
Narrabri	15,723	16,458	16,091	60-80%	11,263
Walgett	122	114	118	60-80%	83
Coonamble	10,457	0	5,229	60-80%	3,660
Moree	Unknown	Unknown	n/a	60-80%	n/a
Total	26,302	16,572	21,437	n/a	15,006

Source: AEC.

5.3.3 Overall Market Growth

The potential for global, national and regional trends to impact on the demand of the facility has been discussed in Section 3.4 and 3.5, and given the uncertainty around these factors, the demand assumptions below either assume a flat throughput profile, or growth in line with historical trend.

5.3.4 Demand Scenarios

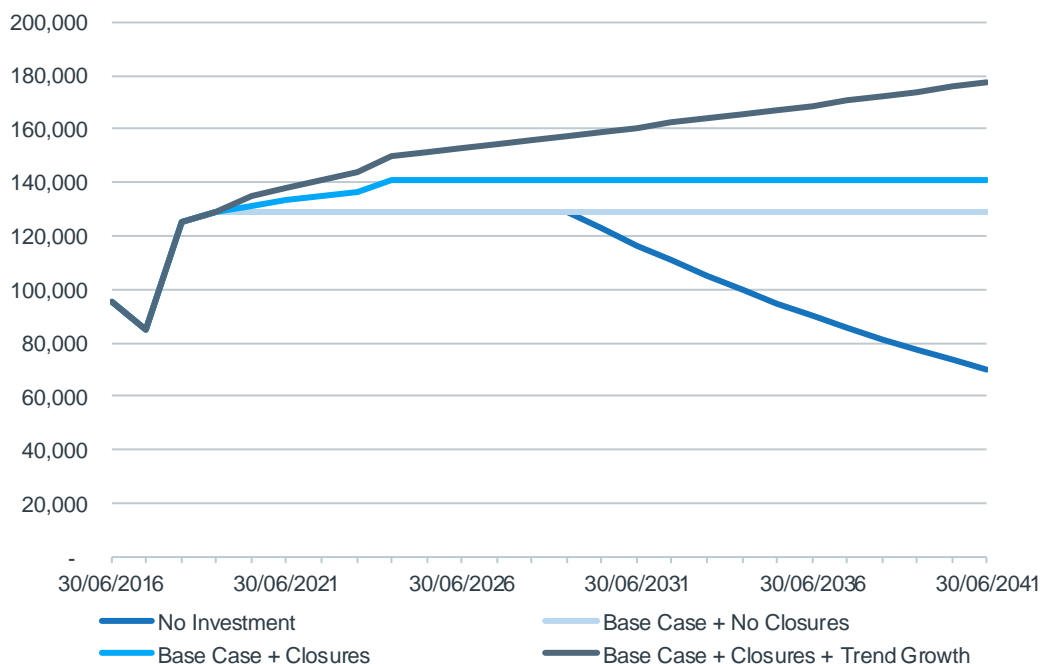
Four possible future demand scenarios have been assessed as part of this review, and a summary of these is included in Table 5.3.

Table 5.3. Demand Scenarios used in Financial Modelling

Scenario #	Scenario Name	Description
1	No Investment	No investment made in improved facilities, and demand for the remains flat for the next 10-year period, after which it declines by 5% per annum as it loses market share relative to other leading facilities. At some point beyond the modelling horizon the facility is assumed to close.
2	Base Case + No Closures	The current level of throughput is assumed to remain over the projection period. The shorter-term investments are assumed to take place. Prices are raised in line with CPI. Further sensitivities are run on the price assumptions.
3	Base Case + Closures	The current level of local throughput is assumed to remain over the projection period, however, additional throughput is captured as other surrounding facilities close. Capacity is captured at a rate of 10% of total other facility throughput per annum for four years, and then an additional 30% is gained in year 5. Prices are raised in line with CPI. Further sensitivities are run on the price assumptions.
4	Base Case + 2 x Closures + Trend Growth	Throughput is assumed grow at double the rate of closures in scenario 3, plus trend growth of 1.0% per annum.

Figure 5.3 shows the annual throughput for the Saleyards under the demand scenarios described above.

Figure 5.3. Throughput Forecasts, Demand Scenarios

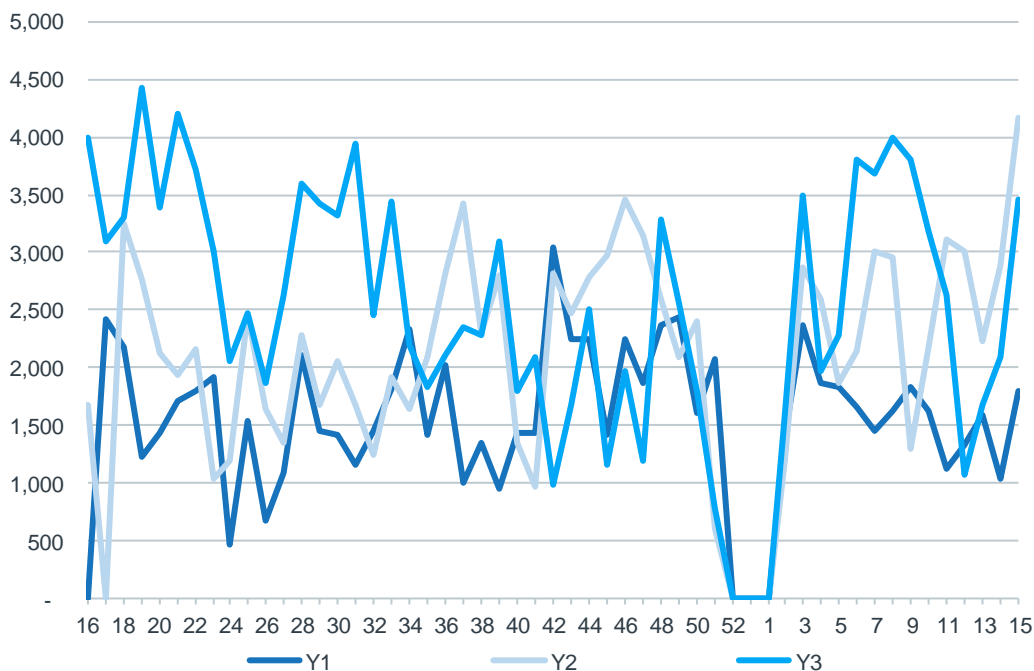


Source: AEC.

5.4 CAPACITY CONSIDERATIONS

Figure 5.4 shows weekly saleyard throughput, over the past three years (overlaid on top of each other). This sales profile shows that while sales are volatile (peaks and troughs), they are still not approaching the capacity of the existing facility (which is capable of 5,500 head). Highlighting the focus of the masterplan on lifting the facility to current best practice and planning so as to not preclude future expansion (rather than driving expansion in initial works).

Figure 5.4. Weekly Saleyard Throughput (Head), April 2016 to April 2019



Source: MLA (Unpublished), AEC.

To identify future capacity constraints, the shape of the annual sales profile (on average) is assumed and applied to a range of annual livestock throughput volumes (Table 5.4).

Gunnedah saleyard has sufficient capacity in the short to medium term. Sales would need to increase to 170,000 per annum before it is expected that the facility capacity may be exceeded and that between 190,000 and 200,000 would likely be a trigger point before additional capacity would be required, whereby 10% to 20% of sale days are exceeding facility capacity.

Table 5.4. Estimated Maximum Sale Day Volumes

Annual Throughput	Maximum Throughput Sale Day	Number of Sale days in excess of 5,500
130,000	4,338	0
140,000	4,671	0
150,000	5,005	0
160,000	5,339	0
170,000	5,672	1
180,000	6,006	2
190,000	6,340	5
200,000	6,673	9

Source: AEC.

If Gunnedah attracts the additional 10,000-15,000 head from surrounding (western) regional saleyards, the annual throughput may approach 145,000-150,000, which is still well within the facilities current capacity. It is only in the high scenario where capacity begins to be exceeded. So it is expected it is likely to be at least 10-15 years before the facility may experience any material capacity pressures.

Blue Sky Thinking...

Rather than increasing total capacity, in the future opportunities many exist to incentivise sellers to use shoulder periods and flatten their overall sale profile at peak periods, then the existing capacity would be suitable for a longer period. Enhancing the efficiency of the invested capital and delaying further outlays, however, this would require significant collaboration on behalf of all agents and a level of understanding on behalf of vendors, which would be challenging.

6. PREFERRED DEVELOPMENT OPTION(S)

The masterplan that has been developed includes three key phases of development:

- **Phase 1: Short-Term Strategic Recommendations:** These are near term recommendations to ensure the Saleyards is well positioned to become the premier cattle selling facility in northern NSW (5 years).
- **Phase 2a: Mid to Longer Term (Demand Driven) Recommendations:** The medium to longer-term demand based expansion recommendations are will require Council to monitor and assess capacity and demand on an ongoing basis to trigger expansion tranches as required (between 5 and 20 years).
- **Phase 2b: Mid to Longer Term (Feasibility Driven) Recommendations:** These recommendations centre on aspects of the saleyards that provide benefit to other related and third parties, rather than on the core operational requirements of the saleyards, and should be triggered as funding becomes available (not necessarily funded from saleyard operating surpluses) (between 5 and 20 years).

There were several immediate operational requirements identified during the review. These were provided to Council under a separate cover and will be implemented, however, as they were not strategic in nature they are not included in the masterplan.

6.1 PHASE 1: SHORT-TERM STRATEGIC RECOMMENDATIONS (5 YEARS)

The Short-term recommendations associated with the masterplan are centered on upgrades required to ensure the Saleyard is of best practice in nature and operation. These strategic recommendations will ensure the current facility and operational needs are met over the next five years. These should be triggered as soon as is practical pending funding and planning requirements. These short-term strategic recommendations assume the current capacity of the yards is not exceeded but make provision for expansion areas (mid to longer-term strategic recommendations) in terms of spaces and areas, should demand and capacity pressures justify expansion.

Key short-term strategic recommendations, in no priority order, include:

- Removal of existing Sheep Saleyards (consider utilisation of the site for temporary parking in the short term until the carpark is constructed to reduce the frequency of highway crossings)
- Designate the western access point as the main entry/ exit to the Saleyards. However, ensure the entry/ exit closest to town is retained as it is the only access to the ramps in times of flood
- Visual amenity and maintenance upgrades: Upgrade of existing
 - Building at front of yards (render and upgrade toilet/ shower)
 - Weigh and agent's office (internals and externals)
- Landscaping, beautification and establishment of an 'entry' statement
- Securely fence the facility with 24-hour Avdata access
- Relocate the canteen and carpark and construct a multi-use facility on the same side of the highway as the Saleyards that facilitates:
 - Canteen
 - Agents and buyers office/ lounge area
 - Showers and amenities with 24-hour Avdata access
 - Gantry access from the canteen to the agents selling platforms
 - Carpark
 - Optional: Should additional grant funding be available, explore the potential to have a second story viewing platform overlooking the yards for functions and training (the base single-story option is considered the

default in the masterplanning process as this is what is required to facilitate the specific needs of the saleyards)

- Technical and ICT upgrade: WIFI & other ICT infrastructure to futureproof the facility for the next 10 years
- Existing truckwash upgrade (extend pads, increase pressure, lighting and gantry)
- Upgrade Night watchman's office
- Install the emergency sheep ramp and refit yards to hold 200-300 sheep in an emergency
- Lighting:
 - 24-hour access with 45-minute shut down triggered in a staged process to give the workers 15 minutes to return and reset switch
 - Upgrade lighting to appropriate standard over the whole work area.
- 1st Tranche of Ramp upgrade program: Rolling program of ramp safety function upgrades of one ramp every 3-5 years (unless grant funding becomes available to deliver planned works in one tranche).

6.2 PHASE 2: MID TO LONGER TERM RECOMMENDATIONS (5 – 20 YEARS)

The mid-to-longer-term demand driven expansion recommendations presented here are based around two observable tranches of demand:

- 2A: Those recommended when and as demand dictates an expansion in capacity
- 2B: Those that should be considered and incorporated when and as funding becomes available as they have third party benefits or efficiencies.

6.2.1 Phase 2A: Demand Driven

Includes the following options (noting not all aspects need to be triggered (e.g. if there is demand for feeding but sale day is not exceeding capacity then the machinery and feeding sheds can be upgraded and the troughs put in)):

- Expand into 1, 2 or all 3 of the Phase 1 expansion area pens (next to the new building)
- Machinery shed and work area
- Sealing of internal roads (explore option to do this sooner under via grant funding if possible)
- Roofing of scales and central draft area:
 - The area of roof has been restricted to the drafting area such that it is providing protection for persons working in that area from both sun and rain.
 - There was a strong preference for the selling pens to remain unroofed. Mainly as it allows buyers to better see the animals and further the number of adverse selling days (heat or wet) is perceived to be minimal and the preference for the yards to be exposed to sunlight was well made.
 - Some subsurface drainage could be considered to prevent surface water from the southern side of the yards from entering the drafting area.
- Relocation of scales (Noting that should material upgrades be required on the current scales, a relocation should be considered in relation to pending and expected future demand (i.e. if the expansion areas are going to be triggered then moving the scales to a more central area would likely be beneficial)). The masterplan relocates the scales to be both more central in the ultimate yard configuration and to facilitate the replacement without the need to have to suspend sales while the scales and supporting infrastructure is replaced.

- Solid Roofs to the Holding Yards³:
 - Metal roof over the holding yards providing permanent shade to cattle being held for extended periods.
 - Roof structure would be saw-toothed to allow northern sunlight penetration – particularly in winter and adequate ventilation.
- Full development of selling and holding pens: There is a natural opportunity for the yards to be extended toward the west of the existing selling pens
- Installation of extensive water capture and reuse system
- Hay and feed shed(s): The intention is to repurpose the existing workshop to be used as hay/feed once the new workshop has been constructed
- Ramp upgrade program: Rolling program of ramp upgrades of one ramp every 3-5 years (unless grant funding becomes available to deliver planned works in one tranche).

6.2.2 Phase 2B: Driven by Funding Availability

The following opportunities are provisioned for in the masterplan and exist to further enhance the operational function and efficiency of the Saleyards, however, they are not considered fundamental to the ongoing operational viability of the saleyards, rather they facilitate third party benefits:

- Accelerated delivery of Masterplan recommendations
- Building option B: with a 2-story administration building to support investment attraction and create a 'greater' entry statement and facilitate higher viewing platform
- Upgrading all the loading ramps in one tranche, should grant funding become available to accelerate the ramp upgrade program
- Development of the public truckwash with facilities and treatment systems sufficient to support all forms of washdown (not just livestock)
- Extensive installation of solar and water reuse systems to benefit the environment (recommended for over carpark to provide for shade and power generation)
- Additional roofing/ shading in response to additional holding pens.

³ The roof has an area of approximately 5,600 sqm. which has the ability to capture significant rainwater for re-use in wash down, irrigation and dust suppression. Average Rainfall is approx. 50mm/month with the lowest being 23mm in April. On average the roofs can generate 290,000L of water per month or in the lowest rainfall month 128,000L. Coupled with approximately 326,000L of water storage this will provide 250,000L of water every month (based on historic average monthly rainfalls). Tank requirement would therefore be 2 No 10m dia x 2,200 high.

7. SITE LAYOUT & FACILITIES

7.1 SITE POSITION & SURROUNDING USES

The Saleyards complex is located on the fringe of Gunnedah, west of the main township on Kamilaroi Highway. The site is bounded to the north by open fields which are part of the Namoi River floodplain, to the south by Kamilaroi Highway then the rail corridor and to the east is a significant drainage path separating the saleyards from the township. Immediately to the west is the Gunnedah Sewage Treatment Plant. It is unlikely the facility will suffer any encroachment issues on its forward operation (see Figure 2.1).

The facility is however, one of the most publicly observable saleyards in Australia (i.e. it is approximately 5 meters from the main highway).

7.2 KEY FACILITIES

The Saleyards complex contains the following key infrastructure (see Figure 7.1) components:

- Selling pens (cattle)
- Holding yards
- Receiving and dispatch ramps
- Administration buildings
- Scales
- Storage shed and workshop
- Truck wash down facility
- Generally, gravel parking and manoeuvring areas for both heavy and light vehicles
- The facility includes a canteen and office located on the south side of Kamilaroi Highway.

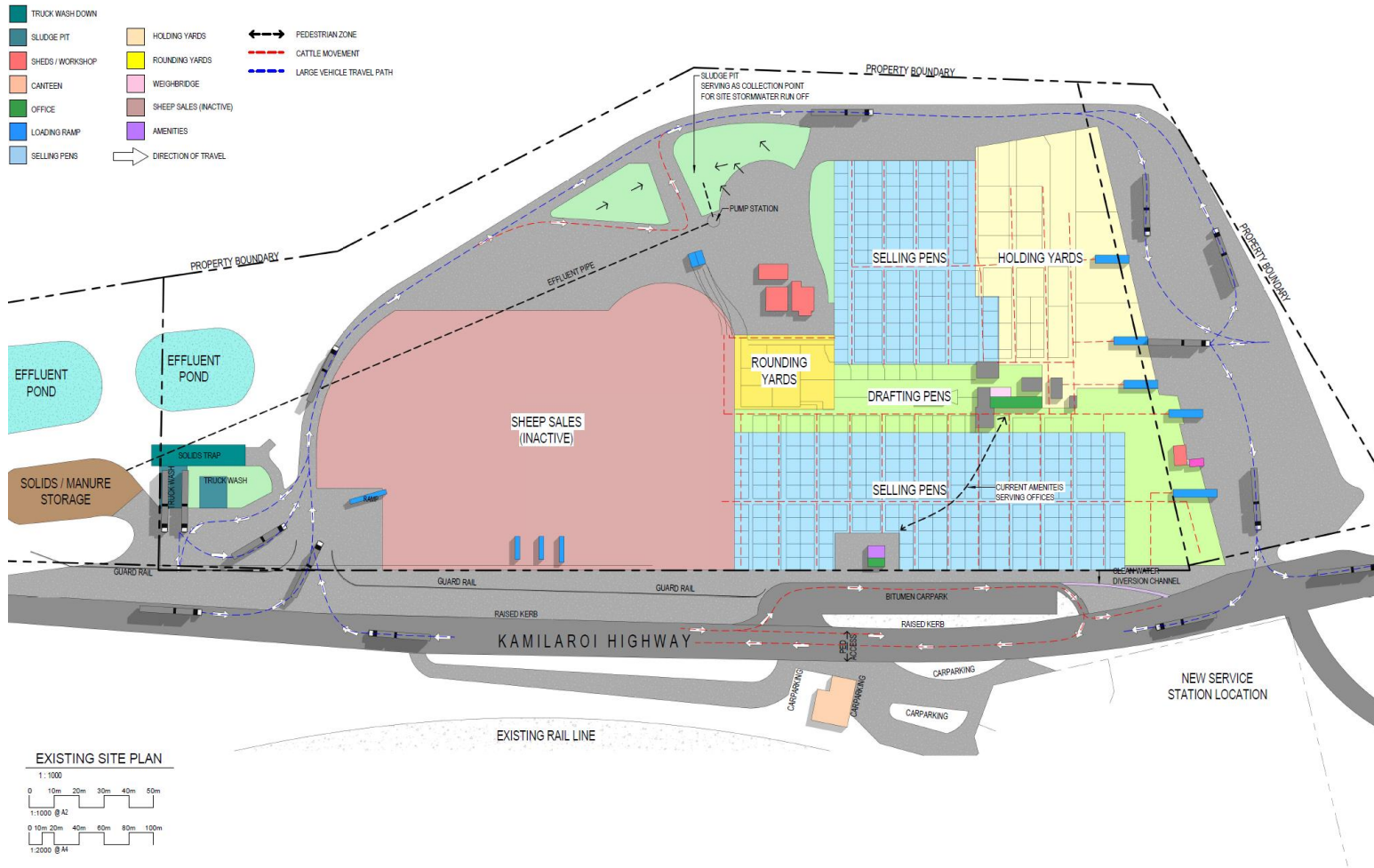
7.2.1 Scales

The scales are used weekly and appear to be in acceptable condition. It is noted that the scales are old and of old technology. It is therefore prudent to consider replacement as part of the strategy. The observation office is rudimentary and has been identified as requiring aesthetic and functional improvements as part of the short term works.

7.2.2 Truck Wash Down Facilities

There are conflicting observations about the suitability and capacity of the existing facility. The water supply and treatment system appear to be adequate and effective. Access to the facility is compromised due to orientation and location. It is proposed to improve the current facility through extension of the concrete area together with the replacement of the pump building. The requirement to reverse vehicles into the wash area presents both a logistic and safety concern. In addition to this, the maximum size of vehicle that can use the facility is limited. While usage of the facility remains low, immediate improvement is probably not urgent, however, provision for a drive through facility has been included within the masterplan.

Figure 7.1. Gunnedah Saleyards Existing Site Layout & Facilities



AEC GROUP - GUNNEDAH SALEYARDS MASTERPLAN

GUNNEDAH SALEYARDS
EXISTING SITE PLAN

PROJECT NO. 191440
SHEET NO. 001 [A]
DESIGN PHASE: SK

SCALE: As indicated
APPROVED:
DATE: 6/08/2019 6:40:05 PM

AEC **StruXi**
OUTCOMES DRIVEN

STRUXI DESIGN PTY LTD
P 07 4534 4038
E STRUXI@struxi.com.au
W www.struxi.com.au
ABN 12115455055
GPO BOX 106047
Sydney NSW 1512

Source: StruXi

7.2.3 Saleyard Facilities & Appearance

Council and the agents are united in their desire to maintain and enhance the position and reputation of the Gunnedah Saleyards. There is obvious competition from nearby centres that have recently established new selling centres. Gunnedah is operationally efficient, geographically well located and convenient for transport; however, the facility is not new, nor is it attractive. Elements such as soft floors and roofed selling pens are considered unnecessary to the point of being detrimental by the user group. Key elements identified as being required included:

- Aesthetic improvements to the site – make the site attractive and create a more welcoming environment for visitors and users alike. This sentiment was echoed in the context of an entry statement to the town. The saleyards are one of the first things encountered and presentation could be significantly enhanced.
- Facilities for users and tourists – there is a genuine need to engage with the public so that the operations of rural industries, particularly the cattle industry are better understood. Visitor and tourist viewing platform/veranda are incorporated into the new canteen area.
- Enhanced appearance provides the perception that new is better. As it is the desire to capture greater market share particularly from western producers then they must be given multiple reasons to choose Gunnedah.

7.3 SERVICES

The Saleyard is serviced by mains supplied water, electricity, telephone and sewer. No formal crossovers exist to the site and internal vehicle movement areas are generally unsealed gravel surfaces.

Stormwater collected on the site is generally contained by the northern circulating road acting as a bund then collects overland flow to a solid's interceptor from where the captured water is pumped to the adjacent sewer treatment plant.

There is suggestion that electrical capacity on the site is currently inadequate, however, that is most likely internal equipment capacity rather than availability to the site. During consultation it was raised that power supply tripping at the scale's office is a common occurrence. This is more likely an issue with local circuitry than a wide scale issue.

Sewer is available to the site although only to limited areas. Gravity sewer is located to the south of the site within the road reserve. There is a current plan to relocate a rising main from town around the northern perimeter of the saleyards, however, this will have no benefit (or impact) on future plans for the saleyards.

7.4 SURROUNDING LAND USE

Surrounding land uses are generally described as industrial / rural although a service station development with associated retail outlets has been approved to the south. Kamilaroi Highway is the route to the North West, the next major settlement being Narrabri which is located 100 km away. No immediate conflicting land uses are observed. Industrial development has occurred further west of the site, however, it is well separated and does not appear to be of a nature that will create future adverse effect to the viability of the saleyards in their current location.

Part of the site (north) is subject to inundation in times of flood. This does provide a degree of constraint to any future development of the current facility. At the present all key facilities are located above the inundation line.

The saleyards site represents the eastern extremity of the currently approved B-Double transport route.

There is no immediate reason to consider relocation of the saleyards.

7.5 SAFETY & SECURITY

7.5.1 Safety

Observations of the operational interactions between people, animals, light vehicles and heavy vehicles were made so as to inform immediate or planned safety improvements that can be made.

Key items to be addressed include the uncontrolled crossing of Kamilaroi Highway by pedestrians on sale day together with increased control of vehicle movements accessing the saleyards.

Within the operation of the yards a number of operational issues were raised during consultation, however, most of these can be resolved with minimal effort and cost. Vehicle movements within the site are generally separated from pedestrians.

Separation between animals and people also appears to be generally without conflict.

The proposed Masterplan seeks to identify and mitigate these risks wherever possible.

7.5.2 Security

There is minimal obstruction to persons wanting to enter the site without authority, which does represent a risk to safety as well as bio-security. Vehicles wanting to enter the operational area of the site must pass through a controlled (av data card) gate, however, uncontrolled access to the yards via one of the many gates or low fencing is currently very difficult to control. There are security cameras, which are able to observe and monitor activities at the loading ramps. The site is occupied by staff during weekdays, however, those staff are engaged in operational and maintenance activities and are not concerned with controlling access.

While cattle are being received or delivered a night watchman is in attendance. He has a small (temporary) office located near the loading ramps.

The proposed Masterplan seeks to enhance security and access to the facility.

8. WORK HEALTH & SAFETY

8.1 WORKPLACE HEALTH & SAFETY REQUIREMENTS

The key considerations are the safety of workers, sale attendees and members of the general public who may visit the facility. Whilst the contractor running the sales is the primary employer and hence primarily responsible for the safety of their workers, there remains a requirement for Council as the PCBU (Person Conducting a Business or Undertaking) of the facility to ensure the facility is safe to use.

Council, as the owner of the Saleyard, holds the overall responsibility for the safety of persons visiting or working at the site. The masterplan proposal addresses all of the observed issues while noting that operational activities must continue to be actively monitored.

8.2 WORKPLACE HEALTH & SAFETY OVERVIEW

Generally, the facility appears to present few uncontrolled risks to health and safety although there are a limited number of safety upgrades that have been identified by users:

- Improved latches on gates
- Additional separation between operators and cattle while loading out
- Improved lighting within the yards and in particular in the loading areas
- Minor changes to post – scales area such that agitated cattle can be quickly contained and controlled
- Remove the need to cross the highway
- Higher level of security on end of lane access to the road
- The lack of adequate ablution facilities in convenient proximity to workplaces. This includes the lack of shower and change facilities available to workers / contractors.

Note, this review does not include a detailed workplace health and safety audit but rather an overview of existing practices and opportunities for improvement in practices and the physical environment as detailed below.

A number of the issues identified above are operational rather than strategic in nature and should be delivered as part of ongoing operational maintenance.

The proposed Masterplan seeks to address facilities, lighting and safety issues with the relocation of the canteen and associated facilities and lighting upgrades.

9. ENVIRONMENT

Gunnedah is licenced under the Protection of the Environment Legislation Amendment Act 2014 (POELA Act), and as such is required to submit annual reports to the NSW EPA.

The primary environmental obligations relating to the Saleyards are to develop ground and surface water monitoring plans and report on water quality data to ensure that its activities are not impacting on the surrounding environment. Specifically:

- Groundwater monitoring
- Discharge quality monitoring.

Gunnedah is required to monitor a range of pollutants at each point, on either a monthly, quarterly or 6 monthly basis. Since monitoring commenced in 2006-07, the Saleyard has only had one year of non-compliance. This was in 2007-08, when monitoring point four was only sampled once in the year, when it was meant to be sampled twice. Otherwise, the Gunnedah Saleyard has maintained a sound environmental record.

Gunnedah Saleyards have an active Pollution Incident Response Management Plan in place.

No requirements or amendments to the current approach and process are incorporated into the masterplan.

10. MOVEMENT & FLOW

10.1 PEDESTRIANS

10.1.1 Pedestrian Access/ Safety Issues

Within the saleyards pedestrian movements are reasonably controlled. Access to the lanes for buyers and observers is via gates from the road frontage. The configuration of the pens and lanes is such that the opportunity for pedestrian and animal conflict is minimal. Auctioneers walkways are adequate.

The configuration of the yards does, however, require sales day administration staff to access the scale house via the auctioneer's catwalks, which is not an ideal situation into the future.

10.1.2 Pedestrian Outcomes

It is proposed that a wider and properly balustraded walkway be provided connecting the administration building to the scales area. This will not provide full access for all persons (wheelchairs will still be excluded), however, it will be to the standard required for all ambulant persons.

The key element to be resolved is the separation of the canteen and the saleyards. The proposed plan achieves this outcome through the placement of canteen and administration buildings on the site of the saleyards.

Key outcomes delivered by the masterplan:

- Upgraded pedestrian paths for non-operational staff
- Remove the need to cross the highway.

10.2 STOCK

10.2.1 Stock Flow

The users of the saleyards consider the configuration to be superior to most others. The provision of central drafting lanes and pens at the head of each lane is attributed as the major contributing factor in this perception. The overall capacity of the yards is such that double penning on sale day is rarely necessary. The location of the scales, which is generally in the centre of the yards makes it convenient and with minimal movement of stock to transition from selling pen to holding yard via the scales.

The majority of the loading facilities are located at the east of the yards meaning that load in and load out activities occur at the same place the yard and pen capacity allows this to occur without creating movement conflict. There is a recently added loading ramp located to the north west of the yards that provides the opportunity to receive or dispatch large loads from a single operator without impeding other higher frequency activities at the eastern ramps.

Planned expansion of the yards toward the west provides the opportunity to relocate the scales (providing new) while the current scale remains in operation and yet moving the scale location to the new centre of the yards.

Key outcomes delivered by the masterplan:

- Current stock flow is convenient and controlled.
- Planned expansion to the west maintains key operational efficiencies.

10.3 TRAFFIC FLOW & MOVEMENTS

10.3.1 Traffic Movements

Vehicular access to the site is via two separate and well formalised access points from the highway. Generally, the heavy vehicle entrance is the western gate adjacent to the wash down facility. An additional access for light vehicles is located adjacent to the agent's office. This access does not provide access to the site but rather to 16 (approx.) formalised parking spaces. The eastern entrance is generally used as the heavy vehicle egress from the site and in times of flood this becomes the only access to the loading ramps. The eastern access is located almost opposite the service station development and hence is the most likely to cause conflict with future traffic movements. The masterplan seeks to minimise this conflict by maintaining this access for emergency use only and directing vehicles in and out via the main entry and exit (western) gate.

The speed limit on the highway adjacent is 60 km/h. There is no formalised slip lane or turn out lane provided at either gate. These elements will become more pertinent into the future but have not been considered in detail in the current scope of work. At present heavy vehicles have adequate capacity to pull off the highway if necessary, prior to accessing the site.

Historically there has been an issue with vehicles accessing the wash down facility obstructing the highway (potentially) as they manoeuvre. This has been addressed through the installation of barriers separating the wash down from the highway, however, it is noted this barrier is located within the road reserve not on the property boundary.

Sale day parking exceeds the onsite capacity with all available parking spaces within and adjacent to the site being used including the informal parking surrounding the canteen, resulting in visitors and agents parking across the highway, presenting safety issues.

Vehicle movements are generally formalised and controlled although there is opportunity for improvement.

10.3.2 Future Development

Roads and Maritime Service have advised there are no immediate plans for upgrades or alteration to this part of the highway. Approaches have been made to consider a pedestrian crossing connecting the canteen to the saleyards, however, that has been rejected. It is our opinion that even with a pedestrian crossing the overall safety improvement on sale days is minimal hence the masterplan seeks to relocate all saleyard activities to the saleyards site and allow the existing canteen site to be re-purposed. Note that the canteen site and building is not owned by Council.

10.3.3 Proposed Outcomes

The Masterplan should seek to provide a long term traffic management outcome, including:

- Separate and defined entry points to the site to minimise conflicts
- Consolidate all vehicular access to the north of the highway
- Maintain adequate manoeuvring space within the site
- Provide standing areas for heavy vehicles
- Improve flow and access to the wash down facility.

11. FINANCIAL PLAN

11.1 CAPITAL COSTS & FUNDING

The following capital costs associated with the short-term and mid-to-longer-term works include consideration of planning and professional fees, construction and contingency (before inflation):

- Phase 1: Short-Term (0 – 5 Years): \$5.2 million
- Phase 2a: Mid-to-Longer-Term (Demand Driven) (5 – 20 Years): \$4.6 million
- Phase 2b: Mid-to-Longer-Term (Feasibility Driven) (5 – 20 Years): \$7.6 million.

Using the financial projections contained within the Saleyard's 10 Year Forecasts (GSC, 2019a) with minor updates following the approval of the 2019-20 Operating Plan on 6 July 2019 (GSC, 2019b) an assessment has been made of the available funding sources for the short-term works, which are considered in the analysis. The key points relevant are:

- The Saleyards had a cash reserve balance of approximately \$1.5 million at 30 June 2019.
- The Saleyards depreciate assets at approximately \$110,000 per annum, which is being returned to cash reserves to fund future renewals work.
- Net operating surpluses (before dividend) are approximately \$150,000 to \$200,000 per annum. However, an annual dividend of approximately \$250,000 means the Saleyard is currently achieving an operating deficit.
- The Saleyard's existing capital works program includes \$1.4 million in works which will be redeployed to cover Phase 1: Short-Term capital works program, meaning the funding shortfall between status quo is \$3.7 million (\$5.2 million less \$1.5 million).
- A loan of \$3.0 million has been assumed for 2020-21 to fund a capital works program of \$4.8 million in that year. The remainder of funding will be from existing retained earnings (\$1.5 million), and additional earning from 2019-20. An assumption has been made that dividends to Council will be temporarily suspended.

11.2 OPERATING COST IMPLICATIONS

11.2.1 Maintenance

In line with industry standards on maintenance expenditure, it is recommended maintenance costs be provided for at a rate of 2.0% of capital costs annually. This equates to an increase to annual maintenance costs of \$83,263 by 2025-26 for short-term works (before inflation).

Table 11.1. Additional Maintenance Costs

Item	Amount
Phase 1	\$83,889
Total (included in Financial Analysis)	\$83,889
Phase 2a	\$75,065
Phase 2b	\$126,938
Total	\$285,265

Source: AEC.

11.2.2 Depreciation Charges

In line with the Council's Strategic Asset Management Plan 2015-25 and also the BizeAsset Asset Management Depreciation Report, which were provided, the useful lives in the following table has been applied to derive depreciation charges (GSC, 2015).

Table 11.2. Useful Lives by Asset Class

Asset Class	Useful Life	Depreciation Rate
Operational Land	N/A	N/A
Office Equipment	64	1.5%
Plant & Equipment	20	5.0%
Furniture & Fittings	26	3.8%
Other	67	1.5%
Buildings	61	1.6%
Other Structures	50	2.0%

Source: Gunnedah Shire Council.

Capital works items currently in the capital works plan are estimated to add \$133,603 per annum in real terms to depreciation charges. Additional depreciation charges from Masterplan works is then expected to total a further \$393,412 if all works are undertaken.

Table 11.3. Additional Depreciation Charges

Item	Amount
Phase 1	\$133,603
Total (included in Financial Analysis)	\$133,603
Phase 2a	\$80,206
Phase 2b	\$179,603
Total	\$393,412

Source: Gunnedah Shire Council.

11.2.3 Debt Service Payments

The Saleyards will require approximately \$3.0 million in borrowings for the shorter-term capital investments made in 2020-21, in addition to drawing on retained earnings. A borrowing rate of 3.5% has been used, consistent with Council's Long Term Financial Plans, and a 20 year borrowing term assumed.

Table 11.4. Additional Financing Charges

Item	2020-21	2021-22	2022-23	2023-24	2024-25
Principal Repayment	\$108,735	\$112,541	\$116,480	\$120,557	\$124,776
Interest/Admin Payment	\$107,625	\$103,819	\$99,880	\$95,804	\$91,584
Total Debt Service Payment	\$216,360	\$216,360	\$216,360	\$216,360	\$216,360

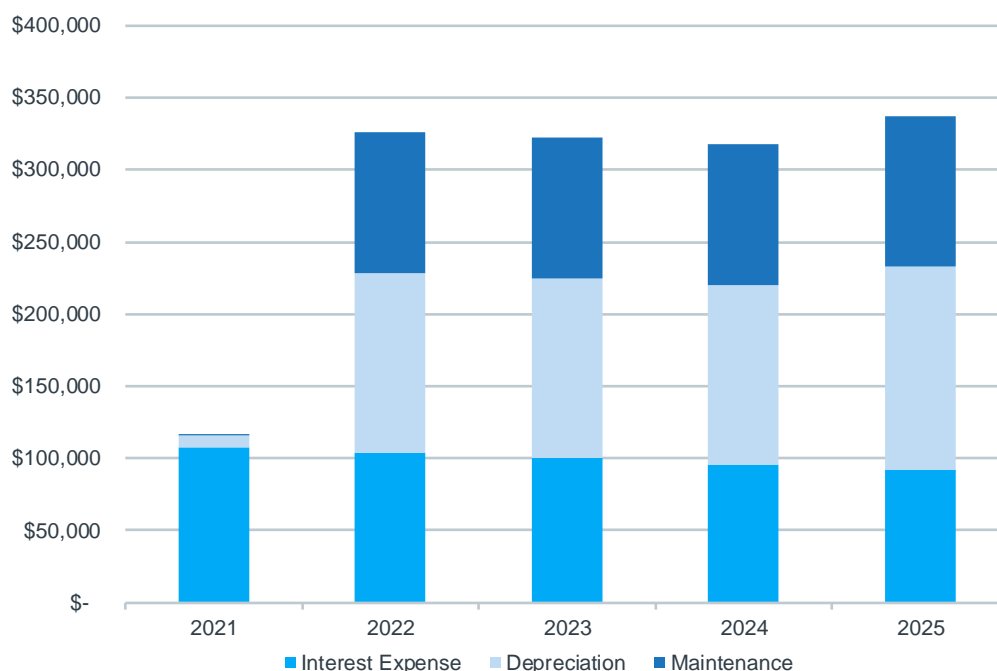
Source: Gunnedah Shire Council.

11.2.4 Total Additional Cost Projections

The following flowchart outlines the total additional operating costs (i.e. excludes loan principle payments) from shorter-term works that will impact the operating surplus of the Saleyards.

The additional operating costs will be approximately \$350,000 by 2024-25.

Figure 11.1. Total Additional Costs



Source: AEC.

11.3 REVENUE & PRICING

A number of possible price paths have been assessed as part of the financial review, as shown in Table 11.5.

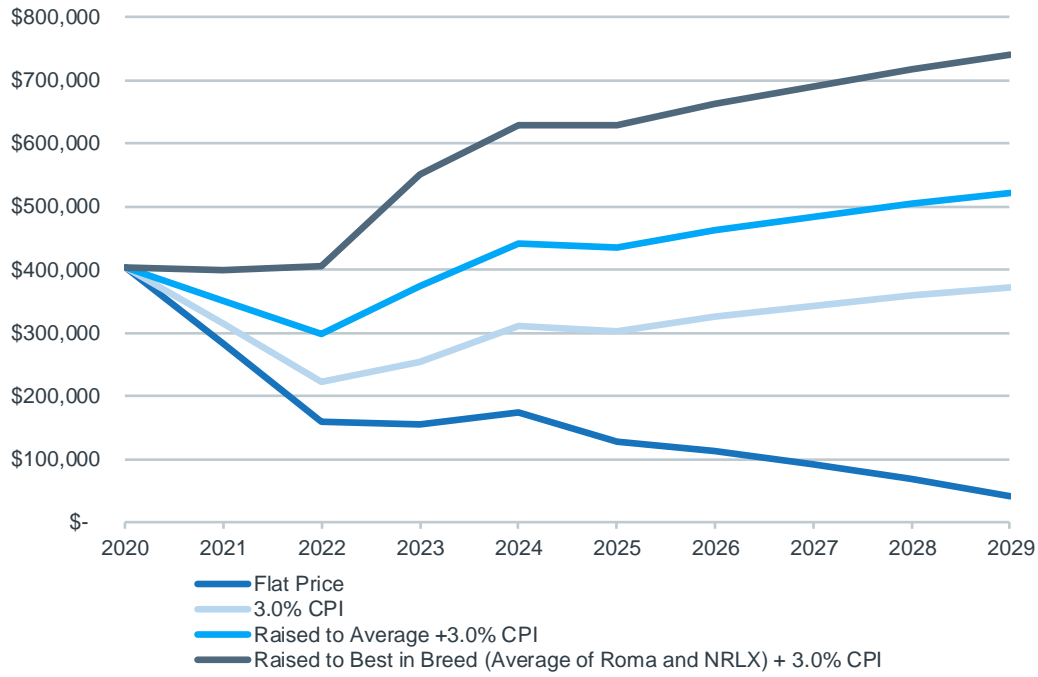
Table 11.5. Price Path

Price Path	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Flat Price	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20
3.0% CPI	\$9.20	\$9.48	\$9.76	\$10.05	\$10.35	\$10.67
Raised to Average +3.0% CPI	\$9.20	\$9.80	\$10.44	\$11.11	\$11.45	\$11.79
Raised to Best in Breed (Average of Roma and NRLX) + 3.0% CPI	\$9.20	\$10.23	\$11.38	\$12.66	\$13.04	\$13.44

Source: AEC.

Figure 11.2 summarises the annual operating surpluses (before any dividend payment or reserve transfers) for each of these pricing scenarios should the above pricing strategies be applied.

Figure 11.2. Operating Surplus with Price Path



Source: AEC

REFERENCES

- ABS (2013). *Agricultural Commodities, Australia 2012-2012*. Cat. No. 7121.0. ABS, Canberra
- ABS (2014). *Agricultural Commodities, Australia 2012-2013*. Cat. No. 7121.0. ABS, Canberra
- ABS (2015). *Agricultural Commodities, Australia 2013-2014*. Cat. No. 7121.0. ABS, Canberra
- ABS (2016). *Agricultural Commodities, Australia 2014-2015*. Cat. No. 7121.0. ABS, Canberra
- ABS (2017). *Agricultural Commodities, Australia 2015-2016*. Cat. No. 7121.0. ABS, Canberra
- ABS (2018). *Agricultural Commodities, Australia 2016-2017*. Cat. No. 7121.0. ABS, Canberra
- ABS (2018). *Agricultural Commodities, Australia 2016-2017*. Cat. No. 7121.0. ABS, Canberra
- Dubbo Regional Council (2018). *Fees & Charges*. Retrieved from <https://www.dubbo.nsw.gov.au/search.aspx?ModuleID=13&keywords=fees&multiSite=False>
- Dubbo Regional Livestock Markets (2019). Retrieved from <http://www.drlm.com.au/LivestockMarkets/CorporateInformation.html>
- GSC (2015). *Gunnedah Shire Council: Strategic Asset Management Plan 2015-2025*. Gunnedah Shire Council, 2015.
- Gunnedah Shire Council (2018). *Fees and Charges 2018/2019*. Retrieved from <http://www.gunnedah.nsw.gov.au/index.php/component/rsfiles/preview?path=GunnedahShireCouncil%252FCOUNCIL%252FTHE-FUTURE-OF-GUNNEDAH%252FIntegrated-Planning-and-Reporting%252FFees%2Band%2BCharges%2B2018-19%2B-%2BAadopted%2B20%2BJune%2B2018%2B-%2BAmended%2B18%2BJuly%2B2018.pdf>
- GSC (2019a). *Gunnedah Shire Council, 2018/19 10 Year Forecast – Saleyards*. Unpublished, Gunnedah Shire Council, March, 2019.
- GSC (2019b). *Gunnedah Shire Council, Delivery Program 2017-2021 and Operational Plan 2019/20*. Gunnedah Shire Council, 6 July 2019.
- Gympie Regional Council (2018). *Fees and Charges 2018/2019*. Retrieved from <https://www.gympie.qld.gov.au/documents/40005057/41307242/CSI100%20-%202018-19%20Fees%20and%20charges.pdf>
- MLA (2018). *Saleyard Survey*. Retrieved from <https://www.mla.com.au/globalassets/mla-corporate/prices--markets/documents/saleyard-surveys/mla-2017-18-saleyard-survey-report.pdf>
- MLA (2019). *Prices & Markets*. Meat and Livestock Australia. Retrieved from <https://www.mla.com.au/prices-markets/>
- Richmond Valley Council (2018). *Revenue Policy 2018/2019*. Retrieved from <https://richmondvalley.nsw.gov.au/wp-content/uploads/2018/11/Revenue-Policy-2018-2019-Adopted-by-Council-26-June-2018.pdf>
- RLX (2019). *Tamworth Regional Livestock Exchange*. Regional Livestock Exchange. Retrieved from <https://rlx.com.au/sites/trlx-tamworth-regional-livestock-exchange/#site-detail-text>
- SELX (2019). *South Eastern Livestock Exchange Gallery*. Retrieved from <https://www.selxns.com.au/galleries/construction/>
- Upper Hunter Shire Council (2018). *Fees and Charges 2018/2019*. Retrieved from <http://upperhunter.nsw.gov.au/f.ashx/documents/Council/UHSC-Fees-and-Charges-SALEYARDS-EXTRACT-2018-2019.pdf>
- Wagga Wagga City Council (2018). *Fees and Charges 2018/2019*. Retrieved from <https://portal.lgsolutions.net.au/Fees/Public/Wagga%20Wagga%20CC>

BRISBANE

Level 5, 131 Leichhardt Street
Spring Hill QLD 4000
Australia
T: +61 (0)7 3831 0577

DARWIN

Level 1, 48-50 Smith Street
Darwin NT 0800
Australia
T: 1300 799 343

TOWNSVILLE

233 Flinders Street East
Townsville QLD 4810
Australia
T: +61 (0)7 4771 5550

MELBOURNE

Level 13, 200 Queen Street
Melbourne VIC 3000
Australia
T: +61 (0)3 8648 6586

SYDNEY

Level 14, 25 Bligh Street,
Sydney NSW 2000
Australia
T: +61 (0) 2 9283 8400

PERTH

Level 2, 580 Hay Street
Perth WA 6000
Australia
T: +61 (0) 8 6555 4940

AFFILIATED OFFICES:**BANGKOK**

2024/129-130 Sukhumvit 50
Prakanong Klongtoey,
Bangkok, Thailand 10260
T: +66 2 107 0189

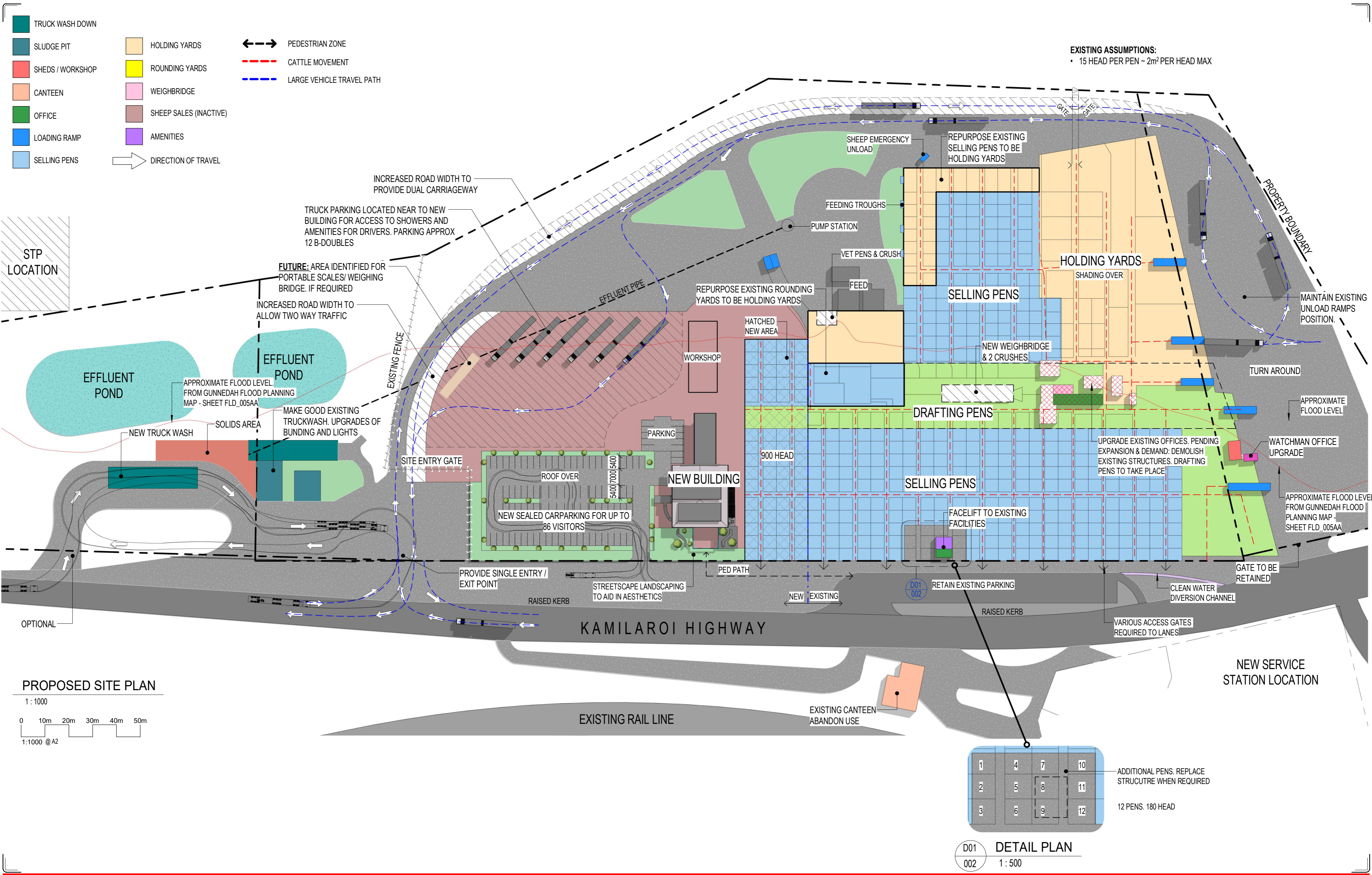
SHANGHAI

Level 35, 1st Building,
700 Liqun Road, Putuo District,
Shanghai, China 200333
T: +8618 516293312

aecgrouppltd.com

OUTCOME DRIVEN





PROPOSED SITE PLAN

1 : 1000
 0 10m 20m 30m 40m 50m
 1:1000 @A2

1	4	7	10
2	5	8	11
3	6	9	12

ADDITIONAL PENS. REPLACE STRUCTURE WHEN REQUIRED
 12 PENS. 180 HEAD

D01 002 **DETAIL PLAN**
 1 : 500

AEC GROUP - GUNNEDAH SALEYARDS MASTERPLAN

PROPOSED SITE PLAN

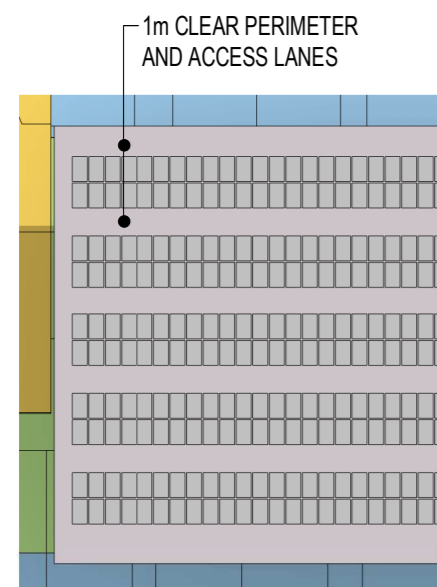
GUNNEDAH SALEYARDS



PROJECT NO. 191440 SCALE As indicated
 SHEET NO. 002 F APPROVED
 PHASE SK DATE 31/07/2019 11:44:42 AM

STRUXI DESIGN PTY LTD e struxi@struxi.com.au
 p 07 4638 4658 w www.struxi.com.au
 f 07 4638 4973 abn 23115458958
 qbcc 1080847
 a Suite 12, 204 Margaret Street
 Toowoomba Q 4350

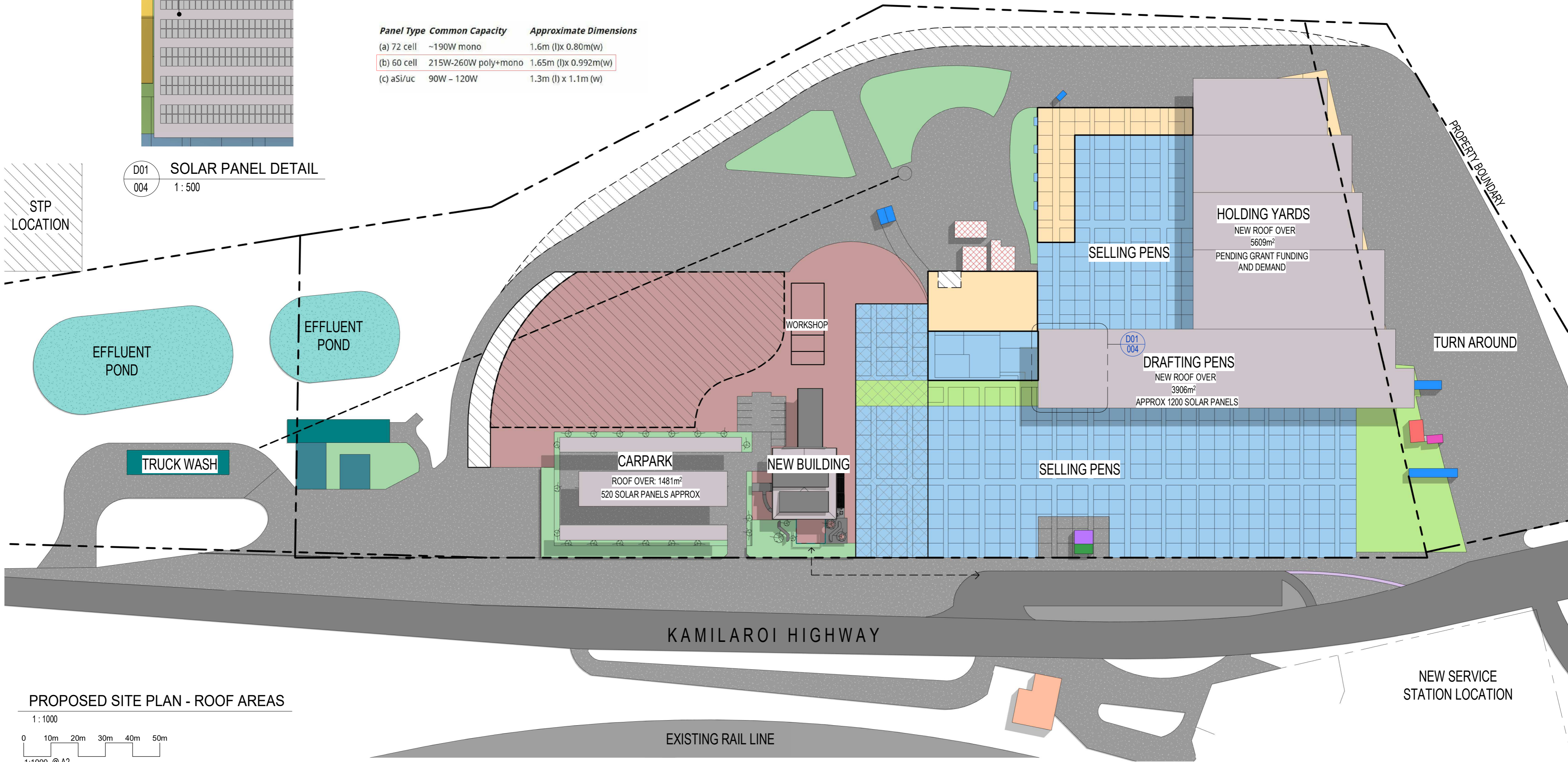




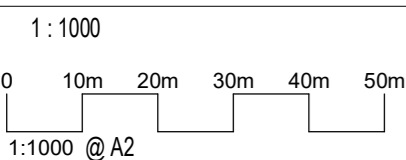
Panel Type	Common Capacity	Approximate Dimensions
(a) 72 cell	~190W mono	1.6m (l) x 0.80m (w)
(b) 60 cell	215W-260W poly+mono	1.65m (l) x 0.992m (w)
(c) aSi/uc	90W - 120W	1.3m (l) x 1.1m (w)

D01 SOLAR PANEL DETAIL
004 1:500

STP LOCATION



PROPOSED SITE PLAN - ROOF AREAS



AEC GROUP - GUNNEDAH SALEYARDS MASTERPLAN

PROPOSED SITE PLAN

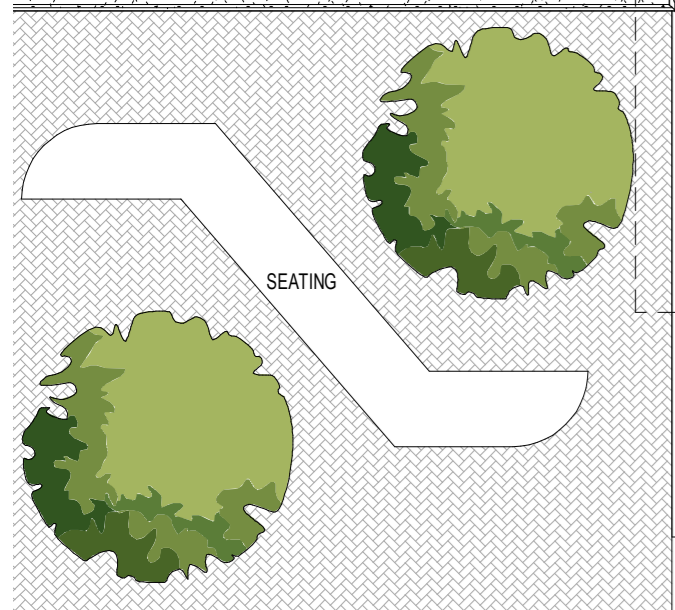
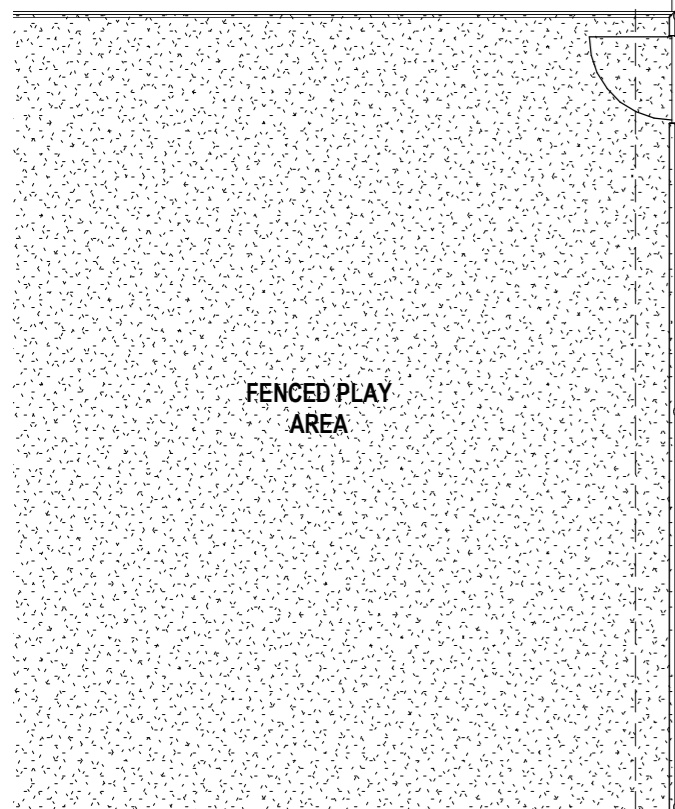
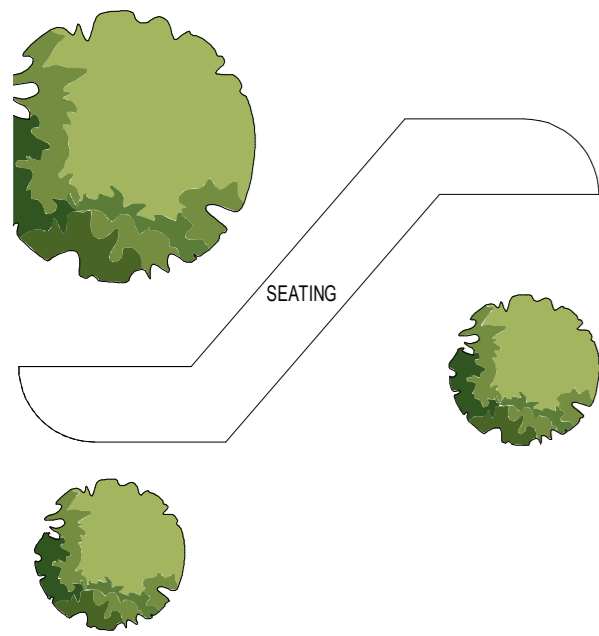
GUNNEDAH SALEYARDS

PROJECT NO. 191440 SCALE As indicated
SHEET NO. 004 D APPROVED
PHASE SK DATE 31/07/2019 11:44:58 AM

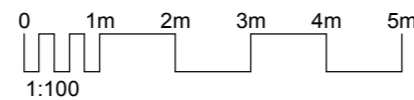
STRUXI DESIGN PTY LTD e struxi@struxi.com.au
p 07 4638 4658 w www.struxi.com.au
f 07 4638 4973 abn 23115458958
qbcc 1080847
a Suite 12, 204 Margaret Street
Toowoomba Q 4350



ABBREVIATION LEGEND	
ABBREV.	TEXT
B	BASIN
PTD	PAPER TOWEL DISPENSER
REF	REFRIGERATOR
SHR	SHOWER
SK	SINK
WC	WATERCLOSET
WC-A	WATERCLOSET-AMBULANT



GROUND FLOOR PLAN
1:100



UPPER FLOOR
1:100

AREA SCHEDULE1	
NAME	AREA
UNENCLOSED	201 m ²
UNENCLOSED	104 m ²
GROUND FLOOR ENCLOSED	422 m ²
UNENCLOSED	18 m ²
Grand total	746 m ²

UNDERCROFT PLAN
1:100

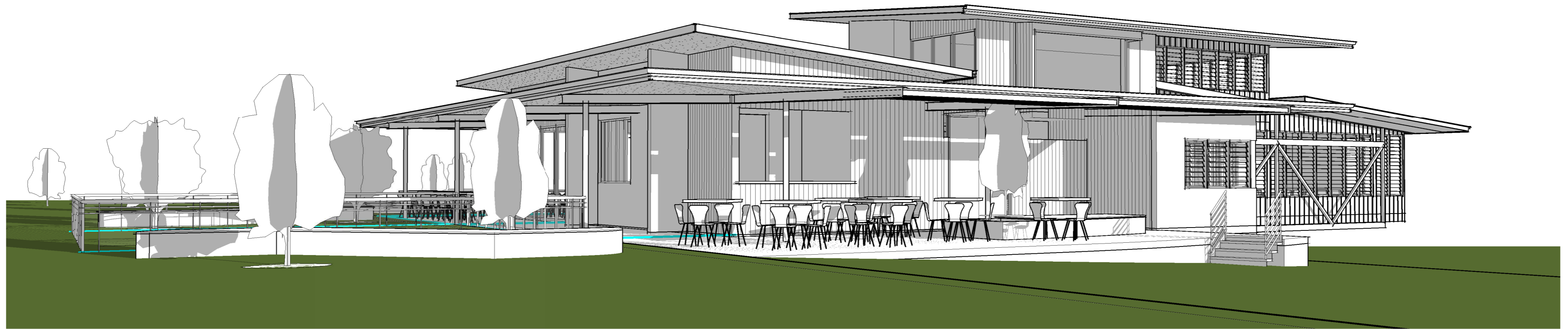
AEC GROUP - GUNNEDAH SALEYARDS MASTERPLAN

FLOOR PLAN
GUNNEDAH SALEYARDS

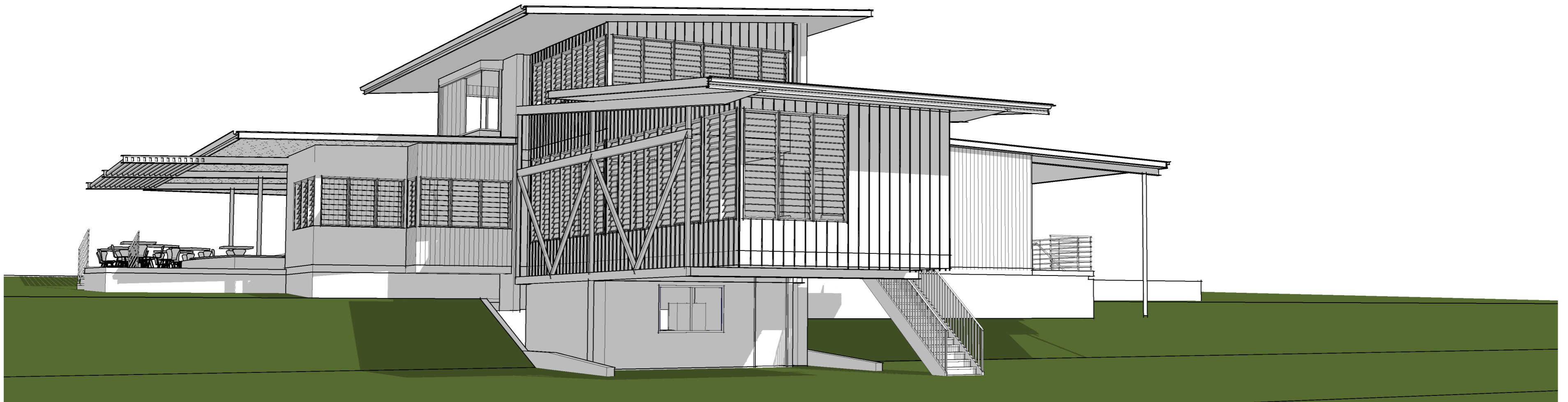
PROJECT NO. 191440_V4 SCALE 1:100
SHEET NO. 101 C APPROVED
PHASE SK DATE 29/07/2019 7:05:35 PM

STRUXI DESIGN PTY LTD
p 07 4638 4658 w www.struxi.com.au
f 07 4638 4973 abn 23115458958
qbcc 1080847
a Suite 12, 204 Margaret Street
Toowoomba Q 4350





SOUTHERN PERSPECTIVE



EASTERN PERSPECTIVE

AEC GROUP - GUNNEDAH SALEYARDS MASTERPLAN

ILLUSTRATIVE VIEWS

GUNNEDAH SALEYARDS

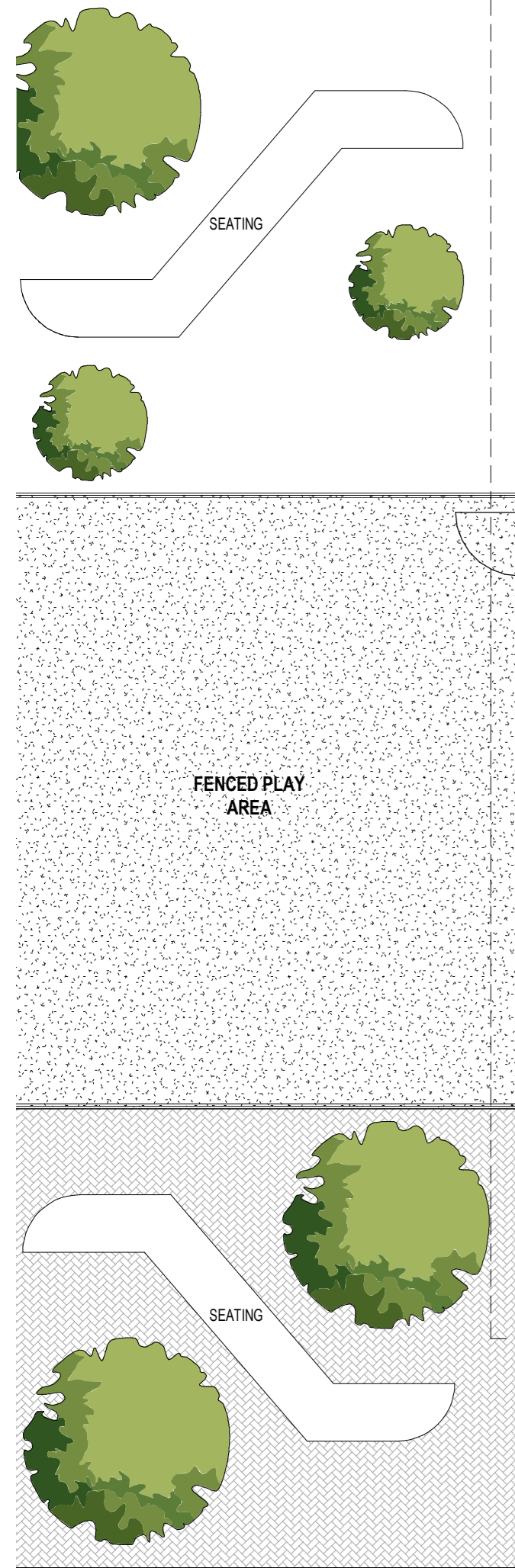
PROJECT NO. 191440_V4 SCALE
 SHEET NO. 901 C APPROVED
 PHASE SK DATE 29/07/2019 7:05:45 PM

STRUXI DESIGN PTY LTD e struxi@struxi.com.au
 p 07 4638 4658 w www.struxi.com.au
 f 07 4638 4973 abn 23115458958
 qbcc 1080847
 a Suite 12, 204 Margaret Street
 Toowoomba Q 4350

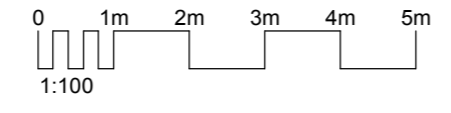


ABBREVIATION LEGEND	
ABBREV.	TEXT
B	BASIN
PTD	PAPER TOWEL DISPENSER
REF	REFRIGERATOR
SHR	SHOWER
SK	SINK
WC	WATERCLOSET
WC-A	WATERCLOSET-AMBULANT

AREA SCHEDULE	
NAME	AREA
GROUND FLOOR (ENCLOSED)	471 m ²
GROUND FLOOR (UNENCLOSED)	199 m ²
GROUND FLOOR (UNENCLOSED)	16 m ²
GROUND FLOOR (UNENCLOSED)	129 m ²
Grand total	815 m ²



GROUND FLOOR PLAN
1:100



UNDERCROFT PLAN
1:100

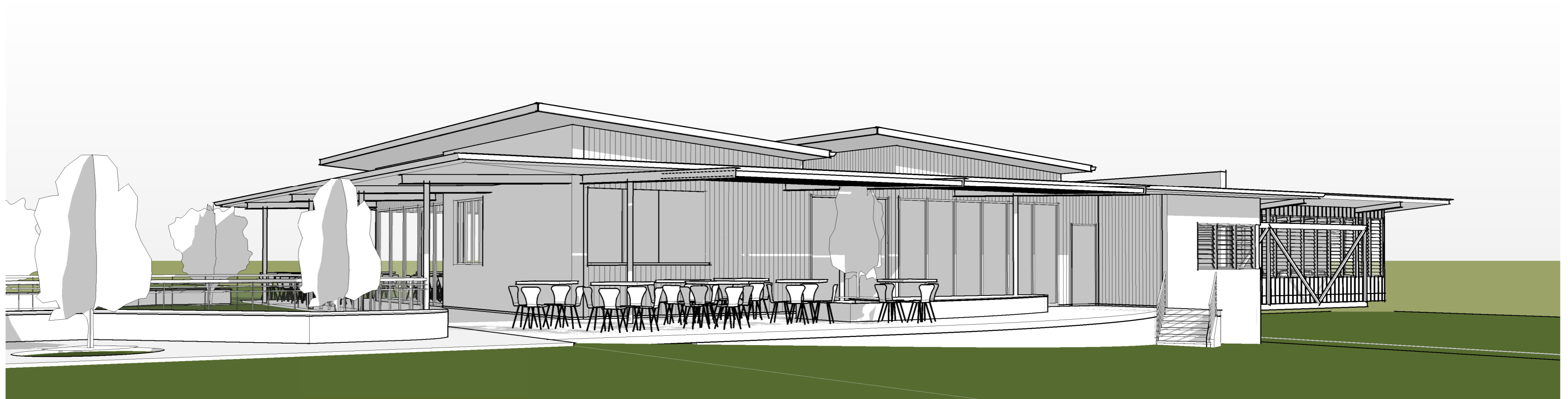
AEC GROUP - GUNNEDAH SALEYARDS MASTERPLAN

FLOOR PLAN
GUNNEDAH SALEYARDS

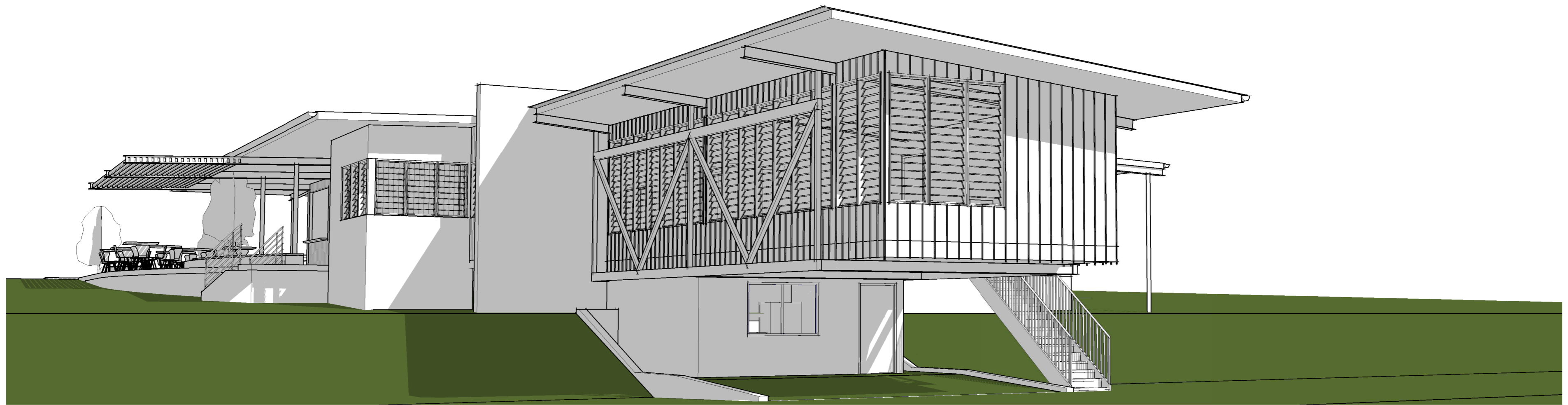
PROJECT NO. 191440_V5 SCALE 1:100
SHEET NO. 101 C APPROVED
PHASE SK DATE 29/07/2019 7:07:17 PM

STRUXI DESIGN PTY LTD
p 07 4638 4658 e struxi@struxi.com.au
w www.struxi.com.au
f 07 4638 4973 abn 23115458958
qbcc 1080847
a Suite 12, 204 Margaret Street
Toowoomba Q 4350





SOUTHERN PERSPECTIVE



EASTERN PERSPECTIVE

AEC GROUP - GUNNEDAH SALEYARDS MASTERPLAN

ILLUSTRATIVE VIEWS

GUNNEDAH SALEYARDS

PROJECT NO. 191440_V5 SCALE
 SHEET NO. 901 C APPROVED
 PHASE SK DATE 29/07/2019 7:07:25 PM

STRUXI DESIGN PTY LTD e struxi@struxi.com.au
 p 07 4638 4658 w www.struxi.com.au
 f 07 4638 4973 abn 23115458958
 qbcc 1080847
 a Suite 12, 204 Margaret Street
 Toowoomba Q 4350

