



SALEYARDS ADVISORY COMMITTEE MEETING

MINUTES

SECTION 5.9(2)(a) LGA 1995

Committee Brief

- *Make recommendations to the Council regarding the strategic direction of the Saleyards;*
- *Make recommendations to the Council regarding the Environmental Action Plan for the Saleyards;*
- *Bring to the attention of the Chief Executive Officer, industry matters regarding the cattle industry that may not be readily available to persons external to that industry; and*
- *Make recommendations to the Council regarding development works on the site.*

A meeting of the
Saleyards Advisory Committee was held in the
Committee Room, Lowood Road, Mount Barker
9.00am Tuesday 14 November 2017

John Fathers
ACTING CHIEF EXECUTIVE OFFICER

Committee Members

Cr J Moir, Cr B Bell, Cr L Handasyde, Cr M O'Dea, Mr M Skinner – Industry Representative – 225/17

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Membership

Cr J Moir

Cr B Bell

Cr L Handasyde

Cr M O'Dea

Mr M Skinner

Cr J Oldfield (Deputy for any member)

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

9.00am The Acting Chief Executive Officer declared the meeting open.

2 ELECTION OF PRESIDING MEMBER

The Acting Chief Executive Officer invited nominations for the position of Presiding Member.

Cr B Bell nominated Cr J Moir. Mr M Skinner nominated Cr L Handasyde. An election was conducted by the Acting CEO.

At the conclusion of the count, the Acting Chief Executive Officer declared the result in favour of Cr L Handasyde.

Cr L Handasyde then assumed the Chair. He acknowledged and thanked Cr Moir for his efforts as Presiding Member over the past four years.

3 ELECTION OF DEPUTY PRESIDING MEMBER

The Presiding Member invited nominations for the position of Deputy Presiding Member.

Cr J Moir nominated Cr B Bell. There being no further nominations, the Presiding Member declared Cr B Bell elected unopposed to the position of Deputy Presiding Member.

4 RECORD OF ATTENDANCE / APOLOGIESMembers Present

Cr L Handasyde (Presiding Member)
Cr B Bell (Deputy Presiding Member)
Cr J Moir (9.00am to 10.12am)
Cr M O'Dea
Mr M Skinner (9.00am to 10.12am)

Visitors

Cr J Oldfield

Staff

Mr J Fathers, Acting Chief Executive Officer
Mr S Smith, Saleyards Manager
Mrs E Henderson, Assistant Saleyards Manager

5 CONFIRMATION OF MINUTES

Moved Cr M O'Dea, seconded Mr M Skinner:

That the Minutes of the Ordinary meeting of the Saleyards Advisory Committee, held on 12 September 2017 as circulated, be taken as read and adopted as a correct record.

CARRIED

6 DISCLOSURE OF INTEREST

Part 5 Division 6 Local Government Act 1995

Cr J Moir

Type: Financial/Indirect Financial Interest (Section 5.60 (A) and 5.61 LGA)
Nature: Cattle Farmer and Employee of Elders
Extent: Sell cattle through the Mount Barker Saleyards on average six times per year. Average number of cattle held is 80 head.
Part time employee of Elders in a non-managerial position.

Mr M Skinner

Type: Financial/Indirect Financial Interest (Section 5.60 (A) and 5.61 LGA)
Nature: Hold equity in a farming enterprise of which my son owns/farms approximately 400 head of cattle.
Extent: Son sells cattle through the Mount Barker Regional Saleyards approximately 8 times per year.

Authority to participate pursuant to Section 5.69 (3) (a) and (b) of the Local Government Act 1995

Approval has been received from the Department of Local Government and Communities via a letter dated 29 March 2017, giving permission for Cr J Moir and Mr M Skinner to participate in the discussion on matters relating to the Mount Barker Regional Saleyards until 30 April 2018.

Mr J Fathers read aloud the letter, a copy of which is attached to these minutes.

7 REPORTS OF COMMITTEE MEMBERS AND OFFICERS

7.1 MANAGER'S REPORT – 5 SEPTEMBER TO 31 OCTOBER 2017

SALE DATA

- Total sale numbers 4,413 head.
- There have been no cattle eligible for MSA sales in this time.
- 23 cattle have received replacement NLIS tags over this time.
- Six animals have been put down, five to pet food, one to tip.
- 23 bales of hay have been fed out over this time.
- There have been 354 cattle processed for Private/Shipper Weigh.

GENERAL BUSINESS

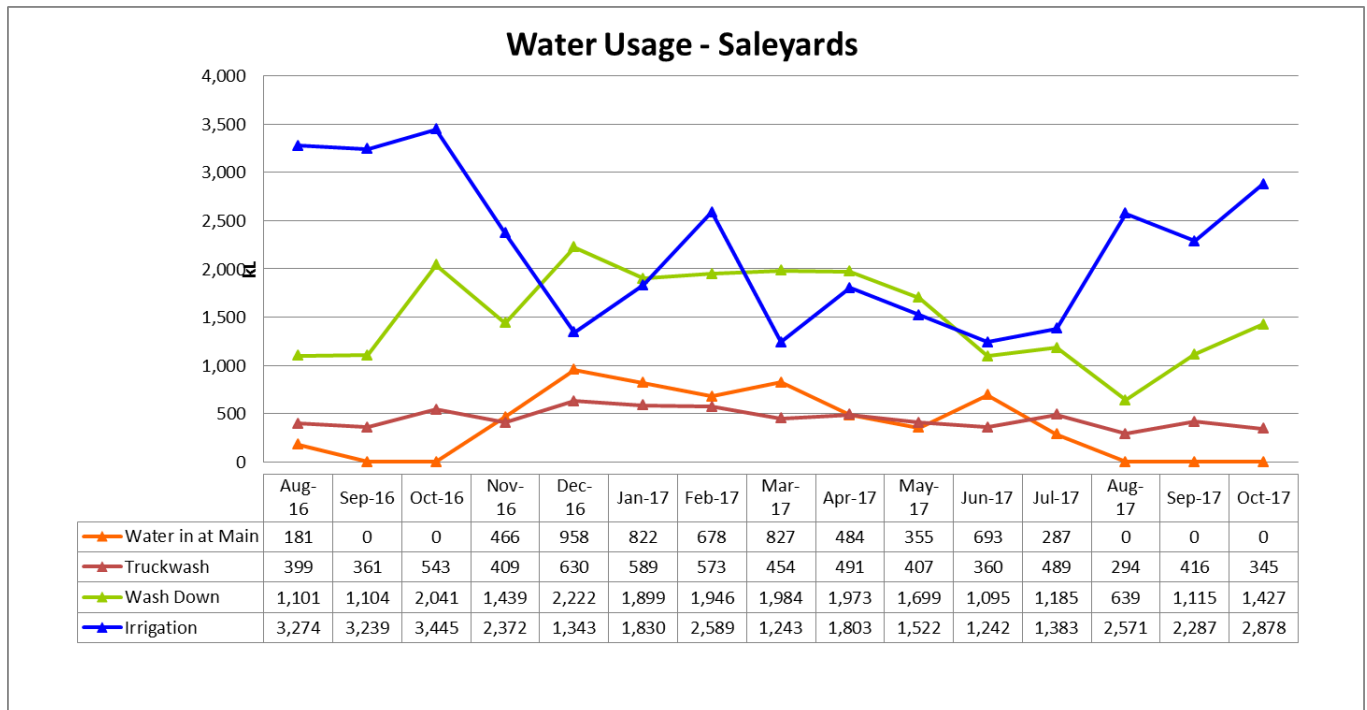
- On 11 September, Stewart attended a JBas meeting in Albany.
- On 13 September, Andrew Larkins, vet at the Department of Primary Industries and Regional Development hosted a seminar at the saleyards. The topics covered include information sessions on exotic disease and clinical signs and reporting of:
 - FMD;
 - BSE/Scrapie;
 - Bluetongue;
 - Screwworm Fly;
 - other reportable diseases;
 - common diseases; and
 - Animal Welfare compliance in sale yards (with the DPIRD/DAFWA Compliance Inspectors).



The seminar was well received by all with an attendance certificate being issued to all who participated. Left is Landmark Agent Michael Lynch, Andrew Larkin and Elders contractor Gary Hammond.

- On 18/19 September, Stewart attended an OHS refresher course in Katanning.
- On 19 October, Landmark agent Alan Pearce's leg was crushed by a cranky bull when weighing started in the morning. Stewart took him to Mount Barker Hospital where he was treated with bad bruising. Extra chains have been added to the gate system for bull weighing but this was just an accident.
- On 21 October, Clint Smith slashed the thistles in the irrigation paddock.
- On 3 October, air conditioning units were installed in the office block. The canteen was finished on 26 October.
- General maintenance has been ongoing with chain upgrades on the new bull pens, fixing the chains that do not have a fixed link and upgrading of the pen numbers with new stickers.
- On 25 October, Natalie Meade commenced work as the new weighbridge operator. Natalie is a Narrikup local with her parents owning property on Spencer Road.
- The pod dosing system has been working now for a month at the washdown sump. It seems to be helping with the readings and levels in the effluent.
- The Harvey Beef Gate 2 Plate entry is open until 31 October.
- The new roster has been sent out for the next three months. Double sales will commence on 30 November this year. Included in the roster is a special weaner sale hosted by Elders on 5 December and the usual Elders Breeders sale on Monday 18 December.
- Landmark has its Special Black Angus sale on 2 January and its breeders sale and Blue Ribbon Bull sale on 16 January.
- Primaries have declined to add a breeders sale to their program.
- More native plants have been added to the carpark where there were none, making the place look brighter. Thanks to Gloria O'Connor for helping out with her green thumb.
- Dispersal Ramp 6 has now been completed with the alterations the same as dispersal ramp 1 and 2. A new force slam gate has been added for extra safety.
- The gate at the end of the bull let-out alley has also been rehung to allow for ease of bull removal when the end pen is being utilised on sale day.
- Erika will take a week's leave in preparation of the Albany Show next week. However she will come in on Thursday morning early to weigh cattle to alleviate the pressure since it will only be Nat's second week on the weighbridge.

- The latest water usage graph is shown below.



During discussion at the Saleyards Advisory Committee meeting, Cr Moir pointed out that the average cattle mortality rate for truck transports of 1 day duration to the Saleyards is higher than the 'low' death rate for sea transport (death rate up to 0.5%), when adjusted for trips which is up to 10 days.

It was agreed there is a need to look at what the risks are and continually work towards solutions that look after the animals to reduce the death and injury rates. It was suggested this matter be raised in the Cattle Tales publication and be discussed with agents.

7.2 SALEYARDS FINANCIAL REPORT – 31 OCTOBER 2017

File No: CA/126/1
Responsible Officer: Rob Stewart
Chief Executive Officer
Author: John Fathers
Deputy Chief Executive Officer
Proposed Meeting Date: 7 November 2017

PURPOSE

The purpose of this report is to review the preliminary financial position of the Mount Barker Regional Saleyards for the period ending 31 October 2017.

STATUTORY ENVIRONMENT

There are no statutory implications for this report.

POLICY IMPLICATIONS

There are no policy implications for this report.

FINANCIAL IMPLICATIONS

This report identifies the current operating position of the Saleyards.

STRATEGIC IMPLICATIONS

There are no strategic implications for this report.

OFFICER COMMENT

A spreadsheet showing the 31 October 2017 position of operating and capital budget items is attached for information. Overall year to date (YTD) operating expenditure is \$359,947.00, which is \$46,384.00 below YTD budget. There is one significant (non cash) variance relating to depreciation which is due to the movement of the saleyards from Land and Buildings category to Infrastructure. This will be rectified in Budget Review.

Overall YTD operating income is \$93,848.00, which is \$39,594.00 below YTD budget. Weigh and Pen Fees are \$23,207.00 below YTD budget, which is another 'material variance'.

8 GENERAL BUSINESS

8.1 OPERATING LOSS RESERVE FUND

During discussion at the meeting held on 23 May 2017, the Committee discussed the long term profitability of the facility and whether a cap should be set for the Saleyards Operating Loss Reserve Fund.

The Council has previously stated that the Saleyards will no longer be subsidised by the ratepayers, but this would depend on how long the facility could remain in a loss making situation without financial assistance.

The view has been expressed that there needs to be a balance which considers the likelihood and extent of possible losses and therefore the quantum of a suitable reserve fund.

It has previously been calculated that breakeven throughput is around 54,400. At the end of 2017/2018, the total in the Operating Loss Reserve will be approximately \$250,000.

For simplicity, I have assumed expenses will remain the same as they are currently, as the majority of expenses are fixed. In addition, it has been assumed that fees and expenses are not indexed and basic renewal capital expenditure is carried out, at an average of \$20,000 per annum.

Three loss making scenarios have been considered, to get a flavour for how long the reserve fund would last.

Scenario 1 – Ongoing throughput of 50,000 cattle. This would see an operating loss (excluding non cash items) of \$33,700.00 per annum. At the current reserve fund level, this could be sustained for seven years, without assistance from municipal funds.

Scenario 2 – Ongoing throughput of 40,000 cattle. This would see an operating loss (excluding non cash items) of \$145,100.00 per annum. At the current level, this could be sustained for less than two years, without assistance from municipal funds.

Scenario 3 – Gradual decline from 55,000 cattle to 46,000 cattle over 10 years (reducing by 1,000 per annum) – This scenario transitions from an initial annual profit of \$22,000.00 to an annual loss of \$78,200.00. The cumulative loss over ten years is approximately \$281,300, meaning the reserve fund would need to be more than that, to operate without assistance from municipal funds, especially given the assumed limited capital renewal over such an extended period.

This information is provided for discussion at this stage and it should be noted that these calculations are very simplistic. If the facility were to experience sustained losses, serious deliberations and remedial action on a range of operational issues would be inevitable. Ongoing operation by the Shire may also be questioned.

During discussion at the meeting held on 12 September 2017, members generally agreed that a cap should be put in place, possibly around \$250,000.00 - \$300,000.00. Some advantages were that it would provide a buffer in the event of a catastrophic disease outbreak, even out throughput fluctuations and in the case of a general downturn, it would enable some 'breathing space' while structural changes are made to the operations.

The view was expressed that the cap be reviewed annually in conjunction with the budget. Another option was thought to be the possibility of a dividend being provided back to general revenue, with the option of a re-draw at a later date if required. Thereafter, members agreed to hold this matter over to the next meeting for further consideration.

During discussion at the meeting held on 14 November 2017, it was noted that the Committee had been proactive in introducing a number of measures to improve the financial sustainability of the facility, however the biggest threat to the facility is not even mentioned in the Business Plan SWOT analysis, being local politics.

If the yards don't perform and run at a deficit, there may not be an appetite within the Council to subsidise the facility. Agents need to be aware of the alternative, which could be private ownership, which would likely involve increased fees and poorer grant funding opportunities.

Thereafter, it was agreed to recommend to the Council that a \$300,000.00 cap be put in place for the Operating Loss Reserve Fund, within the Long Term Financial Plan.

8.2 SOFT FLOOR MATTING

Mr Skinner advised that the Shire of Dubbo was installing new moulded bar soft floor matting into 220 new pens. It was requested that we attempt to get a sample of the new matting, which may be appropriate for the paint box areas.

8.3 2019 ALMA CONFERENCE

Mr Skinner advised that he is talking to some ALMA reps and the Shire of Katanning about gauging interest for the 2019 ALMA conference to be held in WA. The timing would have to be changed from July to September. Depending on the interest, Mr Skinner suggested that a joint working group be formed with the Shire of Katanning to co-ordinate.

8.4 PROPOSALS FOR FURTHER CONSIDERATION

- Greater use of chlorinated water / Water sustainability – At its meeting held on 27 May 2014, members agreed that the requirements specified in the letter from the Health Department of WA make the operation of the waste water re-use system unviable. A budget item for 2015/2016 has been included for an additional water source. A meeting has been held with a diviner / drilling contractor to seek a potential bore site.

Ruhi Ferdowsian provided a report in this regard, which provides some drilling options. The Saleyards Manager will arrange for the drilling tests to be carried out. During discussion at the meeting held on 31 January 2017, members considered that it was worthwhile to undertake drilling to assess the yield.

- Agents Agreements – The new agreements have now been sent out to agents. Draft procedures have been developed and form an addendum to the new Agents Agreements.

- At its meeting held on 3 March 2015, the Committee noted the intention to investigate and provide advice to the Saleyards Advisory Committee in regard to options for the purchase and / or lease of a skid steer loader, with such advice including a history of the current machine, most appropriate machine and a cost benefit analysis of leasing versus other procurement / trade-in options. Some preliminary enquiries have been made and one machine tested. An ideal machine has not yet been identified.

9 OFFICER RECOMMENDATIONS / VOTING

VOTING REQUIREMENTS

Simple Majority

Cr J Moir and Mr M Skinner withdrew from the meeting at 10.12am.

Moved Cr B Bell, seconded Cr M O’Dea:

That:

- 1. That the report of the Saleyards Manager, relating to current activities at the Mount Barker Regional Saleyards, be received.**
- 2. The report of the Deputy Chief Executive Officer, relating to the current financial position of the Mount Barker Regional Saleyards, be received.**
- 3. It be recommended to the Council that a \$300,000.00 cap be put in place for the Operating Loss Reserve Fund, within the Long Term Financial Plan.**

CARRIED

10 NEXT MEETING

30 January 2018.

11 MEETING CLOSURE

10.13am The Presiding Member declared the meeting closed.

CONFIRMED: PRESIDING MEMBER _____ DATE: ___/___/___