

Colac Livestock Selling Centre

Asset Review

October 2014

Contract Q2013/14 53

Prepared for:

Colac Otway Shire

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TABLE OF CONTENTS

1	EXECUTIVE SUMMARY	5
2	BUSINESS PLAN	6
2.1	BUSINESS DETAILS	6
3	BACKGROUND	6
3.1	GENERAL	6
3.2	PERFORMANCE OF BEEF INDUSTRY FARMS—VICTORIA	7
4	MARKETING AND SALES	9
4.1	SIGNAGE	11
5	PRICING – FEES AND CHARGES	14
6	FINANCIAL	14
7	CATTLE SALES	15
7.1	COLAC SALES VOLUME	16
7.2	STOCK, DISTRICT OF ORIGIN & GEOGRAPHICAL MOVEMENT	16
9	MANAGEMENT STRUCTURE/BEST PRACTICE MANAGEMENT	20
10	SWOT ANALYSIS	22
10.1	ISSUES:	24
10.2	NEEDS:	24
11	INFRASTRUCTURE	24
11.1	ROADS AND ACCESS TO SITE	24
11.2	PARKING	25
11.3	AGISTMENT/TRANSIT PADDOCKS	26
11.4	CALF SHED	27
11.5	SHEEP YARDS	28
11.6	CATTLE SHED	29
11.7	PUBLIC ACCESS/BUYERS WALKWAY	30
11.8	LIGHTING	32
11.9	AUCTIONEERS WALKWAYS	32
11.10	BULL PENS	33
11.11	SELLING PEN/SOFT FLOOR	34
11.12	LIVEWEIGHT SELLING FACILITY	36
11.13	WATER HARVESTING	38
11.14	LOADING RAMP AREA	39
11.15	RECEIVAL/DELIVERY PENS	40
11.16	EFFLUENT TREATMENT/PONDAGE/DISPOSAL	41
11.17	MAINTENANCE	42
11.18	ROTUNDA	43
11.19	TRUCK WASH	44
11.20	SIGNAGE	44
11.21	OFFICES, CAFETERIA AND AMENITIES	45

TEN YEAR PLAN - INFRASTRUCTURE	51
12 LAND PLANNING	52
13 BEST PRACTICE MODEL – MANAGEMENT	53
14 SURVEY	54
14.1 COLAC BUSINESS SURVEY	54
14.2 COLAC PRODUCERS SURVEY	56
14.3 COLAC STOCK AGENTS SURVEY	58
14.4 COLAC PROCESSORS SURVEY	58
14.4 COLAC TRANSPORT SURVEY	60
15 APPENDICES	60

TABLE OF FIGURES

Figure 1: Beef Cattle Numbers - Victoria	7
Figure 2: Real farm cash income, beef industry, average per farm	8
Figure 3: Cyclical Nature of the Cattle Industry	9
Figure 4: CRS Producers Survey - Who ‘markets’ CRS	10
Figure 5: CRS Producers Survey - Who should ‘market’ CRS	10
Figure 6: CRS Producers Survey – Would you recommend CRS to someone you know	11
Figure 7: Victoria’s Beef Production Regions	17
Figure 8: Stock, district of origin & geographical movement	18
Figure 9 Stock, district of origin & geographical movement	18
Figure 10: Stock, district of origin & geographical movement	19
Figure 11: Stock, district of origin & geographical movement	19
Figure 12 – Advantages & Disadvantages of a PPP model	21
Figure 13: SWOT as presented in Request For Tender document (June 2014)	22
Figure 14: SWOT Analysis as determined by Kattlegear October 2014	23
Figure 15 Overall Existing Conditions	47
Figure 16: Overall Conceptual Design	48
Figure 17: Alternative 1 Conceptual Design Weighing System	49

Figure 18: Alternative 2 Conceptual Design Weighing System 50

Figure 19: CRS Business Survey, August 2014 – Additional Sales Day..... 54

Figure 20: CRS Business Survey, August 2014 – Change in turnover 56

Figure 21: CRS Producers Survey October 2014 – Cost of service 57

Figure 22: CRS Producers Survey October 2014 – Day of the week..... 57

Figure 23: CRS Processors Survey, October 2014 – Areas of performance 59

Figure 24: CRS Transport Survey, October 2014 – Day of the week 60

1 EXECUTIVE SUMMARY

The purpose of the Colac Regional Saleyards business plan is to identify and make recommendations for both the physical structure and the management and marketing of the Colac Regional Saleyards (CRS).

Extensive surveying of Producers, Processors, Transport Operators and Stock Agents has occurred, although as identified in the reports, it is a key recommendation that a formal database of all producers be established to enable far more efficient communication to take place.

A prioritised plan for infrastructure upgrades and maintenance is provided detailing in the order of \$1.35 million over the next ten years.

The priority works include:

- *Installation of AVDATA to provide more convenient charging and a greater security to the saleyards. (\$8,000)*
- *The adoption of proper soft floor lay out and selling pen modifications to considerably save running costs by reducing washing/water/sewerage charges and producing a better animal welfare outcome. (\$114,000)*
- *Improve public access and safety. (\$14,000)*
- *Review and improve effluent treatment. (\$58,000)*
- *Essential maintenance and extension to maintenance shed. (\$30,000)*
- *Improvements to lighting. (\$50,000)*

Organisational recommendations include:

- *Conduct complete review of Pre-weigh/Post-weigh sales process*
- *Undertake a new signage program to create consistency with the renaming to Colac Regional Saleyards*
- *Creation of a sub-committee to have input into land zoning and land usage that surround the Colac 2050 plan*
- *Consider the composition of the Colac Regional Saleyards Advisory Board to put a greater balance between Processors, Producers, Agents and Council*
- *Develop a Colac Regional Saleyards marketing plan*
 - *Undertake marketing and PR campaign promoting the benefits of Colac Regional Saleyards*
 - *Within Colac Otway Shire*
 - *Outside Colac Otway Shire*
 - *Establish Colac Regional Saleyards website to communicate with producers*
 - *Undertake the establishment of a database of producers within the region to enable effective communication either via mail, email or phone*
- *Review current sales day with the aim of determining the most appropriate day to increase competition and market share*
- *Infrastructure upgrades to secure viability of the site and improve functionality*

2 BUSINESS PLAN

2.1 Business details

Business Name:	Colac Regional Saleyards
Business Location:	Colac-Ballarat Road, Colac
Date Established:	1979
Owner:	Colac Otway Shire
Saleyards Superintendent:	Graeme Riches

3 BACKGROUND

3.1 General

Colac Regional Saleyards opened in its current location on the Colac-Ballarat Road in 1979. It is situated on 19.3 hectares, and is owned and operated by Colac Otway Shire Council.

Fat sales are conducted on a Thursday with store sales once per month and held on a Friday. Regular sheep sales ceased in 2005.

An independent report was conducted by LEC¹ in March 2012 justifying the full roofing of the existing saleyard infrastructure. The roofing was officially opened in August 2014 and the facility renamed Colac Regional Saleyards (CRS).

CRS currently has several types of soft flooring. Rubber flooring is in the majority of pens while woodchip is being trialled in some areas.

The saleyards industry is a mature market, which has been under threat from buyers accessing livestock direct from producers and the direct selling system of calm/auction plus. Much work has been done by the beef industry to maintain domestic sale numbers whilst export of beef continues to grow. As shown in Figure 1², Victoria's beef industry has been reasonably static at around 2,200,000 since 1985. Therefore in order to grow significantly, CRS will need to take market share from Geelong, Camperdown or Ballarat or from direct methods of sale.

¹ Livestock Exchange Consultancy

² <http://www.depi.vic.gov.au/agriculture-and-food/livestock/beef/victorias-beef-cattle-industry>

Figure 1: Beef Cattle Numbers - Victoria



Source: ABS, Historical Agriculture Commodities 1861-2009, (cat. no. 7124.0); ABS, Agricultural Commodities, Australia (cat. no. 7121.0) and ABS, Agricultural Commodities, Australia, 2010-11 (Cat. No. 7121.0).

Use of technology within the livestock industry enables greater information flow for producers and buyers alike. This creates greater transparency of current information such as pricing, and allows them to make informed decisions as to where to buy and sell their livestock.

*'More generally, a range of recent developments within the Australian beef industry, including the implementation of comprehensive traceability systems and increased carcass measurement, provide the opportunity to significantly improve the flow of information along the supply chain. Meat and Livestock Australia (MLA) will act as a catalyst, allowing technology to be harnessed and the amount and accuracy of information transmitted throughout supply chains to be increased.'*³

As more buyers and producers utilize this technology, greater transparency in the industry will occur and producers will increasingly transport their cattle to the areas where they will get the best return.

As outlined below, the performance of Victoria's beef farms continue to diminish, making these developments essential for the long-term viability of the industry.

3.2 Performance of beef industry farms—Victoria

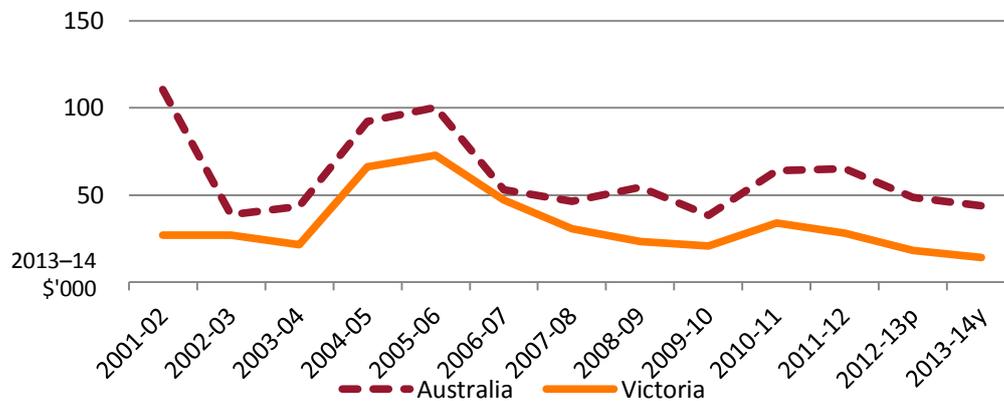
'A much smaller average herd size for Victorian beef industry farms, compared with the Australian average, results in average farm cash income for Victorian beef industry farms typically being well below the national average (Figure 2).

In 2012–13, a reduction of 15 per cent in the average price received for beef cattle sold reduced farm cash receipts and despite a further reduction in expenditure on beef cattle purchases average farm cash income for Victorian beef industry farms declined to average \$18 000 per farm in 2012–13 (Figure 2).

³ www.mla.com.au/files/8324e581.../MLA-Strategic-Plan-2010-15.pdf

In 2013–14, a further reduction in the average price received for beef cattle sold is projected to result in average farm cash income for Victorian beef industry farms declining further to average \$11 000 per farm in 2013–14, less than half the industry average of \$36 000 per farm for the ten-years to 2012–13 (Figure 2).⁴

Figure 2: Real farm cash income, beef industry, average per farm



On a more regional scale, competitive analysis of saleyards within this region suggest the following positions:

- Geelong has been rumoured to be closing down for years, and as time progresses the rumours persist. In the wake of the decline in manufacturing in Geelong, Geelong City Council have openly stated that their future focus will be on the tourism, technology and service markets. The Geelong Saleyards are becoming increasingly out-dated and will soon require significant investment to remain compliant with regulations. In light of the statement above, it is difficult to see Geelong investing funds into their own saleyard business.
- Camperdown is currently in negotiation with RIPL⁵ over the management of the existing yards⁶, but on the agenda for them is a Greenfields facility within the Corangamite Shire. In June, Corangamite Shire Mayor, Chris O'Connor, was very blunt when he declared the Shire will only close its Camperdown Saleyards if a South West Livestock Exchange is built within the municipality.⁷
- Moyne Shire Mayor, James Purcell, moved at the July Great South Coast Board meeting that they approach State Government for funds to investigate where in the Shire might be best to place a regional Livestock Selling Centre. Mr Purcell could not get a seconder for his motion.⁸

⁴ Agriculture, Fisheries and Forestry in the Warrnambool and South West region of Victoria, 2014 - Research by the Australian Bureau of Agricultural and Resource Economics and Sciences

⁵ Regional Infrastructure Pty Ltd

⁶ 'The Standard' Everard Himmelreich, September 4, 2014

⁷ 'The Standard' Sean McComish, June 9, 2014

⁸ 'The Standard' Peter Collins, July 19 2014

- Ballarat has contracted with RIPL to build a new saleyards. After six years of planning, an application has been formally submitted to have land rezoned to enable the building of these saleyards. The application was received on August 28th, 2014 with the site nominated as being in Miners Rest. There is much discussion about the proposed site and the application is currently open to objections.⁹

With a static market, increased throughput ultimately comes down to being able to deliver the best prices to producers.

Figure 3 shows the cyclical nature of the saleyard business. If any one of these elements is in decline, then it has a significant impact on the others. As highlighted in the Colac Producers Survey, it is competition the producers are all seeking to drive the prices and volume up.

Figure 3: Cyclical Nature of the Cattle Industry



The question then is: how do you get more support from producers, and therefore develop greater competition?

4 MARKETING AND SALES

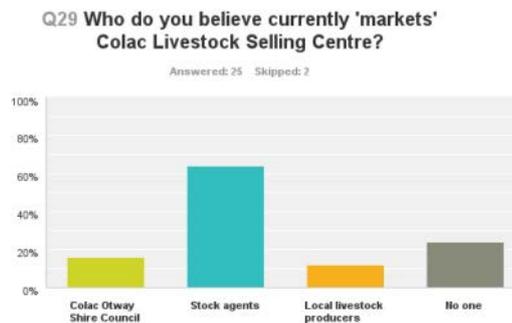
From a marketing perspective, the most successful way of marketing the CRS is to provide the best possible service and facilities for end users and be up to date in the introduction of any new activity or technical operation which may attract buyer and seller support. It then becomes essential that these not be kept secret, but promoted to the entire region.

⁹ <http://www.weeklytimesnow.com.au/business/cattle/ballarat-saleyards-application-lodged-with-ballarat-city-council/story-fnkeqfz1-1227046219959>

We are well aware of the need for an effective partnership between Council and the stock agents. As owner of the business, the Council cannot assume that the Agents are conducting the marketing of the Saleyards effectively.

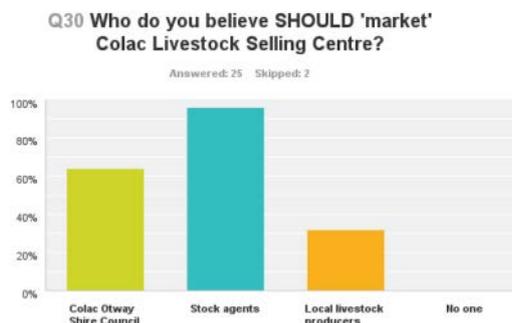
Typically, the belief of the local producers is that the marketing of the CRS has largely been left up to the Stock Agents as shown in Figure 4¹⁰.

Figure 4: CRS Producers Survey - Who 'markets' CRS



This is in contrast to the view that the marketing of the yards should be a 'shared' responsibility between stock agents, Council and to a lesser extent the producers. This is shown in Figure 5¹¹.

Figure 5: CRS Producers Survey - Who should 'market' CRS



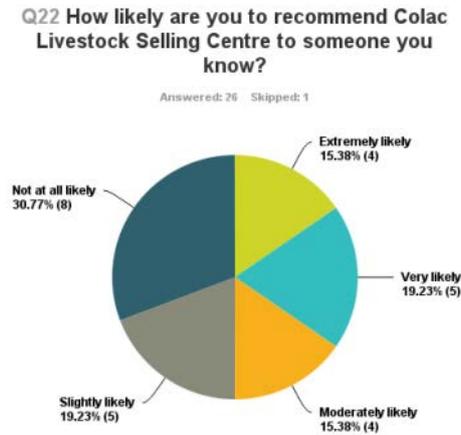
In most industries, including the livestock industry, word of mouth is the best form of advertising. Unfortunately, according to the *CRS Producer Survey October 2014* (and illustrated in Figure 6¹²), 29% of the producers responded that they were **not** likely to recommend CRS, and **less than** 37% were either very likely or extremely likely to recommend the CRS to someone they know. Changes in line with those recommended must take place to turn this around.

¹⁰ CRS Producer Survey October 2014

¹¹ CRS Producer Survey October 2014

¹² CRS Producer Survey October 2014

Figure 6: CRS Producers Survey – Would you recommend CRS to someone you know



It is our recommendation that Council introduces a marketing strategy that includes the use of electronic and print media, and establishes a database of all producers. This will enable the distribution of newsletters and allow better overall communication between producers and Council to take place.

The roof has been identified in the *CRS Producers Survey October 2014* as the Unique Selling Point but the roof alone has not been able to attract/retain buyers. It must be the 'entire package' that creates a vision of Colac Regional Saleyards as the best location in the South West for the marketing of a producer's livestock.

4.1 Signage

Signage within the Colac Regional Saleyards is reflected in the photo pictorial below. Whilst some signage internally has changed to reflect the new name, all external signage remains out-dated. The main entrance sign is not reflective of the new Colac Regional Saleyards name or current sales practices. From a branding perspective this is a change that needs to take place quickly to ensure consistency across all marketing and therefore easy identification of the current facility provided by Colac Regional Saleyards.

Internal site signage CRS September 2014



External Main Gate Signage September 2014



Road Signage Princes Highway – Colac to Melbourne September 2014



Road Signage Princes Highway – Melbourne to Colac September 2014



Road signage Colac-Ballarat Rd September 2014



Road signage Colac-Ballarat Rd September 2014



5 PRICING – FEES AND CHARGES

The following vendor yard dues are as per July 2014. They clearly show Colac as the most expensive for Cattle of those in the district. Whilst this may have an impact on volume it is also the prime reason for an increase in turnover in the 2013/14 financial year. Of those who responded to the survey ¹³ 30% believed the fees were about the same, 23% thought they were somewhat higher, 11% quite a bit higher and 7% a great deal higher. Only 1 respondent thought they were lower.

	Colac Pre Roof	Colac	Camperdown	Geelong	Warrnambool	Hamilton
Yard Fees		12.65	9.31	9.40	12.05/12.69	8.90
Weighing Fees		4.40	4.80	3.10	1.86	Inc
Total Fees		17.05	14.11	12.50	13.91	8.90

Truck Wash		2.00	1.05			
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6 FINANCIAL

The CRS financial performance for the past few years is as follows:

	09/10 000's	10/11 000's	11/12 000's	12/13 000's	13/14 000's
Revenue	520	582	591	572	599
Expenditure	372	390	402	421	638
Surplus/(deficit)	148	192	189	151	(39)

¹³ CRS Producers Survey, October 2014

Colac Livestock Selling Centre
YTD for June 2013-14

Resource Group	YTD Actuals
Income	
User fees and charges	578,105
Other revenue	20,632
	598,737
Expenses	
Administration	20,000
Contracts	153,988
Depreciation	30,407
Employee benefits	189,210
Internal	11,106
Loan repayments (p&i)	117,805
Materials and services	115,252
Other expenses	470
	638,238
(Loss)	(39,501)

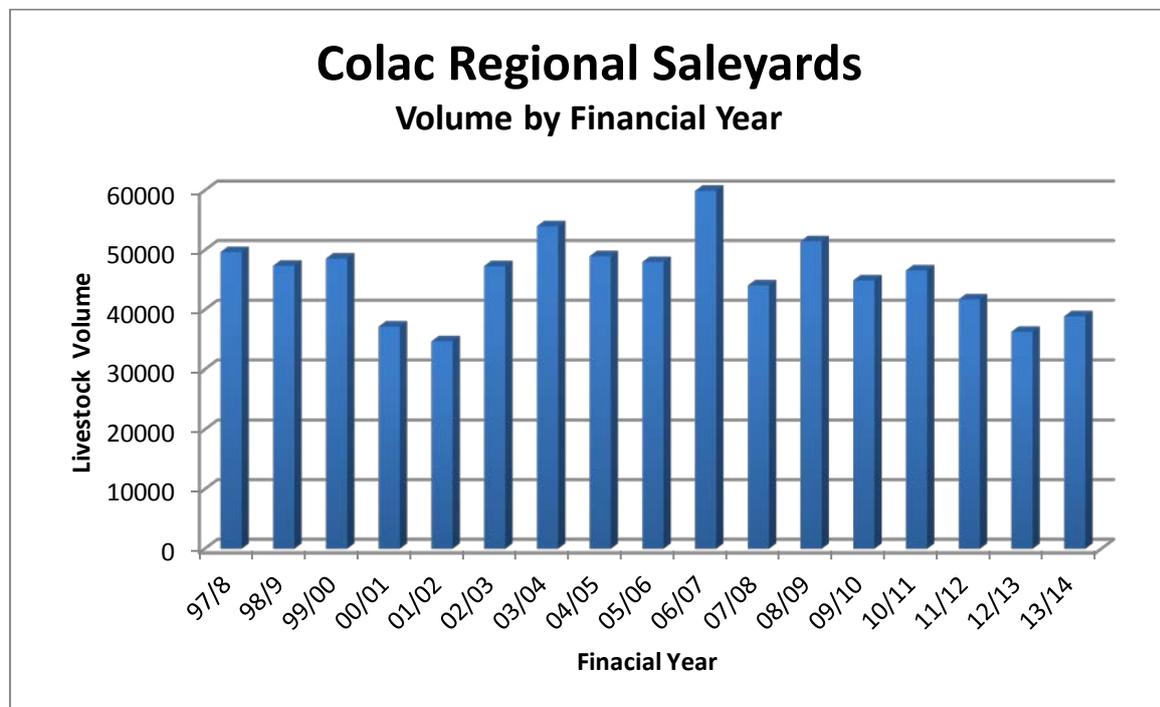
The financial details of the 13/14 financial year are included, as it shows loan repayments of \$117,000. Without this expense, the Saleyard would have returned a profit of \$78,304.

Whilst there has been much negative comment regarding the post-weigh process, the income derived from 13/14 is the best in five years. This is despite the reduced volume and appears to be as a direct result of the increased fees.

7 CATTLE SALES

7.1 Colac Sales Volume

The volume of cattle sold at CRS increased slightly in the 13/14 financial year in comparison to 12/13 but remains well below the volumes obtained between 02 to 11/12. This may be in part due to producers returning to CRS after an initial drop off due to the changes to post weigh. There is however a significant potential upside with capitalising on opportunities such as moving sales day to a Monday thus forcing the hand of Geelong Saleyard. The other potential upside is the revisiting of the post weigh/pre weigh debate with a complete study done highlighting the benefits of both systems conducted with all stakeholders. The messages here must be about clear communication and obtaining all stakeholders' involvement and views. Without this, perceptions will be about dictatorial decision-making and the potential to lose producers for good.

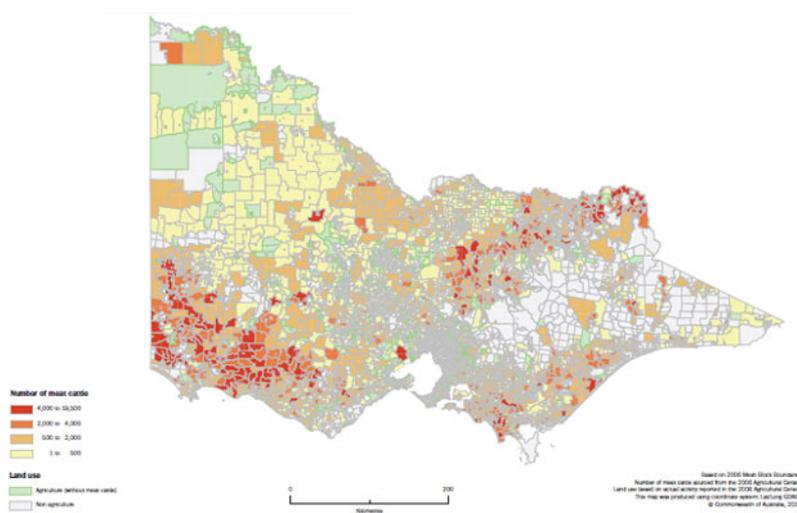


7.2 Stock, district of origin & geographical movement

As indicated previously, there are significant financial justifications for the producers to chase the best returns for their cattle.

Figure 7 shows Victoria's Beef Production by region. As indicated, beef production is spread across the entire South West region, where a number of saleyards are located.

Figure 7: Victoria's Beef Production Regions 14



From the CRS's growth perspective, the number one priority is to stop escape expenditure. Why do local producers elect to sell in alternate yards? The research has highlighted several factors that need further investigation:

- Post Sale Weighing
- Lack of marketing
- Perception of management

The next challenge is to then draw in sellers from other regions.

The diagrams below (Figures 8 – 11) clearly show a very localized catchment area for producers utilising CRS for livestock sales, with very few producers coming from beyond Camperdown. There is, however, quite a spread of locations indicated for the origin of buyers purchasing cattle from CRS.

¹⁴ <http://www.depi.vic.gov.au/agriculture-and-food/livestock/beef/victorias-beef-cattle-industry>

Figure 8: Stock, district of origin & geographical movement ¹⁵

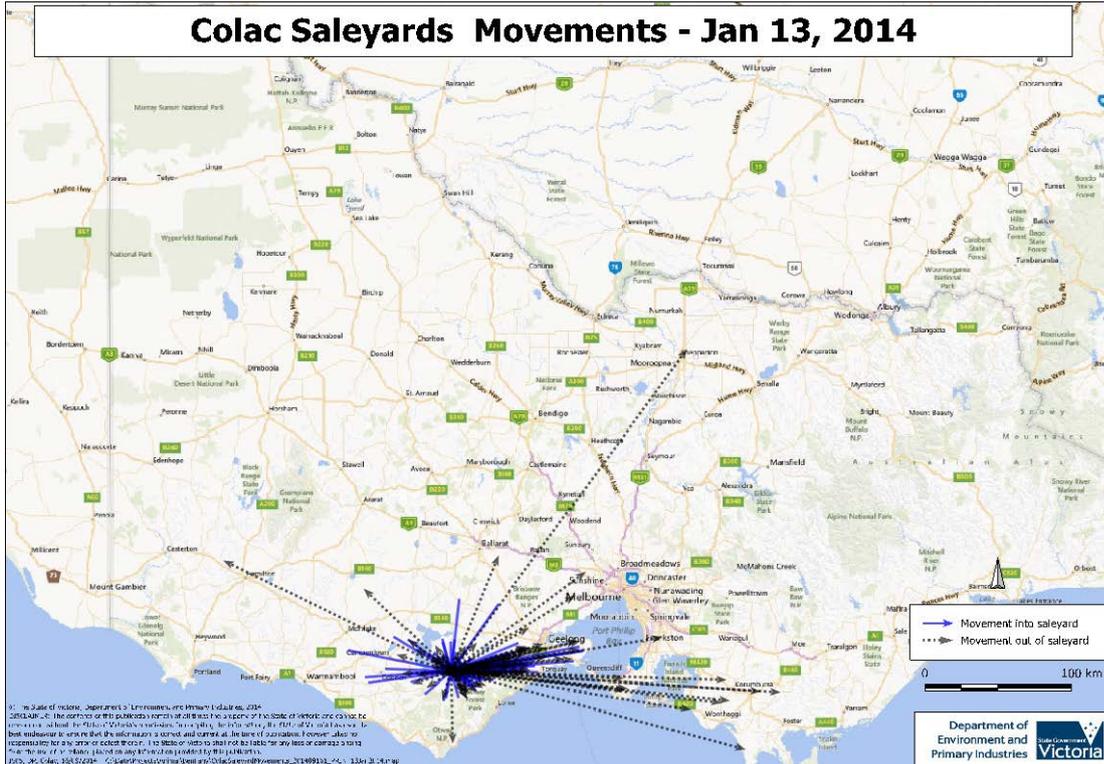
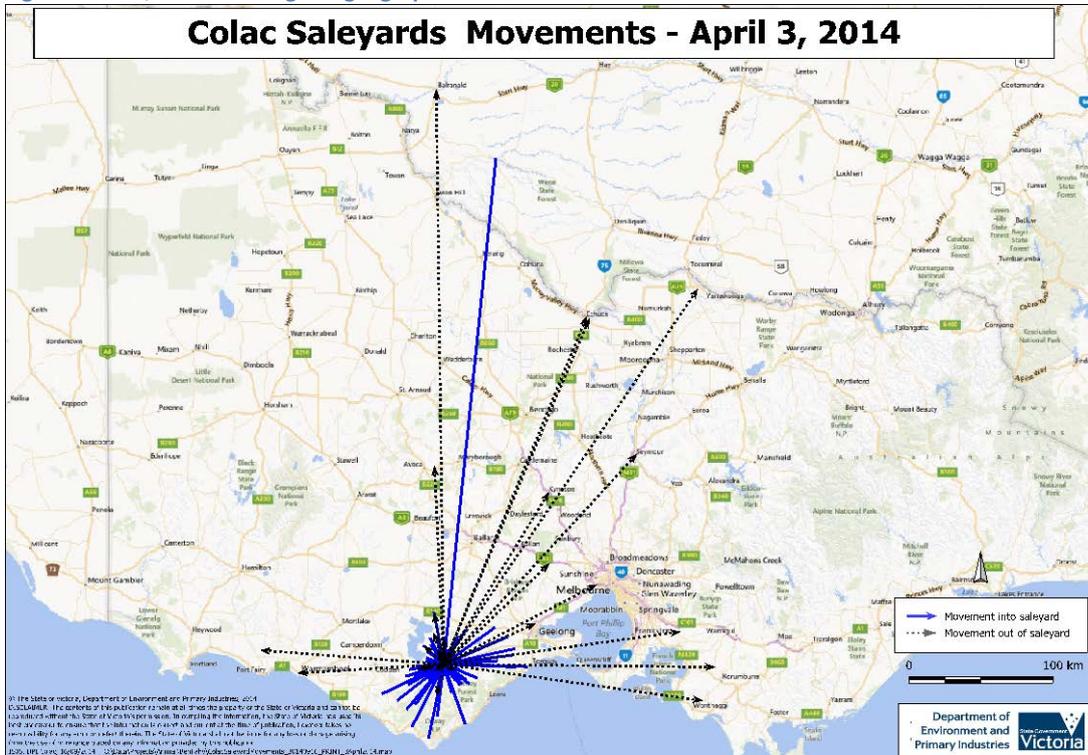


Figure 9 Stock, district of origin & geographical movement ¹⁶



¹⁵ Department of Environment and Primary Industries

¹⁶ Department of Environment and Primary Industries

Figure 10: Stock, district of origin & geographical movement 17



Figure 11: Stock, district of origin & geographical movement 18



17 Department of Environment and Primary Industries

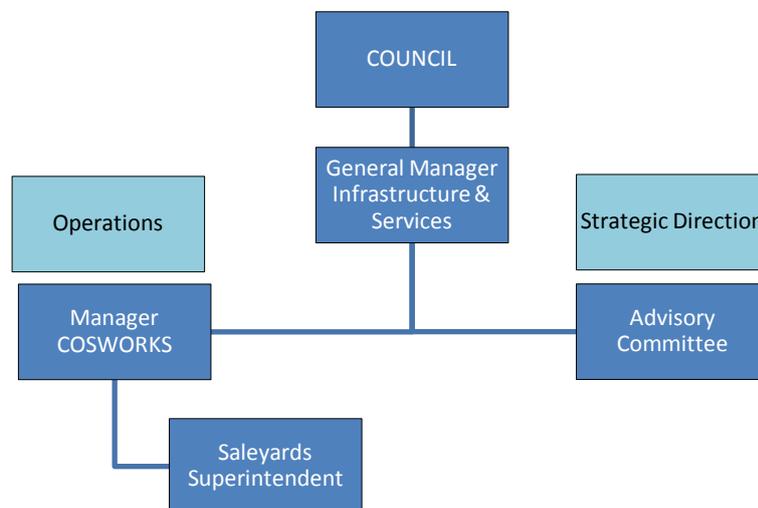
18 Department of Environment and Primary Industries

9 MANAGEMENT STRUCTURE/BEST PRACTICE MANAGEMENT

The following chart is a representation of the existing management structure used by the Colac Regional Saleyards.

COLAC REGIONAL SALEYARDS

Governance Structure



The CRS is owned and operated by the Colac Otway Shire Council. There is an advisory board made up of both allocated and invited positions. The Board has been approved by Council at a general Council meeting, and has established terms of reference. The Board is purely advisory and has no authority for making decisions.

Private Saleyards or Livestock Exchanges exist within Victoria. In the majority of cases these were set up as Private Public Partnerships (PPP) and developed from a 'green fields' site. Whilst it is reasonable to consider this as an option, there are advantages and disadvantages associated with this arrangement (refer Figure 12 below). In addition, with the Saleyards already established, there is no significant investment now sought, and therefore setting up a PPP may not be the most suitable option. Guidelines for a PPP program can be found at the following website.

<http://www.dtf.vic.gov.au/Infrastructure-Delivery/Public-private-partnerships/Policy-and-guidelines>

Figure 12 – advantages & Disadvantages of a PPP model

Advantages	Disadvantages
Budgetary certainty & flexibility	Indexation: Rising Costs
Private sector has money at risk therefore greater financial incentive for PPP to perform financially	Benchmarking/market testing – cost of delivering service is re-examined
Public sector will receive known outputs for known costs	Service variations, leading to additional costs
Potential third party due diligence	Demonstrated higher charges as return on investment expectation
PPP force public sector to focus on outputs and benefits from the start	Loss of management control by the public sector
Revenue linked to service provision	
Risk transfer	
Potential for Lower operating costs	

10 SWOT ANALYSIS

Figure 13: SWOT as presented in Request For Tender document (June 2014) ¹⁹

SWOT ANALYSIS

Colac Regional Saleyards

<p>Strengths</p> <ul style="list-style-type: none"> Market Option Location Heart of industry Auction System – Public Broaden out potential buyers Clearing House (e.g.Drought) Bring People to the community Economic Benefit to the community Livestock Price Barometer Quality Insurance Holding Paddocks Truck Wash Layout/Setup 	<p>S</p>	<p>W</p>	<p>Weaknesses</p> <ul style="list-style-type: none"> Maintenance Promotion Negative Press Dirt pens – Drainage Day of the week for sale Limited/no budget for promotion Agent Support Site Security / Access 24/7 Fees & Charges too low/high
<p>Opportunities</p> <ul style="list-style-type: none"> Discussion with other local selling centers – regional Earlier sale day Stores Sales Explore recycling of water Explore improving waste water treatments NLIS Promotion to all stakeholder groups to support colac Growth through closure of other yards Government Funding Capital Improvements 	<p>O</p>	<p>T</p>	<p>Threats</p> <ul style="list-style-type: none"> Direct selling Negative publicity Available budget New Geelong Saleyards New Ballarat Saleyards New Regional Saleyards Increase in OHS compliance costs Increase in Water usage costs Increase in waste treatment costs

¹⁹ Colac Otway Shire Colac Livestock Selling Centre Business Plan Development June 2014

Figure 14: SWOT Analysis as determined by Kattle Gear Australia October 2014

SWOT ANALYSIS

Colac Regional Saleyards

<p>Strengths</p> <ul style="list-style-type: none"> Roof Location Council Support Room for Parking Good holding paddocks Facilities better than competitive yards Road access Store sales 	<p>S</p>	<p>W</p>	<p>Weaknesses</p> <ul style="list-style-type: none"> Communication Marketing Perceived collusion amongst buyers Yard Fees Lack of information on Cattle sold Post weighing brought in without much consultation or updating of weighing systems 'Bad mouthing' by selected producers Sale to late in the week.
<p>Opportunities</p> <ul style="list-style-type: none"> Access to market by road Location Room for expansion New/More agents Complete soft floor and associated works New & faster weighing system Set up communication system – Database Marketing Negotiation of arrangement with Geelong for succession planning Store Sales 	<p>O</p>	<p>T</p>	<p>Threats</p> <ul style="list-style-type: none"> New Regional Yards Producers stop supporting (Post Sale) Lack of numbers produce a death spiral! Independent companies with QA systems offering better prices Other centers taking store sales Direct marketing by other yards

10.1 Issues:

The following items are perceived as issues by stakeholders in Colac Regional Saleyards

- Marketing as a soft floor facility & it's not
- Communication
- Post Sale
- Lack of marketing
- Unwillingness to promote
- Starting time

10.2 Needs:

The following are perceived as needs by stakeholders in Colac Regional Saleyards.

- Woodchip soft floor
- Producer, processor, and transport database
- Study into selling method
- Marketing strategy
- Review starting times

11 INFRASTRUCTURE

An assessment was undertaken of all facets of the Colac Regional Saleyards infrastructure. Comment is included on the function, condition and future works required for each item.

11.1 Roads and Access to Site

The entrance and roads access are primed and sealed and in reasonable condition. There is no kerbing and the surface will require resealing every ten years or so. No information is available as to when this was last undertaken.

A large sliding access gate activated by AVDATA electronic access keys is situated at the end of the access road immediately prior to entering the car park, or the hardstand immediately in front of the calf shed, sheep yards and cattle yards. The use and utility of this gate is compromised, as although access is restricted to 'authorised persons with an AVDATA key', there is currently no capacity to upload/record the identity of the key and time of entry and exit. As a consequence, the security potentially provided by this facility is not being fully utilized.

The consultant understands that planning provision is being made to connect the truck wash to AVDATA control and this will enable relevant recording of and access arrangements to be available at this access gate.



Project works

- Sealing, \$30,000 every ten years
- Avdata connection – estimate under truck wash section

11.2 Parking

Parking arrangements are well defined with clear signage and preferential parking for agents and buyers. The surface of this area will require resealing within the next ten years as scheduled maintenance. Photo 4 shows the parking for a large special sale of over 2,000 head, where the car park is only half full. Although defining car spaces with lines will improve space utilisation and parking capacity, this is not necessary at this stage.

Truck parking occurs on the hard stand, between the amenities and the cattle loading area, and to the east of the main car park. In addition, the trucks use the access road to the western ramps near the truck wash to park. This area is unsealed and is marginal for manoeuvring 'b' doubles, including accessing the truck wash and reversing into the western processor ramps.



Project works

- Seal rear access road. \$35,000
- Seal car park. \$24,000

11.3 Agistment/Transit Paddocks

These paddocks appear to be regularly utilised. The fencing will require some upgrade within the ten year budget timeline, as will pasture regeneration. The charges for agistment and transit stock are realistic and are summarised below.

- Paddock agistment \$3 per head per day.
- Feeding \$6 per bale.
- Transit/offload fee \$5 per head per day.

Note that if the transit stock are dropped off on a sale day, the charge levied is a full yard due from a normal fat sale.



Project works

- Fencing \$13,000

11.4 Calf Shed

The calf shed appears to be sound and is fulfilling its designed function. However, the OH&S liability of the elevated auctioneers walkways which do not comply with Australian Standard AS1657 is unacceptable. These walkways require the addition of hand, knee and kickrails to comply with the standard.



Project Works

Estimated project cost is \$5,000

11.5 Sheep Yards

The sheep yards are not in current use for sheep sales, but the western or back portion has been modified to accommodate cattle in delivery pens. In the event that sheep sales were to recommence, (e.g. if Geelong closed), only minimal maintenance work would be required. The exception is once again that the elevated walkways do not comply with Australian Standard AS 1657. Hand, knee and kick rails will need to be installed.

Sheep/Calf Auctioneers Walkways



Adjustable Sheep Ramp



Sheep Draft and Sheep Ramp

Project Works

Estimated project cost is \$9,000

11.6 Cattle Shed

The new cattle shed is very sound structurally but as a consequence of being an addition to an existing yard, there are some limitations with regard to opening the panels between each selling pen to allow the soft floor to be conditioned by the machine.

There will have to be thorough and detail design and consideration of how to allow this access. Most of the modern complexes have the dividing fence swinging on one long gate to allow this mechanical access. A satisfactory solution will be possible with individual split gates without a large loss of grooming soft floor replacement efficiency.

The natural lighting provided by clear sheeting, height of the structure and the ventilation are very functional.





11.7 Public Access/Buyers Walkway

The main public access to the yards is from the amenity or eastern side of the cattle yards via a concrete walkway, up a wide stairway and onto a wide elevated platform where the public are out of the way of cattle movement and not interfering with the process below. Notwithstanding that the new elevated walkways will require proper certification, the planned layout is sound.

However, the access from the elevated walkway down to the buyers walkway needs to be reviewed, as in many cases, there is no platform between the longitudinal walkway and the stairs going down from this walkway (see attached picture). The picture below shows that there is no 600mm platform before the first step of the stairs, which does not comply with the code.



The buyer's walkways are concrete and rated highly by all stakeholders surveyed for viewing stock.



Project Works

Estimated project cost :

- Modify access platforms \$9,000
- Certification of walkways \$5,000

11.8 Lighting

Lighting is provided by clear sheets in the roof, and fluorescent and LED lighting over the selling pens.

Lighting in the cattle shed has not been reported as an issue in any stakeholder consultation. However, the manager has reported that the buyers have complained about poor lighting during sale times. Although the consultant has not observed that lighting was inadequate, this may well be the case on overcast days, or when handling bulls presale early in the morning.

A lighting intensity of 100 lux in operational/drafting areas, and 50 lux in holding and droving areas has been a traditional requirement.

In parallel with current standards, it is recommended that key stakeholders be involved with a consultation day when light readings are taken and an agreed standard/level of lighting intensity is established. A proper lighting plan should then be developed and progressively implemented as funding becomes available.

Lighting and the cattle loading ramps was not assessed as adequate and should be addressed with the provision of multi-decked ramps in the future.



Project Works

Estimated project cost is \$50,000

11.9 Auctioneers Walkways

The auctioneer's walkways appear to comply with AS 1657, with the exception of the interface of this walkway, and stairs leading to the buyer's walkway, particularly on the western side of the complex, where there is no 600mm transition platform.

With regard to the nibs that project into the selling pens, these are very seldom utilised by the auctioneers, although sometimes by the brander. If the selling pen dividing fences are to be converted into gates or half gates in the future (to assist with safe floor grooming and removal/replacement), these nibs could be shortened to the line of the selling pen gates below.



Project Works

Estimated project cost is \$7,000

11.10 Bull Pens

The bull pens consist of a series of angled single animal pens with single file inward and outward access. These through pens allow very safe and efficient movement. The bulls continue to be weighed prior to sale. An improvement to this system would be the provision of a single animal scale in the bull pen area in order to minimise the amount and distance of handling and risk associated with the process. However, this would be low priority for construction in the current circumstances.



11.11 Selling Pen/Soft Floor

Colac were innovators in the adoption of rubber floors, to improve the foot condition of cattle standing on concrete. However, the system does not reduce the huge cost of buying water, labour and effluent disposal involved with cleaning the surface of the selling pens and lanes. With the construction of the roof, this will allow for the installation of soft flooring/chips and saw dust into the pens. This has been implemented in the northern pens and lanes, thus eliminating the need to wash. (Note that the roof allows the use of soft floor, which would be otherwise compromised by rainfall.)

The difficulties with the currently trialled or envisaged situation include:

- The potential loss/movement of the soft floor under the existing buyers walkway into the original drainage system, with the loss of chips and the blocking of the drains.
- A barrier of old rubber, timber or some other material is required to block the drain off.
- The current height of the selling pen fences and gates varies between 150 and 165 mm. This is well below the current height recommendation of 1800mm. The addition of soft floor material would further compromise the fence height, by increasing floor height.
- The depth of soft floor currently being provided is not deep enough at about 100mm. For example, Pakenham uses 600mm; Adelaide Plains 200 to 300mm and the new Sale facility will have 400mm of soft floor. The provision of a reasonable depth of chips/saw dust has the effect of absorbing urine and faeces and when this is amalgamated with the soft material it will not need replacement for greater than twelve months.
- To enable efficient grooming of the soft floor, a 3-point linkage scarifier is normally driven through the length of a row of pens. (Note that the dividing fence/gates are folded to the walkway or the front gates).
- There is concern among the stakeholders that the Colac centre is being advertised as a soft floor facility. In fact, many stakeholders have remarked that it is not a soft floor centre, as the rubber is not as soft as chips, and is only in the pens. The lanes and liveweight area and front delivery are concrete floors.

The consultants view from experience in other centres and as a result of the consultation process, is that the following process should happen in respect of selling pens in this order.

- Provide blanking material under buyer's walkways.
- Purchase of a bobcat to facilitate the installation of soft floor throughout the roof area including lanes.
- Note that this first step will assist funding by a significant reduction in water, cleaning labour and effluent charges.
- Progressively replace the fences between all selling pens with gates. The gates would be reset at a higher level taking into account current practice and 200mm of soft floor.
- Progressively lift all selling pen gates as above.
- Purchase of a light scarifier for grooming the soft floor (current tractor is ideal).
- Increase the depth of soft flooring as the height of the infrastructure is progressively lifted. Note that the rubber should be removed from these pens, as the use of the scarifier may be problematic with the rubber base.
- Note also that the modification of the nibs would need to occur, as by removing some of the panels, these nibs would not be supported.
- The modification of steel work could be facilitated by the employment for twelve months of a suitably qualified person to undertake the works, as there would be very little additional materials would be required.



The following two photographs show how the thin layer of chips/sawdust are saturated with urine and faeces.





Project Works

Estimated project cost is \$114,000 made up of:

- Materials for blanking and edging soft floor areas.
- Bobcat
- Scarifier
- Employment of steel fabricator

11.12 Liveweight Selling Facility

The existing facility was originally designed and constructed to comply with the Victorian Code of Practice for Liveweight Selling in 1982. The system was for presale weighing and involved the branding of lots prior to weighing. The current system in use involves a vendor number branded at receipt, and the weighing of cattle post sale. The consultation process of this study indicated that the decision to operate post sale weighing is not popular with the majority of stakeholders (see separate discussion). The implication for the provision of a new concept design for the liveweight area is that it must be designed to operate in either system.

The current superstructure is structurally adequate, but the cattle flow to the front of the yards and then return westwards to the stock pens. Some drafting is undertaken here, and the cattle then short circuit the old circular branding yard, and enter the weigh bridge through a guillotine gate.

Cattle then exit the scale pass through a single file NCLS reader, return to the main north south cross lane and then to delivery pens at the north end. This process initially means that there is conflict between weighed and to be weighed cattle. The scale house and systems are serviceable. Three concepts are presented in the attached drawings, including updated and modified version of the current infrastructure. This option would include upgraded scale, provision of new load cells for the scale, removal of the carousel and improvements and realignment of the stackpens/drafts.





Project Works

Option 1

Includes extension to roof, new scale and scale superstructure, new scale house, 2 forcing yards, pneumatic controls and fencing. \$320,000

Option 2

As above less roof structure. \$200,000

Option 3

Refurbishment including scale cell upgrade, removal of carousel, pneumatic controls and new fences. \$ 70,000

Note: A new 2 metre wide NLIS laneway reader would add \$60,000

11.13 Water Harvesting

Rain water from the new roof is captured into 4 (No) 125,000 litre tanks, two of which are dedicated to truck wash supply and two to yard washing. Additional capacity is available for rain water in a fresh water dam of approximately 3 megalitres. Although Barwon Water receives \$70,000 per annum for sewerage and water costs, the cost of water purchased, and the quantity used for either the truck wash or the yard washing is not known.

When the selling pens and lanes are no longer washed (due to the insertion of soft floor material), the roof catchment should provide in the order of 7 ML/annum, if the storage volume is sufficient. This should be sufficient to provide for truck wash demand. There will also be a demand for washing outside concrete and rubber yards at the front of the yards (Receival) and the northern side (Delivery). There may also be a requirement washing calf pens and sheep yards in the future.

It is recommended that a water balance be commissioned once the quantities used for the various functions is known.



11.14 Loading Ramp Area

Cattle loading ramps are situated at the south west corner of the yards adjacent to the truck wash, and on the eastern side in front of the cattle yards. All ramps are fixed bottom deck.

The rear ramps are accessed by a gravel road, and the turning is challenging for a 'b' double as previously discussed. Lighting at this ramp could be improved.

The road immediately in front of the eastern ramp requires repair (see photos). Local excavation, addition of crushed rock base, compaction and resealing will be necessary. Stakeholders were reasonably happy with loading at all ramps. A future requirement, particularly for 'b' double loading out was for at least 2 (No) double deck adjustable loading ramps to comply with current codes.

There was also adverse comment about the process of reading electronic ear tags at receipt to the yards. Transport operators claim there is an OH&S issue when agents reading the ear tags stop the flow of cattle off the trucks. This often results in drivers having to enter the track to retrieve cattle which have been baulked, and have returned to the truck, often with their heads in the corner, and tails facing the operator. This process should be reviewed.



Front Loading Ramps: Note failed bitumen holding rain water



Rear Loading Ramps



Project Works

Estimated project cost:

Road Repairs	\$ 10,000
2 x Double deck ramps and forcing yards	\$160,000

11.15 Receival/Delivery Pens

The delivery pens consist of 10 dirt and 30 concrete/rubber or chips. All are functional. The rubber removed from the selling pens when these are converted to soft floor could be utilised in the concrete yards, which currently do not have rubber. A longer term aim would be to extend the roof over these yards, and install soft floor. This would effectively eliminate the costs of yard washing (buying water, labour for washing and effluent disposal).



Project Works

Estimated project cost is:

Roofing western dirt pens	\$165,000
Roofing northern holding pens	\$300,000
Roofing eastern holding pens	\$160,000

11.16 Effluent Treatment/Pondage/Disposal

The system consists of catchment drains in the yards, a diversion weir to determine where contaminated and clean floors are directed, 2 (No) anaerobic ponds and an aerobic pond. It is not known what the retention time is within the system, or the efficacy of treatment. The effluent discharges to Barwon Water sewer, which is part of the approximately \$70,000 charge against water use and sewerage per annum. Barwon Water charges the saleyards a sewerage quantity based on 98% of the water used. (This is the normal measure for domestic or industrial use). However, this method is flawed, as the effluent is stored and treated on the site for a considerable period. The quantity of effluent actually discharged may only be in the range 50% to 70% of the water usage figure. Conversely, there may be additional flow generated when there is a rain event on dirty yards, i.e. prior to the yards being cleaned and the diversion weir activated. Barwon Water (BW) have been requested to provide a meter in order that the actual discharge to sewer can be measured accurately. BW has refused to provide this, or allow a meter to be installed, as in all probability the saleyards is being significantly overcharged for sewerage discharge. In addition, BW will charge

premiums for material/chemical loadings within the sewerage samples which exceed prescribed levels. It is recommended that an environmental review be commissioned to assess the efficacy of the treatment modifications, which would reduce sewerage charging, and to produce an objective report to enable negotiations with BW, and reduce costs.

The treatment system may also require the installation of a wedge wire screen or similar system to reduce the nutrient loading in the effluent going to sewer.



Project Works

Estimated project cost :

Environmental Review	\$12,000
Mag meter	\$ 6,000
Wedge wire screen	\$40,000

11.17 Maintenance

The maintenance shed is small, and will not have sufficient space to store a bobcat, scarifier and the existing plant and equipment. There is space to extend to the north the same size again with front vehicular access,



With regard to the viability of the cattle pen posts, some of the posts, such as shown below require some maintenance. The concrete cap around the post should be removed down 100mm, and a new concrete cap poured. The post should be treated with 'Ameron' or an equivalent 2 pack epoxy substance. After the reinstatement of the concrete, the join between the concrete and the post

should be liberally coated together with 150mm up the post. Without this preventative treatment, the moisture egress under the slab may cause slab cracking and urine and faeces will further corrode the post.



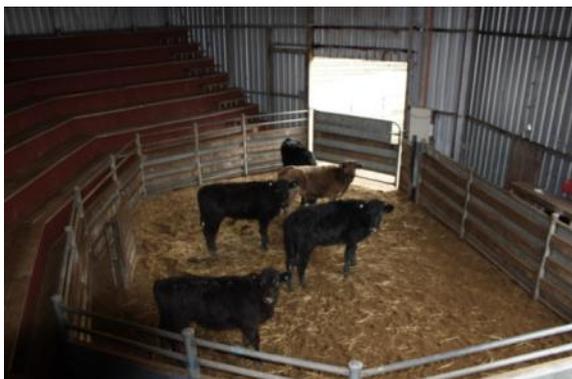
Estimated project cost :

Shed – 6m extension	\$20,000
Ameron treatment (by saleyard staff)	\$10,000

11.18 Rotunda

The rotunda, or dairy shed appears quite sound, although used infrequently. The personnel exit on the western side should be brought up to standard AS 1657.

Estimated project cost \$ 1,500



11.19 Truck Wash

The four bay truck wash is a back in type with a good slope to the back of the truck to assist drainage. There are back stairs and raised platforms at the back to assist access to the trucks for washing, and the charging is by \$1 coins.

The wash is very reasonably priced and it is questional whether the charge covers the cost of operation. The consultant is advised that AVDATA is to be installed with a review of the truck wash fees to be conducted.



Estimated project cost :

AVDATA \$ 6,000

11.20 Signage

The general signage throughout the yards relates to quality assurance, NLIS compliance and general safety (eg children must be accompanied). Some of these are fading, and a review should be undertaken to update many of these.

Estimated project cost : \$ 5,000



11.21 Offices, Cafeteria and Amenities

This complex is in excellent condition, and was favourably viewed in all consultation discussions. A light renovation should be included in the ten year plan to ensure it continues to be well maintained.



Cafeteria and Kitchen

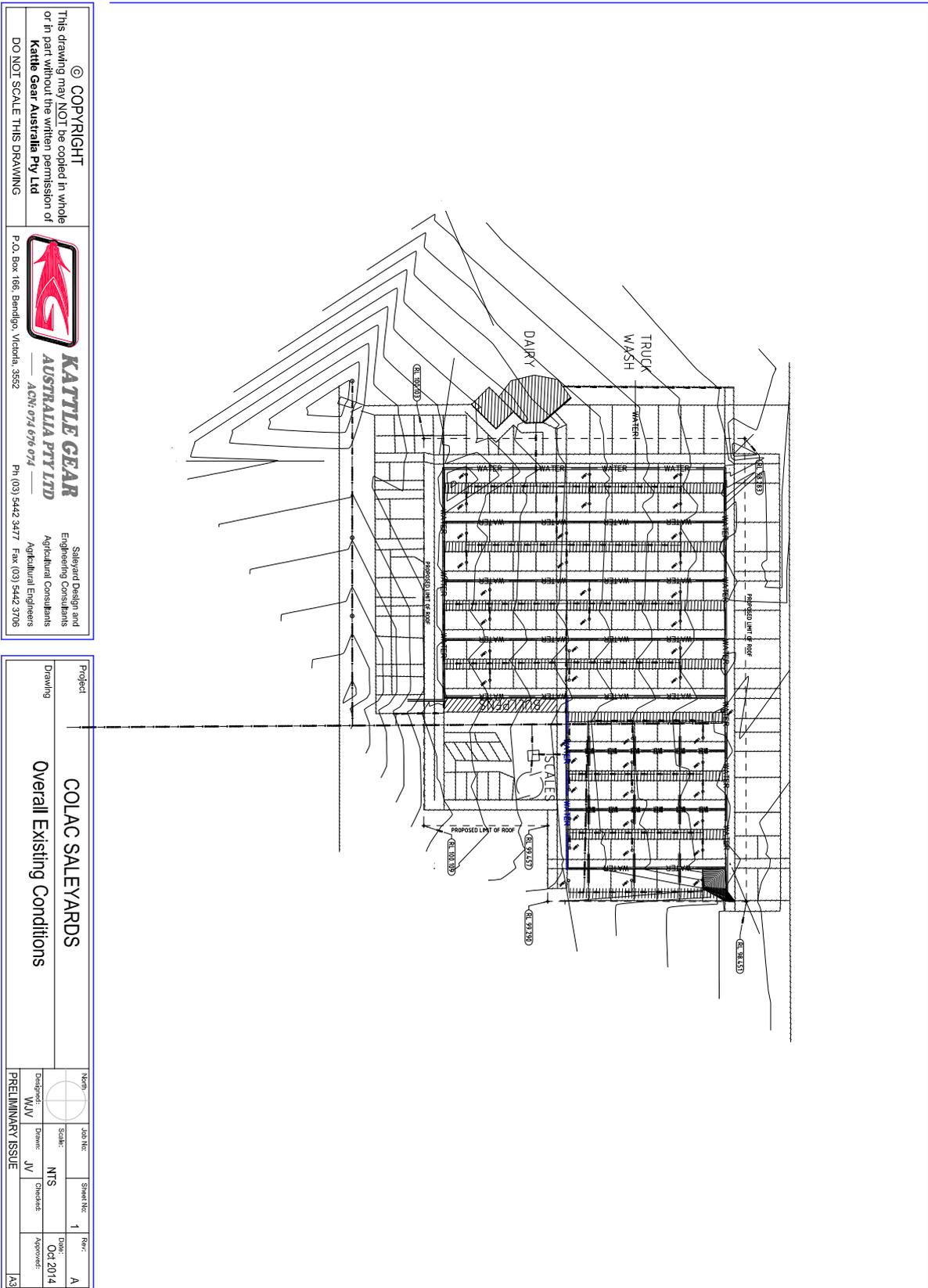


Estimated project cost : \$ 8,000

11.22 Infrastructure Conceptual Plans

The following conceptual plans detail some of the projected options and areas of improvements to the facilities over the ten year plan.

Figure 15 Overall Existing Conditions



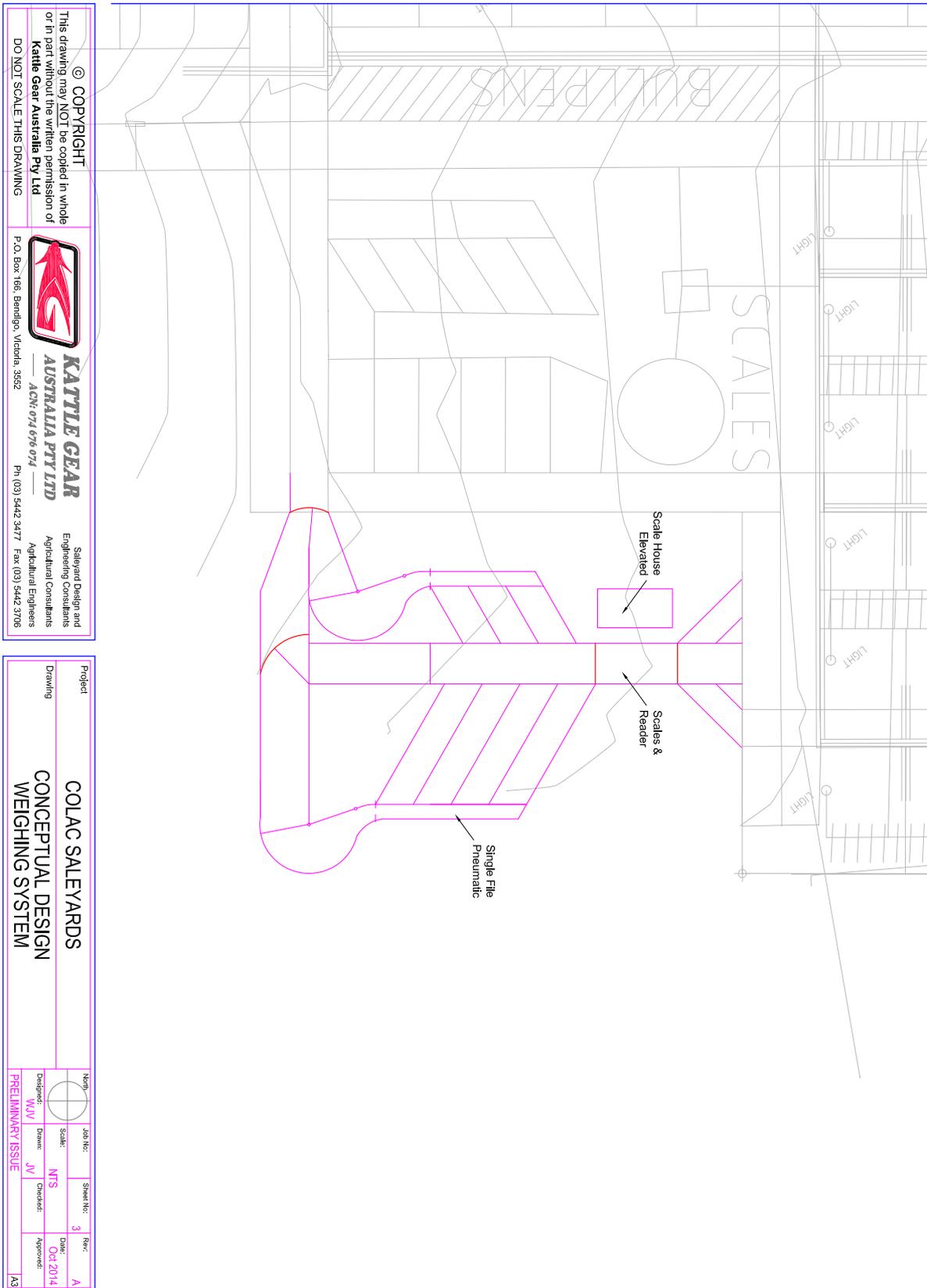
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Saleyard Design and Engineering Consultants
 Agricultural Consultants
 Agricultural Engineers

Project	COLAC SALEYARDS			Sheet No.:	1	Rev.:	A
Drawing	Overall Existing Conditions			Scale:	NTS	Date:	Oct 2014
Design:	JV	Drawn:	JV	Checked:		Approved:	
PRELIMINARY ISSUE							
							1A3

Figure 17: Alternative 1 Conceptual Design Weighing System



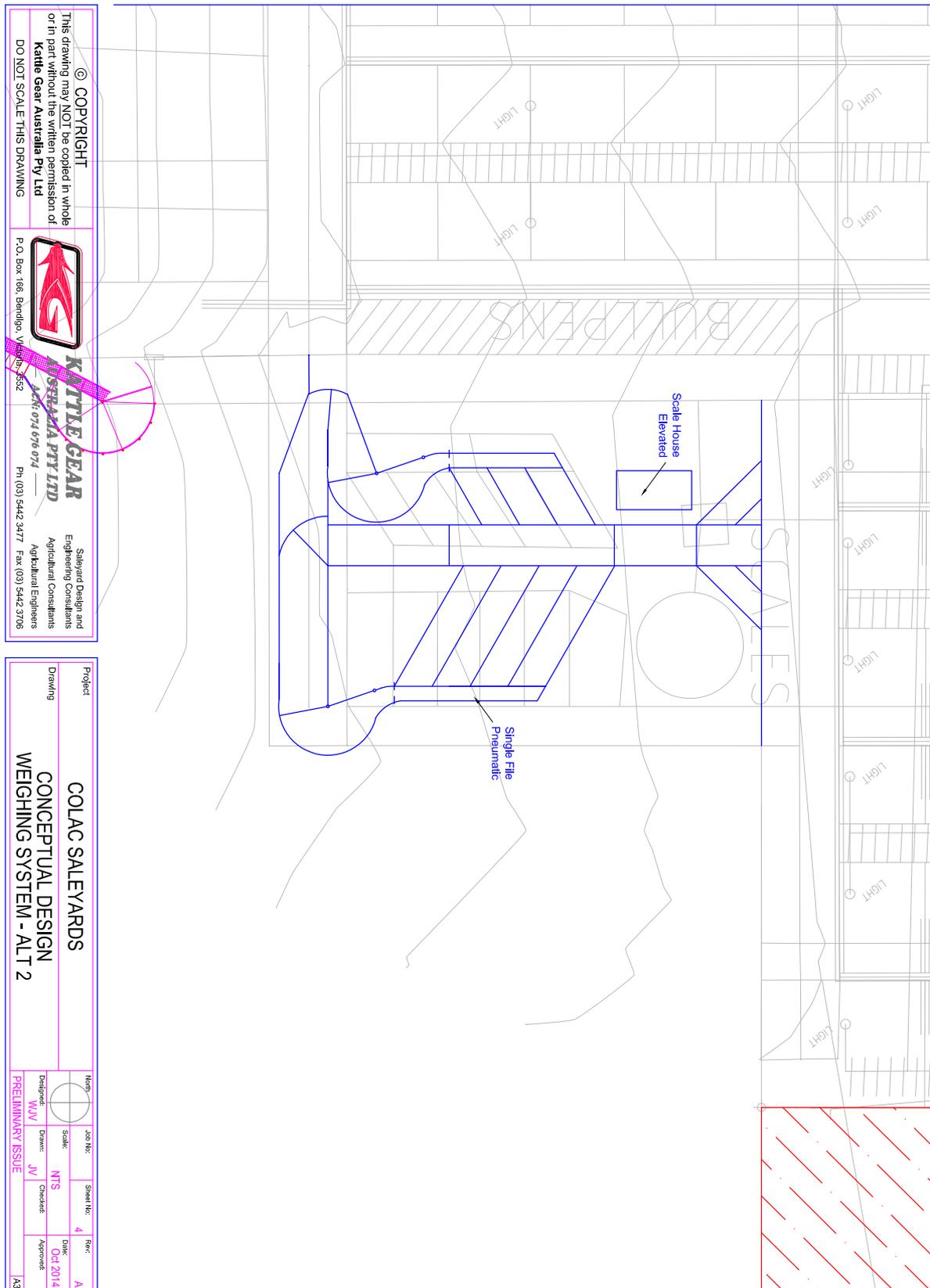
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Saleyard Design and Engineering Consultants
 Agricultural Consultants
 Agricultural Engineers

Project:	COLLAC SALEYARDS		
Drawing:	CONCEPTUAL DESIGN WEIGHING SYSTEM		
North	Job No:	Sheet No:	Rev:
	NTS	3	A
Designer: <i>N/V</i>	Scale:	Drawn: <i>J/V</i>	Date: <i>Oct 2014</i>
Checked:	NTS	Approved:	<i>AS</i>
PRELIMINARY ISSUE			

Figure 18: Alternative 2 Conceptual Design Weighing System



11.23 Ten Year Prioritised Plan – Infrastructure

Truck Wash	<ul style="list-style-type: none"> • AVDATA 	\$ 6,000
Selling Pen/Soft Floor	<p>Estimated project cost is \$114,000 made up of:</p> <ul style="list-style-type: none"> • Materials for blanking and edging soft floor areas. <ul style="list-style-type: none"> • Bobcat • Scarifier • Employment of steel fabricator 	
Auctioneers Walkway Modify Nibs		\$ 7,000
Liveweight Selling Facility	<p>Refurbishment including scale cell upgrade, removal of carousel, pneumatic controls and new fences</p>	\$70,000
Public Access/Buyers Walkway		\$14,000
Calf Shed		\$ 5,000
Maintenance	<p>Shed – 6m extension \$20,000 Ameron treatment \$10,000 (by saleyard staff)</p>	
Effluent Treatment/Pondage/Disposal	<p>Environmental Review & Upgrades</p>	\$58,000
Loading Ramp Area	<p>Road Repairs \$ 10,000 2 x Double deck ramps and forcing yards \$160,000</p>	
NLIS Upgrade		\$ 60,000
Agistment/Transit Paddocks	Fencing	\$ 13,000
Sealing Works		\$ 24,000
Roof Extensions		\$625,000
Parking	<ul style="list-style-type: none"> • Seal rear access road. \$35,000 • Seal car park. \$24,000 	
Rotunda		\$ 1,500
Signage		\$ 5,000
Cattle Shed		
Offices/Canteen & Ammenities		\$ 8,000
Lighting		\$50,000
Roads and Access	<ul style="list-style-type: none"> • Sealing, \$30,000 every ten years 	
Sheep Yards		\$ 9,000

Bull Scales	\$ 20,000
TOTAL	\$1,354,500

12 LAND PLANNING

The Colac Regional Saleyards is built on 19.3 hectares on the south-west side of Colac and is zoned as public use – Local Government (PUZ6)²⁰.

It has an environmental overlay ²¹of ES01 over it. This overlay is primarily there to protect the ground water surrounding the lake.

The zoning PUZ6 requires a planning permit for future private development to occur. As with all planning permits there is no guarantee that this will be given. A number of conditions apply as per the State Planning scheme. ²²

An opportunity currently exists to have development opportunities factored into the Strategic Plan 2050. This will require specific studies and recommendations to be undertaken if any changes are to take place.

In 2007 changes to the zonings took place to ensure that ‘vistas’ surrounding the lake were maintained.

The land surrounding the Colac Regional Saleyard is zoned Farming Zone.

The implications for this are that activities related to farming are able to be undertaken, but they must be in accordance with the relevant Colac Otway planning schemes. ²³

²⁰ http://planningschemes.dpcd.vic.gov.au/__data/assets/pdf_file/0005/177755/colacotway09zn.pdf

²¹ http://planningschemes.dpcd.vic.gov.au/schemes/vpps/42_01.pdf

²² http://planningschemes.dpcd.vic.gov.au/schemes/vpps/36_01.pdf

²³ http://planningschemes.dpcd.vic.gov.au/schemes/vpps/35_07.pdf

13 BEST PRACTICE MODEL – MANAGEMENT

The CRS is a service facility provided by Council to aid in the buying and selling of livestock. The operation of the Saleyards comes under The Australian Code of Practice for the selling of livestock (including guidelines for structural requirements) 23 November 2007.

Currently open is a discussion paper on Saleyard Welfare Standards, available at:
<http://www.saleyardwelfarestandards.com.au>

This paper is open for a period of 90 days and closes on 14 December 2014.

Whilst this provides legislative guidelines for the physical nature of the Saleyards, what is often forgotten is that saleyards are also a service industry facilitating the buying and selling of livestock. In the simplest terms, the Best Practice models for a service industry revolve around the following:

- Setting and communicating objectives
- Putting the customer first
- Creating a customer focused culture
- Having the right people and resources
- Dealing with difficult situations
- Making it happen
- Encouraging innovation as part of your culture
- Continuous professional development

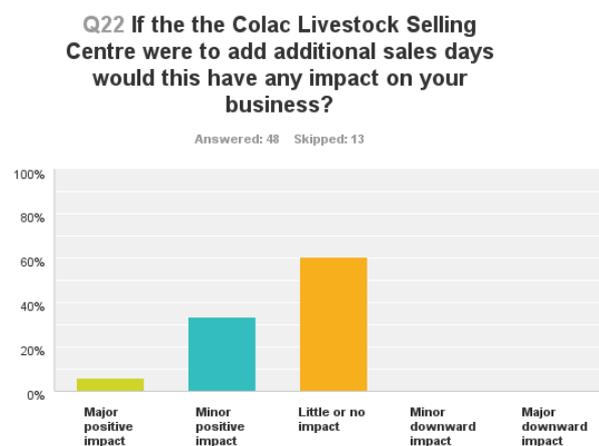
The examination of these items in detail is beyond the scope of this project, but it is noted that the results of the Producers survey revealed polarized opinions on the management of the CRS. Whilst the average score rated management as 7 out of 10 there were 6 producers that rated management as 5 or below, and 3 that rates it 1 out of 10. Whilst the number of producers providing the low rating could be described as insignificant, it is worth examining further.

14 Survey

14.1 Colac business survey

300 local businesses were emailed the *CRS Business Impact Survey* in August 2014, and 61 business operators responded. In general, the business community believe the CRS is good for the Shire, and are supportive of its endeavours to continue to grow. According to surveyed business operators, the change of sale day to earlier in the week would have only a minor positive effect on business. Additional sales days would also have a similar positive impact (Figure 21 ²⁴).

Figure 19: CRS Business Survey, August 2014 – Additional Sales Day



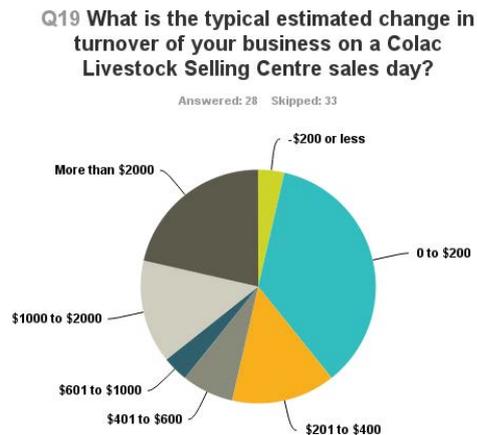
²⁴ CRS Business Impact Survey August 2014

According to additional data obtained from returned surveys from 61 local Shire businesses, further key outcomes are presented below:

- 56% of businesses are familiar with CRS
- 39% aware of name change, but only 11 knew the new name!
- 48% said CRS had a positive impact on business
- 19% said sales were up on a CRS sale day. Economic impact: using data range mid-points specified in the survey (Figure 22 ²⁵), the cumulative turnover of 61 businesses was up \$23,000 per CRS sale day.

²⁵ CRS Business Impact Survey August 2014

Figure 20: CRS Business Survey, August 2014 – Change in turnover



Assuming CRS has 50 sale days per year, \$23,000 value to business is approximately equivalent to an annual increase to these businesses of \$1,150,000. It is therefore more than reasonable to assume that the economic modelling of a quoted benefit of 4.7 million dollars across the entire region (from 400 plus businesses) by Lin Crase (1997)²⁶ still applies.

- In addition to those employed at the Saleyards, the benefits of CRS to these local businesses also generates enough work for one full time employee.

The full survey results are shown in the attachment following this report.

14.2 Colac producers survey

Obtaining survey responses from the producers has proved to be a difficult process. We have 27 responses and will keep the surveys open until the time of finalising the final report. This adds weight to the need for a database of all producers to enable better communications between the CRS and the producers.

It appears most producers who responded to the survey use CRS around every couple of months or once per quarter with very little change in intentions.

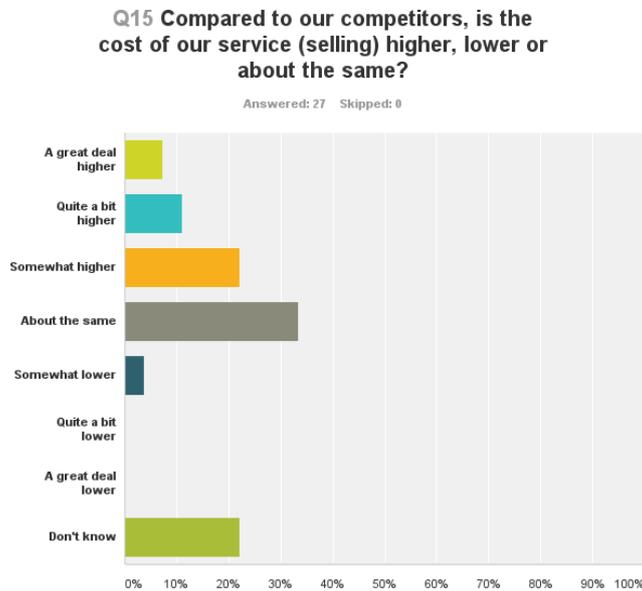
The practice of going direct to meatworks has increased slightly over the past 5 to 10 years but the changes are not as significant as the general perception. Whilst the use of CRS has dropped slightly in %, the survey results suggest this can be regained with significant changes to the saleyards being made. However, when questioned regarding the rating of an area's performance, it is the areas of communications, management and marketing that rate well below the physical attributes of the CRS.

²⁶ Lin Crase, The Economic Efficiency of Livestock Selling Complexes in Victoria. October 1997

Post weigh sales is an issue that needs to be addressed, and a full study with measurable outcomes with all stakeholders being recommended.

40% of producers believe the cost of CRS to be higher than it's competitors.

Figure 21: CRS Producers Survey October 2014 – Cost of service

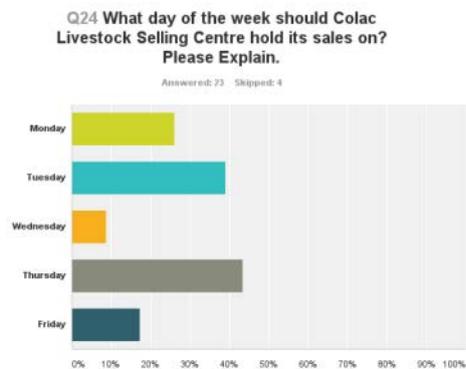


By far, the biggest 'like' of the centre is it being local and having good access to transport.

When questioned on 'what would make you more likely to use CRS', the issue of post weigh and building greater competition amongst buyers was most paramount. All recognised the facilities as being the same or better than the other saleyards.

63% suggested that the sales day be brought forward to earlier in the week with 39% suggesting Tuesday and 26% Monday.

Figure 22: CRS Producers Survey October 2014 – Day of the week



Producers believe the greatest competitor to the CRS is sales direct to meatworks, and 24% believe no one is marketing CRS. There was a mixed response to the name change with 92% saying they knew about the change, but a number were still referring to it as Colac Regional Selling Centre!

14.3 Colac Stock Agents survey

With only three responses from the stock agents, it is difficult to make any conclusions. The comments received all indicate that Colac's facilities are as good if not better than competitors, and the greatest threat being sales direct to meatworks.

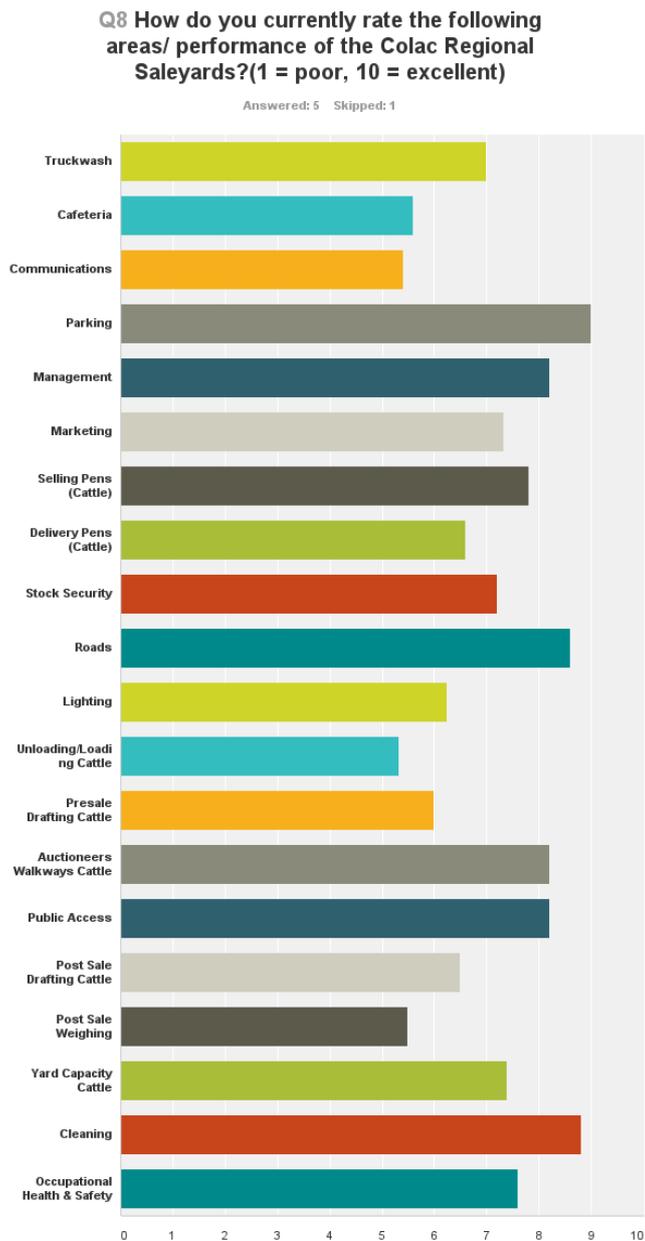
14.4 Colac Processors Survey

As indicated earlier in Figure 3, the processors (buyers) of the cattle sold at Colac are critical to the process. Without their support the CRS will not grow, thus their input into the process is essential.

We will continue to have our surveys open until such time as preparing the final report, but at the time of writing this draft, we have the input of 6 processors. Collectively, these six processors purchase 273,000 cattle of which 15,400 or 5.6% are from Colac. The buyers attend every sale, and state the change required for them to purchase more is to have a greater throughput.

By way of performances across a variety of areas, cattle loading and unloading, and communications stand out as the lowest performing.

Figure 23: CRS Processors Survey, October 2014 – Areas of performance



There is a mixed view on the facilities, split equally between ‘about the same as competitors’ and ‘somewhat worse’. They all believe the roof is good, but lighting has been listed as an issue they would like to see improved. They would also generally like to see more ‘wood chip’ and remove the rubber flooring.

The processors see both Geelong and Camperdown saleyards as the biggest threat.

The processors unfortunately believe no one is currently marketing CRS.

There is comment that CRS should be the selling centre for Colac and Geelong.

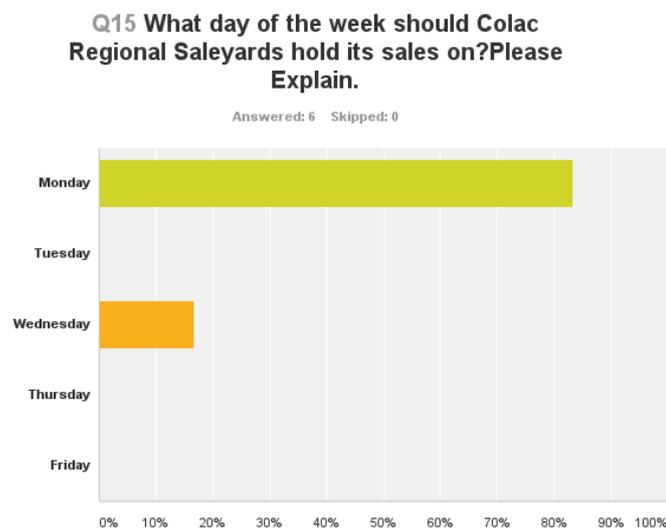
14.4 Colac Transport Survey

The transport survey was made available at two 'fat' sales and the store sale in September. We have 6 responses, all of which are in favour of 'pre weigh' sales. The average rating given to post weigh was a very low 2.8/10. There was also comment made regarding the difficulty in identifying the branding of the unloading area. They saw the quality of the service received at CRS about the same as other saleyards, and that the location of CRS was excellent.

The recommended areas of improvement focused on by the transport surveys was ramps, lighting and having the truck wash use AVDATA.

They were all willing to recommended CRS to their colleagues, and also showed a desire to move the sales day to a Monday.

Figure 24: CRS Transport Survey, October 2014 – Day of the week



The transport operators saw direct sales to meatworks as the biggest threat to CRS.

They all believe access and location were the greatest strengths.

15 APPENDICES

Status of Various Asset Proposals at Colac Regional Saleyards at August 2015

Proposed Improvement to be included in 10 year asset renewal plan	Details	Est Cost from KG report	Status
Truck Wash	AVDATA	\$ 6,000.00	Implemented July 2015
Selling Pen/Soft Floor	Materials and Labour	\$ 114,000.00	88 pens completed out of 126 covered pens - at Estimated completion November 2015 -
Auctioneers Walkway Modify Nibs	Materials and Labour	\$ 7,000.00	20 metres remaining until completion
Live weight Selling Facility	Refurbishment including scale cell upgrade removal of pneumatic controls and new fences	\$ 70,000.00	Not required at this time and new investment is not planned
Public access / Buyers walkway	make safe to appropriate standards	\$ 14,000.00	works being rolled out progressively as time permits - almost complete
Calf Shed	minor maintenance and hand rails	\$ 5,000.00	minor works to be completed as resources permit - railing requirements to be reviewed by Saleyards Superintendent
Maintenance Shed	Shed 6m extension; Ameron treatment of poles	\$ 30,000.00	- extension not required at this time and new investment is not planned 2 pack sealant being progressively applied across saleyards
Effluent / Pondage / Disposal	remove siltation build up - N.B has not been done for 30 years	\$ 58,000.00	refer to long term asset investment program- in short term investigate possible over charging
Loading ramp area upgrade	road repairs and 2 new double deck ramps and forcing yards	\$ 170,000.00	Not required at this time and new investment is not planned
NLIS Upgrade		\$ 60,000.00	Not required at this time and new investment is not planned
Agistment/ Transit paddocks	fencing	\$ 13,000.00	refer to long term asset investment program - note cypress trees on boundary fence may require removal in the short term and this will bring fencing costs forward
Sealing Works	re seal car park and rear access road	\$ 54,000.00	not required immediately will require a business case to be included in long term asset investment program - note rear access road seal not included in report summary
Roof Extension	roofing of western dirt pens, northern holding pens and eastern holding pens	\$ 625,000.00	Such a significant investment would require a detailed business case.
Rotunda	refurbish entrance etc.	\$ 1,500.00	Compliance to be undertaken when resources permit and in any case before October dairy clearance sale
Signage	various versions of facility name on roadsides in surrounding district; some internal signage outdated	\$ 5,000.00	Signage to be reviewed and replaced as required ; directional signage low priority - to be replaced as part of shire wide normal signage replacement programs
Offices Canteen & Amenities	minor refurb works	\$ 8,000.00	could be included in general marketing effort- subject to outline business case for 16/17 budget
Lighting	100 lux in drafting areas, 50 lux in droving and holding areas	\$ 50,000.00	no details in report and no evidence of stakeholder concern in consultations process suggests a low priority - to be incorporated into long term asset renewal plan
roads and access	re seal every ten years	\$ 30,000.00	this work will be included in the long term planning and resource allocation of Council.
Sheep Yards	refurbish and make good ramps and walkways to suit standards	\$ 9,000.00	dependent on demand for sheep sales
Bull Scales	not detailed in report	\$ 20,000.00	not required at this stage
Total		\$ 1,349,500.00	
			= projects under way or near completion
			= projects not immediately viable/required under current financial circumstances