Macedon Ranges Shire Council

Kyneton Saleyards Plan

Contents

Executive Summary 4

1. Project Overview 8

The Plan 8

Project Scope **8**

Method **8**

Report Structure 9

2. Saleyards Context 10

Economic Context 10

Local and Peri-Urban Challenges 12

The economic role of the Kyneton Saleyards 12

Saleyards: A changing industry 13

Competitive Framework 14

Saleyards Success Drivers 17

3. The Kyneton Saleyards 18

4. Issues and Opportunities 24

Consultation 24

Draft Plan Feedback 25

Issues and Opportunities 27

5. Saleyard Options 29

Vision and Objectives 29

Options 30

Option One: Business as Usual 31

Option Two: Improvements to Existing Facilities 32

Option Three: Rebuild Facility 34

Summary of Costs and Benefits 35

Alternative Strategic Options 36

Closure or part closure **36**

Divestment **36**

Relocation **37**

Efficient Utilisation of Land 37
Alternative Land Use Options 38
Alternative Stock Sales 38
Livestock Refuge 38
Rural Sales 38
Education and training 38
Public Events 39
Heritage Interpretation 39
Resource Recovery 39
Private Use 39
Recommended Complementary Land Uses and Implementation 40
6. Recommended Strategic Approach 41
Preferred Option 41
Information, Marketing and Management 42
Actions 43
Funding 45
Masterplan 46

Executive Summary

Operating for over 150 years, the Kyneton Saleyards is one of only 27 operating within Victoria, and has a rich history and association with Kyneton and the region. In undertaking the Macedon Ranges Agribusiness Plan 2013-17, the Saleyards were clearly identified as a key asset for users and one of the main sales outlets for local sheep and cattle in the region.

However, the Kyneton Saleyards operate within a complex and changing industry. Like many other industries, economic, technological, environmental and demographic changes are resulting in challenges to the traditional function and viability of the saleyard industry. Traditional saleyards are under increasing pressure to remain viable due to increasing compliance costs, higher expectations from buyers and sellers, animal welfare standard and other selling mechanisms.

This Plan aims to leverage from the existing strengths of the Kyneton Saleyards while aiming to ensure longer term viability of the facility in challenging circumstances.

Saleyards Context

Global demand for food is expected to increase by 75% by 2050 and demand for Australian beef is at record levels. Globalisation of the agricultural sector is leading to changes in the way local produce is sold through the supply chain, and larger producers and buyers (especially supermarkets) require large supply volumes and therefore often bypass smaller producers and traditional auction sales.

Urban development and pressures for more residential use of land in the Shire creates significant pressure on the historically rural and agricultural use of land in the Kyneton region. Given the changing nature of local agriculture, there is likely to be an increasing proportion of smaller producers who find local Saleyards convenient and economically advantageous. However, smaller farms are increasingly reliant on off-farm income, and stock numbers in the region may be at risk of decreasing.

In order to continue to support the agribusiness sector, the Saleyards will need to be strategically positioned to take advantage of the opportunities created by food and livestock demand, but ensure that the facility and operations are adapted and optimised to have regard to the changing nature of the industry and the peri-urban challenges of the local area.

Competition

Kyneton is within relatively close proximity to a number of competing Saleyards with good quality facilities such as soft floors and rooves over cattle selling areas, including Ballarat, Yea, Euroa and Pakenham. Bendigo is also within close proximity, and is the premier sheep selling complex in Victoria. Competing saleyards have invested in quality facilities in recent years, creating a threat to Kyneton in terms of retaining market share and throughput.

Competing sale systems are also a threat, with larger producers often preferring to sell direct to supermarkets and selling ‘in the paddock’, however smaller producers generally rely on regular saleyards auctions. Large scale producers are known to by-pass Kyneton Saleyards and transport their stock to large ‘Livestock Exchanges’ to achieve higher prices.

Regionalisation and privatisation of saleyards will continue to place pressure on the viability of smaller saleyards, meaning infrastructure improvements will be required in order to maintain current throughput and market share. Given the significant competitive pressures faced by smaller saleyards in general, and Kyneton specifically, Council could face significant risk of throughput decline and viability issues if the existing facilities are not improved to align with competing saleyards.

Current operations

The Saleyards holds weekly prime cattle and sheep sales, monthly store cattle sales and an annual sheep (first cross ewe) sale. Prime cattle sales are in decline while store cattle throughput is increasing. Store cattle sales experience clearly the highest throughput and highest level of interest from buyers - store sales are considered to be the major strength of the facility.

Sheep sales are relatively low, with the exception of the annual sale which has generated between 50% and 75% of annual sheep throughput over the past 5 years.

The net financial operating result of the Saleyards precinct has been positive for the past 3 financial years (excluding capital investment), supported primarily by store cattle sales and truck wash fees. In 2013/14, truck wash fees accounted for 43% of all operating income, with cattle commission accounting for a further 37%. Sheep sales only accounted for 3% of operating income.

It is estimated that if truck wash revenue and costs are removed from the financial analysis, the Saleyards facility itself has been operating at a loss in the order of $20,000 to $60,000 per annum over the past 7 years. Truck wash operations generate a significant annual profit and currently offset the losses incurred by the saleyards operations.

The removal of the Trade Waste Discount over the next 5 years will result in a significant cost increase to Council, and presents a significant risk to the ongoing viability of the facility if unmitigated.

In order to respond to these challenges, Council should consider a range of strategic actions and investments to ensure that core operations – in particular prime sales – are supported to ensure ongoing financial viability of the facility.

While a range of improvements could be made to the facility, the central issues for Council that should be addressed through strategic and asset planning are considered to be as follows:

- Initiating a positive cycle of price growth through core infrastructure improvements; and
- Improving the ongoing financial sustainability of the facility given the significant current risks.

Vision and Objectives

Consultation with all stakeholders and users of the facility, coupled with the research outlined above, has led to the formulation of a vision for the Saleyards as follows:

Vision

The Kyneton Saleyards site will be a **competitive**, **sustainable** and **safe** facility focused on supporting the local agricultural and related sectors by providing facilities which meet industry standards, leverage from existing competitive advantages and fully utilise the strategic site.

The following overarching objectives are proposed for the facility:

Objectives
1. Provide confidence to the local agricultural sector that the Saleyards is an asset that is to be supported and improved.
2. Facilitate greater competition at cattle auction sales with the aim of supporting fortnightly store cattle sales.
3. Ensure that the changing nature of agriculture in the region is reflected by a facility which meets the needs of hobby farmers and smaller producers.
4. Increase land utilisation, address unsustainable/ inefficient operations and promote opportunities for suitable complimentary uses.
5. Improve animal welfare and overall safety and amenity for staff, users and visitors.
6. Improve the long term financial viability of the facility and reduce financial risk to Council.

Options for Council

It is apparent that there are three main options for Council to consider as follows:

1. Business as usual;
2. Invest in incremental improvements to the existing facility; or
3. Rebuild the facility.

Given the high levels of risk associated with investment in Saleyards facilities and the relatively long payback periods for major investments, Council's first decision relates to whether or not it wishes to continue to support the saleyards through capital funding, or alternatively simply continue to maintain the existing facility without undertaking capital improvements.

Although the risks associated with capital investment for Options 2 and 3 are significant, the risks associated with Option 1 (business as usual) are also high, in that a lack of investment is considered likely to lead to a significant threat to the ongoing viability of the Saleyards.

In order to mitigate the risk of the saleyards becoming unsustainable, capital investment is essential and any such investments should be staged. There are a number of cattle yard assets on site that are appropriate for ongoing use, and in general the current facility is considered to operate well. There is not considered to be a pressing need or a strong economic case to rebuild or relocate the facility. The high cost of a major redevelopment of the facility means that Option 3 is not a preferred option due to the uncertainty regarding throughput growth required to generate sufficient revenue growth to Council over time. Further, minimal revenue generated by sheep sales and the relatively high cost of maintain the asset base for the sheep yards means that investment in any sheep selling assets is unlikely to generate a suitable return.

Option 2 (improvements to existing facilities) is considered to best meet the objectives, including:

- Installation of a new cattle yard roof and soft floors, including water harvesting;
- Improvements to the existing truck wash facility and construction of a new trade waste treatment sediment pond;
- Safety and OHS improvements to existing facilities and the general Saleyards Precinct; and
- Closure of the sheep yards and reuse of the land for a range of other purposes, including parking, rural sales, organic composting and potentially private lease / sale.

Funding for upgrades to the Saleyards and truck wash would primarily be borne by Council as the asset holder, with a focus on investments that will (a) mitigate future financial risks and (b) generate additional revenue such that payback periods are acceptable based on reasonable throughput and revenue growth expectations.

For major improvements such as cattle yard roofing and soft floors, or for a consolidated package of capital improvements to be undertaken as a single project, State and Federal government grant funding may be available, for example through the State *Regional Infrastructure Fund,* and the Federal *Heavy Vehicle Safety and Productivity Programme* and the *National Stronger Regions Fund*.

1. Project Overview

Operating for over 150 years, the Kyneton Saleyards is one of only 27 operating within Victoria, and has a rich history and association with Kyneton and the region. In undertaking the Macedon Ranges Agribusiness Plan 2013-17, the Saleyards were clearly identified as a key asset for users and one of the main sales outlets for local sheep and cattle in the region.

The Saleyards are a Council-operated facility located on Crown Land on Saleyards Road, Kyneton, within the Kyneton Industrial area to the north of the town centre. The land is primarily used for livestock sales of cattle and sheep and includes a truck wash facility and the Macedon Ranges Shire Livestock Pound.

The Plan

This Plan was prepared in 2015 and 2016 by Macedon Ranges Council and a project team including consultants Urban Enterprise, Darrel Brewin and Associates and Cardno. The Plan builds on consultation and research which informed the preparation of a detailed Background Paper.

The aim of the Plan is to provide direction to Council, Saleyards users, stakeholders and the community regarding the ongoing use of the site in respect of Saleyards operations.

Project Scope

The scope of this study is to provide strategic direction to the existing Kyneton Saleyards and truck wash, including investigating alternative uses that may be appropriate. The scope is not to investigate the feasibility of ongoing operations, provide a detailed cost benefit analysis of investment or a detailed operational review.

The findings of this study are expected to inform a co-ordinated strategic approach to the use and development of the facility in the future, including providing direction to improvements required to the facility to maintain competitiveness and ensure the facility is fit for purpose.

The Kyneton Saleyards is a one of only 27 currently operating in Victoria. The Saleyards are a key asset for livestock producers in the region.

Method

This Plan has been prepared by the project team in partnership with Macedon Ranges Shire, based on a background report which compiled a detailed evidence base from the following sources:

- Literature and data relating to agriculture, livestock and the saleyards industry;
- Data provided by Council regarding the throughput and financial performance of the facility;
- A survey distributed to producers and buyers who previously used the Saleyards;
- Targeted workshops with Saleyards users, employees and stock agents,
- Discussions and workshops with Council officers and Macedon Ranges Shire Councillors;
- Discussions with operators of competing saleyards; and
- Consultation with Livestock Saleyards Association of Victoria, Department of Environment and Primary Industries, VicRoads, Coliban Water and Hardwicks Abattoir.

The project team undertook a number of site visits to the Saleyards before, during and after sales.

Report Structure

The report has been prepared in the following sections:

- **Section 2**: Overview of the economic context of industry and the Kyneton Saleyards;
- **Section 3:** Analysis of the Kyneton Saleyards and the subject site;
- **Section 4**: Issues and opportunities identified through research and consultation;
- **Section 5**: Objectives and options for Council regarding the future use of the site; and
- **Section 6**: Recommended Strategic Approach and Masterplan.

2. Saleyards Context

The Kyneton Saleyards operate within a complex and changing industry. Like many other industries, economic, technological, environmental and demographic changes are resulting in challenges to the traditional function and viability of the saleyard industry.

Economic Context

Saleyards are underpinned by the volume of livestock produced and sold in an area. Demand for food produced in Australia, and by extension demand for livestock produced in Australia – continues to grow, with particularly strong projections for food demand generated by Asia's growing middle class.

Global demand for food is expected to increase by 75% by 2050, with three quarters of this growth expected in Asia.[1] The international context of growing demand for food presents a significant opportunity for Australian livestock producers and livestock related business to take advantage of growing domestic and international demand.

Demand for Australian beef is at record levels with 1.1 million tonnes exported in 2013, compared with just over 800 tonnes ten years earlier in 2003.[2] Demand for Australian beef is expected to continue at strong levels, driven by key markets Japan, USA and Korea and growth markets of China, Indonesia and Europe.

However, globalisation of the agricultural sector is leading to changes in the way local produce is sold through the supply chain. At the macro level, the agricultural sector is globalising, increasingly dominated by larger processing and retail firms that are consolidating the supply chain and changing the way products are bought and sold.[3] The end purchasers of beef and other agricultural produce are also consolidating, led by supermarket chains. In Australia, the increasing dominance of larger supermarkets has continued for many years, with the top three supermarket chains controlling 60% of the fresh food market and 80% of grocery sales in 2013.[4] This results in high levels of purchasing power held by the major supermarkets, who require large supply volumes and therefore often bypass smaller producers and traditional auction sales.

Globalisation of the agricultural sector is leading to changes in the way local produce is sold through the supply chain.

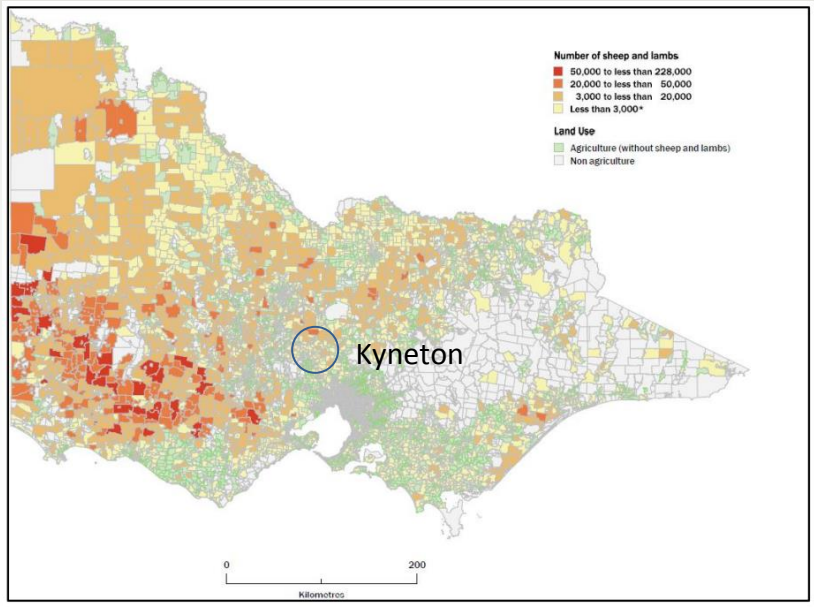
Victorian farms currently hold approximately 2 million beef cattle and 16 million sheep and lambs. The number of cattle has remained consistent over the past 10 years, with the number of sheep declining from approximately 20 million in 2005.[5]

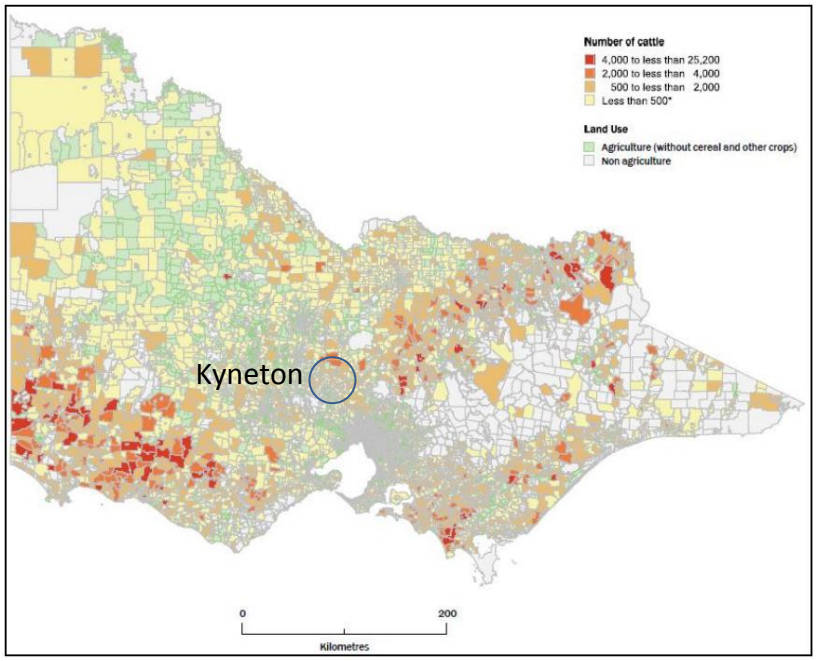
Kyneton is located as the western periphery of the major beef producing area of the Hume corridor, and near the sheep production areas of Bendigo. Although not located in the heart of the major livestock production regions of the state, Kyneton is in close proximity to the major domestic food demand source of metropolitan Melbourne.

[1] Agricultural Competitiveness Issues Paper White Paper.
[2] Meat and Livestock Australia, 2014.
[3] Belk, et.al. 2014.
[4] Burch, Dixon and Lawrence, 2013.
[5] Department of Primary Industries.

A key trend in Victoria's agriculture industry is towards fewer and larger farms. In Victoria in 1976-77 there were 48,000 establishments with agricultural activity. This decreased to 33,000 in 2003-04. Over this period, the average farm size increased from 296 ha to 420 ha.[6] Victoria's smaller livestock producers are likely to require larger productivity growth to sustain profits and export competitiveness as they face challenges such as increased international competition and climate variability.[7]

All of these factors will influence the role of saleyards in supporting the local livestock farming sector.





Source: DEPI, December 2014, data sourced from 2006 Agricultural Census.

[6] Trends in Victorian Agriculture, Department of Primary Industries, 2006.
[7] Department of Environment and Primary Industries, 2014.

Local and Peri-Urban Challenges

Kyneton's peri-urban setting is increasingly influenced by rapid urban growth and expansion of Melbourne and relatively strong population growth within existing townships in the Macedon Ranges such as Gisborne.

Urban development and pressures for more residential use of land in the Shire creates significant pressure on the historically rural and agricultural use of land in the region. The Macedon Ranges Agribusiness Plan identified that encroachment of urban development into rural land is a major threat to the agribusiness sector.

Agricultural employment has declined in the Macedon Ranges and surrounding municipalities, (particularly those in peri-urban areas), highlighting the challenges of urban pressures and land fragmentation, and also reflecting the increasing use of technology in farming.

Land fragmentation has resulted in an increasing reliance on off-farm income sources for the majority of farms, often as a primary income source. The implication for the Kyneton Saleyards is that there is likely to be an increasing proportion of users being producers from small farms who find the local Saleyards to be both convenient and economically advantageous for their small offerings. However, continued fragmentation of land ownership means that smaller farms are increasingly reliant on off-farm income, and stock numbers in the region may be at risk of decreasing.

There is likely to be an increasing proportion of smaller producers who find local Saleyards convenient and economically advantageous. However, smaller farms are increasingly reliant on off-farm income, and stock numbers in the region may be at risk of decreasing.

The ABS Agribusiness Survey in 2011 identified that livestock producers accounted for 70% of the Shire's agricultural output by value. Currently, the Shire's livestock sector predominantly consists of beef cattle and beef/sheep farms. Although the number of new intensive agri-business operations is growing, supporting livestock farming remains a central focus of the Shire's strategic planning for agribusiness.

The economic role of the Kyneton Saleyards

The Kyneton Saleyards are a significant part of the Shire's asset base and facilitate substantial economic activity within the local economy. The Kyneton Saleyards are considered by local producers to be essential for agribusiness[8] and is a value-adding asset to the sector.

It is estimated that around 25% of stock from the Shire is sold through the Kyneton Saleyards, with a further 25% being sold through stock agents directly. Previous studies found that stock offered at Kyneton has declined due to competition from other saleyards and competing selling systems. This indicates that there is potential to increase throughput at Kyneton by reclaiming lost market share.

Increased patronage and greater throughput would provide a direct economic benefit to the Kyneton business community and therefore employment. However, with the advent of larger selling centres and ease of transporting large numbers of stock quickly, larger producers have found other Saleyards and marketing methods to be more attractive than the Kyneton Saleyards.

While the Kyneton Saleyards are located in close proximity to major cattle and sheep regions of Victoria, the immediate catchment is characterised by smaller farms, fragmented land and increasing

[8] Macedon Ranges Agribusiness Plan 2013-2018.

land values, meaning that ongoing demand for stock to be sold through the Saleyards may be at risk of decline.

In order to continue to support the agribusiness sector, the Saleyards will need to be strategically positioned to take advantage of the opportunities created by food and livestock demand, but ensure that the facility and operations are adapted and optimised to have regard to the changing nature of the industry and the peri-urban challenges of the local area.

Saleyards: A changing industry

Traditional saleyards are under increasing pressure to remain viable due to increasing compliance costs, higher expectations from buyers and sellers, animal welfare standard and other selling mechanisms. Key challenges include:

- Environmental challenges – significant periods of drought have impacted on stock numbers and continuity of farm income, and Councils and public land managers are under pressure to increase energy and water efficiency and improve storm water quality to reduce or improve environmental outcomes;
- Farming and land use trends are resulting in reduced throughput at many saleyards, due largely to an increase in cropping, fragmentation of larger farming properties in peri-urban areas to smaller/hobby farms, and subsequent impacts on agricultural land prices, agricultural enterprise trends and agricultural output. Demand for rural residential properties is increasing in the Macedon Ranges (including in the Farming Zone), placing further pressure on land prices and the retention of agricultural land.
- Regulatory compliance – Saleyards have a wide and increasingly complex range of regulations to comply with, such as occupational health and safety and animal welfare requirements. Most facilities have ageing infrastructure which are costly to maintain, repair and replace to the required standards, placing financial and risk pressures on Councils and operators. A number of deaths have occurred within or near saleyards in recent years (both employees and members of the public), including one recent death in Geelong in 2014; and
- Technology – the implementation of the National Livestock Identification Scheme (NLIS) - electronic tracking from ‘paddock to plate’ – has required upgrades and new installation of scanning and weighing facilities in Saleyards, adding to the costs of complying with and administering industry requirements.

These factors combine to result in significant financial and other pressures placed on local saleyard facilities to maintain operations while adapting to changing circumstances. These pressures are taking place at a time when local governments are under significant financial pressure, with many major public assets under review in order to ensure value for money to ratepayers.

While smaller saleyards are not always profitable in current circumstances, Saleyards generate social benefits for agents, users, buyers, sellers and transport operators. They also provide diversity to the local economy through supporting industry, other agriculture assets and businesses.

The trend towards regionalisation

In response to many of the above challenges, a number of large regional saleyards have been established or upgraded to take advantage of economies of scale for compliance with regulations, and to allow investment in new facilities and systems. This trend, coupled with increasing privatisation of existing and new facilities and operations, has placed further pressure on smaller Council saleyards to compete.

For example, a new major regional Saleyards has recently been constructed in Wodonga (Barnawartha), and similar regional Saleyards are proposed for Ballarat and the south-west region near Warrnambool. With further competition provided by existing major Saleyards such as Pakenham, Shepparton, Bendigo and Wangaratta, the market share remaining for smaller Saleyards is quickly decreasing as buyers and sellers are attracted to the more competitive selling conditions, greater stock volumes, higher prices and more comfortable facilities generally offered in regional

Saleyards. Larger saleyards have experienced strong price growth for cattle in the past 12 months, to record levels that now exceed 500 cents per kilogram.[9]

This trend is expected to continue over the medium term as new regional entrants gain further market share and the competitive pressure on smaller saleyards intensifies. Consultation with the Livestock Saleyards Association of Victoria confirmed that the number of smaller saleyards is likely to continue to decline in Victoria, while the large livestock exchanges will continue to gain popularity and market share.

Competitive Framework

Kyneton is within relatively close proximity to a number of competing Saleyards with good quality facilities such as soft floors and rooves over cattle selling areas, including Ballarat, Yea, Euroa and Pakenham. Bendigo is also within close proximity, and is the premier sheep selling complex in Victoria. Competing saleyards have invested in quality facilities in recent years, creating a threat to Kyneton in terms of retaining market share and throughput.

Competing sale systems are also a threat, with larger producers often preferring to sell direct to supermarkets and selling 'in the paddock', however smaller producers generally rely on regular saleyards auctions.

It is evident that the Kyneton Saleyards are dependent on local small scale farmers who are both sellers and buyers of stock through these saleyards. Small scale farmers are very reliant on local Saleyards for their stock sales and purchases. The cost of transport to and from saleyards out of their district, either through purchase for restocking or for selling is prohibitive. The sale of small lots of cattle or sheep through the range of alternative options can incur cost penalties as these systems have evolved to suit large commercial producers and buyers. The small scale farmers therefore have little alternative but to use the Kyneton Saleyards.

Through consultation with local producers and Saleyards staff, it was found that larger local producers often by-pass Kyneton Saleyards and transport their stock further to the large 'Livestock Exchanges' on the assumption that they will achieve higher prices, such as Pakenham, Ballarat and Bendigo. Transport costs are significantly less prohibitive to larger producers due to the economies of scale available.

With fewer large scale producers selling at Kyneton, small-scale livestock business are contributing to the changing trend of demand for the Kyneton Saleyards through greater dependence on the local saleyards. However, smaller lots and small numbers on offer reduces buyer interest and attendance, and therefore buying competition, which is reflected in the lower prices currently achieved.

The high levels of competition and the generally ageing and poor standard of existing infrastructure in Council-owned facilities is resulting in the need for major infrastructure re-investment in order to remain competitive. Council owned facilities in the Hume Corridor have been successful in attracting funding to upgrade facilities, including Wangaratta, Euroa and Yea. These upgrades highlight the importance of ensuring that existing facilities are comparable in quality, if not size, to new regional facilities.

Large scale producers are known to by-pass Kyneton Saleyards and transport their stock to large 'Livestock Exchanges' to achieve higher prices.

A comparison with competitors shows that Kyneton is a relatively small saleyards with throughput that is significantly lower than its regional competitors of Bendigo, Ballarat and Pakenham, and somewhat lower than other competitors including Yea and Euroa. Competing saleyards generally have soft floors, larger selling capacities and many with a roof over cattle selling areas. Bendigo and

[9] Eastern Young Cattle Indicator, Meat and Livestock Australia, mla.com.au

Ballarat are major competitors for sheep sales, and Ballarat and Pakenham are major competitors for cattle sales.

Competing Saleyards Summary

	Ballarat	Bendigo	Pakenham	Euroa	Yea	Kyneton
Cattle Capacity	3,000	1,500	4,000	3,000	2,500	1,000
Sheep Capacity	40,000	50,000	2,000	0	0	14,000
Soft Floor	Yes	No (some dirt holding yards)	Yes	Yes	Yes	No
Roof	No	No	Yes	Yes (50%)	Yes	No
Cattle TP 14/15	75,000	21,000	170,000	21,000	35,000	14,000
Sheep TP 14/15	1,500,000	1,100,000	10,000	0	0	15,000
Cattle TP: capacity ratio	25:1	14:1	43:1	7:1	14:1	14:1
Sheep TP : capacity ratio	38:1	22:1	5:1	N/A	N/A	1:1
Other stock sold	Pigs	Pigs	N/A	N/A	N/A	N/A
Facilities	Truck wash, water treatment, water storage	Canteen, truck wash, selling ring	Selling ring, restaurant	Catering facilities	Canteen, toilet and shower facilities	Truck Wash, canteen, selling ring (disused)
Operated by	Regional Infrastructure Pty Ltd	Greater Bendigo	Victoria Livestock Exchange	Strathbogie Shire	Murrindindi Shire	Macedon Ranges Shire

Source: Various Council and private Saleyards websites, discussions with Saleyards managers and data from Livestock Saleyards Association of Victoria. TP = throughput

Implications for Kyneton Saleyards

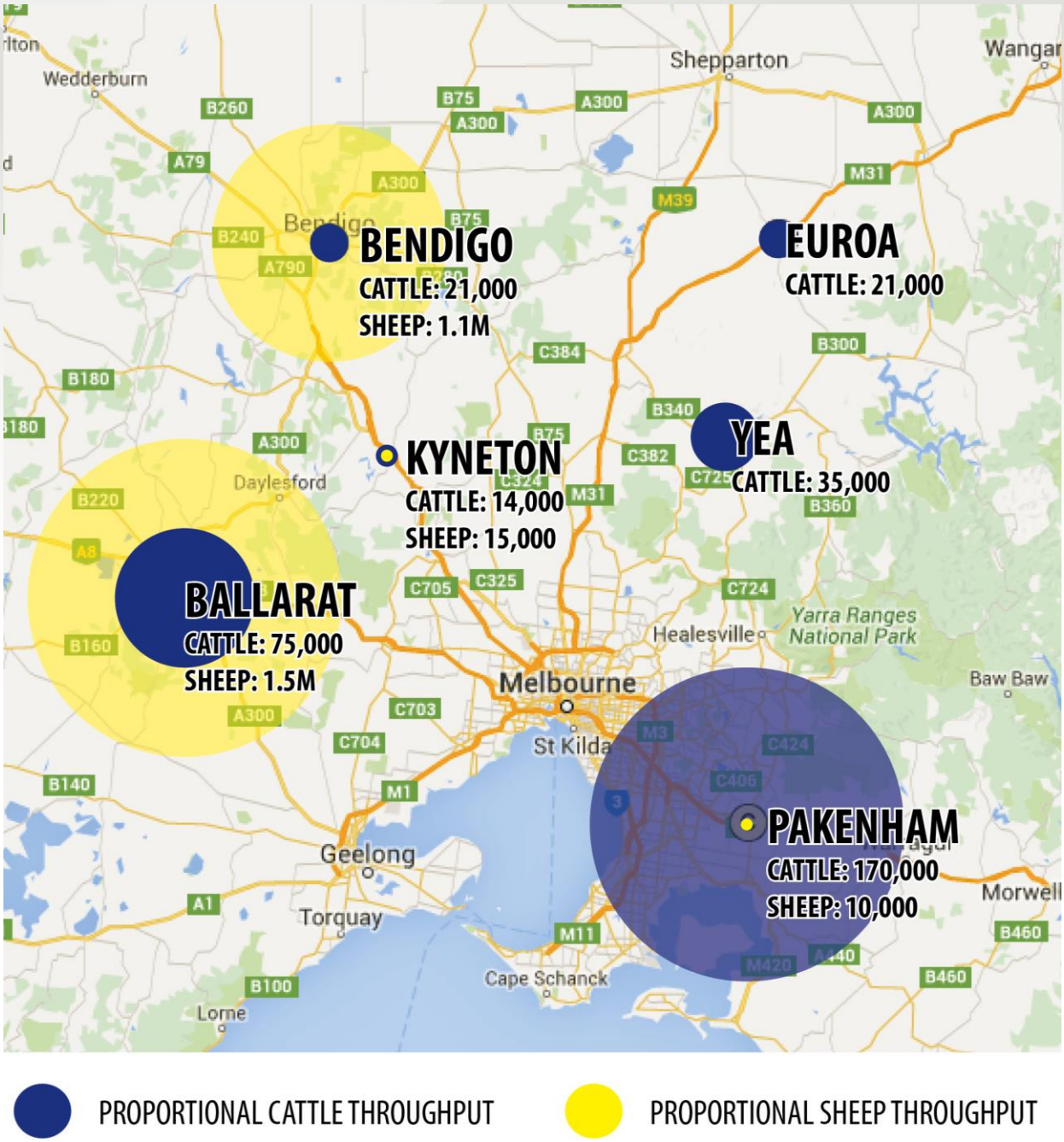
Kyneton Saleyards is competing with a number of facilities for market share, all of which have recently invested in improved facilities. Regionalisation and privatisation of saleyards will continue to place pressure on the viability of smaller saleyards, meaning infrastructure improvements will be required in order to maintain current throughput and market share.

Larger producers in the catchment will seek the highest price available for their stock. Given that there are a number of larger saleyards within 2 hours drive of the Macedon Ranges, larger producers will sell where prices are highest and are unlikely to be materially impacted by travel costs within this radius.

Given the significant competitive pressures faced by smaller saleyards in general, and Kyneton specifically, Council could face significant risk of throughput decline and viability issues if the existing facilities are not improved to align with competing saleyards.

Given significant competitive pressures, Council faces significant risk of throughput decline and viability if existing facilities are not improved.

Location and Throughput of Competing Saleyards



Kyneton is a relatively small saleyards with throughput that is significantly lower than its regional competitors of Bendigo, Ballarat and Pakenham.

Saleyards Success Drivers

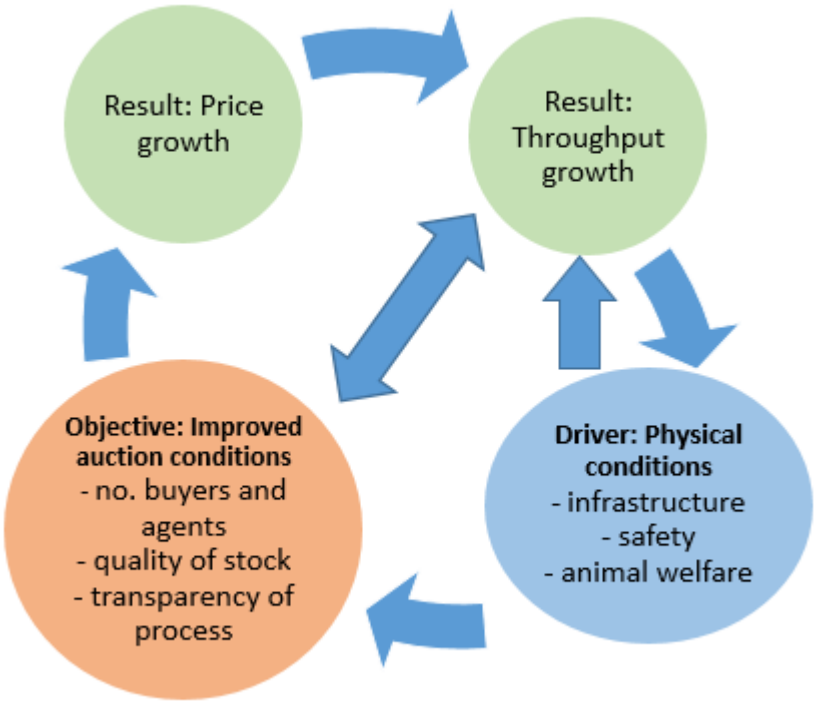
The success of stock saleyards is primarily dependent on a competitive and sustainable auction process. Auction sales require a sufficient number of buyers, sellers and stock in order to underpin a competitive bidding environment and therefore to generate sale prices that accurately and fairly reflect the value of the stock for sale.

Livestock producers will sell stock at locations that (a) are close to the point of production; and (b) generate the highest price possible. Although a number of other factors will naturally influence this decision, these two main economic factors are the primary motivators for producers.

Selling stock through alternative avenues to auctions at Saleyards is now significantly more viable and available than for previous generations. Globalisation of agriculture (producers) and retailers (key buyers) has resulted in more direct contracts between producers and buyers, and online sales are now a viable alternative to physical auction sales. All of these factors mean that saleyards are competing not only with each other, but with alternative selling options for throughput and therefore price.

The inter-relationship between throughput and price drives the success of auction sales, and therefore the success of saleyards. Attracting greater throughput is generally driven by the prices that are achieved in a certain saleyard. Prices are subsequently driven by a range of factors as shown in the Figure below. It is these factors that a Saleyards facility should attempt to control and improve in order to drive success. This is particularly important given the strong competition faced by Kyneton Saleyards from other saleyards and alternative selling options.

Saleyards Success Drivers Flow Chart



3. The Kyneton Saleyards

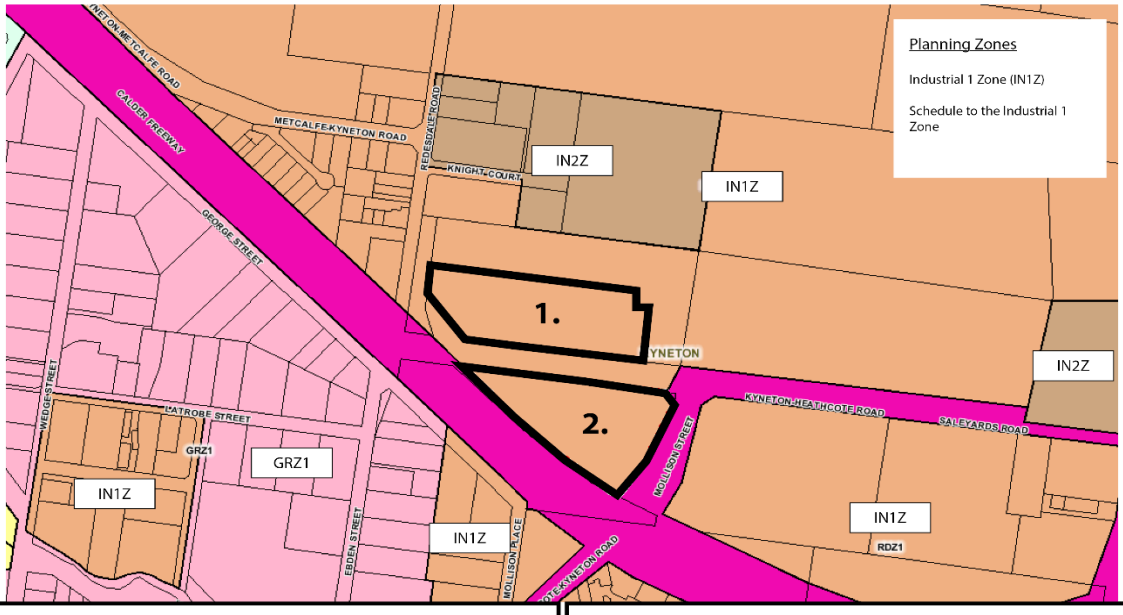
The Kyneton Saleyards are located on two separate allotments at 87 Saleyards Road, Kyneton, covering a total of 5.5ha. The two allotments are Crown land temporarily reserved for "municipal purposes".[10] Macedon Ranges Shire Council is the designated 'Committee of Management' for the Crown Land.

The Saleyards properties are each within the Industrial 1 Zone. Given that surrounding planning zones and uses are all industrial or heavy industrial and there is a substantial separation to sensitive uses, the land use planning environment is well suited to the ongoing operation of a saleyard facility on the site. This is one of the key strengths of the existing site.

The Kyneton Industrial Masterplan (2012) identifies that land to the north of the Saleyards is proposed to remain for heavy industrial uses on large lots, while the industrial area to the east of the Saleyards is to be progressively subdivided and developed for smaller industrial lots between 0.2ha and 0.5ha.

Based on the current future land use planning for the precinct, the Saleyards will continue to be well situated for ongoing livestock and industrial operations, however subdivision and industrial development in the area will increase employment and traffic in the vicinity of the Saleyards operations.

Kyneton Saleyards Subject Site and Planning Zones



1. PROPERTY INFORMATION		
General	Crown Allotment	
LGA: Macedon Ranges	**Parish**: Lauriston	**Prop Number**: 1168712
Locality: Kyneton	**Status**: Crown Land	**Address**: 87 Saleyards Rd, Kyenton 3444
Allotment: 2003	**SPI**: 2003/PP2979	

2. PROPERTY INFORMATION		
General	Crown Allotment	
LGA: Macedon Ranges	**Parish**: Lauriston	**Prop Number**: 1166438
Locality: Kyneton	**Status**: Crown Land	**Address**: 87 Saleyards Rd, Kyenton 3444
Allotment: 2001	**SPI**: 2001/PP2979	

Source: Planning Maps Online, Urban Enterprise.

[10] Victorian Government Gazette, No. G 24 Thursday 15 June 2006, p.1224.

The site currently includes a range of facilities including cattle yards, sheep yards, supporting facilities (offices, canteen and toilets), a truck wash, the Macedon Ranges Shire Livestock Pound and a local radio studio. Supporting infrastructure includes a water standpipe and a trade waste disposal facility. There is also an unused indoor selling ring on the site.

The core activity is livestock sales, while the truck wash also generates a significant number of visits to the site. The key components of the site are shown in the plans below.

Site overview

Source: Urban Enterprise.

Heritage

The Kyneton Saleyards has been in operation for over 150 years and has a rich local and cultural history for Kyneton and the wider region. The Saleyards has substantial historical ties to the township, as well as being a current day reminder of Kyneton's significant agricultural presence in northern Victoria throughout the past two centuries.

The Kyneton Saleyards first opened in 1860 on a ten acre site located on the corner of Market and Mollison Street. The Kyneton Saleyards moved to its current site in 1964, however, stock sales still remained at the Market Street site for some years after.

The Kyneton Saleyards underwent significant development throughout the 1980s with the addition of stacking pens, live weight scales, selling pens, holding pens, truck wash facility and a sewage system.

The Kyneton Saleyards has been an ongoing agricultural institution for the Kyneton Township and the Macedon Ranges region since 1860. The Saleyards not only provide an economic benefit to the region, but also provide an important community asset for the township and the local population.

The progression of the Kyneton Saleyards from the 1860s (top left) to the 1990s (bottom right)

Source: Kyneton Historical Society Inc (2002)

Stock Sales and Throughput

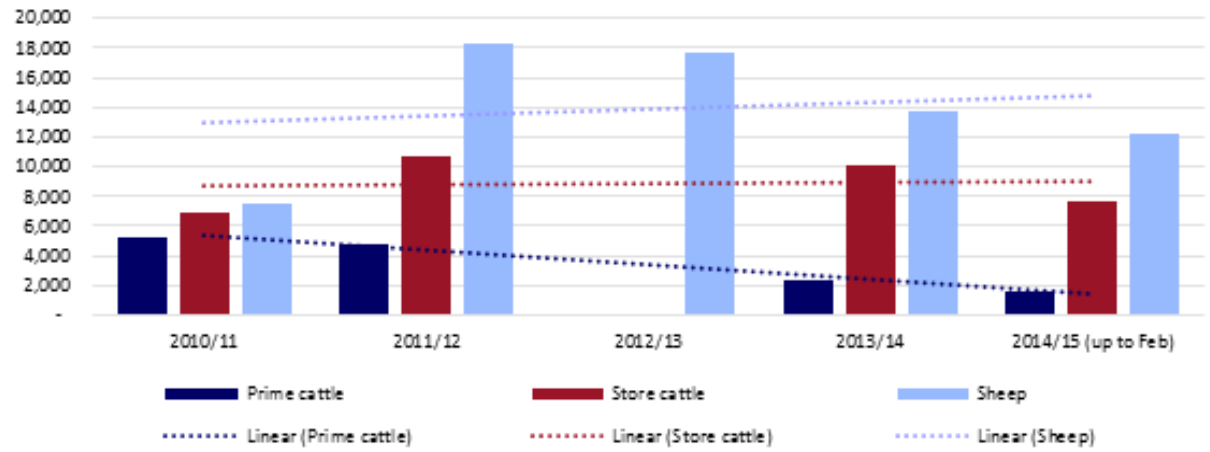
Weekly prime cattle and sheep sales are held each Thursday and specialty store cattle sales are held on the last Wednesday of every month. Sales are held on these days to avoid direct competition with nearby yards at Ballarat and Bendigo. A specialty sheep sale (first cross ewes) is also held annually in January. There are three active agents selling stock at the saleyards: McGrath-Rodwell, Landmark Dwyer and Elders.

Throughput at all saleyards is cyclical and varies depending on a number of factors outside the control of agents and saleyard managers, particularly climate conditions. However over the medium term in Kyneton, throughput data and consultation with agents and users reveals that prime cattle sales are in decline while store cattle throughput is increasing. There are a number of reasons for the decline in prime sales, such as relatively low prices achieved, a perceived lack of buyer competition, and inferior facilities compared with competing saleyards.

Store cattle sales experience clearly the highest throughput and interest from buyers and are considered by stock agents and users to be the major strength of the facility. The Plan identifies options to improve prime sales and leverage from the existing strength of store sales.

Sheep sales, however, are generally low overall, with the majority of throughput (between 50% and 75%) occurring at the annual January sale. Strong competition with Bendigo – Victoria's largest sheep sale – is likely to continue to prohibit the possibility of any significant growth in weekly sheep throughput.

Throughput Trends, Kyneton Saleyards



Source: Macedon Ranges Shire. Detailed breakdown for 2012/13 not available.

Prime cattle sales are in decline while store cattle throughput is increasing.

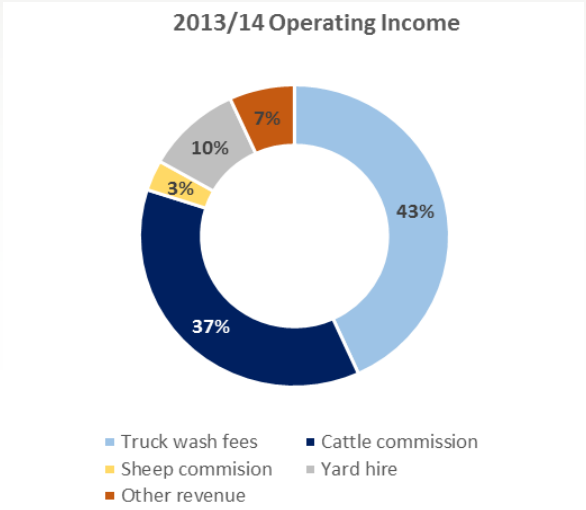
Store cattle sales experience clearly the highest throughput and interest from buyers and are considered to be the major strength of the facility.

Financial Performance and Outlook

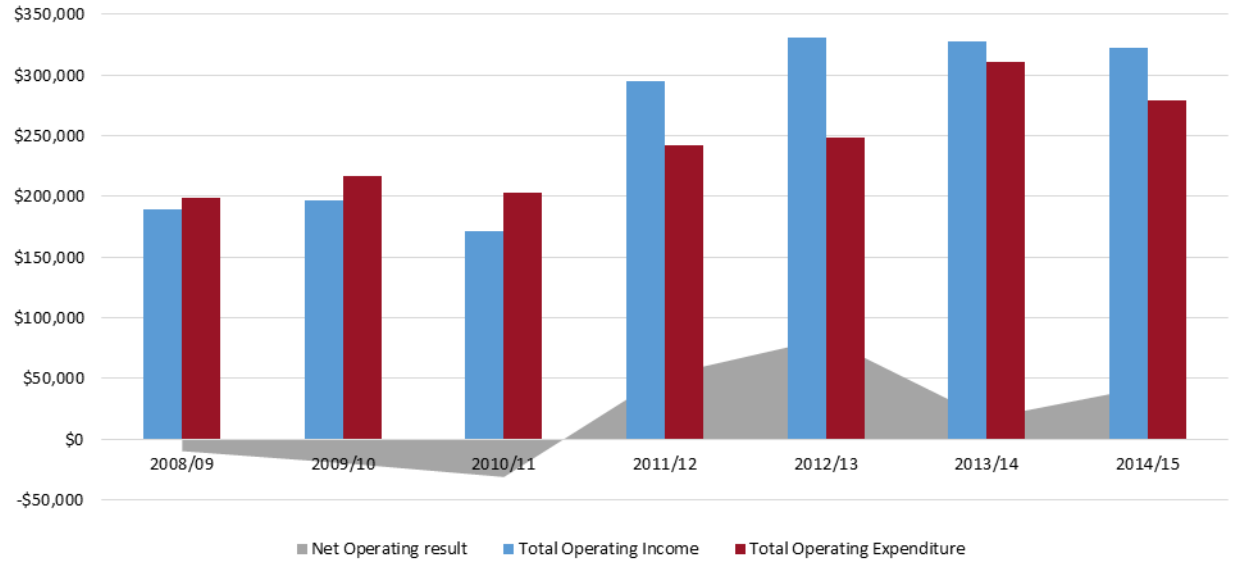
The net operating result of the Saleyards has been positive for the past 3 financial years (excluding capital investment), supported primarily by store cattle sales and truck wash fees. In 2013/14, truck wash fees accounted for 43% of all operating income, with cattle commission accounting for a further 37%. Sheep sales only accounted for 3% of operating income.

It is estimated that if truck wash revenue and costs are removed from the financial analysis, the Saleyards facility itself has been operating at a loss in the order of $20,000 to $60,000 per annum over the past 7 years. Truck wash operations generate a significant annual profit and currently offset the losses incurred by the saleyards operations. The increase in both operating revenue and expenditure evident in 2011/12 can be primarily attributed to the opening of a new larger truck wash and the associated growth in water usage and fee revenue.

2013/14 Operating Income by Source



Kyneton Saleyards and Truck Wash: Combined Net Operating Result



Source: Macedon Ranges Shire.

The financial outlook for the Saleyards is challenging. Council currently receives a Major Trade Waste Transition Discount from Coliban Water to temporarily offset the costs of disposing waste collected from the cattle yards and truck wash. This discount will be progressively removed over the next 5 years, resulting in additional costs to Council over the period 2016/17 to 2020/21 of $290,000, or $58,000 per annum (in nominal dollars, based on constant volumes of trade waste). This is a significant cost increase to Council, and presents a significant risk to the ongoing viability of the facility if unmitigated.

Similarly, if prime cattle throughput continues to decline, cattle commission will decrease. The clear financial risk is that if prime sales are no longer viable for stock agents, the loss of revenue from these sales will further increase the annual loss generated by the saleyards operations.

In order to respond to these challenges, Council should consider a range of strategic actions and investments to ensure that core operations – in particular prime sales – are supported to ensure ongoing financial viability of the facility.

The removal of the Trade Waste Discount over the next 5 years will result in a significant cost increase to Council, and presents a significant risk to the ongoing viability of the facility if unmitigated.

4. Issues and Opportunities

Consultation

A consultation program was undertaken by the project team and Council with the aim of understanding the current issues and opportunities associated with the operation of the Saleyards. Consultation included a range of formats and stakeholders as follows:

- Workshops with producers and buyers, stock agents, Saleyards staff, the broader community (open invitation) and selected Council officers;
- Direct consultation with transport operators, the Macedon Ranges Agri-business Forum, Hardwicks Abattoir, the Livestock Saleyards Association of Victoria, Coliban Water and VicRoads; and
- Distribution of a survey to all registered stock buyers and sellers on the Council Saleyards database.

Consultees were asked to provide input to the preparation of the Plan, including what they saw as the strengths and weaknesses of the current site and facility, opportunities for future use of the site, and issues specific to the interests of the relevant groups consulted.

The main issues raised in consultation are summarised as follows.

Sales and throughput

- Store cattle sales achieve a high level of throughput and are a significant strength of the facility. These attract buyers and sellers from across Victoria and interstate, with users of the facility travelling from as far as Queensland. A target store cattle throughput of 1,000 head per fortnight is considered by the agents to be feasible and could warrant fortnightly sales (currently monthly);
- Weekly prime sales, however, are declining. A change in sale day could be considered to help stimulate throughput, having regard to competing sale days.
- There is an opportunity to further access the local hobby farm market, as many generational hobby farmers are now locating in the Kyneton area.
- Livestock producers suggest that there is an opportunity to diversify the type of stock that is sold, such as introducing poultry, horse and alpaca sales. Agents, however, are wary of diversifying stock types due to difficulties in managing these sales.
- Producers consider the major competing livestock saleyards to be Bendigo, Ballarat and Pakenham. The biggest appeal of competing saleyards are a higher number of buyers, which allows for a higher price due to the competitive nature of sale days, along with soft standing floors, a roof over the yards and better amenities.

Facilities and Infrastructure

- The absence of a soft standing floor in all pens is hindering sales. Buyers argue that the hard floors result in lameness in cattle and deters prospective purchasers. Most competing yards have soft floors, which are now standard practice for new saleyards;
- A key opportunity is to provide a roof for the cattle yards to attract additional buyers. A roof could also capture rain water for re-use. Lighting for the saleyards would be a required if a roof was to be implemented;
- There are a number of low level infrastructure maintenance and upgrades that are required for the site to improve occupational health and safety, such as repair works to the sheep yards, fencing around the perimeter of the sheep yards and higher guard rails on agents raised walkways

- Transport operators consider there to be a lack of circulation space for trucks to turn around and to park. There are also no double-deck loading ramps for the cattle yards which is a major infrastructure deficiency;
- Improvements to the truck wash facility are required, including toilets and showers and protection from water spray from neighbouring wash bays;
- An alternative approach to infrastructure improvements could involve relocating the cattle yards to the current sheep yards site, reconstructing pens to be flexible for cattle or sheep sales.
- The water stand pipe is faulty and not secure.
- Parking is insufficient and traffic movements are not formalised on sale days, resulting in safety issues.

Other issues

- The Saleyards are strategically positioned on the Calder Highway for both stock sales and the truck wash. This is a key competitive advantage. The planning zones and surrounding uses also make the site perfect for industrial / saleyards use.
- Saleyards Road is unsafe to cross, especially on sale days.
- An opportunity exists to broaden the Kyneton Saleyards advertising and marketing reach. Currently, the Saleyards only advertise in local print advertising (Midland Express and Stock & Land).
- There is an increasing number of part-time and new farmers in the area, driven by Melbourne based farm 'investors' and hobby farmers attracted to the area by its proximity to Melbourne, smaller properties and rural lifestyle;
- There may be opportunities to utilise the facility to sell rural supplies such as stock feed;
- Awareness of the heritage of the facility is low. There is an opportunity to enhance awareness of the link to Kyneton's history including through the physical connection as the former continuation of Mollison Street;
- There is an opportunity to improve training, education and awareness of farm management, animal management and occupational health and safety. This could include hosting spin-off events such as the Lost Trades Fair or attracting temporary or regular education courses.
- There is strong, ongoing demand for Council pound facilities, especially given the increasing prevalence of part time and relatively inexperienced farmers in the area and subsequent loose stock.

Draft Plan Feedback

The draft Plan was finalised in November 2015 and made available to the public for comment in early 2016. A total of 20 submissions were received by Council, including stock agents, Saleyards employees, local businesses, producers and community members.

Nine (9) submissions simply stated simply that the submitter 'supports the Kyneton Saleyards' Eleven (11) submissions elaborated on positive and negative aspects of the Saleyards facilities and suggested opportunities for improvement. Overall, most submissions strongly supported the ongoing operation of the facility as a stock saleyard. Many of the submissions reinforced issues and opportunities that were already included in the draft Plan.

The following is a summary of the feedback received, presented in groups relating to current facilities, the role and value of the Saleyards and options for future management and improvements. Where multiple submissions raised the same issue, the number of submissions is shown in brackets. Positive comments regarding the facility and the draft Plan are shown in green, and negative comments regarding the facility or parts of the draft Plan are shown in red. Opportunities, suggestions and additions are shown in blue.

Current Facilities	Role and Value	Future Management / improvement options
Facility strength, submissions in support of facility and draft Strategic Plan contents and actions		
Great facility for hobby farmers	**I support the Kyneton Saleyards (15)**	Important to further develop the facility.
Good location, access and amenities.	**Important to rural heritage and culture, significant social benefits, community spirit (4)**	Roof and soft floors are supported /'a must'
Although sheep yards are underutilised but a major drawcard, achieve high prices and must be retained.	**Saleyards provide significant benefit to businesses. Best return on investment will be from saleyards due to flow on benefits, not truck wash. Would be a cost to the community at large and associated businesses if the saleyards were to close. (3)**	**Council should retain management (3)**
Current use of the facility to weigh cattle and aggregate loads is an important service. A user pays system could be implemented to ensure sustainability.	**Strategic asset for the MRSC, community, surrounding area and agricultural industry /essential agri-business asset. / great asset and need to be improved and maintained. (3)**	Should consider alternative stock uses for the Saleyards.
Truck wash is important to the livestock supply chain and associated employment. Vital to stay open.	**Important service to rural ratepayers / invaluable to the agricultural community (2)**	
Facility weakness / challenge / threat, or draft plan not supported		
Truck wash is expensive to maintain and unreliable.		Sediment pond option not supported
Small and outdated, better saleyards in close proximity, inflexible facilities (i.e. cattle and sheep segregated). (2)		Truck wash should be moved to near Coliban Water treatment plant and water recycled for Pony Club irrigation
Busy road, congestion, precarious truck movements, future industrial uses will increase traffic, becoming a truck parking area.		Any improvements will be to government land, not Council land
Low throughput compared with nearby saleyards		Too expensive to upgrade facilities, not viable and therefore do not support improvements. Cost benefit of roof / saleyards truck wash split questioned.
Additional Proposed Actions and Plan content		
	Need to identify that buyers and sellers come from a wide catchment across Victoria and Australia	Divide dirt holding yards into smaller selling and holding pens.
		Need to explore funding options to ensure implementation – timing is right to reinvest in the facility.
		Additional sale per month does not require infrastructure improvements.
		Need to encourage sellers, in partnership with agents.
		Need to improve alignment and co-operation between council, agents and producers, and ascertain goals, objectives and performance criteria.
		Need to address the knowledge gap for small lot farmers and improve agricultural productivity.
		Layout improvements are needed, such as changes to the lead in system onto the scales to allow 'mob' scanning
		Technology use should be broadened to electronic stock transfer, sale day information (booking, data entry, agents) and marketing the yards.
		Consider benefits of carbon sequestration via permanent pasture based grazing systems

Issues and **Opportunities**

Based on the findings of the research and consultation, the table below provides a summary of the issues and opportunities identified for the Saleyards. While a range of improvements could be made to the facility, the central issues for Council that should be addressed through strategic and asset planning are considered to be as follows:

- Initiating a positive cycle of price growth through core infrastructure improvements; and
- Improving the ongoing financial sustainability of the facility given the significant current risks.

Actions to address these issues and opportunities will depend on Council's strategic approach to the facility and the site. Strategic options are identified and assessed in the following section.

Kyneton Saleyards: Issues

ID	Issue
Primary Issues	
PI1	Declining throughput, especially prime sales.
PI2	Sub-standard facilities compared with competitors.
PI3	Low number of buyers, perception of weak competition.
PI4	Local catchment has decreasing farm size, lower stock volumes. Local area will not support ongoing viability of core operations alone. Need to broaden market.
PI5	Safety (pedestrians, users and staff).
PI6	Rising water and waste costs.
PI7	Reliance on truck wash for viability.
	Secondary Issues
SI1	Ageing farming population.
SI2	Increasing traffic in area.
SI3	Loading improvements needed.
SI4	Animal welfare and user facilities can be improved.
SI5	Poor signage and security.
SI6	Decline in core operations would result in loss of heritage and social value.
SI7	Underutilised infrastructure (selling ring) and land.
SI8	Poor quality of key road / access sections.

Source: Urban Enterprise.

Kyneton Saleyards: Opportunities

ID	Opportunity
Primary Opportunities	
PO1	Strong cattle prices nationally, leverage for store sales and throughput growth.
PO2	Improve core facilities to attract more buyers and sellers (roof, soft floors and loading ramps), especially to support two store cattle sales per month.
PO3	Strategic location well suited to Saleyards activity and close to major cattle and sheep production areas – supports marketing and re-investment, presents a sustainable long term location.
PO4	Establish a clear Saleyards Precinct, including signage, branding and safety measures (lower speed limits on sale days, traffic marshals, road marking), formalised entry and exit points, separation of car and truck traffic, sealing of key road sections and pedestrian paths.
PO5	Improve and extend marketing to hobby farms for prime sales and new buyers for store and prime sales.
PO6	Support truck wash users to ensure long term income.
PO7	Improve sustainability through use of more recycled materials and water harvesting.
PO8	Engage with stock agents to develop marketing strategy for prime and store sales, including target markets, potential buyers and competitive advantages.
Secondary Opportunities	
SO1	Explore lease / partnership arrangements with stock agents to operate the facility.
SO2	Heritage interpretation and signage – link to Mollison Street.
SO3	Ongoing support of pound facilities.
SO4	Integrate education and farm training uses.
SO5	Continue relationship with Hardwicks – strong ongoing demand for stock.
SO6	Alternative stock types, including poultry.
SO7	Increase marketing of the facility to a broader audience. Improve branding and presence.
SO8	Investigate formal lease or land sale to Hardwicks north of sheep yards.
SO9	Integrate complimentary uses, such as feed sales.
SO10	Minor improvements to existing facilities will ensure compliance with standards and safety requirements.
SO11	Encourage producer alliances for selling through Saleyards, such as joint stock transport and combined selling strategies.
SO12	Improve collaboration between Council, agents and other stakeholders through joint objectives and efficiency measures.
SO13	Introduce a user pays system for consolidation of livestock loads at the Saleyards.

5. Saleyard Options

The consultation, research and analysis of issues and opportunities has provided a view of a facility that faces a number of challenges in order to maintain its position in the competitive framework and its ongoing viability as a strategic Council asset.

The following sections provide a vision and objectives for the facility, and a review of major options for Council's consideration. These have been prepared on the basis that the facility is to continue operating as an important asset for the local agri-business sector, as identified in the Agri-business Plan 2013-18.

Vision and Objectives

The consultation and research has led to the formulation of a vision for the Saleyards as follows:

Vision

The Kyneton Saleyards site will be a **competitive**, **sustainable** and **safe** facility focused on supporting the local agricultural and industrial sectors by providing facilities which meet industry standards, leverage from existing competitive advantages and fully utilise the strategic site.

The following overarching objectives are proposed for the facility:

Objectives

1. Provide confidence to the local agricultural sector that the Saleyards is an asset that is to be supported and improved.

2. Facilitate greater competition at cattle auction sales with the aim of supporting fortnightly store cattle sales.

3. Ensure that the changing nature of agriculture in the region is reflected by a facility which meets the needs of hobby farmers and smaller producers.

4. Increase land utilisation, address unsustainable/ inefficient operations and promote opportunities for suitable complimentary uses.

5. Improve the overall safety and amenity for staff, users and visitors, and improve animal welfare.

6. Improve the long term financial viability of the facility and reduce financial risk to Council.

The way in which these objectives could be achieved will depend on Council's strategic approach to the ongoing role and investment in the facility and site. The strategic options are identified and assessed in the following section.

Options

The consultation and research has provided the evidence base from which Council can decide on a course of action for the Kyneton Saleyards. It is apparent that there are three main options for Council to consider as follows:

- Business as usual;
- Invest in incremental improvements to the existing facility; or
- Rebuild the facility.

It is noted that the Council 'asset' is much broader than just the saleyards. It also encompasses a significant land parcel reserved for 'municipal purposes', a profitable truck wash facility, and a range of other improvements which are not necessarily limited to use for the purposes of livestock sales. Council's asset, therefore, is better described as land reserved for municipal purposes, and buildings and infrastructure designed to facilitate livestock sales, stock holding, truck washing, waste disposal, administration facilities and public amenities. Asset management should therefore have regard to the range of facilities and purposes on the site at present, and the preferred strategic direction for the entire precinct.

Within each strategic option outlined in this section, there are also a number of different approaches that could be taken. Each option contains its own set of costs, benefits and risks. This section provides an analysis of each of these in order to assist Council in selecting a preferred approach to the facility. The following criteria have been selected for the assessment of the options:

- Cost: what is the likely cost to Council of pursuing the option, inclusive of capital and recurrent costs, using best estimates where exact data is not available;
- Benefit: what are the benefits generated by the actions within the option, and (if possible to quantify) what will the financial or other benefits be in relation to the costs;
- Risks: what are the risks of the option and the variables that could influence the estimates of costs and benefits; and
- Alignment with objectives.

Each option is outlined and assessed in turn.

.

Option One: Business as Usual

Council has the option of continuing to operate the facility as per current settings, with periodic minor improvements to facilities, ongoing maintenance and adherence to relevant standards. The current financial position is relatively stable, with operations generating a modest net operating surplus.

However, the prospect of significant cost increases (primarily trade waste discharge costs) and the threat of declining throughput and stock related income due to strong regional competition is likely to result in a challenging financial situation for Council and could bring the ongoing viability of the facility into question in the medium term under current settings. The strong reliance on the truck wash to generate income is a risk that should be closely managed.

The risks associated with a "business as usual" decision are considered to be high based on consultation and research findings. A summary of the costs, risks and benefits of this option is provided below.

Costs	Benefits	Risks	Alignment with objectives	Assessment
Renewal cost: routine maintenance works (allow continuation of $20,000 per annum). Renewal cost: Sheep Yards require new fencing, walkways, ramp upgrade and cattle walkway rails. Total cost approximately $150,000 over 4 years, plus sheep roof replacement if required. Additional operating cost: trade waste discount roll-back: $58,000 per annum. Estimated additional costs: $382,000 over 4 years, average **$95,000** per annum.	Additional revenue: none expected. Mitigate OHS risks. No major capital reinvestment required - Council's resources can be allocated to other programs. Retain social benefits and flow on economic benefits of sale days, albeit lesser benefits due to potentially declining throughput.	Pressures from competitive facilities, low prices and lack of buyers could mean the facility loses agents and fails economically. Potential loss of prime sales and a 10% reduction in store sale throughput could result in a reduction of approximately **$40,000** per annum in revenue. Occupational health and safety: the existing facility has a number of issues regarding safety – this option would not generate any additional income that could be used to reinvest in the facility for safety improvements. Failure of the facility would result in a loss of economic activity in the town on sale days, and a loss of the ongoing social meeting place for the agricultural community.	1. Low 2. Low 3. Medium 4. Low 5. Medium 6. Low This option does not align closely with most objectives, especially those relating to increasing store sales and improving amenity and confidence for the industry.	This option is likely to see increasing cost profile and a potential reduction in revenue. OHS risks would need to be addressed ongoing. Under this option the medium term viability of the facility could be at risk due to strong competition from other saleyards. Short term financial challenges are significant.
Costs: $95,000 p.a. plus maintenance	No direct financial benefits.			

Objectives:

1. Provide confidence to the local agricultural sector that the Saleyards is an asset that is to be supported and improved.
2. Facilitate greater competition at cattle auction sales with the aim of supporting fortnightly store cattle sales.
3. Ensure that the changing nature of agriculture in the region is reflected by a facility which meets the needs of hobby farmers and smaller producers.
4. Increase land utilisation, address unsustainable/ inefficient operations and promote opportunities for suitable complimentary uses.
5. Improve the overall safety and amenity for staff, users and visitors, and improve animal welfare.
6. Improve the long term financial viability of the facility and reduce financial risk to Council.

Option Two: Improvements to Existing Facilities

An alternative option would involve a deliberate and strategic approach to reinvesting in the Saleyards to improve the competitiveness and sustainability of the facility, and to mitigate risks associated with a "business as usual" decision. This would involve all minor improvements and compliance measures outlined in Option One, but also include measures such as the following:

- Construct a new roof (in one or two stages) over the existing cattle yards, including rainwater harvesting facilities;
- Install soft floors in cattle pens;
- Construct a new trade waste treatment sediment pond;
- Invest in improvements to the existing truck wash facility;
- Improve pedestrian and stock safety, traffic access and circulation; and
- Implement a rolling program of suggested asset upgrades and renewals identified in the asset register.

This option would require significant funds over a period of time to implement, but would be designed to improve the viability of the saleyards and increase the financial performance of the asset by increasing auction competitiveness, user satisfaction and safety, throughput, and revenue.

Soft floors would require regular replacement. The current pen design makes this replacement difficult and time consuming – this replacement would be required twice per year, incurring additional staff costs. The alternative to this relatively inefficient replacement process would be to replace the cattle pens so that machinery could be used to replace the flooring. However, the cost of replacing the existing cattle pens is likely to be in the order of $0.7 - $1m based on equivalent recent costs in Victoria, a high cost relative to the relatively likely modest benefits of reduced staff time.

The overall improvements as part of this option would be likely to support the objective of fortnightly store cattle sales, thus strengthening the reputation of the saleyards as a major store cattle location. A long term objective of 1,000 head of quality cattle per fortnightly sale is considered feasible by the agents (requiring a doubling of current store cattle throughput levels of approximately 12,000 per annum).

Based on the experience at Yea Saleyards and discussions with Kyneton stock agents, it is estimated that construction of a cattle yard roof and installation of soft floors could result in an increase in prime cattle throughput by 20% in the short term (3 years) and 50% in the medium term (4-10 years). Store cattle throughput could increase by 30% in the short term (3 years) and up to 60% in the medium term if successful fortnightly sales are established (4-10 years). This would result in throughput volumes in the order of 19,000 per annum, a medium term volume considered feasible by the stock agents. In the longer term, further increases would be required to reach the target of 1,000 store cattle per fortnight (approximately 24,000-25,000 per annum).

However, the longer term outlook for smaller saleyards such as Kyneton is uncertain, making investments in this type of facility relatively high risk. As such, Council would need to ensure that any improvements have the ability to be reused for alternative uses where possible if the Saleyards facility does not success. This would include ensuring the roof is high enough to act as a storage facility or alternative Council building.

Costs	Benefits	Risks	Alignment with objectives	Assessment
OHS works as per Option 1 minus sheep yard works: $100,000 over 4 years. Cattle yard roof and lighting (single stage), $720,000, plus lighting (allow $80,000). Annual soft floor installation: $200 per pen wood chips x 100 pens = $20,000 p.a. New cattle loading ramp (approx. $50,000) Trade Waste Sediment Pond: $60,000-80,000 to construct, assuming basic liner and no EPA works. Truck Wash Improvements (in accordance with a separate business case)	Animal welfare improvements Water harvesting reduces potable water usage costs ($4,300 p.a.) and reduces trade waste volume costs ($1,700 p.a.) Cattle throughput increase would result in additional revenue in the order of $41,000 p.a. over the next 3 years, plus $85,000 p.a. over the subsequent 7 years, resulting in a 10 year increase of $72,000 p.a. Total roof and soft floor improvements could generate $72,000 p.a. (cost reductions plus revenue increases) Trade waste disposal costs reduced by $8,000 p.a., resulting in a 9 year payback period for the sediment pond. Truck wash benefits (in accordance with a separate business case)	Investment is not guaranteed to generate throughput increase. Many challenges from land fragmentation, competition from other saleyards. Price growth and more buyers are essential. Climate and stock conditions could change, impacting turnover and revenue. Ageing farming workforce and agents could result in less local stock and less frequent sales.	1. Medium 2. High 3. Medium 4. High 5. High 6. Medium This option aligns reasonably well with all objectives, and aligns strongly with the objectives of providing confidence to the industry through investment, supporting the aim of fortnightly sales, and encouraging complimentary uses. Alignment with objective 6 relies on a significant increase in throughput, and is considered to represent a medium to high risk investment.	In order to improve the competitiveness of the facility, capital investment is required in the order of $1m plus recurrent costs of $20,000 p.a for soft floors. A long payback period (approx. 17-18 years) and high risks mean that investment relies on significant increase in throughput to generate sufficient return. If dollar for dollar State funding could be secured, Council's capital investment would be in the order of $500,000 + $20,000 p.a., with an estimated payback period of 8-9 years. Note: payback periods are nominal and do not include allowance for any commercial lending costs required.
Costs: $1m + $20,000 p.a.	$80,000 p.a.			Roof Payback: 17 -18 years (approx.)

Objectives:

1. Provide confidence to the local agricultural sector that the Saleyards is an asset that is to be supported and improved.
2. Facilitate greater competition at cattle auction sales with the aim of supporting fortnightly store cattle sales.
3. Ensure that the changing nature of agriculture in the region is reflected by a facility which meets the needs of hobby farmers and smaller producers.
4. Increase land utilisation, address unsustainable/ inefficient operations and promote opportunities for suitable complimentary uses.
5. Improve the overall safety and amenity for staff, users and visitors, and improve animal welfare.
6. Improve the long term financial viability of the facility and reduce financial risk to Council.

Option Three: Rebuild Facility

A third option for consideration is a wholesale reconstruction of the Saleyards facility. This option would take advantage of the opportunity to construct a modern saleyards facility that includes all features necessary to compete with other regional saleyards in an efficient, safe and comfortable layout, including:

- Roof and soft floors;
- New multi-use pens, walkways and loading ramps;
- Water harvesting directed to the truck wash facility; and
- New supporting buildings and administration centre.

The very low utilisation of the sheep yards presents the opportunity to consolidate the sheep and cattle yards on one site through the use of multi-use pen fencing and gates.

However, there is significant sunk capital in existing assets, many of which still have a significant remaining asset life. The weighing and scanning facilities – although partially utilising the otherwise vacant selling ring – are an effective component of the site, and relocation could be costly.

A key benefit of consolidating the facility onto one site would be the availability of the other site for alternative municipal purposes or sale. In 2005, the Valuer General provided Council with an estimate of value of the two sites, being $280,000 for the cattle yards site, and $385,000 for the sheep yards site. Any sale of the site requires approval from the Victorian government and removal of the existing crown land reservation – this can be a complicated process. No financial return from the sale of land would be realised by Council given that the properties are Crown Land.

The construction of a completely new facility would require detailed design / cost estimates. It is apparent that a full reconstruction would require significantly more investment than that associated with Option two, and would therefore require a significant and sustained increase in throughput and revenue in order to justify the investment. Based on the research and consultation, it is not expected that reconstruction of a full new facility would generate any substantial throughput growth over and above that which could be achieved through investment in the existing facility (as identified in Option two).

It is estimated that construction of a full new facility with comparable capacity to the existing saleyards would cost in the order of $3m to $5m, depending on the design and components of the site. This is a broad estimate based on costs of other facilities and would need to be refined through a concept design and quantity surveying exercise.

Given the strong competition from other saleyards and the numerous challenges faces by livestock farmers in the Kyneton catchment area, it is considered unlikely that a major and sustained increase in market share and stock related revenue could be achieved under current circumstances even with a full reconstruction of the Saleyards.

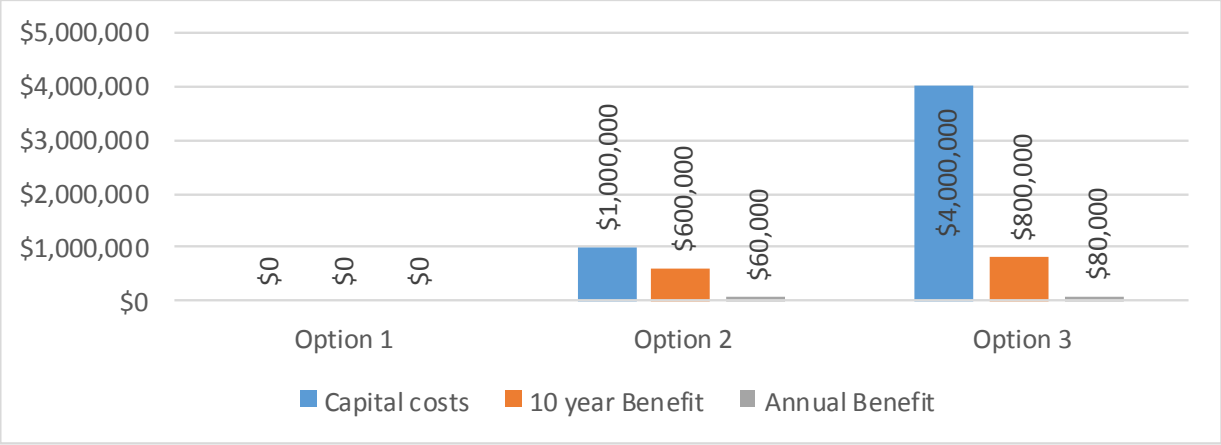
Costs	Benefits	Risks	Alignment with objectives	Assessment
A new facility would cost in the order of $3m to $5m, including approximately: $1m for new cattle roof and lighting $1m for new cattle pens or flexible stock pens $1-2m for costs associated with buildings, scales, loading ramps and civil engineering. Allowance for contingency and other costs.	Increased throughput and revenue possible, however strong competition with regional saleyards will limit market share growth potential. Based on benefits of Option 2, increased benefits of a new facility could result in up to $80,000 benefit per annum. Animal welfare improvements. User experience and amenity improvements.	High risk that throughput would not increase sufficiently to justify expenditure. Many challenges from land fragmentation, competition from other saleyards. Price growth and more buyers are essential. Climate and stock conditions could change, impacting turnover and revenue. Ageing farming workforce and agents could result in less local stock and less frequent sales.	1. High 2. High 3. Medium 4. Medium 5. High 6. Low This option addresses all of the objectives except reducing risk to Council.	The long term viability of the facility is uncertain if this level of investment is not returned by throughput and revenue increase. Based on the economic context, competitive framework and consultation, it is considered highly likely that this level of investment would not provide a suitable return to Council.
Costs: $3m - $5m	Benefits: up to $80,000 per annum.			Investment payback: 35 years +

Objectives:

1. Provide confidence to the local agricultural sector that the Saleyards is an asset that is to be supported and improved.
2. Facilitate greater competition at cattle auction sales with the aim of supporting fortnightly store cattle sales.
3. Ensure that the changing nature of agriculture in the region is reflected by a facility which meets the needs of hobby farmers and smaller producers.
4. Increase land utilisation, address unsustainable/ inefficient operations and promote opportunities for suitable complimentary uses.
5. Improve the overall safety and amenity for staff, users and visitors, and improve animal welfare.
6. Improve the long term financial viability of the facility and reduce financial risk to Council.

Summary of Costs and Benefits

The graph below shows a summary of the capital costs and expected benefits associated with each option. Option 2 provides the best financial result in terms of estimated costs and benefits.



Alternative Strategic Options

In addition to the three main options identified, alternative options are also available to Council as follows:

- Close part or all of the facility, and reuse the land for other municipal purposes;
- Divest operations to a private operator or stock agents; or
- Relocate the facility.

Closure or part closure

Based on the findings of the research and consultation, there is little evidence to support pursuing these alternative options at this stage. The saleyards have been identified as a highly important asset for the local agricultural industry, and have been returning a modest net operating profit for the past 3 years. Although the truck wash revenue underpins this result, the precinct has a number of operational synergies that could be further leveraged, rather than dismantled.

However, from an economic perspective the sheep yards generate less than $20,000 in revenue each year, and have an asset replacement value of $1.5m (not including regular maintenance, administration office, support facilities and overheads). The only sale of any significance is the annual first cross ewe sale. The level of reinvestment to the sheep yards required over time - including maintenance, replacement of deteriorated assets and upgrades to meet current best practice - is substantial, with only limited financial return. It is therefore considered that the closure of the sheep yards should be seriously considered in order to reduce the liability of this asset and make land available for alternative uses.

Alternatively, the closure of the Kyneton facility could be contemplated by Council if a partnership with a nearby facility can be established (such as Bendigo). Given the financial challenges in operating multiple smaller Saleyards, a strategic partnership with a neighbouring saleyards could generate a critical mass of cattle and sheep and achieve price and throughput growth in that location to support infrastructure improvements. The drawback of this approach for Council is that local sales would no longer take place and the associated economic activity would be lost. It is noted, however, that local farmers and families would still undertake most of their expenditure and economic relationship within the Macedon Ranges, with the exception of those transactions taking place on sale days.

Divestment

Divestment of the operation of the saleyards would require attraction of a suitable private operator for the facility. Smaller non-regional saleyards in Victoria are generally operated by Councils as the low levels of throughput make it difficult for a private operator to create a viable business model without significantly increasing fees. It is understood that private operators generally avoid taking on saleyards with outstanding OHS issues, and where significant reinvestment is required to meet industry standards.

One option for divestment of part of the operations of the Kyneton Saleyards may be to use a third party scanning contractor, however there is no clear indication that this step is currently required or that it would generate a significant benefit to Council.

Alternatively, Council could consider entering into an agreement or lease arrangement with stock agents to divest management of the facility to the agents. It is understood that this approach has been successfully implemented at the Yea Saleyards, where the facility is owned by Council and managed by a Committee of Management which includes representatives of the stock agents, a council officer, a Councillor, a transport representative and a farming representative.

The Yea approach to Saleyards management involves a high level of collaboration with the agents, who lease the Saleyards facility on sale days and manage sales themselves. Council provides safety officers on sale days only. Discussions with Murrindindi Council officers indicated that this

arrangement is operating successfully, and encourages active participation in management of the facility from agents and other user groups.

Relocation

Relocating the facility is an option for Council, however research and consultation has indicated that one of the key competitive strengths of the Kyneton Saleyards is its location on the Calder Highway and lack of buffer and interface issues. The site has an excellent land use planning context, and will be protected from sensitive uses in the future. A benefit of relocation would be making the subject site available for alternative Council uses requiring a buffer to sensitive uses, however a new site with suitable buffers and planning context would be required for the Saleyards in any case.

It is reiterated that the current Crown land reservation is for municipal purposes, and any alternative use of the site would require an amendment to the reservation. While these restrictions may be removed, the processes for such removals are lengthy and have no guarantee of success.

Efficient Utilisation of Land

An important consideration for Council is the efficient utilisation of land and Council assets. Saleyards by their nature can appear underutilised given that the assets are only used on certain days each week or month. Often, saleyards facilities are only at capacity on one or two days per year, or are never fully utilised. This is not necessarily a negative outcome for Council and users, however opportunities to increase utilisation should be considered.

The Kyneton Saleyards cattle yard and livestock pound are regularly used, with weekly prime sales and monthly store sales resulting in regular usage of the selling facilities on up to 10 days per month. The full capacity of the cattle yards of approximately 1,000 cattle is often near or at capacity for monthly store sales, however weekly prime sales typically only utilise 10% of the selling pens. This indicates that the facility has significant capacity to increase utilisation for weekly sales, and to consider fortnightly sales. Longer term throughput figures suggest that an increase in prime cattle throughput could be possible by regaining market share that has been lost in recent years.

The sheep yards (with capacity of approximately 14,000 sheep) and surrounding land are relatively underutilised, except for one week per year during which the annual first cross ewe sales are held. This sale has attracted approximately 7,000 sheep for the past two annual sales (approximately 50% capacity), however almost 14,000 sheep were sold at the annual sale in January 2012, indicating that full utilisation of the site is still possible depending on market conditions. Weekly sheep sales, however, use only a very small section of the site. A typical weekly sheep sale currently attracts 100 – 200 sheep, resulting in a capacity in the order of 1%.

Land surrounding the sheep yards to the north is grossly underutilised, only made available for casual low-rent lease to Hardwicks from time to time. Council has previously sold a parcel to the north of the existing sheep yards to Hardwicks, following a process to first purchase the parcel from the Crown, and then on-sell to Hardwicks.

The sale of further land to the north of the sheep yards to Hardwicks could be possible by following the same process. Alternatively, land could be leased on a formalised ongoing basis to Hardwicks.

Alternative Land Use Options

The Saleyards land is Crown Land reserved for municipal purposes. Therefore, while the land is currently primarily utilised for stock sales, Council has the option of using the land for a range of Council services or activities, and/or considering options to expand or diversity the types of stock sold in the Saleyards.

In any case, consultation and research has revealed that any other uses of the site should be complimentary to the core use of the site for livestock purposes. Complimentary and permissible uses are therefore considered to include the following.

Alternative Stock Sales

The sale of alternative stock types was raised as a potential opportunity for the saleyards, such as horses or alpacas. The consultation process revealed that although there may be some demand for such sales, the core operation of cattle and sheep sales should be supported as a priority, and alternative stock types could potentially conflict with the core operations.

Importantly, existing stock agents are not interested in managing sales of alternative stock types. Therefore, new and other agents and operators would need to be sought, reviewed and managed by Council. Horse sales have been held in the past, however a number of problems with management of the sales were identified by users and Council.

It is considered that Council could support specific alternative stock sales only where a clear demand exists, competition with other nearby sales is avoided, experienced operators are responsible for the sale and a clear process for buyer registration and animal welfare is established. Examples of alternative stock types include poultry and alpacas.

Livestock Refuge

Council's Local Laws unit has advised that the site is not suitable for a Primary Refuge location, but is a suitable Secondary Livestock Refuge for minor livestock types (such as alpacas). This is particular important in times of emergency such as bushfire and flooding, when the Saleyards could perform an important social and economic role to hold displaced minor livestock.

Rural Sales

Although rural sales (such as stock feed) at a retail level and on a permanent basis would not align with the current zoning and Crown Land reservation, a temporary sale on stock sale days (especially weekly sales when the site is underutilised) could be an appropriate use in that complements the municipal purpose of facilitating stock sales and associated rural needs.

Occasional rural sales could encourage more visitation to weekly sales and increase the length of stay and interaction between buyers, sellers, agents and visitors. There may also be the opportunity to accommodate other agricultural sales and food sales.

Education and training

A number of factors are contributing to a loss of farming skills and farms in the region, including an ageing farming population, land fragmentation and urban pressures, and investment in farms by hobby farmers and new farmers attracted to the Macedon Ranges by the rural lifestyle and scenic landscapes.

There is a direct relationship between smaller producers selling stock at the Saleyards and those that may need or wish to engage in livestock and farm related training and education. Education sessions could be provided at the facility on weekly sale days or other days when un-used, and incorporate sessions run by Council, State government agencies or animal welfare organisations.

This would be an appropriate and efficient use of the existing asset and assist in upskilling the existing community to ensure sustainability of the farming knowledge base in the region. In addition

to farm education, other education uses could be appropriate for the site, such as veterinary training and other rural or livestock focused university or Vocational Education and Training courses.

Public Events

A number of public events are held in Kyneton and the Macedon Ranges. Although the Saleyards are not suitable for all events and are not large enough to accommodate major shows and events, the facility could be utilised for smaller and livestock specialised events such as a side-venue for the annual Lost Trades Fair held at the Kyneton Racecourse.

Heritage Interpretation

The Kyneton Saleyards has a very strong connection to the history of the Kyneton community, the Kyneton township and the surrounding rural area. There is the opportunity for greater heritage interpretation of not only the Saleyards facility, but the agricultural history of the Macedon Ranges at the site to encourage visitation by school groups, university and Vocational Education and Training groups, and other heritage and community organisations.

Although the Calder Freeway now separates the site from the main township, the main north-south access route through the southern section of the Saleyards was previously the northern section of Mollison Street, and heritage signage, interpretation, photography and/or artwork could draw this important former connection to Kyneton's main thoroughfare.

Resource Recovery

Council's Waste Management Strategy (WMS, 2015) identifies that an optional user-pays residential garden organics recycling service was introduced in October 2011 and has been taken up by 9,850 households. Council also receives organic material at transfer stations (including Kyneton) where it is mulched and made available for community and Council, however the mulch is not treated to certified compost under Australian Standard. Garden material collected is currently transported to Camperdown, a round trip of approximately 400km.

The WMS identifies the opportunity for a composting facility within the Shire given the high quality and consistent organic material streams arising within Macedon Ranges from farms, food processing facilities, abattoir, sales yards, wood lots and sawmills. The opportunity to use the Saleyards site for material recycling is presented by the location within an Industrial Zone with no adjacent sensitive uses and a number of other potentially offensive uses nearby including the Hardwicks Abattoir, the Kyneton Wastewater Treatment Plant, Kyneton Airport and the Kyneton Transfer Station.

The western end of the sheep yards is approximately 180m from the nearest residential zone, and the maximum distance between a composting facility on the Saleyards site and the nearest residential house is approximately 320m. The Environmental Protection Authority (EPA) Composting Guidelines identify municipal source separated kerbside garden waste as Category 2 waste presenting medium potential risk of harm to human health and the environment. This type of waste can be processed in 'open environments' which require a minimum separation distance to sensitive uses of at least 300m.

The subject site is therefore considered to offer a potentially suitable location for open air, aerobic composting, subject to EPA approval. This could reduce transport costs to Camperdown and generate an alternative revenue stream for Council through the sale of high quality certified mulch.

Private Use

Given the underutilised nature of much of the Saleyards land, especially on the northern parcel, there is the opportunity to facilitate the use for private purposes. The existing occasional lease of the northern section of the sheep yards by Hardwicks Abattoir could be formalized into an ongoing annual lease, or discussions could be entered into regarding sale of part of the land to Hardwicks. Preliminary consultation with Hardwicks indicated that the company is growing strongly and diversifying its operations such that future land may be required for expansion in the medium term.

Hardwicks is the largest employer in Macedon Ranges, and expansion of this significant regional abattoir is a key opportunity to support local employment growth. The current location of the abattoir is appropriately separated from sensitive uses.

It is noted that any sale of land for Hardwicks would first require the removal of the Crown Land reservation from the site, and sale to Council by the State government. This process would require a significant length of time and a number of statutory hurdles, however if Hardwicks expresses a genuine interest to purchase land, such private use could be a more efficient and economic use of the site than the currently underutilised sheep holding paddocks and/or the sheep selling yards.

Recommended Complementary Land Uses and Implementation

The table below shows the uses that are considered to be the most appropriate and complementary to the current uses and are permitted under the current Crown Land reservation. Other uses that are considered complementary but would require changes to the Crown Land reservation are also identified.

These alternative uses have been included in the preferred option, action plan and masterplan as relevant.

Land Use	Compatibility / Priority	Implementation
Livestock Refuge	High	Existing stock pens are appropriate and available for emergency use. Include Saleyards as a Secondary Refuge location for minor stock types. Perimeter fencing may be required.
Rural sales	High	Engage existing feed sellers to ascertain interest in sale day presence. Temporary sales only due to zoning and reservation. Other agricultural sales and food sales could also be encouraged.
Resource Recovery	High	EPA approval and business case required, including consideration of separation distances.
Private Use	High	Engage Hardwicks to ascertain interest and timing for a lease or sale. Any sale would require a Memorandum of Understanding or Heads of Agreement with Council followed by removal of the Crown Land Reservation and sale of the land to Council.
Heritage interpretation	Medium	Significant existing heritage material exists (photos, written history). Work with the Kyneton Heritage Society to create and display signage and photos, especially relating to the former Mollison Street alignment.
Education and Training	Medium	Farm skills run or facilitated by Council, other training such as veterinary training facilitated by others could take place within existing facilities outside sale days. Co-ordination with Saleyards staff and agents would be critical for any non-stock selling use.
Alternative Stock Sales	Medium	Would require a new set of agents and processes for management and animal welfare. Given existing stock agents would not manage, expressions of interest could be sought from specific groups to manage specific alternative stock types. Horse sales are not considered appropriate.

6. **Recommended** Strategic Approach

Given the high levels of risk associated with investment in Saleyards facilities and the relatively long payback periods for major investments, Council's first decision relates to whether or not it wishes to continue to support the saleyards through capital funding, or alternatively simply continue to maintain the existing facility without undertaking capital improvements.

Although the risks associated with significant capital investment are relatively high (such as those outlined for Options Two and Three), the risks associated with Option One (business as usual) are also high, in that a lack of investment is considered likely to lead to a significant threat to the ongoing viability of the Saleyards.

In order to mitigate the risk of the saleyards becoming unsustainable, capital investment is essential and any such investments should be staged. For example, a staged roof construction in Option Two could reduce the funding exposure to Council and allow throughput increases to be measured before deciding to proceed with constructing a roof over the balance of the cattle yards.

Preferred Option

Based on a review of the information available and the assessment provided in this section, Option Two (improvements to existing facilities) is considered to best meet the objectives, with the following considerations and conditions.

- Improvements to existing facilities should be staged wherever possible, including individual projects that can be staged such as the cattle yard roof and soft floor installation.
- Opportunities to improve the medium and long term financial position of the facility should be acted on as a priority including:
    - Reconsidering management options for the water stand pipe and opening in emergencies only, with an estimated saving of $10,000 per annum;
    - Constructing a sediment pond to reduce waste treatment costs, estimated saving of $8,000 per annum;
- State or Federal co-funding should be sought for all major improvements, utilising available funding programs such as the Regional Infrastructure Fund (described below).
- The sheep site is substantial in area, highly underutilised and does not generate a significant financial return to Council. The infrastructure liabilities associated with the sheep yards are also significant, and it is considered that the facility should be decommissioned and the land better utilised for a combination of alternative uses, including:
    - Land sold or leased to Hardwicks to support growth in the processing and value adding industry;
    - Creation of new truck wash supporting facilities and formalisation of truck parking;
    - Open area for car and truck parking for major store cattle sale days, including space for feed sales;
    - Construction of a new trade waste treatment facility (sediment basin); and
    - Organic composting operations.

Although other major changes to the layout or location of facilities (i.e. truck wash, sediment pond, selling pens) were also suggested during the Plan preparation process and consultation, the

preferred option (and associated actions) is considered the most efficient and effective way to address the issues and opportunities identified, as informed by independent technical advice.

Information, Marketing and Management

The preferred option includes a range of infrastructure improvements and actions designed to increase the market share and throughput of the facility. In order to support these objectives, it is essential that up-to-date information and data is available to Council to guide decision making and monitor performance of the facility in general and the impact of any investments made. Similarly, any investments in infrastructure designed to increase market share should be accompanied by a marketing campaign to advertise the improvements to the target market.

The following improvements to data collection and marketing are recommended. Communication with and assistance from the stock agents is required in order to inform and deliver optimum results.

- Collect and internally publish throughput data on a consistent basis in a single file, including a breakdown of sales results by sale, stock type, agent and year. This data should be integrated in the master file as soon as it is available to the Saleyards administrator and trends updated;
- Update and maintain an ongoing register of all buyers and sellers;
- Ensure all Saleyards precinct expenditure (including those related to Local Laws) is recorded within a single cost centre and labelled by asset to enable separate analysis of truck wash, saleyards and other costs and revenue;
- Identify target market for increasing / reclaiming market share in partnership with the agents and prepare a marketing strategy which includes upfront material regarding improvements and ongoing material regarding results, headline throughput and price results to a broader audience than the local area. Marketing should be a standing item on the agenda for regular meetings between Council and agents.

It is important that the facility is strongly marketed through a partnership between Council and stock agents around the time that any significant investment in the facility is taking place. In this way, the key stages in the improvements to the facility, such as Plan adoption, funding attraction and key stages of construction will be communicated to a wide audience to attract the necessary throughput growth required to underpin Council's investment. The marketing material should act as a prospectus or similar, with key information outlining the strengths of the facility, investments and headline throughput and price results.

The partnership between Council and agents to market the facility should also be extended to a broader partnership to identify common goals and objectives for the facility. The preparation of a Management Plan for the facility would assist all stakeholders to agree on the key aims for the Saleyards and to work together on a set of priority marketing and management actions to achieve goals such as throughput or price growth and facility improvements.

Actions

The following actions are recommended to meet the objectives of this Plan and to implement the preferred option. Short term refers to actions recommended to be undertaken / commenced within the next three years, while medium term refers to actions to be undertaken / commenced in the period over the next three to six years.

Objective	Actions	Timing
1. Provide confidence to the local agricultural sector that the Saleyards is an asset that is to be supported and improved.	1.1 Adopt the Plan and prepare Business Cases for funding of key elements.	Short term
2. Facilitate greater competition at cattle auction sales with the aim of supporting fortnightly store cattle sales.	2.1 Construct stage 1 of a new roof over the cattle yard.	Short term
	2.2 Install soft floors under first roof stage.	Short term
	2.3 Monitor throughput numbers through regular data collection and reporting, including periodic updates and reporting to agents group.	Ongoing
	2.4 Prepare marketing material for store sales (in conjunction with agents) and reporting of prices to a wider geographic audience, including regional newspapers and social media.	In line with new improvements
	2.5 Install a new double deck cattle loading ramp (consider this improvement for stage 2 once roof and soft floors installed).	Medium term
	2.6 Prepare a joint Saleyards Management Plan including common objectives, targets and actions for Council, stock agents, transport operators and user representatives, building on the overarching Plan directions.	Medium term
3. Ensure that the changing nature of agriculture in the region is reflected by a facility which meets the needs of hobby farmers and smaller producers.	3.1 Support prime sales through soft floor and roof investments.	Short term
	3.2 Liaise with agents regarding the possibility of Saturday sales for hobby farmers and smaller producers, alongside temporary stock feed / rural sales.	Short term
	3.3 Encourage and facilitate local producer alliances for stock transport and sale.	Medium term
	3.4 Seek expressions of interest for alternative stock sales.	Medium term
4. Increase land utilisation, address unsustainable/ inefficient operations and promote opportunities for suitable complimentary uses.	4.1 Retain Council pound and incorporate reporting of usage, occupancy, improvements made and improvements needed into the Saleyards accounts / Operations portfolio.	Medium term
	4.2 Engage with local businesses (eg. feed sales) regarding opportunities and land requirements for sale day operations.	Medium term

Objective	Actions	Timing
	4.3 Engage with education providers active in veterinary training and farm skills to identify opportunities and requirements for training to be undertaken on site.	Medium term
	4.4 Investigate the suitability of the northern parcel for a green waste composting facility, including engagement with the EPA.	Medium term
	4.5 Investigate the potential lease or sale of land within the northern parcel.	Medium term
	4.6 Identify the Saleyards as a secondary Livestock Refuge location in Council's emergency management planning.	Medium term
	4.7 Investigate practicality of subdividing dirt holding pens into smaller selling and holding pens.	Short term
	4.8 Investigate cost and viability of realigning cattle scanning area to allow mob scanning.	Short term
5. Improve the overall safety and amenity for staff, users and visitors, and improve animal welfare.	5.1 Undertake rolling improvements to OHS issues and infrastructure repairs identified.	Short term
	5.2 Lobby VicRoads to reduce speed limit to 40kmh on sale days on Saleyards Road, including electronic / mobile signage, and implement supporting speed reduction measures (eg. on dangerous Saleyards Road bend).	Short term
	5.3 Improve amenity and safety for truck wash users through washing and hand rail improvements.	Medium term
	5.4 Install heritage interpretation signage relating to former saleyards sites, agricultural heritage and Mollison Street extension.	Medium term
	5.5 Install a range of consistent Saleyards Precinct signage for arrival, direction, separation of traffic types, parking, safety and amenities.	Medium term
6. Improve the long term financial viability of the facility and reduce financial risk to Council.	6.1 Reinvest in the truck wash in accordance with a separate business case.	Medium term
	6.2 Reconsider management options for the water stand pipe, including for emergency use.	Short term
	6.3 Decommission sheep yards.	Medium term
	6.4 Construct trade waste sediment pond.	Medium term
	6.5 Ensure roof construction includes water harvesting infrastructure.	Short term

Funding

Funding for upgrades to the Saleyards and truck wash would primarily be borne by Council as the asset holder, with a focus on investments that will (a) mitigate future financial risks and (b) generate additional revenue such that payback periods are acceptable based on reasonable throughput and revenue growth expectations.

For major improvements such as cattle yard roofing and soft floors, or for a consolidated package of capital improvements to be undertaken as a single project, State and Federal government grant funding may be available, for example through the State *Regional Infrastructure Fund* and the Federal *Heavy Vehicle Safety and Productivity Programme* and *National Stronger Regions Fund.*

Regional Infrastructure Fund

The State Government Regional Infrastructure Fund, through Regional Development Victoria, offers grant funding for a range of infrastructure types, including “enabling infrastructure”. Enabling infrastructure “supports regional industries to innovate, build resilience, and improve their adaptability to changing economic and environmental conditions”. Proposals are required to meet the following criteria:

- Respond to an identified regional infrastructure need and/or industry need;
- Provide multi-user infrastructure that delivers economic, social and environmental benefits to a region or across regions;
- Improve resource use efficiency and improve its environmental footprint;
- Go beyond the minimum regulatory requirement;
- Improve supply chain efficiencies and linkages to markets;
- Minimise congestion effects;
- Support a network of settlements.

It is considered that if pursued as part of a of a multi-use agriculture productivity and resilience hub integrating saleyards upgrades, waste management, water harvesting and education / training opportunities, the project would be an suitable candidate for this grant funding.

Heavy Vehicle Safety and Productivity Programme

The Heavy Vehicle Safety and Productivity Programme (HVSPP) is an Australian Government initiative to improve productivity and safety outcomes of heavy vehicle operations across Australia, through funding infrastructure projects.

The Australian Government has committed $200 million in new funding over five years from 2014-15. The specific HVSPP objectives are to:

- Increase productivity of heavy vehicles by enhancing the capacity of existing roads and improving connections to freight networks; and
- Improve the safety environment for heavy vehicles.

State, Territory and Local Governments are eligible to apply. The programme will contribute a maximum of 50 per cent of the total project cost.

The next round of funding is expected to be announced in late 2015. Previous rounds have funded livestock loading improvements at 15 saleyards facilities across Australia. This funding stream could be appropriate to co-fund improvements to the cattle loading ramps and truck wash safety improvements.

Nationals Stronger Regions Fund

The National Stronger Regions Fund (NSRF) will provide funding of $1 billion over 5 years, commencing in 2015-2016, to fund priority infrastructure in regional communities under the following conditions:

- .Grants must be between $20,000 and $10 million.
- Local government and incorporated not-for-profit organisations are eligible to apply.
- Grant funding must be matched in cash on at least a dollar for dollar basis.
- All partner funding must be confirmed.
- NSRF funding will be provided for capital projects which involve the construction of new infrastructure, or the upgrade or an extension of existing infrastructure.
- The project must deliver an economic benefit to the region beyond the period of construction. Projects should support disadvantaged regions or areas of disadvantage within a region.
- The NSRF funded component of the project must be completed on or before 31 December 2019.

This funding stream could be appropriate to assist in funding major infrastructure upgrades for the facility.

User Payments

The proposed improvements to the facility would generate significant benefits to the users and agents active at the Saleyards. For producers, higher prices are likely to be achievable; for buyers animals are likely to be in better condition and more stock will be on offer; and for agents, greater throughput and prices would result in more business and commission.

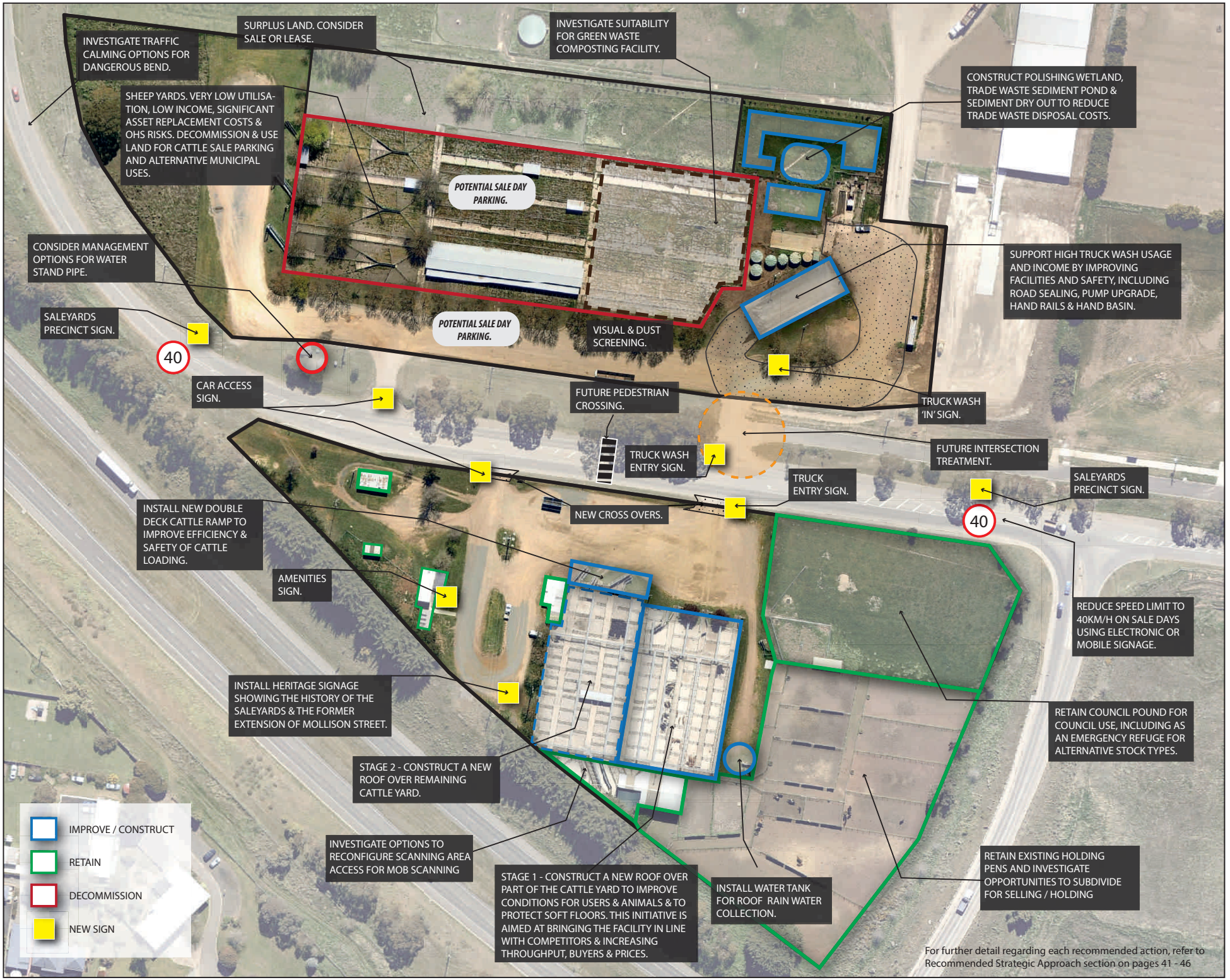
An option to contribute to the funding of the proposed improvements to the facility is to increase agent's fees collected by Council. At present, yard hire and selling fees are comparable with competing saleyards. Moderate increases in these fees should be introduced by Council over time once any improvements are completed to assist in equitably funding the cost of the improved facilities. It is important not to increase fees too rapidly or significantly, and only once clear facility improvements are evident.

Masterplan

A Masterplan showing the location and extent of the proposed improvements to the Kyneton Saleyards precinct is shown on the following page.

The Masterplan shows the location of assets and facilities recommended to be retained, those recommended to be introduced or improved, and those recommended to be closed or decommissioned.

The Masterplan contents relate to the preferred option and action plan included in this section.



MASTERPLAN

KYNETON SALEYARDS MASTERPLAN

JUNE 2016

For further detail regarding each recommended action, refer to Recommended Strategic Approach section on pages 41 - 46

urban ENTERPRISE
URBAN PLANNING · LAND ECONOMICS · TOURISM PLANNING