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DENILIQUIN SALEYARDS

STRATEGIC PLAN

EDWARD RIVER COUNCIL | MARCH 2021

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1

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CONTENTS

FIGURES

TABLES

ACRONYMS

EU	European Union
GVAP	Gross Value of Agricultural Production
LGA	Local Government Area
LV	Low Voltage
MDP	Murray Darling Basin
NLIS	National Livestock Identification Scheme
NSW	New South Wales
US	United States
YOY	Year on Year

EXECUTIVE SUMMARY

Edward River Council commissioned a Strategic Plan for the Deniliquin Saleyards to complete a strategic review of the saleyards precinct and investigate the future use of the facility, including the potential upgrade of infrastructure and/or an expansion of services.

AGRICULTURAL LAND USE & PRODUCTION

It is considered relevant to consider agricultural land use and production context and trends:

- Agriculture is a key economic driver of the Riverina Murray region. The agricultural activities in Deniliquin and surrounds are predominantly dryland pasture, irrigated pasture and rangeland grazing.
- The Murray Riverina region is attractive for agricultural production due to:
  - The scale, diversity and productivity of agricultural land in the region.
  - Good transport networks with most major highway and rail corridors crossing the region.
  - Water infrastructure and irrigation capacity.
  - An international reputation for food manufacturing with strong processing and supporting industries.

AGRICULTURAL TRENDS

The following structural shifts and long term trends are taking place in the industry and should be considered:

- Water allocations have become more variable with more frequent low or zero allocations.
- Long term average water prices are predicted to rise, which will impact the viability of rice production, traditional commodity cropping and grazing dairy.
- Regional agribusiness gross regional product (GRP) could decrease and become more volatile and seasonal.
- Employment in agribusiness and value-adding may decline and the number of skilled workers may decrease.
- Consolidation of farming will continue with the impact of technology and the need for economies of scale to be globally competitive.

REGIONAL SALEYARDS HIERARCHY & THROUGHPUT

- There is a significant number of saleyards in southern NSW and northern Victoria, with a potential oversupply of facilities within a 200 - 250 km radius of Deniliquin.
- Saleyards in larger regional centres/cities are higher order facilities that achieve a much higher annual throughput and their position in the hierarchy is strengthening.
- The Deniliquin sheep yards are attractive to buyers due to the favourable location and a high quality reputation for price, presentation and quality of infrastructure and assets, and the unique tree coverage over the yards.
- Annual sheep throughput at the Deniliquin Saleyards has been consistent over the past 5 years, with a minor increase in recent years.
- The Deniliquin cattle yards has seen little investment over a long period of time and infrastructure is degraded.
- Cattle throughput has experienced a significant year-on-year decline over the past 5 years, and the frequency of cattle sales has been reduced from fortnightly to monthly.
- Cattle throughput at nearby saleyards such as Echuca, Swan Hill and Finley has increased in recent years, likely absorbing the loss of throughput at Deniliquin, Kerang and Hay.
- Some of the key challenges facing Saleyards relate to environmental factors, farming and land use trends, regulatory compliance, technological advancements, regionalisation and privatisation.

ISSUES & OPPORTUNITIES

The following issues and opportunities should be addressed through strategic and asset planning:

- Protect and enhance the sheep yards, which is the facility's clear competitive advantage and an area of specialisation.
- Improve the general safety standards across the precinct to ensure that the facility is compliant and high quality safety standards and practices are implemented and adhered to.
- Ensure all infrastructure and assets are compliant to improve stock and user safety, and reduce the risk of work, health and safety incidents.
- Consider the future use and utilisation of the cattle yards, given that the infrastructure is aging, throughput and regional stock numbers are declining, and the competition across the region is strengthening.
- Significant investment is required to upgrade and improve the cattle yards to a standard that satisfies general safety standards and compliances.
- Improve infrastructure, services and resources across the facility to realise operational and cost efficiencies.
- Consider the use of underutilised land, buildings and amenities across the site to explore additional commercial opportunities and additional incomes streams.
- Clearly delineate and define maintenance responsibilities between the owner and the operator to increase competitiveness and meet user expectations.

OPTIONS FOR THE DENILIQUIN SALEYARDS

Four options are proposed for the Deniliquin Saleyards. Options are discussed in detail in Section 8.

Option		Overview	Indicative cost
1	Business as usual for the saleyards	Maintaining the status quo, whereby the operation of the facility continues under the current arrangement (i.e. leased to an independent operator).	Minimal
2	Improvements and upgrades to infrastructure and services at the sheep yards	A deliberate and strategic approach to reinvesting in the sheep yards to ensure competitiveness and sustainability of the facility	$0.75 to $1.5m
2a	Deliver the minimum investment required to ensure a safe and compliant facility, and to mitigate risks associated with a business as usual decision.	It is anticipated that infrastructure improvements required to deliver this option would include the following: • Replace timber rails with steel rails in selected areas of the yards (i.e. the pens that are actively being used); • Replace raised walkways in selected areas of the yards; • Replace the minimum number of ageing cattle ramps; and • Upgrade pen floors in selected areas of the yards.	$0.5 to $1m
2b	More substantial upgrades to the cattle yards in an attempt to improve competitiveness and increase viability	It is anticipated that infrastructure improvements required to deliver this option would include the following: • Upgrade, replace and improve aging infrastructure in the cattle yards, including timber rails, pen floors the selling ring and software system. • Replace raised walkways across the yards; • Replace ageing ramps; • Re-pave the stock and user walkways.	$1.5 to $2m
3	Major re-investment and renewal in the cattle yards and sheep yards	Construct a modern cattle yards 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; • New selling ring and administration buildings; • Water harvesting. This option would also involve re-investment into the sheep yards (as per option 2)	$6 to $10m
4	Divest and close the cattle yards and re-invest into the sheep yards and ancillary facilities	This option is focused on cost and risk prevention for the cattle yards, particularly with the degraded state of the facility and the declining throughput. This option would also include re-investing into the sheep yards (as per option 2)	$0.75 to $1.5m (sheep yards). Cattle yards will depend on divestment options

PREFERRED OPTION

The most appropriate options for the Deniliquin Saleyards are Option 2/2b and Option 4.

The sheep yards is the clear competitive advantage, indicated by the:

- Consistent throughput and income;
- Stable sheep numbers in the region;
- Benefits of the sunk investment in infrastructure that has a useful economic life; and
- The natural shade offered through widespread tree coverage.

The sheep yards is an area of specialisation. This should be protected and enhanced through a deliberate investment strategy that improves competitiveness, grows market share (throughput), encourages operational efficiencies, and satisfies user expectations. Comparatively, the cattle yards are at a point where either substantial investment is required to upgrade the facility in an attempt to improve competitiveness and increase throughput (option 2b), or divest and close the facility (option 4).

At the time the Issues and Options Report was completed and issued (June 2020), Berrigan Shire Council was considering permanent closure of the Finley Saleyards. If this eventuated, the Deniliquin cattle yards could leverage that opportunity to capture a share of Finley's annual cattle throughput (approx. 16,000 in 2019). At that time, option 2a was the preferred option, which would involve the minimum investment required to ensure a safe and compliant facility. This was recommended in order to keep the cattle yards open and monitor the situation at Finley. Berrigan Shire Council have since decided to re-commence sales and invest into the facility.

Given the change in circumstances, the opportunity for Deniliquin to pursue option 2b has diminished. Without Finley closing, growth in cattle throughput could only come by increasing market share in a reducing and increasingly competitive market. This is highly unlikely, due to:

- Declining cattle numbers in the region;
- Volatile climate conditions - changing rainfall patterns and projections of ongoing decreases in rainfall, threatening water security;
- Strong competition from nearby Saleyards such as Echuca, Swan Hill and Finley; and
- Competing selling methods that are becoming more common and have an increasing market share (e.g. online sales).

Edward River Council has previously resolved to pursue option 4: divest and close the cattle yards, and re-invest into the sheep yards and ancillary facilities. Given the decision by Berrigan to reinvest at Finley, this is supported.

An action plan for the preferred option (option 4) is provided in Section 9.

1. BACKGROUND

1.1. INTRODUCTION

Urban Enterprise (strategic planning and economics) in conjunction with Darrell Brewin (agriculture) and Cardno (engineering) were engaged by Edward River Council to prepare a Strategic Plan for the Deniliquin Saleyards. The purpose of the Plan is to provide a strategic review of the precinct to investigate the future use of the facility, including the potential upgrade of infrastructure and/or an expansion of services.

The Strategic Plan includes comprehensive research and analysis relating to:

- Regional agricultural production and land use trends;
- Macroeconomic considerations;
- Trends influencing saleyards;
- An assessment of infrastructure, services and operations at the Deniliquin Saleyards; and
- A summary of key findings from consultation with regular users (e.g. agents, buyers, sellers, operators and transporters).

It is important to note that the Strategic Plan was prepared following the preparation of an Issues and Options Report (June, 2020).

2. AGRICULTURAL TRENDS & REGIONAL CONTEXT

2.1. INTRODUCTION

This section provides an overview of some of the macroeconomic conditions influencing the agriculture industry in New South Wales including domestic and international economic conditions and environmental considerations such as drought and water security.

This section also provides a snapshot of NSW's agricultural economic performance in 2019 including trends in production, output, export value and price.

2.2. MACROECONOMIC CONDITIONS

Farmers in NSW faced challenging conditions in 2019 with higher feed costs, low water availability and high water costs in addition to drought. Hay and grain were in short supply on the east coast and domestic prices surged. Grain prices reached their highest point in winter and spring 2018 with lower supply available and high feed demand from livestock producers. The higher demand for hay and grain from cattle and sheep producers lowered margins further for dairy, pig and poultry farmers.

Low water allocations in NSW led to higher prices, as more buyers competed for lower water volumes. The Murrumbidgee regulated river ended the year at 7% allocation for general security water licences. With 0% general security allocations at the end of the year, the NSW Murray and Lower Darling river regions had emergency drought restrictions in place, limiting use to town water supply, domestic and stock use and permanent plantings.

Approximately 4.9 million ML in water allocations were traded in the southern Murray Darling Basin in 2018/19, 31% less volume than last year. Prices for water entitlements in NSW increased substantially over 2018 levels, particularly for High Security entitlements, with the volume weighted average price 58% higher at $5,564 per share (average of all regulated river water sources). General Security entitlements were 32% higher in 2018-19 at $1,929 per share (average of all regulated river water sources), with most of the trading occurring in the NSW Murray and Murrumbidgee.

Trade tensions between the US and China, lower consumer confidence in the EU, and natural disasters in Japan were major reasons for slowed trade activity in 2019. The trade tensions in the US and China caused a slowdown in global trade and created uncertainty among businesses due to the unpredictability of tariff changes and expectations around policy directions. China increased tariffs on many American agricultural commodities in 2018 including pork, wine, fruit and nuts. In November 2018 China announced an anti-dumping investigation into Australian barley, which has caused uncertainty among grain growers and had not been resolved by the end of the financial year.

The Australian dollar depreciated against major currencies over 2019 which benefitted export-oriented commodities. Throughout 2019 the Comprehensive and Progressive Agreement for Trans-Pacific Partnership came into effect for Australia and a number of trading partners, positively impacting agricultural commodity exports.

2.3. PERFORMANCE OF THE NSW AGRICULTURE INDUSTRY: SNAPSHOT

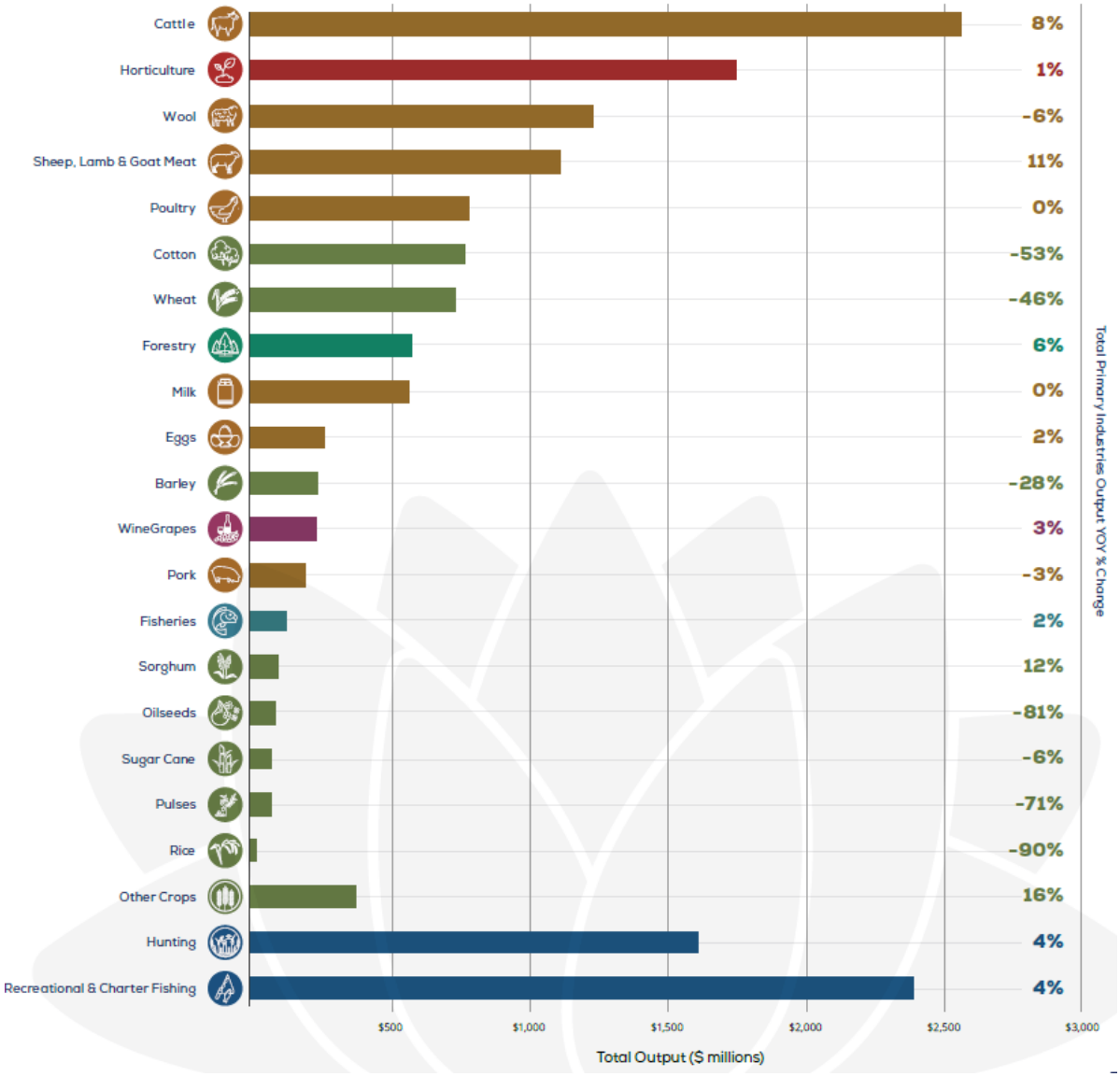
Figure 1 summarises the total output value of all agricultural commodities in NSW in 2019, and also includes the change (+/1) compared with 2018. Livestock, wool and horticulture continue to drive much of the NSW agriculture activity.

In 2019, cattle generated the highest amount of output across all agricultural commodities in NSW, with a total value in excess of $2.5 billion (+8% YOY).

Sheep, lamb and goat meat recorded an output value of approximately $1.2 billion in 2019 and achieved strong growth (+11%) compared with 2018. Wool generated a slightly higher annual output (approx. $1.25 billion), but recorded a 6% decrease compared with 2018.

Other notable declines in output occurred across cotton, wheat and barley, and is likely due to the lower availability of water influenced by a period of drought and lower allocations of water through trading.

F1. PRIMARY INDUSTRIES OUTPUT, NSW, 2019



Source: NSW Primary Industries Performance Data & Insights 2019, NSW Department of Primary Industries 2019

2.4. LIVESTOCK

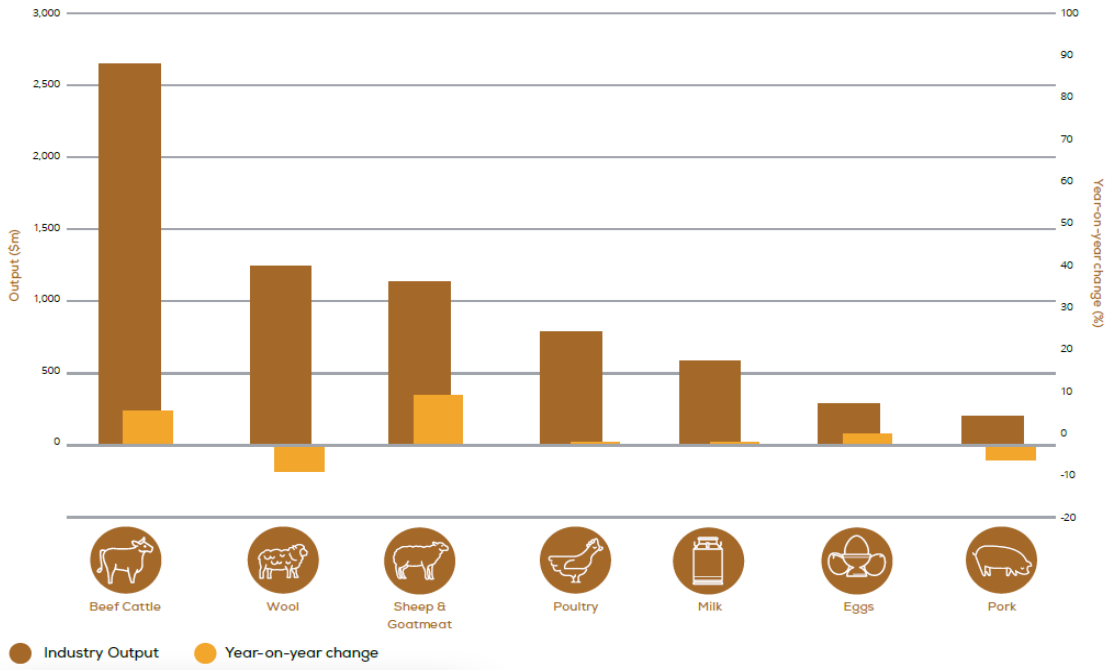
It is estimated that the value of the livestock industries in NSW increased by 4% compared to 2018, which was partially driven by increased turn-off rates (i.e. for slaughter or export) but also record prices for sheep meat, goats and wool.

Stock water reserves remained low across large parts of NSW, particularly in the most extensive areas of concern in the Western, North West and Central West. Extreme heat events over the 2018/19 summer also placed further pressure on stock water resources and demand.

Intensive livestock industries also faced very challenging operating conditions. High feed prices affected the cost of production across the sector and placed producer margins under pressure. The dry conditions had a detrimental effect on milk supply, but poultry meat and egg supply remained relatively stable.

Figure 2 summarises the approximate value of output generated across livestock and the annual changed compared with 2018.

F2. SUMMARY OF LIVESTOCK OUTPUT, NSW, 2019



Source: NSW Primary Industries Performance Data & Insights 2019, NSW Department of Primary Industries 2019

Output generated by the beef cattle industry increased by 8%, with increased supply and buoyant prices helping to stimulate the industry during dry conditions. Exports to China increased significantly with a record 65 million kg of beef traded to China.

Record price for wool helped offset the pressures brought on by drought, including rising costs and a reduction in wool supply. An overall decrease in flock size and the average amount of wool cut per head resulted in a 6% decrease in output, but is still above the 5-year average.

Strong international demand for sheep meat and a falling exchange rate lifted exports and domestic prices, resulting in strong throughput at many saleyards in NSW. However, many producers were forced to buy feed or turn-off stock due to the deteriorating conditions.

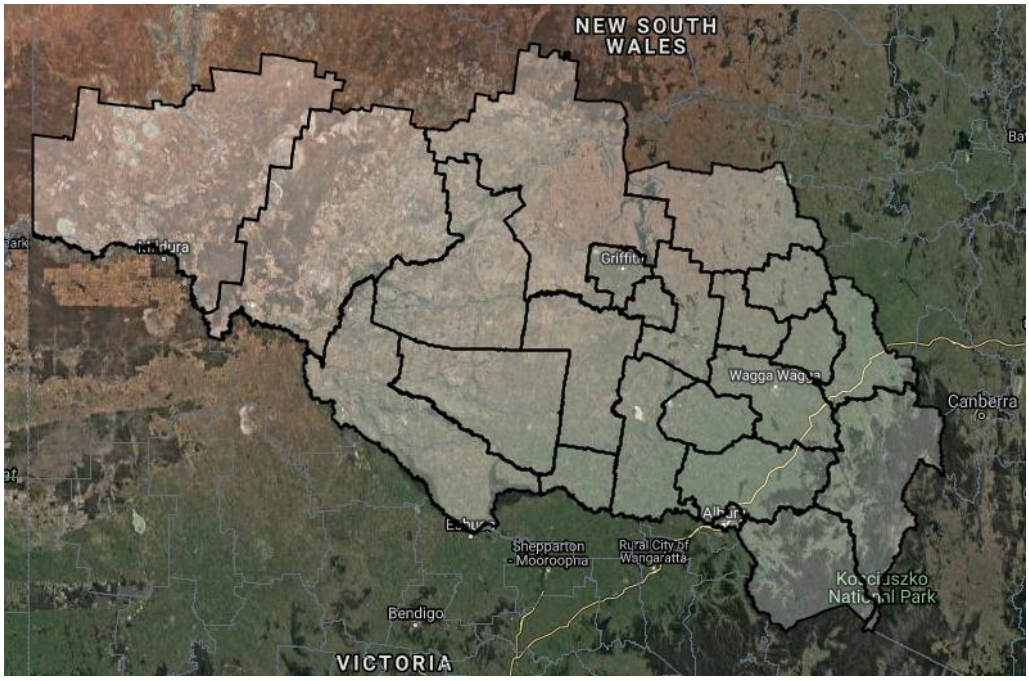
Recently, issues stemming from widespread and prolonged bushfires across the east coast of Australia in NSW, Victoria and Queensland, coupled with the global impact of coronavirus are likely to contribute to a short to medium term decline in production and subdued international demand (particularly from China) for Australian produce.

2.5. AGRICULTURE IN THE RIVERINA MURRAY REGION

This sections provides an overview of agriculture in the Riverina Murray region including land use and production, as well as an overview of the distribution of livestock value across the region for livestock (meat and wool).

Edward River is a rural municipality located at the gateway of the Murray River and agricultural land further north. Edward River Council forms part of the Riverina Murray region, which includes the following 26 Local Government Areas: Wentworth, Balranald, Hay, Edward River, Murray River, Carrathool, Murrumbidgee, Berrigan, Federation, Griffith, Leeton, Narrandera, Lockhart, Greater Hume, Albury, Wagga Wagga, Coolamon, Bland, Temora, Junee, Cootamundra-Gundagai and Snowy Valleys, as shown in Figure 3.

F3. RIVERINA MURRAY REGION



2.5.1. AGRICULTURAL LAND USE AND PRODUCTION

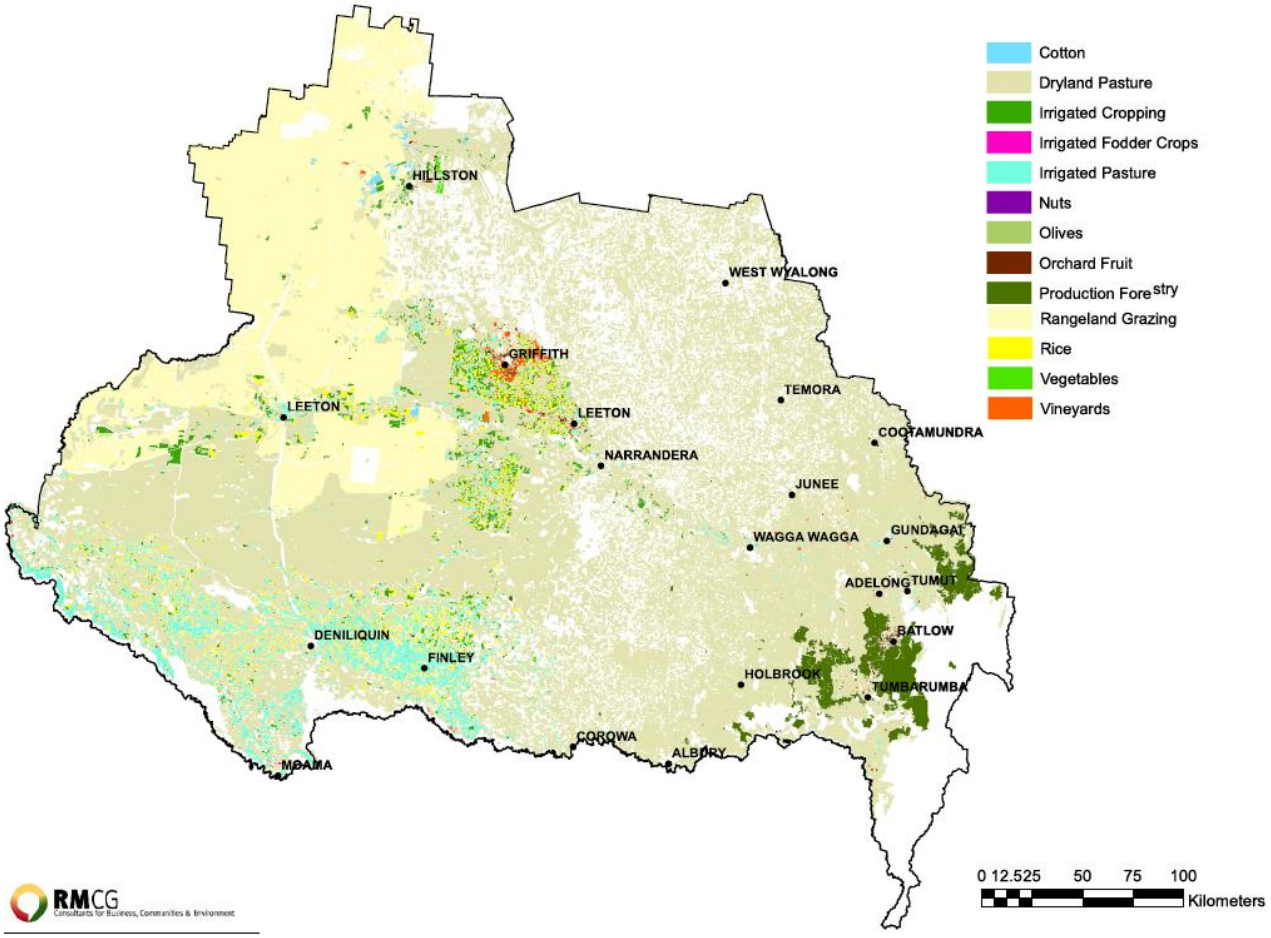
Agriculture is a key economic driver of the Riverina Murray region, as it generates over 10% of Gross Regional Product (GRP). Across the region, agricultural land use and production is diverse and generally includes rice, cotton, cereals horticulture and extensive dryland copping and livestock grazing; including beef and sheep.

The agricultural strengths of the Riverina Murray region include:

- The scale, diversity and productivity of agricultural land in the region.
- Good transport networks with most major highway and rail corridors crossing the region.
- Significant water infrastructure and irrigation capacity.
- An international reputation for food manufacturing with strong processing and supporting industries.

The agricultural land uses in Deniliquin and surrounds are predominantly dryland pasture, irrigated pasture and rangeland grazing, as shown in Figure 4. This includes cattle and sheep/lamb livestock both for meat and wool.

F4. RIVERINA MURRAY LAND USE



Source: Riverina Murray Agricultural Industries, Department of Planning and Environment, RMCG 2016
Excludes Wentworth LGA

2.5.2. LIVESTOCK

MEAT

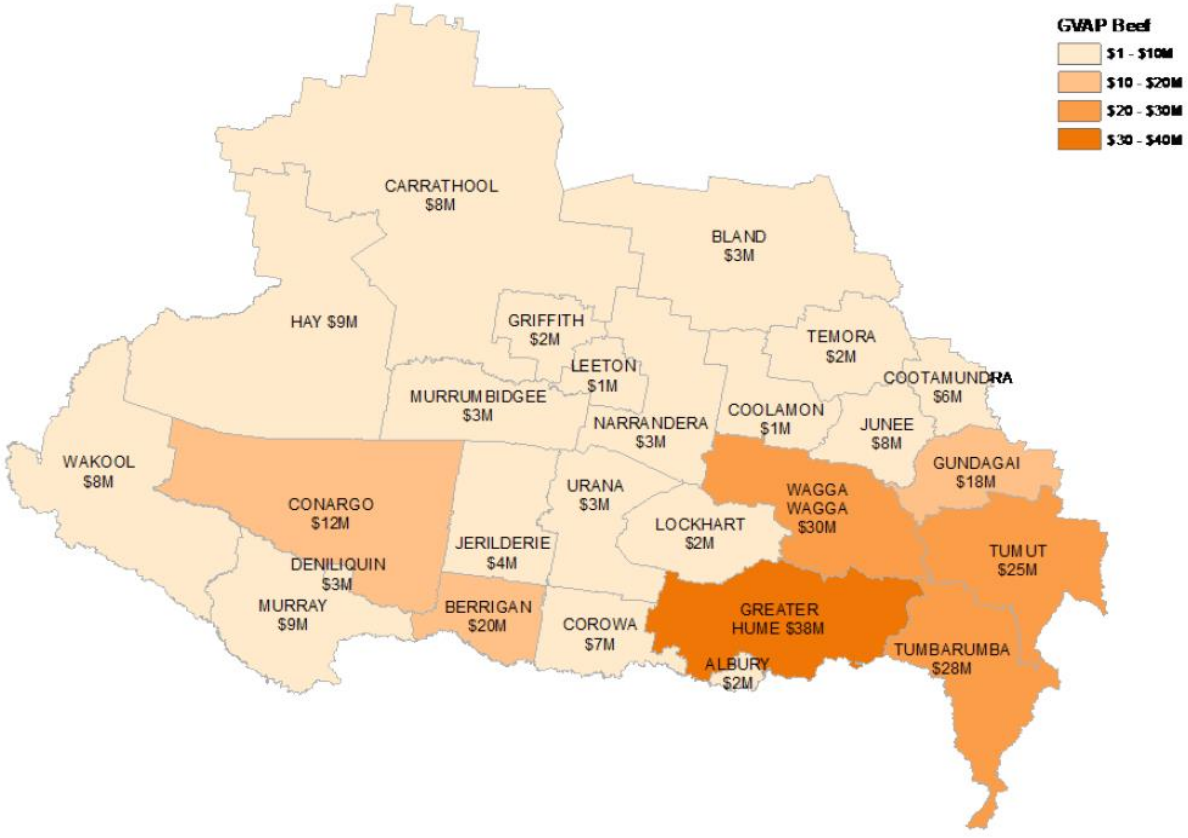
Livestock production for meat is the second largest agricultural sector in the Riverina Murray region generating a gross value of production in the order of $575 million in 2011 and occupies approximately two thirds of farmed land area.

In 2011, there were around 2,305 farms identified as sheep, beef cattle or sheep and beef farms in the Murray–Murrumbidgee region. There was a further 1,520 mixed livestock and grain farms.

The livestock sector is made up of a large number of small farms (<500 hectares) and there has been little evidence of consolidation.

Cattle numbers have been relatively static over the past 20 years, hovering around 900,000. Most beef produced in 2011 originated from the Greater Hume, Wagga Wagga, Tumbarumba and Tumut Local Government Areas. Sheep meat was mostly produced in Greater Hume, Bland, Hay, Wagga Wagga and Carrathool Local government Areas.

F5. REGIONAL DISTRIBUTION OF BEEF, RIVERINA MURRAY, 2011



Source: Riverina Murray Agricultural Industries, Department of Planning and Environment, RMCG 2016
Excludes Wentworth LGA

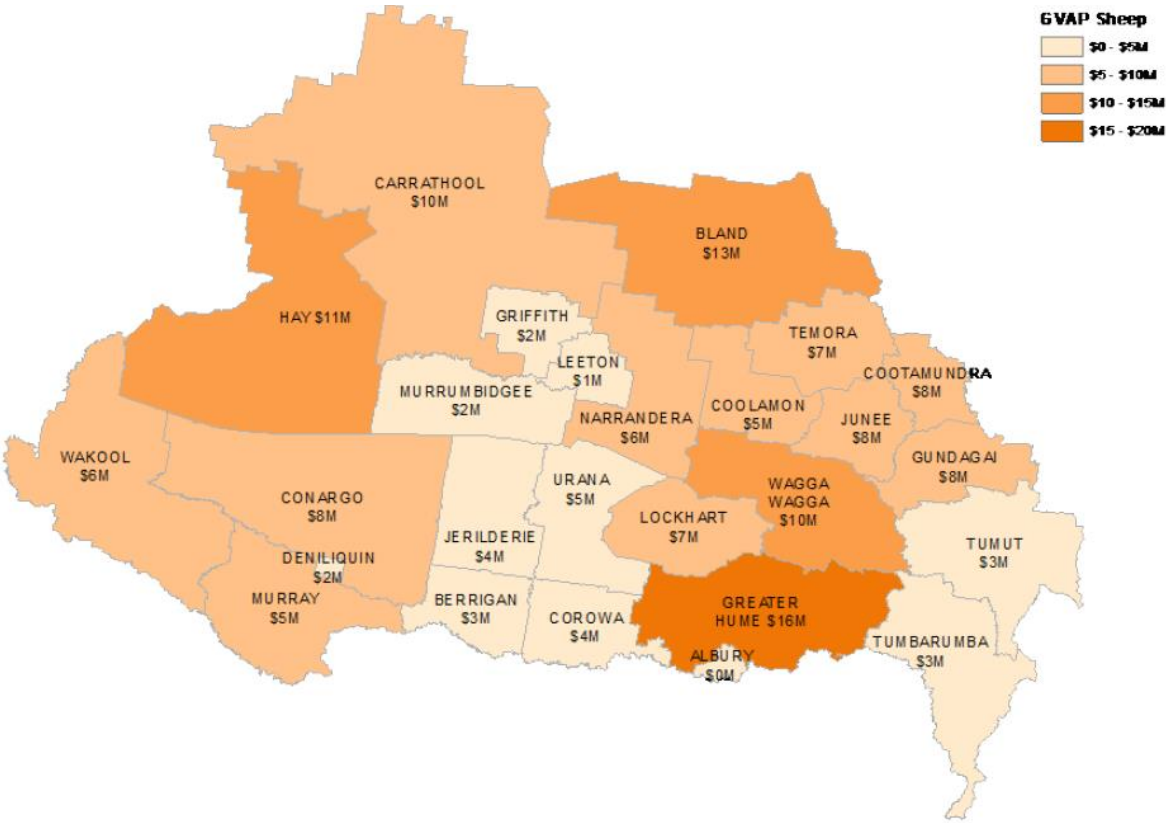
SHEEP AND WOOL

Wool is the fifth largest agricultural sector in the Riverina Murray region with a gross value of production in the order of $205 million in 2011.

Wool production has decreased in line with the reduction in sheep numbers. There was close to 60% less wool produced in the region in 2010 (28,000 tonnes) compared with 1992 (67,000 tonnes). Despite the decrease in wool production, the gross production value of wool has floated around $230 million showing neither an increasing nor decreasing trend indicating significant productivity gains.

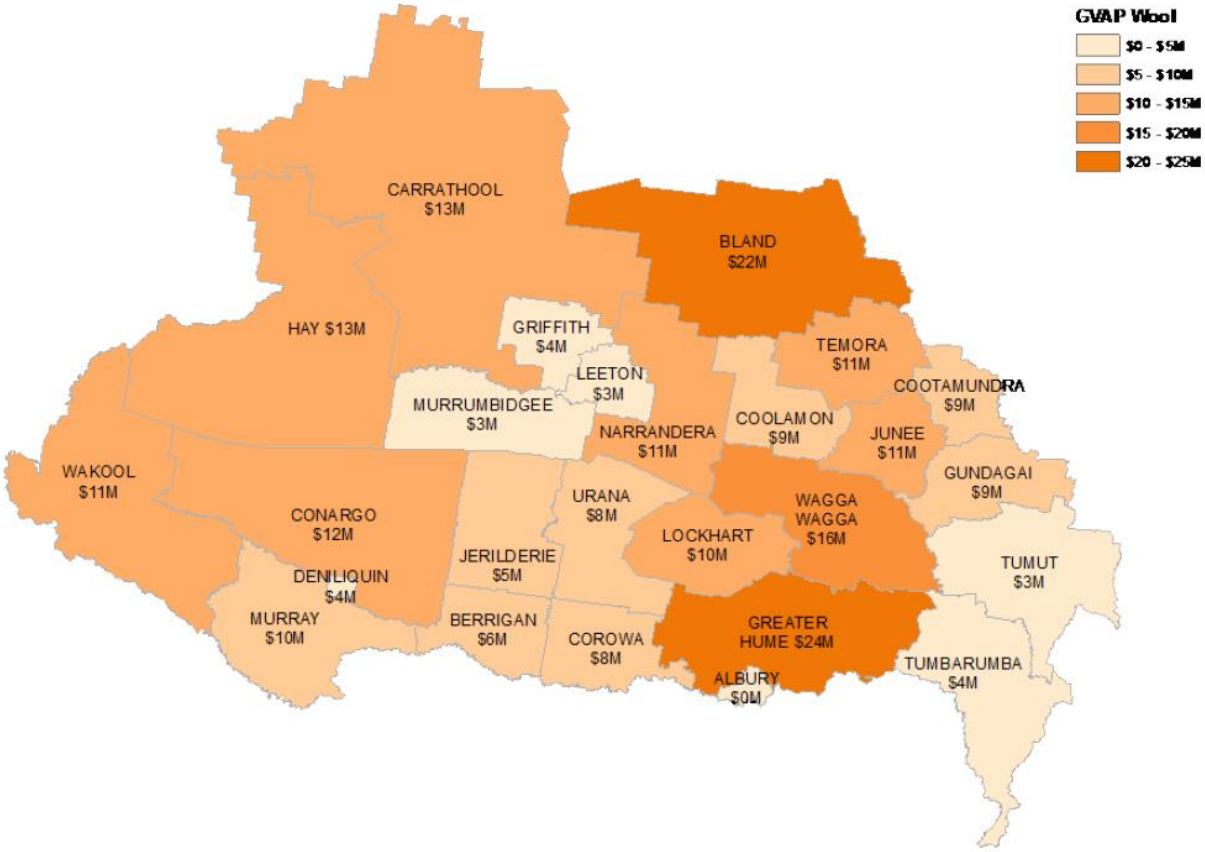
The local government areas that contributed the most to wool production were Greater Hume, Bland, Wagga Wagga, Carrathool, Hay, Conargo and Junee.

F6. REGIONAL DISTRIBUTION OF SHEEP, RIVERINA MURRAY, 2011



Source: Riverina Murray Agricultural Industries, Department of Planning and Environment, RMCG 2016
Excludes Wentworth LGA

F7. REGIONAL DISTRIBUTION OF WOOL, RIVERINA MURRAY, 2011



Source: Riverina Murray Agricultural Industries, Department of Planning and Environment, RMCG 2016
Excludes Wentworth & Balranald LGA

2.6. EDWARD RIVER AGRIBUSINESS CONSIDERATIONS

The Edward River Agribusiness Masterplan was prepared in 2019 and provides a vision and blueprint to position the Edward River Council economy for sustained prosperity in agribusiness. Although agriculture is typically a cyclical industry, the Masterplan acknowledges the structural shifts that are occurring and are projected to continue in the industry, driven by the following long term trends:

- Water allocations have become more variable with more frequent low or zero allocations.
- Long term average water prices are predicted to rise, which will impact the viability of rice production, traditional commodity cropping and grazing dairy.
- Regional agribusiness gross regional product (GRP) could decrease and become more volatile and seasonal
- Employment in agribusiness and value-adding may decline and the number of skilled workers may decrease.
- Consolidation of farming will continue with the impact of technology and the need for economies of scale to be globally competitive.

Despite some of the challenging long term trends facing the agriculture industry, the economic fundamentals of the industry are sound, with a number of positive attributes that are influencing the sector:

- There is growing global demand for safe, quality and trusted food and fibre;
- Australia has a reputation for high quality and safe food and fibre;
- Australia is in close proximity and is connected with growing export markets;
- There is a growing interest in Australian agribusiness from international investors;
- Access to world leading RD&E (Research, Development & Extension); and

- Evolving technological advances driving productivity and sustainability.

Agriculture and agribusiness in Edward River and the broader region are well placed to adapt to structural shifts across the sector by remaining agile and capitalising on areas of competitive advantage that are recognised as long term and sustainable opportunities.

The clear challenges facing the Deniliquin Saleyards and the farming activities that relate to its operations (i.e. livestock grazing) are centred around the long term availability and price of water and the impact that this will have on business viability, particularly for smaller enterprises. Further, the issue of an ageing labour force could have an impact on the availability of skilled workers over the long term.

The Masterplan (2019) provides a number of agribusiness priorities for the industry. The priority that is considered the most relevant to the Deniliquin Saleyards relates to improving water efficiency in the industry to ensure maximum production value is extracted from usage. This is particularly relevant to the Deniliquin Saleyards itself and the water requirements for pasture. This is discussed further in the following sections of the report.

3. ECONOMIC AND DEMOGRAPHIC CONTEXT

3.1. INTRODUCTION

This section provides a profile and assessment of the municipality's demographics and economy having regard to population and employment indicators and trends.

Population growth is important for rural areas, as it typically generates organic growth and demand for population-driven good and services such as retail, hospitality, health and education. Population growth is also important for stimulating local employment growth, largely through the need for servicing industry needs.

3.2. POPULATION GROWTH

3.2.1. EDWARD RIVER POPULATION GROWTH

Edward River municipality has a population of approximately 9,000 people. The population declined by 400 persons between 2006 and 2011, and then partially recovered in the following 5 years, adding approximately 100 persons.

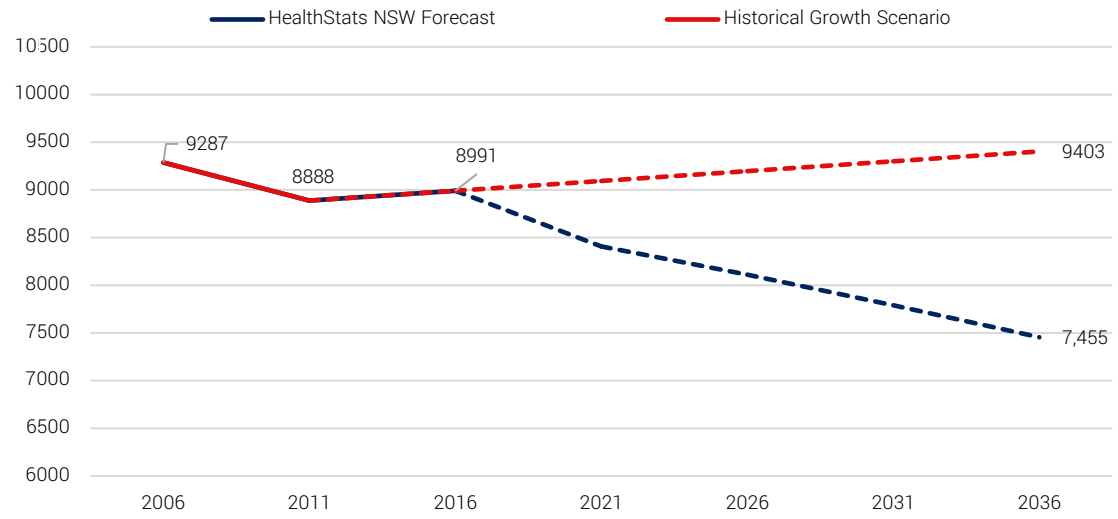
Figure 8 shows the historical change in population in the municipality between 2006 and 2016, as well as two population scenarios to 2036:

- Scenario 1 adopts the historical growth rate between 2011 and 2016; and
- Scenario 2 adopts the forecast growth rate to 2036.

Scenario 1 projects that the population will increase to approximately 9,400 persons to 2036, representing a 4.6% increase (+412 persons).

Scenario 2 forecasts the municipality to experience a decline in population; from 8,991 in 2016 to 7,455 persons in 2036, representing a 17% decrease (-1,536 persons).

F8. HISTORICAL & FORECAST POPULATION – EDWARD RIVER LGA – 2011 TO 2036



Source: Australian Bureau of Statistics, 2006-2016 HealthStats NSW, 2019

3.2.2. REGIONAL POPULATION GROWTH

Table 1 compares the historical and forecast population scenario for Edward River and the surrounding local government areas of Berrigan, Hay, Murray River, Murrumbidgee and Moira. As at 2016, the collective population of these municipalities was approximately 66,000.

Population forecasts indicate that the population is projected to decline over the next 15 years, decreasing by 1% (337 persons) to 2036. The population of Edward River, Berrigan, Murrumbidgee and Hay are forecast to decline, whilst Moira and Murray River are projected to increase.

T1. HISTORICAL & FORECAST POPULATION – EDWARD RIVER AND SURROUNDING LGAS – 2011 TO 2036

	2006	2016	2021	2031	2036	CHANGE # (2016 – 36)	CHANGE % (2016 – 36)
Edward River (A)	**9,287**	**8991**	**8,407**	**7,790**	**7,455**	**-1,536**	**-17%**
Berrigan (A)	8,160	8,572	8,343	8,024	7,779	-793	-9%
Hay (A)	3,483	2,975	2,676	2,421	2,323	-652	-22%
Murray River (A)	11,020	11,887	11,886	12,293	12,406	+519	+4%
Murrumbidgee (A)	4,219	3,933	3,559	3,288	3,160	-773	-20%
Moira (S)	27477	29486	30169	31662	32384	+2,898	+10%
Total	**63,646**	**65,844**	**65,040**	**65,478**	**65,507**	**-337**	**-1%**

Source: Australian Bureau of Statistics, 2011 & 2016 HealthStats NSW, 2019

3.3. ECONOMIC CONTEXT

Deniliquin and the broader Edward River municipality is a rural economy that is driven by agricultural and population-driven services. Based on employment indicators, the key industries in the Edward River economy are health care and social assistance, agriculture, retail trade, manufacturing and tourism. Together, these industries account for over 50% of employment in the municipality.

Despite a trend towards consolidation of enterprise and technological advancements generally resulting in a reduction in labour force requirements, employment in agriculture increased between 2011 and 2016, growing by 8 jobs to 520 employed persons (+2%). Employment in agriculture is second only to health care and social assistance, which recorded a 9% increase (+45 jobs) over the same period.

T2. INDUSTRY OF EMPLOYMENT – EDWARD RIVER LGA – 2011 & 2016

	2011*		2016		Change 2011 to 2016	
	#	%	#	%	#	%
Health Care and Social Assistance	494	15%	539	15%	+45	9%
Agriculture, Forestry and Fishing	**512**	**15%**	**520**	**14%**	**+8**	**2%**
Retail Trade	416	13%	359	10%	-57	-14%
Manufacturing	210	6%	273	7%	+63	30%
Education and Training	242	7%	272	7%	+30	12%
Accommodation and Food Services	228	7%	264	7%	+36	16%
Construction	177	5%	247	7%	+70	40%
Public Administration and Safety	223	7%	215	6%	-8	-4%
Transport, Postal and Warehousing	130	4%	157	4%	+27	21%
Professional, Scientific and Technical	137	4%	151	4%	+14	10%
Electricity, Gas, Water and Waste	104	3%	137	4%	+33	32%
Other Services	120	4%	130	4%	+10	8%

Inadequately described	16	0.5%	93	3%	+77	481%
Financial and Insurance Services	83	3%	79	2%	-4	-5%
Wholesale Trade	95	3%	76	2%	-19	-20%
Administrative and Support Services	56	1.7%	63	1.7%	+7	13%
Not stated	3	0.1%	43	1.2%	+40	1333%
Rental, Hiring and Real Estate Services	29	0.9%	26	0.7%	-3	-10%
Arts and Recreation Services	18	0.5%	20	0.5%	+2	11%
Information Media and Telecommunications	26	0.8%	18	0.5%	-8	-31%
Mining	10	0.3%	8	0.2%	-2	-20%
Not applicable	0	0.0%	0	0.0%	0	NA
Total	**3,329**	**100%**	**3,690**	**100%**	**+361**	**10%**

Source: Census of Population and Housing, Australian Bureau of Statistics, 2011 & 2016

*In 2011 Deniliquin and Conargo Local Government Areas amalgamated to form Edward River.

3.4. EMPLOYMENT IN AGRICULTURE

Table 3 shows the change in agricultural sub-sector employment in Edward River between 2011 and 2016. The table shows that employment in sheep, beef, cattle and grain farming declined by 22% (-80 jobs), decreasing from 357 to 277 jobs in that time.

Given that the Deniliquin Saleyards facility relies on stable and consistent levels of stock production, a decline in sub-sector employment is concerning for the local industry and Saleyards facility. This may translate to a reduction in stock production across the municipality, but should not be assessed in isolation, given that the Saleyards has a regional catchment, attracting producers across southern NSW and northern Victoria.

T3. AGRICULTURAL INDUSTRY OF EMPLOYMENT – EDWARD RIVER LGA – 2011 & 2016

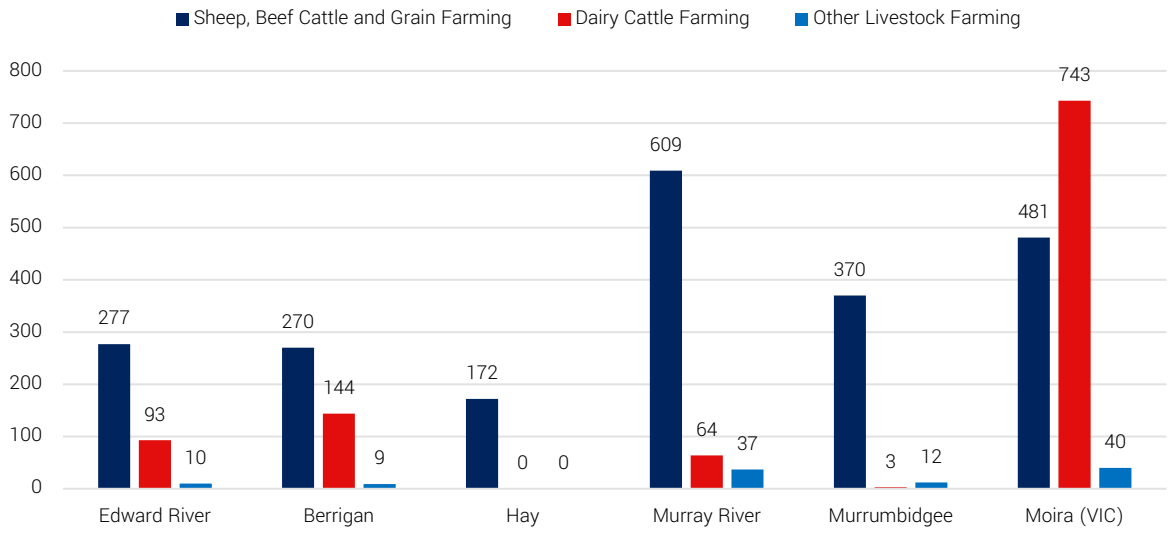
	2011*		2016		Change 2011 to 2016	
	#	%	#	%	#	%
Sheep, Beef Cattle and Grain Farming	357	73%	277	59%	-80	-22%
Dairy Cattle Farming	91	19%	93	20%	2	2%
Agriculture, nfd	23	4.7%	89	19%	66	287%
Other Livestock Farming	9	1.8%	10	2.1%	1	11%
Mushroom and Vegetable Growing	4	0.8%	0	0%	-4	-100%
Other Crop Growing	4	0.8%	0	0%	-4	-100%
Nursery and Floriculture Production	0	0%	0	0%	0	0%
Fruit and Tree Nut Growing	0	0%	0	0%	0	0%
Poultry Farming	0	0%	0	0%	0	0%
Deer Farming	0	0%	0	0%	0	0%

Source: Census of Population and Housing, Australian Bureau of Statistics, 2011 & 2016

*In 2011 Deniliquin and Conargo Local Government Areas amalgamated to form Edward River.

Figure 9 summarises the key agricultural employment sub-sectors for Edward River and the surrounding local government areas in 2016. The figure shows that sheep, beef cattle and grain farming is the highest employing agricultural sub-sector, followed by dairy cattle farming.

F9. AGRICULTURAL EMPLOYMENT BY INDUSTRY – EDWARD RIVER AND SURROUNDING LGAS – 2016



Source: Australian Bureau of Statistics, 2016

3.5. KEY FINDINGS

- Edward River and the broader region is a rural economy that is driven by agriculture and population-service industries such as health, education, retail and tourism.
- Together, sheep, beef cattle and grazing farming, and dairy farming accounts for approximately 80% of the municipality's agriculture jobs. These types of agricultural land uses and farming activities are critical to the role and function of the local economy, and the saleyards is seen as a key piece of infrastructure supporting these activities.
- The population of Edward River Council and the broader region (i.e. adjoining Local Government Areas) is projected to decline over the next 15 years. Whilst the forecast decline in population is negligible and should not have a material impact on the Deniliquin Saleyards, the potential risk of a long term decline in population relates to the potential reduction in the regional labour force pool, which may have implications for effectively servicing regional agricultural sectors.

4. REGIONAL SALEYARDS HIERARCHY

4.1. INTRODUCTION

This section assesses the regional saleyards hierarchy to understand Deniliquin's position across the region. The assessment considers location, size and scale of facilities, the types of stock traded, as well as historical trends in throughput.

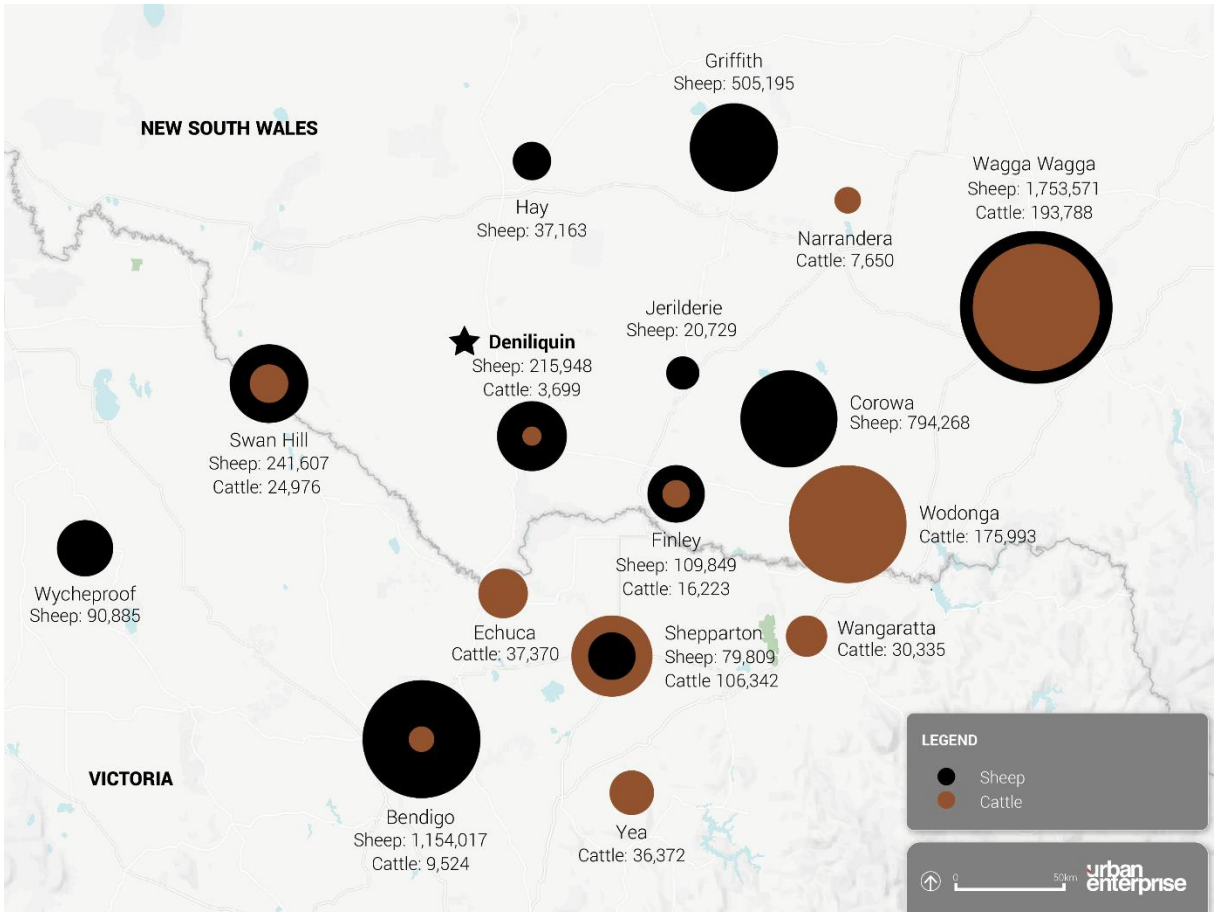
This section also assesses some of the trends that are influencing saleyards including environmental factors, farming and land use trends, regulatory compliance, technological advancements, regionalisation and privatisation.

4.2. COMPETING SALEYARDS

There are a number of existing Saleyards and livestock exchange facilities in the region that vary quite significantly in terms of on-site infrastructure and facilities, investment and levels of throughput.

Figure 10 shows the existing saleyards within a 250 km radius of Deniliquin, as well as the annual sheep and cattle throughput for each facility in 2019. The role of each facility and annual trends in throughput is discussed on the following pages.

F10. EXISTING SALEYARDS BY THROUGHPUT (WITHIN 250 KM OF DENILIQUIN), 2019



Source: Saleyard Survey 2018/19, derived from Meat and Livestock Australia (MLA) 2018/19

Table 4 provides an overview of Saleyards within the Riverina Murray region and across northern Victoria. General information includes location, animals traded, sale days and average throughput. The table indicates the following:

- The largest Saleyards in terms of throughput is Wagga Wagga, with the facility recording an average sheep throughput in excess of 1.8 million and a cattle throughput of approximately 190,000 per annum. However, Wagga Wagga is the furthest distance from Deniliquin (230 km – 3 hrs).
- Bendigo is the second largest Saleyards facility in terms of throughput, recording close to 1 million head of sheep per annum (on average). Bendigo is approximately two hours from Deniliquin.
- Finley is the closest facility (approx. 50 mins) to Deniliquin, but records approximately half of the sheep throughput compared with Deniliquin. Given the close proximity of the two saleyards, there is an opportunity to consolidate the Finley and Deniliquin facilities into one sub-regional saleyards at Deniliquin. Or alternatively for each saleyard facility to specialise in a different stock type.
- Swan Hill is the most comparable to Deniliquin in terms of sheep throughput, but is located approximately 130 km west (1 hour 40 mins). It is likely that Swan Hill and Deniliquin are competing for producers across the municipalities of Edward River, Murray River and Swan Hill.
- On average, Jerilderie, Urana and Hay record a much lower sheep throughput compared to Deniliquin Saleyards.
- On average, Echuca records four times the cattle throughput compared with Deniliquin. Echuca does not conduct sheep sales.
- The majority of competing saleyards are publicly owned and operated (i.e. by Council) with the exception of Wodonga (privately owned and operated), Deniliquin (privately operated only) and Finley (privately operated only).

T4. COMPETING SALEYARDS MATRIX

Name	Distance from ER (km)	Animals Traded	Sale Days	Ave. Throughput 2015-19	Change in Throughput 2015-19	Ownership
Deniliquin Saleyards		Sheep, Cattle	Fortnightly (Sheep), monthly (Cattle)	Cattle: 6,500 Sheep: 189,899	Cattle -19% Sheep +3%	Public - Edward River Council – leased to Scanclear
Finley Livestock Exchange*	56 km (48 mins)	Cattle, Sheep	Tues (Sheep), Wed (Cattle)	Cattle: 14,036 Sheep: 84,659	Cattle +3% Sheep +9%	Public – Berrigan Shire Council – leased to Scanclear
Echuca and District Livestock Exchange	69 km (55 mins)	Cattle (Prime & Dairy), Horses	Fortnightly Wed (Cattle), Fri (Horses)	Cattle: 32,762	Cattle +5%	Public - Campaspe Shire
Jerilderie Saleyards	73 km (1-hr)	Sheep		Sheep: 18,323	Sheep -1%	
Shepparton Regional Saleyards	100 km (1 hr 30 mins)	Calves, Cattle, Sheep, Lambs	Mon (Calves), Tues (Cattle), Fri (Lamb & Sheep)	Cattle: 97,480 Sheep: 93,200	Cattle +3% Sheep -6%	Public - Greater Shepparton Council
Kerang Saleyards	110 km (1 hr 15 mins)	Cattle		Cattle: 5,893	Cattle -21%	Temporarily closed.
Hay Saleyards	117 km (1 hr 30 mins)	Cattle, Sheep		Cattle: 2,412 Sheep: 68,375	Cattle -12% Sheep -18%	
Urana Saleyards	119 km (1 hr 40 mins)	Sheep		Sheep: 8,500	Sheep +43%	
Swan Hill Regional Livestock Exchange	130 km (1 hr 40 mins)	Cattle, Sheep	Thurs	Cattle: 26,514 Sheep: 219,882	Cattle -2% Sheep +4%	Public - Swan Hill Rural City
Bendigo Livestock Exchange	138 km (2-hrs)	Cattle, Lamb, Sheep	Mon (Lamb & Sheep), Tues (Cattle)	Cattle: 13,901 Sheep: 1,018,487	Cattle -15% Sheep +10%	Public - Greater Bendigo
Corowa Saleyards	140 km (2-hrs)	Sheep, Lamb	Mon (Weekly)	Sheep: 658,817	Sheep 5%	Public - Federation Council
Wangaratta Livestock Exchange	150 km (2 hrs 15 mins)	Cattle	Thurs	Cattle: 33,204	Cattle -8%	Public - Rural City of Wangaratta
NVLX (Northern Victoria Livestock Exchange) Wodonga	170 km (2 hr 10 mins)	Cattle (Prime), Cow, Bull	Tues (Cattle), Wed (Cow, Bull)	Cattle: 204,373	Cattle -6%	Private - Palisade Investment Partners
Wycheproof Saleyards	170 km (2 hr 15 mins)	Sheep	Monthly (Sheep)	Sheep: 83,050	Sheep: -2%	Public - Buloke Shire Council
Griffith Livestock Marketing Centre	170km (2 h 30 mins)	Sheep, Lamb, Cattle	Friday (Sheep & Lamb), Monthly (Cattle)	Sheep: 522,611	Sheep: -1%	Public – Griffith City Council
Wagga Wagga Livestock Marketing Centre	230 km (3-hrs)	Cattle, Sheep and Lambs	Mon (Cattle), Thurs (Sheep & Lambs)	Cattle: 190,524 Sheep: 1,802,368	Cattle -3% Sheep -1%	Public - Wagga Wagga City Council

Source: Saleyard Survey 2014-2019, Meat and Livestock Australia (MLA)

* Note: Berrigan Shire Council may close the Finley Livestock Exchange in the near future.

4.3. TRENDS INFLUENCING SALEYARDS

The livestock industry is experiencing significant changes that are influencing the way in which traditional saleyard facilities operate and are placing pressure on the viability of day-to-day operations of Saleyards.

Some of the key challenges facing Saleyards relate to environmental factors, farming and land use trends, regulatory compliance, technological advancements, regionalisation and privatisation.

4.3.1. DECLINING STOCK NUMBERS

BEEF

Cattle numbers have fluctuated to some extent with seasonal conditions; however, the total cattle numbers have remained relatively static over the past 20 years. Greater Hume, Wagga Wagga, Tumbarumba and Tumut were the largest beef producing LGAs in the region indicating that saleyards in the higher rainfall zone may have the greatest share of regional cattle offerings. However, overall the beef industry's annual productivity growth is low.

SHEEP AND WOOL

There was a 46% decline in sheep numbers between 1992 and 2013 in the Murray Riverina region; however, the Gross Value of Agricultural Production (GVAP) of sheep meat increased nearly five-fold from $26 million in 1992 to $124 million in 2013. Wool production decreased in line with the reduction in sheep numbers. There was nearly 60% less wool produced in the region in 2010 (28,000 tonnes) compared with 1992 (67,000 tonnes).

Sheep production is more widespread and occurred mostly in Greater Hume, Bland, Hay, Wagga Wagga and Carrathool LGAs. Since 2009, sheep numbers have stabilised and growing, reflecting improved lamb and wool prices.

IRRIGATED DAIRY INDUSTRY

Dairy production is concentrated in the LGA's where there is access to irrigation water. The Region produces around 25% of NSW milk. It falls within the broader Murray Dairy region, which incorporates the southern Riverina, north-east Victoria and the Goulburn Murray Irrigation District, making it one of the largest dairy producing regions in Australia.

Successive years of low or zero water availability during the millennium drought coupled with low milk prices in recent years and the ability of farmers to sell their water rights has resulted in a major long-term reduction in the total number of dairy enterprises and a decline in milk production.

The most efficient enterprises have intensified their production systems through increases in purchased feed, higher water use and water use efficiencies and productivity gains on farm.

Water trading has driven water into higher value irrigated businesses and environmental water recovery has reduced water availability in every traditional irrigation area throughout the Murray Darling Basin.

RECENT DROUGHT CONDITIONS IN NORTHERN VICTORIA AND NEW SOUTH WALES

The sustained period of drought in northern Victoria and New South Wales in 2019 and rising feed costs resulted in farmers turning off higher levels of stock for slaughter, forcing farmers to liquidate their stock sooner. Strong international demand for live-exports, largely from the US and China is also helping to absorb the drought-driven supply of cattle not suitable for slaughter.

Whilst sheep numbers in the region have gradually declined in recent years, margins have been steady due to the strong price growth achieved for wool.

4.3.2. CLIMATE CHANGE

The temperatures in the Riverina Murray region are predicted to rise with average daily maximum temperatures of 1.5–3.0°C higher in all seasons by 2050. Rainfall is likely to increase moderately in summer but decline substantially in spring, autumn and winter with a high risks for increases in extreme rainfall events. The number of extreme fire-weather days is also projected to grow in southern Australia.

Higher temperatures and drier conditions are likely to cause major changes in ecosystems. Freshwater resources and stream flows in south eastern Australia are predicted to decline. The river flows in the south eastern section of the Murray Darling Basin (MDB) are expected to further decline by 5–15% over the next 20–50 years.

The effect of climate change is expected to further constrain water resources. This will require the irrigated dairy industry to achieve more with less water and is likely to accelerate the significant contraction of dairy enterprises in the Region

The region is likely to be severely impacted by climate change because of increasing temperatures, changes in the volume and distribution of rainfall, reduced snowfalls, and decreases in river flows. The latter is particularly important given the dependence in this Region on irrigation.

The Region's broadacre livestock production is highly sensitive to climatic factors and variability due to its dependence on the supply of forage from dryland pastures. The impacts will be most severe in the lower rainfall parts of the wheat sheep zone. Modest changes in rainfall and pasture production under climate change will result in much larger reductions in sustainable stocking rate and profitability.

4.3.3. REGULATORY COMPLIANCE

Saleyards have a wide and increasingly complex range of regulations to comply with, such as work, health and safety and animal welfare guidelines. 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 near saleyards in recent years (both employees and members of the public), including one death in Geelong in 2014.

4.3.4. TECHNOLOGY

Advances in technology have meant that farmers have different options for selling livestock such as on-farm sales, online auctions or selling straight to the customer. The advent of new technology has created new avenues for farmers and livestock agents to buy and sell cattle.

Online saleyard websites such as Auctions Plus and Cattle Sales pre-market livestock prior to the auction. Online sales are becoming more attractive and utilised for trading livestock, particularly as rural communities become more familiar with digital platforms and online networks become more advanced. Anecdotally, when platforms such as Auctions Plus established, they experienced issues with providing accurate stock descriptions to prospective buyers. However, as stock descriptions improve over time, the threat of this selling system on traditional saleyards will increase.

4.3.5. REGIONALISATION AND PRIVATISATION

Smaller saleyards are being impacting by a number of factors including the regionalisation and privatisation of saleyard facilities, shrinking herds, online auctions, and centralisation of farms. In response to many challenges, a number of large regional saleyards have been established 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.

It has been estimated that up to half of all regional saleyards have closed in Australia in the past 20 years, mainly owned by small rural councils. 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. As a recent example, Edward River Council indicated that the Finley Livestock Exchange may close in the near future due to the investment that is required to upgrade the facility to for safety and compliance requirements.

Whilst 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. This is particularly relevant for the Deniliquin Saleyards, which has strong local linkages to other industrial and agricultural land uses such as rice, wool, beef, dairy products, wheat, barley, fat lambs, vegetables, fruit and timber.

4.4. KEY FINDINGS

- There is a large number of saleyards in southern NSW and northern Victoria. Given the growing number of selling methods that are available to producers, there is a potential oversupply of saleyard facilities within a 200 - 250 km radius of Deniliquin. This is particularly the case due to modern transport methods, which allow large trucks to productively and efficiently transport a greater volume of stock over longer distances.
- Despite a high concentration of saleyards in the region, the Deniliquin Saleyards remains attractive to buyers (particularly of sheep) due to the favourable location and a high quality reputation for price, presentation and quality of infrastructure and assets, coupled with the competitive advantage of the unique tree coverage over the sheep yards.
- Saleyards in larger regional centres/cities such as Wagga Wagga, Wodonga, Shepparton and Bendigo are higher order facilities that achieve a much higher annual throughput. Given the level of throughput of these facilities and the ongoing investment into improvements/upgrades, their position within the regional saleyards hierarchy is expected to strengthen. This places further pressure on smaller facilities to continually invest into providing a high-quality facility that meets the needs of its users and be a viable proposition.
- Annual sheep throughput at the Deniliquin Saleyards has been consistent over the past 5 years, with a minor increase in recent years. Recording consistent annual sheep throughput is critical to Deniliquin's long term viability.
- Cattle throughput has experienced a significant year-on-year decline over the past 5 years, and as a result, the frequency of cattle sales held at Deniliquin has been reduced from fortnightly to monthly. Cattle throughput at nearby saleyards such as Echuca, Swan Hill and Finley has increased in recent years, likely absorbing the loss of throughput at Deniliquin, Kerang and Hay. The ongoing decline in cattle throughput is placing financial pressures on, and threatening the viability of the cattle yards.
- The Saleyards industry is experiencing significant changes that are placing pressure on the viability of day-to-day operations of Saleyards across the country. Some of the key challenges facing Saleyards relate to environmental factors, farming and land use trends, regulatory compliance, technological advancements, regionalisation and privatisation.
- The most relevant risks and challenges for the Deniliquin Saleyards are environmental (e.g. drought conditions, rainfall patterns) impacting livestock farming and regulatory compliance for ageing infrastructure, which impacts work, health and safety for users, and animal safety and welfare.
    - Environmental - The region is likely to be adversely impacted by climate change, primarily from increasing temperatures, changes in the volume and distribution of rainfall and decreases in river flows. The latter is particularly important given the dependence in this region on irrigation.

      Access to a secure and consistent supply of water for agricultural producers is an ongoing issue that fluctuates considerably over time. The predicted decline in rainfall volumes may impact the regional agriculture industry through supply of forage from dryland pastures and a reduction in sustainable stocking rate.

A constrained water supply is also expected to impact the operations of Deniliquin Saleyards facility. In order to adapt to a less consistent supply of water, the Deniliquin Saleyards could investigate ways in which the facility can more efficiently use and/or capture water, particularly for maintaining the trees, dust suppression leading up to sale days, providing drinking water for stock and cleaning (e.g. washing down the pens, walkways).

- Regulatory Compliance – Whilst the infrastructure at the Deniliquin cattle yards is currently functional, much of it is ageing and outdated. Upgrades and replacements of this infrastructure will be costly. However, without short-term investment to replace and/or upgrade the facility to regulatory standards/compliance and to meet user expectations, the facility risks further decline in throughput which would further threaten its viability.

5. DENILIQUIN SALEYARDS

5.1. INTRODUCTION

This section provides an overview of the existing Saleyards site having regard to land area, access, layout and functionality, interface areas and topography.

This section also provides an overview of the infrastructure and amenity, as well as general operations including sale days, throughput, property ownership and tenure.

5.2. SALEYARDS PRECINCT

The subject site is located at 2 Saleyards Road Deniliquin, New South Wales in the Edward River municipality. Deniliquin sits within the central part of the Riverina Murray region and is located approximately 80 km (60 mins) north of Echuca, 127 km (1-hr 30 mins) north west of Yarrawonga/Mulwala and 90 km (60 mins) north east of Koondrook/Barham.

The site is located in close proximity to Cobb Highway, which is the key transport route north and south into Victoria. It is also situated relatively close to Barham Road, which connects to the key eastern transport route of Riverina Highway, and also acts as the major transport road heading west.

The Deniliquin Saleyards is situated approximately 3 km south east west of the town centre and sits within a broader industrial precinct that has good separation from residential and urban uses. The site is approximately 26.22 hectares, including 18.62 ha dedicated to the saleyards, 7.4 ha dedicated to the truck wash and the balance of the site (0.2 ha) dedicated to the dog pound.

Saleyards Road dissects the site, providing good access to both the stock selling areas (sheep and cattle yards) on the northern parcel and the truck wash area on the southern parcel.

F11. DENILIQUIN SALEYARDS SITE

Source: Edward River Shire Council, 2019

5.3. ON-SITE INFRASTRUCTURE & AMENITY

The 100,000 capacity sheep yards are covered by 800 claret Ash trees, providing shade in the summer months. The cattle yards has a capacity of 10,000 with National Quality Assurance Scales and an undercover selling ring. Other facilities include a four-bay truck wash, canteen and showers[1].

The truck wash is owned and operated by Edward River Council. The use of the truck wash is based on the AVdata access system, with users requiring an AVdata fob to gain access to the washdown equipment. The truck wash was refurbished approximately 10 years ago to incorporate the AVdata controls and pump set-up.

Discharges to the effluent ponds are located behind the dog pound. The ponds directly behind the truck wash are currently unused and are included in Council's EPA license for the Saleyards facility. The ponds act as evaporation ponds and there have not been any discharges from the ponds to the environment for a number of years.

Beyond the truck wash bays, the truck wash precinct is largely underutilised.

5.4. OPERATIONS

Council have operated a saleyards at the site since approximately 1970. Since 2010, the Saleyards has been operated and managed by Scanclear Pty Ltd under a lease agreement.

The Deniliquin Saleyards operate fortnightly sales, conducting sheep sales on Tuesdays and cattle sales on Wednesdays. However, cattle sales have recently been rescheduled to conduct monthly sales as opposed to fortnightly sales, largely due to declining throughput.

Given that the Finley Saleyards are located 60 km (40-min drive) from Deniliquin and operated by Scanclear, the Finley sale days were scheduled to dovetail the Deniliquin sale days, attracting more buyers from across the region.

5.5. OWNERSHIP & TENURE

Both land parcels that make up the Deniliquin Saleyards are freehold and owned by Edward River Council.

The operation and management of the Saleyards is undertaken by Scanclear Pty Ltd via a lease. The current lease agreement is a 5 year term that will cease in June 2021. At the end of the demised term, the Lessor (Council) will determine whether and what option for a further lease of the Leased Premises will be made available to the Lessee.

As stated in the current lease, Scanclear are required to contribute 6% of gross revenue per annum to Edward River Council.

REPAIRS AND MAINTENANCE

According to the lease, in regard to the maintenance of facilities in the leased premises, Scanclear are expected to:

- Supply all equipment including hoses, reels, nozzles and attachments, and other ancillary equipment considered necessary to maintain the facilities;
- Maintain the buildings contained on the Leased Premises continuously and at its own expense;
- Maintain all yards and ancillary facilities on the Leased Premises continuously and at its own expense;
- Maintain all ancillary facilities such as water troughs, fencing, lighting and the like continuously and at its own expense;
- Maintain the yard flooring, water, sprinkler, effluent and drainage systems continuously and at its own expense; and
- Water the sheep yards for store sales to prevent dust nuisance.

[1] Edward River Council website

In terms of capital works, the lease states that *"the parties agree that during the Lease Term and any renewal thereof the Lessor's General Manager and the Lessee may negotiate any Capital Works Program to be carried out by the Lessee at the Lessee's expense for the purpose of improvements to the Demised Premises."*

INSURANCES

According to the lease, the lessor has an obligation to insure the facility. The Lessor shall affect and maintain throughout the term of this Lease a comprehensive insurance policy:

- For the full insurable and replacement value of the Building and the Lessor's plant, equipment, Facilities and property in the Building;
- Including for the costs of demolition, site clearance, removal of debris, professional and other costs of planning and other approvals and for reinstating or replacing the Building, and Services and Facilities to the Building;
- Against loss or damage by fire, storm, tempest, earthquake, lightning, explosion, and other risks usually covered under a comprehensive insurance policy for fire and related risks.

According to the lease, the Lessee shall affect and maintain throughout the term of this Lease the following insurances:

- Public risk;
- A comprehensive insurance policy for the lessee's property; and
- Worker's compensation.

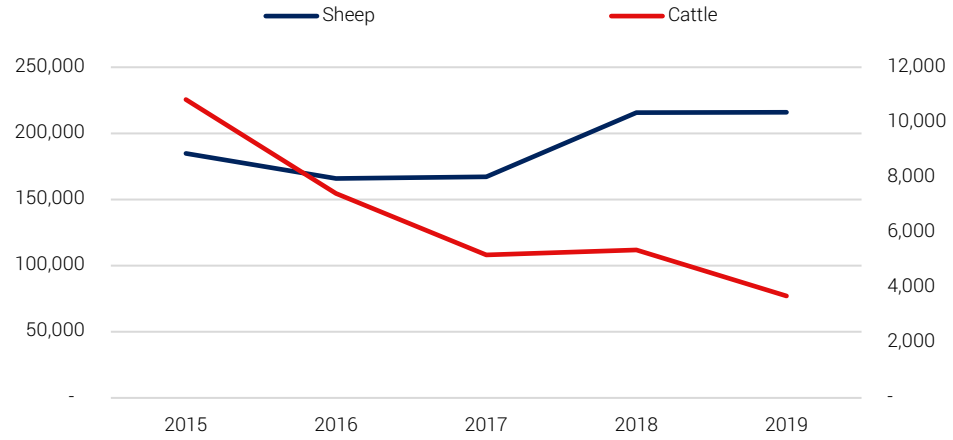
5.6. THROUGHPUT

5.6.1. DENILIQUIN SALEYARDS

On average, the Deniliquin Saleyards accommodates 190,000 sheep sales and 6,500 cattle sales per annum. Figure 12 shows the trend in cattle and sheep throughput over the past 5 years (FY). Sheep sales have been relatively consistent, with an upward trend in 2018 and 2019; recording sales in excess of 215,000.

Cattle sales at Deniliquin Saleyards have been declining consistently, recording a total decline of over 7,000 head of cattle between 2015 and 2019 (-66%). The decline in cattle throughput across the region is also likely to be caused by the lower availability of water, which is impacting pasture.

F12. DENILIQUIN SALEYARDS THROUGHPUT, 2015 TO 2019



Source: Saleyard Survey, Meat and Livestock Australia, 2015 to 2019

5.6.2. COMPETING SALEYARDS

SHEEP THROUGHPUT

Competing saleyards in NSW and Victoria are experiencing variable throughput figures for both sheep and cattle. The regional centres of Wagga Wagga and Bendigo are the highest order Saleyard facilities for sheep sales, both recording over 1 million in throughput in 2019, with Wagga Wagga recording 1.75 million head of sheep.

Finley, Corowa, Swan Hill and Hay are the closest Saleyard facilities to Deniliquin and represent the key competitors. Corowa has recorded strong growth in sheep sales in the past five years, increasing by approximately 170,000 head of sheep per annum to achieve an annual sheep throughput in the order of 795,000 in 2019.

Swan Hill has recorded comparable sheep throughput to Deniliquin, with approximately 240,000 head of sheep in 2019, and achieving a 13% increase compared with 2017 figures.

Sheep throughput figures in Hay have declined significantly in the past five years, with a 64% reduction since 2015. Hay recorded approximately 37,000 head of sheep in 2019, which is significantly less when compared with 2015 (103,000).

Table 5 indicates that saleyards in the region such as Corowa, Swan Hill and Finley are strengthening their role through an increase in throughput, which is reducing throughput figures in facilities such as Hay and Shepparton.

Deniliquin has recorded consistent growth and an upward trend in 2018 and 2019 for sheep throughput, highlighting that the facility may be capturing throughput from rural areas further north which would typically utilise the facility at Hay.

T5. SHEEP THROUGHPUT, COMPETING SALEYARDS

Name	State	2015	2016	2017	2018	2019	Change 2015 - 2019	Change 2015 - 2019
Wagga Wagga Livestock Marketing Centre	NSW	1,852,667	1,931,882	1,658,162	1,815,559	1,753,571	-99,096	-5.3%
Bendigo Livestock Exchange	VIC	Unlisted	Unlisted	877,445	1,024,000	1,154,017	+276,572*	+32%
Corowa Saleyards	NSW	624,055	633,791	616,971	625,000	794,268	+170,213	+27%
Swan Hill Regional Livestock Exchange	VIC			213,919	204,121	241,607	+27,688*	+13%
Deniliquin Saleyards	**NSW**	**184,852**	**165,887**	**167,119**	**215,690**	**215,948**	+31,096	+17%
Finley Livestock Exchange	NSW	72,811	71,196	89,687	79,754	109,849	+37,038	+51%
Shepparton Regional Saleyards	VIC	Unlisted	Unlisted	96,765	103,027	79,809	-16,956*	-18%
Hay Saleyards	NSW	102,995	80,000	Unlisted	53,340	37,163	-65,832	-64%
Jerilderie Saleyards	NSW	21,520	23,138	7,905	Unlisted	20,728	-792	-3.7%
Urana Saleyards	NSW	7,000	10,000	Unlisted	Unlisted	Unlisted	n/a	n/a

Source: Saleyard Survey, Meat and Livestock Australia, 2015 to 2019

CATTLE THROUGHPUT

Generally, cattle throughput is declining across the region. Wagga Wagga, Wodonga, Wangaratta and Bendigo all recorded notable declines.

The Echuca and Finley Saleyards are the closest facilities to Deniliquin and are unique examples of facilities that recorded an increase in cattle throughput. This suggests that these facilities are capturing throughput that would have previously been captured by Deniliquin and could be a contributing factor to the recent decline in cattle throughput at Deniliquin.

T6. CATTLE THROUGHPUT

Name	State	2015	2016	2017	2018	2019	Change 2015 - 2019	Change 2015 - 2019
Wagga Wagga Livestock Marketing Centre	NSW	224,644	187,105	168,725	178,357	193,788	-30,856	-13.7%
NVLX (Northern Victoria Livestock Exchange) Wodonga	VIC	245,978	215,308	184,588	200,000	175,993	-69,985	-28.5%
Shepparton Regional Saleyards	VIC	Unlisted	Unlisted	96,662	89,436	106,342	+9,680*	+10.0%
Echuca and District Livestock Exchange	VIC	Unlisted	Unlisted	31,875	29,042	37,370	+5,495*	+17.2%
Wangaratta Livestock Exchange	VIC	45,674	32,913	30,311	26,785	30,335	-15,339	-33.6%
Swan Hill Regional Livestock Exchange	VIC	27,091	40,139	16,710	23,652	24,976	-2,115	-7.8%
Finley Livestock Exchange	NSW	13,777	14,963	11,851	13,367	16,223	+2,446	+17.8%
Bendigo Livestock Exchange	VIC	20,861	16,007	8,111	15,000	9,524	-11,337	-54.3%
Deniliquin Saleyards	**NSW**	**10,827**	**7,417**	**5,189**	**5,369**	**3,699**	-7,128	-65.8%
Hay Saleyards	NSW	3023	Unlisted	Unlisted	1800	Unlisted	n/a	n/a
Kerang Saleyards	VIC	8468	7,112	4,761	3,232	Unlisted	n/a	n/a

Source: Saleyard Survey, Meat and Livestock Australia, 2015 to 2019
* Trend is calculated for 2017 to 2019

5.7. FINANCIAL PERFORMANCE

The financial information presented in this section is categorised as follows:

- Operating results from the saleyards facility (i.e. sheep yards and cattle yards) – operated by Scanclear; and
- Operating results from the truck wash – operated by Edward River Council.

The financial assessment of the Saleyards is based on indicative financial information provided by Scanclear. The operating financial figures presented in Table 7 are indicative and were provided for broad analysis purposes only.

The financial information relating to the truck wash is based on information provided by Edward River Council.

5.7.1. SALEYARDS OPERATIONS

Based on figures provided by Scanclear for the past 5 financial years, the Deniliquin Saleyards has recorded an average gross margin of approximately $70,000 per annum. Whilst the gross margin for the facility fluctuates year on year and generally reflects the level of revenue (gross income) achieved from sales, it is also impacted by the variability of expenses such as wages, rent, rates, water and power.

Whilst the facility records a modest operating profit, variable expenses such as water and power have notably increased in the past 2 financial years. According to Scanclear, this is a result of higher water and power charges, predominantly driven by an increase in water use across the yards for dust suppression before sale days.

Any efficiency gains in water and power supply would contribute to cost savings and improve the overall profitability of the facility.

T7. DENILIQUIN SALEYARDS, FINANCIALS, 2015 TO 2019 (FY)

Financial Year	14/15	15/16	16/17	17/18	18/19	AVE	Change (15 - 19)
Gross Income	**$266,862**	**$231,178**	**$244,203**	**$287,079**	**$275,463**	**$260,957**	**+$8,601**
Wages	$130,156	$129,468	$130,000	$160,000	$140,000	$137,925	+$9,844
Rent, Rates, Water, Power	$25,161	$24,373	$25,723	$32,179	$36,093	$28,706	+$10,932
Repairs	$23,187	$24,850	$23,000	$24,870	$28,000	$24,781	+$4,813
Gross Margin	**$71,082**	**$70,030**	**$65,480**	**$52,487**	**$88,358**	**$69,487**	**+$17,276**

Source: Scanclear Pty Ltd, 2020

5.7.2. TRUCK WASH

Edward River Council exclusively operates and maintains the truck was facility. In 2019 (FY), the truck wash recorded an annual operating income of approximately $85,000.

5.8. KEY FINDINGS

- The site and locational attributes of the Deniliquin Saleyards are favourable for a livestock exchange. The site is large enough to accommodate both the cattle and sheep yards, as well as larger trucks to access, load/unload and manoeuvre. The saleyards is located in an industrial estate, with good separation from other businesses, the town centre and residential uses. This minimises the potential impact of unwanted noise and odour pollution and stock safety risks.
- The competitive advantage of this facility is the tree coverage over the sheep yards. The 100,000 capacity sheep yards are covered by 800 claret Ash trees, providing shade in the summer months. This is a unique feature that is attractive for buyers, sellers and agents.
- Despite declining sheep numbers in the region, sheep throughput has remained consistent and has increased in recent years, indicating that the Deniliquin Saleyards remains attractive to buyers and sellers.
- The current financial position is relatively stable, with operations generating a modest net operating surplus. In 2019, the saleyards achieved a profit of approximately $88,000 at a gross profit margin of 32%. Whilst this profit margin is adequate, the gross income of the facility only averages $260,000 per annum (excluding the truck wash) and costs are increasing.
- In 2019, the truck wash recorded an income of approximately $85,000. Anecdotally, the truck wash is well-utilised and operates efficiently. It has the potential to achieve higher usage if ancillary facilities were provided for transporters such as a formal truck stop (i.e. toilets, showers etc).
- The current lease identifies the responsible parties who are required to carry out regular maintenance compared with replacement, defects and structural repair. Based on a review of the lease and discussions with users of the saleyards, there is some confusion around maintenance responsibilities.
- Whilst the operators undertake maintenance of the yards, it is apparent that the conditions of the lease aren't completely being upheld. This is particularly relevant for maintaining yard flooring (i.e. clearing sheep pens), maintaining yard facilities such as water troughs, fencing and lighting, as well as some general precinct presentation tasks (e.g. weed removal, clearing branches etc).

5.9. CONSULTATION FINDINGS

Consultation with key user groups was undertaken at the saleyards over two days (the day before, and the day of the special sheep sale in January 2020).

Informal drop-in sessions and one-on-one meetings were undertaken with management, producers, buyers, drovers, transporters and stock agents. The purpose of the sessions were to understand any precinct and site specific issues and opportunities relating to the following:

- Animal welfare;
- Access, functionality and manoeuvrability;
- Safety and compliance;
- Presentation and maintenance;
- Asset condition;
- Infrastructure gaps and shortfalls; and
- Potential Infrastructure and service upgrades.

5.9.1. SITE/PRECINCT LOCATION & LAYOUT

- The consensus amongst users is that the site is well-located. For transport access, a key advantage is the proximity to Cobb Highway, which is the key north-south transport route into Victoria. It is also situated relatively close to Barham Road, which connects to the key eastern transport route of Riverina Highway, and also acts as the major transport road heading west.
- The facility itself has good separation from the town centre, businesses and residential areas, making it an ideal location for a livestock exchange. In its current location, it is unlikely that amenity impacts will affect nearby residential and urban uses (e.g. odour, noise and dust etc.).
- Users expressed a concern relating to Saleyards Road that dissects the site (separating the canteen/admin building and the yards). Currently no speed limit signs exist along the road and there is no formal motor vehicle and pedestrian separation. This is a safety concern, particularly when there is a high volume of pedestrians on sale days (and days either side). To improve safety for pedestrians and users of the facility, there is an opportunity to erect speed limit signs and reduce the speed limits on, and either side of sale days.
- There is also a safety concern with the cattle ramps that front Saleyards Road, particularly when heavy vehicles are required to use these ramps to load and unload stock. This can cause safety concerns with through traffic using Saleyards Road. A formalised separation between the road and the ramps could help address this issue and/or clear signage erected to caution motorists.
- The southern portion of the site is currently underutilised, particularly the inactive effluent ponds behind the truck wash bays and the parcel of land on the corner of Saleyards Road and Abattoir Road. There is an opportunity to explore opportunities to better utilise vacant land within the precinct.

5.9.2. SHEEP YARDS

- Regular users of the sheep yards indicated that the yards are of a good standard, and are unique given the tree coverage, which is attractive to buyers and sellers.
- Sheep sales at Deniliquin are well known and reputed across the country, attracting buyers and sellers from a very wide catchment, especially for special sales.
- The main concern of the users is the frequency and standard of maintenance that is being undertaken at the sheep yards. Agents and producers expressed the need to maintain the facility at a higher standard and on a more regular basis. Specific issues that were raised:
    - Pen floors – regularly cleared to ensure that sheep cannot escape the pens.
    - Tree maintenance – regularly water the trees and clear branches out of pens and walkways.
    - Pen rails/gates – replace and repair damaged fence straps and gate hinges on an 'as needs' basis.
    - Yard walkways/stock races – On occasion, water can pool in the walkways and stock races, which can cause issues when transporting stock, as sheep typically won't walk across water.

5.9.3. CATTLE YARDS

- The infrastructure and assets at the cattle yards have deteriorated over a long period of time. Based on a visual inspection and anecdotally, much of the infrastructure is ageing, outdated and potentially unsafe for users and stock. This is a result of little to no investment that has been made in to upgrading or replacing ageing infrastructure.
- Saleyards are typically high risk facilities, particularly for handling, loading/unloading stock. To ensure a minimisation of risk to Council and the operators, necessary precautions should be put in place at the facility. This includes a regular review of asset condition to ensure it is fit-for-purpose, regular work, health and safety reports, signage and user safety measures.
- Regular users of the cattle yards were of the view that the deterioration of the yards is a key factor in the declining throughput of the facility and one of the reasons that cattle sale days have been re-scheduled from fortnightly to monthly.

- Users of the yards expressed concerns with the overall quality and presentation of the cattle yards and are of the view that capital works are required (as a base case) to improve the yards to an acceptable standard, and a complete renewal would ensure that the facility remains competitive and fit-for-purpose. Given that little to no investment has been made into upgrading or replacing infrastructure at the cattle yards, it is apparent that a substantial capital investment is required to address safety, compliance, efficiency and presentation issues.
- Many users raised the issue of the need to replace the existing software system used on cattle sale days. This is a major frustration to users and has resulted in inefficient sales and flow on effects to the competitiveness of the facility relative to other yards.
- Regional cattle producers indicated that stock numbers in the region are cyclical and fluctuate year-on-year, and that numbers may increase when conditions improve. Most acknowledged that stock numbers are in decline due to the lower availability of water for pasture.

5.9.4. OTHER FACILITIES

- A common issue raised was the under-utilisation and very poor quality of the supporting facilities, including the canteen, toilets and showers. The canteen is very rarely used, and the other facilities are well below minimum community standards in terms of quality, safety and presentation. A number of mentions were made to the opportunity to rebuild or substantially renovate the facility which could present the opportunity for other uses to take place in the building, such as truck stop, events or community uses.
- A number of references were made to the opportunity to formalise the truck parking / rest area for large vehicle drivers at the Saleyards which could alleviate the impacts of these vehicles parking in town and provide better safety and services to the drivers. This could also generate economic benefits to the town if more drivers stop in the town.
- Few comments were made regarding the truck wash, other than to say that the facility was generally meeting needs.

5.9.5. STRATEGIC DIRECTION FOR THE FACILITY

- A range of views were expressed regarding the future of the facility.
- When asked to consider the long term direction for the facility, the most common response from consultees was that the yards are generally performing well and that no major overhaul was required, but that the lack of capital investment and maintenance over recent years warrants prioritisation of an ongoing a reinvestment program as the focus of any strategic plan, with a particular focus on maintaining the quality and competitiveness of the sheep yards.
- Several mentions of the close relationship between Deniliquin and Finley yards were made, including suggestions to consolidate or differentiate between the two (for example by offering cattle sales at Finley and Sheep at Deniliquin to avoid direct competition).
- Some suggestions were made to comprehensively redevelop the cattle yards to modernise the facility, while one suggestion was to find a new greenfield site to rebuild the Finley and Deniliquin yards in a new location.
- Some doubts were raised about the medium to long term future of the cattle yards given the declining use and declining quality of the infrastructure.
- Many consultees noted the economic benefits to the town of Deniliquin of the facility and suggested that even if the yards are not profitable, there are considerable benefits to the region of maintaining sales in the town.

6. ENGINEERING REVIEW

6.1. INTRODUCTION

Cardno assessed the existing conditions of the site facilities and service infrastructure for the Deniliquin Saleyards. As a part of the assessment, Cardno inspected the site, reviewed existing services asset information and liaised with the relevant authorities regarding servicing strategies to cater for the development of the Saleyards.

Cardno's assessment considers civil infrastructure upgrades / new infrastructure required to meet user needs and increase efficiency, as well as provide recommendations for potential improvements to infrastructure required to support ongoing use of the Saleyards, such as road network upgrades, drainage and wastewater.

Cardno's Infrastructure Services Report is provided in Appendix A.

Please note that information relating to precinct service documentation for sewer, water, electrical and drainage was unavailable. The findings that relate to the condition of assets and infrastructure and services (i.e. sewer, water, electrical, drainage) are based on anecdotal information and information obtained through consultation and site inspections. Council should consider undertaking a comprehensive asset and infrastructure audit and condition assessment.

6.2. ROAD INFRASTRUCTURE

Edward River Council is the responsible authority for the provision and management of road within the subject site.

The main access points to the site are via Saleyards Road and are located to the east off Ricemill Road, to the north off Barham Road and to the south off Abattoir Road. Both Ricemill Road and Barham Road are asphalt pavements and are in good condition. Abattoir Road appears to be an informal property access spray sealed road. Saleyards Road divides the north and south of the site. The pavement appears to be full depth asphalt with good trafficable width. The pavement surface has degraded in numerous areas and appears to be poorly maintained. Road drainage appears informal with surface runoff conveyed to the edge of road table drains or via a kerb and channel device. No formal roadside drainage was sighted, nor information provided to verify existence. No formal road markings (centreline, turning lanes etc.) were sighted during site inspection.

Delivery areas to the east and west of the sheep yards are unsealed gravel pavements, and the western delivery area services both the sheep yards and cattle yards. No significant pavement depressions or wheel rutting to the delivery areas were sighted during inspection and the pavement appears to be in good condition. There are no formal pavement line markings, nor any safety devices in either location, nor adherence to AS2359.2 and AS2890.2.

During the site inspection, it was identified that the southern edge of the cattle yard receives deliveries. Anecdotally, there are safety concerns with the loading treatment and layout of this area, as it is adjacent to Saleyards Road with trucks manoeuvring within the roadway to enter the loading bays. With no formal road line markings, loading area pavement markings nor safety devices apparent, this area is high risk for conflict or collision.

No site management system, truck holding bays, loading/marshalling point, and designated site entry for delivery vehicles was identified with operation of the site largely undertaken ad hoc and by historic movements/management.

During the site inspection, no significant parking areas were identified. During sales events, loading areas are used for informal car parking.

A minor truck turning point at the front of the canteen was also investigated. Pavement appears to be full depth asphalt in very poor condition with notable surface cracking, significant depressions and poor surface grading (pavement holding water). Pavement drains towards kerb and channel, however no stormwater pits were identified, and it is assumed that there is no underground drainage system within the area. Again, no formal line marking, parking areas, signage nor safety devices were identified.

It is important to note that whilst traffic volumes would increase around sale days, with increased frequency of delivery vehicles prior to, post and during sale days, it is unlikely that this area receives high daily traffic volumes.

Pedestrian movement throughout the area appears informal with no pavement markings, pedestrian paths or designated road crossings. Site management advised that during sale days, food trucks and other services set up within or in front of the canteen. With no designated pathway or road crossing, pedestrian movements to these areas is informal and presents a safety concern during sale days or periods of peak usage.

6.3. DRAINAGE

Edward River Council is the responsible authority for drainage facilities servicing the site. The average annual rainfall for Deniliquin is approximately 406 mm (bom.gov.au) with an average monthly rainfall of 30mm adjusting seasonally. This would classify the region as a low rainfall area. The subject site is extremely flat with the site grading from the southwest to northeast corner at an approximate grade of 1:300.

Three roadside stormwater pits were identified on site along Saleyards Road (adjacent to the cattle yards). All three pits were poorly maintained. Two if the pits were crushed with the last filled with debris. It is apparent that if there is a storm drain network servicing the site, it is either blocked or poorly maintained to the point where it is not functional.

The roof drainage from the metal clad structure adjacent to the cattle yards and the brick canteen appears to discharge to an underground drainage system. No evidence of where roof drainage is picked up by stormwater system has been identified. In some cases, remote structures that have direct sewage connections are allowed to connect to roof drainage systems directly to discharging pipes to assist with maintenance flushing pipes. Further consultation with Edward River Council is required to determine if this arrangement is in place for the two structures.

It was identified that pavements drained either to kerb and channel or table drains adjacent to the pavement. Kerb and channels showed discharge into roadside table drains.

Site investigation identified two property dams on site; the first in the southwest corner, the second to the north east. Both damns were dry at the time of inspection. Two effluent ponds were sighted in the paddock behind the canteen to the southeast. These ponds are filled via a pump system from the truck wash and are used to separate heavy solids from water, not as a drainage/detention device.

Advice provided by site management identified poor surface drainage to the concrete areas within the sheep yards, with areas experiencing water pooling, which can create challenges for stock management. The pavement throughout this area was identified to be in poor condition during site investigation. Significant pavement cracking and heaving was sighted and believed to be caused by tree root growth. This coupled with significant differential settlement has created unnatural low spots within the pavement surface that results in poor surface drainage and ponding within the pavement.

It is assumed that the site is drained via overland flow to the northeast of the site and is discharged overland to the Mulwala canal located further to the northeast.

Further consultation with Edward River Council is required to confirm existence of underground drainage assets (both operational and disused/unmaintained) from as-built information provided after implementation of roadway, stock yards and structures (if this is available).

Site water treatment devices or water sensitive urban design arrangements are the responsibility of site management and Edward River Council.

Site investigation identified two property dams on site; the first in the southwest corner, the second to the north east which aligns with natural surface fall of the property. Both dams were dry at the time of inspection. It is assumed that these dams were/have been used in the past to assist with rainfall harvesting. The system is not optimal when considering the average annual rainfall would yield insignificant opportunity to obtain a sufficient water depth in the ponds. Overland flow would be insignificant through peak events as the majority of subject site

exhibits a low impervious fraction (i.e. loss to groundwater would be significant). Finally there would be high losses through evapotranspiration from water surface given the subject site's location.

Two effluent ponds were sighted in the paddock behind the canteen to the southeast. These ponds are filled via pump system from the truck wash and are used to separate heavy solids from water and are not used for water harvesting. Due to the treatment system relying on evapotranspiration to remove the contaminated solids from the water, there is no opportunity to harvest water from these ponds.

Three water tanks were identified during site investigation. The first, and major tank is located adjacent to the truck wash down facility and appears to be supplied directly from the water mains. The other two water tanks are located adjacent to the stock yards. Site management conformed that both of these tanks are no longer in use.

6.4. SEWERAGE RETICULATION

Edward River Council is the responsible authority for the provision and management of sewerage reticulation service for the subject site.

The main sewage trunk is provided from the north east and runs approximately parallel with Saleyards Road. The sewer trunk runs to the south of the dog pound and branches to the South to service the southern lot. A stub is provided off the main at this branch, servicing the canteen structure. Shower and bathroom amenities/facilities are located within the canteen and appear in good working order.

During site investigation, toilet amenities were identified in the structure directly north of the cattle yards. Sewerage service plans indicate that this structure is not connected to the main sewerage line, however no septic system was identified near the structure.

Pipe sizing was not provided on the service plan, however anecdotal evidence provided during site inspection noted that there was no significant concerns with supply and ongoing maintenance of this service.

Further consultation with Edward River Council is required to confirm existence of underground sewerage assets (both operational and disused/unmaintained) from as-built information provided after implementation of roadway, stock yards and structures (if this is available).

6.5. WATER SUPPLY

Edward River Council is the responsible authority for the provision of water supply reticulation facilities for the subject site. There are three catchments for Edward River water supply: The Edward river, a standalone bore site and the Mulwala canal. The authority has advised that reticulation connection for potable water supply has been recently connected through the precinct.

The Saleyards site has two property connections to the main. The first is located to the east of the brick "canteen" building and the second to the east of the sheep yards, in the open grassland area. Site management advised that the water supply through one of the property connections has been severed and there has been a significant reduction in pressure. This was rectified with re-establishment of the connection; however management were unable to identify which of the property connections was severed.

Previous advice would suggest that the property connections are different to the water supply as this would support differing mains water pressures in connection points within close proximity. It is acknowledged that one of the mains connections is to the Mulwala canal (non-potable).

It appears that water mains supply four areas of the subject site:

- The water tank located adjacent to the truck wash down facility;
- The canteen building;
- The metal clad structure to the north of the cattle yards; and
- Throughout both stock yards via branch placed centrally through both yards.

It was identified that the branch servicing the stock yards was located within the root ball area of many of the trees within the sheep yards. It is believed that the water pipe was laid prior to tree planting and consideration of growth and root size was not taken into account. Site management has advised that this line requires constant maintenance as continued root growth causes the pipe to buckle and rupture.

Further advice received from site management identified that supply for stock watering within the cattle yard was poor with insignificant troughs supplied or inadequate hose connections supplied throughout the pens.

Pipe sizing was not provided on the service plan, however advice received on site was that supply is generally good (ignoring the one occurrence wherein supply was severed through one of the property connections).

Further consultation with Edward River Council is required to confirm information obtained during site investigation and to gain a detailed understanding of the water supply servicing the property (mains sizing, draw location etc.).

6.6. ELECTRICITY SUPPLY

Essential Energy is the responsible authority for the provision of electricity supply facilities for the subject site.

Supply to the subject site is via overhead cables along Saleyards Road. Site connection is located approximately midway along Saleyards Road, between the canteen and sheep yards. The site's connection point is located on one of the sites internal power poles and the switchboard is in poor condition. This is an unusual arrangement as it is typically standard to expect High Voltage (HV)/electrical supply and control to be connected to, and operated out of a site office.

Internal electrical infrastructure requires general maintenance. Throughout the sheep yards, Low Voltage (LV) cables are slung overhead via "major" power poles, with overhead lighting connected directly to this supply. Internal lighting and power supply is via overhead cables slung on guidewires. In many locations the electrical cabling has slipped the wires restrains and now hang lower than guiding wires. This presents a significant safety concern.

Cardno was unable to provide advice as to compliance of design against relevant Australian standards. Relevant subject site information (as-built documentation of electrical assets) was unavailable.

6.7. TELECOMMUNICATIONS

Telstra is the responsible authority for the provision of telecommunications facilities to the subject site. Asset information provided by Telstra indicates that there is a main cable network along Saleyards Road and Ricemill Road providing telecommunication services into the saleyards area and canteen area.

The existing infrastructure appears to be in good condition and well maintained.

6.8. CATTLE YARDS

The cattle yards occupy approximately 1.8 hectares in the north west corner of the site. Visual inspection was undertaken from the boundary of the yards and limited internal access. Additional information was provided by site management.

The cattle yards fencing consists primarily of timber railings supported by metal uprights. The majority of the external fencing is open railing (no solid sheeting on fencing). It appears that the timber used for the railing is either reclaimed material or historic with the metal uprights. In places, the timbers has been replaced with hollow core steel sections of similar sizing to railing. The timber railings are generally in poor condition throughout the yard and in many cases, railings were rotting, weathered and/or coming free of their fixings to the metal supports.

It is assumed that the fencing posts have been reclaimed from the railway adjacent and are historic iron rails. Posts appear to have a high level of corrosion. Site management indicated that the posts require regular maintenance due to corrosion occurring underground at the interface of the post and footing. If corrosion continues, the posts could potentially come free from the footing when lateral force is applied to the fence, presenting safety concerns for stock and users.

Gates throughout the yard are typical hollow tubular steel cattle gates of approximate 2.5m length. Gates appear to be well used and generally in good condition. Potential repair/replacement may be required in some areas.

The pen floors appear to be a mix of dirt and grooved concrete pavement. Main walkways and cattle runs are a similar concrete pavement.

Sprinkler systems for dust depression were not identified during the site inspection and water supply throughout appeared poor or inadequately located.

The majority of the cattle yards are outdoors with minimal areas covered or enclosed areas to assist in protecting stock and users from the climate.

Pen layout and stock access appears functional and accessible.

The raised walkway (selling platform) extends throughout the cattle yards. The walkway appears to have been constructed from hollow steel sections, eye bar supports and steel grating for the walking platform. Visual inspection of the walkway suggests that it is in poor condition with corrosion visible throughout.

6.9. SHEEP YARDS

The sheep yards occupies approximately 5 hectares and is centrally located to the north of the subject site. Internal access was provided to visually inspect the yard, with additional information provided by site management.

The sheep yard fencing is primarily hollow core tubular steel approximately 1m high. Fencing is open railed throughout with no sheeting for stock runs or loading/unloading areas. Fence sections are approximately 3m in length and fixed to the steel posts. The fencing throughout the yards are generally in good condition, with minor defects/damage sighted during inspection; mostly relating to the central steel straps becoming unfixed from the fence.

The gates throughout the yards are also hollow core tubular steel and are approximately 2m length. The gates are generally in good condition, with minor repairs/replacement required in some areas.

The floors/surface of the pens are a mix of smooth surface concrete pavement and/or dirt. The main walkways consist of grooved concrete pavement. The pavement is generally in poor condition, with ponding and surface cracking sighted throughout some of the paved areas. More extensive pavement cracking and heaving was sighted in particular areas and is believed to be caused by tree root growth. This has led to unnatural low spots in the pavement surface that has resulted in poor surface drainage and ponding across the pavement.

Sprinkler systems for dust depression were not identified during site inspection. Water supply points (taps) and access were well located throughout the yards. The branch servicing the stock yards appears to be located within the root ball area of the trees across the sheep yards. It is apparent that the water pipe was installed prior to tree planting and consideration of growth and root size was not taken into account. Site management has advised that this line now requires regular maintenance due to ongoing root growth causing the pipe to buckle and rupture.

Shade and shelter from the claret ash trees is well considered and provides an active canopy throughout the yards, providing good protection for stock and users.

Pen layout and stock access appears functional.

The raised walkways appear to be in good condition. Concerns regarding safety through access and operation were identified, as currently no steps or handrails exist.

6.10. KEY FINDINGS

ROAD INFRASTRUCTURE

The subject sites road infrastructure is generally in poor condition but receives very low vehicle movements (apart from sale days). Site safety and devices to assist operational management are not provided, which presents a safety risk for continued site use. Specific issues are as follows:

- All loading/unloading areas are informal with no delineation between relevant traffic zones (pedestrian, car, truck).
- No "marshalling" zone or management area to assist in directing truck traffic through delivery and pickup periods.
- No safety devices are provided throughout all loading areas:
    - Bollard protection to service assets directly adjacent to loading/unloading areas.
    - Line marking/signage
    - Crash/bash padding to unloading "docks" to yards.
    - Barrier fencing to loading/unloading areas.
- Loading/unloading area directly adjacent to open to public road space with no clear delineation between use and no safety management devices employed.
- Informal nature (i.e. gravel road, no line markings) of Saleyards Road presents a safety risk when general use coincides with peak site usage. As previously mentioned, Saleyards Road receives very low vehicle movements apart from sale days.
- No road safety signage throughout the precinct.
- No formal surface line marking.
- Informal waiting bays along Saleyards Road when loading areas are full.
- No formalised pedestrian paths, pavement marking, or road crossings are provided throughout the precinct.

It is recommended that Council consider engaging a suitably qualified traffic consultant to undertake a site safety report/road safety audit, with recommendations to address the above issues.

DRAINAGE

- Drainage infrastructure throughout the area appears informal with roadway and pavements designed to grade towards table drains or similar devices.
- Formalised drainage devices (pits and pipes, culverts under driveways etc.) are in poor condition and should be removed where not in use or remediated where required. Specifically, the pit and pipe network towards the cattle yards where pits were either collapsed or full of debris should be formally investigated to determine suitability of retention or designated for removal.
- Culverts underneath driveways, specifically through the loading/unloading area between the cattle and sheep yards requires maintenance/upgrade with the channel adjacent to both yards cleaned and cleared, invert re-stablished (formalising the channel to concrete ideally).
- Kerb and channels employed throughout the area are of poor grade shown holding water in multiple areas and poorly maintained with sections of both kerb and tray cracked and damaged. Recommendation would be to either replace all kerbing to establish minimum longitudinal grades or remove all devices to convey surface water to roadside table drains providing property crossovers with drainage culverts (where required).
- Confirmation on building drainage (if available) is yet to be provided and recommendations for these items are unable to be provided at this time.

WATER SUPPLY/HARVESTING

- As the subject site is relatively underdeveloped with a majority of the site being either open grassland or stock yard, the fraction impervious is relatively low. Due to low rainfall yield, the harvesting potential is relatively low with significant losses to seepage and evapotranspiration occurring prior to collection. Harvesting off already established structures would yield also insignificant water volumes due in part to the small roof areas and also due to the low rainfall area wherein the subject site is situated.
- An opportunity exists to harvest water directly from Mulwala Canal, with water to be stored in the established dams located in the southwest and the northeast corners of the subject site. Storage quantities will need to be assessed and established and viability of harvest volumes requires negation with the relevant authority. A pump station with associated supply pipes (approx. 300m to north east dam, 1km to southwest dam) to one or both storage locations will need to be established. To assist in maintaining water quality, it is recommended that the relevant flora be planted within dams. Additionally, planting tree species with extended canopies to the edge of these storage ponds would be recommended to assist with reducing potential storage losses through surface evaporation.
- Further to the above point, site stormwater drainage could be amended to divert runoff to the lower of the two storage ponds to assist with harvesting however note that yield will be low and should not be incorporated as the primary supply source.
- To reduce/remove ongoing maintenance for the main water supply line running through the sheep yard it is recommended that this water line be relocated clear of tree roots. The current water pipe has been established directly adjacent to tree line causing significant ongoing maintenance costs when tree roots establish around the water pipe causing it to buckle and rupture. Relocating this line at an appropriate offset from established trees could significantly reduce potential maintenance costs.
- Further consultation with Edward River Council is required to confirm information obtained during site investigation and to gain detailed understanding of the water supply servicing the property (mains sizing, draw location etc.).

ELECTRICAL SUPPLY

- Internal electrical infrastructure requires general maintenance. Throughout the sheep yards, LV cables are slung overhead via “major” power poles, with overhead lighting connected directly to this supply. Internal lighting and power supply is via overhead cables slung on guidewires. In many locations the electrical cabling has slipped the wires restrains and now hangs lower than guiding wires. This presents a significant safety concern and should be addressed.
- Cardno was unable to provide advice as to compliance of design against relevant Australian standards. Relevant subject site information (as-built documentation of electrical assets) is not available.

SALEYARDS

Recommendations for livestock saleyard facilities have been informed from the following documents;

- Australian Animal Welfare Standards and Guidelines – Livestock at Saleyards and Depots (2018)
- Guide For Safe Design of Livestock Loading Ramps and Forcing Yards (2015)

The AAWSG – Livestock at Saleyards and Depots advises that the flooring should minimise likelihood of livestock slipping or falling. The non-textured concrete (with poor drainage) throughout the sheep yard increases the likelihood of slips. Additionally, ponding on concrete pavement reduces the stock movement through stock races and into pens as it can be difficult to herd sheep through water.

In holding and selling pens, it is recommended a gate of minimum width is implemented. A number of gates that would not meet this guideline were identified on site and it is recommended that these either be replaced with an appropriate width or removed where possible.

Fencing should be high enough to deter animals from jumping over rails. This is achieved through the cattle yard however the sheep pens appear short which presents a low likelihood of escape or mixing. It is apparent that clearing the pens floors from soil build up may address this issue.

Cattle yard fencing is in poor condition with posts that are unsuitable material. It is recommended that the fencing be replaced throughout with a more suitable and durable material (recommend hollow core square steel sections for both posts and railings). Replacement can be undertaken gradually; whereby high risk areas are addressed in the short term. Relevance of guideline should be reviewed against historic evidence of occurrence with replacement required should occurrence be likely or high.

Laneways and fences should be sheeted where appropriate to avoid animals being disturbed by outside activity and to direct them along the desired pathways. Application of sheeting is relevant for both cattle and sheep yards where no sheeting is in place. It is recommended that sheeting be provided to all races/laneways and to the exterior fence in full.

Separate walkways for users and livestock is recommended. The overhead walkway throughout the cattle yards adheres to this guideline, however it is generally in poor condition and it is recommended that the walkway be replaced in sections (where heavy corrosion has occurred).

The raised walkways across the sheep yards requires improved accessibility. This includes ladder rungs or step irons to be installed with a protective railing or catch bar throughout.

The AAWSG – Livestock at Saleyards and Depots provides advice as to the loading/unloading facilities, more specifically on site management and marshalling of trucks carrying livestock. No site management system, truck holding bays, loading/marshalling point, and designated site entry for delivery vehicles was identified with operation of the site largely undertaken ad hoc and by historic movements/management. It is recommended that installing a more formal delivery system is investigated, and progress to implementation.

Dust suppression devices throughout the soft soil section of the cattle yards are required. It is recommended that a remote sprinkler system is installed.

The provision of shade or cooling systems in hot climates and shelter from excessive cold for animals in holding facilities is desirable. With no facilities currently in place, it is recommended that a general solution be applied to the cattle yards. However, it is acknowledged that these guidelines have practical and economic limitations.

7. ISSUES AND OPPORTUNITIES

7.1. INTRODUCTION

This section provides a summary of the issues and opportunities that emerged throughout research and analysis, consultation with stakeholders and a review and assessment of infrastructure within the saleyards precinct.

Table 8 provides a summary of issues and opportunities, but the central issues and opportunities for Council that should be addressed through strategic and asset planning include the following:

- Protect and enhance the sheep yards, which is the facility's clear competitive advantage.
- Improve the general safety standards across the precinct to ensure that the facility is compliant and high quality safety standards and practices are implemented and adhered to.
- Ensure all infrastructure and assets are compliant to improve stock and user safety, and reduce the risk of work, health and safety incidents.
- Consider the future use and utilisation of the cattle yards, given that the infrastructure is aging, throughput and regional stock numbers are declining, and the competition across the region is strengthening.
- Significant investment will be required to upgrade and improve the cattle yards to a standard that satisfies general safety standards and compliances (e.g. rails, ramps, pens, walkways).
- Improve infrastructure, services and resources across the facility to realise operational and cost efficiencies (e.g. water, waste, software).
- Investigate the opportunity to consolidate the Deniliquin Saleyards and the Finley Livestock Exchange into one sub-regional facility at Deniliquin.
- Consider the use of underutilised land, buildings and amenities across the site to explore additional commercial opportunities and additional incomes streams.
- Clearly delineate and define maintenance responsibilities between the owner and the operator. Uphold maintenance conditions of the lease to ensure that regular maintenance of the saleyards is undertaken to maintain and enhance competitiveness and meet user expectations.

T8. SUMMARY OF ISSUES & OPPORTUNITIES, DENILIQUIN SALEYARDS

Issues	Priority	Opportunities	Priority
Maintenance of sheep and cattle yards is inadequate, including clearing pen floors, maintaining fences, rails and gates, and maintaining the trees.	High	Undertake regular maintenance to improve stock safety, meet user expectations and improve functionality and presentation of the yards.	High
The sheep raceways flood and water pools, creating issues when moving/loading stock onto trucks.	Medium	Generally improve user and stock safety in the precinct by investigating the following: - Create formal road separation; - Erecting speed limit signs on Saleyards Road; - Reducing the speed limit during, and either side of sale days. - Create formal separation and erect caution signs for the cattle ramps that front Saleyards Road.	High
General presentation of the precinct, including weeding and other landscaping maintenance.	High	Investigate ways in which water stability and efficiency can be improved across the precinct (e.g. access the water channel directly to supply the precinct for general water use).	High

Issues	Priority	Opportunities	Priority
Improve pedestrian safety across the precinct.	High	Prepare an asset renewal plan for the cattle yards to understand specific needs for infrastructure improvements and upgrades.	High
Water pressure and stability of supply for general use across the yards is an ongoing issue (e.g. tree watering, dust suppression, troughs).	High	Investigate avenues for funding to support larger infrastructure improvements and upgrades to the yards (e.g. ramps, lighting).	High
Ageing and deteriorating assets and infrastructure in the cattle yards (e.g. timber pen rails, walkways, selling ring).	High	Investigate opportunities for underutilised land within the precinct, including the land behind the canteen, truck wash and dog pound.	Medium
Based on a visual inspection, the cattle yards seem to be risky and need to be closely assessed. They present an insurance risk if short term investment/intervention is not undertaken.	High	Undertake a complete asset register and conditions report for the cattle yards to identify what needs immediate replacement/renewal.	High
A mix of concrete and soft floor materials in the cattle yards can cause issues for cattle.	Medium	Address minor issues at the canteen/administration building that relate to water proofing and general maintenance. Consider re-purposing parts of the building to increase utilisation (e.g. a formal truck stop to complement the truck wash).	Low
Cattle yard software used for the selling ring is unreliable and outdated.	Medium	Undertake a review of work, health and safety requirements to ensure that the saleyards complies with standards and Council's liability is minimised.	High
Some of the ramps at the sheep yards require replacing. This is due to outdated technology (i.e. manual ramps) or the need to accommodate larger trucks (double deck loading/unloading).	Medium	Revenue collected by Council could be re-invested into the maintenance and repair of the yards.	Medium
Some of the ramps at the cattle yards require replacing. This is due to outdated technology (i.e. manual ramps) or the need to accommodate larger trucks (double deck loading/unloading).	Low	Support the creation of a Saleyards Committee with representatives from key user groups (e.g. agents, producers, operators) to provide strategic input and advice regarding the facility.	Medium
The yard lighting is ageing and may need replacement in the short to medium term.	Low	Investigate the removal/relocation or remediation of formalised drainage devices (pits and pipes, culverts under driveways etc.) as they are in poor condition. Remove where not in use or remediated where required. The pit and pipe network towards the cattle yards where pits were either collapsed or full of debris should be formally investigated to determine suitability of retention or designated for removal.	High
There is a significant amount of land that is underutilised in the precinct.	Medium	Potential to replace all kerbing to establish minimum longitudinal grades or remove all devices to convey surface water to roadside table drains providing property crossovers with drainage culverts (where required).	Medium
The canteen and administration building is ageing.	Low	To reduce/remove ongoing maintenance for the main water supply line running through the sheep yard it is recommended that this water line be relocated clear of	High

Issues	Priority	Opportunities	Priority
		tree roots. The current water pipe has been established directly adjacent to tree line causing significant ongoing maintenance costs when tree roots establish around the water pipe causing it to buckle and rupture. Relocating this line at an appropriate offset from established trees could significantly reduce potential maintenance costs.	
The location of the canteen building is unsafe on sale days, given that there is a high volume of pedestrians crossing Saleyards Road.	Low	To ensure a minimisation of risk to Council and the operators, necessary precautions should be put in place at the facility. This includes a regular review of asset condition to ensure it is fit-for-purpose, regular work, health and safety reports, signage and user safety measures.	High
The threat to the cattle yards is linked to the declining stock numbers due to scarcity of water.	High	Berrigan Shire Council may be permanently closing Finley Livestock Exchange. This presents a potential opportunity to consolidate the Finley and Deniliquin facilities.	High
The increasing number of selling/buying methods available is threatening saleyards (e.g. direct, online, OTH).	High		

Source: Urban Enterprise 2020

8. OPTIONS

Four options are proposed for the Deniliquin Saleyards.

Options:

1. Business as usual for the saleyards;
2. Improvements and upgrades to infrastructure and services at the sheep yards, and:
   a. Minor upgrades to the cattle yards to ensure a compliant and safe facility; or
   b. More substantial upgrades to the cattle yards in an attempt to improve competitiveness and increase viability.
3. Major re-investment and renewal in the cattle yards and sheep yards.
4. Divest and close the cattle yards and re-invest into the sheep yards and ancillary facilities.

The options are outlined and discussed in-turn. Preliminary and high-level cost estimates are provided (where possible). Please note that these are opinions only, and further in depth investigations, feature survey and concept design would be required to confirm and finalise costs.

8.1.1. BUSINESS AS USUAL

Option 1 consists of maintaining the status quo, whereby the operation of the facility continues under the current arrangement (i.e. leased to an independent operator). The current lease will cease in 2021, and provides an opportune time to review the conditions of the contract to ensure that specific conditions relating to maintenance, capital works and insurances are clearly defined and upheld.

Indicative Cost

With no minor or major upgrades or improvements proposed, the costs associated with a business as usual decision are minimal.

Discussion

The current financial position of the saleyards is relatively stable, with operations generating a modest net operating surplus. However, the majority of annual income is being generated from sheep sales. Cattle throughput and income continues to decline.

The prospect of a further aging and decline in the cattle yards infrastructure without investment to upgrade the facility is concerning, both from a user and stock safety perspective, but also the threat of a further decline in throughput and viability. Further, strong regional competition and alternative selling methods will continue to challenge the ongoing viability of the cattle yards under current settings.

The estimated cost to pursue option 1 will be low, given that it consists of operating under the current settings, which the facility has endured a long period of time with very limited investment.

Without investment into the cattle yards in the short term, the ongoing safety risks for users and stock, and the declining trend in throughput will continue. The risks associated with a business as usual decision are considered to be high.

8.1.2. IMPROVEMENTS AND UPGRADES TO INFRASTRUCTURE AND SERVICES

OPTION 2 (SHEEP YARDS)

Option 2 involves a deliberate and strategic approach to reinvesting in the sheep yards and the broader precinct to ensure competitiveness and sustainability of the facility. Option 2 would involve improvements and compliance measures for the sheep yards, including:

- Replacing ageing pen rails;
- Replacing raised walkways;
- Replacing ageing ramps; and
- Upgrade lighting.

Indicative cost

Cardno Engineers provided an opinion on costs, and provided estimated unit costs for some of the key upgrades and improvements. These include:

- $300/sqm to repave sheep walkways;
- $50,000 per sheep ramp;
- $25,000 per light pole upgrade;
- $800/metre for raised walkways with handrails.

Note that costs include removal, disposal, supply and installation.

Based on the above estimates, the indicative cost to deliver option 2 is in the order of $0.75 to $1.5 million. This is a broad estimate based on costs of other facilities and would need to be refined through a broad concept design and quantity surveying exercise. Given that the full capacity of the sheep yards are rarely used, a more deliberate investment plan could be applied to selected areas of the yards, which would reduce the overall capital cost.

OPTION 2A (CATTLE YARDS)

Option 2a involves the minimum investment required to ensure a safe and compliant facility, and to mitigate risks associated with a business as usual decision. It is anticipated that infrastructure improvements required to deliver this option would include the following:

- Replace timber rails with steel rails in selected areas of the yards (i.e. the pens that are actively being used);
- Replace raised walkways in selected areas of the yards;
- Replace the minimum number of ageing cattle ramps; and
- Upgrade pen floors in selected areas of the yards.

Estimated cost

Cardno Engineers provided estimated unit costs for some of the key upgrades and improvements. These include:

- $500/metre to replace timber rails with steel rails (includes removal, disposal, supply and installation);
- $50,000 per cattle ramp;
- $1,500/metre for raised walkways with handrails.

Note that costs include removal, disposal, supply and installation.

Based on the above estimates and assuming that one row of pens and walkways within the cattle yards are replaced and upgraded, the indicative cost to deliver option 2a in the order of $0.5 to $1 million.

OPTION 2B (CATTLE YARDS)

Option 2b involves more substantial upgrades that would require significant investment in an attempt to create a more competitive facility and encourage growth in throughput.

It is anticipated that infrastructure improvements required to deliver this option would include the following:

- Upgrade, replace and improve aging infrastructure in the cattle yards, including timber rails, pen floors the selling ring and software system.
- Replace raised walkways across the yards;

- Replace ageing ramps;
- Re-pave the stock and user walkways.

Indicative cost

Based on the above cost estimates, as well as comparable case examples of Saleyards upgrades (e.g. Swan Hill, Yea), the estimated cost to deliver option 2b would be in the order of $1.5 to $2 million. This is a broad estimate based on costs of other facilities and would need to be refined through a broad concept design and quantity surveying exercise.

Discussion

It is apparent that the current income to Council generated from the saleyards is not enough to deliver a capital works program at the cattle yards that would be required to action option 2a or 2b. There is a significant risk involved with maintaining the status quo of the yards, due to ageing infrastructure and the safety and compliance risks that follow, and therefore it is recommended that investment, divestment or closure of the cattle yards must be pursued.

The financial risk of option 2b is that even a substantial investment into the cattle yards is unlikely to generate a a substantial increase in throughput. Cattle sales have been declining consistently year on year, recording a total decline of over 7,000 head of cattle between 2015 and 2019 (-66%), with the lowest throughput recorded in 2019 (approx. 3,700).

It is apparent that delivering major upgrades is unlikely to generate the required increase in throughput and income to justify the investment due to:

- The reduction of cattle sales from fortnightly to monthly, making it difficult to revert back to fortnightly sales;
- Declining cattle numbers in the region;
- Volatile climate conditions that are resulting in changing rainfall patterns and threatening water security;
- Strong competition from nearby Saleyards such as Echuca and Swan Hill and ongoing competition at Finley (where capital improvements are proposed);
- Competing selling methods that are becoming more common and have a growing market share (e.g. online sales); and
- Consolidation of farms in the area and a reducing agricultural workforce.

8.1.3. MAJOR RE-INVESTMENT AND RENEWAL

Option 3 consists of undertaking a wholesale reconstruction of the cattle yards and ongoing improvements to the sheep yards. This option would take advantage of the opportunity to construct a modern cattle yards 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;
- New selling ring;
- Water harvesting; and
- New administration buildings.

This option would also involve major re-investment into the sheep yards (as per option 2), including the replacement of aging ramps, upgrade lighting, upgrade pens and replace water/drainage infrastructure (e.g. water pipes).

Indicative cost

The construction of a new cattle yards facility would require detailed design and cost estimates that are not within the scope of this study. However, based on case examples, it is estimated that the construction of a new cattle yards with comparable capacity would cost in the order of $6 to $10 million. This is a broad estimate based on costs of other facilities and would need to be refined through a broad concept design and quantity surveying exercise.

The indicative cost to deliver significant improvements to the sheep yards would largely reflect costs outlined in option 2, but with added costs for more substantial upgrades.

Discussion

It is acknowledged that a full reconstruction of the cattle yards would require far greater investment compared with option 2, and would therefore require a significant and sustained increase in throughput and revenue in order to justify the investment. Given that throughput at the cattle yards is declining, and sales have been reduced from fortnightly to monthly, the increase in throughput and income at the cattle yards that is required to justify this level of investment is highly unlikely to materialise.

8.1.4. DIVEST AND CLOSE THE CATTLE YARDS AND RE-INVEST INTO THE SHEEP YARDS AND ANCILLARY FACILITIES

Option 4 consists of divesting and closing the cattle yards and re-investing into the sheep yards and ancillary facilities to protect and improve the saleyards core competitive advantage.

Given that much of the infrastructure and assets at the cattle yards is ageing and has seen little investment over time, divesting and closing the cattle yards is unlikely to generate a level of income that is required to re-invest into the sheep yards. This option is more focused around cost and risk prevention, particularly with the degraded state of the facility and the declining throughput.

Indicative cost

The indicative cost of option 4 is split between the cattle yards and sheep yards. Given that this option involves closing the cattle yards, the cost is anticipated to be minimal. However, if Council wish to pursue demolition of the yards, the indicative cost would be in the order of $120 per sqm (estimates provided by Cardno).

For the sheep yards, the cost to pursue option 4 would reflect the estimates provided for option 2 (i.e. $0.75 to $1.5 million). This is a broad estimate based on costs of other facilities and would need to be refined through a broad concept design and quantity surveying exercise.

Discussion

This option is more focused around cost and risk prevention, particularly with the degrading state of the facility and the declining throughput. The key benefits of this option are:

- The cost savings by removing the requirement to upgrade and improve the cattle yards;
- Eliminating the threat of financial and safety risks that are presented by an ageing and degrading cattle yards; and
- Focusing on re-investing into the sheep yards and ancillary facilities to maintain competitiveness, increase throughput and viability.

8.2. PREFERRED OPTION

Based on the above analysis, the most appropriate options for the Deniliquin Saleyards are Option 2/2b and Option 4.

The sheep yards is the clear competitive advantage, indicated by the:

- Consistent throughput and income;
- Stable sheep numbers in the region;
- Benefits of the sunk investment in infrastructure that has a useful economic life, and
- The natural shade offered through widespread tree coverage.

The sheep yards is an area of specialisation. This should be protected and enhanced through a deliberate investment strategy that improves competitiveness, grows market share (throughput), encourages operational efficiencies, and satisfies user expectations. Comparatively, the cattle yards are at a point where either substantial investment is required to upgrade the facility in an attempt to improve competitiveness and increase throughput (option 2b), or divest and close the facility (option 4).

At the time the Issues and Options Report was completed and issued (June 2020), Berrigan Shire Council was considering permanent closure of the Finley Saleyards. If this eventuated, the Deniliquin cattle yards could leverage that opportunity to capture a share of Finley's annual cattle throughput (approx. 16,000 in 2019). At that time, option 2a was the preferred option, which would involve the minimum investment required to ensure a safe and compliant facility. This was recommended in order to keep the cattle yards open and monitor the situation at Finley. Berrigan Shire Council have since decided to re-commence sales and invest into the facility.

Given the change in circumstances, the opportunity for Deniliquin to pursue option 2b has diminished. Without Finley closing, growth in cattle throughput could only come by increasing market share in a reducing and increasingly competitive market. This is highly unlikely, due to:

- Declining cattle numbers in the region;
- Volatile climate conditions - changing rainfall patterns and projections of ongoing decreases in rainfall, threatening water security;
- Strong competition from nearby Saleyards such as Echuca, Swan Hill and Finley; and
- Competing selling methods that are becoming more common and have an increasing market share (e.g. online sales).

Edward River Council has previously resolved to pursue option 4: divest and close the cattle yards, and re-invest into the sheep yards and ancillary facilities. Given the decision by Berrigan to reinvest at Finley, this is supported.

Edward River Council should investigate potential divestment options at the cattle yards, and pursue the option with the lowest financial risk. Divestment option could include:

- Cease operations – Demolish, and sell or reutilise on-site assets; or
- Privatisation - Sell the cattle yards to a private operator.

If Council wish to sell the cattle yards, there is an opportunity to sell both the cattle yards, sheep yards and ancillary facilities to completely withdraw Council's involvement with the Deniliquin Saleyards.

8.3. SUB-OPTIONS

In addition to the three main options identified, the following sub-options are proposed for consideration:

1. Water harvesting and service upgrades;
2. Develop a truck stop and revitalise/repurpose existing buildings (e.g. multipurpose administration building);
3. Re-purpose underutilised areas within the Saleyards precinct (e.g. municipal uses); or
4. Divest and sell/lease underutilised sites.

The sub-options are outlined and discussed in-turn.

1. WATER HARVESTING AND SERVICE UPGRADES

There is an opportunity to harvest water directly from Mulwala Canal, with water to be stored in the established dams located in the southwest and the northeast corners of the saleyards precinct. Storage quantities would need to be assessed and established and viability of harvest volumes requires negation with the relevant authority. A pump station with associated supply pipes (approx. 300m to north east dam, 1km to southwest dam) to one or both storage locations would need to be established.

To assist in maintaining water quality, relevant flora be planted within dams. Planting tree species with extended canopies to the edge of these storage ponds would assist with reducing potential storage losses through surface evaporation.

Further to the above point, site stormwater drainage could be amended to divert runoff to the lower of the two storage ponds to assist with harvesting however note that yield will be low and should not be incorporated as the primary supply source.

Clearly the saleyards would benefit from water harvesting and service upgrades across the precinct, which would encourage efficient and sustainable use of water. The benefits of improving water harvesting relate to water access and security and the potential to realise cost savings over time through operational efficiencies.

For the water harvesting and service upgrades, Cardno provided the following opinion on costs:

- $100,000 for a pump station at the canal;
- $500/metre for a new water pipe;
- $400,000 to bore under the rail line at two locations;
- $500,000 for water storage tanks and a treatment system;
- $200/metre for an internal recycled water network; and
- $200/metre to relocate the existing water main.

Based on the above estimates, the indicative cost to deliver the water servicing upgrades is in the order of $1.5 to $2 million for the whole precinct. This is a broad estimate based on costs of other facilities and would need to be refined through a broad concept design and quantity surveying exercise.

It is unlikely that water servicing upgrades would be required for the entire saleyards precinct, given that much of the site is underutilised. Therefore, it is anticipated that delivering these upgrades for a selected area of the saleyards precinct could be delivered at a lower cost.

2. DEVELOP A TRUCK STOP AND REVITALISE/REPURPOSE UNDERUTILISED BUILDINGS

The location of the Deniliquin Saleyards is favourable for a truck stop, given that it is in close proximity to the Cobb Highway (the key transport route north and south into Victoria) and Barham Road, which connects to the key eastern transport route of Riverina Highway.

In addition, there is a statutory obligation for heavy vehicle transporters to not drive a vehicle while fatigued. Drivers are required to comply with maximum work and minimum rest limits. The Heavy Vehicle National Law outlines three work and rest accreditations that drivers must attain and observe:

- Standard hours;
- Basic Fatigue Management (BFM); or
- Advanced Fatigue Management (AFM) - This accreditation relates to livestock transporters and is designed to give them the flexibility to respond to the dynamic, uncertain and complex livestock transport task.

The maximum work and minimum rest requirements are different for each accreditation. The guidelines have been created to ensure that the risk of driver fatigue incidents are reduced. As a result, drivers are required to rest more frequently, presenting opportunities for more formalised truck stops in strategic locations such as highly utilised transport routes.

The four bay truck wash at the Deniliquin Saleyards is well utilised and is achieving an annual operating income of approximately $85,000. Currently, many users of the truck stop are also using the casual toilet and shower amenities in the adjoining administration building. There is an opportunity to create a formalised truck stop through improved integration with the truck wash and the adjacent administration building and further capitalise on the regular use of the truck wash.

The administration building is currently underutilised and based on a visual inspection, needs significant repair and maintenance work in order to improve the appearance and functionality. If the building were upgraded, improved and maintained on a regular basis, the facility could also be used as a multi-purpose venue for community or commercial use. Commercial uses such as venue hire would also create an additional income stream for the saleyards / council.

3. RE-PURPOSE UNDERUTILISED AREAS

The broader Deniliquin Saleyards precinct encompasses land to the south and east of the canteen and truck wash area. This land is largely underutilised and has the potential to be re-purposed for other complementary or compatible uses. Much of this land is recognised as surplus to the needs of the Saleyards and alternative uses could be considered (e.g. other municipal uses).

4. DIVEST AND SELL/LEASE UNDERUTILISED SITES

An option for Council to consider is to partially divest some landholdings within the precinct. As previously stated, much of the land to the south and east is considered to be surplus to the needs of the Saleyards and is largely underutilised. Council could explore options to subdivide the landholding and sell or lease parcels for commercial uses.

All sub-options would provide an opportunity to generate income to assist in financing saleyard improvements through re-investment, and are recommended.

9. ACTION PLAN

9.1. INTRODUCTION

The action plan has been prepared to support the implementation of the preferred option for the Deniliquin saleyards over the next 5 years (i.e. 2021 – 2026). Actions are categorised as follows:

- Sheep yards;
- Saleyards precinct; and
- Cattle yards;

An indicative timeframe and relevant stakeholders are identified for each action. Timeframes are categorised as follows:

- Short term (year 1);
- Medium term (year 1 to 3);
- Long term (year 3 to 5); and
- Ongoing.

The action plan will be implemented over time in partnership with key users of the saleyards (e.g. lessee, buyers, sellers, agents, transporters), agriculture representatives, government authorities, and other relevant stakeholders.

The implementation of the action plan should be regularly monitored and evaluated, and an annual progress report should be considered.

9.2. OBJECTIVES

Strategic objectives have been formulated to guide the implementation of the action plan:

- A safe and compliant facility – Ensure the Deniliquin Saleyards is a safe precinct for stock and users, and ensure regulatory compliance, including animal welfare and user safety.
- A competitive facility – Deliver a high-quality Saleyards Precinct that is attractive to buyers, sellers and other regular users of the yards, encouraging an increase in activity and throughput.
- A viable and financially sustainable facility – Increase the viability of the Saleyards over time and ensure the facility is profitable.
- An efficient and productive facility – Deliver operational efficiencies to realise cost savings and mitigate environmental uncertainty.

The action plan is outlined on the following pages.

9.3. ACTION PLAN

9.3.1. SHEEP YARDS

Action	Lead and partners	Indicative Timing
Action 1.1 Complete an asset register and condition report for the sheep yards. Use the findings to identify specific assets that that require immediate replacement or repair.	Lead: Edward River Council	Short term (year 1)
Action 1.2 Use the recommendations in this plan and the findings of the asset register and condition report to compile a list of infrastructure improvements and upgrades for the sheep yards. These are expected to include: - Replace ageing pen rails; - Replace raised walkways; - Replacing ageing ramps; - Upgrade lighting.	Lead: Edward River Council	Short term (year 1)
Action 1.3 Conduct a round table with key user groups of the saleyards (buyers, producers, agents, transporters) to confirm the list of improvements and upgrades. Refine the list of improvements and finalise.	Lead: Edward River Council Partners: producers, agents, transporters	Short term (year 1)
Action 1.4 Progress to detailed design and costings for the recommended upgrades at the sheep yards.	Lead: Edward River Council	Medium term (year 1 to 3)
Action 1.5 Prepare a Business Case for the proposed upgrades and improvements. Seek funding to deliver the works through state and federal government funding avenues.	Lead: Edward River Council	Medium term (year 1 to 3)
Action 1.6 Secure funding, and progress to delivering the works.	Lead: Edward River Council	Medium term (year 1 to 3)

9.3.2. SALEYARDS PRECINCT

Action		Indicative Timing
Action 2.1 At the completion of the current lease term, ensure that specific conditions of the lease are upheld and honoured. Require that the lessee: - Undertake regular maintenance to improve stock safety, meet users' expectations; - Improve functionality and presentation of the facility; and - Regularly report on throughput and financial performance (in detail).	Lead: Edward River Council Partners: Lessee	Short term (year 1)
Action 2.2. Investigate the potential to deliver water harvesting and service upgrades at the precinct to improve water supply and security and encourage operational efficiencies. This could be delivered alongside Action 1.2	Lead: Edward River Council	
Action 2.3 Improve user and stock safety in the precinct by investigating the following works: - Creating formal road separation; - Erecting speed limit signs on Saleyards Road; - Reducing the speed limit during, and either side of sale days; and - Create formal separation and erect caution signs for the cattle ramps that front Saleyards Road.	Lead: Edward River Council	Ongoing
Action 2.4 Address issues at the canteen/administration building that relate to water proofing and general maintenance. Consider re-purposing parts of the building to increase utilisation (see action 2.5).	Lead: Edward River Council	Medium term (year 1 to 3)
Action 2.5 Investigate the potential to establish a truck stop in the precinct to complement the truck wash. Consider repurposing a part of the canteen/administration building to accommodate truck stop amenities.	Lead: Edward River Council Partners: transporters	Medium term (year 1 to 3)
Action 2.6 Investigate potential options to repurpose underutilised land that is considered surplus to the needs of the Saleyards (e.g. municipal uses, sell, lease).	Lead: Edward River Council	Ongoing

9.3.3. CATTLE YARDS

Action		Indicative Timing
Action 3.1 At the conclusion of the current lease, notify the lessee and key user groups that Edward River Council will move to divest and close the cattle yards. Once the lessee and key stakeholders are notified, cease cattle sales at the cattle yards.	Lead: Edward River Council Partners: Lessee	Short term (year 1)
Action 3.2 Investigate potential divestment options at the cattle yards, and determine the option that is the most viable and provides the lowest financial risk.	Lead: Edward River Council	Long term (year 3 to 5)

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