



Naracoorte Lucindale Council
Better by Nature

Naracoorte Regional Livestock
Exchange Annual Report
2014-2015





Vision

Naracoorte Regional Livestock Exchange will be the premier livestock selling centre for South Australia and Victoria. We will work collaboratively with stakeholders to be the industry leader in livestock handling and selling in safe modern facilities. We will have a minimal impact on the environment while deriving financial benefits for the community, stakeholders and Council.



The Naracoorte Regional Livestock Exchange
Board 2014/15.

Cr Toby Robinson Chair (left)
Cr Ken Banning (right) until Nov 2014
Cr Scott McLachlan (lower right) from Nov
2014
Mr Robin Gericke (below left)
Mr Ian O'Loan (below right)
Dr Helen Macdonald CEO (non voting)
Mr Steve Bourne Director Operations



The Naracoorte Regional Livestock Exchange Board is pleased to present its third annual report, covering the 2014/15 financial year. It has been another year of improvement to infrastructure and service with the completion of three cattle loading ramps. Many challenges still face us as we strive to provide a safe working environment, meet animal welfare and environmental requirements while at the same time operate a sustainable business on behalf of the industry and community. We present this report as a permanent record of the year, trust that you find it informative and we welcome feedback to assist us in achieving our vision.

Executive Summary

The 2014/15 financial year saw 110,744 cattle yarded. This was an increase of 13,428 on last years total. Sheep numbers improved slightly to a final annual throughput of 414,761.

The blue ribbon first cross ewe sales were the highlight for the year with a very high standard of sheep and lambs being yarded. The highest price for one and a half year old ewes was \$256 with an overall average of \$207. The top price for ewe lambs was \$208 with an overall average of \$138.79. There were 51,966 yarded over the two days.

The Naracoorte Combined Agents sold \$87,389,410 worth of cattle and \$40,195,023 worth of sheep and lambs for a grand total of

\$127,584,433 on behalf of primary producers, through the Naracoorte Regional Livestock Exchange. This was an increase of \$21,345,219 on the 2013/14 financial year.

European Union and National Saleyard Quality Assurance accreditations were maintained after audits were conducted by AUS/QUAL Pty Ltd.

The implementation of the loading ramps project was completed in December 2014. This was a \$486,000 project supported by a grant of \$225,000 from the Australian Government's Heavy Vehicle Safety Productivity Program.

A high level of animal welfare was maintained over the year. A visit from Animals Angels representatives was productive with some useful advice provided to staff and operators.



Cattle loading ramps under construction



Introduction

It is the Council's vision that the NRLE remain the premier livestock selling centre in the South East region, and establish itself as a leader in the Australian livestock selling industry. The Naracoorte Lucindale community derives significant direct economic benefit from the NRLE; local growers with a facility close to their operations, transport operators who move stock and purchase fuel, locals employed there, agents who use the yards and the businesses in Naracoorte who support the NRLE operations and its users. There are also substantive indirect benefits that flow onto the community through increased business transactions and services that are required to service the families that live in the district because of the sale yards and the additional activity that takes place when people

outside of the district attend NRLE sales.

Council has recognised the need for the NRLE to operate as a commercial business and operate independent of financial support from Council rate revenue. To achieve this, the Naracoorte Regional Livestock Exchange Board (the Board) was established in 2012 to oversee the development, construction and general operations, and monitor the financial performance of the Naracoorte Regional Livestock Exchange. This is the third report prepared by the Board, fulfilling its objectives under the Terms of Reference established by Naracoorte Lucindale Council and their key role in meeting the objectives of the Naracoorte Regional Livestock Exchange Strategic Management Plan 2012-2022.

Naracoorte Lucindale Council Strategic Plan

Prosperous Community

- Facilitating and supporting sustainable growth to achieve economic prosperity
- A vibrant and progressive business centre

Healthy Landscapes

- Working together to protect and enhance our natural environment for the future
- Water resources and ecosystems are protected and restored

Progressive Leadership

- A well led and managed district supported by an ethical approach to managing infrastructure through the delivery of projects and services to the community
- Effective delivery of projects and services

NRLE Objectives

- Contribute to the economic prosperity of the Naracoorte Lucindale Council district and Limestone Coast region
- Provide a continuing business opportunity for stakeholders
- Manage risks in collaboration with stakeholders
- Manage the NRLE business to ensure its long term viability
- Minimise impacts of NRLE activities on the environment
- Meet and exceed animal welfare standards
- Provide a safe working environment for all staff, agents and contractors

Assets

The capital project planned for 2014/15 was the construction of new loading ramps and lead up yards. This was completed in December 2014

The Board received a request from the Naracoorte Combined Agents to replace the cattle crush, which was posing safety concerns for users. A new crush was selected in consultation with the users and was installed in November 2014. The new crush has all the safety features including a chin bar to secure the animals head while mouthing and replacing missing NLIS tags.

Upgrades were made to the D holding yards with the concreting of the raceways and installation of lights. Some preliminary drawings for the potential upgrade of the canteen ablution facilities were

completed and Council approved expenditure for this upgrade to be done in 2013/14. The builder was unable to undertake construction and the project was held over.

The Board made the decision to seek funding to support the upgrade of cattle selling facilities and grant applications prepared for both state and Australian Government Funding. If successful, this project will commence in early 2016.



November First Cross sale

Financial - Profit and Loss as at 30 June 2013

Preventative maintenance and breakdown costs

Maintaining the cattle pens continues to be the largest maintenance cost for the NRLE, with breakages increasing as the yards age. Despite this, the staff continue to provide a high level of service with the yard condition having negligible impact on sales. Design of new yards and planning for what is likely to be a staged implementation will occur in 2014/15.

Operation of the waste water treatment plant improved as operators understanding improved and the system settled. Some minor issues occurred with a blocked pump which required the installation of a flushing system, with sand still an issue collecting in tanks requiring regular pumping.



Yards under construction as part of the loading ramps project



	2010-2011	2011-2012	2012-2013	2013-14	2014-15
Administration	38,604	45,150	55,510	53,301	55,754
Advertising	1,897	2,245	2,661	1,740	2,131
Annual Audits	1,256	1,313	1,508	1,496	1,622
Board expenses				1,977	1,758
Business Plan/Project Management	63,514	67,417	36,838	12,897	12,069
Cleaning & Gardening	18,210	21,998	28,048	17,228	15,004
Consumables	4,642	4,610	4,235	3716	3,768
Clerking of the Market	16,630	18,072	17,466	21,327	0
Consultants Fee/Legal Fees	13,898	2,698	190		0
Council Rates	11,810	12,710	14,506	25,865	27,071
Depreciation Buildings & Infrastructure	130,916	131,403	236,876	259,835	367,960
Depreciation Plant & Furniture	17,588	23,453	25,904	25,726	22,469
Doubtful Debt Provision	181,311				
Electricity	34,996	37,848	47,502	76,135	89,960
EPA Monitoring	3,683	4,914	4,259	7,163	3,205
EPA Investigation					
FBT Liability	5,392	5,832	10,323	11,479	16,628
Furniture & Office Equip Mtce	942	1,061	686	838	769
Income Protection Insurance	5,555	5,535	5,340	5,745	6,415
Insurance	3,303	3,633	15,728	23,389	25,330
IT Consumables	2,366	1,139	603	3,558	1,939
IT Recovery			3,000	3,000	3,000
Land & Buildings Maintenance	36,528	32,059	34,944	35,865	42,215
L&B Mtce - Effluent Dams	7,064	42,784	6,640	8,024	6,037
L&B Mtce - Stock Pit	10,547	12,255	9,404	10,496	18,194
L&B Mtce Water Reuse Plant				6,723	25,953
L&B Mtce - Truckwash	12,411	26,247	25,794	19,247	9,906
L&B Mtce - Weighbridge	3,969	8,689	5,119	8,644	11,841
L&B Mtce - Yards	91,471	100,675	133,137	121,775	132,747



	2010-2011	2011-2012	2012-2013	2013-14	2014-15
Licences - EPA & Safework	6,941	7,160	7,318	7,535	7,740
Liveweight Wages	91,697	65,298	19,317	21,753	
Loan Repayment - Cash Advance Interest			22,301	4,514	3,399
Loan Repayment - Interest	32,138	40,033	28,216	26,044	
Loan Interest			82,854	101,020	119,695
LSL Liability	12,075	3,463	18,483	11,076	14,787
Market Reporting Costs	1,130				
Motor Vehicle Expenses	7,125	6,299	6,788	8,580	7,657
Other Expenses	2,103	685	2,599	1,479	1,242
Paddock Costs	341	458	1,207	621	1,130
Plant & Equipment Maintenance	11,537	8,961	9,956	17,057	14,787
Printing & Stationery	2,046	1,554	3,202	1,338	1,011
Protective Clothing/Uniform	4,252	5,155	4,560	5,060	4,542
Refuse Collection	4,207	4,249	4,107	4,868	4,932
Salaries	128,723	111,468	115,563	126,984	119,077
Sale Day support					59,436
Soft Flooring	24,905	18,591	29,555	30,870	44,431
Scanning Charges	14,104	18,272	13,827	18,443	18,706
Subscriptions	15,714	14,977	9,155	9,210	7,495
Superannuation	38,367	35,913	34,003	35,213	39,168
Telephone/ADSL	7,130	5,303	7,527	6,162	5,516
Training Costs	14,078	10,255	5,863	12,182	4,061
Truck Wash (Avdata) Costs	10,911	10,065	5,083	14,935	16,625
Workers Comp	19,923	19,658	18,617	20,478	7,657
Water Licence	106	732	118	118	120
Yard Washing	70,961	68,656	57,437	50,776	53,336
TOTAL EXPENDITURE	1,239,017	1,070,945	1,233,877	1,303,505	1,472,324



	2010-2011	2011-2012	2012-2013	2013-14	2014-15
Disposal of Dead Stock	-7,362	-11,039	-22,746	-11,970	-12,876
Canteen Lease			-6,242	-6,630	-6916
Fees	-893,955	-1,175,004	-1,043,097	-1,126,332	-1,271,148
Fees - EU Cattle	-21,438	-22,628	-21,345	-26,167	-28,190
Fees - Store Cattle	-89,088	-64,982	-64,992	-72,819	-86,766
Grant Income	-50,000				0
Interest Income	-21,009	-14,169	-4,954	-433	-1,535
Licence Fees (Agents)			-6,000	-7,311	-7,480
Recoveries	-5,500				0
Agistment - Land	-8,505	-3,931		-5,080	-3,688
NLIS Tags	-15,659	-22,353	-14,786	-17,007	-17,818
Other Income	-19,274	-71,739	-2,892	-47,356	
Phylloxera Shed					
Paddockings Charges	-8,272	-11,465	-27,714	-28,186	-23,815
Truckwash Fees	-108,247	-99,367	-54,700	-146,698	-161,997
TOTAL INCOME	-1,248,309	-1,496,677	-1,269,468		-1,622,456
OPERATING PROFIT/(LOSS)	9,292	425,732	35,591	192,484	150,132
ADJUSTED FOR DEPRECIATION	157,796	580,588	298,371	478,045	540,561



	2010-2011	2011-2012	2012-2013	2013-14	2014-15
Disposal of Asset		-11,364			-11634
Sale of Plant				-10,000	
Loan Income		-2,000,000			
Loan Income - Internal (Repay to Council)					
Grant Income		-1,800,000	-200,000		-225,001
Loan Repayment - Principal	26,410	28,277	30,276	32,417	34,709
Loan Repayment - Council	17,280	17,280	17,280	17,280	17,280
Loan Repayment - Principle (floating)			44,477	92,520	97,489
Capital Expenditure	34,215	54,725	8,250		
Additions IT					1,054
Infra Addition Shed		2,920,451	194,529		
Infra F&E				6,142	
Infra Minor Plant				4,923	8,540
Infra major plant					31,600
Infra additions building					11,473
Infra Loading ramps upgrade				30,206	478,413
Infra Addition Water Reuse Project		1,490,009	166,211	13,890	
Infra Addition Weighbridge			595,375	161,577	
Infra addition D Yards				5,548	49,002
TRANSFER TO RESERVE	79,891	-118,790	-558,027	123,542	47,366
NRLE RESERVE	581,684	462,894	-95,133	28,409	75,775



FEE SCHEDULE 2014/15(GST Inclusive)

OFFICE RENTAL (Agents) per annum as per lease
 LICENCE TO USE FACILITIES (Agents) per annum as per lease
 PHONE RENTAL (Agents) at cost)

CANTEEN RENTAL per week as per lease

FEES

CATTLE1	per head	\$ 9.68
CALVES1	per head	\$ 4.02
SHEEP1	per head	\$ 0.83
EU CATTLE (additional charge per head)	per head	\$ 2.50
Paddock CHARGES – CATTLE	per head	\$ 2.40
Paddock CHARGES – SHEEP	per head	\$ 0.25
SCANNING – STORE CATTLE	per head	\$ 2.10
NLIS TAG	per head	\$ 31.50
NLIS TAG – BULL	per head	\$ 63.00
NLIS Levy (GST Exempt)	per head	\$ 0.50
DEAD STOCK DISPOSAL		
CATTLE	per head	\$ 118.00
SHEEP	per head	\$ 12.00
CALL OUT (additional to disposal fee)	per head	\$ 150.00
CATTLE – Humane Reasons/Not Fit for Sale	per head	\$ 290.00
SHEEP – Humane Reasons/Not Fit for Sale	per head	\$ 60.00
TRUCKWASH		
KEY DEPOSIT	per key	\$ 33.00
USE	per minute	\$ 0.70
USE (CASUAL)	per minute	\$ 0.95

1 Charges are based on the agents paying one third of the applicable fee and producers paying two thirds of the

Operations

Management

The Naracoorte Regional Livestock Exchange Board was formed in July 2012. Its membership for 2014/15 comprised;

Cr Toby Robinson Chair
 Cr Ken Banning (until November 2014)
 Cr Scott McLachlan (from December 2014)
 Mr Robin Gericke
 Mr Ian O’Loan
 Dr Helen Macdonald CEO (non voting)
 Mr Steve Bourne Director Operations (non voting)

Naracoorte Combined Agents

Chair Jason Mahney - PPHS



The 2014 / 2015 period saw 110,744 cattle yarded. The largest yarding for one day was 4,406 weaner cattle sold in December. The ten year average for cattle throughput is 100,351

Average prices for steers in the two major sales (11 December and 22 January) were \$683 and \$727 per head respectively, up from \$619 and \$563 on the same sales the previous year. Heifer prices for the sales 12 December and 23 of January were \$ 538 and \$ 604 compared to 2013/14 figures of \$563 and \$469.

The higher numbers and average prices received is reflected in the gross value of \$87,389,410 for cattle sold for 2014/15 year, up from \$63,350,059 in 2013/14.

While sheep numbers in Australia are still on the build-up stage, the throughput was down on the ten year average (567,000) at 414,761. The largest market was the first cross ewe lamb sale where 32,920 were yarded and sold.

The blue ribbon first cross ewe and first cross ewe lamb sales were again very well supported with a massive gallery of both buyers and sellers. Over the two days there were a total of 51,966 yarded and sold. Coolawang a/c the James family achieved the highest price of \$256 for a pen of 200, 1st cross ewes. The top price paid for ewe lambs was \$182 for a pen of 79 a/c RH Hodge. The average price for the ewes was \$207.61 while lambs averaged \$138.79. The total revenue was \$8,523,107 for the two sales. This was an increase of \$1,193,859 on the previous year. The combined agents cooperated well and presented the livestock to a very high standard, with no animal welfare issues.

The total value of sheep and lambs sold for 2014/15 was \$40,195,023.

The Naracoorte Combined Agents sold \$87,389,410 worth of cattle and \$40,195,023 worth of sheep and lambs for a grand total of

\$127,584,433 on behalf of primary producers through the Naracoorte Regional Livestock Exchange.

The new roof and soft flooring continues to be a success with favourable comments from all user groups.

Open dialogue continued through regular meetings with the Naracoorte Combined Agents.

Analysis against budget

Stock throughput for 2014/15 above forecasts, with cattle sales 17% above forecast numbers and sheep and lamb numbers 4% above forecast. This exceeded the budget forecast and confirms the need for a conservative approach when forecasting stock numbers. The key factors affecting throughput were;

- Marketing trends have seen an increase in paddock selling. This was evident prior to Christmas when direct selling prices were better than yards prices, and the increase in yard numbers when this trend reversed early in 2015.
- Sheep numbers are still low in Australia and building up
- High prices have contributed to a selling down of cattle numbers with feed lot operators competing strongly to secure numbers for their growing markets.

The increase in cattle numbers and almost maintaining sheep and lamb numbers indicates a positive outlook.

Short term forecast

The increase in cattle numbers up 13,428 on the previous year is a great result, along with a slight increase in sheep and lamb numbers indicates a positive outlook. The last six months has seen cattle prices rocket to highs not seen before. Demand for Australian beef continues to grow as a result of the free trade agreements introduced.



The Naracoorte Combined Agents have indicated they will be working to break the hold of large companies dictating prices through direct sales and encourage more vendors to use the competitive saleyards as a preferred sales method. Naracoorte has established a competitive edge by establishing facilities that deliver what vendors, agents and buyers are seeking.

Cattle numbers at the Millicent saleyards continues to decline with indications it may not operate for much longer. Naracoorte should capture a share of what has been sold through these yards.

The impact of OJD requirements for sheep and lambs is yet to be felt, but could impact numbers of sheep brought to the yards for vendor purchase.

Promotion and Marketing

The loading ramps project generated free media, with articles appearing in major rural papers. A small number of paid placements were made in conjunction with the Naracoorte Combined Agents. This approach to joint marketing between the owner and users on the facility is the most beneficial.

Staff attended the Limestone Coast Regional Awards night in Mount Gambier where the NRLE was successful in the Innovation category..

Several service groups have visited the NRLE for information and a guided tour. Some of these included around 80 tourists involved with the National Caravan Muster. The Rotary club held a meeting over an evening meal in the canteen. A group of TAFE students studying agriculture were also hosted on site.





Compliance

Environmental Protection Authority (EPA) licence conditions for the disposal of waste water.

A full environmental management plan was prepared and endorsed by the EPA, to ensure environmental standards are met and exceeded.

Department for Environment Water and Natural Resources licence conditions regarding the extraction of water from the aquifer.

Council holds a water licence number 8650 allowing for the extraction of 80MI per annum. Water use reduced from 52MI in 2011/12 to 38 MI in 2012/13 to 30 MI in 2013/14. These reductions were achieved as more rainwater was captured for reuse.

A 5.2 Ha on the land adjacent to the north of the NRLE was fenced as a Significant Environmental Benefit (SEB) for Council. This will be revegetated with native vegetation.

The NRLE was assessed under the National Livestock Quality Assurance (NSQA) scheme and remains fully accredited. One non-conformance was reported relating to the requirement that all cattle and sheep vendor declarations should be loaded into the computer system and an Extended Residue Program (ERP) check and Livestock Production Assurance Program (LPA) status being conducted prior to sale.

The NRLE was assessed under the European Union (EU) guidelines for the sale of EU cattle.

Draft Animal Welfare Standards and Guidelines for Saleyards were prepared by the Livestock

Saleyards Association of Victoria. These draft guidelines were subsequently endorsed by South Australian agencies and likely to become the national standard. The NRLE facilities and operational procedures currently meet or exceed the standards defined in these guidelines.

A new version of the Agents Code of Practice has been distributed to the individual agents to ensure they comply with the requirements.

OHS and Risk Management

Planning

Council hosted a workshop in October 2013, facilitated by James Large of People Vision who assisted Council with developing its WHS Plans. This workshop resulted in a clear delineation of responsibilities for each user group.

Incidents

Incidents

The NRLE recorded one incident involving a transport driver for 2014/15. The driver was dislodged from his vehicle by a bull and suffered several broken bones requiring hospitalisation. This was reported to and investigated by Safework SA. Their investigation concluded the NRLE could not be held responsible for an incident that involved a transport operator working on their own equipment, even though the incident occurred on the NRLE grounds. This decision provided some clarity for management regarding WHS responsibilities.

Issues

Safework SA received an anonymous complaint regarding drovers branding cattle as they leave the truck whilst sitting on the top rail of the unloading ramps. Council received a prohibition notice requiring modifications to either task of infrastructure. Work platforms and ladders were installed and an acknowledgement received from Safework SA advising the issue had been satisfactorily resolved.

The Year Ahead

The 2015/16 year will be a year of significant capital upgrades if grant applications are successful. The highest priority for upgrade are the cattle selling pens and a \$2M project is proposed including \$1M grant funding. The canteen and ablutions will be revamped from existing funds.

