



Master Plan

# Mount Gambier and District Saleyards

## 2018-2028

Adopted 4 June 2018



<b>Document Control</b>		
<b>Plan</b>	<b>Date Adopted</b>	<b>Revision Details</b>
2018-2028	4/06/2018	Initial plan prepared in conjunction with relevant staff and stakeholders for adoption by Council.

**Disclaimer**

This master plan has been prepared by the District Council of Grant using information which, to the best of its knowledge, is accurate at the time of production. The District Council of Grant does not make any representation to any party and will not accept responsibility or liability to any party seeking to rely on any information, advice or opinion provided in this master plan, or otherwise given in any manner by the officers, servants or agents of the District Council of Grant for any loss or damage, of whatever nature, suffered by any such party.

## TABLE OF CONTENTS

Disclaimer.....	2
1. EXECUTIVE SUMMARY .....	5
2. INTRODUCTION .....	6
2.1 Saleyards Overview .....	6
2.2 Purpose and Objectives of the Master Plan .....	7
3. MASTER PLAN CONTEXT .....	8
3.1 Historical Background .....	8
3.2 Regional Context .....	8
3.3 Regulatory and Policy Context .....	9
3.4 Previous Strategic Plan.....	10
3.5 Key Stakeholders.....	10
3.6 Associated Documentation.....	10
4. CURRENT SITUATION .....	11
4.1 Ownership and Management .....	11
4.2 Site Description .....	11
4.3 Surrounding Land.....	12
4.4 Existing Activities .....	12
4.5 Existing Facilities .....	13
5. SWOT ANALYSIS .....	16
5.1 Strengths and Advantages .....	16
5.2 Weaknesses and Constraints .....	16
5.3 Opportunities and Prospects .....	17
5.4 Threats and Risks .....	18
5.5 Summary of SWOT Analysis .....	18
6. STRATEGIC VISION AND OBJECTIVES .....	19
6.1 Corporate Objective.....	19
6.2 Strategic Actions .....	19
6.3 Schedule of Actions – 2013 Audit Outcomes.....	20
7. FUTURE SALEYARDS PLANNING .....	22
7.1 Forecast of Future Operations .....	22
7.2 Fee Structure.....	22
7.3 Stock Movement Areas.....	23
7.4 Agent Relationships .....	23
7.5 Promotion .....	23
7.6 Benchmarking .....	23
8. FACILITIES DEVELOPMENT PLAN.....	24
8.1 Asset Upgrades/New Assets .....	24
8.2 Asset Renewals .....	25
9. ASSET MANAGEMENT.....	26
9.1 Introduction .....	26
9.2 Levels of Service.....	28
9.3 Future Demand .....	35
9.4 Lifecycle Management Plan .....	37
9.5 Asset Management Practices.....	43
10. Risk Management Plan .....	45
10.1 Risk Management Framework.....	45
10.2 Evaluation of Risk.....	45
10.3 Critical Risks and Treatment Plan .....	46

11. FINANCIAL SUMMARY.....	47
11.1 Financial Statements and Projections.....	47
11.2 Financial Sustainability.....	49
11.3 Funding Strategy .....	50
11.4 Asset Valuations.....	51
11.5 Key Assumptions Made in Financial Forecasts .....	51
12. PLAN IMPROVEMENT AND MONITORING .....	52
12.1 Improvement Plan .....	52
12.2 Monitoring and Review Procedures .....	52
REFERENCES.....	53
APPENDICES .....	54
Appendix A Site Plan .....	55
Appendix B Maintenance Response Levels of Service .....	56
Appendix C Statement of Comprehensive Income .....	58
Appendix D Estimated Cash Flow Statement.....	59
Appendix E Estimated Balance Sheet.....	60
Appendix F Estimated Statement of Changes in Equity.....	60
Appendix G Projected Ten Year Capital Works Program .....	62
Appendix H Glossary .....	63

## 1. EXECUTIVE SUMMARY

Mount Gambier and District Saleyards (Saleyards) is an integral part of the regional community and accordingly needs to ensure the following:

- “Best Practice” facility
- WH&S compliance
- Viability
- Effectiveness
- Risk minimisation
- Good governance
- Asset sustainability

The Saleyards employs four full time employees and one part time employee three days per week.

The Saleyards facilitated during the 2016/2017 financial year \$134,357,444 worth of livestock transactions.

From the District Council of Grant Strategic Management Plan 2016 – 2020 there are three strategic goals for the Saleyards and these are:

1. Develop, review, and implement the Mount Gambier and District Saleyards Master Plan;
2. Develop, review, and implement a marketing plan for retention and attraction of business to the Saleyards;
3. Pursue funding partnerships for Saleyards infrastructure improvements and opportunities.

The prime objective of Council in the management of the saleyards is to provide and plan for infrastructure that allows safe, convenient and viable transactions of stock in the region. The achievement of this objective is constrained by the available funding received through revenue generated by the sale of stock and associated activities and revenues supplemented by grants where available.

This plan intends to provide a framework and forward plan to assist with good management, consultation and sustainable outcomes for the region.

Whilst the plan recognises the importance of continuing expansion, it also confirms the importance of performing maintenance activities on the existing infrastructure.

## 2. INTRODUCTION

### 2.1 Saleyards Overview

The Saleyards are located 10kms east of the Mount Gambier city centre on the Princes Highway, Glenburnie in South Australia. The Saleyards are the largest livestock exchange facility in the Limestone Coast region and has been in operation since it's opening on the 8<sup>th</sup> June 1977. It has been acknowledged that the Saleyards are an integral part of the agricultural economy for the South East of South Australia.

The Saleyards offer seven livestock selling agents:

- Elders
- Ray White Keatley
- Landmark Tonkin and George
- Miller Whan and John
- O'Connor and Graney
- Southern Australian Livestock
- Green Triangle Livestock

The NLIS (National Livestock Identification System) was implemented in 2004 at the DCG Saleyard and therefore all stock are required to have their NLIS tag attached.

The Saleyards are valued at \$14,228,367<sup>1</sup> million (including \$550,000 being land value).

The holding capacity at any given time of the Saleyards is approximately 2,400 cattle and 17,000 sheep. The Saleyards processed 78,787 cattle and 165,058 lambs and sheep through the Saleyards during the 2016/2017 financial period.

There are many benefits of selling livestock at the Saleyards which include the following:

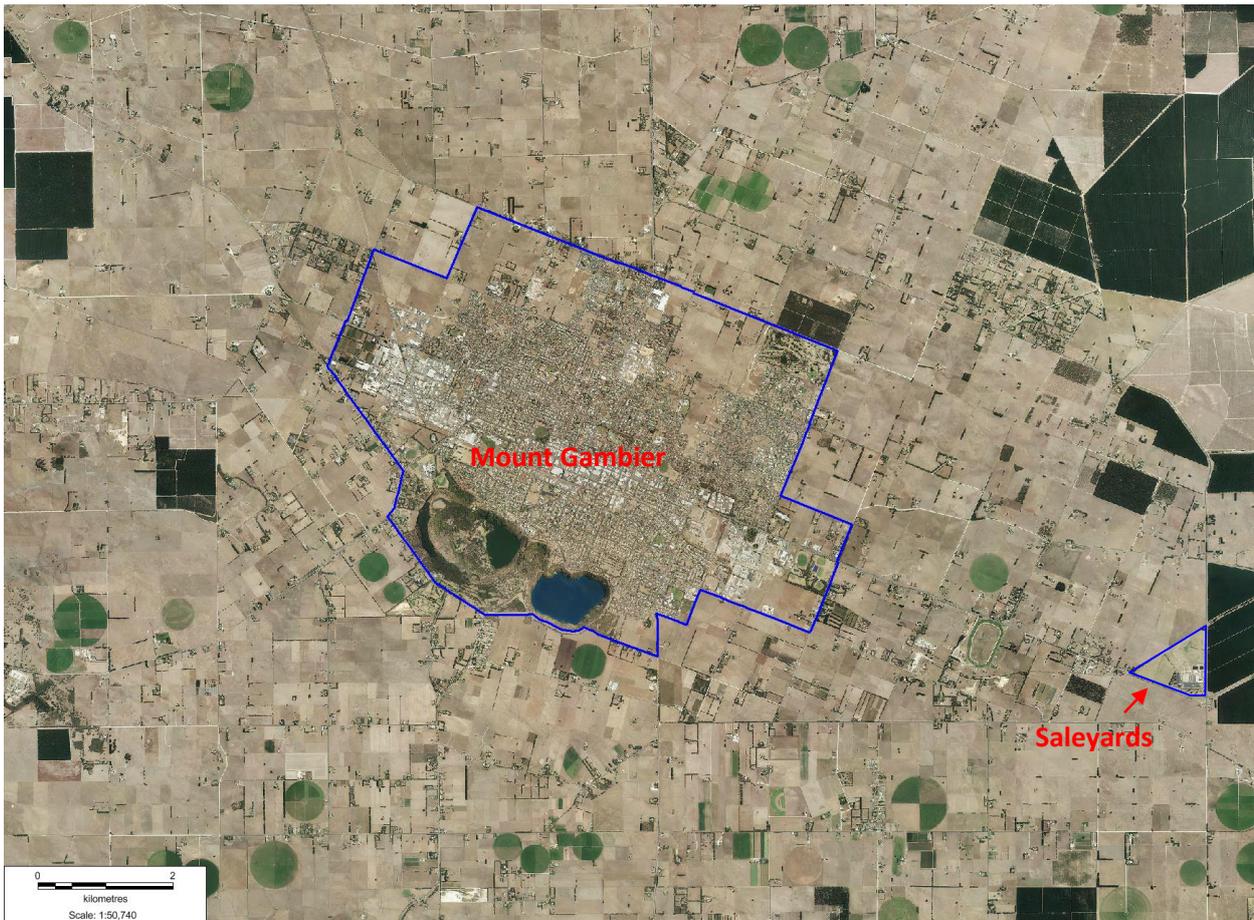
- Very strong buyer competition due to large stock numbers
- Computerised weighbridge
- Undercover calf selling centre
- Market reports from National Livestock Reporting Service
- Many holding paddocks
- Droving and feeding available on request
- Truck wash facility – 2 cash hoses and 4 Avdata key operated hoses
- 196 Cattle selling pens
- 333 Sheep selling pens
- New receivable / delivery covered pens
- New liveweight scales and drafting facility
- European Union Accredited Saleyards

Quality Assurance accreditation is in place and Council is a fully paid member of National Saleyards Quality Assurance Ltd (NSQA).

---

<sup>1</sup> Data obtained from District Council of Grant Asset and Financial Registers as at 30th June 2017

**Figure 1: Saleyards location in relation to city of Mount Gambier**



## **2.2 Purpose and Objectives of the Master Plan**

The purpose of this master plan is to facilitate saleyards growth, sustainability, and accountability whilst promoting its role to the region.

It is important that this is achieved without compromising the safe operation of the facility.

This plan supersedes all previous Saleyards Strategic Plans.

### 3. MASTER PLAN CONTEXT

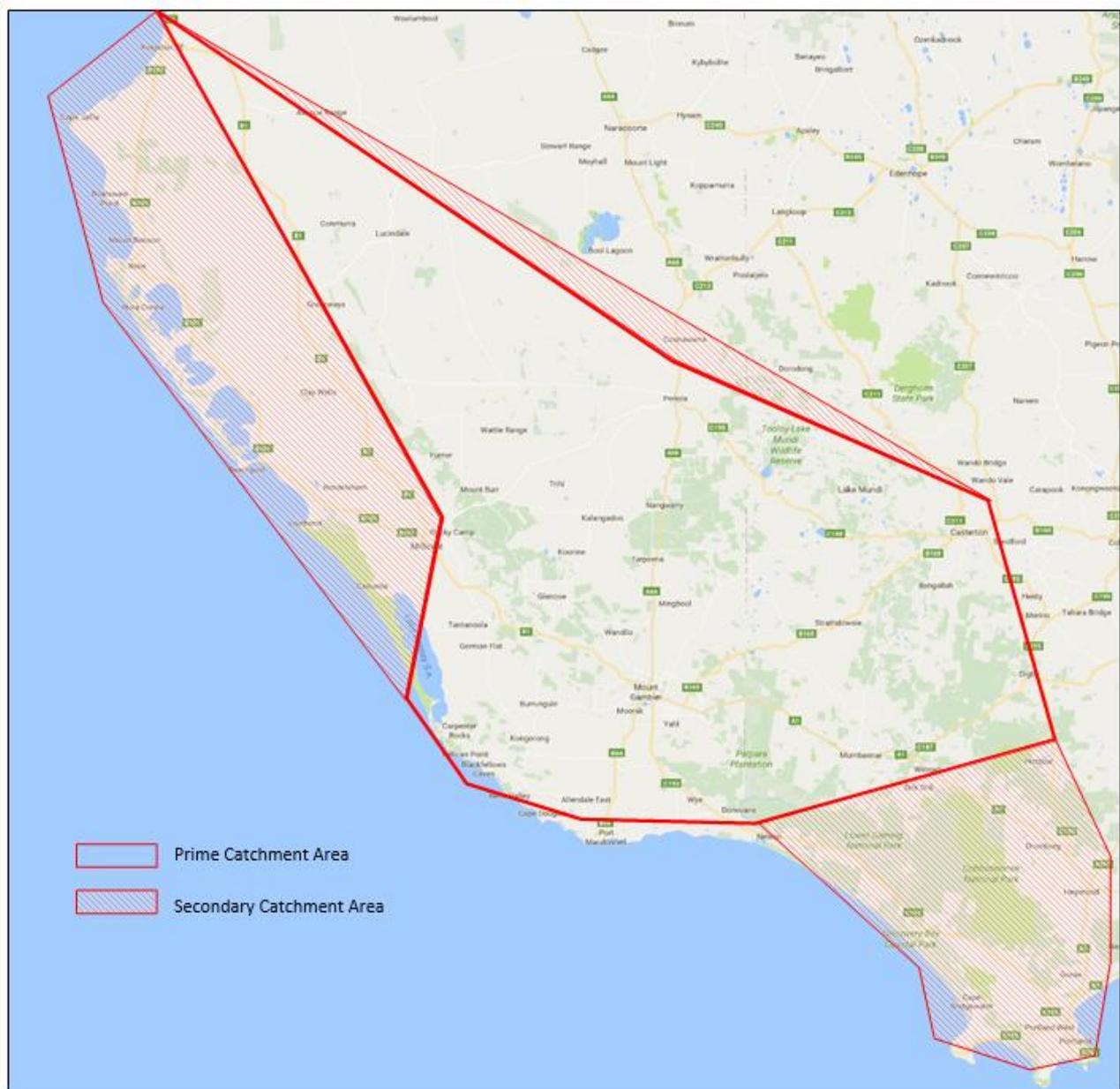
#### 3.1 Historical Background

The Mount Gambier and District Saleyards opened on the 8<sup>th</sup> June 1977.

#### 3.2 Regional Context

The majority of both store and prime livestock is considered to be local bounded by the areas of Penola and toward Kingston in the north, Nelson in the south-east, west almost to Millicent and to Casterton and Hotspur in the east.

*Figure 2: Saleyards Catchment Area*



Most agents have occasional consignments of stock from beyond these boundaries in western Victoria, while different single agents draw stock from specific isolated areas in South Australia.

As the Saleyards provide a service to not only the District Council of Grant area but a vast area extending hundreds of kilometres from the point of sale, there are many challenges with regards to ensuring that the Saleyards provide adequate service which are namely as follows:

- Seasonal conditions which provide an increased opportunity for the Saleyards, as drought conditions normally finds many sellers bringing their stock to the yards for sale, hence there is an increased demand for pens during this period;
- Market factors such as consumer demand and breeding cycles, determines the quantity of livestock that passes through the yards;
- Ensuring that the Saleyards can safely accommodate the fluctuation of sellers and buyers on a week by week basis depending on current demands and recent weather conditions;
- Competition from other saleyards facilities;
- Changing farm enterprises: more cropping, increased plantation of blue gums hence reducing available stock numbers;
- Seller trends such as large producers who tend to market their stock direct as they can negotiate the sale of stock in full transport loads and stock being sold privately but weighed at the Saleyards; and the
- Reduction of sheep and lamb market in recent years.

Other saleyards within the region are located at Millicent, Naracoorte, Casterton, Hamilton, Warrnambool and Horsham and had sale volumes for 2016/17 as follows:

Saleyard Location	Cattle	Sheep / Lambs
Mount Gambier	78,787	165,058
Naracoorte – 100 km north	75,543	382,844
Hamilton – 130 km east	29,986	1,004,719
Casterton – 60 km east	9,504	16,129
Warrnambool – 200 km east	75,642	Nil
Horsham – 200 km north east	80	432,096
Millicent – 60 km west	8,645	Nil

The type of flooring and roofing provided at each facility is as follows:

Saleyard Location	Cattle		Sheep/Lambs	
	Flooring Type	Roofing Provided	Flooring Type	Roofing Provided
Mount Gambier	Soft Rubber Matting	No	Concrete	No
Naracoorte	Soft	Yes	Concrete	No
Hamilton	Concrete	No	Concrete	Yes
Casterton	Soft	No	Concrete	No
Warrnambool	Soft Rubber Matting	No	Concrete	No
Horsham	Concrete	No	Concrete	No
Millicent	Concrete	No	Concrete	No

### 3.3 Regulatory and Policy Context

The Mount Gambier and District Saleyards Master Plan has been created with adherence to all regulatory and government policy requirements.

### 3.4 Previous Strategic Plan

Previous to this plan, the Mount Gambier and District Saleyards Strategic Management Plan was prepared in September 2005 by Livestock Exchange Consultancy.

### 3.5 Key Stakeholders

The key stakeholders are internal custodians as well as external individuals, companies, service authorities, government authorities and community groups who have a vested interest in the management of the Saleyards. The groups that have been identified as key stakeholders are set out in the following table.

**Table 3.5: Key Stakeholders**

Stakeholder	Role
Elected Members	Set the high level direction through the development of asset management principles in the Strategic Management Plan.
Saleyards Advisory Committee	Committee established under Section 41 of the Local Government Act, 1934. The Committee roles and responsibilities are defined in the 'Mount Gambier and District Saleyards Advisory Committee-Terms of Reference'.
Senior Management	Endorse the development of asset management plans and provide the resources required to complete this task. Set high level priorities for asset management development in Council and raise the awareness of this function among Council staff and contractors. Support the implementation of actions resulting from this plan and prepared to make changes to a better way of managing assets and delivering services. Support for an asset management driven budget and LTFP.
Saleyards Staff	Provide local knowledge level detail on the management of this service.
Engineering and Finance Department	Consolidating the asset register and ensuring the asset valuations are accurate. Development of supporting policies such as capitalisation and depreciation. Preparation of asset sustainability and financial reports incorporating asset depreciation in compliance with current Australian accounting standards. AM and GIS support and admin.
Stock Agents	Have a vested interest in the management and operation of the saleyard.
Sellers and Buyers	Have a vested interest in the management and operation of the saleyard.
Transport Operators	Have a vested interest in the management and operation of the saleyard.
Local Residents	Have a vested interest in the management and operation of the saleyard.
Local Businesses	Have a vested interest in the management and operation of the saleyard.

### 3.6 Associated Documentation

This master plan is to be read with the following associated District Council of Grant documents:

- Strategic Management Plan
- Long Term Financial Plan
- Annual Business Plan
- Asset Accounting Policy
- Risk Management Policy
- Asset Management Policy
- Asset Management Strategy

## 4. CURRENT SITUATION

### 4.1 Ownership and Management

The Saleyards is wholly owned and managed by the District Council of Grant.

The Saleyards is operated by the Council as a separate business unit. That is, Council does not provide any funding for the Saleyards (other than temporary loans) and the Saleyards does not provide any funding to Council's general revenue. The Saleyards primary revenue is from the selling fees for cattle and sheep. Other revenue is derived from canteen facilities, truck wash facilities, paddocking and rental of office space.

### 4.2 Site Description

The Saleyards are located 10kms east of the Mount Gambier City Centre on the Princes Highway, Glenburnie in South Australia.

The 61.6 hectare site consists of a main saleyard facility and pens, associated roads and sealed areas and a number of effluent irrigated paddocks which are used for short term holding of stock after sale, as well as impoundment of stock by Council officers.

*Figure 3: Saleyards Site*



### 4.3 Surrounding Land

The land is surrounded by farming land to the north, south and west, and pine plantations to the east.

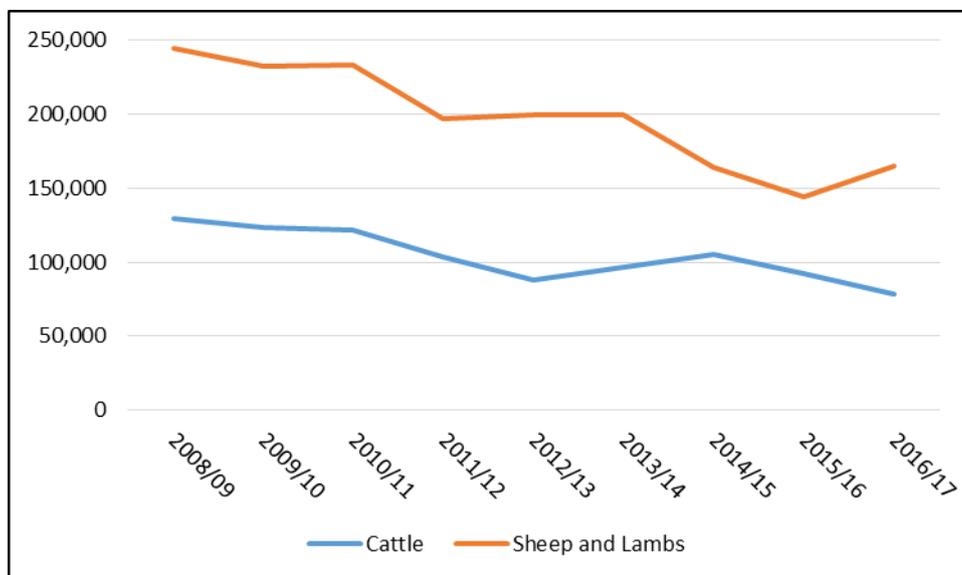
### 4.4 Existing Activities

#### 4.4.1 Sale Days and Throughput

Sale day is Wednesday and sale commences at 8.00am during the summer period and 9.00am during the winter period with bulls, bullocks, yearlings, and cows. Lambs and sheep commence one hour after completed cattle sale. Store sales are conducted the second Friday of each month, commencing at 11.00am. In addition to these regular sales, special sales are advertised by the agents as required.

The following diagram below illustrates the throughput (indicator of how many cattle (not including calves), sheep and lambs have been processed) at the saleyard over the past eight years.

**Figure 4: Saleyard Throughput**



**Table 4.4.1: Saleyards Throughput**

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Cattle</b>	129,730	123,594	121,486	103,744	87,887	96,351	104,985	92,297	78,787
<b>Sheep and Lambs</b>	244,671	232,625	233,608	196,936	199,787	199,987	163,922	143,825	165,058

#### 4.4.2 Other Activities

Due to its large extent, the sealed areas are often used by community groups for various activities including the South East Automobile Club of SA Motorkhana.

## **4.5 Existing Facilities**

### **4.5.1 Cattle Yards**

The facility consists of 196 cattle selling yards in the open air.

The open yards which have been in place since the Saleyards opened in 1977 are of steel construction and feature soft rubber matting which was installed in 2011. Majority of maintenance carried out is reactive and generally involves the replacement of timber rails with steel rails as required, although a pro-active maintenance schedule will be developed by the end of 2017.

The covered yard to the east of the site (originally used for pigs and then calves) formed part of the original Saleyards. The pens within this area have recently been reconfigured to accommodate additional further cattle holding.

A further two covered areas were constructed in 2010 to the east of the original structure. These structures are named after well-known Saleyards identities, Bob Cranwell and Brian Collins.

Future expansion works are planned to reconfigure yards within the covered areas to improve flow, as well as upgrade the ramps and construct further undercover areas in order to provide a safer environment for both visitors, workers and animals. It is anticipated that the existing cattle selling yards would need to be covered at some point in the long term future (beyond ten years).

### **4.5.2 Sheep Yards**

The 333 sheep yards, which formed part of the original Saleyards, are located to the western side of the Saleyards facility.

Featuring steel construction, maintenance is currently carried out on a reactive basis, although a pro-active maintenance schedule will be developed by the end of 2017.

The yards are considered to be meeting the needs of current demand.

### **4.5.3 Truck Wash**

The current truck wash facility consists of six bays. Four are connected to Avdata and two are coin operated. The Avdata control system has recently been upgraded to allow expansion of the system by Avdata.

The facility is well supported, with revenue in the vicinity of \$50,000 per annum. The current charge is 66 cents (GST ex) per minute.

Estimated operating costs per annum for the truck wash is approximately \$20,000 to \$25,000, which includes depreciation, repairs and maintenance, cleaning wages, electricity and machine cost.

Truck wash rates for other saleyards are as follows:

**Table 4.5.3: Truck Wash Rates**

Saleyard Location	Rate Per Minute (GST Exclusive)	Facility Details
Mount Gambier	\$0.66	6 bays – 4 avdata and 2 coin
Naracoorte	\$0.73	7 bays avdata and coin
Hamilton	\$1.10	4 bays avdata and coin
Casterton	\$0.65	2 bays avdata
Warrnambool	\$1.31	2 bays avdata
Horsham	\$0.70	2 bays avdata
Millicent	\$0.45	-

\* Fees current as at September 2017

Future upgrade of the pump together with a reconfiguration/upgrade of the drainage system would provide improved water pressure and enable simpler cleaning out of the pits respectively.

#### 4.5.4 Weigh Station and Drafting Area

A new undercover weigh station and drafting area was constructed in 2014, which has provided the Saleyards with a much needed, modern and efficient facility.

The new facility is fit for purpose, apart from the need to construct toilet facilities in the vicinity of the control room. Works will be incorporated at a later stage to install toilet facilities in the old weighbridge room if demand and needs warrant it.

Regular maintenance is required on the drafting yards due to cattle striking on the sides of the yards.

#### 4.5.5 Effluent Ponds

Constructed in 2010, the two effluent ponds located on the northern side of the site provide catchment from the yard area. The asset is considered to be in sound condition.

Treated effluent can either be pumped under Fairbanks Road to the pine plantation to the east or used to irrigate the paddocks on site.

Effluent waste is taken from the site by Van Schaiks Bio Gro, who also take the soiled chip and sawdust and replace with new as required.

#### 4.5.6 Roads, Loading Areas and Car Parks

The Saleyards consists of a number of sealed roads, loading areas and carparks. Major upgrade works were carried out to the access roads and main unloading area in 2014, using a combination of spray seal, asphalt and fibre reinforced concrete.

As discussed in 4.5.1, should future configuration and ramp upgrade works be undertaken then this will result in additional truck parking being required.

#### 4.5.7 Buildings

The site consists of a number of buildings and shed structures all of which have various uses.

The main “hub” of the site is the Administration Building which contains a canteen, amenities and offices for agents, buyers and the Saleyards Manager.

The canteen is currently leased and with seating for approximately 70, it provides an important service to the Saleyards.

## **5. SWOT ANALYSIS**

To better understand the potential for improvement and growth, the management team of the Saleyards have conducted an analysis on the facilities strength and weaknesses.

### **5.1 Strengths and Advantages**

#### **5.1.1 Location**

Regarded as the main selling centre of the South East. Good access for B double transport routes, close proximity to a major regional centre.

#### **5.1.2 Fees**

The yard fees charged by the Mount Gambier and District Saleyards has been amongst the lowest of any other Saleyards facility in southern Australia for many years. To ensure the ongoing sustainability and to maintain and upgrade the facility to address safety and animal welfare issues it has been acknowledged that the yard fees will need to be increased annually above CPI to enable the Saleyards to be able to self fund its operational and capital requirements over the life of the plan.

#### **5.1.3 Agents**

Current licence agreements with seven agents who have an active interest in the facility.

#### **5.1.4 Modern Weighbridge Facility**

Weighbridge recently upgraded, utilising modern technology with provides efficiency to the weighing process.

#### **5.1.5 Effluent Ponds**

Utilising modern and environmentally responsible practices with the disposal of effluent.

#### **5.1.6 Stock Movement**

Efficient stock movement process.

#### **5.1.7 Access**

Only regional facility with 24 hour access to truck wash and toilet and shower amenities.

#### **5.1.8 Staff Resources**

Currently have a small workforce with a diverse skillset. Also have the ability to tap into other skills within Council as required.

### **5.2 Weaknesses and Constraints**

#### **5.2.1 Limited Service Area**

Restricted in total service area compared to competitors.

### 5.2.2 Ramps

Ramps are ageing and no longer fit for purpose. Hoist breakdown and repair results in downtime and unavailability of ramps.

### 5.2.3 Washdown Time

Time taken to washdown yards excessive.

### 5.2.4 Limited Financial Capacity

Financial capacity is limited by current four loans, depreciation expense and past performance.

## 5.3 Opportunities and Prospects

### 5.3.1 Promotion

Utilisation of social media, newsletters, website and traditional media to better promote the activities of the Saleyards.

### 5.3.2 Agent Relationships

Continue to build agent relationships to promote open and effective communication which will assist in ensuring a committed relationship.

### 5.3.3 Supply of Hay

Investigate opportunities both on Saleyards land and with the airport to produce and supply hay which is currently sourced via local suppliers.

### 5.3.4 Fee Structure Review

Review current fee structure to ensure competitiveness and to improve sustainability.

### 5.3.5 Benchmarking

Undertake benchmarking against other Saleyards within the region to identify possible areas of improvement.

### 5.3.6 Alternative Revenue Activities

Investigate alternative revenue activities such as:

- Include other crops ie. fodder.
- Liaise with buyers of stock and see if we can reach an agreement for cattle/sheep grazing charges that will encourage more use as paddocking income went from \$143K and paddocking expenses of approximately \$80K in 2014-15 to paddocking income of \$65K and paddocking expenses of approx. \$35K in 2015-16 - a decrease in net income of \$33K.
- Possible construction of truck stop, fuel etc.

### 5.3.7 Selling via Online Auction

Investigate opportunities and associated costs for selling via online auctions.

## **5.4 Threats and Risks**

### **5.4.1 Direct and Online Selling**

Risk of producers selling direct from the paddock to the buyer, with or without an agent. Online selling has also recently become available for selling of stock via internet sites.

### **5.4.2 Decrease in Volume**

A decrease in volume of stock being offered affects competition as less buyers are attracted to the sale.

### **5.4.3 Government Regulation**

Unable to predict impact on Saleyards should Government regulations ie. EPA requirements change in the future.

### **5.4.4 Risk of Disease/Injury**

Quality assurance accreditation and work health and safety systems are implemented and monitored.

### **5.4.5 Agent Relationships**

Loss of support from agents to buy/sell at Saleyards.

### **5.4.6 Loss of Canteen Services**

If our canteen services were to cease, then there would be potentially a larger reason for people (buyers, sellers, onlookers etc) to not attend the weekly sales.

### **5.4.7 Sheep RFID Tagging**

Whilst it is unknown as this point in time of the overall impact of potential future RFID tagging, the following issues would need to be addressed:

- Placement of scanners within the sheep yards – where and how many?
- Reconfigure sheep yards to allow for best flow of sheep through saleyard scanners – total redesign and engineering cost? – Is it viable? Who will pay?
- Extra time for Agents, Producers, Transporters, Saleyard staff required for compliance and transfers – what % level of compliance is required?
- Extra stress on animals for being penned up in sheep yard selling pens for longer periods of time – need to keep to minimum, but how?

## **5.5 Summary of SWOT Analysis**

An analysis of the SWOT Analysis indicates that to succeed in growing and developing, it is important for Saleyards to foster relationships with agents so that the risk of losing business to direct and online selling is minimised. The facility must strive to maintain its reputation for being the main selling centre in the region by providing a high quality, cost effective and efficient service to both its agents and buyers.

## 6. STRATEGIC VISION AND OBJECTIVES

The District Council of Grant, through its 2016-2020 Strategic Management Plan, has a primary strategic outcome for the Saleyards to “Improve the Mount Gambier Saleyards Infrastructure and Services”.

This primary objective will be underpinned by the following strategies:

- **Strategy 1** - To develop, review and implement the Mount Gambier and District Saleyards Master Plan
- **Strategy 2** - To develop, review and implement a marketing plan for retention and attraction of business to the Saleyards
- **Strategy 3** - To pursue funding partnerships for Saleyards infrastructure improvements and opportunities

### 6.1 Corporate Objective

The Saleyards is operated as, and accounted for, as a business unit of Council that is committed to:

- Being a long term viable enterprise;
- Providing a return on investment to the community and business sector;
- Maintaining and continuing to improve the facility whereby it is recognised as the “saleyard of choice” for stakeholders delivering quality, through best practice livestock marketing, animal welfare and improved sales values;
- Managing risk to ensure that they are reduced to a minimum including:
  - Financial;
  - Public liability;
  - Work Health and Safety for employees, contractors, stakeholders and general public using the facility;
- Continually enhancing and improving the facility to meet best practice.

### 6.2 Strategic Actions

To achieve the above Objectives and Strategies, the Saleyards have adopted the following actions to be achieved.

<b>STRATEGY 1</b> - To develop, review and implement the Mount Gambier and District Saleyards Master Plan
<ul style="list-style-type: none"><li>• Develop Mount Gambier and District Saleyards Master Plan</li><li>• Develop implementation action plan for Mount Gambier and District Saleyards Master Plan</li><li>• Undertake annual review of Mount Gambier and District Saleyards Master Plan</li><li>• Review activities and response levels of service for proactive and reactive maintenance defects</li><li>• Undertake renewed customer surveys and key stakeholder interviews to ascertain the likely throughput inputs for the following 5 to 10 years, and customer satisfaction levels</li><li>• Assess the current levels of service, to measure if these are achievable within the context of Council’s current human and financial resources</li><li>• Engage with Saleyards staff, agents, buyers, sellers, transport operators and other stakeholders on infrastructure priorities for the Saleyards and integrate into Master Plan requirements</li><li>• Continue to communicate with key stakeholders on progress of any outcomes throughout life of plan</li></ul>

<b>STRATEGY 2</b> - Develop, review, and implement a marketing plan for retention and attraction of business to the Saleyards
<ul style="list-style-type: none"> <li>• Develop a Marketing and Communications Strategy/Plan</li> <li>• Engage, consult and review with Saleyards staff, agents, buyers, sellers, transport operators and other stakeholders on retention of business and potential growth of business opportunities for the Saleyards including fees and license structure</li> <li>• Implement Marketing and Communication Plan</li> <li>• Work with peak industry groups MLA, ALMA, LSAV and other saleyard operators etc to assess and develop industry strategies for retention and expansion of business</li> <li>• Undertake an annual review of the Marketing and Communications Plan</li> <li>• Assess opportunities for other means of business via online sales, special sales</li> </ul>
<b>STRATEGY 3</b> - Pursue funding partnerships for Saleyards infrastructure improvements and opportunities
<ul style="list-style-type: none"> <li>• Source and advocate for Government funding to undertake infrastructure projects</li> <li>• Investigate partnership opportunities with private sector investors for the development of saleyard operations and projects</li> </ul>

### 6.3 Schedule of Actions – 2013 Audit Outcomes

In 2013 Council engaged Norman Waterhouse to undertake an audit of the Saleyards operations.

A schedule of actions was developed following the audit to assist in the coordination and implementation of changes required to the operational and financial management of the Saleyards.

The areas to develop and implement were categorised into:

1. Financial Management
2. Operational & Site
3. Management
4. Work Health and Safety
5. Governance
6. Human Resources

Majority of Work Health and Safety, Governance and Human Resource actions have been completed, with the outstanding actions, majority being operational, still outstanding and/or ongoing.

Item No	Description	Comment	Expected Outcome	Audit Ref	Resp Person	Target Date
<b>1.</b>	<b>Financial Management</b>					
1.1.	Establish and improve accountability and transparency between Saleyard e-systems and Council Accounting Systems	Reliance on transfer of stock numbers between various electronic and manual systems to Councils accounting systems.	Auto access and transfer of information to provide for charge out to users and customers.	P5 R1 P6 R6	DCEO	31/12/17
<b>2.</b>	<b>Operation &amp; Site</b>					
2.1.	Site Security – Manager Saleyards Office	The Saleyard Manager’s office is open at all material times during the day. Observations suggest that the computer terminal is accessible to all and sundry despite the fact that each of the Sales Agents has their own office space.	Improved security and limitation of access to corporate information.	P6 R5	BMS	30/11/17

Item No	Description	Comment	Expected Outcome	Audit Ref	Resp Person	Target Date
<b>2.</b>	<b>Operation &amp; Site cont...</b>					
2.2.	Develop a Saleyards Operations Manual	There is currently no Saleyards Operations Manual that was easily identifiable. This includes minimal written policy and procedure documentation	<ul style="list-style-type: none"> <li>Improved governance and employee awareness of operational requirements</li> <li>Improved functionality and consistency</li> <li>Improved training and induction</li> </ul>	P7 R2, 5,6	BMS	31/12/17
2.3.	Saleyards Security	Visitors to the site are not inducted on their arrival or any obvious restrictions to access to stock areas	Reduce risk to Council and improved access arrangements	P7 R8	BMS	31/12/17
2.4.	Animals not fit for Sale	Animals that are emaciated and/or malnourished, diseased, injured, weak, or that have visible injuries (such as cancers and open wounds), deformities, or are blind or arthritic should not be consigned to or processed through Saleyards.	Improved reputation and standards of excellence at Saleyards	P8 R5	BMS	31/12/17
<b>3.</b>	<b>Management</b>					
3.1.	Establish formal maintenance schedules that are linked with Councils Asset Management Systems	AMP should be followed in the ongoing and regular maintenance scheduling.	<ul style="list-style-type: none"> <li>Improved maintenance outcomes and facility</li> <li>Improved financial planning of maintenance</li> <li>Improved use of staff resources in forward planning of non-emergency maintenance</li> </ul>	P7 R10	AMO	31/12/17
3.2.	Ensure appropriate recording of all cattle that utilise Saleyards.	Potential risk to Saleyards and private industry in tracking of any diseased cattle.	<ul style="list-style-type: none"> <li>Reputation and viability of saleyards</li> <li>Protection of Industry</li> </ul>	P6 R2, 3,6,8	BMS	31/12/17
3.3.	Establish protocols and expectations of Saleyard Facility including roles and responsibilities of users of facility	Ensure that every person at the Sale Yard who is in charge of livestock understands their individual animal welfare responsibilities.	Improved standards at Facility, and greater knowledge of responsibilities.	P8 R1, 2,3,4 P9 R6	BMS	30/11/17
3.4.	Establish improved relationships and communication between Council and users of the Saleyards	Anecdotal evidence of strained relationships between Council and Saleyard users.	Improved understanding of operations, and outcomes.		BMS	31/12/17
<b>4.</b>	<b>Work Health &amp; Safety</b>					
	Nil Outstanding Actions					
<b>5.</b>	<b>Governance</b>					
5.1.	Ensure all approvals and licences are current and on record	What external agencies issue licences and approvals for our operations?	Improved accountability and transparency of facility requirements, terms and conditions.	P10 R3, 4	G&PO	31/12/17
<b>6.</b>	<b>Human Resources</b>					
	Nil Outstanding Actions					

## 7. FUTURE SALEYARDS PLANNING

### 7.1 Forecast of Future Operations

Competition via other marketing options for selling livestock such as online or direct selling to abattoirs and feedlots has impacted on the overall total numbers and market share that the Saleyards commands. These other forms of marketing have increased as well as the reduced number of stock available in the SE of South Australia where there has been a decrease in cattle numbers of around 12% in the five years to June 2016 and a decrease in lamb numbers of around 2% in the five years to June 2016 and this is impacting on our total volume of stock that is sold through the Saleyards.

To maintain and increase our market share we need to make sure that we provide the following:

- Efficient and affordable service
- Safe usable facilities
- High standards of animal welfare
- Maintain accreditation with EUCAS, NSQA and MSA
- Competitive fee structure

### 7.2 Fee Structure

Nearly 80% of the Saleyards revenue is derived from yard fees. The current yard fees for 2017/18 are \$11.00 for cattle and \$0.85 for sheep (GST exclusive).

Yard Fees comparison table for cattle with other yards in South Australia, Victoria and New South Wales below:

**Table 7.2: Yard Fee Comparison**

Centre	CATTLE			BULLS			2016/2017 No's Sold	2015/2016 No's Sold	SHEEP		
	Yard Fee	Weighing Fee	Total Fee	Yard Fee	Weighing Fee	Total Fee			Yard Fee	2016/2017 No's Sold	2015/2016 No's Sold
Sale	\$13.70	\$5.70	<b>\$19.40</b>	\$19.40	\$6.40	<b>\$25.80</b>	28,612	28,464	\$1.760	30,158	28,113
Pakenham	\$16.91	\$0.00	<b>\$16.91</b>	\$16.91	\$0.00	<b>\$16.91</b>	-	-	-	-	-
Leongatha	\$16.91	\$0.00	<b>\$16.91</b>	\$0.00	\$0.00	<b>\$0.00</b>	-	-	-	-	-
Colac	\$12.27	\$4.36	<b>\$16.64</b>	\$16.91	\$4.36	<b>\$21.27</b>	29,186	40,892	\$1.100	475	20
Horsham	\$10.45	\$4.91	<b>\$15.36</b>	\$10.45	\$4.91	<b>\$15.36</b>	80	952	\$0.750	432,096	471,910
Bairnsdale	\$8.05	\$7.18	<b>\$15.23</b>	\$18.91	\$6.91	<b>\$25.82</b>	69,344	71,728	\$1.800	48,306	44,955
Warrnambool	\$11.73	\$1.64	<b>\$13.36</b>	\$16.95	\$0.00	<b>\$16.95</b>	75,642	90,000	Nil		
Camperdown	\$8.64	\$4.45	<b>\$13.09</b>	\$13.71	\$8.33	<b>\$22.04</b>	35,579	49,564	-	-	-
Wodonga	\$9.55	\$2.91	<b>\$12.45</b>	\$11.82	\$2.91	<b>\$14.73</b>	-	-	-	-	-
Shepparton	\$11.40	\$0.00	<b>\$11.40</b>	\$19.30	\$0.00	<b>\$19.30</b>	86,636	114,000	\$0.990	96,765	138,500
Wangaratta	\$8.43	\$2.89	<b>\$11.32</b>	\$12.48	\$6.15	<b>\$18.64</b>	31,243	33,714	-	-	-
Mount Gambier	\$11.00	\$0.00	<b>\$11.00</b>	\$11.00	\$0.00	<b>\$11.00</b>	78,787	92,297	\$0.940	165,058	143,825
Wagga Wagga	\$10.91	\$0.00	<b>\$10.91</b>	-	-	<b>\$0.00</b>	-	-	-	-	-
Kyneton	\$10.36	\$0.00	<b>\$10.36</b>	\$14.09	\$0.00	<b>\$14.09</b>	7,428	14,828	\$1.200	12,543	15,529
Echuca	\$10.32	\$0.00	<b>\$10.32</b>	\$14.73	\$0.00	<b>\$14.73</b>	32,285	35,118	-	-	-
Naracoorte	\$9.98	\$0.00	<b>\$9.98</b>	\$9.98	\$0.00	<b>\$9.98</b>	75,543	92,523	\$0.950	382,844	327,411
Kerang	\$9.45	\$0.00	<b>\$9.45</b>	\$11.34	\$0.00	<b>\$11.34</b>	4,761	7,112	-	-	-
Euroa	\$9.27	\$0.00	<b>\$9.27</b>	\$9.27	\$0.00	<b>\$9.27</b>	17,545	22,138	-	-	-
Hamilton	\$9.18	\$0.00	<b>\$9.18</b>	\$13.82	\$0.00	<b>\$13.82</b>	29,986	38,982	\$0.760	1,004,719	998,439
Deniliquin	\$8.40	\$0.00	<b>\$8.40</b>	\$10.50	\$0.00	<b>\$10.50</b>	5,189	7,417	\$0.750	187,119	165,887
Finley	\$6.30	\$2.10	<b>\$8.40</b>	\$10.50	\$2.10	<b>\$12.60</b>	11,851	14,963	\$0.750	89,687	71,196
Bendigo	\$8.09	\$0.00	<b>\$8.09</b>	\$10.18	\$0.00	<b>\$10.18</b>	8,111	16,007	\$0.730	877,445	1,045,648
Millicent	\$8.00	\$0.00	<b>\$8.00</b>	\$0.00	\$0.00	<b>\$0.00</b>	7,000	10,587	-	-	-
Casterton	\$7.23	\$0.00	<b>\$7.23</b>	\$8.45	\$0.00	<b>\$8.45</b>	9,504	11,570	\$0.690	16,129	17,251
Ouyen	-	-	<b>\$0.00</b>	-	-	<b>\$0.00</b>	-	-	\$0.825	267,325	264,816
Geelong	Permanently Closed from 31st August 2017										

\* Fees shown for 2015/16 only. All other fees shown for 2017/18.

\*\* Estimate only based on expected trend.

### **7.3 Stock Movement Areas**

Although the current configuration of yards and access is adequate, it is considered that a reconfiguration of stock movement areas and yards would greatly improve the flow and efficiency of the Saleyards.

A reconfiguration would also include an upgrade of ramps, additional paved areas and an extension of the undercover area.

This is one of the major future upgrades of the Saleyards and is considered imperative to ensure the Saleyards continue to be considered the best regional facility.

### **7.4 Agent Relationships**

The Saleyards needs to improve the relationship with all Agents to ensure that the facility is sustainable for the long term future. Currently the working relationship needs to improve so that the volumes and numbers of stock put through the saleyards is at a level that will allow for future improvements and expansions to be sustainable. Better communication flow needs to be improved by both parties to ensure that the best outcomes is achieved for all stakeholders.

### **7.5 Promotion**

As part of the Master Plan 2018-2028 the Saleyards will formulate a Marketing and Communications Plan and undertake an annual review of that plan. Opportunities to work with different technologies to promote the Saleyards to the widespread community at an affordable cost and in a timely nature will be important to continue the long term sustainability of the Saleyards.

### **7.6 Benchmarking**

The Saleyards will look to be more actively involved with peak bodies and organisations that can assist with benchmarking and comparisons to operations of other Saleyards at an affordable cost.

## 8. FACILITIES DEVELOPMENT PLAN

### 8.1 Asset Upgrades/New Assets

#### 8.1.1 Cattle Ramp Upgrades

Install a new cattle hoist ramp where the old calf shed ramp is and angle the same as per the other three ramps.

Planned Project Date:	2019/20
Estimated Cost:	\$170,000
Subject to External Funding:	Minimum 50%

#### 8.1.2 Security Cameras

It is necessary to install/upgrade the security cameras at the Saleyards. The Mount Gambier Airport is investigating funding opportunities to upgrade their current system. Should they be successful, it is proposed that the Saleyards would purchase and install their old system.

Planned Project Date:	2018/19
Estimated Cost:	\$30,000
Subject to External Funding:	Minimum 50%

#### 8.1.3 Future Upgrades for Consideration

The following new and upgraded assets are for future consideration:

- Solar  
Investigate and installation of Solar Panels to supply some of our power supply. Potential to source funding for other energy use / options.
- Rainwater Catchment  
Installation of a rainwater catchment system on cattle yard and drafting area structures (dual use also for fire protection). Potential to source funding for fire control.
- Holding Pen Reconfigurations  
The pens will need to be reconfigured to include gates opening on three sides of the pens. This will enable pens to be made bigger if required with bigger lots of cattle. By reconfiguring the pens it will assist with keeping up with animal welfare and safety for users of the yards. Cleaning and general maintenance of the yards is anticipated to be much more efficient.
- Cattle Yard Roof  
Construction of roof over cattle yards will bring the Saleyards in line with many other major selling centres that are roofed. Animal welfare and safe working conditions for users will be much improved without having to operate in adverse weather that we are subjected to from time to time. The area to roof is approximately 13,600 m<sup>2</sup> to cover the cattle selling pens and enclose areas to the west and east of the weighbridge.
- Improved Site Security  
Installation of perimeter fencing with electronic gates to restrict/monitor access to site after hours, with potential to connect to Avdata system.

- Sheep Scanners

Victoria has implemented compulsory electronic tagging of sheep that will commence full operations from 1 March 2018. It is unknown whether other Australian states will follow once Victoria has eliminated / addressed teething issues. If RFID in sheep is introduced in South Australia, then it is estimated that in order to fund the capital investment required for scanning equipment and sheep yard alterations that there would need to be a 10 cent levy added to the yard fee. This is not included in the financial data for yard fee income.

## 8.2 Asset Renewals

### 8.2.1 Truck Wash Pump and Drainage

Upgrade of pump together with a reconfiguration/upgrade of the drainage system to provide improved water pressure and enable simpler cleaning out of the pits respectively.

<b>Planned Project Date:</b>	2024/25
<b>Estimated Cost:</b>	\$100,000

### 8.2.2 Cattle Yards Rubber Matting

Renewal of rubber matting commencing with 28 cattle pens in 2017/18.

<b>Planned Project Date:</b>	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Estimated Cost:</b>	\$50,000	\$130,000	\$85,000	\$90,000	\$90,000	\$90,000	\$80,000

### 8.2.3 Buyers Walkway

The buyer's walkways require some upgrades and replacements of concrete slabs and repairing of the roof.

<b>Planned Project Date:</b>	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2026/27	2027/28
<b>Estimated Cost:</b>	\$40,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$5,000	\$5,000	\$5,000	\$5,000

### 8.2.4 Cattle Ramp Remedial Works

Undertaken remedial works to cattle hoist ramps A, B and C to improve safety and practicability for employees and transport operators. Includes minor works for associated holding pens.

<b>Planned Project Date:</b>	2017/18
<b>Estimated Cost:</b>	\$20,000

## 9. ASSET MANAGEMENT

### 9.1 Introduction

#### 9.1.1 Background

The saleyards assets considered in this plan are described as including all assets directly associated with the provision of saleyard services and located within the saleyards land parcel, for which the District Council of Grant is the responsible authority. Please refer to Council's Asset Register for all saleyards assets for which Council is accepting responsibility.

The assets covered by this plan are shown in Table 9.1.1.

**Table 9.1.1: Assets covered by this Plan**

Asset category	Quantity	Dimensions	Replacement Value As at 30 <sup>th</sup> June 2017
Buildings	15	-	\$3,184,875
Land	1	616,000 m <sup>2</sup>	\$550,000
Footpaths	57	-	\$285,713
IT Equipment & Furniture	33	-	\$56,576
Water Licences	1	-	\$38,130
Plant and Equipment	138	-	\$490,140
Roads, Carparks, Truck Wash Area and Other Sealed Areas <i>(Includes Kerbing)</i>	22	2,240,390 m <sup>2</sup>	\$1,269,147
Effluent System	1	-	\$1,107,604
Elevated Walkways	1	-	\$43,893
Cattle and Calf Yards <i>(Includes Rubber Matting)</i>	4	-	\$4,929,085
Sheep and Lamb Yards	1	-	\$1,610,000
Drafting Yards	2	-	\$273,491
Irrigation Infrastructure on Leased Land	1	-	\$377,000
Signage	1	-	\$9,713
<b>TOTAL</b>			<b>\$14,228,367</b>

It should be noted that individual items with a replacement value of less than \$3,000 are considered to be low value assets and therefore their value is not included in the financial sections of this plan.

This purpose of the asset management section of this plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements and to communicate funding needed to provide the required levels of service.

#### 9.1.2 Goals and Objectives of Asset Management

The DCG's primary role is to provide services to its community. Some of these services provided to the community are provided by infrastructure assets. The Mount Gambier Regional Saleyards are a perfect example of infrastructure assets which have been constructed by Council to provide a service to the local community, in this case being a livestock selling centre.

Without these infrastructure assets in place, such a service cannot be delivered.

Asset Management is therefore an important function for Council to undertake as it delivers benefits that are realised in the areas of accountability, sustainable service delivery, risk reduction and financial management and forecasting.

Specific benefits of undertaking Asset Management can include:

- Better alignment of community needs with services provided;
- Improved analysis and understanding of service level options, costs and risks;
- Improved decision making based on better understanding of the benefits and costs of alternative asset provision;
- Enhanced customer satisfaction;
- Improved long term financial forecasting and management;
- Optimisation of costs; and
- Innovative application of sustainable best practices to Council's assets.

The DCG's 2016-2020 Strategic Management Plan demonstrates Council's commitment to asset management by stating as its Vision.

*"A progressive and caring Council, providing responsible leadership, sustainable development and cost effective quality services."*

The key features of Council's Strategic Management Plan is its focus on the provision and maintenance of Council's infrastructure, strengthen the economic base, enhance the social and cultural amenities of the District, provide sound leadership and management to our Community and to protect and enhance the natural and built environment for a sustainable future for the District. All of which are reflected in the Key Results Area and Objectives in the Plan.

This plan has been prepared under the direction of Council's 2016-2020 Strategic Management Plan. As a result, it is considered that this plan is better aligned to deliver Council's goals, strategies and actions that pertain to the Long Term Financial Plan.

### 9.1.3 Framework

Key elements are:

- Levels of service – specifies the services and levels of service to be provided by Council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how the organisation will manage its existing and future assets to provide the required services
- Financial summary – what funds are required to provide the required services.
- Asset management practices
- Monitoring – how the plan will be monitored to ensure it is meeting the organisation's objectives.
- Asset management improvement plan

### 9.1.4 Core and Advanced Asset Management

This plan has been prepared as a 'core' asset management plan in accordance with IIMM, as there has been limited engagement and consultation with the community in setting the levels of service. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

A key objective of this plan has been to match the level of service provided by Council's saleyard asset portfolio to the expectations of the users (i.e. the key stakeholders) within available resources. This requires a clear understanding of the user needs, expectations and preferences, which the DCG will work towards obtaining improved information on these. It is envisaged that future iterations of this plan will move towards 'advanced' asset management using a 'bottom up' approach for gathering asset information

for individual assets to support the optimisation of activities and programs to meet agreed service levels with greater community input with regards to the setting and meeting these service levels.

This plan has therefore been revised and prepared to meet legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting.

## **9.2 Levels of Service**

Levels of Service relate to outcomes the customer receives in terms of quality, quantity, responsiveness and performance as provided by the asset.

To achieve and sustain acceptable standards of service for Council's saleyards requires an annual commitment of funds. These funds provide for regular and responsive maintenance and for timely renewal or replacement of assets.

The provision of adequate financial resources ensures that the saleyards is appropriately managed and preserved. Financial provisions below requirements impacts directly on the saleyards service provision and if prolonged, results in increased and escalating reactive maintenance as aged assets deteriorate at increasing rates, with the necessary expenditure being borne by Council and/or the livestock sellers and buyers.

In developing the levels of service, Council has given due regard to the strategic goals and objectives outlined in this Master Plan as well as giving due regard to Legislative requirements and Australian Standards and stakeholder expectations.

The levels of service documented therefore reflect the current levels of service provided by the saleyards, for the benefit of the community, in the context of Council's financial and human resources.

### **9.2.1 Customer Research and Expectations**

Extensive interviews and surveys were undertaken during the preparation of the Mount Gambier and District Saleyards Strategic Management Plan 2005-2010. Whilst this document is now out of date, it still is considered to represent current information regarding industry trends and stakeholder views regarding the saleyards.

Surveys were distributed to:

- Producers (175)
- Livestock Buyers (10)
- Stock Agents (7); and
- Transporters (8)

The surveys and interviews identified the following:

Council's saleyard throughput has been consistently the largest in South Australia. It ranked second in the 2004 Livestock Saleyard Association of Victoria (LSAV) figures for its thirty members and associate members.

The key industry verbal survey required participants to rate the saleyard between one and ten (ten being the highest score) for a number of specific criteria being:

- Stock numbers;
- Facilities;
- Presentation of stock;
- Geographical location; and
- Regularity of sales.

The result of the survey indicated that the DCG scored an average rating of eight out of ten, with some participants suggesting that no sale centre be rated higher than a nine.

A further subsequent question was asked regarding the importance of the future existence of the saleyards in the overall prime and store selling scene. The majority of the participants rated the market as 'Important', with two survey participants rating it 'Very Important'. None of the participants rated the saleyards future existence as 'Not Important'.

This result reflects the fact that key industry members view this service as being important to the local community and economy for the present and future.

An updated survey will be undertaken prior to the end of 2016.

### 9.2.2 Legislative and Statutory Requirements

In addition to using asset management as a tool to manage the saleyard assets and provide better services to the community, there are also legislative requirements that the DCG must comply with in relation to the management of its saleyard assets.

This plan is governed by the following legislative and statutory requirements which are documented in Table 9.2.2A below.

**Table 9.2.2A: Legislative Requirements**

<b>Legislation</b>	<b>Requirement</b>
Local Government Act 1999	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by infrastructure and asset management plans for sustainable service delivery. The powers, functions and duties of the Council are detailed in Chapter 2, Sections 6 to 7 of the Act.
Local Government (Financial Management and Rating) Amendment Act 2005	Impetus for the development of a Strategic Management Plan, comprising an (Infrastructure) Asset Management Plan and Long-term Financial Plan.
Livestock Act 1997	An Act to regulate matters relating to livestock.
Livestock Regulations 1998	Livestock regulations as made under the Livestock Act 1997.
Animal Welfare Act 1985	An Act for the promotion of animal welfare; and for other purposes.
Agricultural and Veterinary Products (Control of Use) Act 2002	An Act relating to agricultural chemical products, fertilisers and veterinary products and for other purposes. In particular, Use or possession of unregistered agricultural chemical product, Treatment of trade species animal by injection and Treatment of trade species animals in unauthorised manner.
Animal Welfare Reg 2000	As allowed for under the Animal Welfare Act 1985.
Brands Act 1933	Branding of horses, cattle and sheep
Controlled Substances Act 1984	Defines who is allowed to administer drugs and regulates or prohibits the manufacture, production, sale, supply, possession, handling or use of certain poisons, drugs, therapeutic and other substances, and of certain therapeutic devices.
Veterinary Practices Act 2003	Defines who can perform various husbandry practices and procedures.
Veterinary Practice Regulations 2005	Covers three broad categories of responsibility for livestock husbandry and management <ul style="list-style-type: none"> <li>▪ Veterinarian only - These procedures are illegal to be performed except by a registered veterinarian</li> <li>▪ Under veterinary supervision - This can mean that either a procedure is performed by the owner while a veterinarian is present, or it can mean when a veterinarian dispenses a drug together with instructions for administration by the owner</li> <li>▪ Owner responsibility - Covers routine husbandry practices</li> </ul>

Legislation	Requirement
Work Health and Safety Act 2012 (SA)	An Act that: <ul style="list-style-type: none"> <li>▪ establishes health and safety duties, including the primary duty to protect any person from exposure to hazards and risks that arise from work</li> <li>▪ provides for worker representation, consultation and participation including through Health and Safety Representatives and Health and Safety Committees</li> <li>▪ enables compliance and enforcement through SafeWork SA, the regulator, and</li> <li>▪ provides for the creation of regulations and Codes of Practice.</li> </ul>
Public and Environmental Health Act 1987	An Act dealing with public and environmental health.
Disability Discrimination Act 1992	The objectives of this act are to eliminate, as far as possible, discrimination against persons on the grounds of disability. It sets the standard for accessibility.

**Table 9.2.2B: Codes of Practices and Standards**

Legislation	Requirement
Australian Code of Practice for The Selling Of Livestock (Including Guidelines for Structural Requirements), 23rd November 2007	The Australian Saleyard Code of Practice is a guide to aid saleyard operators in achieving the required standards for health, safety and welfare for the sale of all classes of livestock by auction at any saleyard within Australia.  It should be acknowledged that a person or company cannot be prosecuted for failing to comply with the Australian Saleyard Code of Practice, they can however, be prosecuted for failing to comply with the Acts or Regulations that support this Code of Practice.
A Best Practice Safety Management Guide For Saleyards & Working With Livestock	The aim of this document is to outline the safety measures required to secure progressive improvement in the agent's health and safety standards as prepared by the Australian Livestock & Property Agents Association Ltd.
National Livestock Identification System (NLIS) for cattle	The NLIS involves recording animal movements in a centralised national database managed by NLIS Ltd. This database enables fast tracking and traceability of animals from property of birth to point of slaughter and enhances Australia's ability to quickly and successfully contain a major food safety or disease incident.
Livestock Loading Density	Anyone involved in the loading of livestock crates needs to be aware that they share responsibilities with the driver for animal welfare and road safety.  Overloading livestock crates above the legal penning densities as referred to in this document is an offence under animal welfare codes of practice.

Legislation	Requirement
Australian Accounting Standards.	<p>Sets out the financial reporting standards relating to infrastructure assets. Standards of particular relevance to Infrastructure Assets include:</p> <ul style="list-style-type: none"> <li>• AASB 116 Property, Plant &amp; Equipment – prescribes requirements for recognition and depreciation of property, plant and equipment assets</li> <li>• AASB 136 Impairment of Assets – aims to ensure that assets are carried at amounts that are not in excess of their recoverable amounts</li> <li>• AASB 1021 Depreciation of Non-Current Assets – specifies how depreciation is to be calculated</li> <li>• AAS 1001 Accounting Policies – specifies the policies that Council is to have for recognition of assets and depreciation</li> <li>• AASB 1041 Accounting for the reduction of Non-Current Assets – specifies the frequency and basis of calculating depreciation and revaluation basis used for assets</li> <li>• AAS 1015 Accounting for acquisition of assets – method of allocating the value to new assets on acquisition</li> </ul>

It should be noted that the above legislative and statutory requirements, regulations, design specifications and codes of practice form the minimum levels of service for Council’s saleyard.

### 9.2.3 Current Levels of Service

The Saleyards provides services as follows:

- Sale of stock at public sale days, normally commencing at 8.00am in the summer period and 9.00 am in the winter period, with bulls, bullocks, yearlings, and cows. Lambs and sheep 1 hour after completed cattle sale;
- Sale of stock through store sales, normally conducted on the 2nd Friday of each month - commencing at 10.00am;
- Facility for washing of trucks;
- Stock impounding;
- Stock stopovers for long haul carriers;
- Private kill sales; and the
- Provision of canteen facilities.

### 9.2.4 Defining Levels and Service

Council has defined three tiers of levels of service:

The first being ‘**Strategic Levels of Service**’ – what we expect to provide in terms of key customer outcomes such as:

- Appropriateness of service.
- Seller timely and accessibility to pens prior to sale days.
- Cleanliness of pens.
- Relevance of the service being provided – in terms of demand characteristics, future demographics, current back-logs and where the pressure points are.

The second being ‘**Tactical Levels of Service**’.

What we will do in real terms, i.e. reliability, functionality and adequacy of the services provided. Typically, this SAMP has documented our standards – i.e. at what point will we repair, renew or upgrade to meet the customer outcomes listed in the strategic levels.

- Tactical levels of service are also referred within Council as Technical Levels of Service and have been defined for each of the following:
  - New Asset – If we provide for example new weigh stations or cattle pens, then what design and maintainability standards shall apply to make them meet our strategic outcomes?
  - Upgraded or Reconstructed Asset to original standard - If we upgrade or reconstruct our saleyards assets, then what design and maintainability standards shall apply to make them meet our strategic outcomes?

The third being ‘**Operational Levels of Service**’.

- Operational levels of service are also referred within Council as Maintenance Levels of Service and have been defined for the following:
  - Maintenance – When will we intervene with a maintenance repair and what will be our responsiveness in terms of requests for maintenance faults.

*Strategic Levels of Service*

Strategic Levels of Service, communicate the philosophies of Council in relation to the management of the saleyards including the rehabilitation and renewal of these assets as they deteriorate due to structural failure, use, obsolescence, capacity and/or age.

The saleyards Strategic Levels of Service that have been adopted are shown in the table below as:

**Table 9.2.4- Strategic Levels of Service**

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
Reliability	The saleyard is available and accessible in line with the published operating days and hours.	Saleyard is accessible to both buyers and sellers, outside of natural disaster events.	0 closures due to poor site conditions or staff unavailability, excluding natural disaster events.	100% Compliance
Function	The saleyard is located and provided with essential services to facilitate safe, efficient and environmentally friendly operation.	Fresh Water Supply	Constant supply when livestock on-site	100% Compliance
		Waste Disposal System	Suitable operational system	100% Compliance
		Energy Supply i.e. Gas and Electricity	Constant supply when livestock on-site	100% Compliance
		Roadways and unloading bays	No closures when livestock on-site or immediately prior or post sale days	100% Compliance

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
Function	Provision of a transport wash area that enables effective cleaning of vehicles, to prevent environmental contamination.	Provision of an operational truck wash area.	< 5 times per year that the truck wash is unavailable for use due to failure.	0 breakdowns (2016/17)
Safety	To operate and manage a saleyard in a manner conducive to a hazard free environment in accordance with Council's Saleyard Work Health and Safety (WHS) Manual.	Effective implementation of Council's Saleyard Work Health and Safety (WHS) Manual.	< 1 Return to Work (RTW) Claim per annum	1 RTW Claim (2016/17)
			Development of appropriate WHS Policies and Procedures and staff adequately trained.	Policies and Procedures Documented and all Saleyard Staff trained
Quality	Management of livestock at saleyards is conducted to ensure that risk to animal welfare is minimised.	Compliance with Animal Welfare Act 1985 and Animal Welfare Regulations 2000.	Compliance with Legislation and Regulations.	100% Compliance
Function	Livestock quality and operations are carried out in an expeditious and humane manner.	Livestock securely yarded at the saleyard.	Pens in adequate structural condition.	TBA
		Where pen allocation is drawn it is to be clearly communicated to all agents in adequate time to prevent any delays in the operational processes.	Effective communication preventing delays, by no more than 1 hour.	TBA
			Saleyards-Sale Process as documented by management to be adhered to.	TBA
Capacity	Livestock footprint	Livestock Pen Density.	Compliance with Density Tables as documented in the Saleyard Australian Code of Practice.	TBA
Quality	Regular authorised scale calibration checks are undertaken to ensure the accuracy of weighing at all times.	Procedures established to ensure accurate and fair operation of the scales at all times.	Procedures established and regularly undertaken.	100%

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
Safety	Generic coordinated emergency response management plan for the control of an exotic or emergency disease within a saleyards complex	Development of a Response Plan and Local Disaster Plan and the State Animal Health Emergency Plan	Plans established and staff trained.	TBA
Quality	Efficient Capital Works Program	Capital projects completed on time and within budget each financial year.	> 90% programme completed and allocated funds spent.	89% (2017/18)

### *Technical and Management Levels and Service*

The Standards for construction of new assets within the saleyard such as weigh stations and pens, takes the following factors into consideration, when determining design and construction aspects:

- Animal welfare; and
- Livestock volumes and type.

It is proposed that design standards will be considered on a case-by-case basis. Saleyard associated infrastructure assets will generally be designed in accordance with relevant industry standards and guidelines.

Generally, unless there has been specific information otherwise or as identified within this SAMP, it has been assumed that all assets have been built to the required standard at the time of construction.

### *Operational Levels of Service*

For the Levels of Service delivered on a day to day nature (i.e. responding to maintenance faults and responding to breakdowns), refer to Council's Saleyards Maintenance Levels of Service in the appendices.

For the Levels of Service delivered on a day to day nature (i.e. responding to maintenance faults and responding to breakdowns), refer to Council's Saleyards Levels of Service (Refer to Appendix 1).

These documents identify:

- The task or work expected to be undertaken, e.g. repair damaged rails.
- The quantity of work expected to be undertaken.
- The schedule of inspections to be undertaken of specified matters at specified intervals;
- The circumstances under which intervention action is to be taken with respect to repair or maintenance needs for defects reported or found on inspection;
- The priority to be given to intervention level;
- The type of priority intervention action that will be carried out;
- Provision, as far as practicable, for the unpredictable, i.e. emergencies, natural disasters; and
- Assessment of resources required delivering the specified maintenance services.

Responsibility for immediate dangerous situations with respect to saleyards and associated saleyard infrastructure is initially assessed or undertaken by Councils Saleyard staff.

Given the outcomes of the internal and external review with respect to Council's saleyard and associated infrastructure asset maintenance services, the standards of maintenance detailed in this SAMP are considered reasonable and meeting community expectations in the context of responsible and reasonable saleyard and footpath management.

#### 9.2.5 Desired Levels of Service

Council has yet to quantify desired levels of service. This will be done in future revisions of this asset management plan.

### 9.3 Future Demand

Council's fundamental role is to provide services to the community and its saleyard is a means to support this. Consequently, future demand for assets and services is very complex and consideration needs to be given to issues affecting the Region as opposed to purely local issues.

The Limestone Coast region supports a population of approximately 65,000 people with approximately 40% of residents living in the Mount Gambier LGA. When combined with the Grant and Wattle Range LGAs, the Lower South East area accounts for 70% of the region's population, leading to a centralisation of services and greater employment opportunities in that area. The City of Mount Gambier and a number of towns across the region, including Naracoorte, Millicent, Penola, Bordertown, Keith, Robe, Kingston and Lucindale provide a range of business, retail and community services. The largest population centres are the City of Mount Gambier (24,000 people) and townships of Millicent (5,500 people) and Naracoorte (5,000 people).

The Limestone Coast Regional Roadmap 2013-2016 (currently under review) identifies social, infrastructure, economic, environmental and educational issues which will impact upon the Region.

Issues such as population trends, changes in employment trends and the need for particular services, all affect the need for saleyard assets.

The industries most at risk in terms of an aging workforce are Agriculture, Forestry and Fishing; Education; Health and Community Services; and Transport, which all have around 50% of their workforce aged 45 years or over. Health and Community Services, Construction and Education have shown strong growth in the period between census 2001 and 2006. At a national level, forecasts for growth are expected to remain strong in these sectors.

Manufacturing has remained steady and Agriculture, Forestry and Fishing has seen a decline. Discussion and strategies to accelerate demand in these industries through new product or process development, value adding or services to industry need to be coordinated and focused.

Land use within the region has also changed over time, with matching changes to employment needs. The land use generating the highest employment numbers per 100 hectares at farm gate from a survey of sheep grazing, beef grazing, cropping, dairy farming, blue gum plantations and grape growing was grape growing followed by dairy farming. The land use generating the highest employment beyond farm gate is grape growing (winemaking). An understanding of the implications of land use on employment demand needs to be considered when looking at population growth, and further work on the employment needs of other land use needs to be carried out.

This plan is critically driven by the needs of the service to be delivered and therefore meaningful asset strategies cannot be developed in isolation or in absence of comprehensive service strategies. Maintaining Council's saleyard without adequate regard for service it provides to the Region may result in a well-maintained saleyard, but it may also result in saleyard which does not meet the needs of staff or the wider community.

The following sub-sections discussing forecasted demographic trends and documented service strategies will assist the DCG in understanding the saleyard needs across the Region.

### 9.3.1 Demand Forecast

Factors affecting demand include population change, changes in demographics, seasonal factors, vehicle ownership, consumer preferences and expectations, economic factors, agricultural practices, environmental awareness, etc.

Demand factor trends and impacts on service delivery are summarised in Table 4.1.

**Table 9.3.1: Demand Factors, Projections and Impact on Services**

Demand factor	Present position	Projection	Impact on services
Land use	Farming and grazing land is being taken over for blue gum plantations, vines and cropping.	Exact numbers not available at present.	Such a trend will adversely impact on the throughput of livestock, which will impact on Council's revenue stream. Further investigation required to ascertain impact.
Environment	Unpredictable seasonal conditions.	Prolonged periods of drought sees an increase of livestock during sale days.	The saleyard needs to be able to cater for such fluctuations of livestock numbers on sale days.
Direct Selling	There has been, in this area, a trend with sellers towards direct selling of stock in recent years, particularly lambs. Direct selling accounts for the second highest percentage of selling methods.	Projected to remain constant for the foreseeable future.	Convenience appears to be direct selling's cornerstone, yet it has the ability to upset the essential price setting mechanism, the Saleyard Auction.

### 9.3.2 Changes in Technology

Council is continuously monitoring new asset treatments or changes within the industry that may be available to adopt or implement to increase the life of its assets. Technology changes that could affect the delivery of services covered by this plan are documented in the following table.

It should be acknowledged that Council has embraced these technological changes and implemented programs to put into practice these changes.

**Table 9.3.2: Changes in Technology and Forecast effect on Service Delivery**

Technology Change	Effect on Service Delivery
Rubber mats	<p>New equipment such as rubber mats will assist in meeting Animal Welfare legislation, whilst improving on existing practices of providing sand for cattle to stand on in the pens.</p> <p>Council has purchased rubber mats and acknowledges that such a technological change improves work practices with regards to provision of sand in pens and cleaning of pens and also improves animal welfare.</p>
Weighing systems	Improvements in weigh systems ensure improved accuracy in terms of complying with the National Livestock Identification System and improve livestock movements during sales.

Technology Change	Effect on Service Delivery
Electronic Technology	<p>The National Livestock Identification Scheme (NLIS) has been implemented at the Saleyards and is based around microchip ear tags or rumen boluses.</p> <p>With NLIS implemented at the Saleyards, it is now possible to have stock coming off transport into the yards, passing the readers which enable a printout of the full detail of stock for sale at the following market, and to be either available on the internet or automatically emailed to a buyer register.</p>

### 9.3.3 Demand Management Plan

Clearly there is a demand for Council to continue providing this service at present and therefore the financial forecasting will assume a 20 year period. However, with each iteration of this plan which will be undertaken on a 4 to 5 year cycle, demand will be continually assessed.

### 9.3.4 New Assets for Growth

New and upgraded assets for growth are detailed in Section 9.4.4 of this plan.

Constructing any new assets will commit council to fund ongoing operations and maintenance costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations and maintenance costs.

## 9.4 Lifecycle Management Plan

The lifecycle management plan details how Council plans to manage and operate the assets at the agreed levels of service (defined in Section 9.2) while optimising life cycle costs.

Life Cycle Management is recognised by the DCG as an essential component of this plan. This section of the plan will provide details of the DCG's data and processes required to effectively manage, maintain, renew and upgrade Council's saleyard. It also documents the analysis that the DCG undertakes regularly to predict and monitor expected future expenditure required to effectively manage Council's saleyard network.

To undertake lifecycle asset management, means considering all management options and strategies as part of the asset lifecycle, from planning to disposal. The objective of managing the assets in this manner is to look at long-term cost impacts (or savings) when making asset management decisions. The diagram below provides a graphical representation of the asset lifecycle including each of the stages an asset passes through during its life.

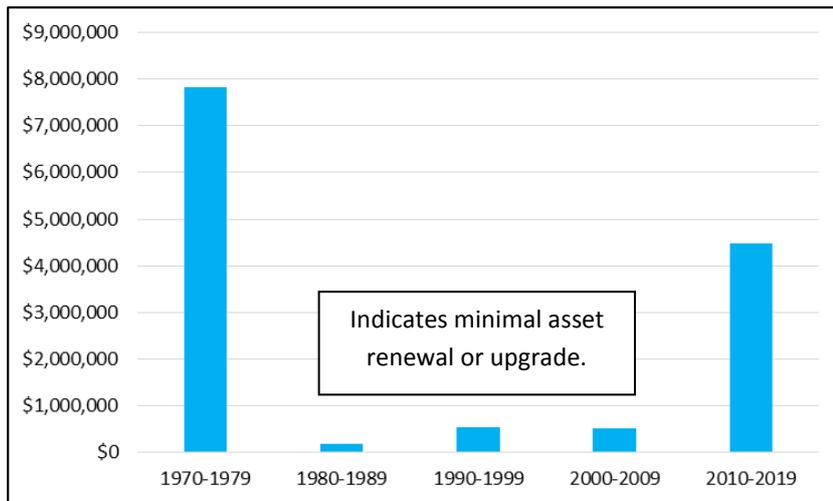
### 9.4.1 Background Data

#### *Physical Parameters*

The assets covered by this plan are shown in Table 9.1.1.

The age profile of the assets included in this plan is shown in Figure 1.

**Figure 5: Asset Age Profile**



**Asset capacity and performance**

Council’s services are generally provided to meet design standards where these are available. In general terms it is believed that the saleyard is meeting capacity and performance requirements.

Locations where deficiencies in service performance are known are detailed in Table 9.4.1A.

**Table 9.4.1A: Known Service Performance Deficiencies**

Location	Service Deficiency
Cattle Ramps/Holding Pens/Truck Parking	Reconfiguration required to provide greater efficiency
Security Cameras	Current system not providing adequate coverage
Weighbridge Control Room	Toilet facilities not provided in vicinity of control room
Truck Wash	Low water pressure at truck wash and cleaning out of pits difficult

**Asset condition**

Council has a documented assessment manual (refer to the ‘District of Grant Business Process Manual’ for further details) with regards to condition rating the saleyards assets.

Condition assessments of the saleyards assets are conducted to:

- Monitor the condition and deterioration of saleyards assets to facilitate projections of asset life in this plan;
- Enable long-term planning and funding provision for the optimum renewal of saleyards assets as they deteriorate;
- Allow for the inclusion in annual works programs of repairs to non-hazardous defects that degrade the quality of service provided to users of the saleyards network that Council is responsible for; and
- Enable fair value depreciation calculations as required by Accounting Standard AASB 113.

Council has conducted visual condition assessments of its saleyard as follows:

**Table 9.4.1B: Asset Condition Assessments**

Asset Class	Details	Comments
Roads, Carparks & Other Sealed Areas Kerbs and Channels Hard Surface Areas (Footways) Pens – All Types Fencing – Boundary and Paddock Elevated Walkways Shelters Concrete Structures Signs	Inventory and Condition was collected in 2012 by an independent Contractor. This data has been utilised to develop an Asset Specific Asset Register for uploading into Council’s Asset Management System. In addition the condition information collected as part of this exercise has been utilised to develop forward capital and maintenance programs.	Inventory, attribute and condition data is considered to be up to date.
Buildings	Condition data was collected in 2015 by Maloney Field Services for the revaluation of all buildings.	

The table below provides a high level overview of Council’s adopted condition rating scale for the various saleyards infrastructure assets.

It is important to note that as some of these assets are complex in nature, the following table has been utilised to align a condition score at a higher level for the purposes of determining the current assessment of health of the saleyards asset stock.

For the purposes of selecting asset candidates for capital works, the detailed engineering data (where available) has been utilised to identify these suitable candidates.

Typically condition is measured using a 0 to 5 rating system as described below:

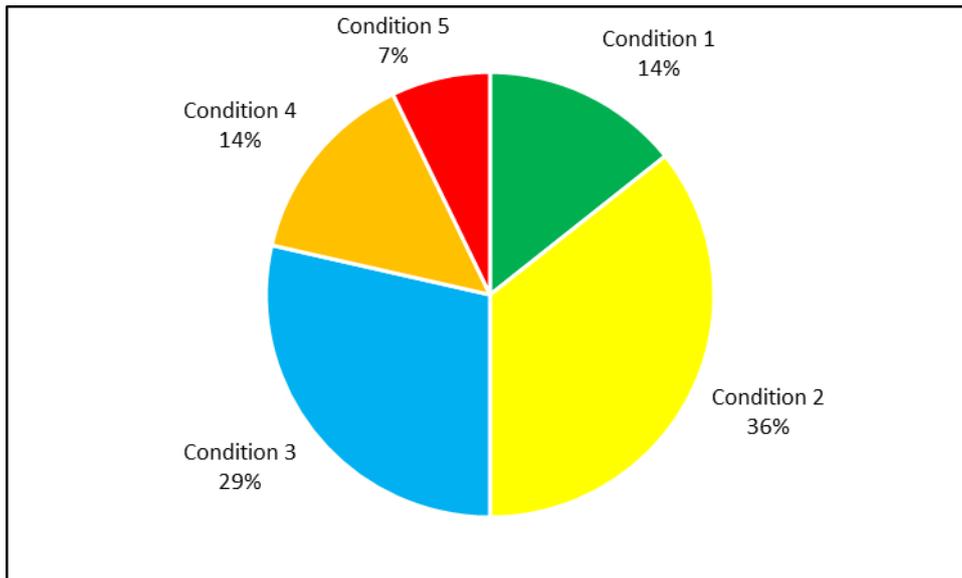
**Table 9.4.1C: Description of Condition**

Condition Grading	Description of Condition
0	<b>Brand New</b>
1	<b>Excellent:</b> only planned maintenance required
2	<b>Very Good:</b> minor maintenance required plus planned maintenance
3	<b>Good:</b> significant maintenance required
4	<b>Fair:</b> significant renewal/rehabilitation required
5	<b>Poor:</b> unserviceable

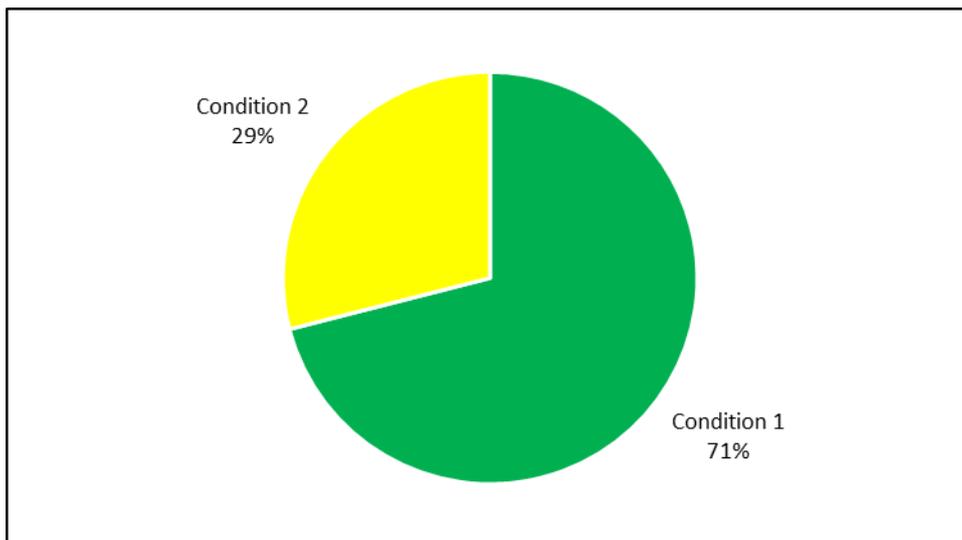
Condition assessments are not undertaken on the plant and equipment assets associated with the saleyards and instead, Council utilises age and maintenance failure data to facilitate projections of asset life.

The following graphs illustrate the DCG’s saleyards network condition based on Council’s condition data and taking into account the above condition rating scales. The graphs show the percentage of Council’s asset portfolio in each category of condition scales.

**Figure 6: 2016 Building Condition Snapshot**



**Figure 7: 2016 Roads, Carparks and Other Sealed Areas (Surface) Condition Snapshot**



#### 9.4.2 Routine Maintenance Plan

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

##### *Maintenance Plan*

Maintenance includes reactive, planned and specific maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

Planned maintenance is repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, etc. This work generally falls below the capital/maintenance threshold but may require a specific budget allocation.

Actual past maintenance expenditure is shown in Table 9.4.2.

**Table 9.4.2: Maintenance Expenditure Trends**

Year	Maintenance Expenditure
2017	\$338,832
2016	\$332,137
2015	\$323,283

Current maintenance expenditure levels are considered to be adequate to meet required service levels. Future revision of this asset management plan will include linking required maintenance expenditures with required service levels.

Assessment and prioritisation of reactive maintenance is undertaken by operational staff using experience and judgement.

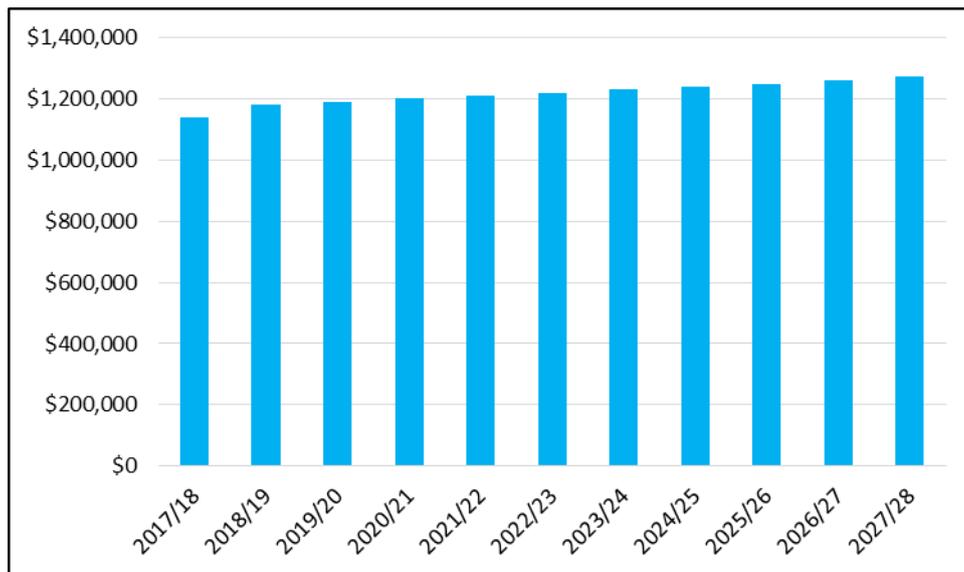
**Standards and Specifications**

Council has not formally endorsed design standards and specifications at present with regards to constructing / renewing infrastructure at the Saleyards. However in light of best practices Council utilises State and National standards and codes of practices where applicable to ensure that it complies with the Legislation and Regulations as documented in Section 9.2.

**Summary of future operations and maintenance expenditures**

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 4. Note that all costs are shown in 2016 dollar values.

**Figure 8: Projected Operations and Maintenance Expenditure**



Deferred maintenance, ie works that are identified for maintenance and unable to be funded are to be included in the risk assessment process in the infrastructure risk management register.

Maintenance is funded from the operating budget and grants where available.

### 9.4.3 Renewal/Replacement Plan

Renewal expenditure is major work which does not increase the asset’s design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

#### *Renewal plan*

Renewal will be undertaken using ‘low-cost’ renewal methods where practical. The aim of ‘low-cost’ renewals is to restore the service potential or future economic benefits of the asset by renewing the assets at a cost less than replacement cost.

#### *Summary of projected renewal expenditure*

Projected future renewal expenditures are forecast to increase over time as the asset stock ages. The costs are summarised in Figure 5. Note that all costs are shown in 2016 dollar values.

The projected capital renewal program is shown in the appendices.

Deferred renewal, ie those assets identified for renewal and not scheduled for renewal in capital works programs are to be included in the risk assessment process in the risk management register.

Renewals are to be funded from capital works programs and grants where available.

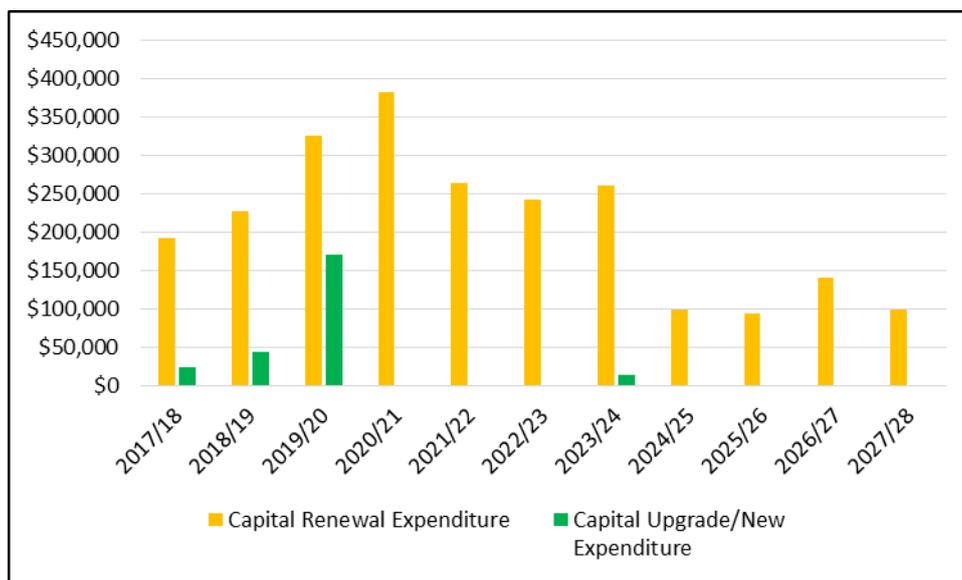
### 9.4.4 Creation/Acquisition/Upgrade Plan

New works are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to the Council from land development.

#### *Summary of projected upgrade/new assets expenditure*

Projected upgrade/new asset expenditures are summarised in Figure 6. The projected upgrade/new capital works program is shown in the appendices. All costs are shown in current 2017 dollar values.

**Figure 9: Projected Capital Upgrade/New Asset/Renewal Expenditure**



#### 9.4.5 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6, together with estimated annual savings from not having to fund operations and maintenance of the assets. These assets will be further reinvestigated to determine the required levels of service and see what options are available for alternate service delivery, if any.

Where cashflow projections from asset disposals are not available, these will be developed in future revisions of this asset management plan.

**Table 9.4.5: Assets identified for Disposal**

Asset	Reason for Disposal	Timing	Net Disposal Expenditure (Expend +ve, Revenue -ve)	Operations & Maintenance Annual Savings
			+/- \$0	+/- \$0

### 9.5 Asset Management Practices

#### 9.5.1 Accounting/Financial Systems

##### *Accounting and financial systems*

Council's finance system is Synergy Soft. This system has been utilised as Council's primary finance system for a number of years. It currently manages all financial transactions and holds the General Ledger.

##### *Accountabilities for financial systems*

The Senior Accountant is responsible for operating the finance system.

##### *Accounting standards and regulations*

The South Australian Local Government (Financial Management) Regulations 1999 requires that Council prepare and maintain all accounting records, accounts and financial statements in accordance with all relevant Australian Accounting Standards. The DCG comply with the following accounting standards and guidelines as required:

- AASB 116 Property, Plant & Equipment – prescribes requirements for recognition and depreciation of property, plant and equipment assets
- AASB 136 Impairment of Assets – aims to ensure that assets are carried at amounts that are not in excess of their recoverable amounts
- AASB 1021 Depreciation of Non-Current Assets – specifies how depreciation is to be calculated
- AAS 1001 Accounting Policies – specifies the policies that Council is to have for recognition of assets and depreciation
- AASB 1041 Accounting for the reduction of Non-Current Assets – specifies the frequency and basis of calculating depreciation and revaluation basis used for assets
- AAS 1015 Accounting for acquisition of assets – method of allocating the value to new assets on acquisition
- AAS 1010 Recoverable Amounts of Non-Current Assets – specifies requirement to test the reasonableness of valuations

### *Capital/maintenance threshold*

Council has prepared and endorsed a capitalisation and depreciation policy with schedules for capitalisation and valuation thresholds. These financial thresholds and activities have been developed to assist in determining when expenditure is capital or maintenance.

It includes a Capital Value Register (CVR) for storing asset valuation details and computing depreciation expenses.

### **9.5.2 Asset Management Systems**

#### *Asset management system*

Assetic's myData – asset register holding inventory data, condition data, valuation data and related documents such as photos.

#### *Asset registers*

Assetic's myData – asset register holding inventory data, condition data, valuation data and related documents such as photos.

MapInfo – however this has yet to be setup with spatially storing data on the saleyard assets.

#### *Linkage from asset management to financial system*

Asset valuation and depreciation is calculated in myData and then exported to Synergy Soft to be entered at the asset class level.

#### *Accountabilities for asset management system and data*

The Asset Management Coordinator is responsible for maintenance of the asset management system.

#### *Required changes to asset management system arising from this AM Plan*

To be considered in future revisions of this plan.

### **9.5.3 Information Flow Requirements and Processes**

The key information flows *into* this asset management plan are:

- Council strategic and operational plans,
- Service requests from the community,
- Network assets information,
- The unit rates for categories of work/materials,
- Current levels of service, expenditures, service deficiencies and service risks,
- Projections of various factors affecting future demand for services and new assets acquired by Council,
- Future capital works programs,
- Financial asset values.

The key information flows *from* this asset management plan are:

- The projected Works Program and trends,
- The resulting budget and long term financial plan expenditure projections,
- Financial sustainability indicators.

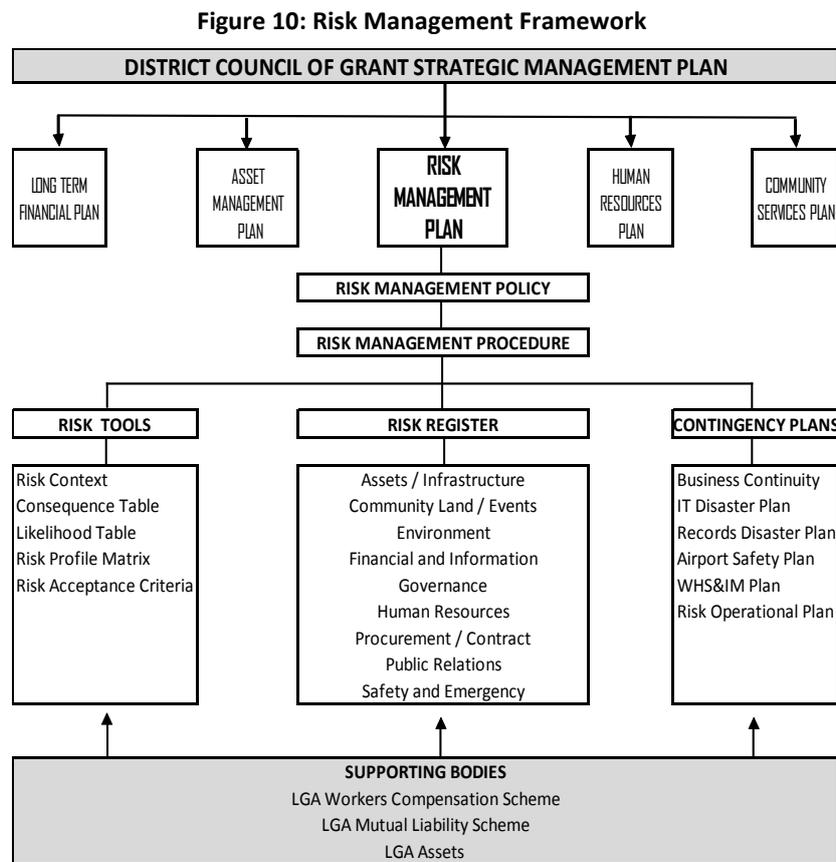
These will impact the Long Term Financial Plan, Strategic Longer-Term Plan, annual budget and departmental business plans and budgets.

## 10. Risk Management Plan

### 10.1 Risk Management Framework

The District Council of Grant is committed to an integrated approach to risk management to protect its employees, assets, liabilities and community against potential exposures. The Council accepts that there is a level of risk in service delivery and is not adverse to accepting risk where a thorough risk assessment has been undertaken and appropriate contingency plans and mitigation strategies to manage or reduce risk to an acceptable level have been developed.

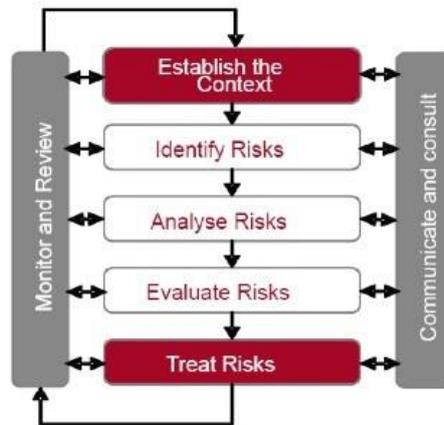
The District Council of Grant has developed a Risk Management Framework (Figure 4) comprising a Plan, Policy and Procedure which are applied across Council to mitigate its risk.



### 10.2 Evaluation of Risk

The Risk Management Procedure documents the process for managing risk and has been developed in accordance with Australian Standard AS/NZS ISO 31000:2009 (Figure 5). The procedure requires the application of a formal risk management process comprising risk identification, analysis (the likelihood of the risk event occurring, the consequences should the event occur and resultant risk rating), evaluation, development of a risk treatment plan for non-acceptable risks, monitoring and review.

Figure 11: Risk Management Process



### 10.3 Critical Risks and Treatment Plan

An assessment of risks associated with service delivery from assets has identified critical risks. Those critical risks that present an extreme or high risk result through business impact, people/public safety, reputation and environment and the treatment plans will be reviewed quarterly by the management team.

Critical risks, being those assessed as ‘Extreme’ - requiring immediate corrective action and ‘High’ – requiring prioritised corrective action identified in the Risk Register are summarised in Table 5.2.3.

Table 10.3: Critical Risks and Treatment Plans

Service or Asset at Risk	What can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
No movement or sale of stock can occur	Exotic Animal Disease Outbreak such as Foot and Mouth Disease	VH	Staff training and education of stakeholders to be aware and look out for signs of any affected stock	H	Comply with authorities and stop movement of stock from the Saleyards until all clear is given
Unable to operate	Non-compliance with EPA requirements	H	Ensure continual monitoring of water quality and comply with EPA requirements that are put in place	L	Working with the EPA and other authorities to monitor, test and put in place measures to enable operations to recommence
Lack of competition from Buyers	Loss of established accreditations – EUCAS, NSQA, MSA etc	H	Continue to improve internal systems and liaise with those authorities that audit annually for compliance with our various accreditations	M	Make sure that our staff and stakeholders continue to use established practices and abide by the various government regulatory authorities
Saleyards stock numbers	Loss of reputation with stakeholders	H	Ensure staff are adequately trained and capable of dealing with stakeholders for any scenario that may occur	L	Keep up to date with industry issues and incidents that have occurred at other Saleyards
Saleyards Infrastructure	Fire and other natural disasters	H	Adequate Insurance cover and continual review of Emergency Plans, generator and water supply	L	Yet to be determined

## 11. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

### 11.1 Financial Statements and Projections

#### 11.1.1 Expenditure projections for long term financial plan

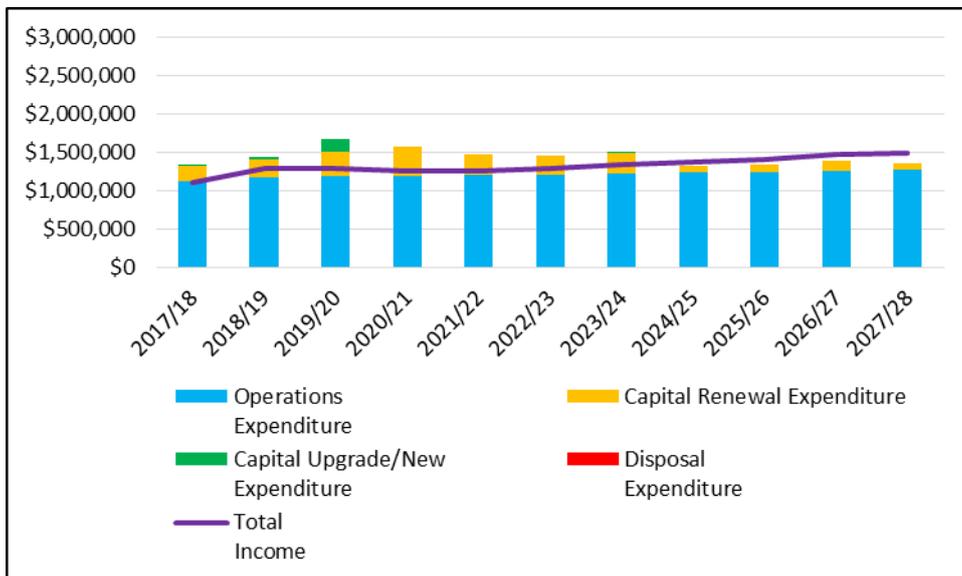
Table 11.1.1 shows the projected expenditures for the 10 year long term financial plan.

Expenditure projections are shown in 2018 dollars. Disposals are shown as net expenditures (revenues are negative).

**Table 11.1.1: Expenditure Projections for Long Term Financial Plan**

Year	Operations Expenditure	Capital Renewal Expenditure	Capital Upgrade/New Expenditure	Disposal Expenditure	Total
2017/18	\$1,137,897	\$192,872	\$23,300	\$0	\$1,354,069
2018/19	\$1,180,128	\$228,051	\$44,000	\$0	\$1,452,179
2019/20	\$1,190,173	\$326,008	\$170,000	\$0	\$1,686,181
2020/21	\$1,200,163	\$381,969	\$0	\$0	\$1,582,132
2021/22	\$1,210,077	\$263,656	\$0	\$0	\$1,473,733
2022/23	\$1,219,894	\$243,034	\$0	\$0	\$1,462,928
2023/24	\$1,229,590	\$260,354	\$14,000	\$0	\$1,503,944
2024/25	\$1,239,141	\$98,880	\$0	\$0	\$1,338,021
2025/26	\$1,248,518	\$93,606	\$0	\$0	\$1,342,124
2026/27	\$1,258,847	\$141,029	\$0	\$0	\$1,399,876
2027/28	\$1,272,559	\$99,247	\$0	\$0	\$1,371,806

**Figure 12: Expenditure Projections for Long Term Financial Plan**



11.1.2 Revenue projections for long term financial plan

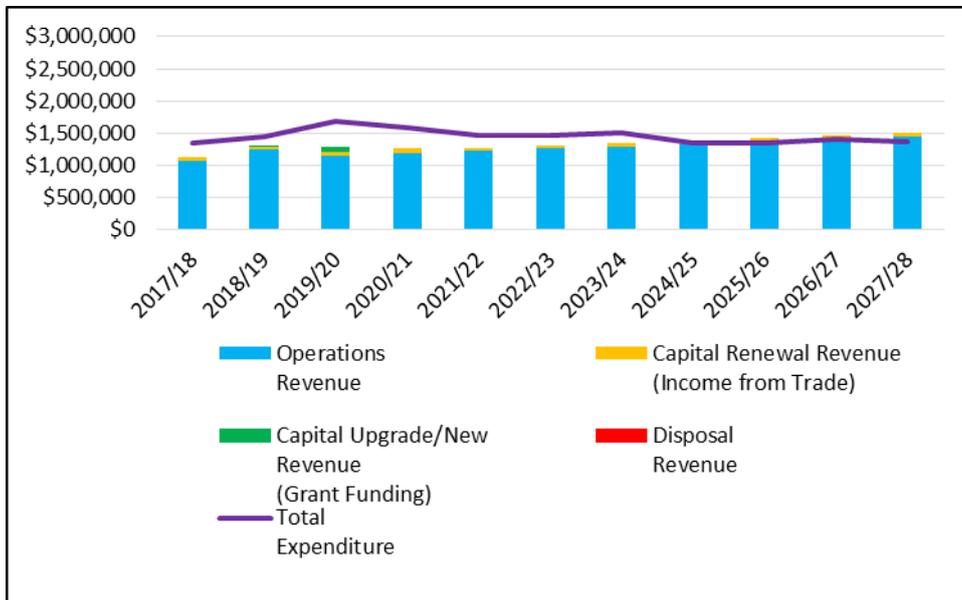
Table 11.1.2 shows the projected revenue for the 10 year long term financial plan.

Expenditure projections are shown in 2018 dollars. Disposals are shown as net expenditures (revenues are negative).

**Table 11.1.2: Revenue Projections for Long Term Financial Plan**

Year	Operations Revenue	Capital Renewal Revenue (Income from Trade)	Capital Upgrade/New Revenue (Grant Funding)	Disposal Revenue	Total
2017/18	\$1,072,535	\$46,310	\$0	\$0	\$1,118,845
2018/19	\$1,249,919	\$38,261	\$15,000	\$0	\$1,303,180
2019/20	\$1,157,535	\$51,746	\$85,000	\$0	\$1,407,581
2020/21	\$1,190,629	\$79,653	\$0	\$0	\$1,386,981
2021/22	\$1,224,679	\$42,755	\$0	\$0	\$1,387,634
2022/23	\$1,259,712	\$41,877	\$0	\$0	\$1,425,394
2023/24	\$1,295,756	\$57,809	\$0	\$0	\$1,481,085
2024/25	\$1,332,841	\$44,740	\$0	\$0	\$1,508,927
2025/26	\$1,370,998	\$46,395	\$0	\$0	\$1,552,680
2026/27	\$1,410,258	\$63,475	\$0	\$0	\$1,613,078
2027/28	\$1,450,652	\$47,979	\$0	\$0	\$1,642,157

**Figure 13: Revenue Projections for Long Term Financial Plan**



## 11.2 Financial Sustainability

### 11.2.1 Operating Surplus Ratio

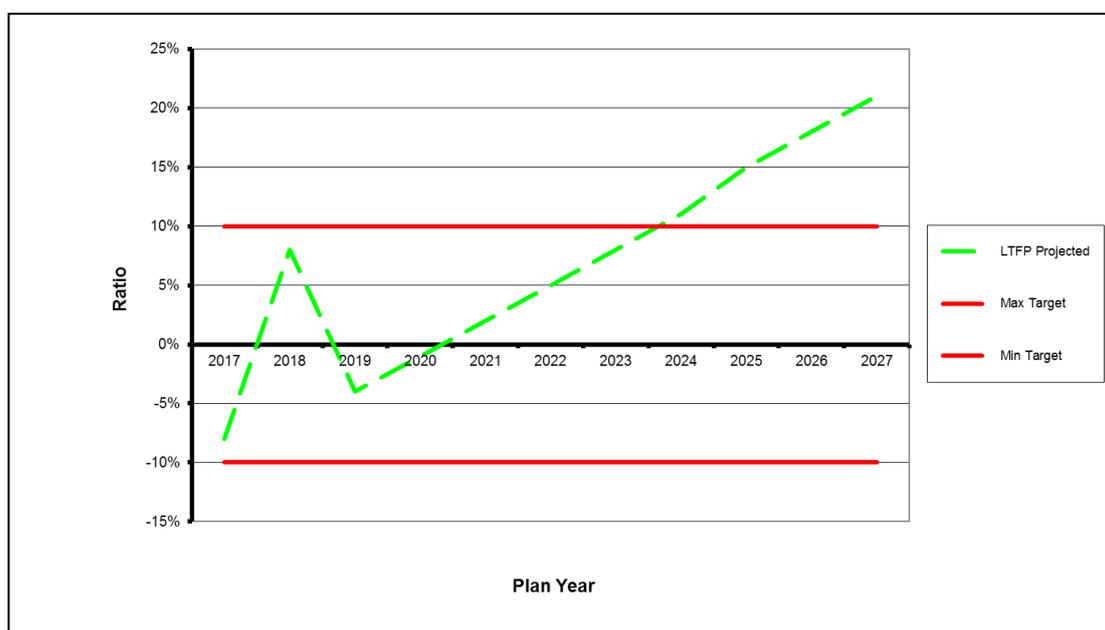
The operating surplus ratio expresses the operating surplus (deficit) as a percentage of selling fees. A negative ratio indicates the percentage increase in total fees required to achieve a breakeven operating result. A positive ratio indicates the percentage of total fees available to fund capital expenditure over and above the level of depreciation expense, without increasing Council’s level of net financial liabilities. If this amount is not required for capital expenditure it simply reduces the level of net financial liabilities.

Local Government sector proposed targets suggest that a Council should achieve an operating surplus ratio of between 0% and 15% over any five year period. The current plan forecast exceeds Operating Surplus Ratio standards, with an average ratio of 25% over the life of the plan.

**Table 11.2.1: Operating Surplus Ratio - Key Financial Indicators**

KEY FINANCIAL INDICATORS. Year Ending 30 June:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operating Surplus Ratio %	-8%	8%	-4%	-1%	2%	5%	8%	11%	15%	18%	21%
Target Min%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%
Target Max%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

**Figure 14: Operating Surplus Ratio**



### 11.2.2 Asset Sustainability Ratio

The Asset Sustainability Ratio indicates whether the Saleyards is renewing or replacing existing physical assets at the rate at which they are wearing out. On occasions, the Saleyards will accelerate or reduce asset expenditures over time to compensate for prior events, or invest in assets by spending more now so that it costs less in the future to maintain.

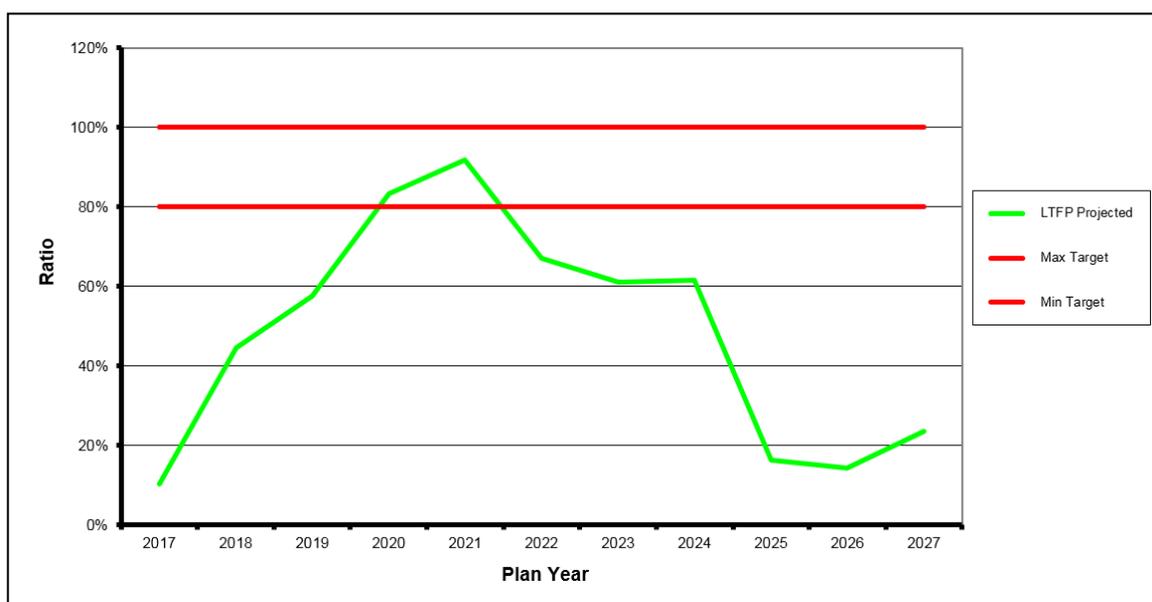
Local Government sector proposed targets for this indicator suggests a target a range of between 90% to 100% over any three year period, however this does not allow for the “lumpy” nature of required expenditure on asset renewal, e.g a drainage pipe requires almost no maintenance expenditure or capital expenditure for many years, however when the pipe fails there can be an immediate and significant expenditure requirement to upgrade or replace the pipe.

The Saleyards forecast Asset Sustainability Ratio ranges from 89% to 13% and averages only 50% over the life of the LTFP. Council is continually working on refining Asset Management Plans and its key inputs and assumptions. Council aims to achieve at least 80% Asset Sustainability Ratio following this refinement process.

**Table 11.2.2: Asset Sustainability Ratio - Key Financial Indicators**

KEY FINANCIAL INDICATORS. Year Ending 30 June:	2017 Year 0 Actual \$'000	2018 Year 1 Budget \$'000	2019 Year 2 Plan \$'000	2020 Year 3 Plan \$'000	2021 Year 4 Plan \$'000	2022 Year 5 Plan \$'000	2023 Year 6 Plan \$'000	2024 Year 7 Plan \$'000	2025 Year 8 Plan \$'000	2026 Year 9 Plan \$'000	2027 Year 10 Plan \$'000
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Asset Renewal Funding Ratio %	10%	45%	55%	80%	89%	66%	60%	60%	15%	13%	22%
Target Min%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Target Max%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Figure 15: Asset Sustainability Ratio**



### 11.3 Funding Strategy

Projected expenditure identified in Section 11.2.1 is to be funded from future operating and capital budgets. The funding strategy is detailed in the organisation’s 10 year long term financial plan.

Previous projects have been funded through existing reserves, some Council funds and loan funds.

Table 11.3 shows a summary of current outstanding loans with Local Government Finance Authority (LGFA) and Council.

**Table 11.3: Outstanding Loans**

Loan	Term (yrs)	Rate	Original Loan Amount	Principal outstanding as at 1 July 2017	End Date	Funded By
Effluent System	15	6.67%	\$650,000	\$423,867	16/06/2025	LGFA
Rubber Matting	15	6.75%	\$217,952	\$161,679	15/05/2026	LGFA
Scales	15	6.00%	\$950,000	\$866,460	17/03/2029	LGFA
Roadways	15	4.30%	\$ 413,871	\$372,709	16/03/2030	LGFA
Miscellaneous	-	-	\$598,621	\$598,621	TBA	DC Grant

## 11.4 Asset Valuations

### 11.4.1 Current Valuations

The value of Saleyards assets as at the 30<sup>th</sup> June 2017 is summarised below.

**Table 11.4.1 - Assets Valuations as at 30<sup>th</sup> June 2017**

Asset	Replacement Value	Written Down Value	Accumulated Depreciation	Annual Depreciation
All Assets	\$14,228,367	\$7,602,442	\$6,625,925	\$334,175

### 11.4.2 Valuation Forecasts

Asset values are forecast to increase minimally due to renewal and upgrade of current assets.

## 11.5 Key Assumptions Made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this asset management plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan are:

- This is the current position of Saleyards asset management in DC Grant and represents the starting point of the Saleyards asset management journey
- Financial data obtained is accurate
- Forecasted on “today’s dollars”, CPI is added in the financial budgeting cycle
- Staffing needs are resourced adequately
- No significant changes in Legislation
- Growth as forecast
- Current levels of service remain unchanged

Accuracy of future financial forecasts may be improved in future revisions of this plan.

## 12. PLAN IMPROVEMENT AND MONITORING

### 12.1 Improvement Plan

*Table 12.1: Improvement Plan*

<b>Task No</b>	<b>Task</b>	<b>Timeline</b>	<b>Responsibility</b>
1.	<p>Strategy 1: Develop, review and implement the Mount Gambier and District Saleyards Master Plan</p> <p><i>Develop 1<sup>st</sup> draft Master Plan</i></p> <p><i>Develop 2<sup>nd</sup> draft Master Plan</i></p> <p><i>Engage Council Elected Members on draft Master Plan – workshop</i></p> <p><i>Engage Saleyards Advisory Committee on draft Master Plan</i></p> <p><i>Present draft Master Plan to Council for consideration, adoption, and implementation</i></p>	<p>September 2017</p> <p><i>Completed</i></p> <p><i>Mid September 2017</i></p> <p><i>End September 2017</i></p> <p><i>Mid October 2017</i></p> <p><i>End December 2017</i></p>	Business Manager Saleyards
2.	Strategy 2: Develop, review and implement a marketing plan for retention and attraction of business to the Saleyards	June 2019	Business Manager Saleyards
3.	Strategy 3: Pursue funding partnerships for Saleyards infrastructure improvements and opportunities	Annually (Ongoing)	Business Manager Saleyards
4.	Review activities and response levels of service for proactive and reactive maintenance defects.	June 2019	Business Manager Saleyards
5.	Develop pro-active maintenance schedules for cattle and sheep yards.	June 2019	Business Manager Saleyards
6.	Spatially entering all Saleyard assets into a GIS so that all assets can be located easily with accuracy.	Completed	Asset Management Coordinator
7.	Undertake renewed customer surveys and key stakeholder interviews.	December 2018	Business Manager Saleyards
8.	Test the current levels of service, to measure if these are achievable within the context of Council's current human and financial resources.	Ongoing	Business Manager Saleyards
9.	Investigate opportunities and associated costs for selling via online auction.	December 2018	Business Manager Saleyards

### 12.2 Monitoring and Review Procedures

This plan will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into our long term financial plan.

## REFERENCES

Mt Gambier & District Saleyards Strategic Management Plan 2005-2010

District Council of Grant, Strategic Management Plan 2016-2020

District Council of Grant, Annual Business Plan

District Council of Grant, Annual Report

District Council of Grant, Risk Management Policy

Limestone Coast Regional Roadmap 2013-2016

South Australian Local Government Act 1999

Australian Code of Practice for The Selling Of Livestock (Including Guidelines for Structural Requirements), 23rd November 2007

A Best Practice Safety Management Guide For Saleyards & Working With Livestock

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au](http://www.ipwea.org.au)

Department of Infrastructure <http://www.infrastructure.gov.au/index.aspx>

Biosecurity SA, <http://www.pir.sa.gov.au/biosecuritysa/home>

Australian Livestock Markets Association Incorporated, <http://www.saleyards.info/public/links.cfm>

Meat and Livestock Australia, <http://www.mla.com.au/Home>

Cattle Council of Australia, <http://www.cattlecouncil.com.au/>

The Australian Livestock & Property Agents Association, <http://www.alpa.net.au/>

## **APPENDICES**

Appendix A Site Plan

Appendix B Maintenance Response Levels of Service

Appendix C Statement of Comprehensive Income

Appendix D Estimated Cash Flow Statement

Appendix E Estimated Balance Sheet

Appendix F Estimated Statement of Changes in Equity

Appendix G Projected Ten Year Capital Works Program

Appendix H Glossary



## Appendix B Maintenance Response Levels of Service

Routine Maintenance Items	Intervention Level	Response Times		
		Urgent	Non-Urgent	Performance Standards
<b>Saleyard Services</b>				
Water Outages	Water outages that affect the health of the animals	2 Hrs	NA	99%
Electrical and Gas Outages	Power outages that affect the efficient operations of the Saleyard	2 Hrs	1 day	99%
Cleaning – Holding Areas	After sale days	1 Hr	1 Day	99%
Cleaning – Main Admin Office & Canteen	Cyclic	1 Hr	10 Days	80%
<b>Carparks and Roadways</b>				
Pothole Maintenance	Pothole with depth of 50mm - 100mm and area < 10m <sup>2</sup>	2 days	20 days	80%
	Pothole > 100mm depth	1 day	5 days	80%
Pavement Texture Maintenance	Crocodile cracking < 10m <sup>2</sup>	30 days	120 days	80%
	Longitudinal cracking < 20m	Monitor	NA	80%
	Flushing < 5m <sup>2</sup>	30 days	120 days	80%
	Stripping < 5m <sup>2</sup>	30 days	120 days	80%
Pavement Defects	Pavement failures, with height displacement > 75mm and affecting less than 100m <sup>2</sup> of saleyard area.	7 days	40 days	80%
Heavy Patching	Pavement failures, with height displacement > 75mm and affecting an area between 100m <sup>2</sup> and 500m <sup>2</sup> .	5 days	30 days	80%
Shoving / Delamination Maintenance	Any shoving with a height displacement of 75mm as measured under a 1.2m straight edge, or delamination defect with a diameter > 200mm	5 days	30 days	80%
<b>Kerb Maintenance</b>				
Kerb Repairs	Between 6m and 50m of kerb and watertable which holds water extending > 1m into roadway	30 days	120 days	80%
Kerb Repairs	More than 50m of kerb and watertable where rotation, vertical or horizontal displacement > 100mm	30 days	120 days	80%
<b>Footpath (Paved Area) Maintenance</b>				
Grinding	Concrete lip where height displacement is between 15mm and 40mm.	5 days	30 days	80%
Concrete Replacement	Concrete bay where cracks evident are > 10mm in width or bay is broken / damaged and height displacement is > 20mm.	5 days	30 days	80%
Footpath Other Repairs	Asphalt or other paved footpath area < 100m <sup>2</sup> in area where height displacement under straight edge > 40mm OR Ground level adjacent to paved area is > 20mm in height displacement	5 days	30 days	80%

Routine Maintenance Items	Intervention Level	Response Times		
		Urgent	Non-Urgent	Performance Standards
<b>Pen Maintenance</b>				
Water Trough Repairs	Damaged water trough which cannot contain more than 70% of its water volume for more than a day	2 Hrs	5 days	90%
Railing Repairs	Rotted or rusted or damaged rail for less than 50% of pen perimeter	2 Hrs	5 days	90%
Post Repairs	Rotted or rusted or damaged single post	2 Hrs	5 days	90%
Standing Area Grinding	Height displacement is between 15mm and 40mm.	5 days	30 days	80%
Rubber Matting	Individual rubber mats that are considered to have failed i.e. too thin or rubber brittle and cracked or disintegration of rubber which is considered not to assist in minimising cattle stress and fatigue	5 days	30 days	80%
<b>Dead Animals</b>				
Dead Animals	Dead animals are disposed of in a manner that is in accordance with local health regulations and does not allow the spread of any disease	NA	2 Hrs	100%
<b>Maintenance Other</b>				
Shelter Repairs	Rotted or rusted or damaged shelter components and does not compromise the structural adequacy of the shelter and considered to affect less than 30% of sheltered area i.e. loose roofing sheets, rotted timber joists, loose flooring etc	1 day	30 days	80%
Elevated Walkways	Rusted or damaged walkway components and does not compromise the structural adequacy and considered to affect less than 30% of walkway length i.e. loose hand rails, failed weld joints etc	1 day	30 days	80%
Unloading and Loading Ramps	Ramp component failed and does not compromise the structural adequacy of the ramp i.e. rotted timber members, damaged buffers etc	1 day	30 days	80%
Paddock and Boundary Fencing	Rotted or rusted or damaged fence for less than 20m length	2 Hrs	30 days	80%
Building Maintenance	Failed building component which does not compromise the structural adequacy of the building and considered to affect less than 30% its area i.e. loose roofing sheets, damaged ceiling panels, damaged window, loose flooring etc	2 Hrs	60 days	80%
Building Security	Damaged and/or failed door locks	2 Hrs	NA	100%
Site Security	Damaged and/or failed gate and pen locking mechanisms	2 Hrs	NA	100%
Plant & Equipment Minor Maintenance	Scheduled maintenance activities in accordance with manufacturers specifications and manuals	NA	As Per Program	90%
Plant & Equipment Major Maintenance	Vehicle, Plant & Equipment not failed or not working	2 Hrs	5 days	90%
Sign Maintenance	Sign is illegible, non standard, missing and/or fixtures are missing or damaged and/or post is non plumb or damaged	2 Hrs	30 days	90%

**NOTES:**

1. Response times may result in a permanent repair or if materials and labour or specialist plant or skills are required, the response time will result in a 'make safe/temporary repair' until a more permanent repair can be delivered.
2. Response times are in working days and considered to apply during normal operating conditions and circumstances and not under times of disaster.
3. As identified by Council's trained staff, hazardous and therefore urgent situations typically relate to situations that if left unattended will impact on the safety and welfare of animals or users of the Saleyards



**Appendix D Estimated Cash Flow Statement**

<b>Mount Gambier &amp; District Saleyards                      Long Term Financial Plan                      ESTIMATED CASH FLOW STATEMENT</b>											
Year Ended 30 June:	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
CASH FLOWS FROM OPERATING ACTIVITIES	Actual	Budget	Forecast								
<b>Receipts</b>											
Selling fees	830,912	1,022,050	924,425	952,158	980,722	1,010,144	1,040,448	1,071,662	1,103,812	1,136,926	1,171,034
Paddockings	41,915	50,000	51,150	52,326	53,530	54,761	56,021	57,309	58,627	59,976	61,355
Store Sale Scanning Fees	55,628	58,000	59,334	60,699	62,095	63,523	64,984	66,479	68,008	69,572	71,172
Reimbursements	25,801	33,969	34,750	35,550	36,367	37,204	38,059	38,935	39,830	40,746	41,683
Other income	118,280	85,900	87,876	89,897	91,964	94,080	96,243	98,457	100,722	103,038	105,408
Interest on Investment	0	0	0	0	0	0	0	0	0	0	0
<b>Payments</b>											
Employee Expenses	(189,714)	(213,507)	(218,844)	(224,315)	(229,923)	(235,671)	(241,563)	(247,602)	(253,792)	(260,137)	(266,640)
Land & Building Maintenance	(297,437)	(298,445)	(305,309)	(312,332)	(319,515)	(326,864)	(334,382)	(342,073)	(349,940)	(357,989)	(366,223)
Plant & Equipment Maintenance	(41,347)	(29,837)	(30,523)	(31,225)	(31,943)	(32,678)	(33,429)	(34,198)	(34,985)	(35,790)	(36,613)
Operational Expenses	(77,759)	(84,518)	(86,461)	(88,450)	(90,484)	(92,566)	(94,695)	(96,872)	(99,101)	(101,380)	(103,712)
Loan Repayments - Interest	(108,296)	(102,621)	(95,030)	(86,966)	(78,402)	(69,303)	(59,638)	(49,369)	(38,460)	(28,022)	(20,478)
General Operating/Other Expenditure	(98,787)	(121,938)	(124,742)	(127,611)	(130,546)	(133,549)	(136,621)	(139,763)	(142,977)	(146,266)	(149,630)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>259,197</b>	<b>399,054</b>	<b>296,625</b>	<b>319,730</b>	<b>343,865</b>	<b>369,081</b>	<b>395,429</b>	<b>422,964</b>	<b>451,743</b>	<b>480,675</b>	<b>507,357</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Amounts Specifically for New/Upgraded Assets	0	0	15,000	85,000	0	0	0	0	0	0	0
Sale of Renewed/Replaced Assets	36,364	46,310	38,261	51,746	79,653	42,755	41,877	57,809	44,740	46,395	63,475
<b>Payments</b>											
Expenditure on Renewal/Replacement of Assets	(70,208)	(192,872)	(228,051)	(326,008)	(381,969)	(263,565)	(243,034)	(260,354)	(98,880)	(93,606)	(141,029)
Expenditure on New/Upgraded Assets	(9,713)	(23,300)	(44,000)	(170,000)	0	0	0	(14,000)	0	0	0
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(43,557)</b>	<b>(169,862)</b>	<b>(218,790)</b>	<b>(359,262)</b>	<b>(302,316)</b>	<b>(220,810)</b>	<b>(201,157)</b>	<b>(216,545)</b>	<b>(54,140)</b>	<b>(47,211)</b>	<b>(77,554)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds from Borrowings											
<b>Payments</b>											
Repayments of Borrowings	(108,296)	(124,601)	(132,192)	(140,255)	(148,820)	(157,919)	(167,584)	(177,853)	(188,762)	(129,971)	(125,849)
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(108,296)</b>	<b>(124,601)</b>	<b>(132,192)</b>	<b>(140,255)</b>	<b>(148,820)</b>	<b>(157,919)</b>	<b>(167,584)</b>	<b>(177,853)</b>	<b>(188,762)</b>	<b>(129,971)</b>	<b>(125,849)</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>107,344</b>	<b>104,591</b>	<b>(54,357)</b>	<b>(179,788)</b>	<b>(107,271)</b>	<b>(9,648)</b>	<b>26,687</b>	<b>28,566</b>	<b>208,841</b>	<b>303,493</b>	<b>303,954</b>
<b>Opening cash, cash equivalents or (bank overdraft)</b>	<b>1,467,910</b>	<b>1,575,253</b>	<b>1,679,845</b>	<b>1,625,487</b>	<b>1,445,699</b>	<b>1,338,428</b>	<b>1,328,780</b>	<b>1,355,467</b>	<b>1,384,034</b>	<b>1,592,874</b>	<b>1,896,368</b>
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>1,575,253</b>	<b>1,679,845</b>	<b>1,625,487</b>	<b>1,445,699</b>	<b>1,338,428</b>	<b>1,328,780</b>	<b>1,355,467</b>	<b>1,384,034</b>	<b>1,592,874</b>	<b>1,896,368</b>	<b>2,200,321</b>

**Appendix E Estimated Balance Sheet**

Mount Gambier & District Saleyards Long Term Financial Plan ESTIMATED BALANCE SHEET											
Year Ended 30 June:	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Budget	Forecast								
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & Equivalent Assets	1,575,253	1,679,845	1,625,487	1,445,699	1,338,428	1,328,780	1,355,467	1,384,034	1,592,874	1,896,368	2,200,321
Sub-total	1,575,253	1,679,845	1,625,487	1,445,699	1,338,428	1,328,780	1,355,467	1,384,034	1,592,874	1,896,368	2,200,321
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	1,575,253	1,679,845	1,625,487	1,445,699	1,338,428	1,328,780	1,355,467	1,384,034	1,592,874	1,896,368	2,200,321
<b>Non-Current Assets</b>											
Infrastructure, Property, Plant & Equipment	7,602,442	7,489,351	7,432,139	7,598,884	7,651,590	7,585,891	7,499,662	7,444,753	7,214,371	6,978,713	6,790,479
Other Non-Current Assets											
<b>Total Non-Current Assets</b>	7,602,442	7,489,351	7,432,139	7,598,884	7,651,590	7,585,891	7,499,662	7,444,753	7,214,371	6,978,713	6,790,479
<b>Total Assets</b>	<b>9,177,696</b>	<b>9,169,196</b>	<b>9,057,626</b>	<b>9,044,583</b>	<b>8,990,018</b>	<b>8,914,671</b>	<b>8,855,130</b>	<b>8,828,787</b>	<b>8,807,245</b>	<b>8,875,080</b>	<b>8,990,800</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Trade & Other Payables											
Borrowings	1,681,187	1,556,586	1,424,393	1,284,138	1,135,318	977,399	809,815	631,962	443,199	313,229	187,380
Other Current Liabilities											
Sub-total	1,681,187	1,556,586	1,424,393	1,284,138	1,135,318	977,399	809,815	631,962	443,199	313,229	187,380
Liabilities Relating to Non-Current Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>1,681,187</b>	<b>1,556,586</b>	<b>1,424,393</b>	<b>1,284,138</b>	<b>1,135,318</b>	<b>977,399</b>	<b>809,815</b>	<b>631,962</b>	<b>443,199</b>	<b>313,229</b>	<b>187,380</b>
<b>Non-Current Liabilities</b>											
Other Non-Current Liabilities											
<b>Total Non-Current Liabilities</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>1,681,187</b>	<b>1,556,586</b>	<b>1,424,393</b>	<b>1,284,138</b>	<b>1,135,318</b>	<b>977,399</b>	<b>809,815</b>	<b>631,962</b>	<b>443,199</b>	<b>313,229</b>	<b>187,380</b>
<b>NET ASSETS</b>	<b>7,496,509</b>	<b>7,612,610</b>	<b>7,633,233</b>	<b>7,760,445</b>	<b>7,854,700</b>	<b>7,937,273</b>	<b>8,045,315</b>	<b>8,196,825</b>	<b>8,364,045</b>	<b>8,561,852</b>	<b>8,803,421</b>
<b>EQUITY</b>											
Accumulated Surplus	1,900,311	2,016,412	2,037,035	2,164,247	2,258,502	2,341,075	2,449,117	2,600,627	2,767,847	2,965,654	3,207,223
Asset Revaluation Reserve	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198
Other Reserves	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL EQUITY</b>	<b>7,496,509</b>	<b>7,612,610</b>	<b>7,633,233</b>	<b>7,760,445</b>	<b>7,854,700</b>	<b>7,937,272</b>	<b>8,045,315</b>	<b>8,196,825</b>	<b>8,364,045</b>	<b>8,561,852</b>	<b>8,803,421</b>

**Appendix F Estimated Statement of Changes in Equity**

<b>Mount Gambier &amp; District Saleyards</b>											
<b>Long Term Financial Plan</b>											
<b>ESTIMATED STATEMENT OF CHANGES IN EQUITY</b>											
<b>Year Ended 30 June:</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
<b>ACCUMULATED SURPLUS</b>	<b>Actual</b>	<b>Budget</b>	<b>Forecast</b>								
Balance at end of previous reporting period	1,929,309	1,900,311	2,016,412	2,037,035	2,164,247	2,258,502	2,341,075	2,449,117	2,600,627	2,767,847	2,965,654
Net Result for Year	(28,998)	116,101	20,623	127,212	94,255	82,573	108,043	151,510	167,220	197,806	241,569
Transfers to Other Reserves											
Transfers from Other Reserves											
<b>Balance at end of period</b>	<b>1,900,311</b>	<b>2,016,412</b>	<b>2,037,035</b>	<b>2,164,247</b>	<b>2,258,502</b>	<b>2,341,075</b>	<b>2,449,117</b>	<b>2,600,627</b>	<b>2,767,847</b>	<b>2,965,654</b>	<b>3,207,223</b>
<b>ASSET REVALUATION RESERVE</b>											
Balance at End of Previous Reporting Period	5,683,479	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198	5,596,198
Gain on Revaluation of Infrastructure, Property, Plant & Equipment	(87,282)										
Transfer to Accumulated Surplus on Sale of Property, Plant & Equipment											
<b>Balance at end of period</b>	<b>5,596,198</b>										
<b>OTHER RESERVES</b>											
Balance at end of previous reporting period											
Transfers from Accumulated Surplus											
Transfers to Accumulated Surplus											
<b>Balance at end of period</b>	<b>0</b>										
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>7,496,509</b>	<b>7,612,610</b>	<b>7,633,233</b>	<b>7,760,445</b>	<b>7,854,700</b>	<b>7,937,272</b>	<b>8,045,315</b>	<b>8,196,825</b>	<b>8,364,045</b>	<b>8,561,852</b>	<b>8,803,421</b>

**Appendix G Projected Ten Year Capital Works Program**

<b>DISTRICT COUNCIL OF GRANT</b>												
<b>Mount Gambier &amp; Districts Saleyards</b>												
<b>10 Year Forecast - CAPEX</b>												
DESCRIPTION	Master Plan Item	BUDGET 2017-18	FORECAST 2018-19	FORECAST 2019-20	FORECAST 2020-21	FORECAST 2021-22	FORECAST 2022-23	FORECAST 2023-24	FORECAST 2024-25	FORECAST 2025-26	FORECAST 2026-27	FORECAST 2027-28
<b>Renewals</b>												
Land & Buildings		1,500	10,000	35,000	90,000	85,000	23,000	13,000	10,000	5,000	20,000	-
ITC & Office Fittings		4,100	3,794	4,028	2,608	12,186	4,767	7,055	2,108	5,126	10,762	8,717
<b>Plant &amp; Equipment</b>												
Fleet Changeovers		64,272	44,257	86,980	139,361	56,379	49,267	75,299	51,772	62,480	90,267	55,530
Pumps		-	-	6,000	-	-	6,000	-	-	6,000	-	-
Hoists		-	5,000	-	10,000	-	-	-	10,000	-	-	-
Cattle Crush		-	5,000	-	-	-	5,000	-	-	-	5,000	-
Canteen Stove		-	-	-	-	-	-	-	10,000	-	-	-
Canteen Bain Marie		-	5,000	-	-	-	-	-	-	-	-	-
Truckwash Pump and Drainage	8.2.1	-	-	-	25,000	-	-	-	-	-	-	-
Ear Tag Reader		-	-	-	-	-	-	65,000	-	-	-	-
Compressor		-	-	-	-	-	-	-	-	-	-	20,000
Infrastructure		-	-	64,000	-	-	45,000	-	-	-	-	-
<b>Other Structures</b>												
Cattle Yards Rubber Matting	8.2.2	50,000	130,000	85,000	90,000	90,000	90,000	80,000	-	-	-	-
Buyers Walkway	8.2.3	40,000	10,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000
Hoist Renewals		8,000	-	-	-	-	-	-	-	-	-	-
Fence Renewal Program		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Yards Renewal Program		-	10,000	10,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Weighbridge Gates		-	-	20,000	-	-	-	-	-	-	-	-
Cattle Ramp Remedial Works	8.2.4	20,000	-	-	-	-	-	-	-	-	-	-
<b>Total Renewals</b>		<b>192,872</b>	<b>228,051</b>	<b>326,008</b>	<b>381,969</b>	<b>263,565</b>	<b>243,034</b>	<b>260,354</b>	<b>98,880</b>	<b>93,606</b>	<b>141,029</b>	<b>99,247</b>
<b>New/Upgrades</b>												
Cattle Ramp Upgrades	8.1.1	-	-	170,000	-	-	-	-	-	-	-	-
Security Cameras	8.1.2	-	30,000	-	-	-	-	-	-	-	-	-
Floating Pump for final Effluent Settling Pond		16,800	-	-	-	-	-	-	-	-	-	-
Desktop Computer for Buyers Office		1,500	-	-	-	-	-	-	-	-	-	-
Communications Upgrade (Link to Weighbridge)		5,000	-	-	-	-	-	-	-	-	-	-
Hand Held Scanner		-	14,000	-	-	-	-	14,000	-	-	-	-
<b>Total New/Upgrades</b>		<b>23,300</b>	<b>44,000</b>	<b>170,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loan Repayments - Principal</b>												
Effluent System		41,640	44,464	47,479	50,699	54,137	57,808	61,728	65,914	-	-	-
Yard Matting		12,627	13,494	14,420	15,410	16,468	17,598	18,806	20,097	21,476	11,285	-
Scales Redevelopment		48,402	51,349	54,477	57,794	61,314	65,048	69,009	73,212	77,671	82,401	87,419
Pavement Upgrade		21,932	22,885	23,880	24,918	26,001	27,131	28,310	29,540	30,824	32,164	33,562
<b>Total Loan Repayments - Principal</b>		<b>124,601</b>	<b>132,192</b>	<b>140,255</b>	<b>148,820</b>	<b>157,919</b>	<b>167,584</b>	<b>177,853</b>	<b>188,762</b>	<b>129,971</b>	<b>125,849</b>	<b>120,981</b>
<b>Capital Income</b>												
Income from Vehicle Trade-ins		(46,310)	(38,261)	(51,746)	(79,653)	(42,755)	(41,877)	(57,809)	(44,740)	(46,395)	(63,475)	(47,979)
Grant Funding		-	(15,000)	(85,000)	-	-	-	-	-	-	-	-
<b>Total Capital Income</b>		<b>(46,310)</b>	<b>(53,261)</b>	<b>(136,746)</b>	<b>(79,653)</b>	<b>(42,755)</b>	<b>(41,877)</b>	<b>(57,809)</b>	<b>(44,740)</b>	<b>(46,395)</b>	<b>(63,475)</b>	<b>(47,979)</b>
<b>TOTAL NET EXPENDITURE</b>		<b>294,463</b>	<b>350,982</b>	<b>499,517</b>	<b>451,136</b>	<b>378,729</b>	<b>368,741</b>	<b>394,397</b>	<b>242,903</b>	<b>177,181</b>	<b>203,403</b>	<b>172,249</b>

## Appendix H Glossary

### Annual service cost (ASC)

- 1) Reporting actual cost  
The annual (accrual) cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.
- 2) For investment analysis and budgeting  
An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operations, maintenance, depreciation, finance/opportunity and disposal costs, less revenue.

### Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

### Asset class

A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

### Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

### Asset management (AM)

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

### Average annual asset consumption (AAAC)\*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

### Borrowings

A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the initial capital provided and the cost of the interest incurred for providing this capital. A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided.

### Capital expenditure

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

### Capital expenditure - expansion

Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users. It is discretionary expenditure, which increases future operations and maintenance costs, because it increases the organisation's asset base, but may be associated with additional revenue from the new user group, eg. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

### Capital expenditure - new

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.

### Capital expenditure - renewal

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce future operations and maintenance expenditure if completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

**Capital expenditure - upgrade**

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in the organisation's asset base, eg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

**Capital funding**

Funding to pay for capital expenditure.

**Capital grants**

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

**Capital investment expenditure**

See capital expenditure definition

**Capitalisation threshold**

The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

**Carrying amount**

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

**Class of assets**

See asset class definition

**Component**

Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.

**Cost of an asset**

The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.

**Current replacement cost (CRC)**

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

**Depreciable amount**

The cost of an asset, or other amount substituted for its cost, less its residual value.

**Depreciated replacement cost (DRC)**

The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

**Depreciation / amortisation**

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

**Economic life**

See useful life definition.

**Expenditure**

The spending of money on goods and services. Expenditure includes recurrent and capital.

**Fair value**

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arms length transaction.

**Funding gap**

A funding gap exists whenever an entity has insufficient capacity to fund asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current funding gap means service levels have already or are currently falling. A projected funding gap if not addressed will result in a future diminution of existing service levels.

### **Heritage asset**

An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

### **Impairment Loss**

The amount by which the carrying amount of an asset exceeds its recoverable amount.

### **Infrastructure assets**

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, eg. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.

### **Investment property**

Property held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

### **Key performance indicator**

A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

### **Level of service**

The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

### **Life Cycle Cost**

1. **Total LCC** The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
2. **Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises annual operations, maintenance and asset consumption expense, represented by depreciation expense. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

### **Life Cycle Expenditure**

The Life Cycle Expenditure (LCE) is the actual or planned annual operations, maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of life cycle sustainability.

### **Loans / borrowings**

See borrowings.

### **Maintenance**

All actions necessary for retaining an asset as near as practicable to its original condition, including regular ongoing day-to-day work necessary to keep assets operating, eg road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

#### • **Planned maintenance**

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

#### • **Reactive maintenance**

Unplanned repair work that is carried out in response to service requests and management/supervisory directions.

#### • **Significant maintenance**

Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.

#### • **Unplanned maintenance**

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

### **Maintenance and renewal gap**

Difference between estimated budgets and projected required expenditures for maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

### **Maintenance and renewal sustainability index**

Ratio of estimated budget to projected expenditure for maintenance and renewal of assets over a defined time (eg 5, 10 and 15 years).

### **Maintenance expenditure**

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

### **Materiality**

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

### **Modern equivalent asset**

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques

### **Net present value (NPV)**

The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from eg the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

### **Non-revenue generating investments**

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, eg. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

### **Operations expenditure**

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, eg power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

### **Operating expense**

The gross outflow of economic benefits, being cash and non cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

### **Pavement management system**

A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

### **PMS Score**

A measure of condition of a road segment determined from a Pavement Management System.

### **Rate of annual asset consumption**

A measure of average annual consumption of assets (AAAC) expressed as a percentage of the depreciable amount (AAAC/DA). Depreciation may be used for AAAC.

### **Rate of annual asset renewal**

A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

### **Rate of annual asset upgrade**

A measure of the rate at which assets are being upgraded and expanded per annum expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

### **Recoverable amount**

The higher of an asset's fair value, less costs to sell and its value in use.

### **Recurrent expenditure**

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operations and maintenance expenditure.

**Recurrent funding**

Funding to pay for recurrent expenditure.

**Rehabilitation**

See capital renewal expenditure definition above.

**Remaining useful life**

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

**Renewal**

See capital renewal expenditure definition above.

**Residual value**

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Revenue generating investments**

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, eg public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

**Risk management**

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

**Section or segment**

A self-contained part or piece of an infrastructure asset.

**Service potential**

The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

**Service potential remaining**

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

**Strategic Longer-Term Plan**

A plan covering the term of office of Councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the Council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the Council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

**Specific Maintenance**

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, cycle, replacement of air conditioning equipment, etc. This work generally falls below the capital/maintenance threshold and needs to be identified in a specific maintenance budget allocation.

**Sub-component**

Smaller individual parts that make up a component part.

**Useful life**

Either:

- (a) the period over which an asset is expected to be available for use by an entity, or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.

**Value in Use**

The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Source: IPWEA, 2009, Glossary