



# **Ownership and Management Models of Australian Saleyards – A Facility Survey**

**Prepared by WAFarmers' Chris Wyhoon and Reaghan Shalders.**

**January 2010**

## **Abstract**

The purpose of researching saleyards throughout Australia was to summaries the preferred ownership and management models of saleyards, whether they are Council owned, privately owned, leased or managed by agents.

## **Methodology**

Of the 43 saleyards contacted, a response was gained from 33 or approximately three-quarters. A further three saleyards were extensively studied given sufficient data, albeit without verbal communication. The majority of questions were put forward to the operation managers of the saleyards with all saleyards in question being randomly selected from the Saleyards Operators Australia website. The saleyards that were approached were situated in Victoria, New South Wales, Queensland and South Australia. Data only was gathered on Midland Saleyard, Boyanup Saleyard, Katanning Saleyard and Great Southern Regional Cattle Saleyard and included in the research for comparison purposes.

## **Questions Asked**

Question 1: What livestock is sold through the saleyards, cattle or sheep?

Question 2: What is the capacity of livestock in the saleyard facility?

Question 3: What is the saleyards yearly throughput of livestock?

Question 4: Who is the saleyard owned by (either Council or private company) and do they expect the ownership model to change?

Question 5: Who is the saleyard managed by, Council, private company, agents or other?

Question 6: Would they prefer to see the saleyard private/ like it being private or would they prefer to see the saleyard public/ like it being public?

Question 7: What are the management/saleyard fees (handling, yard dues)?

Question 8: Do they expect fees to increase or have they increased recently?

Question 9: Are there any infrastructure investments for the saleyard either recently completed or planned?

## **Results Summary**

### ***Question 1: What livestock is sold through the saleyards, cattle or sheep?***

The majority of saleyards deal in both cattle and sheep. 14 saleyards had only cattle pass through their gates, with Katanning and Hay being the only saleyards researched that on sell sheep.

Hay Saleyard is run by private company, Rawlings and Brown Pty Ltd, but competes with another saleyard close to the Hay town site that is operated by Hay Associated Agents dealing in cattle and sheep who do not allow Hay Saleyard to sell any livestock through their facilities. The privately owned saleyards surveyed that deal in only cattle are Mareeba Saleyard, Victorian Livestock Exchange (VLE), Pakenham and Regional Infrastructure Pty Ltd (RIPL), and Central Queensland Livestock Exchange.

***Question 2: What is the capacity of livestock in the saleyard facility?***

The capacity of each saleyard varied considerably. Of the public saleyards, Roma Saleyard has the highest holding capacity for cattle with a record of 13,700 head (while indicated that they could still hold a higher capacity of cattle than that figure). The lowest publicly owned holding capacity saleyard was Gympie Saleyard in Queensland with a total holding capacity of 1,000 head of cattle.

In terms of privately owned facilities, RIPL's Northern Victoria Livestock Exchange has the highest cattle holding capacity at 7,000 head and Dunedoo Saleyard owned by Milling Stuart Pty Ltd has the lowest holding cattle capacity at 1,200 head.

***Question 3: What is the saleyards yearly throughput of livestock?***

The highest throughput for a public saleyard is Roma Saleyard in Queensland which has sold over 400,000 head of cattle in a single year. The lowest throughput publicly owned saleyard is council owned Gundagai Saleyard in New South Wales with a total of 17,000 head of cattle sold in a year.

In terms of privately-owned facilities, VLE's Pakenham is the highest selling throughput privately owned saleyard with 210,000 head of cattle sold in a year. The lowest total throughput privately owned saleyard is Dunedoo Saleyard with 18,000 head of cattle sold in a year as seen below in 'Public and Private Saleyards throughout Australia' graph.

The saleyard throughput average of 32 saleyards (those that responded to the question) totaled 102,281 head of cattle per year. Throughput average for the 12 private saleyards totaled 100,417 head of cattle per year, while the throughput average for the 20 public owned saleyards was 103,400 head of cattle yearly.

**Question 4: Who is the saleyard owned by (either Council or private company) and do they expect the ownership model to change?**

The majority of saleyards that were contacted are publicly owned by Council Shires. The only public saleyards that expected change within their ownership models are:

- (1) Deniliquin Saleyard which has asked for expressions of interest for parties to occupy the saleyard as a lease agreement or on another basis, and
- (2) Warrnambool Saleyard who in March 2010 was conducting a meeting to vote for or against VLE to take over ownership of the saleyard.

Casino Regional Livestock Exchange has had discussions with RIPL and is pro-privatisation which may see a change in the near future.

Out of the 37 saleyards studied, just over 25 per cent are owned by private companies or shareholders.

**Question 5: Who is the saleyard managed by, Council, private company, agents or other?**

Approximately 50 per cent of Council Shire owned saleyards surveyed are also managed by the Council, 11 per cent of which have an external advisory board.

Council owned saleyards that are not managed by council include New England/Armidale Livestock Selling Facility which is managed by agents; Bega Valley Saleyard which is leased from the council; Gundagai Livestock Exchange which is managed by associated agents; Shepparton Regional Saleyards; Sale Livestock Exchange which is leased from the council by VLE; Boyanup

Saleyard is leased to WALSA; with Katanning Saleyard and Great Southern Regional Cattle Saleyard both managed by livestock agents.

All privately owned saleyards are managed by the company that owns the facility.

***Question 6: Would they prefer to see the saleyard private/ like it being private or would they prefer to see the saleyard public/ like it being public?***

When asked if they preferred to be public or private, all but one public operator stated that they liked being public and wanted it to remain that way. This was mainly due to the associated risk of large fee increases if the town's saleyard facilities were to be handed to a private company.

The private saleyards wished to maintain their ownership model as they believed the benefits outweighed being public. These benefits were identified as being improved animal welfare, handling facilities, logistics, location and modern, safe facilities which, they claimed, attracted the best price for the livestock.

***Question 7: What are the management/saleyard fees (handling, yard dues)?***

The fees for each saleyard contacted can be found on the 'Public and Private Saleyards throughout Australia' graph. From all saleyards included in this research it was found that a large variation in fee structure is present throughout the industry. The lowest fee charges currently are at privately owned Dunedoo Saleyard in New South Wales. When asked, they stated that as far as they knew they had the lowest handling and yard due fees within their area and fees were at this price to encourage producers to sell through their saleyard.

The highest fee charges belong to privately owned RIPL's Central Tablelands Livestock Exchange. Fees here are at \$17 per head and the fee price includes yard, receive, weighing and reading fee.

The overall average saleyard fee price calculated from 32 saleyards totaled \$7.12. The average of the 12 private saleyard fees came to \$8.75 whilst the average of the 20 public saleyard fees was some 30 per cent lower at \$6.14 per head.

***Question 8: Do they expect fees to increase or have they increased recently?***

Council yards mostly use CPI increases which cause the fees to rise, but only slightly, each year.

In contrast, the research found that private yard increases have gone up substantially. Gracemere Saleyard, which has recently been handed to RIPL, saw an increase in fees of 16 per cent after the changeover.

***Question 9: Are there any infrastructure investments for the saleyard either recently completed or planned?***

All saleyards have had or have planned improvements to their facilities. Some improvements have large costs associated with them such as Boyanup Saleyard, Katanning Saleyard, Central Queensland Livestock Exchange, Dalrymple Saleyard, Central West Livestock Exchange and Mid State Saleyards.

## **Other Observations**

**Of the 37 saleyards studied, 73 per cent are Council owned. 49 per cent are managed by other parties other than Councils.**

The out-sourcing of contract management is due mainly to councils not wishing to be involved in the management processes, and the desire to separate a Shire Council's core social and community responsibility, and the typical debt situation that many saleyards have operated under in the past.

Of those public yards surveyed, 30 per cent of the saleyards are very much against privatisation and had no interest with a further 24 per cent not decided on privatisation. Out of all the public owned saleyards, Casino Regional Livestock Exchange is the only saleyards that were pro-privatisation. The Tamworth City Council were proactive towards privatisation but retracted when they realised there may be a fee increase emanating from saleyard privatisation.

Deniliquin Saleyard has a call of interest for the saleyard to be leased or available on another form of basis. Warrnambol Saleyard is waiting on a vote to decide whether the saleyard becomes privatised.

**24 per cent of the saleyards approached like being private.**

Of the private companies surveyed, 24 per cent stated they liked being private and enjoyed the positives of being private such as new and/or improved facilities with larger selling and buying capacity, improved OH&S practices and increased attention to animal welfare issues.

**27 per cent of the saleyards expect fees to increase in the near future with 19 per cent not expecting fees to be increased shortly.**

**38 per cent of the 37 saleyards have infrastructure improvements planned to take place. 14 per cent have only planned maintenance to be completed in the near future and 16 per cent have no infrastructure improvements planned for at least the next two to three years.**

### **Conclusion**

The overall average saleyard fee price for private versus public saleyards differ substantially, with private saleyard fees being almost 30 per cent more expensive on average.

Saleyards that are owned and managed by private companies claimed to have many benefits present such as new and/or improved facilities, a larger selling and buying capacity with a positive attention to OH&S practices and animal welfare issues.

This research actually showed that the average throughput for cattle was higher (2.97 per cent) for publically owned saleyards than private saleyards.

Even if these benefits were proven to be the case, the users are paying substantially more per head to use those particular facilities.

Most of the users felt that the cost payable to use those facilities owned and/or managed by private owners, was not enough justification for the perceived benefits of their use.

Although it has been acknowledged that the core business for local shire councils likely doesn't include livestock selling facilities, most users surveyed who were involved in the management of council-owned saleyards felt that those properly-managed facilities, who management was usually outsourced, that turned a profit for the shire, were the ideal model for industry.

Of particular note were consistent remarks regarding the management of shire-owned yards in that there was a positive correlation between the profitability of the council-owned yards and the saleyard manager aggressively marketing and promoting the saleyards.

The concluding remark came from a former Director of the Australian Saleyard Operators Association –

*'Saleyards owned by the community, and managed by industry, give confidence, security and the confidence of long tenure for the local livestock industry for generations, and if they can be run profitably by the shire council whilst minimizing the cost to the local tax-paying producer, then there is little justification to change that model'.*

# Public & Private Saleyards throughout Australia

■ Saleyard Fees    
 ■ Annual T'put '000 hd    
 — Linear (Saleyard Fees)    
 — Linear (Annual T'put '000 hd)

