

**Richmond
Valley
Council**



Minutes

Extraordinary Meeting

Friday, 1 September 2017

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MINUTES OF THE EXTRAORDINARY MEETING OF RICHMOND VALLEY COUNCIL, HELD IN THE COUNCIL CHAMBERS, CNR WALKER STREET AND GRAHAM PLACE, CASINO, ON FRIDAY, 1 SEPTEMBER 2017 AT 4.36 P.M.

PRESENT

Crs Robert Mustow (Mayor), Daniel Simpson (Deputy Mayor), Sam Cornish, Robert Hayes, Sandra Humphrys, Jill Lyons and Steve Morrissey.

Vaughan Macdonald (General Manager), Angela Jones (Director Infrastructure and Environment) and Deborah McLean (Manager Governance and Risk) were also in attendance.

1 ACKNOWLEDGEMENT OF COUNTRY

In opening the meeting the Mayor provided an Acknowledgement of Country by reading the following statement on behalf of Council:

"Council would like to show its respect and acknowledge all of the traditional custodians of land within the Richmond Valley Council area and show respect to elders past and present."

2 APOLOGIES

Nil.

3 DECLARATION OF INTERESTS

Nil.

3A PUBLIC ACCESS - ITEM 4.1

010917/1 RESOLVED (Cr Mustow/Cr Morrissey)

That Council allow the public to make an address to Item 4.1.

FOR VOTE - All Council members voted unanimously.

3A1 PUBLIC ACCESS - MR MATTHEW McCORMACK, PRESIDENT, CASINO AUCTIONEERS ASSOCIATION INC - ITEM 4.1 - NORTHERN RIVERS LIVESTOCK EXCHANGE (NRLX)

Mr Matthew McCormack, President, Casino Auctioneers Association Inc. provided an objection to the recommendation put forward in relation to the item.

There were no questions from Councillors.

The Mayor thanked Mr McCormack for his address.

4 MATTERS FOR CONSIDERATION

4.1 NORTHERN RIVERS LIVESTOCK EXCHANGE (NRLX)**Responsible Officer:**

Vaughan Macdonald (General Manager)

RECOMMENDATION

Recommended that:

1. Council note the financial impact of any fee reductions in Council's Revenue Policy 2017/18 on the financial performance of the NRLX.
2. Council adopt the following amendments to Council's Revenue Policy 2017/18 for the Northern Rivers Livestock Exchange:

Effective from 1 July 2017

- vendor usage fee is \$9.90/head
 - vendor capital levy is \$1.85/head
- Total vendor fees \$11.75/head

Effective from 1 March 2018

- vendor usage fee is \$10.50/head
 - vendor capital levy is \$2.00/head
- Total vendor fees \$12.50/head

Effective from 1 July 2017

- Agents business usage fee is \$0.50/head until the completion of an operational review of the NRLX as set out in this report by 30 June 2018.

3. Council authorise the General Manager to adjust invoices already issued in 2017/18 to reflect the above changes to take effect from 1 July 2017 and write to all Agents and inform all stakeholders in the next NRLX newsletter that they should expect a refund of \$0.75/head for any cattle sold to date in the current financial year.
4. Council authorise the General Manager to write off these funds as required.

010917/2 RESOLVED (Cr Mustow/Cr Humphrys)

That the above recommendation be adopted.

FOR VOTE - Cr Cornish, Cr Humphrys, Cr Lyons, Cr Morrissey, Cr Mustow, Cr Simpson

AGAINST VOTE - Cr Hayes

Executive Summary

The NRLX is a regional facility that Richmond Valley Council in 2016 made a commitment to continue to own and operate after multiple processes in recent years to assess the future management option for Council and whether it should be sold or leased. Saleyards are being modernised across the country with private investors recognising the value of a high performing saleyard operations.

Richmond Valley Council must capitalise on this for the benefit of the Richmond Valley community especially since it has been successful in obtaining over \$10.5m in grant funding from the Federal and NSW Governments to fully upgrade the facility to a modern roofed and soft floor facility.

To achieve this Council has been required to borrow \$3.5m as its contribution to the upgrade of the facility. Council decided to increase the fees to vendors and Agents following an assessment of revenues received from the users of the facility and believes its Revenue Policy is in the best interests of the whole community.

To enable the return of sales to the NRLX, Council has reconsidered the feedback that has been received from Agents and some vendors. To achieve the desired outcome for the community, amendments to the Revenue Policy are proposed in this report.

The proposed amendments provide a discount to vendors for the period of the Stage 1 construction which is the selling side of the facility which is scheduled to be completed early next year. A reduction in the Agents Business Usage fee is also proposed to reduce the impact on the business operations of the Agents and to get them back selling at the NRLX.

In the interests of the Richmond Valley community, the resulting amendments, which are a significant concession provided by Council from the current approved Revenue Policy, will hopefully see sales return to the NRLX in the very near future.

Delivery Program Links

Growing our Economy
EC2 Building on our Strengths

Budget Implications

The combined effect of the reduction in both fees will see the operating result surplus reduce from \$239,677 to \$148,423 and the capital program deficit increase from \$416,477 to \$427,407. These changes will see a decline in the overall financial performance of the facility which will need to be closely monitored and other efficiency opportunities explored.

Report

Council placed its Draft Revenue Policy for 2017/18 on public exhibition following the 18 April 2017 ordinary meeting and until 2 June 2017. The Policy included an increase in the vendor usage fee from \$11 last year to \$12.50 in 2017/18, an increase of \$1.50. The Agent's annual business licence fee was increased from \$10,000 last year to \$10,500 in 2017/18 and introduced a new \$1/head Agent's Business Usage fee. Council received a submission from the Casino Auctioneers Association Incorporated (CAAI) raising concerns with these fee increases. No other written representations were received.

Following the introduction of the new fees the CAAI raised concerns with the new fees and sought a meeting with Council. The Mayor and four Councillors and the General Manager attended a meeting with representatives of the five Agent businesses that are members of the CAAI. Council listened to the concerns and outlined its reasons for the increases being required.

The Agent Selling permit was required to be signed by the end of July and all Agents refused to sign the permits. The 2016/17 permits were extended to enable negotiations to continue. A further meeting was held with the principals of the five Agent businesses with the Mayor and General Manager prior to the August Council meeting.

The President of the CAAI then addressed Council at its August meeting at which the quarterly NRLX performance report was determined. Council re-confirmed its position on the Revenue Policy at the meeting and included the following resolution:

1. *Council note the business performance of the Northern Rivers Livestock Exchange as at 30 June 2017.*
2. *Council investigate a percentage of gross sales turnover for agent's fees for the 2018/19 financial year in consultation with members of the Casino Auctioneers Association Inc.*

The CAAI members were then given a timeframe to sign their selling permits and they again refused to do so leading to the General Manager having no choice but to advise them they could not sell at the NRLX as they were now unlicensed. The last sale at the NRLX was held on 18 August 2017.

There has been significant media coverage since with a lot of misinformation spread in the media and throughout the community. The response from the community has been varied. It can be summarised as stakeholders close to the

Agents have been strongly voicing their concerns with Council increasing the fees, most stakeholders just want sales to re-commence, while some stakeholders and the wider community understand the basis of Council's decision to move to a user pays model for what will deliver significant benefits to producers and agents when the \$14M upgrade is complete.

The General Manager requested and held a meeting with the President of the CAAI on Wednesday 30 August 2017 to discuss if a compromise position could be found. The outcome of that discussion identified that both sides were prepared to concede some ground on their positions to resolve the matter and get sales back on for the benefit of the whole community.

The Agents have been claiming the vendor's usage fees should not have increased to the \$12.50 while the facility is being upgraded. Council's position is that it must make repayments on its loan to fund its share of the \$3.5m to the \$14m upgrade. The Agents have also been claiming they should not have to pay any new fees for their use of the facility to operate their business. Council's position is funds are required and given the asset is available to operate their business, the proposed new agent business usage fee is fair and reasonable.

The Agents, some stakeholders and community members have proposed that discounts be offered to vendors during the construction period to reflect the inconvenience of operating while the upgrade is underway. They have also proposed that they will pay a reduced Agents business usage fee and would like it to be locked in for a three-year period and that funds go into a capital works fund.

Council must consider this proposition and the impacts this would have on the approved budget for 2017/18. It must also consider that the Richmond Valley community wants sales to return to the NRLX.

It is therefore proposed Council consider the following proposed new fee structure for the 2017/18 financial year:

Effective from 1 July 2017

- vendor usage fee is \$9.90/head
 - vendor capital levy is \$1.85/head
- Total vendor fees \$11.75/head

Effective from 1 March 2018

- vendor usage fee is \$10.50/head
 - vendor capital levy is \$2.00/head
- Total vendor fees \$12.50/head

Effective from 1 July 2017

- Agents business usage fee is \$0.50/head until the completion of an operational review of the NRLX by 30 June 2018.

Council must be aware this position isn't exactly what the CAAI has requested and there remains a risk that its members could refuse to sign the Agent Selling Permit. However, it must be recognised Council has listened to the many

different viewpoints on this matter, has acted to initiate discussions with the CAAI, has responded by proposing that all vendors receive a discounted vendor usage fee of \$0.75/head from 1 July 2017 until Stage 1 of the upgrade is complete and is willing to reduce the Agents fee by 50%.

The NRLX is undergoing a \$14m upgrade which will make it the premier livestock selling centre in northern NSW. The shift from a hard floor and wet facility to a roofed and soft floor facility that will include automated drafts and other enhancements to improve animal welfare outcomes, improved weight retention to increase returns to producers and improvements to work health and safety conditions through automation and separation of workers and cattle.

It is acknowledged by Council and the CAAI President an operational review would be beneficial given the changes to operational arrangements at the NRLX. To achieve this, it is proposed to conduct a full operational review of the NRLX operations for the new facility with oversight by a recognised independent saleyards industry expert and with the Saleyard Advisory Group which includes two Agent representatives. The review will consider industry benchmarks, comparisons and innovations and make recommendations on operating models and pricing structures to achieve an equitable revenue sharing model to position the NRLX as the premier saleyard in northern NSW. A draft report will be prepared and released for community consultation. The review is to be completed by 30 June 2018.

Consultation

Council has been open and transparent in its dealings with the Agents and has met with them on many occasions over the last 18 months and has been discussing new fee structures as far back as November 2016. Discussions have also been held with Council's Saleyard Advisory Group which includes Agent and other stakeholder representatives.

Council also communicated the fee increases widely throughout April, May and June with emails to the Agents, the Autumn NRLX newsletter to 950 stakeholders and copies available at the NRLX during sales, media releases which led to articles in the Northern Star and RREE, radio interviews and Facebook posts. The opportunity to address Council at its June meeting was also available. Council decided to increase the fees as it believes it is in the best interests of the whole community.

Given the urgency required on this matter, for the best interests of our community to enable sales to re-commence and that fees are being reduced not increased, there is no time for public consultation to be undertaken.

Conclusion

The report outlines the history of this issue which has been high profile and is a matter which needs to be addressed so the Richmond Valley community can move forward and focus on the exciting upgrade that is underway at the NRLX. The proposed amendments to the Revenue Policy aim to strike a balance between

the funds that Council needs to operate and meet its borrowing commitments and the concerns that have been raised by Agents and some vendors.

The Meeting closed at 5.38pm.

CONFIRMED - 19 September 2017

CHAIRMAN