

YVEP



Yarra Valley Equestrian Park Economic and Cost Benefit Assessment

2021 – COMMERCIAL IN CONFIDENCE

Note:

The estimates presented in this report have been entirely derived from the sources provided and, therefore, their accuracy is dependent on the extent to which these sources are truly representative of the project. SBP Advisory, and Street Ryan and Associates Pty. Ltd., accept no responsibility for the accuracy of information or estimates presented, or for decisions taken as a result of material in this report.

The Yarra Valley is the epicenter of Victorian Tourism, it is also undoubtedly one of Australia's leading equestrian regions. However, it is lacking a purpose-built public facility to attract the substantial equestrian dollar. The Yarra Valley Equestrian Park (YVEP) will provide facilities for camping for competitors, meeting a demand for low-cost temporary accommodation as well as a demand for regular accommodation from existing and future providers.

An economic assessment has been completed in preparation of this BBRF submission, based on the specific scope of works and operations outlined in this application by Street Ryan. The results of this assessment include:

- The initial capital contribution of **\$2.5 million would generate 3 direct FTEs and 1 indirect FTE over the construction phase.**
- The annual ongoing economic contribution of the project would be **\$3.6 million per year and 24 FTEs per year** (4 direct and 20 indirect).
- The total annual economic assessment is comprised of \$0.5 million from YVEP operations, \$2.6 million in events and bookings, and \$0.6 million in Equipment, training, horse maintenance, contractors.

FTE Notes

- Construction FTEs: Employment based on industry benchmark of 8.5% of Construction revenue spent on wages and average cost of FTE in Construction is ~\$70,000 p.a.
- Ongoing FTEs: Employment based on existing planning, and industry benchmarks for labour, hospitality, veterinary care, customer service, of (on average) 30% of revenue spent on wages and average cost of FTE is ~\$45,000 p.a.
- For every \$1 spent at YVEP, patrons/participants will spend \$7 in the local community.
- Key note is that patron/participant expenditure is much higher in Equestrian as it includes expenditure on self and horse/horses, with majority at destination/local suppliers due to travelling with horse/horses.

Specific Inputs

- The specific inputs of this assessment are all outlined over the following page and are summarised below. These include:
- A total of **35,000 patrons per year** across various events and site bookings
- **66 days of Equestrian Sport events**, including Show Jumping, Pony Club, Adult Riding, Dressage and Western Rodeo.
- **176 days of Equestrian Sport bookings**, including coaching sessions, riding for the disabled, interschool and junior clinics, and non-equestrian events and functions.
- **Total construction costs of \$2,534,000.**
- **Total annual operating revenue of \$678,663**, including \$318,000 for Horse Facility and Yard fees, \$325,000 for Camping and Parking fees, and \$35,000 for Venue/Arena hire and booking fees.
- **Total annual operating expenditure of \$477,029**, including \$175,000 for Maintenance and Repairs, \$147,000 for Wages, \$123,000 for Admin and Occupancy Costs, and \$32,000 for Utilities, Rates and Taxes.

The total annual environmental contribution of YVEP is assessed at \$131,120, which is made up of the following:

- Water filtration and purification: \$51,600 per year.
- Floodwater regulation and stormwater protection: \$72,000 per year.
- Carbon sequestration: \$1,800 per year.
- Landscape and neighbourhood amenity: \$5,720 per year

Water Filtration and Purification: The green open space, natural wetlands and tree plantings within the site will improve water quality through natural filtration and purification. This 'green infrastructure' reduces the amount of soil sediment, pollutants and organic matter that would otherwise reach our waterways.

The reduced sediment load maintains or improves the condition of natural water catchments (such as parklands and forests) and can decrease the cost of water treatment. Without these environmental assets, more water treatment plants would be required to maintain the same high level of water quality.

The annual value of water filtration is based on the avoided cost of maintaining current water quality in waterways through alternative infrastructure if the land was used for an alternative purpose.

Floodwater Regulation and Stormwater Protection: The native vegetation helps to reduce flood damage by regulating the flow of floodwater into water catchments. Healthy vegetation and grasslands absorb rain, regulate water movement and release water at a more natural volume and rate. This provides protection against floods by reducing soil loss and erosion from rain. Without ground cover such as turfgrass, up to 85% of rainfall from storms will erode, causing runoff into creeks and streams.

Without this natural protection system, additional built infrastructure would be required to capture and drain stormwater. The annual benefit of stormwater retention services is based on the avoided costs of built infrastructure to deal with additional stormwater.

Carbon Sequestration and Improved Air Quality: Carbon sequestration is the process of capturing and storing carbon dioxide from the atmosphere. It is widely recognised as one way to reduce the amount of carbon dioxide in the atmosphere and reduce the effects of global warming. The main natural carbon sinks are plants, soil and the ocean.

The native vegetation and plantings within the YVEP site will soak up carbon that would otherwise rise and trap heat in the atmosphere. The regular management and maintenance of fauna will ensure that carbon stocks are protected, and increased carbon can be sequestered over time.

Landscape and Neighbourhood Amenity: The pricing premium that land parcels adjacent to well-maintained open space attract, and the increase in housing value given the green link is significant. This is based on international studies on the relationship between urban and peri-urban parks and housing prices, which can be used as a proxy for the value of improving people's welfare or wellbeing.

ECONOMIC ANALYSIS AND ASSESSMENT



Economic Assessment – Key Inputs: Cost Benefit Analysis

YVEP

Cost-Benefit Analysis	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Capital Costs										
Construction Costs	2,190,000									
Professional Fees and Contingency	344,000									
Total Capital Costs	2,534,000	-	-	-	-	-	-	-	-	-
Operational Costs										
Maintenance and Repairs	-	87,500	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Wages	-	110,250	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Admin and Occupancy Costs	-	106,029	123,029	123,029	123,029	123,029	123,029	123,029	123,029	123,029
Utilities	-	17,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Total Operational Costs	-	320,779	477,029	477,029	477,029	477,029	477,029	477,029	477,029	477,029
Additional Quantifiable Costs										
Landfill waste (2.2 kg/person/day) @ \$65/tonne)		3,362	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Landfill waste (33 kg/horse/day) @ \$12/tonne)		9,414	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Carbon Emissions	6,588	481	716	716	716	716	716	716	716	716
Land degradation (20% of site)		32,780	32,780	32,780	32,780	32,780	32,780	32,780	32,780	32,780
Total Additional Costs	6,588	46,038	52,495	52,495	52,495	52,495	52,495	52,495	52,495	52,495
TOTAL COSTS	2,540,588	366,816	529,524	529,524	529,524	529,524	529,524	529,524	529,524	529,524
Benefits										
New facility revenue	-	339,332	678,663	678,663	678,663	678,663	678,663	678,663	678,663	678,663
Additional Economic Contribution		2,446,834	3,638,677	3,638,677	3,638,677	3,638,677	3,638,677	3,638,677	3,638,677	3,638,677
Community Health Contribution		33,623	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Environmental Benefits (80% of site)		131,120	131,120	131,120	131,120	131,120	131,120	131,120	131,120	131,120
Reduced Travel Costs/emissions (90kms x 50% of patron event days for not travelling to Werribee/Boneo)		405,551	603,094	603,094	603,094	603,094	603,094	603,094	603,094	603,094
TOTAL BENEFITS	-	3,356,460	5,101,554	5,101,554	5,101,554	5,101,554	5,101,554	5,101,554	5,101,554	5,101,554
Total Benefits less Costs	2,540,588	2,989,643	4,572,030	4,572,030	4,572,030	4,572,030	4,572,030	4,572,030	4,572,030	4,572,030
Cumulative Benefits less Costs	2,540,588	449,055	5,021,084	9,593,114	14,165,143	18,737,173	23,309,202	27,881,232	32,453,262	37,025,291

Net present Value @ 7% \$24,082,598
 Net present Value @ 5% \$27,094,807
 Net present Value @ 3% \$30,603,334

Note: Base Case is no new facility within the Yarra Valley, participants travel to either Werribee Park National Equestrian Centre or Boneo Park Equestrian Centre for events

Economic Assessment – Key Inputs: Construction and Ongoing Activity

Construction Costs – Year

1

Construction	2021/22
Council approvals	24,000
Professional fees	160,000
Site preparation	250,000
Roads and parking (for gravel/rock and no bitumen)	175,000
200m x 80m Multi-purpose All Weather Arena	650,000
95m x 70m Jumping All Weather Arena	250,000
Eventing Course	75,000
Horse accommodation (yards)	170,000
Clubhouse renovation and new toilet block	300,000
Site fencing (around arenas and along driveways)	50,000
Landscaping, gate and entrance	120,000
Camping power and water	150,000
Contingency 5%	160,000
Total	2,534,000

Annual Events, Bookings and Patrons

Events	Days	People per day	Total people
Show Jumping - Event	6	650	3,900
Show Jumping - Training	9	104	936
Pony Club - Event	4	650	2600
Pony Club - Training	9	98	882
Adult Riding - Event	4	650	2,600
Adult Riding - Training	9	98	882
Dressage - Event	4	390	1560
Dressage - Training	9	98	882
Western Rodeo - Event	4	975	3,900
Western Rodeo - Training	8	59	472
	66		18,614

Bookings	Days	People per day	Total people
Disabled Riding	45	39	1,755
Eventing	50	39	1950
Hunt Club	6	39	234
Carriage Drive	2	78	156
Clinics - Training	40	33	1,320
Clinics - Squads	6	182	1,092
Interschool Competition	4	488	1,952
Non Equestrian events	11	650	7,150
Functions	12	65	780
	176		16,389

Economic Assessment – Key Inputs: Operating Forecast - Summary

YVEP

Operations - Annual Forecast	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Revenue										
Horse Facility and Yard fees		159,120	318,240	318,240	318,240	318,240	318,240	318,240	318,240	318,240
Camping and Parking fees		162,518	325,035	325,035	325,035	325,035	325,035	325,035	325,035	325,035
Venue/Arena hire and booking fees.		17,694	35,388	35,388	35,388	35,388	35,388	35,388	35,388	35,388
Total revenue		339,332	678,663	678,663	678,663	678,663	678,663	678,663	678,663	678,663
Costs										
Maintenance and Repairs		87,500	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Wages		110,250	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Admin and Occupancy Costs		106,029	123,029	123,029	123,029	123,029	123,029	123,029	123,029	123,029
Utilities		17,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Total costs		320,779	477,029	477,029	477,029	477,029	477,029	477,029	477,029	477,029
EBITDA		18,553	201,634	201,634	201,634	201,634	201,634	201,634	201,634	201,634
Depreciation		124,175	124,175	124,175	124,175	124,175	124,175	124,175	124,175	124,175
Net Surplus		(105,622)	77,459	77,459	77,459	77,459	77,459	77,459	77,459	77,459

Economic Assessment – Key Inputs: Operating Forecast - Detailed

YVEP

Operations - Annual Forecast	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Revenue										
All Weather Arena 1	7,700	15,400	15,400	15,400	15,400	15,400	15,400	15,400	15,400	15,400
All Weather Jumping Arena 2	4,600	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
Eventing Facilities	3,750	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Horse Facility Fee	95,472	190,944	190,944	190,944	190,944	190,944	190,944	190,944	190,944	190,944
Yard Fees	63,648	127,296	127,296	127,296	127,296	127,296	127,296	127,296	127,296	127,296
Camping Fees	108,405	216,810	216,810	216,810	216,810	216,810	216,810	216,810	216,810	216,810
Parking Fees	54,113	108,225	108,225	108,225	108,225	108,225	108,225	108,225	108,225	108,225
Function Centre	1,644	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288
Total revenue	339,332	678,663	678,663	678,663	678,663	678,663	678,663	678,663	678,663	678,663
Direct Costs										
Accounting Fees	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Insurance	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
IT and Telco	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Legal	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Office Expense	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cleaning	12,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Marketing	5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Rep and Maint - Gardening	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Rep and Maint - Machinery	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Rep and Maint - Property	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Rep and Maint - Waste	17,500	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Utilities - Gas	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Utilities - Power	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Utilities - Water	5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Wages - Manager	54,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Wages - Office	18,750	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Wages - Maintenance	37,500	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Rent	41,029	41,029	41,029	41,029	41,029	41,029	41,029	41,029	41,029	41,029
Rates and Taxes	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Direct Costs	320,779	477,029	477,029	477,029	477,029	477,029	477,029	477,029	477,029	477,029

ADDITIONAL INFORMATION



Environmental Assessment: Methodology Overview

In order to quantify the annual environmental benefits provided by the Yarra Valley Equestrian park project, SBP Advisory draw on the following inputs:

- A **literature review** of the environmental benefits of sport and recreation facilities, parklands and public open space.
- A desktop review and geospatial mapping of the 30.6 hectare site, 80% of this site will produce environmental benefits modelled in this assessment.

Literature Review

Time spent participating in organised activities such as Equestrian Sport is becoming increasingly likely to be the only time a participant is connecting with nature. Many Equestrian Sport facilities provide critical green wedges and open spaces that support birdlife, wetlands and other animals.

There are many published articles on the environmental benefits of open space. Some of these include:

- **Protect Biodiversity and Remnant Vegetation:** Equestrian facilities provide a unique natural habitat for local flora and fauna. The natural grasses, trees, shrubs and wetlands within the extensive boundaries of an Equestrian facility create a rich ecology that supports a variety of native birds, animals, fish, insects and plant life.
- **Improve Air Quality:** Research shows that an area of 180m² of turfed grasses, grasslands and trees produce enough oxygen to support one person. The footprint of land within the boundaries of the YVEP site will provide enough oxygen to support approximately 1650 people every year.
- **Environmental Rehabilitation:** Equestrian facilities often provide a fit-for-purpose use of land which would otherwise be considered poor or degraded land, such as landfill, tip sites, quarries and barren rural land.

With limited alternative use options available for these types of land, Equestrian facilities provide a viable solution and assist in reversing degradation and improving land management practices. This can help restore natural ecosystems and contribute to a healthier environment.

While these benefits are substantial, the methodology for this assessment focuses on valuing the following benefits that 'green infrastructure' within the YVEP site. These are explored in greater detail over the following page:

- **Water filtration and purification:** The avoided cost of maintaining water quality in metropolitan waterways through alternative infrastructure if the golf course land was used for an alternative purpose.
- **Floodwater regulation and stormwater protection:** The avoided costs of built infrastructure to deal with additional stormwater.
- **Carbon sequestration:** The value of the amount of carbon dioxide that would be sequestered annually by the land.
- **Landscape and neighbourhood amenity:** The additional amenity value added to the price of housing proximal to the site, and the improved welfare provided to local residents.

Additional Environmental Benefit Initiatives

Through the extensive planning processes completed by YVEP, the following environmentally sustainable initiatives have been identified for this project:

- Recycling of material.
- Manure waste from the stables will be managed and recycled on site.
- Storm water will be collected stored to be use on site. This water will be recycled and used on the arenas as well as in all toilets.
- All toilets will be run on a dual flush system and urinals will be sensor activated.
- Self-closing taps will be installed in all bathrooms.
- The facility will incorporate solar power production on major roof surfaces.
- The facility will utilise sensor lights in all storage areas and the administration office.
- Natural light will be integrated into all buildings.
- Local business and sourced products will be used where possible.
- All cleaning chemicals will be environmentally friendly and ISO certified with Good Environmental Choice Australia.
- Cycle racks will be available for those who choose to cycle to events.

Key Environmental References:

- Parks Victoria, 2015. Valuing Victoria's Parks, Parks Victoria.
- DELWP, 2019. Fact sheet 9: Forests and water, Valuing the ecosystem service of clean water supply and purification by forests. The State of Victoria Department of Environment, Land, Water and Planning.

Note

- There have been two previously completed economic assessments of this project, one completed by Yarra Ranges Council in 2015 and another completed by Anthony Burton & Associates in 2018. In each of these assessments based on the proposed scope of works and operations at the time, the project was deemed to be able to achieve a positive return on capital within 2-5 years, generating between 39 and 43 additional FTEs created for the region (each of these assessments is attached with this submission).

SBP Advisory

SBP provides advice and insights to the not-for-profit and commercial business sectors through a range of integrated strategic, commercial and market research services.

The firm was established in 2001 as a specialist strategic consultancy for the sport business sector, and for the last 20 years we have been a trusted adviser to more than 150 leading professional and Olympic sports, government agencies and commercial businesses across Australia, New Zealand and internationally.

The core services offered by SBP are based around strategic reviews and planning, market research and insights, commercial and business model advisory and business problem solving.

Illustrating the breadth of sporting experience within SBP, the organisations that SBP have worked with include Football Federation Australia, Athletics Australia, Australian Rugby Union, Cricket Australia, Gymnastics Australia, Baseball Australia, Golf Australia and the Australian Sports Commission.



Street Ryan has been established since 1981 and works on regional development assignments in metropolitan, provincial, rural and remote areas of every Australian state and territory. Initially a function of the focus on regional development, quantitative analysis and impact assessment have become core Street Ryan consulting areas in their own right.

Street Ryan has considerable experience and practical knowledge in sports assessment, participation censuses, economic and demographic analysis and projections. Our senior staff have been working in these areas for more than three decades.

Street Ryan have a long history in supporting national sporting organisation clients, including long-term relationships with the Australian Football League (AFL), Cricket Australia, Bowls Australia, and the Australian Rugby Union, as well as a range of shorter term assignments with Golf Australia, Softball Australia, New Zealand Cricket, Tennis Australia and Hockey Australia.

Beyond sporting organisations, Street Ryan specialises in regional development assignments around Australia for private and public organisations, often encompassing economic contribution and impact assessment and demographic analysis for capital development and investment projects, major events, tourism and industry sectors.



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