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# Yarra Valley Equestrian Park Demographic, Economic & Financial Analysis

June 2018

## **Anthony Burton & Associates (2018). The Yarra Valley Equestrian Park: Yarra Demographic, Economic and Financial Analysis**

### **Acknowledgments:**

**Anthony Burton & Associates would like to acknowledge the advice of Mr Geoff Sinclair**

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### **Anthony Burton & Associates**

Anthony Burton & Associates Pty Ltd. is a boutique Canberra-based planning and market research firm that specialises in community recreational needs, community consultation, social, urban and health planning. We provide personal service that is professional, flexible and tailored to the needs of our clients.



**Anthony Burton – Principal**

## **Yarra Valley Equestrian Park:** **Demographic, Economic and Financial Analysis**

Prepared by Anthony Burton & Associates on behalf of the Yarra Valley Equestrian Park Inc.

### **Executive Summary**

We estimate there are between 3,520 and 3,767 current equestrian participants in the Yarra Ranges. The creation of the Yarra Valley Equestrian Park will increase the level of participation by providing the community with access to a new sporting facility<sup>1</sup>. This investment in a female-dominated sport is consistent with the state government's current strategic directions for sport and recreation in Victoria<sup>2</sup>.

The Yarra Valley Equestrian Park will generate a Total Economic Value to the region of between \$2.816 million annually and \$3.437 million annually. It will generate an anticipated additional 20.9 FTE within the region.

Based on the broader economic impacts of the centre (direct and indirect) the community can expect a positive return on investment within 5 years of construction.

Under the assumed number of events and usage documented in this analysis, the Yarra Valley Equestrian Park will generate a modest \$0.230m surplus once fully operational. This surplus will not be sufficient to support significant debt or ongoing major capital works. This holds true even if revenue is 20% lower (or costs are 20% higher).

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<sup>1</sup> Active Victoria: A strategic framework for sport and recreation in Victoria 2017-2021

<sup>2</sup> Active Victoria: A strategic framework for sport and recreation in Victoria 2017-2021



## **Demographic analysis: Yarra Ranges equestrian participation rates**

Anthony Burton & Associates undertook a broader demographic analysis of equestrian participation rates in the Yarra Ranges. In this analysis we looked at the following scope

- Local equestrian participation analysis including full demographic breakdown by age
- Proposed impact on participation as a result of this project

Based on this analysis **we estimate there are between 3,520 and 3,767 current equestrian participants in the Yarra Ranges.**

### **Number of Yarra Ranges residents**

As at 2016 the population of Yarra Ranges was 155,313<sup>3</sup> persons (Table 1). This is expected to grow to 166,481 by 2026 and 178,147 by 2036<sup>4</sup>.

**Table 1:** Age and sex breakdown for Yarra Ranges (2016)

Age group (years)	Females	Males
Total under 20 years	19,530	20,748
20 - 29 years	9,403	9,949
30 - 39 years	9,854	9,484
40 - 49 years	11,306	10,771
50 - 59 years	10,972	10,683
60 years or over	16,979	15,635
<b>Total</b>	<b>78,044</b>	<b>77,269</b>
<b>TOTAL POPULATION</b>	<b>155,313</b>	

### **Number of Yarra Ranges equestrian participants**

Previous studies<sup>5,6,7</sup> have found an association between registered members and participants, being that participant numbers are slightly more than double that of registered member numbers. Based on reported member numbers for the Yarra Ranges of up to 1,600<sup>8</sup> **we estimate there are between 3,520 and 3,767 current equestrian participants** in the Yarra Ranges.

<sup>3</sup> Population and household forecasts, 2016 to 2036 (October 2017) <https://profile.id.com.au/yarra-ranges/five-year-age-groups>

<sup>4</sup> Actual numbers may vary slightly from published sources due to rounding errors.

<sup>5</sup> Casey Equestrian Strategy (March 2011), Draft Report prepared for City of Casey, Simply Great Leisure

<sup>6</sup> Australian Sports Commission "AusPlay: Participation data for the sport sector" (Dec 2016) reported on p8 of Volume 1: Equestrian State Facility Plan Final Report (Sept 2017), Otium Planning Group for Equestrian Victoria and the Victorian State Government

<sup>7</sup> State Facility Plan Volume 2: Summary of Market Research and Consultation Final Report (Nov 2017), Otium Planning Group for Equestrian Victoria and the Victorian State Government

<sup>8</sup> Anthony Burton & Associates (2017) The Yarra Glen and Lilydale Hunt Club Equine Centre: Consultation Report

### Demographics of Yarra Ranges equestrian participants

Assuming there are 3,767 current participants, the expected demographic breakdown for Yarra Ranges equestrian participants is below. This breakdown is based on methods used in previous studies<sup>9,10</sup> as well as our own study<sup>11</sup> (Table 2).

**Table 2:** Age and sex breakdown for current equestrian participants in the Yarra Ranges

Age group (years)	Females	Males	Persons
Total under 20 years	314	73	387
20 - 29 years	460	47	507
30 - 39 years	495	51	546
40 - 49 years	904	93	996
50 - 59 years	875	90	964
60 years or over	271	95	367
<b>TOTAL</b>	<b>3,318</b>	<b>449</b>	<b>3,767</b>

Based on population growth alone in the Yarra Ranges, numbers of equestrian participants will grow to 3,910 by 2026 (Table 3) and 4,154 by 2036 (Table 4).

**Table 3:** Projected age and sex breakdown for equestrian participants in the Yarra Ranges by 2026

Age group (years)	Females	Males	Persons
Total under 20 years	326	74	400
20 - 29 years	456	45	501
30 - 39 years	538	56	594
40 - 49 years	890	93	983
50 - 59 years	873	89	961
60 years or over	349	122	471
<b>TOTAL</b>	<b>3,432</b>	<b>478</b>	<b>3,910</b>

<sup>9</sup> Tables 19 & 20, State Facility Plan Volume 2: Summary of Market Research and Consultation Final Report (Nov 2017), Otium Planning Group for Equestrian Victoria and the Victorian State Government

<sup>10</sup> Table 5.1, Casey Equestrian Strategy (March 2011), Draft Report prepared for City of Casey, Simply Great Leisure.

<sup>11</sup> Anthony Burton & Associates (2017) The Yarra Glen and Lilydale Hunt Club Equine Centre: Consultation Report

**Table 4:** Projected age and sex breakdown for equestrian participants in the Yarra Ranges by 2036

Age group (years)	Females	Males	Persons
Total under 20 years	346	78	424
20 - 29 years	489	47	536
30 - 39 years	570	58	628
40 - 49 years	963	101	1,064
50 - 59 years	888	91	980
60 years or over	387	136	523
<b>TOTAL</b>	<b>3,642</b>	<b>512</b>	<b>4,154</b>

### Proposed impact on participation as a result of the proposal

Using a previous study<sup>12</sup> as a “snapshot” of what current activity might look like in the Yarra Ranges, the most common disciplines are likely to be dressage, eventing, show jumping and show horse (Table 5).

**Table 5:** Most common disciplines for equestrian participants in the Yarra Ranges

Most common disciplines	
Dressage	64.9%
Eventing	41.4%
Show Jumping	36.8%
Show Horse	26.1%
Working Equitation	2.9%
Western Riding	2.5%
Carriage Driving	2.1%
Stock Handling	1.6%
Inter-schools	1.6%
Mounted Games	1.4%
Breed Shows	1.1%

Assuming population growth alone, the numbers potentially participating in the most common disciplines will increase by 4% by 2026, and by 6% between 2026 and 2036 (Table 6).

<sup>12</sup> Based on State Facility Plan Volume 2: Summary of Market Research and Consultation Final Report (Nov 2017), Otium Planning Group for Equestrian Victoria and the Victorian State Government. The survey allowed participants to select more than one discipline.

**Table 6:** Common equestrian disciplines in the Yarra Ranges – expected participant numbers

Most common disciplines	2016	2026	2036
Dressage	2,445	2,538	2,696
Eventing	1,560	1,619	1,720
Show Jumping	1,386	1,439	1,529
Show Horse	983	1,021	1,084

Using the same previous study<sup>13</sup> as a snapshot of what current involvement might look like, participants in the Yarra Ranges are most likely to be competing, spectating, volunteering, or involved because they are the parent or supporter of a competitor (Table 7).

**Table 7:** Forms of involvement in equestrian activities in the Yarra Ranges

Form of involvement	
Competitor	86.6%
Spectator	58.4%
Volunteer	42.5%
Parent/Supporter of competitor	29.7%
Official (Judge, Steward etc)	20.6%
Coach	16.9%
EV board member	0.7%
EV employee/contractor	0.2%
Other	4.6%

Again, numbers are expected to increase by 4% by 2026, and by 6% between 2026 and 2036 based on population growth alone (Table 8).

**Table 8:** Forms of involvement in equestrian activities in the Yarra Ranges – expected participant numbers

Form of involvement	2016	2026	2036
Competitor	3,262	3,386	3,597
Spectator	2,200	2,283	2,426
Volunteer	1,601	1,662	1,765
Parent/Supporter of competitor	1,119	1,161	1,234
Official (Judge, Steward etc)	776	805	856
Coach	637	661	702

<sup>13</sup> Based on State Facility Plan Volume 2: Summary of Market Research and Consultation Final Report (Nov 2017), Otium Planning Group for Equestrian Victoria and the Victorian State Government. The survey allowed participants to select more than one form of involvement.

*Active Victoria: A strategic framework for sport and recreation in Victoria 2017-2021* indicates that an interconnected investment in sport infrastructure; programs, policy and research; high performance; and events, increases participation in sport and active recreation. It is therefore anticipated that by providing the community with access to a sporting facility there will be an increase in the level of participation in that sport.

## **Economic Analysis**

This section of the report contains the results of economic modelling for the Yarra Valley Equestrian Park. The modelling focused on the economic and employment impacts generated by ongoing expenditure resulting from participants and visitors to the centre rather than the short-term impacts generated by the construction of the centre. The economic modelling results comprise the direct impact of the Yarra Valley Equestrian Park as well as the indirect impact for the broader community through the development and operation of the facility.

Most of these impacts will be through additional or retained<sup>14</sup> visitation to the Yarra Ranges as a result of competitors, support staff and tourists attending events at the facility. The figures used to model the economic impact are based upon the research undertaken from Tourism Research Australia (TRA) including the International Visitor Survey (IVS) and the National Visitor Survey (NVS).

The visitor profile data specific to Yarra Ranges<sup>15</sup> is as follows:

**Table 9:** Visitor Profile for Yarra Ranges (2016)

Visitor Profile	Domestic Day	Domestic Overnight	International
Average stay (nights)	-	2.0	18.0
Average spend per trip (\$)	\$78	\$366	\$1,047
Average spend per night (\$)	-	\$151	\$58

The annual additional expenditure in generated by the Yarra Valley Equestrian Park in the year of completion is provided below.

### **Direct Economic Impact**

The direct economic impact of the Yarra Valley Equestrian Park is determined by Event Days Per Month x Average Participants per event x Average Spend per participant. This is 8 x 200 x \$78 spend per participant = **\$1.498 million annually**.

<sup>14</sup> Retained visitation relates to avoided intrastate travel i.e. participants in events undertaking those events in the Yarra Ranges Shire rather than elsewhere in the state.

<sup>15</sup> Tourist Expenditure Profile data sourced from Tourism Research Australia (TRA), Tourism in Local Government Areas 2016; Yarra Ranges and REMPLAN.



This does not incorporate the other average weekly usage of the centre for training purposes and is likely to be an underestimate of the total direct economic impact of the park.

Further, it does not include that up to 25% of participants will also be staying overnight. When this is taken into account this figure could be as high as  $8 \times ((150 \times \$78) + (50 \times \$151))$  spend per visit = **\$1.828 million annually**.

### **Indirect Economic Impact**

Tourism Research Australia estimate that each dollar of tourism expenditure within the Yarra Ranges creates a further \$0.88 in indirect expenditure<sup>16</sup>. The indirect economic impact can therefore be calculated by multiplying the direct economic impact by 0.88, or in this instance \$1.498m (Direct Impact)  $\times 0.88 =$  **\$1.318 million annually**.

When this figure assumes 25% overnight visitation this number jumps to **\$1.609 million annually** (\$1.828 million  $\times 0.88$ ).

### **The Total Economic Value to the region**

From Events alone the total economic value to the region is between **\$2.816 million** annually and **\$3.437 million** annually.

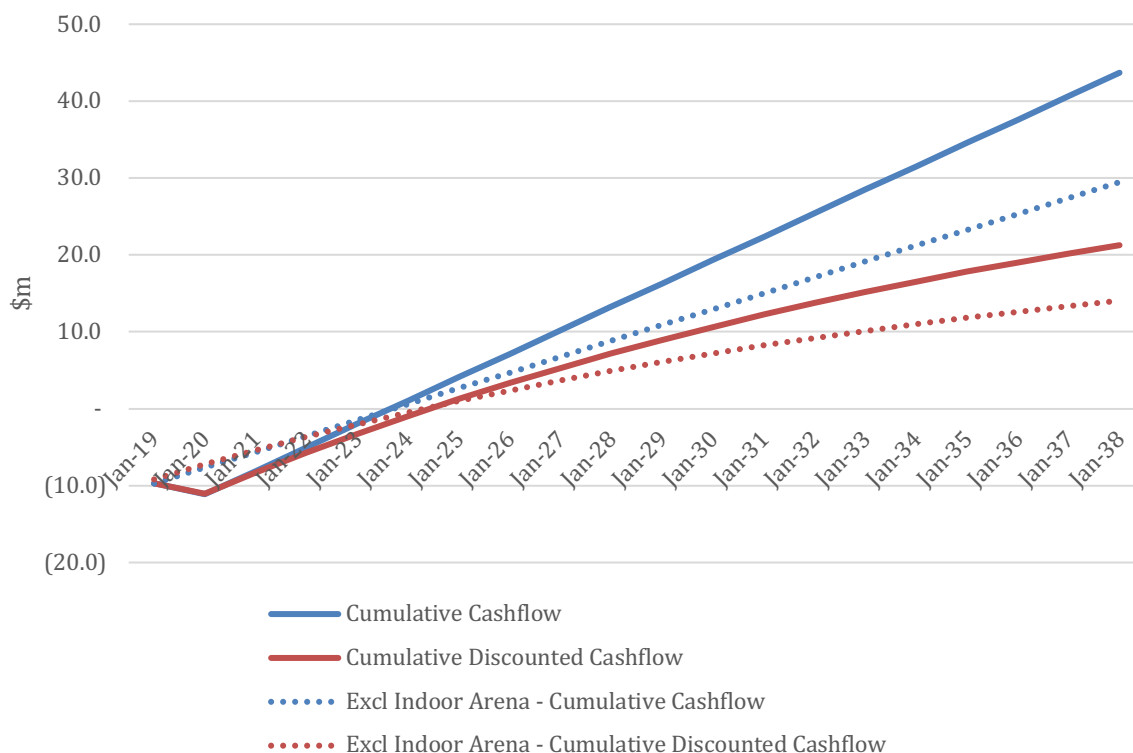
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<sup>16</sup> Tourism's Contribution to the Australian Economy, 1997-98 to 2011-12' Tourism Research Australia, 2010

## Economic Benefit

Figure 1 shows that the Yarra Valley Equestrian Park makes a positive return on investment to the region (assuming a \$14.042m initial investment) within 5 years of construction. This represents a real internal rate of return of 22.3% and a net present Value (assuming a 5.5% hurdle) of \$20.3m.

**Figure 1:** Economic benefit of Yarra Valley Equestrian Park incl. Indoor Arena



## Jobs created

Tourism Research Australia<sup>17</sup> estimate that an additional 10.7 FTE jobs are created for every \$1M of direct tourism expenditure and a further 3.6 FTE are supported for every \$1M in indirect expenditure. Therefore, it is anticipated that an additional **20.9FTE** roles will be created as a result of the Yarra Valley Equestrian Park.

There will be a likely 23 short-term jobs associated with construction of the venue.

<sup>17</sup> Tourism's Contribution to the Australian Economy, 1997-98 to 2011-12' Tourism Research Australia, 2010



## **Financial Analysis: Yarra Ranges Equestrian Park**

Anthony Burton & Associates undertook a broader financial analysis of the Yarra Valley Equestrian Park. Our analysis indicates that under the assumed number of events and usage the Yarra Valley Equestrian Park will generate a modest surplus but this surplus will not be sufficient to support significant debt or ongoing major capital works. This holds true even if revenue is 20% lower (or costs are 20% higher).

However, under this financial assessment the Yarra Valley Equestrian Park does not have a cash flow that will support any serious level of debt, nor does it have a cash flow that will generate significant capital funding for any major capital projects (i.e. major refurbishment or expansion of the park in 10 years or up-grades to the park).

Revenue (with no commensurate increase in cost) would need to at least double in order to cover depreciation (i.e. generate sufficient cash to replace or refurbish capital items).

An analysis model indicates that the centre would be at a break even point at 6 events per month. This assumes no other usage of the centre (i.e. casual or coaching usage) and functions bringing in \$100,000 per annum.

### **Assumptions:**

- Construction cost \$14.042M
- Useful life of 20 years
- Revenue of \$0.808M per annum
- Operating Costs of \$0.578M
- Net profit of \$0.230M

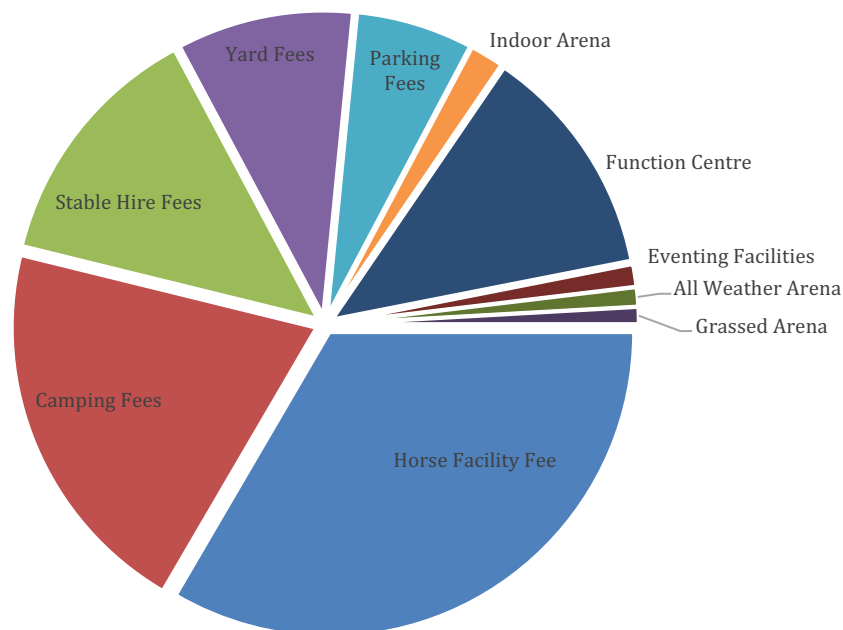
When these financials are taken into account with the economic benefits there is a significant positive return to the economy.

## Operating Revenue

Figure 2 shows the expected operating revenue sources for the Yarra Ranges Equestrian Park. Operating revenue is assumed to be \$0.808M per annum. Our analysis indicates that the majority of income (~75%) for the centre will be generated through:

- Horse Facility Fees (33%)
- Stable hire and Yard fees (13% and 9% respectively)
- Camping (20%)

**Figure 2:** Sources of operating revenue



This analysis assumes that, at least in the first instance, there is limited income generated through the hiring of the functions centre (12%). Clearly this is an area that could be used to drive significant additional income (note that with functions hire comes additional capital costs).

Of note is that the hiring of the horse riding facilities and arenas themselves drives very little income (5%), however without these facilities, income from horse usage fee etc. will not exist.

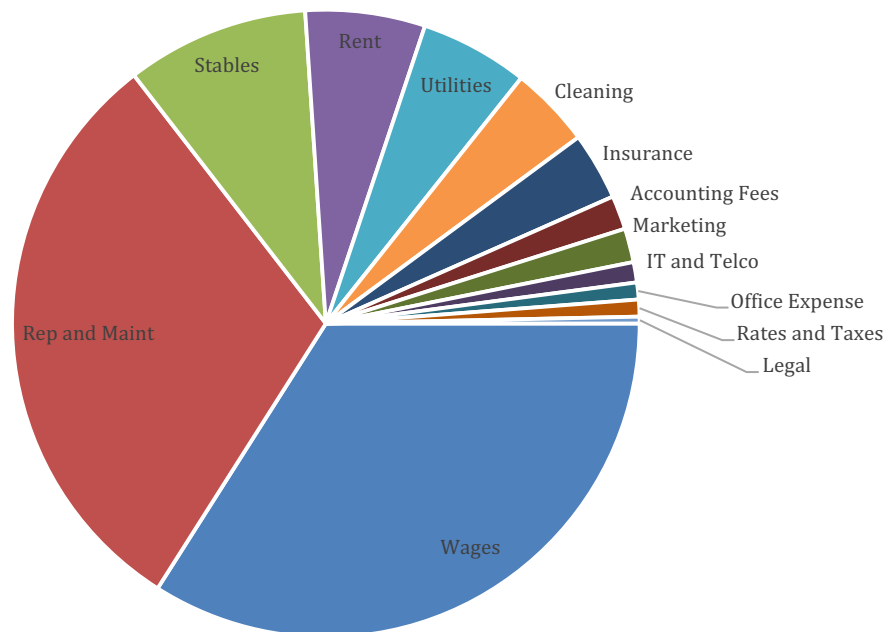


## Operating Expenses

Figure 3 shows the expected sources of operating expenses for the Yarra Ranges Equestrian Park. Operating expenses are assumed to be \$0.578M per annum. Our analysis indicates that the majority of expenses fall into two main categories:

- Wages (34%)
- Repairs and maintenance (31%)

**Figure 3:** Sources of operating expenses



A full financial breakdown is available **electronically**.





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